



PREMIER

Gold Mines Limited

A World Of Opportunity

To the Shareholders of Premier Gold Mines Limited

2016 has been an amazing year and it has been a pleasure working with the team at Premier as the Company has moved swiftly and efficiently into a profitable gold producing company. As we continue to execute on our strategy to become a mid-tier mining company, 2017 appears to be shaping up to be another exciting year with plans to be permitting on three projects for mining or advanced exploration.

Navigating through Exciting and Transformative Times

Although the precious metals mining industry continues to exhibit tumultuous times and volatility, your management team has managed to transition into a successful producing company. South Arturo, the Company's 40% owned joint venture with Barrick Gold began production on budget and schedule during the third quarter of 2016. Another milestone achieved during the year was the acquisition of the Mercedes Mine on September 30, 2016. This acquisition has solidified Premier as a gold producing company well into the future. Both producing assets were profitable and generated significant cash flow during 2016.

Active Governance

One of the key roles of your board is to ensure adherence to the Company's strategy and plan for future growth. As such, the Company's board of directors regularly visit project sites to see progress. The board actively meets with our dynamic and dedicated management teams to review plans that help drive value to you, our shareholders. In 2016, we visited the Mercedes Mine to meet with the mine's professional management team and see first-hand the excellent approach to strategy focused on cost containment and resource and reserve growth.

Confidence Moving Forward

We continue to strengthen management to facilitate the transformation from explorer to producer while advancing organic and external growth opportunities to build on the company's solid production base. Manageable debt, cash flowing operations and an excellent management team provide you, the shareholder, with "A World of Opportunity".

John Begeman
Executive Chairman

May 23, 2017

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With the commissioning of a new mine in Nevada and the acquisition of our Mercedes Mine in Mexico, 2016 was truly a transformational year for Premier as we have successfully converted Premier from an explorer into a gold producer. Building on this success, and armed with a pipeline of advanced-stage projects in favourable mining jurisdictions, we will now focus on growing Premier into a profitable mid-tier producer. At the core, we shall maintain our aggressive exploration and development strategies along with our goals of increasing safe sustainable production, cash flow per share and shareholder value.

Solid Operational Performance

Strong fourth quarter results that include 81,511 ounces of gold production further highlight our most successful year since inception. With a robust year-end treasury of nearly \$120 million, Premier is well positioned to pursue its growth initiatives in 2017. Although production only occurred in the second half of 2016, strong operational performance at Mercedes and by our partner Barrick Gold at South Arturo outperformed our guidance for the year, totalling 112,018 ounces of gold.

As a result of our strong financial position, we have already advanced numerous development and production opportunities at Mercedes that are designed to further increase production and reduce costs in 2017. At South Arturo, we continue to assess additional underground and open pit development opportunities to extend the life of the operation. With a focus on building our next mining operation, we have commenced advanced-exploration and underground permitting to further develop our McCoy-Cove Project in Nevada.

Exploration...our strength and our future

As a core principle of our development strategy, we have always focused on internal growth through sound exploration, and opportunistically acquiring and partnering advanced-stage projects. Going forward, our strategy will also include a sustained reserve and resource replacement strategy to keep our current mines operating for years to come. Building on our 2016 exploration successes at McCoy-Cove and Hasaga, which have provided two resource updates in early 2017, we will continue to seek further opportunities and build our project pipeline.

Clearly, the exploration highlight of 2016 was the delineation of the high grade CSD-Gap deposit, a discovery that has moved the McCoy-Cove property to the front of our development pipeline. Located in one of the world's most prolific gold districts, McCoy-Cove stands out amongst other Nevada deposits for one reason – its grade. The successful drill results to date demonstrate the property's potential to host plus one million ounce deposits. Work in 2017 will focus on hydrological and metallurgical testing as part of a Preliminary Economic Assessment Study, and a development plan intended to gain underground access in the fourth quarter.

At Hasaga, in the Red Lake District, more than 120,000 metres of drilling since 2015 has confirmed the potential for both open pit resources. Drilling in 2017 will focus on growing the recently announced open pit resource along with testing higher grade underground style mineralization on the property.

Not to be forgotten, Premier's Hardrock deposit that is operated by Greenstone Gold Mines, a 50/50 joint venture company with Centerra Gold. This project underscores long-term development value for the Premier and stands as one of the larger undeveloped gold deposits in Canada. The partnership continues to advance all requirements to secure the permits and rights to build a large-scale, generational mine.

As we embrace our growth and development strategy, Premier is well positioned to continue to perform for shareholders. A peer-best balance sheet will provide us with the financial flexibility to carry out our plans. Our low-cost production profile and growing reserves provides responsible leverage to higher gold prices that will continue to generate strong cash flow.

Our confidence level is high, having achieved our goal to become a respected gold producer and adding to our "premier" team. Our collective focus is to further develop solid low-cost gold production with an industry-best growth profile. We are very proud of what has been accomplished and I take this opportunity, once again, to thank all of the dedicated professionals I have the pleasure of working with for their determination and hard work in building value and positioning Premier for a great future.

Ewan S. Downie
President & Chief Executive Officer

May 23, 2017

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Financial Strength & Stability

Three years ago we set a goal to transition from explorer to multi-asset producer within five years.

In 2016 that transition occurred.

In our first year we produced more than 111,000 ounces of gold, generated over \$45 million in free cash and finished the year with over \$119 million of cash in our accounts. We finished 2016 with our best balance sheet in company history and the capacity to explore new opportunities while continuing to fund the advancement of our existing projects. We finished 2016 with financial strength and the understanding that balancing growth and financial stability must remain a priority.

We have always viewed our relationships as a competitive advantage. Year after year we continue to demonstrate how building and fostering those relationships contributes to our success as a company and this past year was no exception. Premier's first operating mine was commissioned through our partnership with Barrick Gold in August of 2016. Our second operating mine, an acquisition opportunity that came to us through our relationship with Yamana, was acquired and integrated less than two months later. We recognize that integral to our successful transition from explorer to producer were our partners and employees and therefore understand that these relationships must remain at the core of our business as we move forward.

We understand that we must not lose sight of those principles that have contributed to our success and recognize that as we continue to grow as a company we must remain nimble and responsive; ready and able to exploit windows of opportunity as they arise.

In the year ahead we will continue to leverage our relationships, seek new opportunities for growth, strengthen our balance sheet, and implement measures to reduce costs and improve operational efficiency.

In the year ahead we will strive for excellence in everything we do.

We thank you, our shareholders, for your continued support and confidence and look forward to working on your behalf during 2017.

Steve Filipovic
Chief Financial Officer

May 23, 2017

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