Premier Reports Q2 Production Results and Mercedes Restart Update

Thunder Bay, July 21, 2020 - Premier Gold Mines Limited (“Premier”, “the Company”) (TSX:PG) (OTCPK: PIRGF) is pleased to release production results for the second quarter of 2020 from its 40%-owned South Arturo Mine in Nevada and also provide an update on the restart of the Company’s 100%-owned Mercedes Mine, located in the State of Sonora, Mexico.

Q2 - 2020 Highlights:

- South Arturo produced 4,765 ounces of gold
- NI 43-101 report commissioned for South Arturo to provide longer-term project view
- Mining activities re-commenced in June at Mercedes with development ore stockpiled prior to Q3 processing
- Reduced through-put production plan for H2 initiated at Mercedes

El Nino mine production exceeded expectations during the second quarter despite a planned shutdown of the Goldstrike roaster which resulted in minimal ore processing during the month of June. A total of 4,764 ounces of gold was produced at South Arturo prior to the shutdown. The balance of ore mined during the period was stockpiled and awaiting processing during the second half of this year.

The Mercedes mine was placed into care and maintenance due to the COVID-19 pandemic late during the first quarter and remained in that status for most of the second quarter. The mine was able to restart gradually during the latter part of the period, with activity on site initially limited due to sanitary measures required for the safety of mine personnel. Ore that was produced upon start up remained in stockpile until processing resumed in early July.

“The El Niño mine continues to perform at the high-end of expectations”, stated Ewan Downie, Chief Executive Officer of Premier, “Both South Arturo and Mercedes have accumulated ore stockpiles to be processed during the third quarter and a modified mine plan, designed to increase mining efficiency and expand operating margins, has been implemented at Mercedes.”

South Arturo Mine, Nevada

The El Nino underground mine is one of several development opportunities at the South Arturo Joint Venture (the “JV”) that is operated by Barrick Gold through its subsidiary Nevada Gold Mines. El Nino is the second mine that has been developed by the JV and, similar to the Phase 2 pit, has delivered solid operating results since initial production in late 2019.

The partners are contemplating additional development opportunities such as the Phase 1 and Phase 3 open pit projects that includes the potential for an on-site heap leach facility to process a large percentage of the ore produced. The Company expects to complete an updated compliant technical report for South Arturo during the third quarter with the goal of providing a long-term view of the opportunity provided by this project.
Mercedes Mine, Mexico

In response to the COVID-19 pandemic the Mexican federal government decreed on March 30, 2020 that most mining was not essential business activity. As a result, a care and maintenance plan was immediately implemented at Mercedes. The decree was lifted at the end of May and, upon certification of compliance to protocols intended to minimize the risk of COVID-19 presence and transmission on site, limited ore and waste development as well as delineation and exploration drilling were restarted. Ore was stockpiled in June and processing resumed in early July.

During the two-month shutdown extensive technical work was carried out to assess alternative mine plans with renewed attention to increasing production margins. A plan was developed to re-start operations with a strategy limiting mining and development activities to the Lupita (including Lupita Extension) and Diluvio zones. This realignment recognizes the need to optimize Mercedes production to its current reserve base rather than its processing capacity. Key elements of the optimized plan include:

- Consolidating production to one mine portal from five
- Reduce mining rate to 1,200 tonnes per day from 2,000 tonnes
- Operating the processing plant on a campaign basis in alignment with the plan and crew rotations

This restructuring has resulted in a reduction of 40% of the employees required to operate the mine and 75% of mining-related contractors. The plan focuses on enhancing underground operating efficiencies and supervision in order to minimize dilution and improve ore quality. The success of future exploration and delineation drill programs will allow the production rate to increase toward nameplate capacity over time.

“"A new vision for success was required to ensure the mine’s long-term viability. Our team has developed a focused and achievable plan that will lead to future growth of production at Mercedes”, stated Peter van Alphen, COO of Premier. “We do not take lightly our decision to reduce the number of employees at the mine and must acknowledge the hard work, dedication, and support of our Mercedes employees and nearby communities impacted.”

A phased re-start of the mine will ensure the safe and successful implementation of the plan and meet sanitation requirements necessitated by our COVID-19 protocols. The initial focus prioritizes:

- Completion of key access ramps to the Diluvio West and Lupita Extension stoping areas
- Delineation/definition drilling at Marianas and Diluvio West, and San Martin delineation drilling
- Initiation of processing in early July

Q2 2020 financial results and conference call details:

Full financial results for the quarter ended June 30, 2020 will be released before market open on August 5th, followed by a conference call with senior management being held at 10:00am EDT.

Details for the conference call and webcast can be found below and will be accessible on the Company’s website.

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Stephen McGibbon, P. Geo., Executive Vice-President, Corporate and Project Development, 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.

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.

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