

Shares Issued: 176,251,661

THUNDER BAY, ON, May 31, 2016 /CNW/ - [Premier Gold Mines Ltd.](#) (TSX:PG) ("Premier", the "Company") is pleased to announce that it has entered into a US\$45 Million financing arrangement with ORION MINE FINANCE ("Orion") with the opportunity for up to an additional US\$400 Million in acquisition or development financing.

The financing arrangement (the "Financing") is comprised of three components (as more fully described below) whereby Orion will:

- Provide a multi-draw senior unsecured term facility in the amount of US\$30 Million;
- Complete an equity private placement in the amount of US\$15 Million;
- Subject to good faith negotiation, provide access for up to US\$400 Million in financing for expansion of existing Company projects, or a new project or entity acquisition by the Company; and
- Purchase up to 20,000 ounces of refined gold annually from Premier's existing projects and any projects acquired with funding from Orion.

"This unique arrangement provides Premier with the flexibility to pursue growth while continuing to advance our portfolio of existing near-term mining projects", stated Ewan Downie, President & CEO of Premier. "Orion is a respected partner with a history of supporting mining companies in their acquisition and development initiatives. With this transaction combined with cash flow from South Arturo that is expected to drive year end cash balances toward CDN\$100 Million, Premier is well-positioned to continue to realize its near term objective of transitioning from explorer to multi-asset producer."

## Financing Highlights

### Credit Facility

- Premier has entered into a US\$30 Million senior unsecured term facility (the "Credit Facility") with Orion. The facility will be available to Premier in three tranches, consisting of an initial tranche of US\$5 Million at closing, and then at Premier's discretion in increments of \$1 Million to a maximum of an additional US\$10 Million until August 30, 2016 and an additional US\$15 Million until October 31, 2016.
- The Credit Facility will bear interest at the rate of 6.0% per annum, which shall only be payable on the amount drawn, and will mature on June 30, 2018. There is no stand-by interest payable under the Credit Facility, but Orion will be entitled to a US\$450,000 commitment fee payable at the time of closing.
- Orion will receive an aggregate of 2 million common share purchase warrants, issuable upon the closing of the Financing. Subject to the approval of the Toronto Stock Exchange ("TSX"), each warrant will be exercisable into one common share of Premier ("Common Share") until June 30, 2018, at an exercise price of CDN \$3.97.

### Equity Private Placement

- Premier has entered into a subscription agreement with Orion (the "Subscription Agreement") pursuant to which Orion has agreed to subscribe for US\$15 million of Common Shares at a subscription price of CDN\$3.05 per share (the "Private Placement"), resulting in the subscription of an aggregate of 6,393,443 Common Shares, based on the CDN to USD exchange rate of CDN\$1.30: US\$1.00.
- Until June 30, 2018, Orion will have a participation right in future offerings of Common Shares (or securities convertible into Common Shares) by Premier, which will permit Orion to maintain its proportionate interest in the Company.
- The private placement is subject to, among other things, the approval of the TSX.

### Acquisition or Development Financing

- The Subscription Agreement provides that, until June 30, 2018, in the event of: (i) a proposed acquisition of a new project or entity by the Company; or (ii) the expansion of any existing project of the Company, and such acquisition or expansion has a value greater than US\$25 million (a "Subject Transaction"), the parties will enter into good faith negotiations regarding the terms of financing of up to US\$400 Million for the Subject Transaction (the "Orion Acquisition or Development Financing"). Any such Orion Acquisition or Development Financing will consist of a mix of debt, equity, or metal streaming, with the specific allocation and terms to be determined at the time of negotiation of such financing, subject to the intended use of funds and to agreement by the parties.
- Subject to specific notice provisions in certain circumstances, Premier has retained the right to enter into certain alternative financing arrangements should the opportunity arise, including the ability of Premier to raise funds by way of a "bought deal" private placement or public offering of securities.

### Offtake Agreement

- As part of this financing arrangement, Premier will enter into an offtake agreement with Orion (the "Offtake Agreement") on the closing date, pursuant to which, for a period of 90 months, Orion will have the right to purchase up to 20,000 ounces of refined gold annually from production derived from Premier's existing projects and from projects developed or acquired with funding from Orion.
- The purchase price payable by Orion for refined gold (the "Gold Purchase Price") shall be equal to Orion's choice of any one of the following prices:
  - the a.m. London Bullion Market Association ("LBMA") gold price in U.S. dollars per ounce quoted by the LBMA on any day during the period commencing on the business day prior to the delivery of the refined gold and ending on the payment date, being the second business day after the delivery date (the "Quotational Period");
  - the p.m. LBMA gold price in U.S. dollars per ounce quoted by the LBMA on any day during the Quotational Period (the "US\$ LBM PM Fixed Price"); and
  - the COMEX (1st Position) Settlement gold price in U.S. dollars quoted by COMEX on any day during the Quotational Period.

provided that, in all cases, the Gold Purchase Price shall be (i) no lower than 98.375% of the US\$ LBM PM Fixed Price on the delivery date, and (ii) no higher than 99.625% of the US\$ LBM PM Fixed Price on the delivery date.
- If Premier produces less than 20,000 ounces in any given year its obligations under the Offtake Agreement will be limited to those ounces actually produced.

Closing of the Financing and the Private Placement is expected to occur on or about June 2, 2016.

"This is yet another example of how Premier, through its relationships, brings financial strength, flexibility and stability to the Company" stated Steve Filipovic, CFO of Premier. "We are pleased to have this opportunity to work with Orion as we strive to meet our near and long term growth objectives. With their support we will endeavour to generate another year of unprecedented growth for our shareholders".

Premier would also like to announce that Mr. Anthony (Tony) Makuch will be added to the slate for director nomination in June. Tony brings to Premier a strong and successful background in mining and corporate development. Most recently, Tony was President & Chief Executive Officer of [Lake Shore Gold Corp.](#) which was acquired by [Tahoe Resources Inc.](#) where he currently holds the role of Executive Vice-President / President of Canadian Operations. Prior to Lakeshore, Tony was Senior Vice-President and Chief Operating Officer for [FNX Mining Company Inc.](#) and held mining operations roles at Dynatec, Kinross Gold and Lac Minerals in Timmins and Kirkland Lake mining operations, and with Placer Dome in Red Lake.

Premier Gold Mines Limited is one of North America's leading exploration and development companies with a high-quality pipeline of gold projects focused in proven, safe and accessible mining jurisdictions in Canada and the United States. The Company is well financed with a portfolio of advanced-stage assets in world class gold mining districts such as Red Lake and Geraldton in Ontario and the most prolific gold trends in Nevada.

Orion Mine Finance is a mining-focused investment business specializing in providing flexible capital investment solutions to mining companies in the base and precious metals sectors. Orion has demonstrated capability in debt, equity, convertibles, offtake, streaming, and royalty investments. In addition, the Orion team has experience in the physical metals markets, such as facilitating the purchase, metal financing, transporting, processing and selling of a mine's output to end customers.

This Press Release contains certain information that may constitute "forward-looking information" under applicable Canadian securities legislation. Forward-looking information includes, but is not limited to, statements about the completion of the Financing, strategic plans, including future operations, future work programs, capital expenditures, discovery and production of minerals, price of gold and currency exchange rates, timing of geological reports and corporate and technical objectives.. Forward-looking information is necessarily based upon a number of 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 inherent to the mining industry, adverse economic and market developments and the risks identified in Premier'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. Premier 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.

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