

First Quarter Cash & Cash Equivalent Balance Grows to CA\$147.3 Million

Unless otherwise stated, all amounts discussed herein are denominated in Canadian dollars. Please refer to the Foreign Exchange Assumptions at the end of this press release for US\$ conversions.

Shares Issued: 201,530,687

THUNDER BAY, ON, May 10, 2017 /CNW/ - [Premier Gold Mines Ltd.](#) (TSX:PG) ("Premier", "the Company") is pleased to announce its operational and financial results for the three months ended March 31, 2017. The Company previously released its gold production results for the first quarter of 50,979 ounces of gold (see news release dated January 12, 2017).

2017 First Quarter Consolidated Highlights

- Production of 50,979 ounces of gold and 88,572 ounces of silver
- Gold sales of 51,593 ounces at an average realized price⁽ⁱ⁾ of CA\$1,621 (US\$1,224) per ounce
- Co-product cash costs⁽ⁱ⁾ of US\$385 per ounce of gold
- Co-product all-in sustaining costs ("AISC")⁽ⁱ⁾ of US\$432 per ounce of gold
- Revenue of CA\$85.3 million (US\$64.4 million)
- Operating income of CA\$28.4 million (US\$21.5 million)
- Net income of CA\$6.7 million (US\$5.1 million)
- Quarter end cash balance of CA\$147.3 million (US\$110.7 million)
- Cash flow from operating activities of CA\$37.9 million (US\$28.6 million) or CA\$0.18/share (US\$0.14/share)
- Free cash flow of CA\$27.6 million (US\$20.7 million) or CA\$0.13/share (US\$0.10/share), after investing CA\$9.2 million (US\$7.0 million) in exploration and pre-development programs.

(i) See "Non-IFRS Measures" section. A cautionary note and further information regarding Non-IFRS financial metrics is included in the "Non-IFRS Measures" section of the Q1- 2017 Management's Discussion and Analysis

Consolidated Financial Highlights – For the three months ended March 31, 2017

Strong operating results for the quarter contributed to an EBITDA of CA\$44.6 million (US\$33.7 million) and net income of CA\$6.7 million (US\$5.1 million) or CA\$0.033/share (US\$0.025/share). Production costs at Mercedes were under budget as a result of cost-cutting initiatives implemented at the mine. The Company remains on track to meet production guidance of 125,000-135,000 ounces of gold in 2017.

These positive results contributed to the Company's strong financial position with a CA\$27.6 million (US\$20.7 million) increase in cash and equivalents to CA\$147.3 million (US\$110.7 million) and precious metals inventories of 22,772 ounces of gold and 55,230 ounces of silver as at March 31, 2017.

Capital expenditures during the quarter were CA\$6.0 million (US\$4.5 million) and exploration, evaluation and pre-development costs were CA\$9.2 million (US\$7.0 million). Debt principal and interest paid during the quarter was CA\$4.4 million (US\$3.3 million).

Millions CA\$, except for earnings/(loss) per share	Three months ended March 31, 2017	Three months ended March 31, 2017
Revenue	85.3	64.4
Mine Operating Income	28.4	21.5
EBITDA (i)	44.6	33.7
Net income \ (loss)	6.7	5.1
Earnings \ (loss) per share	0.033	0.025
Change in cash	27.6	20.7

Millions CA\$	Three months ended March 31, 2017	Three months ended March 31, 2016
EBITDA (i)	44.6	-11.2
Cash flow from operating activities	37.9	-4.0
Cash and cash equivalents	147.3	48.7

Millions US\$		
EBITDA (i)	33.7	-8.5
Cash flow from operating activities	28.6	-3.0
Cash and cash equivalents	110.7	36.3

(i)
Earnings
before
interest,
tax,
depreciation
and
amortization

Operational Highlights – For the three months ended March 31, 2017

Mercedes

Performance at the Mercedes Mine exceeded budget for the quarter with the mine management team focused on all opportunities to reduce costs and improve operating efficiencies. Mercedes produced 22,164 ounces of gold and 88,572 ounces of silver in the first quarter and generated net cash from operating activities of CA\$22.2 million (US\$16.8 million).

Cash costs, on a co-product basis, were US\$675 per ounce of gold (FY guidance US\$680-710/oz) and AISC, on a co-product basis, were US\$785 per ounce of gold (FY guidance US\$810-840/oz).

Key operational adjustments that resulted in lower operating costs included a change in the primary mining method to modified overhand cut and fill (from longhole) and replacing part of the mining fleet with compact mining equipment designed specifically for narrow mine workings. These changes reduced mining dilution and increased operating efficiencies.

Other initiatives included; (1) waste reduction and recycling initiatives; (2) reduced reliance on contractor services; and (3)

increased on-site maintenance capacity. These changes resulted in reduced materials consumption, improved ground support and paste backfill techniques and delivery methods, and increased equipment availability.

When combined with the development of additional mine workings, including access to the Diluvio deposit in mid-March, all of the above initiative resulted in a sustained increase in mill throughput during the quarter with daily processing rates now regularly exceeding 2,000 tonnes per day.

Mercedes Operational Results

in CA\$, unless otherwise stated

		Three months ended March 31, 2017
Ore milled	tonnes	166,790
Gold produced	ounces	22,164
Silver produced	ounces	88,572
Gold sold	ounces	16,894
Silver sold	ounces	73,834
Average gold grade	grams/tonne	4.34
Average silver grade	grams/tonne	43.90
Average gold recovery rate	%	95.4
Average silver recovery rate	%	37.3
Revenues and realized prices		
Gold revenue	000s	26,890
Silver revenue	000s	1,683
Total revenues	000s	28,573
Average realized gold price (i,ii)	\$/ounce	1,592
Average realized silver price (i,ii)	\$/ounce	23
Non-IFRS Performance Measures		
Co-product cash costs per ounce of gold sold (i,ii)	US\$/oz	675
Co-product all in sustaining costs per ounce of gold sold (i,ii)	US\$/oz	785
Co-product cash costs per ounce of silver sold (i,ii)	US\$/oz	7.30
Co-product all in sustaining costs per ounce of silver sold (i,ii)	US\$/oz	8.48
By-product cash costs per ounce of gold sold (i,ii)	US\$/oz	632
By-product all in sustaining costs per ounce of gold sold (i,ii)	US\$/oz	746

- (i) See "Non-IFRS Measures" section. A cautionary note regarding Non-IFRS metrics is included in the "Non-IFRS Measures" section of the Q1-2017 Management's Discussion and Analysis
- (ii) Cash costs, all-in sustaining costs as well as average realized gold price per ounce are Non-IFRS metrics and discussed in the "Non-IFRS Measures" section of the Q1-2017 Management's Discussion and Analysis

Capital expenditures during the quarter totaled CA\$4.9 million (US\$3.7 million), including CA\$1.5 million (US\$1.1 million) in underground sustaining development, CA\$0.9 million (US\$0.7 million) in equipment and building infrastructure, CA\$1.8 million (US\$1.4 million) in underground expansion development and CA\$0.7 million (US\$0.5 million) in exploration.

Exploration and development drilling ramped up steadily during the quarter with nine operating drill rigs now active at site including four underground rigs. The 2017 drilling program has been increased to approximately 50,000 metres for the year and will focus on several new vein zones that have been identified proximal to existing mine workings. A more fulsome exploration and drilling update will be provided in the near future.

South Arturo

Premier owns a 40% interest in the South Arturo Mine, which is 60% owned and operated by joint venture partner Barrick Gold. The mine was brought into production in Q3-2016 and continues to operate at industry-low production costs.

First quarter production, attributable to Premier, was 28,815 ounces of gold. A substantial stockpile remains to be processed and mining will continue through the balance of the second quarter. The mine is on track to meet the upper end of the 2017 full-year production guidance.

South Arturo Operating Results

in CA\$, unless otherwise stated

		Three months ended March 31, 2017
Ore milled	tonnes	154,053
Gold produced	ounces	28,815
Gold sold	ounces	34,700
Average gold grade	grams/tonne	6.55
Average gold recovery rate	%	88.8
Revenues and realized prices		
Gold revenue	000s	56,718
Average realized gold price (i,ii)	\$/ounce	1,635
Non-IFRS Performance Measures		
Co-product cash costs per ounce of gold sold (i,ii)	US\$/oz	244
Co-product all in sustaining costs per ounce of gold sold (i,ii)	US\$/oz	261

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- (ii) Cash costs, all-in sustaining costs as well as average realized gold price per ounce are Non-IFRS metrics and discussed in the "Non-IFRS Measures" section of the Q1-2017 Management's Discussion and Analysis

There were no material capital expenditures at South Arturo during the first quarter.

The joint venture continues to advance and consider additional development opportunities including a potential second open pit (Phases 1&3) and the El Nino underground deposit.

Earlier in 2016, Barrick submitted permit applications for the development of the El Nino Mine utilizing a ramp from the bottom of the current open pit. Drilling at El Nino is expected be completed in 2017 for initial mine planning.

McCoy-Cove

During the first quarter, the Company released a new mineral resource estimate (see Table 1) for the McCoy-Cove property and completed 9,321 feet of additional drilling (2,841 metres).

Table 1 – 2017 Mineral Resource Estimate, McCoy-Cove Property

2017 McCoy-Cove		INDICATED RESOURCES GOLD		INFERRED RESOURCES GOLD		
Zone	Tonnage (000 t)	Grade (g/t Au)	Au Oz (000's)	Tonnage (000 t)	Grade (g/t Au)	Au Oz (000's)
Helen	409	12.41	163	1,138	13.04	477
CSD	180	9.26	54	200	8.81	57
CSD Gap	25	14.49	12	1,458	11.59	543
2201-VG	-	-	-	582	13.09	245
TOTAL	614	11.57	228	3,378	12.17	1,322

Notes:

• Please refer to "Technical Report on the McCoy-Cove Gold Project, Lander County, State of Nevada" dated April 15, 2017 on Sedar

• CIM definitions were followed for Mineral Resources.

• Mineral resources which are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.

• Mineral Resources are estimated at a cut-off grade of 5.6 g/t Au.

• Mineral Resources are estimated using a long-term gold price of US\$1400 per ounce, and a US\$/C\$ exchange rate of 1:1.25

• A minimum mining width of 8 ft was used.

• Bulk density is 2.1 t/m³ for CSD, GAP and Helen, and 2.6 t/m³ for 2201 & VG.

• Numbers may not add due to rounding.

The company is working towards completing a Preliminary Economic Assessment ("PEA") in H2-2017. The Cove-Helen Underground Exploration Plan of Operations (PoO) was approved in 2013 granting Premier the option of pursuing an underground exploratory drill program as well as test mining in the Helen Zone. Premier has initiated preliminary engineering, dewatering and baseline studies required to advance the underground exploration PoO towards development. Optimization and validation of the dewatering scenario is ongoing including a pump test to confirm dewatering rates. A full metallurgical test program is ongoing and will be completed prior to initiating the PEA.

During the first quarter, the Company released a new resource estimate for the 100%-owned Hasaga property following 48,197 metres of drilling being completed in 2016. An initial mineral resource estimate (see Table 2 below) was released in January of 2017.

Table 2 – Mineral Resource Estimate, Hasaga Property

2017 Hasaga		INDICATED RESOURCES GOLD		INFERRED RESOURCES GOLD		
Zone	Tonnage (000 t)	Grade (g/t Au)	Au Oz (000's)	Tonnage (000 t)	Grade (g/t Au)	Au Oz (000's)
Central	31,613	0.79	803,900	23,733	0.76	582,700
Hasaga	9,050	0.89	258,100	806	1.00	26,000
Buffalo	1,632	1.18	61,900	604	1.12	21,800
TOTAL	42,294	0.83	1,123,900	25,143	0.78	630,500

Notes:

• Please refer to "National Instrument 43-101 Technical Report: Hasaga Project" dated February 24, 2017 on Sedar.

• Independent Qualified Persons for the Hasaga Mineral Resources Estimate are Abderazzak Ladidi P. Geo and Vincent Jourdain Eng., Ph.D from MRB & Associates and the effective date of the estimate is December 30th 2016

• CIM definitions were followed for Mineral Resources

• Mineral resources which are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.

• The estimate includes 13 mineralized zones (3 in Buffalo sector, 6 in Hasaga sector, 4 in Central sector) and 2 lithological envelopes

• High gold assays were capped at 15 g/t

• Bulk density data were averaged on a per zone basis (1220, 1230, 1320: 2.71 t/m³; 1330, 1510, 1540, 2399: 2.72 t/m³; 1520, 1525: 2.74 t/m³; 1210, 1340: 2.75 t/m³; 1515, 2599: 2.77 t/m³; 1530: 2.79 t/m³; 1310: 2.83 t/m³)

• Resources were evaluated from drill hole and channel samples using a 5-pass ID2 interpolation in a block model (block size x 5 x 5 metres)

• Open pit resources are constrained to the property limit in an optimized pit shells at a cut-off grade of 0.5 g/t Au

• Pit shell optimization parameters: Mining cost = CAD\$2.50/t, milling cost = CAD\$12.00/t, G&A = CAD\$3.00/t, Gold price US\$1400/oz (exchange rate CAD\$1.30 = US\$1.00), milling recovery = 94%, mining recovery = 100%, mining dilution = 0.0% slope = 55°

• Totals may not add correctly due to rounding

Drilling in 2017 will be focused on testing underground targets in Red Lake.

CEO Commentary

Ewan Downie, President and CEO stated, "We are very pleased with the strong results from both operations providing a solid balance sheet that provides Premier with the financial flexibility to carry out its future growth plans. Our low-cost production profile and growing reserves are expected to continue to generate strong cash flow well into the future."

2017 Guidance

The Company reiterates its 2017 production guidance of between 125,000 and 135,000 ounces of gold and between 325,000 to 350,000 ounces of silver.

Production estimates for 2017 are derived from life of mine operating plans prepared on the basis of mineral reserves associated with each property. Assumptions underlying 2017 gold production estimates for South Arturo and Mercedes are presented in the tables below.

US\$, unless otherwise noted	2017 Gold Production Guidance			
	Production ounces	Realized Gold Price per ounce (i)	Cash Cost per ounce (i)	AISC per ounce (i)
Mine				
South Arturo	40,000 - 45,000	\$1,250	\$440 - \$470	\$450 - \$480
Mercedes	85,000 - 90,000	\$1,250	\$680 - \$710	\$810 - \$840
Consolidated	125,000 - 135,000	\$1,250	\$580 - \$610	\$660 - \$690

(i) See "Non-IFRS Measures" section. A cautionary note regarding Non-IFRS metrics is included in the "Non-IFRS Measures" section of the Q1-2017 Management's Discussion and Analysis

Conference Call

The Company will host a conference call and webcast, May 11, 2017 at 10:00 am EDT.

Toll Free (North America): 1-888-231-8191

International: 1-647-427-7450

Conference ID: 18889357

Webcast URL: <https://event.on24.com/wcc/r/1422375/03833F969F294F9A09E50A91D1990181>

The webcast replay will be available 1:00pm EDT on May 11, 2017 until 11:59 pm EST on May 18, 2017.

Conference Call Replay

Toll Free Replay Call (North America): 1-855-859-2056

International Replay Call: 1-416-849-0833

Passcode: 18889357

The conference call replay will be available from 1:00pm EDT on May 11, 2017 until 11:59 pm EST on May 18, 2017.

Stephen McGibbon, P. Geo., is the Qualified Person for the information contained in this press release and is a Qualified Person within the meaning of National Instrument 43-101. Assay results from Hasaga are from core samples sent to either Accurassay Laboratories or Activation Labs, both accredited mineral analysis laboratories in Thunder Bay, Ontario, for preparation and analysis utilizing both fire assay and screen metallic methods. Drill samples from McCoy-Cove were sent to ALS Laboratories in Reno, Nevada for analysis with the analytical facility utilizing 30 gram fire assay with an AA finish for RC samples and 30 gram fire assay with AA finish and ICP-MS 30 element scan from 4-acid digestion for core samples. Over-limit samples receive an automatic gravimetric finish.

Premier Gold Mines Limited is a gold producer and respected exploration and development company with a high-quality pipeline of precious metal projects in proven, accessible and safe mining jurisdictions in Canada, the United States, and Mexico.

Foreign Exchange Assumptions

The Company's formal reporting currency is CA\$ however for convenience to the reader of this press release, US\$ are also quoted. Exchange rates used in this press release are sourced from The Bank of Canada, <http://www.bankofcanada.ca/rates/exchange/>. The balance sheet closing rate at March 31, 2017 was \$1.33100 and the income statement year to date weighted average closing rate at March 31, 2017 used was \$1.32377.

Non-IFRS Measures

The Corporation has included certain terms or performance measures commonly used in the mining industry that are not defined under International Financial Reporting Standards ("IFRS") in this document. These include: cash cost per ounce sold, all in sustaining cost ("AISC") per ounce sold and average realized price per ounce. Non-IFRS measures do not have any standardized meaning prescribed under IFRS, and therefore, they may not be comparable to similar measures employed by other companies. The data presented is intended to provide additional information and should not be considered in isolation or as a substitute for measures prepared in accordance with IFRS and should be read in conjunction with the Corporation's consolidated financial statements. Readers should refer to the Corporation's Management Discussion and Analysis under the heading "Non-IFRS Measures" for a more detailed discussion of how such measures are calculated.

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 production and exploration potential and the Mercedes mine, South Arturo, McCoy-Cove and Hasaga, 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, preliminary economic assessment 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.

SOURCE [Premier Gold Mines Ltd.](#)

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