



# PREMIER

Gold Mines Limited

*A World Of Opportunity*

***To the Shareholders of Premier Gold Mines Limited***

I have had the pleasure of working with Ewan and the rest of the Premier Gold team since the Company's inception in 2006. I am honoured to write you my first letter as Executive Chairman of Premier.

***Navigating through uncertain times***

The mining industry has recently been through some tumultuous and volatile times. The erosion in the price of gold over the last several years has resulted in operating and exploration companies having to make drastic decisions to stay profitable and relevant. We have also seen some companies completely vanish through mergers and acquisitions or cease being going concerns.

In an environment challenged to raise investment dollars, your company remained able to secure capital to continue to advance its projects, including through the joint venture of the Trans-Canada property. Leveraging the funds received from this transaction, we were able to secure a near-term producing asset in Nevada operated by a technical group with decades of experience in the camp. First gold production – 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, each year the board visits a project site first-hand to see its progress. The Board meets, reviews and plans with our dynamic and dedicated management teams to help drive value to you, our shareholders. In 2014, we visited the Trans-Canada Project and in 2015 our Nevada operations. At both projects we were met with professionalism, strategy and focus of how to forward each respective property as well as an infectious enthusiasm for their work. In 2016, we plan to visit our Red Lake properties where I am looking forward to visiting your company's largest planned exploration program this year.

***Confidence Moving Forward***

During 2015, Premier saw some changes at the Board level. First, our former Chairman, Ebe Scherkus, retired after being instrumental in the transition of our Trans-Canada Property from an exploration asset into a development story. Secondly, Ron Little, joined Premier's Board of Directors. Ron brings to Premier a strong history in corporate development, mine development and project finance experience and will be a key person for Premier as it continues its transition into a producing entity.

Your company, with Ewan at the helm, and a skilled management team along-side has put itself in the enviable position of maintaining a healthy balance sheet and has remained active at all of its five core exploration and development projects. With the Company's first gold pour expected to occur this year, Premier is in the process of transforming into a producing gold company with an exciting pipeline of projects that could become our next mines. This success would not be possible without the dedication of the people that work in it. To that end, I would like to thank our incredible team for their extraordinary efforts to execute the Company's plans and strategy. Their passion for this business and determination is the cornerstone of our success. The Premier Board of Directors is proud of our team and believe that you the shareholder have placed your investment in good hands.

*John Begeman*  
**Executive Chairman**

**May 17, 2016**

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### *“Set a Strategy.....*

Execute!” A phrase that was passed along to me by one of our shareholders and now epitomizes what we strive to achieve at Premier.

Three years ago we implemented a five-year plan to transition Premier from an explorer/developer into a producer. The goal was not to be solely a single-asset producer, but a mid-tier company with a pipeline of advanced projects in favourable mining jurisdictions. Recognizing the difficult capital market conditions and the cyclical nature of the sector, our strategy is to always remain open to partnerships to mitigate risks, increase our odds and open doors to other opportunities. This strategy will continue to be an important part of the Company’s success. Too few recognize the value of Partnerships; at Premier, we embrace them!

Although 2015 was a challenging year for the mining sector, Premier had one of its most successful years that included corporate and project transactions that led to a stronger treasury and share price performance relative to its peers. By ensuring a strong treasury, the Company was able to pursue growth and production opportunities while maintaining a significant exploration platform.

Early in the year, Premier entered into a 50/50 partnership with Centerra Gold Inc. for the development of the Hardrock Project at Trans-Canada through subsidiary company, Greenstone Gold Mines. The partnership bolstered the corporation’s balance sheet and reduced the risk to develop the multi-million ounce deposit with a strong partner that has both mining and financial bench strength.

The South Arturo transaction is equally significant, as it will transform the Company into a producer and has added another strong partner in Barrick Gold Corporation. Located in the heart of the Carlin Trend, one of the world’s most productive gold districts, South Arturo will be the Company’s first producing asset as gold production ramps up in 2016.

### *Exploration...our past, our future, our strength*

Bolstering the Company’s exploration pipeline, we completed a land swap with Goldcorp Inc. in order to hold a 100% ownership in the highly prospective Hasaga Property in Red Lake. Early indications from drilling suggest the potential for both open pit and underground style mineralization. In just over a year, we will have completed close to 100,000 metres of drilling and expect to complete a maiden resource estimate in the second half of 2016. This kind of success is what led us to acquire some adjacent ground from Pure Gold in order to solidify and strong land position in the district.

As part of our Rahill-Bonanza joint venture with Goldcorp (56%), the 2015 underground drilling program resulted in the discovery of a favourable geological environment including gold mineralization similar to that at the Red Lake Gold Mines Complex located immediately to the east. This discovery is located only 200 metres south of the haulage drift and will remain the focus of the 2016 drilling program.

The McCoy-Cove project in Nevada continues to deliver positive drill results and remains a core project within Premier’s portfolio. The numerous discoveries suggest a district-scale opportunity exists at McCoy-Cove along with significant upside. Management is focused on delineating a world-class gold deposit and plans to deliver a new resource estimate in 2017. With increasingly strong results from properties in districts know for hosting “elephants”, Premier will continue to build on its success and look for additional growth opportunities in Nevada.

Our strategy for achieving long-term growth and returns remains unchanged:

- Maintain a strong treasury
- Establish an industry-best management team
- Consolidate key land packages in safe, accessible mining jurisdictions
- Establish a project portfolio that can deliver organic growth well into the future
- Leverage relationships with key industry players through partnership and collaboration

On behalf of all shareholders, I would like to offer our sincere appreciation of the substantial input of Henry (Hank) Knowles, who will be departing Premier in 2016. Henry was Wolfden Resources Inc.’s (Premier’s predecessor) first director. Along with John Pollock, “Hank” has been a significant mentor and played a pivotal role in allowing me to build my career in the mining sector and public companies. Although it is with great sadness that you retire from our board, we can take pleasure in achieving a goal we set years ago; our first producing mine. Henry, I thank you along with our shareholders and stakeholders for your unwavering support.

Lastly, I would like to acknowledge the impressive team of professionals I work with. With great effort, comes great success and this year, I expect nothing less than more of the same...

*Ewan S. Downie*

**President & Chief Executive Officer**

**May 17, 2016**

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## *A World of Opportunity for Today and Tomorrow – Project Updates*

### ***Ontario Projects***

Our projects in Ontario underwent significant transformation in 2015. Premier's "Made in Ontario" accomplishments have allowed our company to look to the future from a position of strength and confidence.

#### Trans-Canada Property (50% Premier)

At Trans-Canada, Premier began 2015 by confirming it had reached an agreement with Centerra Gold Inc. to jointly develop the Hardrock Project. The agreement provided clarity as to how the project would be financed and also added some \$96 million to Premier's treasury during the year.

Activity at the project site included the final phase of delineation drilling required to ensure appropriate condemnation was conducted, and to ensure the resource estimate used in the Feasibility study was optimized. Permitting initiatives continue so that approvals for mine development can be acquired.

The Trans-Canada Property has many advantages including its location in Canada, ease of access and proximity to infrastructure and services. We look forward to delivering on the Feasibility Study for the Hardrock deposit in 2016.

#### Rahill-Bonanza Property (44% Premier)

Late in 2014, a joint strategic review resulted in the establishment of a 3-year vision to ensure a more balanced approach to our exploration planning. This in part led to the joint venture intersecting strong exploration results that included 46.00 grams per tonne (g/t) gold across 11.0 metres at the Fold Target area.

Fundamentally, the opportunity for Premier at the RBJV is an option on what could be. The Red Lake camp surpassed an important milestone in 2015 when more than 30 million ounces in total district gold endowment was realized from production and exploration. During 2016, the Mine Trend alone will surpass more than 25 million ounces of historic gold production. Our belief in its future remains as strong as ever.

#### Hasaga Property (100% Premier)

In 2015, Premier embarked on an ongoing program to streamline property holdings in order to sharpen our focus on core project opportunities. An important step in this process was realized when it was announced that Premier had secured a 100% interest in the historic Hasaga Property in Red Lake by divesting itself of secondary assets in a non-cash property swap with Goldcorp Inc.

The Premier team views Hasaga today much the same as we viewed Hardrock in 2008. The Hasaga Property has historic gold production of some 650,000 ounces, but only saw intermittent exploration in the last 60 years. Interesting historic drilling completed in the late 1980's and early 1990's suggested mineralization on the property is still open at depth, and could be extensive near surface as well. Premier completed some 60,000 metres or more to test this model in 2015 and realized drill hole intercepts such as HLD004, which highlighted 0.94 g/t gold across 305.5 metres, but also included higher grade internal intervals of up to 3.62 g/t gold across 31.0 metres. Interesting indeed!

The Hasaga Property was expanded late in the year that would allow for the potential strike length of the Hasaga Porphyry target to increase significantly. We anticipate drilling more than 50,000 metres in 2016 with the expectation that we will have sufficient data to report an initial mineral resource estimate.

### ***Premier Gold Mines USA***

Nevada hosts some of the world's most endowed gold regions, and is a safe and accessible jurisdiction that complements our Ontario assets. When an opportunity to secure a 40% interest at South Arturo on the famed Carlin Trend presented itself, Premier moved quickly. The short and low risk path to production dovetailed well with advanced activities at Trans-Canada and McCoy-Cove, brought critical mass to our Nevada-based programs, and secured for the Company another premier joint venture partner in Barrick Gold.

#### South Arturo Property (40% Premier)

The cascading effect of good decision-making is highlighted by the South Arturo acquisition, which was made possible by the cash infusion following the Centerra Gold agreement at Trans-Canada. The purchase was made near the bottom of an historic cyclical downturn and contains plenty of upside in a strong gold price environment.

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South Arturo is technically de-risked, requires little new infrastructure to be built, and is operated by a strong operating team at Barrick. Most importantly, advancing South Arturo will strengthen our ability to meet our future obligations to the Trans-Canada Partnership in Ontario or our other exploration-based assets.

During 2016, the Barrick team is continuing pre-stripping South Arturo, completing necessary infrastructure specific to the project, and conducting exploration and delineation drilling with the hope of confirming and/or making additional contributions to the mineral resources. The El Nino underground target provided exploration results that included highlights such as 25.70 g/t gold across 27.4 metres in BD15-051. Initial production of 80,000 ounces of gold is anticipated to begin during the summer.

#### McCoy-Cove Property (100% Premier)

*“Properties with true world class potential are rare, and finding them often requires patience and a longer term view. Premier’s original purchase of the Cove Property in 2012 was based on the belief that its multi-million ounce gold and silver production history was only a window into the true potential of the property.”*

This quote made last year by myself is a reflection of the confidence we have in the property and the team leading the exploration there. Much of the work planned at McCoy-Cove in 2016 will seek to validate this statement.

Currently, we have drills actively testing the remaining potential of the original leach pads near the McCoy open pit and also targeting for extensions of the Helen Zone deposit at Cove. The implications of success east of the Helen Zone will be significant as the program is designed to confirm continuity between the Helen Zone and CSD mineralized horizons.

In addition to demonstrating the potential to significantly expand mineralization, we are focussed on defining a path forward toward advanced exploration and hopefully one day....production. We view the Helen Zone / CSD area as having all the attributes of an underground opportunity in the making: grade, width, expansion potential, a “best efforts” processing agreement and an improving gold price. The first step will be an updated mineral resource statement late in 2016 or early in 2017.

The McCoy-Cove property will surprise many in 2016, which of course will be no surprise to us.

#### ***Realizing Opportunity (100% Premier’s Focus)***

At Premier Gold, we continue to define what “A World of Opportunity” really means to our shareholders, employees and community stakeholders. Our business model leads to exploration discoveries, while reducing shareholder exposure to risk, by focusing on: Proven Management, Accessible Districts, Safe Jurisdictions and Sensible Partnerships. This is always our focus.

During 2015, we took significant steps to better communicate our message. Our updated website includes detailed information about our business and community partnerships. We have streamlined our project areas with only the most relevant content, and created a “C-Suite Blog” that provides additional insight to our press releases with commentaries by our CEO, Vice-Presidents’ and senior project personnel. It’s fresh, colourful and definitely worth a look.

Optimism is finally returning to our sector.....It has never left Premier Gold.

*Stephen McGibbon*  
**Executive Vice-President, Corporate & Project Development**

**May 17, 2016**

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***Financial Strength & Stability***

2015 was a year of significant change for Premier. It was a year where striking a balance between growth and financial stability would prove challenging.

At Premier we know that to overcome challenge you must play to your strengths. And we know that relationships are a strength; a competitive advantage that can set you apart from your peers. During 2015 we drew upon that strength. Through our relationships we accessed opportunities that may have otherwise been unavailable. We leveraged those relationships to build our balance sheet, fund existing projects, and add key assets to our portfolio. Through those relationships we became a stronger company.

With five active projects and a solid balance sheet we are well on our way toward realizing our 5year plan, and therefore well on our way toward becoming the multi-asset producer that we aspire to be.

As your management we will continue to strive for balance between growth and stability. We will continue to play to our strengths and in doing so will drive each of our projects forward and create yet another year of unprecedented growth for Premier.

*Steve Filipovic*  
**Chief Financial Officer**

**May 17, 2016**

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