Management's Discussion and Analysis of Financial Condition and Results of Operations

For the three and six months ended June 30, 2016

The following Management's Discussion and Analysis ("MD&A") of Premier Gold Mines Limited (the "Corporation" or "Premier") should be read in conjunction with the unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2016 and the notes thereto. The Corporation's unaudited condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Unless otherwise stated, all amounts discussed herein are denominated in Canadian dollars. This MD&A was prepared as of August 10, 2016 and all information is current as of such date. Readers are encouraged to read the Corporation's public information filings on SEDAR at www.sedar.com.

This discussion provides management's analysis of Premier's historical financial and operating results and provides estimates of Premier's future financial and operating performance based on information currently available. Actual results will vary from estimates and the variances may be significant. Readers should be aware that historical results are not necessarily indicative of future performance.

Cautionary Statement on Forward-Looking Statements

Certain information set forth in this MD&A, including management's assessment of the Corporation's future plans and operations, contains forward-looking statements. By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond the Corporation's control, including the impact of general economic conditions, industry conditions, volatility of commodity prices, currency fluctuations, imprecision of resource estimates, environmental risks, competition from other industry participants, the lack of availability of qualified personnel or management, stock market volatility and ability to access sufficient capital from internal and external sources. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be inaccurate and, as such, reliance should not be placed on forward-looking statements. Premier's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits, if any, that Premier will derive there from. Premier disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise except as required by applicable law.

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1. COMPANY OVERVIEW

Premier Gold Mines Limited, a Canadian based mineral exploration company publicly listed on the Toronto Stock Exchange, is focused on exploring for and development of gold deposits in Canada and the United States of America. The Corporation's principal assets in Canada include a 50% shared operating interest in the Greenstone Gold property located along the Trans-Canada highway, a 44% interest in Rahill-Bonanza and a 100% interest in the Hasaga properties in the Red Lake mining district within Northwestern Ontario. The Corporation's principal assets in the United States of America include a 40% interest in the operating South Arturo Mine and a 100% interest in the McCoy-Cove properties located in Nevada.

Premier Gold Mines Limited's head office is located at Suite 200, 1100 Russell Street, Thunder Bay, Ontario, P7B 5N2.

Canada

In Canada, Premier has properties in two districts; and the Beardmore-Geraldton Greenstone Belt and the Red Lake Mining District.

Beardmore-Geraldton Greenstone Belt

The Hardrock and Brookbank Projects are located in the heart of the Greenstone belt which is host to several past-producing mines and covering some of the most strategic ground in the region. The district has seen 4.1 million ounces of historic gold production which prior to Premier's exploration and development success since 2007, had seen relatively little exploration over the past several decades.

Premier has completed in excess of 650,000 metres of diamond drilling at the property, which concluded with a NI 43-101 mineral resource estimate being completed that includes four deposits. In early 2014, a Preliminary Economic Assessment ("PEA") was completed with positive results, the projects are continue to progress towards the completion of a full feasibility study in Q4 2016..

Greenstone Gold Property, Northwestern Ontario

In 2015 Centerra Gold Inc. ("Centerra") and Premier formed a 50/50 partnership (TCP GP Corporation and TCP Limited Partnership) for the purpose of the joint ownership, exploration and development of the Trans-Canada Property including the Hardrock Gold Project. Also during 2015, the Board of the general managing partner (TCP GP Corporation) approved a name change of the corporation and the partnership (TCP Limited Partnership) to Greenstone Gold Mines GP Inc. and Greenstone Gold Mines LP respectively, collectively to be referred to as Greenstone Gold Mines "Greenstone Gold". Centerra and Premier operate a joint board of directors to oversee the exploration, development and operations of the Greenstone Gold partnership.

Premier, through a wholly-owned subsidiary, contributed all property, assets and rights it held in respect of the Greenstone Gold Property to the partnership for a 50% limited partnership interest, and an $85 million withdrawal from the partnership in return for its previous $85 million contributions to the project. Centerra for its 50% partnership interest agreed to make capital contributions to the partnership in the aggregate amount of $185 million to be used to complete an updated mineral resource update and economic feasibility study as well as further development of the project. The entire $185 million commitment is subject to study results achieving a specific level economic return as well as project advancement hurdles. As part of the terms of the transaction Centerra agreed to a bonus contingent payment to Premier of up to $30 million based on the results the updated mineral resource study which was settled for $11 million in the third quarter of 2015.

Red Lake Mining District

World renowned for high-grade gold, the mines of Red Lake Mining District have produced tens of millions of ounces of gold, making it one of the world's most prolific gold districts. In the heart of the district lies Goldcorp's Red Lake Gold Mine ("RLGM"), considered to be one of the highest grade producing gold mines in the world.

Premier's project in Red Lake is the Rahill-Bonanza Property (44% Premier) located immediately adjacent to, and along strike from, Goldcorp's RLGM complex and is a co-ownership with Goldcorp Inc.'s affiliate, Red Lake Gold Mine. The Rahill-Bonanza Property includes the Broulan Reef claims purchased by Premier in 2013, which are immediately adjacent to Goldcorp's Bruce Channel deposit and Cochenour Mine complex.

Early in 2015, Premier entered into a property swap agreement with Goldcorp that saw Premier transfer to Goldcorp its 35% interest in the East Bay Property as well as its 100% interest in the PQ North property. Premier retains a 2% Net Smelter return ("NSR") in the PQ North Property. In return, Premier received from Goldcorp, a 100% interest in the Hasaga Property in Red Lake. This non-financial transaction helped to streamline Premier's property interests in the district and put greater control over exploration in Premier's hands. Hasaga was last explored in 1996 and has a production history which (when combined with the Howey Mine) exceeds 650,000 ounces of gold.

United States of America

Battle Mountain-Eureka District, Nevada, USA

In the United States of America, Premier is focused on its McCoy-Cove Property as well as the recently acquired South Arturo Property in the Eureka-Battle Mountain Trend in Nevada, where ongoing exploration and development activities are focused on advancing both open pit and underground deposit opportunities.

The McCoy-Cove Gold Mines have produced 3.3 million ounces of gold and 110.0 million ounces of silver between 1986 and 2006; a 20-year period of historically low gold and silver prices. While the ores mined at Cove and McCoy occurred in different rock units, the two mines are believed to have a close genetic relationship through their association with the same fault/feeder structures. These feeder structures have seen only limited previous exploration and represent a priority future exploration target.

In June, 2015 Premier announced that it had entered into an agreement to purchase from Goldcorp Inc. its 40% interest in the South Arturo property located 5 kilometres northwest of Barrick Gold's Goldstrike Mine. Barrick Gold is the 60% partner and operator of the co-ownership. The acquisition provided key benefits to Premier including:

- reasonable gold purchase price for total resource ounces being acquired at South Arturo
- the Phase 2 open pit mine project is fully-permitted and in construction
- upside could be realized through further exploration drilling for potential underground resources
- meets Premier's criteria of establishing an exploration and development project portfolio within world class districts and safe mining jurisdictions
- the partnership model has been an important part of Premier's past and recent successes

Premier closed its acquisition of the South Arturo Property on June 2, 2015. Pursuant to the terms of the acquisition, Premier paid US$20 million, transferred to Goldcorp a 5% interest in the Rahill-Bonanza Joint Venture in Red Lake and granted Goldcorp a right of first refusal for a period of three years on any proposed sale or joint venture transaction by Premier of the McCoy-Cove project located in Nevada. In connection with the acquisition, Premier also reimbursed Goldcorp US$16.6 million for costs and contributions paid by Goldcorp with respect to the South Arturo mine project since March 16, 2015. In addition, Goldcorp contributed $12.5 million to Premier in a financing that was completed in June of 2015.

2. RECENT DEVELOPMENTS

Development

South Arturo

Work during the quarter at the South Arturo Property focused on stripping the remaining 27.6 million tons required to reach the 5280 Bench, which denotes the transition from pre-stripping to production. Total expenditures during the second quarter were $34.7 million USD versus the budget of $33.1 million USD. The negative variance is attributed to an acceleration of the pre-stripping program with the result that the mine plan is slightly ahead of schedule. South Arturo is expected to begin processing ore during the third quarter of 2016 and there has been no change to the production forecast for 2016 from the original budgeted forecast

In addition to progress with Phase 2, a program is underway to further define the El Nino underground deposit situated down plunge of Phase 2 and includes drilling from the South Arturo pit. Permitting work associated with a potential underground ramp to access that deposit from the Phase 2 pit is being advanced and an evaluation of the potential for a heap leach mining operation proximal to the historic Dee pit is underway.

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Exploration, evaluation and pre-development

Greenstone Gold

In the second quarter of 2016, Greenstone Gold spent $10.1 million on project development activities ($31.0 million, cumulative to date) as work continued on the feasibility study for the Hardrock Project. The primary focus during the quarter was the optimization of key feasibility inputs supported by the results of extensive peer reviews and the continuation of consultation with local communities in parallel with the ongoing regulatory review of the Hardrock environmental assessment. Work will continue into the 3rd quarter with a view toward finalization of the feasibility study during the second half of 2016. A comprehensive review of historical geological, geophysical and geochemical datasets and an IP geophysical study to supplement and upgrade existing data was also completed.

Exploration activity during the second quarter at Greenstone Gold included an orientation till sampling program at Brookbank as well as line-cutting, core relogging and resampling at Viper in preparation for diamond drilling during the second half of the year.

Exploration

Rahill-Bonanza

Underground diamond drilling of 3,217 metres was completed during the second quarter at the Rahill-Bonanza project, bringing the year-to-date total to some 5,408 metres. Drilling was completed at an all-in cost of $170 per metre. The Rahill-Bonanza project (44% Premier & 56% RLGM) covers approximately 4.5 kilometres of the main Red Lake "Mine Trend" between the Red Lake Gold Mines complex to the east, and the Cochenour Complex to the west. The haulage drift was excavated from the 5400 foot Level of Red Lake Gold Mines and intersected several kilometres of some of the highest potential and untested geology in the heart of the Red Lake camp.

Underground diamond drilling at Rahill-Bonanza has been focused on testing the potential extension of mineralization to the west of the Fold Target area in addition to nominally drilling testing a north-south plunge interpretation. No new results have been released during the quarter. It is anticipated that the Fold Target will remain the priority program during the third quarter of 2016. It is expected that approximately $899,000 will be spent by Premier during 2016 at Rahill-Bonanza to maintain its 44% interest in the project..

Hasaga

A total of 13,243 metres of drilling was completed at Hasaga during the second quarter, bringing the year to date total to 30,372 metres. Drilling continues to delineate wide lower grade mineralization in the Hassaga Porphyry area with one of the best intersections being HMP106 that graded 1.18 g/t Au over 117.0m in the H2, H3 Zone beginning at 117.0m downhole (and includes 1.67 g/t Au across 63.0m).

The drilling was divided between the Hassaga Horizon (7,500 metres in 20 holes) and the Central Zone in (5,700 metres in 12 holes) A summer program of bulldozer stripping, mapping and channel sampling was underway during the quarter. The metallurgical testwork to investigate the heap leach potential of the Hassaga mineralized material is almost complete and includes bottle roll tests at various crush sizes. Positive results will be follow-up with more detailed heap leach column tests.

McCoy-Cove

Ten holes were drilled on the McCoy-Cove property in the second quarter. Nine delineation holes were focused on the CSD gap area for the purposes of defining an inferred mineral resource in due course. One hole was drilled into the Helen zone.

Premier made multiple press releases of significant drilling results including PG16-02 that graded 7.08 g/t Au and 19.19 g/t Ag over 50.9m, These results were supported by additional favourable results including G16-06 grading 7.96 g/t Au and 4.68 g/t Ag over 38.0m. The success of the drilling program to date continues to demonstrate the potential to delineate a significant high-grade gold and silver mineral resource at McCoy-Cove in horizons that had seen previously very limited testing.

Drilling on the historic leach pads began late in April with assay results and preliminary bottle rolls underway. Twenty-four Sonic drill holes were completed on Leach Pads 1, 2 and 3 during Q2 of 2016. Drilling was layed out on a 300 ft grid pattern will all holes terminated well above the base of the pad. A pit optimization and a preliminary economic model is expected during the third quarter.

Financing arrangement

On June 2, 2016, the Corporation entered into a financing arrangement with Orion Mine Finance ("Orion") comprised of a credit facility for $30,000,000USD, an offtake agreement, a private placement of common shares for $15,000,000USD and the issue of warrants. The corporation received credit facility proceeds of $5,000,000USD, before an arrangement fee of $450,000USD as well as other related fees, and common share proceeds of $15,000,000USD. The various components of the financing arrangement are discussed further in the June 30, 2016 unaudited condensed consolidated interim financial statements.

3. SELECTED FINANCIAL DATA

The following table provides selected financial information and should be read in conjunction with the Corporation's audited consolidated financial statements for the periods below:

Year ended December 31,	2015 $	2014(i) $	2013(ii) $
Operations			
Investment and other income	485,211	589,253	778,440
Income / (loss) for the year			
From continuing operations	24,789,599	(63,373,442)	(60,132,947)
From discontinued operations	-	-	(82,230)
	24,789,599	(63,373,442)	(60,215,177)
Basic and diluted income (loss) per share	0.15	(0.41)	(0.19)
Comprehensive income / (loss) for the year			
From continuing operations	37,888,149	(61,280,895)	(57,721,157)
From discontinued operations	-	-	(82,230)
	37,888,149	(61,280,895)	(57,803,387)
Comprehensive income / (loss) for the year attributable to:			
Non-controlling interest	-	-	(29,018)
Owners of the parent	37,888,149	(61,280,895)	(57,774,369)
	37,888,149	(61,280,895)	(57,803,387)
Balance Sheet			
Working capital	66,044,868	33,295,761	58,884,838
Total assets	313,182,570	224,899,008	263,614,450
Total liabilities	32,867,112	22,698,563	23,693,435

(i) The year ended December 31, 2014 is as restated for the change in accounting policy described in Note 2(c) to the December 31, 2015 audited consolidated financial statements and as discussed below.

(ii) The year ended December 31, 2013 includes an estimate of the exploration, evaluation and pre-development expense impact based on 2013 mineral property additions.

The Corporation prepares its consolidated annual financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The main variance in net income (loss) from 2013 and 2014 to 2015 is related to the consolidation and divestment of mineral property interests. 2013 and 2014 include impairments on property, plant and equipment as a result of an assessment of core versus non-core properties. The main event affecting the results in 2015 was the gain on the divestment of a 50% interest in the Hardrock and Brookbank properties to the Greenstone Gold Mines partnership.

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Change in accounting policy

In 2015 the Corporation changed its accounting policy on exploration and evaluation assets from capitalization to expensing of exploration and evaluation costs. Management determined that on the Corporation's progression from a junior mining company in the exploration phase of operations to a company with properties in several stages of development it was appropriate to change the accounting policy in order to be prepared to present financial statements that would be comparable to similar entities. In evaluating partnerships that the Corporation was a party to as well as evaluating opportunities the company was contemplating, it was determined that a change in accounting policy on exploration and evaluation assets would put us on the same footing as our strategic partners.

4. QUARTERLY INFORMATION

The following is a summary of selected financial information of the Corporation for the quarterly periods indicated based on the unaudited condensed consolidated interim financial statements and reflects the activity related to acquistion and divestment activities undertaken by Premier over the past eight quarters.

Quarter	2016 Second $	2016 First $	2015(ii) Fourth $	2015 Third $	2015 Second $	2015(ii) First $	2014(i) Fourth $	2014(i) Third $
Operations								
Investment and other income	48,239	115,371	76,384	103,918	194,174	110,735	107,238	135,834
Other significant income / (loss):								
Unrealized net gain / (loss) on investments	2,214,710	3,732,906	(338,621)	318,513	649,312	56,660	(883,069)	(1,334,361)
Realized net loss on sale of investments	(2,886,965)	(5,291,299)	-	(358,515)	(1,047,564)	-	-	(1,031,472)
Gain on divestment of mineral property interests	-	-	16,036	10,970,081	2,848,261	32,052,278	-	-
Gain attributable to Greenstone Gold development commitment	5,464,586	1,985,015	2,924,234	3,846,121	4,020,786	1,852,479	-	-
Net income / (loss) for the period	(9,434,100)	(13,254,420)	(9,926,389)	5,341,819	(976,554)	30,350,723	(8,862,539)	(18,983,304)
Basic and diluted income / (loss) per common share	(0.06)	(0.08)	(0.06)	0.03	(0.01)	0.19	(0.06)	(0.12)

(i) As restated to reflect change in accounting policy on January 1, 2015 to expense exploration, evaluation and pre-development expenditures previously capitalized to mineral property costs.

(ii) The gain on divestment of mineral property interest, initially recognized in the quarter ended March 31, 2015, was revised in the fourth quarter of 2015, and the quarterly comparative results have been restated to reflect this. For the three months ended March 31, 2015, the gain on divestment of mineral property interest, income / (loss) for the period, and total comprehensive income / (loss) for the period decreased by $7,725,096, the deficit as at March 31, 2015 decreased by $7,725,096 and earnings per share as at March 31, 2015 decreased by $0.05.

PREMIER Gold Mines Limited

5. OVERALL PERFORMANCE

Three months ended June 30, 2016 and 2015

Loss for the three months ended June 30, 2016 was $9,434,100 compared to loss of $976,554 for the same period of 2015 for a negative variance of $8,457,546 of which $5,478,598 was from the loss before other income and expense and $3,442,273 from a reduction in other income and expense.

The variances for the period are:

For the three months ended June 30,	2016	2015	Variance
	$	$	$
EXPENSES			
Depreciation on property, plant and equipment	**205,156**	26,499	178,657
Share-based payments	**624,336**	145,760	478,576
General and administrative	**2,596,965**	1,170,422	1,426,543
Exploration, evaluation, and pre-development	**9,809,112**	6,440,896	3,368,216
Property maintenance	**281,578**	195,918	85,660
Long term debt accretion	**49,661**	145,167	(95,506)
Environmental rehabilitation accretion	**50,480**	14,028	36,452
Loss before the following	**13,617,288**	8,138,690	5,478,598
Investment and other income	**48,239**	194,174	(145,935)
Loss on derivatives	**(160,312)**	-	(160,312)
Unrealized net gain on investments	**2,214,710**	649,312	1,565,398
Unrealized foreign exchange gain	**345,586**	191,778	153,808
Realized foreign exchange gain / (loss)	**(197,705)**	1,430,863	(1,628,568)
Net loss on sale of investments	**(2,886,965)**	(1,047,564)	(1,839,401)
Gain on disposal of equipment	**17,198**	-	17,198
Gain on divestment of mineral property interest	**-**	2,848,261	(2,848,261)
Gain attributable to Greenstone Gold development commitment	**5,464,586**	4,020,786	1,443,800
Other income / (loss)	**4,845,337**	8,287,610	(3,442,273)
Income / (loss) before income taxes	**(8,771,951)**	148,920	(8,920,871)
Current tax expense	**-**	(1,032,091)	1,032,091
Deferred tax expense	**(662,149)**	(93,383)	(568,766)
Income / (loss) for the period	**(9,434,100)**	(976,554)	(8,457,546)

Significant variances for the period include:

- increase in share based payments of $478,576 related to the grant of options for new employees and director under the share option plan
- increase in general and administration of $1,426,543
    - $877,815 related to Premier's share of project administration costs for the Greenstone Gold joint arrangement and the South Arturo co-ownership, agreements entered into during 2015
    - $323,045 for professional and other fees as a result of the increased corporate activity and costs associated with the lawsuit discussed in note 20 to the June 30, 2016 unaudited condensed consolidated interim financial statements
    - $139,665 increase in corporate salaries and benefits
- increase of $3,368,216 in exploration, evaluation and pre-development with $1,489,343 for feasibility related spending at the 50% owned Hardrock and Brookbank properties and an increase over 2015 of $1,300,766 at the 100% owned McCoy-Cove property in Nevada
- increase in unrealized net gains on investments of $1,565,398, $4,151,248 in gains on Canadian equities due to the strengthened market price of investments held at June 30, 2016 offset by increased losses on the value of put options of $1,936,538 due to the increase in the gold price during the period
- a realized exchange loss of $197,705 this period versus a gain of $1,430,863 during this period last year due to the recognition of a realized exchange gain when the US currency held was used for the investment in the South Arturo property
- increase in loss on sale of investments of $1,839,401 as a result of liquidating several Canadian equity investments (including some of the remaining Sandstorm shares acquired in 2013 as a result of the divestment)
- gain of $2,848,261 on divestment of mineral property interest in 2015 includes $2,938,729 gain on the divestment of a 5% interest (or 10.2% of the 49% interest) in the Rahill-Bonanza property transferred to Goldcorp as part of the acquisition of the South Arturo development property

- increase of $1,443,800 in the gain attributable to the Greenstone Gold development commitment as a result of increased infrastructure spending in the quarter related to the feasibility study expected in 2016 and funded 100% by Centerra Gold Inc., 50% of which is on Premier's behalf

Six months ended June 30, 2016 and 2015

Loss for the six months ended June 30, 2016 was $22,688,520 compared to income of $29,374,169 for the same period of 2015 as restated for a variance of $52,062,689 of which $48,043,702 was pre tax. The main reason for the variance relates to the gain on divestment of mineral interests in 2015 including the transfer of the Hardrock and Brookbank properties to the 50% Greenstone Gold partnership and the gain on the divestment of a 5% interest (or 10.2% of the 49% interest) in the Rahill-Bonanza property transferred to Goldcorp as part of the acquisition of the South Arturo development property during 2015 which resulted in accounting gains of $34,900,539, both of which are fully described in the audited consolidated financial statements for the year ended December 31, 2015.

The variances for the period are:

For the six months ended June 30,	**2016**	2015 (as restated)	Variance
	$	$	$
EXPENSES			
Depreciation on property, plant and equipment	**267,143**	56,317	210,826
Share-based payments	**3,498,815**	238,805	3,260,010
General and administrative	**5,242,416**	2,335,039	2,907,377
Exploration, evaluation, and pre-development	**14,611,358**	11,205,638	3,405,720
Property maintenance	**528,660**	384,361	144,299
Long term debt accretion	**177,810**	291,721	(113,911)
Environmental rehabilitation accretion	**103,238**	39,398	63,840
Loss before the following	**24,429,440**	14,551,279	9,878,161
Investment and other income	**163,610**	304,909	(141,299)
Loss on derivatives	**(160,312)**	-	(160,312)
Unrealized net gain on investments	**5,947,616**	705,972	5,241,644
Unrealized foreign exchange gain / (loss)	**(818,759)**	168,352	(987,111)
Realized foreign exchange gain / (loss)	**(249,895)**	1,430,863	(1,680,758)
Net loss on sale of investments	**(8,178,264)**	(1,047,564)	(7,130,700)
Gain on disposal of equipment	**17,198**	-	17,198
Gain on divestment of mineral property interests	**-**	34,900,539	(34,900,539)
Gain attributable to Greenstone Gold development commitment	**7,449,601**	5,873,265	1,576,336
Other income	**4,170,795**	42,336,336	(38,165,541)
Income / (loss) before income taxes	**(20,258,645)**	27,785,057	(48,043,702)
Current tax expense	**-**	(1,032,091)	1,032,091
Deferred tax recovery / (expense)	**(2,429,875)**	2,621,203	(5,051,078)
Income / (loss) for the period	**(22,688,520)**	29,374,169	(52,062,689)

Other significant variances for the period include:

- increase in share based payments of $3,260,010 related to the timing of annual grants under the share option plan, options granted to new employees and a director as well as valuation
- increase in general and administration of $2,907,377
  - $2,017,554 related to Premier's share of project administration costs for the Greenstone Gold joint arrangement and the South Arturo co-ownership, agreements entered into during 2015
  - $520,799 for professional and other fees as a result of the increased corporate activity and costs associated with the lawsuit discussed in note 21 to the June 30, 2016 unaudited condensed consolidated interim financial statements
  - $288,018 increase in corporate salaries and benefits
- increase of $3,405,720 in exploration, evaluation and pre-development mainly for the 100% owned mineral interests, $2,485,186 at Hasaga in Northwestern Ontario using flow through financing and $784,015 at McCoy-Cove in Nevada.
- increase in unrealized net gains on investments of $5,241,644, $7,363,423 in gains on Canadian equities due to the strengthened market price of investments held at June 30, 2016 offset by $2,121,779 in losses on put options due to the increase in the gold price year to date.
- increase in unrealized exchange loss of $987,111 due to the amount of cash held in US funds this period versus last period

- Canadian dollar compared to the US dollar weakened by 9 basis points for this period last year versus a strengthening of 9 basis points this year
  - impacted in 2016 versus 2015 due to the amount of US currency held at June 30, 2016, $23,652,088 (CAD) in cash and cash equivalents compared to $12,197,123 at June 30, 2015
- a realized exchange loss of $249,895 this period versus a gain of $1,430,863 during this period last year due to the recognition of a realized exchange gain last year when US currency held was used for the investment in the South Arturo property
- net loss on sale of investments increased by $7,130,700 as a result of liquidating several Canadian equity investments of $6,023,641 (including most of the remaining Sandstorm shares acquired in 2013 as a result of a divestment) and losses on the settlement of put options of $2,154,623
- increase of $1,576,336 in the gain attributable to the Greenstone Gold development commitment as a result of increased infrastructure spending related to the feasibility study expected in 2016 and funded 100% by Centerra Gold Inc., 50% of which is on Premier's behalf

Other comprehensive income / (loss)

Total comprehensive loss for the period was $32,267,846 for the six months ended June 30, 2016 compared to total comprehensive income of $31,422,010 for the same period last year.

The only component of other comprehensive income / (loss) is exchange differences on the translation of foreign operations and related deferred income taxes which netted to a loss of $9,579,326 this period versus a net gain of $2,047,841 of this period last year due to a large swing (18 basis points) in the US dollar to Canadian dollar exchange rate. The increase in US assets held as a result of the South Arturo acquisition in the second quarter of 2015 has increased the magnitude of the exchange loss during the period.

Financial position at June 30, 2016 and December 31, 2015

Total assets increased by $1,322,165 to $314,504,734 from $313,182,570 for the period from December 31, 2015 to June 30, 2016.

Current assets decreased by $25,443,937 almost all of which is made up of the decrease in cash and cash equivalents of $26,197,846 (see "Liquidity and Capital Resources"). Prepaids and deposits increased by $1,262,705 mainly for prepaid mining taxes on the South Arturo property. Other assets which include equity investments, put options and a derivative asset decreased by $235,339, a decrease of $3,112,123 due to the sale of some of the equities and a reinvestment of put options existing at December 31, 2015 when marked to market declined in value at June 30th offset by an increase of $2,876,784 for the largely non-cash loan committment prepayment (see note 6 in the June 30, 2016 unaudited condensed consolidated interim financial statements).

Non-current assets increased by $26,766,102 mainly in property, plant and equipment including:

- $32,959,132 of capitalized development cost for the South Arturo property added to mineral properties
- $6,329,437 of fixed asset additions including building and mining equipment for the South Arturo property offset by $3,167,370 in depreciation, of which $2,900,227 was capitalized back to the mineral property
- $9,786,726 reduction as a result of currency revaluation on the US properties

Current liabilities decreased $1,151,068 mainly split between current portion of long term debt and deferred premium on flow through shares. The signficant changes from December 31, 2015 compared to June 30, 2016 include:

- $423,410 in currency adjustments on the current portion of long term debt
- $543,264 reduction in deferred flow through premium as a result of the use of flow through funds during the period on the Hasaga property

Non-current liabilities increased $8,505,198 with $8,517,975 of the increase related to long term debt. Proceeds of $6,540,000 ($5,000,000 USD) were received from the first tranche of an Orion Mine Finance credit facility entered into during the period. A non-cash derivative liability of $2,618,899 was also recorded during the period as a result of the offtake agreement included in the Orion financing arrangement. The debt proceeds are offset by debt issue issue costs of $551,921 which are being amortized over the term of the debt using the effective interest rate. The credit facility details are more fully described in Note 4 and 9 of the June 30, 2016 unaudited condensed consolidated interim financial statements.

6. ENVIRONMENTAL REHABILITATION PROVISION

The Corporation performs ongoing rehabilitation on its exploration properties and as such has no related reclamation obligations. The Corporation does currently have four environmental rehabilitation obligations related to past and current mining activities as follows:

	June 30, 2016 **$**	December 31, 2015 $
Northern Empire Mill, Ontario	**2,487,247**	2,473,590
Faymar-Deloro, Ontario	**1,421,283**	1,419,447
McCoy-Cove, Nevada	**1,039,121**	1,195,140
South Arturo, Nevada	**5,159,129**	5,031,380
	10,106,780	10,119,557

Northern Empire Mill, Ontario

There were no reclamation expenditures related to the closure activities at the Northern Empire mill during the period however, the closure plan is currently under review with the Ministry of Northern Development and Mines ("MNDM") which may result in a change in timing of spending. This will be reviewed in the third quarter and adjusted at that time. Any spending on reclamation for the mill will be funded out of the financial assurance placed with the MNDM as described in restricted cash Note 6 to the June 30, 2016 unaudited condensed consolidated interim financial statements.

Faymar Deloro, Ontario

The Faymar Deloro property has minimal spending year to date but with some reclamation activity expected during the second half of the year. The property will be reevaluated at that time to determine future spending requirements. The Faymar Deloro property obligation does not require financial assurance and any required spending will be funded out of cash.

McCoy-Cove, Nevada

The McCoy-Cove reclamation obligation is related to the McCoy portion of the property purchased from Newmont Mining Corporation in 2014 which had a remaining obligation from previous mining activities, most of which was completed prior to acquiring of the property. There are ongoing reclamation activities related to the tailings pond and clean up of pads with structural reclamation on hold for several years pending a mine plan for the property.

South Arturo, Nevada

The South Arturo reclamation obligation is managed by the operator of the co-ownership arrangement and is based on a 20 year reclamation plan with spending scheduled to begin 2021 and the main reclamation activities beginning in 2025.

7. EXPLORATION, EVALUATION AND PRE-DEVELOPMENT

For the three months ended June 30,	**2016** **$**	2015 $	Variance $
Rahill-Bonanza, Ontario	**191,756**	149,355	42,401
East Bay, Ontario	**-**	7,668	(7,668)
Hasaga, Ontario	**1,891,257**	1,511,796	379,461
Greenstone Gold, Ontario (i)	**5,323,757**	3,834,413	1,489,344
McCoy-Cove, Nevada	**2,226,722**	925,955	1,300,767
South Arturo	**175,620**	-	175,620
Other areas	**-**	11,709	(11,709)
	9,809,112	6,440,896	3,368,216

(i) In 2015 Greenstone Gold includes the Hardrock, Brookbank, and Key Lake projects.

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Hasaga spending for the three months ended June 30, 2016 was slightly increased over the same period last year due to the timing of the acquistion of the property in the first quarter of 2015. The 2016 Hasaga exploration expenditures are financed with flow through dollars raised during 2015. The remaining flow through commitment of $2,685,924 is expected to be spent on the project this year. The expenditures during the period include:

- $1,084,833 for approximately 13,500 meters of drilling and related costs
- $147,918 in geological costs including salaries and benefits
- $371,081 in analytical and sampling costs
- $287,427 in operations support and property work including wages and benefits

Greenstone Gold spending for the three months ended June 30, 2016 was $1,487,384 more than the same period last year (including Hardrock), mainly for infrastructure related spending required in order to maintain the construction schedule to be proposed when the feasibility study is released in 2016. 100% of the expenditures for Greenstone Gold in this period totalled $10,647,512 and include:

- $491,340 in exploration related costs
- $2,338,853 in environmental permitting and social impact assessment
- $574,798 in geology, mine development and metallurgy feasibility test work
- $5,721,845 in pre-development infrastructure
- $1,520,676 in pre-development management and administration

McCoy-Cove spending for the three months ended June 30, 2016 was $1,300,767 more than the three months ended June 30, 2015 due to an expanded drill program in 2016. The expenditures during the period include:

- $1,482,272 for approximately 5,700 meters of drilling and related costs
- $344,619 in geological and assay costs including salaries and benefits
- $257,400 in operations support and property work including wages and benefits
- $142,430 in pre-development studies related to the heap leach pad drilling program

The South Arturo property is in the capitalized development stage with minimal exploration for this quarter.

Cumulative exploration and pre-development spending to date by project:

Mineral Property	Status	Cumulative to December 31, 2014 $	Year ended December 31, 2015 $	Cumulative to December 31, 2015 $	Six months ended June 30, 2016 $	Cumulative to June 30, 2016 $
Rahill-Bonanza, Ontario	Active	16,795,479	921,601	17,717,080	366,109	18,083,189
East Bay, Ontario	Swap (i)	1,802,760	19,765	1,822,525	-	1,822,525
PQ North, Ontario	Swap (i)	11,085,540	-	11,085,540	-	11,085,540
Hasaga, Ontario	Swap (i)	-	6,995,050	6,995,050	4,012,197	11,007,247
Brookbank, Ontario	50% sold (ii)	1,669,533	-	1,669,533	-	1,669,533
Hardrock, Ontario	50% sold (ii)	107,003,264	1,421,069	108,424,333	-	108,424,333
Greenstone Gold, Ontario	Active (ii)	-	12,236,357	12,236,357	7,183,250	19,419,607
McCoy-Cove, Nevada	Active	20,959,257	4,809,160	25,768,417	2,835,189	28,603,606
South Arturo	Active	-	727,042	727,042	214,613	941,655
Other areas	Inactive (iii) (iv)	4,523,648	14,583	4,538,231	-	4,538,231
		163,839,481	27,144,627	190,984,108	14,611,358	205,595,466

(i) East Bay (35% co-ownership) and PQ North (100% owned) properties were exchanged during 2015 for the Hasaga property (100%) as discussed in the December 31, 2015 audited consolidated financial statements.
(ii) Brookbank and Hardrock properties (100% owned) were transferred into the 50% owned Greenstone Gold partnership during 2015 with spending continuing under Greenstone Gold.
(iii) Inactive mineral property interests include:
- Faymar property located in Deloro Township in the Timmins Gold Camp
- Nortoba-Tyson property located in Dorothea Township in the Thunder Bay Mining District
- Northern Empire West Extension and Northern Empire property located in McComber and Summers Township in the Thunder Bay Mining District
- Leitch-Sand River property located near Beardmore, Ontario
- Santa Teresa mineral concession and Quasaro property located in Mexico
- Raingold property comprised of 6 patented mining claims

(iv) Inactive mineral property interests not renewed:
- Bartec property located in Barraute township, in the Val D'or district of Quebec in 2015

8. LIQUIDITY AND CAPITAL RESOURCES

At June 30, 2016, the Corporation had cash and cash equivalents of $46,858,971, a decrease of $26,197,846 from $73,056,817 at December 31, 2015. The change in cash and cash equivalents was due to the following:

- $14,566,029 used in operating activities related mainly to general and administration and exploration as discussed above

- $38,839,352 used in investment activities including:
  - $32,959,132 for the South Arturo development spending
  - $5,784,621 for plant and equipment, $392,515 in building additions and $5,441,582 in mining equipment additions for the South Arturo property
  - $2,440,601 used to purchase put options offset by $2,167,215 proceeds from the sale of equities held for trading

- $28,277,037 cash generated from financing activities including
  - $5,539,971 from the first advance of debt from the financing arrangment entered into during the quarter with Orion Mine Finance ("Orion")
  - $19,620,000 for shares and warrants from the private placement with Orion
  - $3,670,888 received on the exercise of stock options
  - offset by an exchange loss on cash and cash equivalents of $1,069,502

Summary of Cash Flow

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	**2016**	2015
	$	$	**$**	$ (as restated)
Cash used in operating activities	**(10,584,093)**	(783,298)	**(14,566,029)**	(6,284,821)
Investment activities				
Capital expenditures including deposit on mine development expenditures	**(19,648,594)**	(51,672,680)	**(39,443,298)**	(51,702,362)
Divestitures and related transaction costs	**-**	(74,432)	**-**	81,919,912
Other	**1,070,799**	27,989	**603,946**	27,989
Cash provided by / (used in) investment activities	**(18,577,795)**	(51,719,123)	**(38,839,352)**	30,245,539
Cash provided by financing activities	**-**	-	**-**	-
Proceeds from the issue of long term debt net of debt issue costs	**5,539,971**	-	**5,539,971**	-
Shares issued in private placements net of share issue costs	**19,066,178**	26,648,177	**19,066,178**	26,648,177
Proceeds from the exercise of stock options	**2,117,372**	-	**3,670,888**	17,900
Cash provided by / (used in) financing activities	**26,723,521**	26,648,177	**28,277,037**	26,666,077
Effect of exchange rate	**547,830**	461,033	**(1,069,502)**	339,739
Increase / (decrease) in cash during the period	**(1,890,537)**	(25,393,211)	**(26,197,846)**	50,966,534

For the period ended June 30, 2016, the Corporation used $26,197,846 in cash compared to generating $50,966,534 for the same period of 2015. In early 2015, Premier sold 50% of it's Hardrock and Brookbank properties for proceeds of $85,000,000 less transaction costs of $3,005,656 as a method of financing future development and acquisitions. $6,284,821 was used in operations in 2015 compared to $14,577,390 in 2016 as a result of the reduction in Premier's share of the exploration and pre-development cost related to the Hardrock and Brookbank projects offset by increases in exploration on the Hasaga property received in a property swap in 2015, increased spending on the McCoy-Cove property as discussed above and project related administration due to the introduction of the South Arturo 40% co-ownership. Capital expenditures were significantly increased in Q2 of 2016 due to the development work on the South Arturo property. Financing activities were undertaken this period in order to ensure sufficient cash to fund projects until expected production at the South Arturo property and also included proceeds from the exercise of 1,576,250 stock options in 2016 versus 10,000 in 2015.

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Liquidity Outlook

	June 30, 2016 **$**	December 31, 2015 $
Cash and cash equivalents	**46,858,971**	73,056,817
Working capital	**41,751,999**	66,044,868
Debt	**16,444,180**	8,349,615

Premier is funding current exploration, evaluation, pre-development and development expenditures through existing cash and financings. The Corporation anticipates that it will have sufficient funds to manage current projects through 2016 and is actively managing the ongoing pre-development activities at the Greenstone Gold property through it's partnership agreement with Centerra. The South Arturo property will be funded with existing cash or if appropriate, with current financing sources until production commences during Q3 2016. Debt includes a non-cash deriviative liability of $2,618,899, the remaining balance is due within 1 to 3 years.

Premier funds a portion of its Canadian exploration activities via flow-through share issuances. Resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share issuances are renounced to investors in accordance with income tax legislation. $2,685,924 of the flow-through financing completed on December 4, 2015 remains to be spent by December 31, 2016.

Equity

The Corporation is authorized to issue an unlimited number of common shares of which 182,837,604 were outstanding at June 30, 2016 and 183,348,004 at the date of this report, August 10, 2016 after the exercise of 510,400 options since June 30, 2016. At June 30, 2016 the Corporation had outstanding options to purchase an aggregate of 12,807,966 common shares under its share incentive plan with exercise prices ranging from $1.40 to $6.20 per share and expiry dates ranging from July 28, 2016 to June 27, 2021. At August 10, 2016 the Corporation had 11,570,566 after the exercise of options noted above as well as the issuance of 230,000 stock options and the expiry of 1,467,400 subsequent to June 30th. At June 30, 2016 there were 340,000 unvested stock options.

9. COMMITMENTS AND CONTINGENCIES

Contractual obligations and commitments

The following is a summary of the commitments of the Corporation at June 30, 2016:

	2016 $	2017 $	2018 $	2019 $	2020 $	2021 and later $	Total
Contracts and operation leases	153,175	187,024	61,393	-	-	-	401,592
Debt (i)	7,813,705	63,469	6,521,999	-	-	-	14,399,173
Exploration expenditure commitment from the issue of flow-through shares	2,685,924	-	-	-	-	-	2,685,924
Provisions for environmental rehabilitation (ii)	297,205	242,070	2,446,091	292,122	312,122	12,709,135	16,298,745
	10,950,009	492,563	9,029,483	292,122	312,122	12,709,135	33,785,434

(i) Amounts presented in the table for the debt represent the undiscounted future payments.

(ii) Amounts presented in the table for the provisions for environmental rehabilitation represent the undiscounted uninflated future payments for the expected cost of the rehabilitation.

Surety Bonds

At June 30, 2016, the Corporation has outstanding surety bonds in the amount of $4,566,905USD in favour of the United States Department of the Interior, Bureau of Land Management ("BLM") as financial support for environmental reclamation and exploration permitting related to the McCoy-Cove project. The surety bonds are secured by a $250,000USD deposit and are subject to fees competitively determined in the market place. The obligations associated with these instruments are generally related to performance requirements that the Corporation addresses through its ongoing operations. As specific requirements are met, the BLM as beneficiary of the instrument will return the instrument to the issuing entity.

Contingency

The Corporation is currently subject to one litigation proceeding as disclosed in note 20 to the June 30, 2016 unaudited condensed consolidated interim financial statements. The litigation is presently ongoing with an update expected in October, 2016.

10. TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties are as disclosed in Note 16 to the June 30, 2016 unaudited condensed consolidated interim financial statements with no significant changes for the quarter.

The Corporation's related parties include key management personnel and entities over which they have control or significant influence as described in Note 2 (b) and below.

	Nature of transactions
DSA Filing Services	Filing services
DRAX Services Limited	Corporate secretarial services
The Alyris Group	IT support services
Alyris Leasing Inc.	Facilities rental
Wolfden Resources Corp	Facilities rental received
Alyris Vineyards Limited	Marketing and investor relations events

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

The following are the related party transactions, recorded at the exchange amount as agreed to by the parties.

The figures noted below are for the six months ended June 30, 2016 with comparative figures for the six months ended June 30, 2015.

(a) Included in general and administrative expenses are amounts totalling $25,500 (2015 - $18,500) for corporate secretarial and filing services provided by DSA Filing Services and DRAX Services Limited, all of which are or have been related to the Corporation through Shaun Drake, Corporate Secretary of the Corporation.

(b) Included in general and administrative expenditures are amounts totalling $46,782 (2015 - $47,719) for IT support services provided by 1752466 Ontario Inc., O/A The Alyris Group, a company related to the Corporation through Ewan Downie, Director, President and Chief Executive Officer of the Corporation, and Steve Filipovic, Chief Financial Officer of the Corporation.

(c) Included in general and administrative expenditures are amounts totalling $77,203 (2015 - $76,824) for rental charges paid to Alyris Leasing Inc., a company related to the Corporation through Ewan Downie, Director, President and Chief Executive Officer of the Corporation, and Steve Filipovic, Chief Financial Officer of the Corporation.

(d) Included as a cost recovery in general and administrative are amounts totaling $nil (2015 - $3,600) for rental of office space paid by Wolfden Resources Corporation, a company related to the Corporation through Ewan Downie, Director, President and Chief Executive Officer of the Corporation, who is also a Director of Wolfden Resources Corporation.

(e) Included in general and administrative expenditures are amounts totaling $548 (2015 - $nil) for marketing and investor relations events held at Alyris Vineyards Limited, a company related to the Corporation through Ewan Downie, Director, President and Chief Executive Officer of the Corporation.

Transactions with key management personnel

Key management personnel remuneration includes the following amounts:

	Three months ended June 30,		**Six months ended June 30,**	
	2016	2015	**2016**	2015
	$	$	**$**	$
Salary, wages and benefits	**486,942**	283,543	**784,268**	562,697
Share-based payments	**-**	-	**954,993**	-
	486,942	283,543	**1,739,261**	562,697

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11. FINANCIAL INSTRUMENTS AND RELATED RISKS

The Corporation's activities expose it to risks, including financial and operational risks of varying degrees of significance which could affect its ability to achieve its strategic objectives for growth and sharesholder returns. The principal financial risks to which the Corporation is exposed are credit risk, liquidity risk, currency risk and security and commodity price risk. In 2016, there have been no changes to the Corporation's exposure to financial risks, as described in the financial statements.

For financial instruments, the carrying amounts of cash and cash equivalents, receivables and accounts payable and accrued liabilities are considered to be reasonable approximations of their fair values due to the short term nature of these instruments. At June 30, 2016 and December 31, 2015, the carrying amount of restricted cash and notes payable are considered to be a reasonable approximation of their fair value as there have been no significant changes in market interest rates since inception.

Debt is initially recognized at fair value, net of any directly attributable transacation costs. Subsequent to initial recognition these financial liabilities are held at amortized cost using the effective interest method.

Derivative instruments are recorded at fair value through profit or loss and are recorded on the statement of financial position at fair market value. Fair value for derivative instruments are determined using valuation techniques with assumptions based on market conditions existing at the statement of financial position date or settlement date of the derivative.

For full details on the financial instruments and related risks affecting the Corporation, please refer to the Corporation's audited annual consolidated financial statements, notes and information form for the year ended December 31, 2015 and note 19 of the unaudited condensed consolidated interim financial statements for the period ended June 30, 2016.

12. MANAGEMENT OF CAPITAL RISK

The Corporation manages its share capital, equity settled employee benefits reserve, warrant reserve and contributed capital as capital. The Corporation's objectives when managing capital are to safeguard the Corporation's ability to continue as a going-concern in order to pursue the exploration and development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Corporation manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Corporation may attempt to issue new shares, acquire or dispose of assets, utilize existing credit facilities or acquire new debt.

In order to maximize ongoing exploration and development efforts, the Corporation does not pay out dividends. The Corporation's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments with short-term maturities, selected with regard to the expected timing of expenditures from continuing operations.

13. CRITICAL ACCOUNTING ESTIMATES

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the amounts reported in the consoliated financial statements and accompanying notes. Actual results may vary from those estimates due to inherent uncertainty or other factors. The Corporation regularly reviews its estimates and revisions to estimates and the resulting effects on the carrying amounts of the assets and liabilities are accounted for prospectively. Key sources of estimation uncertainty that may have a signicant risk of causing a material adjustment to the carrying amounts of assets and liabilities applied in the preparation of these unaudited condensed consolidated interim financial statements are consistent with those applied and disclosed in the annual audited consolidated financial statements for the year ended December 31, 2015.

Impairment and reversal of impairment for non-current assets

At each reporting date, the Corporation reviews its non-current assets to determine whether there are any indicators of impairment. For the six months ending June 30, 2016, management has not identified any indicators that any non-current assets as well as prior impairments, require testing for impairments or reversals.

Provision for environmental rehabilitation

Provisions are updated each reporting period for changes to the expected cash flows and for the effect of changes in the discount rate, foreign exchange rate and the change in estimate is added or deducted from the related asset over the expected economic life of the operation to which it relates, alternatively, if the asset has been fully impaired, the change in estimate is expensed as property maintenance.

For the Northern Empire Mill, the Faymar Deloro and the McCoy-Cove provisions for environmental rehabilitation, the discount rate change did not materially impact the provision and no adjustment was recorded for the period. A change in estimate of $403,004 related to a decrease in the discount rate was adjusted for the South Arturo provision given the length of the reclamation period spanning 20 years.

A 1% increase in the discount rate would result in a decrease in the overall provision by approximately $.8 million and a 1% decrease in the discount would result in an increase of approximately $1 million holding all other assumptions constant.

Valuation of derivative financial liabilities

The fair value of derivative financial liabilities that are not traded in an active market, including the offtake agreement entered into during the period, is determined using valuation techniques. The Corporation uses its judgment to select a variety of methods and make assumptions that are based on market conditions existing at the end of each reporting period as an indication of the expected future market conditions. The Corporation has used a discounted cash flow analysis for the offtake agreement, incorporating key assumptions for the production to be delivered under the offtake agreement, expected metal prices and discount to metal prices during the quotational period, and discount rates that are commensurate with the risks associated with the financial liability to reflect the time value of money.

The determined fair value of the derivative financial liability with respect to the offtake agreement as at June 30, 2016 would have been approximately $170,000 higher were the expected realized price in the discounted cash flow analysis to have increased by $100 per ounce from management's estimates.

14. SUBSEQUENT EVENTS

Gold forward contracts

Subsequent to June 30, 2016 the Corporation signed three refined gold forward contracts with Orion as follows:

Ounces of gold	Delivery date	Contract price
10,000	November 21, 2016	$1,720 per ounce
10,000	December 21, 2016	$1,705 per ounce
10,000	January 18, 2017	$1,725 per ounce

The contracts required no cash or other consideration. If the contracted ounces are not delivered on the delivery date, as per the terms of the agreement, the Corporation will compensate Orion for the difference between the contract price and the market price per ounce.

Acquisition of Mercedes Mine

On July 28, 2016 the Corporation entered into a definitive purchase agreement with Yamana Gold Inc. ("Yamana") pursuant to which the corporation has agreed to acquire Yamana's Mercedes mine and exploration property (the "Acquisition") located in the state of Sonora, northwest Mexico. The Corporation has agreed to pay a purchase price to Yamana consisting of the following:

- $122,500,000USD of cash
- issuance of 6,000,000 common shares of the Corporation
- issuance of 3,000,000 warrants to acquire up to 3,000,000 common shares of the Corporation
- warrants are exercisable at the price of $4.75 per common share for a period of twenty-four months after the closing date
- 1% NSR on production commencing on the earlier of 450,000 ounces of gold produced or six years from the date of closing the acquisition

The Acquisition is expected to close on or about September 30, 2016.

In connection with the Acquisition, the Corporation signed a letter agreement with Orion whereby they have agreed to negotiate in good faith the terms of a financing package to fund the cash component of the Acquisition, subject to the execution of definitive documentation with respect to the financing and the receipt of all regulatory requirements. Terms of the financing package are expected to include:

- Secured gold prepaid facility of $42,200,000USD for which the Corporation will deliver to Orion 2,450oz of gold per quarter for a period of fifteen consecutive quarters following the closing date of the acquisition plus an interest rate of 6.5% of which the Corporation can satisfy four interest payments in common shares of the Corporation based on the 10 business day volume weighted average closing price (“VWAP).

- Silver stream of $11,500,000USD (50% of the initial four quarters of silver produced at Mercedes Mine, 60% for the subsequent four quarters and 70% thereafter until the delivery of 1,250,000oz of silver production after such time the delivery will be reduced to 25% of silver production until the delivery of 2,000,000 ounces upon which time a further reduction to 12.5% of production) with ongoing payment based on 20% of the prevailing silver price.
- An increase of $15,000,000USD to the Corporation’s unsecured credit facility with Orion to $45,000,000.
- Issuance of 1,000,000 warrants with an exercise price of 130% of the VWAP for the 10 business day leading up to the financing and exercisable until 24 months after the closing date of the Acquisition.
- Issuance of $35,000,000USD worth of common shares at the VWAP for the 10 business day leading up to the financing of which the Corporation has the option to reduce by up to $20,000,000USD at its sole discretion.
- An offtake obligation of 15,000oz of gold annually relating exclusively to production from Mercedes Mine.

South Arturo

The Corporation received notice from Barrick on August 1, 2016 that ore from the Corporation's 40% owned South Aruto project commenced being processed at Barrick's Goldstrike Mine processing facility.

15. OFF BALANCE SHEET ARRANGEMENTS

The Corporation has not participated in off-balance sheet or income statement arrangements other than the surety bonds discussed under the commitment and contingencies section.

16. CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING AND CONTROLS AND PROCEDURES

No changes occurred in the current period of the Corporation’s ICFR that have materially affected, or are reasonably likely to materially affect the Corporation’s ICFR.

In accordance with the requirements of *National Instrument 52-109 Certification of Disclosure in Issuer’s Annual and Interim Filings*, the Corporation’s management, including Chief Executive Officer (CEO) and Chief Financial Officer (CFO), have evaluated the operating effectiveness of the Corporation’s internal control over financial reporting. Management of the Corporation is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed by, or under, the supervision of, the CEO and CFO and effected by management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with international financial reporting standards. Management assessed the effectiveness of the Corporation’s internal control over financial reporting as of June 30, 2016. Based on this assessment, management believes that, as of June 30, 2016, the Corporation’s internal control over financial reporting is designed and is operating effectively.

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the CEO and CFO, on a timely basis so that appropriate decisions can be made regarding annual and interim financial statement disclosure. Management believes these disclosure controls and procedures have been effective during the period ended June 30, 2016.

17. ADDITIONAL INFORMATION

Additional information relating to the Corporation can be found on SEDAR at www.sedar.com, or on the Corporation’s web-site at www.premiergoldmines.com.

“Steve Filipovic”
(Signed) Steve Filipovic
Chief Financial Officer
Thunder Bay, Canada
August 10, 2016