



Press Release

Thunder Bay: June 25, 2012
Shares Issued: 138,352,462

**PREMIER ANNOUNCES ADDITIONAL CASH-FLOWING ROYALTY PURCHASE
AGREEMENT BY ITS SUBSIDIARY PREMIER ROYALTY CORPORATION**

THUNDER BAY, ON, June 25, 2012 /CNW/ – PREMIER GOLD MINES LIMITED (PG:TSX) ("Premier Gold" or the "Company") is pleased to announce the signing of a definitive purchase agreement (the "Agreement") regarding the purchase by its wholly-owned subsidiary, Premier Royalty Corporation ("Premier Royalty"), of a 1% net smelter return royalty (the "Royalty") on certain mining claims which comprise the Thunder Creek Deposit of the Timmins West Mine and ancillary lands, operated by Lake Shore Gold Corp. ("Lake Shore").

Pursuant to the terms of the Agreement, Premier Royalty has agreed to purchase the Royalty for cash consideration of \$7,000,000 to be paid at closing and \$500,000 to be paid in common shares of Premier Royalty or a resulting issuer thereof concurrent with a subsequent going public transaction of Premier Royalty. The closing date of the Royalty acquisition is expected to occur in July and is subject to closing conditions typical for a transaction of this nature.

The Thunder Creek Deposit commenced commercial production January 1, 2012 and contains a mineral reserve estimate, reported on April 2, 2012, of 2.67 Mt at 4.86 grams per tonne gold (g/t Au) amounting to 418,000 ounces of probable mineral reserves of gold. The estimation of mineral reserves for the Thunder Creek Deposit was derived from the current base of indicated mineral resources, which was included as part of an updated mineral resource estimate released by Lake Shore on February 15, 2012 (see press release of Lake Shore entitled "Lake Shore Gold Confirms Large-Scale Resource For Timmins West Mine"). The Thunder Creek Deposit mineral resources are summarized as containing 2.88 Mt at 5.64 g/t Au amounting to 521,600 ounces of indicated mineral resources of gold and 2.69Mt at 5.89g/t Au amounting to 510,000 ounces of inferred mineral resources of gold.

Abraham Drost, Chairman of Premier Royalty stated, "We have been successful at growing a significant portfolio of producing royalties as we prepare for a go-public event in the near future. The acquisition of the Thunder Creek Deposit royalty asset adds income from a relatively new Canadian gold mine in the world class Timmins gold camp, with a capable operator in Lake Shore Gold Corp."

Premier continues to explore various alternatives for a going-public transaction of Premier Royalty, including a reverse takeover transaction.

Information in this press release describing the Timmins West Mine, which includes the Thunder Creek Deposit, relies upon public disclosure provided by Lake Shore Gold Corp. and has been reviewed by Mr. Stephen McGibbon, P. Geo, who is a Qualified Person within the meaning of National Instrument 43-101. For more information on the Thunder Creek Deposit, please refer to the "43 - 101 Technical Report, Prefeasibility Study and Mineral Reserve Estimate For Timmins West Mine, Timmins, Ontario, Canada" dated May 14, 2012 which can be found on Lake Shore Gold Corp.'s profile on www.sedar.com.

About Premier Gold Mines Limited and Premier Royalty Corporation

Premier Royalty Corporation is a wholly-owned subsidiary of Premier Gold Mines Limited, one of North America's leading exploration and development companies with a high-quality pipeline of projects focused in proven, safe and accessible mining jurisdictions in Canada and the United States. Premier's portfolio includes significant assets in world class gold mining districts such as Red Lake, Musselwhite and Geraldton in Ontario and the Carlin Trend in Nevada. Premier believes that consolidating existing royalties owned by Premier Gold combined with acquisition of other high quality cash flowing royalty assets into Premier Royalty will form the basis of a transaction that is value accretive to Premier shareholders.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION: This news release includes certain information that may constitute "forward-looking information" under applicable Canadian securities legislation. Forward-looking information includes, but is not limited to, statements about strategic plans, including the closing of the acquisition of the Royalty, a going public transaction involving Premier Royalty and acquisitions of high quality cash flowing royalty assets into Premier Royalty. Forward-looking information is necessarily based upon a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties, and other factors which may cause the actual results and future events to differ materially from those expressed or implied by such forward-looking information, including the risks identified in Premier Gold's annual information form under the heading "Risk Factors". There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. All forward-looking information contained in this press release is given as of the date hereof and is based upon the opinions and estimates of management and information available to management as at the date hereof. The Company disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.