PREMIER GOLD MINES LIMITED

Management's Discussion and Analysis

For the year ended December 31, 2020

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

The following Management's Discussion and Analysis ("MD&A") of Premier Gold Mines Limited (the "Company" or "Premier") should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2020 and the notes thereto. The Company's audited consolidated 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 U.S. dollars. This MD&A was prepared as of March 31, 2021 and all information is current as of such date. Readers are encouraged to read the Company'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.

OVERVIEW

Company Overview

Premier is a growth oriented, Canadian based, mining company involved in the exploration, development and production of gold and silver deposits in Canada, the United States and Mexico. The Company's common shares are listed on the Toronto Stock Exchange ("TSX") under the symbol PG and its head office is located at Suite 200, 1100 Russell Street, Thunder Bay, Ontario, P7B 5N2.

The Company's principal mining assets include:

- Wholly owned Mercedes Mine in Sonora, Mexico,
- A 40% interest in the South Arturo Mine in Nevada, USA, and
- A 50% interest in the Hardrock Gold Project located along the Trans-Canada highway in Ontario, Canada.

Other key advanced exploration and development properties include:

- A 100% interest in the McCoy-Cove gold property located in Nevada, USA,
- A 100% interest in the Hasaga Gold Project in Red Lake, Ontario, Canada, and
- A 44% interest with in the Rahill Bonanza project, also of Red Lake Ontario, Canada.

Quarter and Year 2020 Operating and Financial Highlights

Fourth Quarter

- Production of 16,084 ounces of gold and 66,482 ounces of silver
- Sales of 15,871 ounces of gold at an average realized price[1] of $1,809 per ounce
- Cash costs[1] of $845 per ounce of gold sold
- AISC[1] of $1,045 per ounce of gold sold
- Revenue of $30.3 million
- Mine operating income of $10.7 million
- Net income of $1.5 million

Year 2020

- Production of 58,443 ounces of gold and 170,457 ounces of silver
- Sales of 55,910 ounces of gold at an average realized price[1] of $1,692 per ounce
- Cash costs[1] of $931 per ounce of gold sold
- AISC[1] of $1,194 per ounce of gold sold
- Revenue of $98.3 million
- Mine operating income of $26.3 million
- Net loss of $22.9 million

Equinox Gold Acquisition of Premier

Transaction Highlights

On December 16, 2020 Equinox Gold Corp. (TSX: EQX, NYSE American: EQX) ("Equinox Gold") and Premier announced that the companies have entered into a definitive agreement (the "Agreement") whereby Equinox Gold will acquire all of the outstanding shares of Premier (the "Transaction"). On February 23, 2021, Premier securityholders voted to approve the Transaction and it is expected to close near the beginning of the second quarter subject to certain regulatory approvals and other customary closing conditions. By approving the Transaction, Premier securityholders also approved the spin-out to its shareholders shares of a newly created US-focused gold production and development company to be called i-80 Gold Corp. ("i-80 Gold").

[1] See "Non-IFRS Measures" section of this Management's Discussion and Analysis.

i-80 Gold will own the South-Arturo and McCoy-Cove properties and will complete Premier's previously announced acquisition of the Getchell Project, all in Nevada. Equinox Gold will retain Premier's 50% interest in the world-class Hardrock Project in Ontario, the Mercedes Mine in Mexico, and the Hasaga and Rahill-Bonanza properties in Red Lake, Ontario. On closing of the Transaction, existing Equinox Gold and Premier shareholders will own approximately 84% and 16% of Equinox Gold, and Equinox Gold and existing shareholders of Premier will own 30% and 70% of i-80 Gold, respectively, on an issued share basis.

Pursuant to the Transaction, Premier shareholders will receive 0.1967 of an Equinox Gold share for each Premier share held representing an at-market acquisition based on the 10-day volume-weighted average closing prices for both Equinox Gold and Premier shares on the Toronto Stock Exchange; and 0.4 of a share of i-80 Gold for each Premier share held.

Disposal Group Classified as Held For Sale And Discontinued Operations

As a result of the Transaction and the related spin-out of i-80 Gold and in accordance with IFRS 5, *Non-current assets held for sale and discontinued operations*, assets and liabilities allocable to the U.S. mining assets are classified as a disposal group. Revenue and expenses, gains and losses relating to the discontinuation of this subgroup have been eliminated from profit or loss from the Company's continuing operations and are shown as a single line item in the consolidated statements of loss and comprehensive loss as discontinued operations.

Key Operating and Financial Statistics

		Three months ended December 31, 2020			Three months ended December 31, 2019		
(in millions of U.S. dollars, unless otherwise stated) [iii]		From continuing operations	From discontinued operations	Total	From continuing operations	From discontinued operations	Total
Ore & Metals							
Ore milled	*tonnes*	118,763	26,933	145,695	161,914	21,800	183,714
Gold produced	*ounces*	11,185	4,899	16,084	12,274	4,606	16,880
Silver produced	*ounces*	65,735	747	66,482	44,809	691	45,500
Gold sold	*ounces*	11,315	4,555	15,871	13,628	6,281	19,909
Silver sold	*ounces*	63,967	-	63,967	46,722	-	46,722
Realized Price							
Average realized gold price [i,ii]	*$/ounce*	1,784	1,869	1,809	1,395	1,462	1,416
Average realized silver price [i,ii]	*$/ounce*	25	-	25	17	-	17
Non-IFRS Performance Measures							
Co-product cash costs per ounce of gold sold [i,ii]	*$/ounce*	718	1,161	845	1,244	748	1,087
Co-product all-in sustaining costs per ounce of gold sold [i,ii]	*$/ounce*	931	1,328	1,045	1,388	846	1,217
Co-product cash costs per ounce of silver sold [i,ii]	*$/ounce*	10	-	10	15	-	15
Co-product all-in sustaining costs per ounce of silver sold [i,ii]	*$/ounce*	13	-	13	17	-	17
By-product cash costs per ounce of gold sold [i,ii]	*$/ounce*	634	1,161	785	1,237	748	1,083
By-product all- in sustaining costs per ounce of gold sold [i,ii]	*$/ounce*	863	1,328	997	1,388	846	1,217
Financial Measures							
Gold revenue	*m $*	20.2	8.5	28.7	18.9	9.2	28.1
Silver revenue	*m $*	1.6	0.0	1.6	0.8	0.0	0.8
Total revenue	*m $*	21.8	8.5	30.3	19.7	9.2	28.9
Mine operating income / (loss)	*m $*	8.5	2.2	10.7	(3.1)	4.1	1.0
Net income / (loss)	*m $*	(6.6)	0.3	(6.2)	(7.0)	2.2	(4.9)
Earnings / (loss) per share	*/share*	(0.03)	0.00	(0.03)	(0.03)	0.01	(0.02)
EBITDA (i,ii)	*m $*	(0.9)	1.1	0.2	(0.0)	2.5	2.5
Cash & cash equivalents balance	*m $*	35.2	15.2	50.5	32.2	26.2	58.4
Cash flow from operations	*m $*	0.3	9.3	9.6	(7.2)	30.0	22.8
Free cash flow (i,ii)	*m $*	(3.3)	1.3	(2.0)	(11.8)	20.7	9.0
Exploration, evaluation & pre-development expense	*m $*	3.0	1.0	4.1	5.1	0.9	6.1
Capital							
Total capital expenditures	*m $*	3.1	8.0	11.1	4.4	9.4	13.8
Capital expenditures - sustaining [i,ii]	*m $*	2.5	0.0	2.5	2.0	0.2	2.2
Capital expenditures - expansionary [i,ii]	*m $*	0.6	8.0	8.6	2.4	9.2	11.6

[i] A cautionary note regarding Non-IFRS financial metrics is included in the "Non-IFRS Measures" section of this Management's Discussion and Analysis.

[ii] Cash costs, all-in sustaining costs, free cash flow, EBITDA, sustaining and expansionary capital expenditures as well as average realized gold\silver price per ounce are Non-IFRS metrics and discussed in the section "Non-IFRS Measures" of this Management's Discussion and Analysis.

[iii] May not add due to rounding.

(in millions of U.S. dollars, unless otherwise stated) [iii]		Year ended December 31, 2020			Year ended December 31, 2019		
		From continuing operations	From discontinued operations	Total	From continuing operations	From discontinued operations	Total
Ore & Metals							
Ore milled	*tonnes*	398,922	101,381	500,303	667,723	45,082	712,805
Gold produced	*ounces*	34,955	23,488	58,443	59,901	7,526	67,427
Silver produced	*ounces*	167,917	2,540	170,457	191,306	1,523	192,829
Gold sold	*ounces*	34,943	20,966	55,910	60,774	7,199	67,973
Silver sold	*ounces*	165,777	-	165,777	201,374	-	201,374
Realized Price							
Average realized gold price [i,ii]	*$/ounce*	1,681	1,710	1,692	1,319	1,438	1,332
Average realized silver price [i,ii]	*$/ounce*	22	-	22	16	-	16
Non-IFRS Performance Measures							
Co-product cash costs per ounce of gold sold [i,ii]	*$/ounce*	876	1,023	931	1,034	692	998
Co-product all-in sustaining costs per ounce of gold sold [i,ii]	*$/ounce*	1,237	1,122	1,194	1,263	836	1,218
Co-product cash costs per ounce of silver sold [i,ii]	*$/ounce*	11	-	11	12	-	12
Co-product all-in sustaining costs per ounce of silver sold [i,ii]	*$/ounce*	15	-	15	15	-	15
By-product cash costs per ounce of gold sold [i,ii]	*$/ounce*	822	1,023	898	1,022	692	987
By-product all- in sustaining costs per ounce of gold sold [i,ii]	*$/ounce*	1,204	1,122	1,173	1,260	836	1,215
Financial Measures							
Gold revenue	*m $*	58.7	35.9	94.6	80.2	10.4	90.5
Silver revenue	*m $*	3.6	-	3.6	3.2	-	3.2
Total revenue	*m $*	62.4	35.9	98.3	83.4	10.4	93.7
Mine operating income / (loss)	*m $*	17.0	9.3	26.3	(1.0)	4.6	3.6
Net income / (loss)	*m $*	(32.2)	1.6	(30.6)	(19.3)	(0.7)	(20.0)
Earnings / (loss) per share	*/share*	(0.14)	0.01	(0.13)	(0.09)	(0.00)	(0.1)
EBITDA (i,ii)	*m $*	(13.1)	6.9	(6.2)	4.6	(0.1)	4.4
Cash & cash equivalents balance	*m $*	35.2	15.2	50.5	32.2	26.2	58.4
Cash flow from operations	*m $*	(12.0)	(15.0)	(27.0)	(2.4)	25.6	23.2
Free cash flow (i,ii)	*m $*	(25.1)	(23.4)	(48.5)	(21.4)	(7.5)	(28.9)
Exploration, evaluation & pre-development expense	*m $*	13.8	4.2	18.0	17.9	6.2	24.1
Capital							
Total capital expenditures	*m $*	11.3	8.4	19.7	18.9	33.3	52.2
Capital expenditures - sustaining [i,ii]	*m $*	9.4	0.0	9.4	10.5	0.2	10.7
Capital expenditures - expansionary [i,ii]	*m $*	1.8	8.4	10.2	8.4	33.1	41.5

[i] A cautionary note regarding Non-IFRS financial metrics is included in the "Non-IFRS Measures" section of this Management's Discussion and Analysis.

[ii] Cash costs, all-in sustaining costs, free cash flow, EBITDA, sustaining and expansionary capital expenditures as well as average realized gold\silver price per ounce are Non-IFRS metrics and discussed in the section "Non-IFRS Measures" of this Management's Discussion and Analysis.

[iii] May not add due to rounding.

COVID-19

The Company announced at the beginning of the second quarter that the Mercedes mine had been placed into care and maintenance as part of action required to help protect the health of our employees, their families and neighboring communities from the growing threat of the COVID-19 pandemic. The action was in response to the Mexican federal government's mandate that all non-essential businesses temporarily suspend operations until April 30th, 2020. On April 27, 2020, Mexico's General Health Council and the Health Ministry, published an amendment to the March 31, 2020 decree, which extended the suspension of non-essential activities until May 30, 2020. On site activity during the shutdown was limited to work required to prevent irreversible damage to the mine and the surrounding environment as a result of suspending normal operations. Precautionary measures and controls to help protect the care and maintenance personnel were taken.

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 at the beginning of June. Ore was stockpiled in June with no ore processed at the plant and processing resumed in early July. Mercedes mine continues under a rigorous program of sanitation, social distancing and health monitoring and strict quarantine protocols in order to help protect the health and safety of all employees.

Mining activities at South Arturo continued with no significant interruption to date.

Given the uncertainty surrounding the progression of the COVID-19 outbreak, the Company has withdrawn production guidance for 2020 and will continue to monitor the situation. Operations have been adjusted accordingly as further explained the "Mining Operations" section of this MD&A.

Public Offering And Financing Arrangement

Public Offering

On March 4, 2020, the Company completed a public offering of common shares ("Common Shares") led by CIBC Capital Markets and Sprott Capital Partners LP, on behalf of a syndicate of underwriters that also included BMO Nesbitt Burns Inc., Scotia Capital Inc., Canaccord Genuity Corp., RBC Dominion Securities Inc., Cormark Securities Inc. and TD Securities Inc. (collectively, the "Underwriters"). An aggregate of 25,335,000 Common Shares were issued by the Company at a price of C$1.50 per Common for aggregate gross proceeds of C$38.0 million (the "Offering").

The net proceeds of the Offering were used by the Company for working capital requirements of the Mercedes and South Arturo mines, development, expansion and working capital requirements of the McCoy-Cove project, for general corporate and working capital purposes and may also be used to reduce indebtedness under the Company's revolving term credit facility.

In connection with the Offering, the Company paid the Underwriters a cash commission equal to 5% of the aggregate purchase price paid by the Underwriters to the Company for the Common Shares, except in respect of the purchase by Orion (defined herein), pursuant to which the cash commission was reduced to 2.5%.

The Common Shares were offered by way of a short form prospectus in all of the provinces of Canada, except Quebec, and were also offered by way of private placement in the United States.

Transaction with Orion

Concurrent with the Offering, the Company completed certain financing arrangements with Orion that includes (i) an amended and restated gold prepay credit agreement (the "Second Amended and Restated Gold Prepay Agreement"), amending and restating the existing amended and restated gold prepay credit agreement dated January 31, 2019 (the "Existing Prepay"), and (ii) an amended and restated offtake agreement (the "Second Amended and Restated Offtake Agreement"), amending and restating the amended and restated offtake agreement dated January 31, 2019 (the "Existing Offtake").

Under the terms of the Second Amended and Restated Gold Prepay Agreement, Orion increased the principal amount under the Existing Prepay by $15.5 million (the "Additional Principal Amount"), with the Company being required to deliver at least 2,450 ounces of refined gold to Orion in each quarter of a calendar year until September 30, 2020, and 1,000 ounces of refined gold thereafter until an aggregate of 16,900 ounces of refined gold (inclusive of the ounces remaining under the Existing Prepay) have been delivered to Orion (subject to upward and downward adjustments in certain circumstances). The threshold gold price per ounce for the downward and upward adjustments to the quarterly gold quantity and the aggregate gold quantity deliverable under the Second Amended and Restated Gold Prepay Agreement were amended to $1,650 per ounce of gold and $1,350 per ounce of gold, respectively. The maturity date under the Amended and Restated Gold Prepay Agreement was extended to September 30, 2023.

The Additional Principal Amount will be used for working capital requirements of the Mercedes and South Arturo mines and for general working capital and corporate purposes. The Company's obligations under the Second Amended and Restated Gold Prepay Agreement will continue to be secured by the assets relating to the South Arturo Mine and Mercedes Mine. The Additional Principal Amount was also subject to an original issue discount of $0.2 million.

Under the terms of the Existing Offtake, the Company agreed to sell and Orion agreed to purchase gold produced from the Company's existing mining projects at a set purchase price up to 60,000 ounces of refined gold annually (the "Annual Gold Quantity"). Under the terms of the Second Amended and Restated Offtake Agreement, the Annual Gold Quantity was increased to (i) 80,000 ounces for 2020, (ii) 85,000 ounces for 2021, and (iii) 90,000 ounces each year annually thereafter, subject to an annual maximum of 50,000 ounces from each of the Company's producing projects. Orion and the Company have also extended the term of the Second Amended and Restated Offtake Agreement to March 1, 2027.

On May 27, 2020, Orion announced that Nomad Royalty Company ("Nomad") acquired OMF Fund II SO Ltd., the lender and administrative agent of the gold prepay and silver stream agreements entered into by the Company as further described in Note 3(b) and Note 30 of the audited consolidated financial statements for the year ended December 31, 2020. Effective May 27, 2020, the Company will deliver gold and silver to Nomad in satisfaction of delivery obligations required under the gold prepay and silver stream agreements.

The Company also entered into a first amending agreement (the "Investec Amendment") with Investec Bank plc ("Investec"), amending certain provisions contained in the credit agreement dated January 24, 2019 between the Company and Investec (the "Investec Credit Agreement"). Pursuant to the terms of the Investec Amendment, the Company has agreed that total accommodations available under the Investec Credit Agreement shall, absent the consent of Investec, be capped at $40.0 million with conditions to borrowing when the aggregate principal amount outstanding under the Investec Credit Agreement is in excess of $15.0 million. In addition, the Company entered into a zero cost collar hedge arrangement with Investec pursuant to the risk management facility for 25,000 ounces of gold allocated over a 12-month period commencing April 1, 2020 with puts at $1,500 per ounce and calls at $1,800 per ounce.

RESULTS OF OPERATIONS

Selected Quarterly Information

The following is a summary of selected financial information which reflects the activity related to operations, investment, acquisition and divestment activities undertaken by the Company over the past eight quarters.

							For the years 2020 and 2019	
	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Gold sales (ounces) [ii]	15,871	15,665	9,382	14,992	19,909	13,187	17,358	17,520
Silver sales (ounces) [ii]	63,967	45,269	14,747	41,794	46,722	35,587	56,484	62,581
Excluding discontinued operations sales:								
Gold sales (ounces) [ii]	11,315	10,882	3,061	9,685	13,628	13,187	16,440	17,520
Silver sales (ounces) [ii]	63,967	45,269	14,747	41,794	46,722	35,587	56,484	62,581
(in thousands of U.S. dollars, unless otherwise stated)	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Revenue	30,283	30,465	14,816	22,688	28,889	18,750	22,991	23,120
Costs of sales	(14,219)	(11,899)	(10,005)	(18,365)	(22,285)	(14,847)	(18,325)	(14,721)
Depletion, depreciation and amortization	(5,382)	(4,662)	(2,612)	(4,836)	(5,626)	(4,344)	(5,327)	(4,712)
Mine operating income / (loss)	**10,682**	**13,904**	**2,199**	**(513)**	**978**	**(441)**	**(661)**	**3,687**
From continuing operations	8,482	10,626	(275)	(1,837)	(12,394)	(434)	(2,377)	3,781
From discontinued operations	2,200	3,278	2,474	1,324	13,372	(7)	1,716	(94)
Other significant income / (loss):								
Gain attributable to Greenstone Gold development commitment	2,631	2,784	2,482	1,896	5,376	4,668	4,213	2,952
Income / (loss) for the period	**(6,234)**	**1,606**	**(14,114)**	**(11,869)**	**(4,882)**	**(4,065)**	**(10,072)**	**(933)**
From continuing operations	(6,579)	904	(15,085)	(11,416)	(5,978)	(3,671)	(7,690)	2,567
From discontinued operations	345	702	971	(453)	1,096	(394)	(2,382)	(3,500)
Basic and diluted income / (loss) per share	**(0.03)**	**0.01**	**(0.06)**	**(0.05)**	**(0.02)**	**(0.02)**	**(0.05)**	**(0.00)**
From continuing operations	(0.03)	0.00	(0.06)	(0.05)	(0.03)	(0.02)	(0.04)	0.01
From discontinued operations	0.00	0.00	0.00	(0.00)	0.01	(0.00)	(0.01)	(0.02)

(i) Restated for the presentation currency change as discussed in the "Critical Accounting Judgements and Estimates, Policies and Changes" section of this Management's Discussion and Analysis.

(ii) May not total to annual amounts due to rounding.

Fourth Quarter and Full Year Results

Excluding discontinued operations:

(in thousands of U.S. dollars, unless otherwise noted)	Three months ended December 31		Years ended December 31	
	2020	2019	2020	2019
Revenue	**21,768**	**19,704**	**62,390**	**83,397**
Cost of sales	(8,623)	(17,548)	(32,049)	(64,902)
Depletion, depreciation and amortization	(4,663)	(5,282)	(13,344)	(19,486)
Mine operating income / (loss)	**8,482**	**(3,126)**	**16,997**	**(991)**
Expenses				
Exploration, evaluation, and pre-development	3,010	5,119	13,781	17,719
Property maintenance	57	70	314	253
General and administrative	2,865	2,549	10,772	9,441
Share-based payments	293	(349)	4,232	2,588
Care and maintenance	-	-	5,115	-
Restructuring cost	-	-	1,905	-
Re-measurement of environmental rehabilitation provision	-	(19)	108	93
Operating income / (loss)	**2,257**	**(10,496)**	**(19,230)**	**(31,085)**

Production

A total of 16,084 ounces of gold and 66,482 ounces of silver were produced during Q4 2020 compared to 16,880 ounces of gold and 45,500 ounces of silver during Q4 2019 at a consolidated level including discontinued operations for steady production when comparing quarter over quarter from both operations. For the full year there was a production of 58,443 ounces of gold and 170,457 ounces of silver in 2020 compared to 67,427 ounces of gold and 192,829 ounces of silver in 2020 with both operations combined. The decrease in production for the period year over year is a combination of increased production at South Arturo of 15,962 ounces of gold and a decrease in production at Mercedes of 24,946 ounces of gold. The significant improvement in production of South Arturo is the result of the ramp up of the underground mining in 2020 as well as the phase out of the open pit mining in 2019. The Mercedes production decrease was due to the impact of the COVID-19 pandemic on mining operations in Mexico during the second quarter when the mine was put in care and maintenance, however during the third and fourth quarters there was stabilization of the operation at Mercedes with significant decrease in cost as a result of operational restructuring.

For a full discussion on the mining operations, refer to the “Mine Operating Segments” section of this MD&A.

Revenue, Mine Operating Income and Operating Income / Loss

For accounting purposes, gold revenues, mine operating income and net income earned from South Arturo mine and the rest of the US mining assets are excluded from consolidated balances and are included in the “Revenue from discontinued operations", " Mine Operating Income from discontinued operations" and “Net income from discontinued operations" lines in the Consolidated Statement of Operations for the current and comparative years.

Revenue of $21.8 million for the fourth quarter of 2020 compared to $19.7 million in the same period of 2019 reflects the decrease in production mentioned above at Mercedes despite of the upward trend of the average realized gold price with $1,784 per ounce for the fourth quarter of 2020 compared to $1,395 in the same period of 2019.

The fourth quarter saw a positive mine operating income as well as the full year 2020 due to a considerable decrease in the cost of sales, result of the restructure at the Mercedes site as explained further in the “Mine Operating Segments” section of this MD&A.

The net profit of the fourth quarter of 2020 compared to a loss in 2019 is reflective of the improved mine operating results and a quarter over quarter decrease in exploration, evaluation and pre-development expenses as explained further below. In a year over year comparison there was a considerable decrease mainly from the improved mining operations results.

Expenses

All expenses explained below exclude discontinued operations.

Exploration, evaluation and pre-development expense for the three months ended December 31, 2020 was $3.0 million compared to $5.1 million for the prior-year period. For the year ended December 31, 2019, expenses were $13.8 million compared to $17.7 million for the prior-year period. See further discussion in the Exploration, Evaluation and Pre-development section below.

General and administrative expenditures for the three months and year ended December 31, 2020 were $2.9 million and $10.8 million compared to $2.5 million and $9.4 million in the prior-year period respectively. The year to date increase in administrative costs is mainly the result of increased corporate legal consulting due in part to the litigation described in the “Legal Claims” section of this MD&A.

Care and maintenance and restructuring cost, relate to the halt of operations at Mercedes during the second quarter of 2020 and are further explained in the "Mine Operating Segments" section of this MD&A.

Share-based payments are related to the annual grant and vesting of stock options and restricted share units. The activity for the three months ended December 31, 2020 is due to valuation of restricted share units as no stock options issued in the period. The year to date increase is due mainly to increased valuation RSU grants based on Premier's share price during this year compared to last year.

Other Income / Expense

(in thousands of U.S. dollars)	Three months ended December 31		Years ended December 31	
	2020	2019	2020	2019
Other income / expense				
Investment and other income / (expense)	10	174	383	249
Transaction costs	(4,216)	-	(4,216)	-
Interest earned	30	7	266	112
Gain on disposal of property, plant and equipment	-	3	13	231
Loss on derivatives	(780)	(15)	(5,832)	(3,372)
Gain / (loss) on investments	2	(6)	56	(25)
Gain / (loss) on foreign exchange	295	482	(620)	1,262
Gain attributable to Greenstone Gold development commitment	2,631	5,376	9,793	17,209
Gain on contract modifications	-	-	-	412
Change in fair value of silver stream contract	(5,937)	(936)	(8,970)	(3,787)
Gain on disposal of royalty	-	-	-	3,476
	(7,965)	**5,085**	**(9,448)**	**15,767**

Transaction costs during the three months and year ended December 31, 2020 are due to corporate legal and consulting costs related to the spin-off of the US Assets and the Equinox acquisition transaction described in the first section of this MD&A.

Interest income is higher compared to the prior-year period for the three months and year ended December 31, 2020 as a result of lower operational cost that allow higher volumes of cash to remain longer in short term investments during this year compared to last year.

The gain on disposal of property, plant and equipment for the year ended December 31, 2019 are related to the one time disposal of a non-core mineral interest for minimal proceeds less costs and the elimination of the related environmental rehabilitation obligation and a similar event did not take place in 2020.

The loss on derivatives for both the three months and year ended December 31, 2020 of $0.8 million and $5.8 million respectively were generated mainly from the fair value loss on the valuation of zero cost collar option contracts. The year to date loss includes $1.9 million for the valuation of warrants.

The gain / (loss) on investments is not significant and is related to fair market value adjustments on Canadian equities held.

Canadian dollars, Mexican pesos and other monetary balances are impacted by fluctuations in the valuation of the U.S. dollar against the Canadian dollar and the peso. For the three months ended December 31, 2020, the U.S. dollar weakened by 4.5% against the Canadian dollar and 11.2% against the peso. This outcome is compared to a weakening of the U.S. dollar for the prior-year period of 2.0% against the Canadian dollar and 4.2% against the peso, causing a foreign exchange gain on foreign denominated cash balances for this quarter last year. For the year ended December 31, 2020, the U.S. dollar weakened against the Canadian dollar by 2.6% and strengthened against the peso by 4.9% causing an overall exchange loss of $0.6 million. For the year ended December 31, 2019, the U.S. dollar weakened against the Canadian dollar by 5.0% and the peso by 4.5% causing an overall exchange gain of $1.3 million.

The gain attributable to the Greenstone Gold development commitment for the three months ended December 31, 2020 was $2.6 million compared to $5.3 million in the prior-year period, directly attributable to the level of exploration and pre-development work being carried out on the property as further discussed in the Exploration, Evaluation and Pre-Development section. The project was fully funded by the Company's co-ownership partner, Centerra Gold Inc. ("Centerra").

The gain on contract modifications shown in year ended December 31, 2019 is the result of the contract amendment of the silver stream agreement in a 2019 financing arrangement. The financing arrangement in 2020 did not result in changes to the silver stream contract.

The fair value loss on the silver stream is the difference in fair value of the amended silver stream agreement between each reporting date of December 31, 2020 and 2019 respectively. It is attributable to the variability between the foregone revenue applied to the stream and the estimated amount and timing of ounces to be delivered under the stream which has been impacted by the reduced ounces from the Mercedes mine and a re-evaluation of the discount rate applied to the stream, as well as the considerable increase in current and projected silver prices.

The gain on disposal of royalties in 2019 relates to the sale of royalties remaining on mineral interests that were previously sold and written off.

Interest and Finance Expense

(in thousands of U.S. dollars)	Three months ended December 31		Years ended December 31	
	2020	2019	2020	2019
Finance expense				
Environmental rehabilitation accretion	151	184	793	778
Interest paid	306	308	1,851	1,097
Amortization of finance costs	365	145	1,334	567
Amortization of gold prepay interest	(208)	(115)	(853)	(691)
Silver stream accretion	-	-	-	48
Finance costs	83	207	444	814
	697	**729**	**3,569**	**2,613**

For the three months and year ended December 31, 2020 the environmental accretion was similar compared to the prior-year.

Interest costs and amortization of finance costs for the three and twelve months ended December 31, 2020 were similar in the quarter and increased in the year when compared to the same periods of 2019 as a result of the use of the credit facility this year (the facility was not accessed until the third quarter of 2019). In addition, although the gold prepay balance has been reduced since last year, the additional gold prepay advance on March 4, 2020 has resulted in additional interest and amortization this period. The amended gold prepay credit agreement changes are explained in the “Public Offering and Financing Arrangement” section of this MD&A.

Accretion on the silver stream deferred revenue arrangement was recorded for the period to January 31, 2019 when the contract was amended and subsequently accounted for as a financial liability at fair value through profit or loss.

Other finance costs include the standby fees and other financing costs related to the credit facility, public offering and financing package described in the “Public Offering and Financing Arrangement” section of this MD&A.

Current and Deferred Taxes

(in thousands of U.S. dollars)	Three months ended December 31		Years ended December 31	
	2020	2019	2020	2019
Loss before income taxes	(6,405)	(6,140)	(32,247)	(17,931)
Current tax expense	(566)	(570)	(1,559)	(1,805)
Deferred tax recovery / (expense)	391	(337)	1,630	485
Loss from continuing operations for the period	**(6,580)**	**(7,047)**	**(32,176)**	**(19,251)**
Income / (loss) from discontinued operations for the period	346	2,161	1,566	(701)
Loss for the period	**(6,234)**	**(4,886)**	**(30,610)**	**(19,952)**
Exchange gain / (loss) on translation of foreign operations	2,709	(616)	3,630	(1,620)
Comprehensive income / (loss) for the period	**2,709**	**(616)**	**3,630**	**(1,620)**
Total comprehensive loss for the period	**(3,525)**	**(5,502)**	**(26,980)**	**(21,572)**

Current income taxes are comprised of mining royalty tax at Mercedes operations, Mercedes withholding tax and a current provision for income taxes for the Mexico service company providing operations staff for Mercedes. Included in discontinued operations is income tax expense of $1.0 million for net proceeds tax in Nevada related to the South Arturo mine operation.

Deferred tax recoveries for 2020 include the reversal of the deferred premium on flow through shares of $0.9 million and a recovery of mining royalty deferred taxes for Mercedes Mine of $0.7 million. There was no deferred premium on flow through shares in 2019.

Other Comprehensive Income / (Loss)

Other comprehensive income / (loss) includes the exchange gain or loss on the translation of foreign operations and is impacted by the Premier subsidiaries that have a functional currency of CAD and MXN as discussed in Note 2(f) to the December 31, 2020 audited consolidated financial statements of the Company. The exchange gain for the three months ended December 31, 2020 is $2.7 million compared to a loss of $0.6 million for the prior-year period as a result of a 4.6% strengthening of the CAD to USD rate versus 1.9% for 2019. For the year ended December 31, 2020, the exchange gain is $3.6 million compared to a loss of $1.6 million in the prior-year period based on a 2.8% swing in the rate year over year and large variations in average exchange rates over the year.

The MXN rate does not impact the exchange gain / (loss) on translation of foreign operations to the same extent as the Mercedes mine has a functional currency of U.S. dollars.

Mining Operations

The following tables provide financial and non-financial information for the three months and year ended December 31, 2019 and 2018 respectively.

		Three months ended December 31, 2020			Three months ended December 31, 2019		
(in millions of U.S. dollars, unless otherwise stated) [iii]		Mercedes	South Arturo	Total	Mercedes	South Arturo	Total
Ore & Metals							
Ore milled	*tonnes*	118,763	26,933	145,695	161,914	21,800	183,714
Gold produced	*ounces*	11,185	4,899	16,084	12,274	4,606	16,880
Silver produced	*ounces*	65,735	747	66,482	44,809	6,281	51,090
Gold sold	*ounces*	11,315	4,555	15,871	13,628	691	14,319
Silver sold	*ounces*	63,967	-	63,967	46,722	-	46,722
Average gold grade	*grams/t*	3.06	6.54		2.49	7.69	
Average silver grade	*grams/t*	42.12	0.00		27.37	0.00	
Average gold recovery rate	*%*	95.8	86.5		94.8	85.4	
Average silver recovery rate	*%*	40.9	0.0		31.4	0.0	
Realized Price							
Average realized gold price [i,ii]	*$/ounce*	1,784	1,869	1,809	1,387	1,462	1,416
Average realized silver price [i,ii]	*$/ounce*	25	-	25	17	-	17
Non-IFRS Performance Measures							
Co-product cash costs per ounce of gold sold [i,ii]	*$/ounce*	718	1,161	845	1,244	748	1,087
Co-product all-in sustaining costs per ounce of gold sold [i,ii]	*$/ounce*	931	1,328	1,045	1,388	846	1,217
Co-product cash costs per ounce of silver sold [i,ii]	*$/ounce*	10	-	10	15	-	15
Co-product all-in sustaining costs per ounce of silver sold [i,ii]	*$/ounce*	13	-	13	17	-	17
By-product cash costs per ounce of gold sold [i,ii]	*$/ounce*	634	1,161	785	1,237	748	1,083
By-product all-in sustaining costs per ounce of gold sold [i,ii]	*$/ounce*	863	1,328	997	1,388	846	1,217
Financial Measures							
Gold revenue	*m $*	20.2	8.5	28.7	18.9	9.2	28.1
Silver revenue	*m $*	1.6	-	1.6	0.8	-	0.8
Total revenue	*m $*	21.8	8.5	30.3	19.7	9.2	28.9
Mine operating income / (loss)	*m $*	8.5	2.2	10.7	(3.1)	4.1	1.0
Exploration, evaluation & pre-development expense	*m $*	0.0	0.4	0.4	0.0	0.0	0.0
Capital							
Total capital expenditures	*m $*	3.1	0.5	3.5	4.4	9.1	13.4
Capital expenditures - sustaining [i,ii]	*m $*	2.5	0.0	2.5	2.0	0.2	2.2
Capital expenditures - expansionary [i,ii]	*m $*	0.6	0.5	1.0	2.4	8.9	11.3

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

(ii) Cash costs, all-in sustaining costs, sustaining and expansionary capital expenditures as well as average realized gold\silver price per ounce are Non-IFRS metrics and discussed in the section "Non-IFRS Measures" of this Management's Discussion and Analysis.

(iii) May not add due to rounding.

(in millions of U.S. dollars, unless otherwise stated) [iv]		Year ended December 31, 2020			Year ended December 31, 2019		
		Mercedes	South Arturo	Total	Mercedes	South Arturo	Total
Ore & Metals							
Ore milled	*tonnes*	398,922	101,381	500,303	667,723	45,082	712,805
Gold produced	*ounces*	34,955	23,488	58,443	59,901	7,526	67,427
Silver produced	*ounces*	167,917	2,540	170,457	191,306	7,199	198,505
Gold sold	*ounces*	34,943	20,966	55,910	60,774	1,523	62,297
Silver sold	*ounces*	165,777	-	165,777	201,374	-	201,374
Average gold grade	*grams/t*	2.87	8.24		2.91	6.16	
Average silver grade	*grams/t*	33.07	0.00		26.18	0.00	
Average gold recovery rate	*%*	95.1	87.4		95.8	84.2	
Average silver recovery rate	*%*	39.6	0.0		34.0	0.0	
Realized Price							
Average realized gold price [i,ii]	*$/ounce*	1,681	1,710	1,692	1,319	1,438	1,332
Average realized silver price [i,ii]	*$/ounce*	22		22	16	-	16
Non-IFRS Performance Measures							
Co-product cash costs per ounce of gold sold [i,ii]	*$/ounce*	876	1,023	931	1,034	692	998
Co-product all-in sustaining costs per ounce of gold sold [i,ii]	*$/ounce*	1,237	1,122	1,194	1,263	836	1,218
Co-product cash costs per ounce of silver sold [i,ii]	*$/ounce*	11	-	11	12	-	12
Co-product all-in sustaining costs per ounce of silver sold [i,ii]	*$/ounce*	15	-	15	15	-	15
By-product cash costs per ounce of gold sold [i,ii,iii]	*$/ounce*	822	1,023	898	1,022	692	987
By-product all-in sustaining costs per ounce of gold sold [i,ii,iii]	*$/ounce*	1,204	1,122	1,173	1,260	836	1,215
Financial Measures							
Gold revenue	*m $*	58.7	35.9	94.6	80.2	10.4	90.5
Silver revenue	*m $*	3.6	-	3.6	3.2	-	3.2
Total revenue	*m $*	62.4	35.9	98.3	83.4	10.4	93.7
Mine operating income / (loss)	*m $*	17.0	9.3	26.3	(1.0)	4.6	3.6
Exploration, evaluation & pre-development	*m $*	1.2	0.6	1.8	1.3	0.1	1.5
Capital							
Total capital expenditures	*m $*	11.0	0.7	11.7	18.8	27.9	46.7
Capital expenditures - sustaining [i,ii]	*m $*	9.4	0.0	9.4	10.5	0.2	10.7
Capital expenditures - expansionary [i,ii]	*m $*	1.6	0.7	2.3	8.3	27.7	36.0

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

(ii) Cash costs, all-in sustaining costs, sustaining and expansionary capital expenditures as well as average realized gold\silver price per ounce are Non-IFRS metrics and discussed in the section "Non-IFRS Measures" of this Management's Discussion and Analysis.

(iii) May not add due to rounding.

A detailed review of the Company's operating mines can be found in the "Mine Operating Segments" section of this MD&A.

Exploration, Evaluation and Pre-development

The Company has nine properties in various stages of the exploration, evaluation and pre-development phase, four corresponding to continuing operations and four as part of the US Assets considered discontinued operations..

(in thousands of U.S. dollars) [i]	Three months ended December 31		Years ended December 31	
	2020	2019	2020	2019
From continuing operations				
Rahill-Bonanza, Ontario, Canada	4	4	9	8
Hasaga, Ontario, Canada	579	22	3,295	90
Greenstone Gold, Ontario, Canada	2,297	4,934	8,724	15,816
Mercedes Mine, Sonora, Mexico	10	9	1,222	1,211
Other	121	150	531	594
Total from continuing operations	**3,010**	**5,119**	**13,781**	**17,719**
From discontinued operations				
McCoy-Cove, Nevada, USA	569	679	3,292	4,495
South Arturo, Nevada, USA	361	15	625	117
Goldbanks, Nevada, USA	4	179	86	571
Rye, Nevada, USA	62	61	127	1,009
Rodeo Creek, Nevada, USA	1	3	8	51
Other	49	15	52	133
Total from discontinued operations	**1,046**	**952**	**4,191**	**6,375**
Total exploration, evaluation and pre-development	**4,056**	**6,072**	**17,972**	**24,094**

(i) May not add due to rounding

Hasaga

After delaying the drill program in the first quarter of 2020 due to COVID-19, the Company safely resumed exploration activities at Hasaga during the second quarter and continued into the third quarter following the requirements and guidelines issued by local and regional authorities for both employees and contractors working on site. During the fourth quarter the focus of the work was on analysis of the drilling previously done.

During the quarter, a total of 3,404 meters were drilled and 23,795 meters year to date, for total expenditure of $0.58 million in the quarter and $3.3 million year to date for drilling and related costs including geological, analytical and administration. The exploration effort was focused on the lower and upper D areas within the Epp zone. The goal for the third quarter will be to test the extent of the known zones towards Buffalo Mine in the northwest and Hasaga Mine in the southeast.

Greenstone

Expenditures totalled $2.3 million in the fourth quarter and $8.7 million for the full year (contributed by Centerra on a 100% basis) on a range of project activities. Greenstone achieved the milestone of having fully ratified agreement in principle with three First Nations groups. Key expenditures include those in relation to advancing detailed engineering, permitting, management monitoring plans, water modelling, implementation of Indigenous community agreements, and exploration activities outside of the Hardrock deposit.

During the year, operations at Greenstone were not directly impacted by COVID-19.

McCoy-Cove

Metallurgical testing on Helen and Gap zone composites continues to progress. Chlorine oxidation has shown the ability to enhance recovery from refractory ores and current testing is focused on optimizing and scaling the process.

There was no drilling done during the fourth quarter. During the year a total of 2,472 meters were drilled. Targets for the drill program included step outs on previously tested zones as well as previously untested geophysical anomalies. Drilling was focused on testing for mineralization in the Favret and Dixie Valley formations that host the majority of the current resources.

A McCoy-Cove “Earn-in” agreement was signed with Barrick Gold in December 2017 to explore the claims surrounding the Cove properties, the activity on the property wound down during the second half of the year and the agreement was formally terminated on February 6, 2020.

Mercedes

Expensed exploration of $1.2 million for the full year includes concession fees and road access fees related to the 46 lots covering 70,865 hectares and exploration project administration.

The following table represents the cumulative exploration, evaluation and pre-development expenses to date by project.

as restated [1] *(in thousands of U.S. dollars)* *2*	Status	Cumulative to December 31, 2018	Year ended December 31, 2019	Cumulative to December 31, 2019	Period ending December 31, 2020	Cumulative life of project to date
Rahill-Bonanza, Ontario, Canada	Active	16,477	8	16,485	9	16,494
East Bay, Ontario, Canada	Swap (i)	1,625	-	1,625	-	1,625
PQ North, Ontario, Canada	Swap (i)	9,884	-	9,884	-	9,884
Hasaga, Ontario, Canada	Swap (i)	18,720	90	18,810	3,295	22,105
Brookbank, Ontario, Canada	50% sold (ii)	1,489	-	1,489	-	1,489
Hardrock, Ontario, Canada	50% sold (ii)	96,672	-	96,672	-	96,672
Greenstone Gold, Ontario, Canada	Active (ii)	36,801	15,816	52,617	8,724	61,341
McCoy-Cove, Nevada, USA	Active	48,821	4,495	53,316	3,292	56,609
South Arturo, Nevada, USA	Active	3,233	117	3,350	625	3,975
Goldbanks, Nevada, USA	Active	6,763	571	7,334	86	7,420
Mercedes Mine, Sonora, Mexico	Active	2,451	1,344	3,795	1,222	5,017
Cristina, Mexico	Inactive (iii)	1,632	-	1,632	-	1,632
Rye, Nevada, USA	Active	60	1,009	1,068	127	1,195
Rodeo Creek, Nevada, USA	Active	4	51	55	8	63
Other	(iv)	5,091	594	5,685	584	6,269
		249,722	**24,094**	**273,816**	**17,972**	**291,789**

(1) Restated for the presentation currency change as discussed in the "Critical Accounting Judgements and Estimates, Policies and Changes" section of this Management's Discussion and Analysis.

(2) May not add due to rounding

(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, Centerra continues to sole-fund the Greenstone Gold partnership until their development commitment is complete.

(iii) Cristina property located in Mexico was under an exploration agreement that was not renewed in 2017.

(iv) Other includes inactive mineral interests and current charges for regional technical services costs not charged to a property, the inactive properties include:

· Faymar property located in Deloro Township in the Timmins Gold Camp. This property was sold in 2018.

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 (claims under an option to purchase agreement).

· Raingold property comprised of 6 patented mining claims. This property was sold in 2018.

· Bartec property located in Barraute Township, in the Val D'or district of Quebec in 2015 (claim not renewed).

Selected Financial Data

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

(in thousands of U.S. dollars, unless otherwise stated) [i]		For the years ended December 31		
		2020	2019	2018
Revenue				
Gold ounces sold	*ounces*	55,910	67,973	87,036
Revenue	*000 $*	94,608	90,529	109,628
Realized price	*$/ounce*	1,692	1,332	1,264
Silver ounces sold	*ounces*	165,777	201,374	299,819
Revenue	*000 $*	3,644	3,221	4,239
Realized price	*$/ounce*	22	16	16
Total revenue		**98,252**	**93,750**	**113,867**
From continuing operations		62,390	83,397	86,112
From discontinued operations		35,862	10,353	27,755
Cost of goods sold				
Mining cost	*000 $*	54,488	70,178	71,763
Depletion, depreciation and amortization	*000 $*	17,492	20,009	25,568
Total cost of sales		**71,980**	**90,187**	**97,331**
From continuing operations		45,393	84,388	81,718
From discontinued operations		26,587	5,799	15,613
Other information including discontinued operations				
Other operating expenses				
Exploration, evaluation and pre-development	*000 $*	17,972	24,094	22,233
General and administration	*000 $*	11,444	9,932	9,528
Other income / expense				
Gain / (loss) on investments	*000 $*	56	(25)	(110)
Gain / (loss) on derivatives	*000 $*	(5,832)	(3,372)	637
Gain on ongoing development commitment	*000 $*	9,793	17,209	9,891
Finance costs	*000 $*	3,685	2,800	3,744

[i] May not total to annual amounts due to rounding.

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

Production from Mercedes declined year over year from 2018, whereas South Arturo decline only in 2019 as the Phase 2 open pit commenced to decline up to a total halt at the end of 2018, with the last quarter of 2019 seeing an increase in production when the new underground project El Nino commenced commercial production.

The variance in the cost of sales ratio with revenue for South Arturo is correlated with the explanation given above, as the cost per ounce in South Arturo's open pit was very low. In Mercedes the cost of sales ratio with revenue during 2019 and the first quarter of 2020 was decreasing as result of higher operational cost of having the main producing stopes further from the processing plant and higher mining dilution. During the care and maintenance phase in the second quarter of 2020 due to the COVID-19 pandemic a restructure of the operation was done at the site resulting in considerable improvement of the margins during the third and fourth quarters.

The exploration, evaluation and pre-development expenses have remained relatively the same over the years as the Company is highly committed to their exploration campaigns and the development of the McCoy-Cove and Greenstone projects, except for a decline in Greenstone development expenditures during 2020 as explained in the exploration, evaluation and pre-development area of this MD&A.

FINANCIAL POSITION

Balance Sheet Review

The following review compares December 31, 2020 results to December 31, 2019.

Assets

The Company ended the fourth quarter of 2020 with cash on hand of $35.3 million from continuing operations and $15.2 from discontinued operations. The net decrease in cash of $7.9 million is mainly the result of the use of cash in operation activities from a combination of cash operating losses of $9.0 million and a $3.0 million decrease in working capital from continuing operations, $12.8 million use of cash in discontinued operations mainly from the use of working capital, proceeds from the financing package discussed in the "Public Offering and Financing Arrangement" section of this MD&A totalling $41.7 million and capital expenditures of $23.0 million split evenly between continuing and discontinued operations.

Receivables increased by $1.6 million in total with recoverable taxes decreasing by $2.2 million as a result of the decreased production level at Mercedes, an increase of $0.7 million for alternative minimum tax receivable and increase in gold sale receivables of $2.9 million for timing of sales in December, 2020. The receivable included in assets held for sale is comprised mainly of the alternative minimum tax receivable of $1.4 million.

Total inventory decreased by $1.7 million from Mercedes site as a combination of decrease in ore stockpiles and materials and supplies and before considering $7.5 million included in assets held for sale comprised of finished goods and long term stockpile inventory for South Arturo.

Property, plant and equipment decreased by $96.6 million due to the segregation of the assets held for sale, when included, there was a increase of $4.0 million during the year with capital additions totalling $21.9 million for capital investment in sustaining and expansionary capital for Mercedes and South Arturo mines and infrastructure at McCoy-Cove offset by depletion, depreciation and amortization.

Liabilities

Accounts payable decreased in total by $21.1 million due to a decrease in the payable associated with the South Arturo operation for timing of payments by the operator. After removing discontinued operations payables at December 31, 2020 of $14.1 million, the decrease is $35.2 million.

Deferred revenue increased in total by $6.2 million due to an increase in the gold prepay of $15.5 million offset by related fees and discounts of $0.6 million, the year's gold delivery of $8.2 million and amortization of deferred finance costs.

Long term debt in total increased by $4.8 million with the year to date repayment of the silver stream of $3.9 million offset by the fair value adjustment of $9.0 million and no change in the Investec credit facility balance. The upward fair value adjustment in the silver stream is reflective of the increase in the silver price over the period.

Working Capital

Working capital ratio of 1.6:1 increased from 1.2:1 on December 31, 2019 mainly to the decrease of accounts payable and accrued liabilities mentioned above and excluding liabilities included in disposal group classified as held for sale from 2020 balances.

Non-current assets decreased by $105.8 million almost entirely due to the reclassification to assets held for sale with $100.2 million in property, plant and equipment for the US mining assets, $4.8 million in restricted cash and $3.3 million in long term inventory offset by net capital additions $4.0 million.

Liquidity and Capital Resources

For the year ended December 31, 2020, the Company had cash and cash equivalents of $50.5 million including cash related to discontinued operations of $15.2 million, a decrease of $7.9 million from December 31, 2019.

Continuing operating activities used cash of $12.0 million year to date and includes the following key items:

- $30.3 million from mining operations after adding back non-cash depletion;
- $10.9 million deducted for non-cash revenue on metal agreements included in operating revenue;
- $13.8 million spent in exploration and pre-development activities (offset by the Greenstone Gold development commitment gain of $9.8 million included in other income);
- $10.8 million spent in general and project administration expenditures;
- $5.2 million spent on care and maintenance and restructuring related to the COVID
- $3.8 million in other income and expense including transaction costs related to Equinox Gold transaction
- $3.6 million in cash losses on gold collars
- $1.6 million share based payments paid in cash
- $3.0 million decrease in working capital

Discontinued operating activities used cash of $15.0 million for the year with $13.4 million generated from mining operations offset by $4.2 million in exploration, evaluation and pre-development spending, $1.6 million in general and administrative and property maintenance costs

including share based cash payments, and the remainder of $22.6 million cash used from the reduction in working capital mainly related to project payables at the South Arturo mine.

Ongoing investment activities were almost solely related to capital investment of $11.5 million focused on mining and development operations at Mercedes with discontinued operations investment activities of $9.4 million focusing on mining and development at the South Arturo mine.

Financing activities include the proceeds from the financing package discussed in the "Public Offering and Financing Arrangement" section of this MD&A totalling $41.7 million offset by finance and interest paid of $2.7 million. Other items are minimal including financing activities related to the discontinued operations.

Liquidity Outlook

	Years ended December 31	
(in thousands of U.S. dollars)	2020	2019
Cash and cash equivalents	35,227	58,408
Working capital	20,438	16,223
Long term debt and deferred revenue	30,149	19,370

This table excludes discontinued operations

The Company funds its budgeted exploration and development activities through a combination of cash from operations and debt and equity financings. Ongoing development costs associated with the Company's Greenstone Gold property continue to be funded by the Company's partner. As a result of the financing package completed in the first quarter the Company had sufficient liquidity to meet its budgeted obligations through 2021.

Premier periodically funds a portion of its Canadian exploration activities via flow-through share financings. Resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through shares are renounced to investors in accordance with income tax legislation. A flow-through financing in the amount of $3.2 million (CAD $4.1 million) was completed during the fourth quarter of 2019 and was used to fund Canadian exploration activities in 2020. The full amount was spent by the end the fourth quarter of 2020.

Equity

The Company is authorized to issue an unlimited number of common shares of which 237,446,982 were outstanding at December 31, 2020 and 239,033,482 at the date of this report, March 30, 2021. The Company has 3.5 million warrants issued and outstanding as of December 31, 2020 of which 2.0 million remain outstanding at March 30, 2021. Also at December 31, 2020, the Company had outstanding options to purchase an aggregate of 14,502,500 common shares under its share incentive plan with exercise prices ranging from CAD$1.37 to CAD$4.28 per share and expiry dates up to March 10, 2025. As of December 31, 2020, and December 31, 2019, there were no unvested stock options.

As of December 31, 2020, there are 1,613,000 restricted share units ("RSU"s) outstanding under the restricted share unit plan of the Company. Each RSU has the same value as one Premier Gold Mines Limited common share. The RSUs vest equally over a three-year period vesting on August 31 of each year. The RSUs are expected to settle in cash. During the year ended December 31, 2020, there were 1,807,000 RSUs issued and 4,667 RSUs forfeited. During the same period a total of 148,000 deferred share units ("DSU"s) were issued under the Deferred Share Unit plan.

MINE OPERATING SEGMENTS

Mercedes Mine

Mercedes mine is located 60 kilometres southeast of the town of Magdalena de Kino and 150 kilometres north-northeast of the city of Hermosillo in the state of Sonora, Mexico. Operations are exploiting low sulfidation quartz veins and quartz veinlet stockwork for gold and silver using underground modified overhand cut and fill, narrow vein longitudinal longhole mining, and longhole open stoping methods. Processing is by wet milling with a Merrill-Crowe recovery system.

		Three months ended December 31		Years ended December 31	
(in millions of U.S. dollars, unless otherwise stated) [iii]		2020	2019	2020	2019
Ore & Metals					
Ore milled	*tonnes*	118,763	161,914	398,922	667,723
Gold produced	*ounces*	11,185	12,274	34,955	59,901
Silver produced	*ounces*	65,735	44,809	167,917	191,306
Gold sold	*ounces*	11,315	13,628	34,943	60,774
Silver sold	*ounces*	63,967	46,722	165,777	201,374
Average gold grade	*grams/t*	3.06	2.49	2.87	2.91
Average silver grade	*grams/t*	42.12	27.37	33.07	26.18
Average gold recovery rate	*%*	95.8	94.8	95.1	95.8
Average silver recovery rate	*%*	40.9	31.4	39.6	34.0
Realized Price					
Average realized gold price [i,ii]	*$/ounce*	1,784	1,387	1,681	1,319
Average realized silver price [i,ii]	*$/ounce*	25	17	22	16
Non-IFRS Performance Measures					
Co-product cash costs per ounce of gold sold [i,ii]	*$/ounce*	718	1,244	876	1,034
Co-product all-in sustaining costs per ounce of gold sold [i,ii]	*$/ounce*	931	1,388	1,237	1,263
Co-product cash costs per ounce of silver sold [i,ii]	*$/ounce*	10	15	11	12
Co-product all-in sustaining costs per ounce of silver sold [i,ii]	*$/ounce*	13	17	15	15
By-product cash costs per ounce of gold sold [i,ii]	*$/ounce*	634	1,237	822	1,022
By-product all-in sustaining costs per ounce of gold sold [i,ii]	*$/ounce*	863	1,388	1,204	1,260
Financial Measures					
Gold revenue	*m $*	20.2	18.9	58.7	80.2
Silver revenue	*m $*	1.6	0.8	3.6	3.2
Total revenue	*m $*	21.8	19.7	62.4	83.4
Mine operating income / (loss)	*m $*	8.5	(3.1)	17.0	(1.0)
Exploration, evaluation & pre-development expense	*m $*	0.0	0.0	1.2	1.3
Capital					
Total capital expenditures	*m $*	3.1	4.4	11.0	18.8
Capital expenditures - sustaining [i,ii]	*m $*	2.5	2.0	9.4	10.5
Capital expenditures - expansionary [i,ii]	*m $*	0.6	2.4	1.6	8.3

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

(ii) Cash costs, all-in sustaining costs, sustaining and expansionary capital expenditures as well as average realized gold\silver price per ounce are Non-IFRS metrics and discussed in the section "Non-IFRS Measures" of this Management's Discussion and Analysis.

(iii) May not add due to rounding.

Mining

												For the period ended
		2018	2019					2020				
Mining operation			Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year
Tonnes	*Ore*	**699,312**	186,737	174,822	163,030	166,678	**691,267**	160,276	16,217	106,597	**111,742**	**394,832**
Tonnes Waste	*Operational*	**140,772**	27,186	60,592	44,824	47,719	**180,321**	29,236	4,043	9,481	**7,995**	**50,755**
Tonnes Moved	*Total*	**840,084**	213,923	235,414	207,854	214,397	**871,588**	189,512	20,260	116,078	**119,737**	**445,587**
Tonnes Ore	*Per day*	**1,916**	2,075	1,921	1,772	1,812	**1,894**	1,761	427	1,159	**1,215**	**1,261**
Tonnes Moved	*Per day*	**2,302**	2,377	2,587	2,259	2,330	**2,388**	2,083	533	1,262	**1,301**	**1,424**

As mentioned in the COVID-19 section above, Mercedes was placed on care and maintenance in April and May. A phased re-start of the mine began with limited mining activities in June to ensure the safe and successful implementation of the plan and meet sanitation requirements necessitated by our COVID-19 protocols. The initial focus of the phased plan 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. During the third and fourth quarters operations were not affected by the pandemic and were according to the revised plan.

Mercedes mined a total of 111,742 tonnes during the fourth quarter of 2020 compared to 166,678 tonnes during the same quarter of the previous year. The main driver behind the decrease in tonnage during the period was a restructure of the mining zones, from an average of 6 zones in 2019 to two main areas, Diluvio and Lupita, in the second half of 2020. This change had a positive impact, with a considerable reduction in tonnes of waste, increase in the average of gold grades from 2.94 grams/t in Q4 2019 to 3.37 grams/t in Q4 2020, and a decrease in cost as explained in detail in the following sections. The decrease on year over year basis relates to the halt and related restructuring in the second quarter.

Plant Performance

Due to the lower tonnage extracted from the mines, the plant has changed its operational schedule with an average of 20 operational days per month and 10 days off, that are used mostly for preventive and scheduled maintenance. This new schedule has allowed an optimization of the reagents, electricity and maintenance.

Health and Safety and Environmental

In response to the COVID-19 pandemic the mine implemented a strategy of enhanced hygiene practices and other precautionary measures that include, but are not limited to, 100% COVID-19 testing of crews arriving on site, daily medical check-ups, physical distancing, increased cleaning and sanitation and continued education on good hygiene. The suspected cases of COVID-19 have been handled according to government guidelines and there hasn't been any infection outbreak among mine site personnel.

There were no reportable environmental incidents during the year 2020. The Site completed an analysis by an external laboratory of all water bodies on-site with no issues and continues to monitor air quality and biodiversity.

Community

The Company continued its practice of providing support and assistance to local community programs in Cucurpe and Magdalena during the quarter and is working closely with local and state hospitals and authorities as part of the COVID-19 response and also aiding in the reactivation of the local economy by doing as much business as possible in the community.

Cash Costs[1]

Co-product cash cost per ounce of gold sold was $718 per ounce for the three months ended December 31, 2020, compared to $1,244 per ounce in the same period of the previous year. For the full year in 2020 the cost was $876 per ounce and $ 1,034 in 2019. As mentioned above, during the second half of the year there was a focus on only two mining zones allowing reduced work crews, administrative and auxiliary personnel, fewer contractors, lower electricity cost and optimized ore hauling cost, as well as all cost related to the camp.

All-in Sustaining Costs[3]

All-in sustaining cost per ounce of gold sold was $931 for the three months ended December 31, 2020 compared to $1,388 per ounce during the prior-year period. For the full year 2020 the cost was $1,237 in 2020 and $1,263 in 2019. Sustaining capital expenditures were similar in both periods, with the major impact due to the improvements in the cash cost described above.

[1] See "Non-IFRS Measures" section of this Management's Discussion and Analysis.

Exploration Activities

A total of 4,099 meters were drilled during the fourth quarter with a focus on higher-grade gold mineralization at Diluvio West and Marianas. Capitalized exploration expenses during the quarter which amounted to $0.28 million included drilling, analytical and sampling, and geological related costs.

Capital Expenditures

Capital expenditures were primarily related to underground mine infrastructure and development, with 1,969 meters of development completed during the fourth quarter of 2020 compared to 5,698 meters on Q4 2019 and 10,328 meters for the full 2020 and 22,161 meters for the full 2019. The primary area of focus for development was the Lupita Extension and Diluvio, zones that exhibits grades well in excess of current reserves. The development plan will increase the number of available working faces that can supplement future production with higher-grade material.

Mercedes operational and financial information for the current and previous quarters is as follows:

									Years 2020 and 2019
(in millions of U.S. dollars, unless otherwise stated) [iii]		Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Ore & Metals									
Ore milled	*tonnes*	118,763	117,751	0	162,408	161,914	159,450	167,588	178,771
Gold produced	*ounces*	11,185	12,183	0	11,587	12,274	14,481	15,532	17,614
Silver produced	*ounces*	65,735	49,975	0	52,207	44,809	37,462	51,354	57,681
Gold sold	*ounces*	11,315	10,882	3,061	9,685	13,628	13,187	16,440	17,520
Silver sold	*ounces*	63,967	45,269	14,747	41,794	46,722	35,587	56,484	62,581
Average gold grade	*grams/t*	3.06	3.37	0.00	2.36	2.49	2.94	3.00	3.18
Average silver grade	*grams/t*	42.12	32.34	0.00	26.97	27.37	22.60	27.24	27.31
Average gold recovery rate	*%*	95.8	95.6	0.0	93.9	94.8	95.9	95.9	96.2
Average silver recovery rate	*%*	40.9	40.8	0.0	37.1	31.4	32.3	35.0	36.8
Realized Price									
Average realized gold price [i,ii]	*$/ounce*	1,784	1,875	1,436	1,441	1,395	1,382	1,283	1,271
Average realized silver price [i,ii]	*$/ounce*	25	26	15	16	17	17	15	16
Non-IFRS Performance Measures									
Co-product cash costs per ounce of gold sold [i,ii]	*$/ounce*	718	608	1,130	1,282	1,244	1,095	1,053	806
Co-product all-in sustaining costs per ounce of gold sold [i,ii]	*$/ounce*	931	885	1,580	1,883	1,388	1,354	1,254	1,105
Co-product cash costs per ounce of silver sold [i,ii]	*$/ounce*	10	8	12	14	15	14	12	10
Co-product all-in sustaining costs per ounce of silver sold [i,ii]	*$/ounce*	13	12	17	21	17	17	15	13
By-product cash costs per ounce of gold sold [i,ii]	*$/ounce*	634	535	1,114	1,274	1,237	1,086	1,044	786
By-product all-in sustaining costs per ounce of gold sold [i,ii]	*$/ounce*	863	827	1,587	1,904	1,388	1,353	1,252	1,098
Financial Measures									
Gold revenue	*m $*	20.2	20.3	4.4	13.9	18.9	18.1	21.0	22.2
Silver revenue	*m $*	1.6	1.2	0.2	0.7	0.8	0.6	0.8	1.0
Total revenue	*m $*	21.8	21.5	4.6	14.5	19.7	18.7	21.8	23.1
Mine operating income / (loss)	*m $*	8.5	10.6	(0.3)	(1.8)	(3.1)	(0.4)	(1.2)	3.8
Exploration, evaluation & pre-development expense	*m $*	0.0	0.5	0.0	0.7	-	0.6	0.1	0.6
Capital									
Total capital expenditures	*m $*	3.1	2.0	1.1	4.8	4.4	3.9	4.5	6.1
Capital expenditures - sustaining [i,ii]	*m $*	2.5	1.5	0.9	4.5	2.0	1.9	2.4	4.2
Capital expenditures - expansionary [i,ii]	*m $*	0.6	0.5	0.2	0.3	2.4	1.9	2.0	1.9

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

(ii) Cash costs, all-in sustaining costs, sustaining and expansionary capital expenditures as well as average realized gold\silver price per ounce are Non-IFRS metrics and discussed in the section "Non-IFRS Measures" of this Management's Discussion and Analysis.

(iii) May not add due to rounding.

South Arturo Mine

The mine is 45 kilometres northwest of the town of Carlin, Nevada, USA. Operations have exploited a Carlin-style disseminated gold deposit by open pit mining. A new open pit mine (Phase 1) is being developed adjacent to the prior one (Phase 2). An underground mine called El Niño is being developed out of the completed Phase 2 open pit and was completed more than three months ahead of schedule. Premier holds a 40% interest in South Arturo while Barrick holds the remaining 60% and is the operator for the joint venture.

As explained before South Arturo is part of the US Assets that are classified for accounting purposes as discontinued operations.

		Three months ended December 31		Years ended December 31	
(in millions of U.S. dollars, unless otherwise stated) [iv]		2020	2019	2020	2019
Ore & Metals					
Ore milled	*tonnes*	26,933	21,800	101,381	45,082
Gold produced	*ounces*	4,899	4,606	23,488	7,526
Silver produced	*ounces*	747	6,281	2,540	7,199
Gold sold	*ounces*	4,555	691	20,966	1,523
Average gold grade	*grams/t*	6.54	7.69	8.24	6.16
Average gold recovery rate	*%*	86.5	85.4	87.4	84.2
Realized Price					
Average realized gold price [i,ii]	*$/ounce*	1,869	1,462	1,710	1,438
Non-IFRS Performance Measures					
Co-product cash costs per ounce of gold sold [i,ii]	*$/ounce*	1,161	748	1,023	692
Co-product all-in sustaining costs per ounce of gold sold [i,ii]	*$/ounce*	1,328	846	1,122	836
By-product cash costs per ounce of gold sold [i,ii,iii]	*$/ounce*	1,161	748	1,023	692
By-product all-in sustaining costs per ounce of gold sold [i,ii,iii]	*$/ounce*	1,328	846	1,122	836
Financial Measures					
Gold revenue	*m $*	8.5	9.2	35.9	10.4
Mine operating income	*m $*	2.2	4.1	9.3	4.6
Exploration, evaluation & pre-development expense	*m $*	0.4	0.0	0.6	0.1
Capital					
Total capital expenditures	*m $*	0.5	9.1	0.7	27.9
Capital expenditures - sustaining [i,ii]	*m $*	0.0	0.2	0.0	0.2
Capital expenditures - expansionary [i,ii]	*m $*	0.5	8.9	0.7	27.7

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

(ii) Cash costs, all-in sustaining costs, sustaining and expansionary capital expenditures as well as average realized gold\silver price per ounce are Non-IFRS metrics and discussed in the section "Non-IFRS Measures" of this Management's Discussion and Analysis.

(iii) Given the small nature and timing of South Arturo silver output, no silver by-product credits are reported.

(iv) May not add due to rounding.

Production

South Arturo production for the fourth quarter of 2020 was 4,899 ounces of gold and 747 ounces of silver and 23,488 ounces of gold for the full 2020 compared to 7,526 ounces of gold in 2019. As with the rest of the year there was minimal disruption in the quarter due to COVID-19. Production exceeded the budget for both the quarter and year to date. Production during the quarter came exclusively from the El Nino underground workings. Q4 2020 production at El Nino is similar than in Q4 2019 as that quarter saw a stable production. For the full year 2020 the production was significantly higher than 2019 due to the fact that commercial production only began in late Q3 2019.

Sales and Revenue

Gold ounces sold were 4,555 for the three months ended December 31, 2020 and 20,966 for the full year, compared to 6,281 ounces in the prior-year period and 7,199 ounces of gold for the full 2019, for the reasons noted above. Accordingly, gold revenue was $8.5 million for the three months ended December 31, 2020 compared to $9.2 million in the prior-year period due to changes in volumes and a higher average realized selling price from $1,462 in 2019 to $1,869 in 2020. For the full year 2020 the gold revenue was $35.9 million compared to $10.4 million in 2019.

Cash Costs[1]

Co-product cash cost per ounce of gold sold was $1,161 for the quarter and $1,023 for the full 2020, compared to $748 in the fourth quarter of 2019 and $692 for the full 2019. In 2019 the first three quarters of the year had production come solely from Phase 2 open pit stockpiles which had a much lower cost per ounce.

All-in Sustaining Costs[1]

All-in sustaining cost per ounce of gold sold was $1,328 for the three months ended December 31, 2020 compared to $846 in the prior-year period.

Full year 2020 cost per ounce of gold sold was $1,122 as compared to $836 in the prior year. The increase in costs reflects the mining transition as explained above.

Exploration Activities

Exploration drilling continues at El Nino to delineate near term production and define new reserves and resources. Drilling also continues from surface in the Phase 3 resource pit and area between the Phase 3 resource pit and Phase 1 reserve pit.

Capital Expenditures

Capital expenditures during the fourth quarter of 2020 continue to be minimal, in line with the plan to concentrate on the current mining of the underground ore from El Nino.

South Arturo operational and financial information for the current and previous quarters is as follows:

									Years 2020 and 2019
(in millions of U.S. dollars, unless otherwise stated) (iv)		Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Ore & Metals									
Ore milled	*tonnes*	26,933	29,416	17,863	27,170	21,800	14,835	8,447	-
Gold produced	*ounces*	4,899	7,095	4,765	6,730	4,606	2,003	918	-
Gold sold	*ounces*	747	601	567	625	6,281	-	918	-
Silver produced	*ounces*	4,555	4,783	6,321	5,307	691	394	438	-
Average gold grade	*grams/t*	6.54	8.83	9.32	8.59	7.69	5.09	4.10	-
Average gold recovery rate	*%*	86.5	85.0	89.0	89.7	85.4	82.4	82.5	-
Realized Price									
Average realized gold price (i,ii)	*$/ounce*	1,869	1,879	1,616	1,535	1,462	-	1,271	-
Non-IFRS Performance Measures									
Co-product cash costs per ounce of gold sold (i,ii)	*$/ounce*	1,161	987	990	976	748	-	308	-
Co-product all-in sustaining costs per ounce of gold sold (i,ii)	*$/ounce*	1,328	1,148	1,026	1,038	846	-	768	-
By-product cash costs per ounce of gold sold (i,ii,iii)	*$/ounce*	1,161	987	990	976	748	-	308	-
By-product all-in sustaining costs per ounce of gold sold (i,ii,iii)	*$/ounce*	1,328	1,148	1,026	1,038	846	-	768	-
Financial Measures									
Gold revenue	*m $*	8.5	9.0	10.2	8.1	9.2	-	1.2	-
Mine operating income	*m $*	2.2	3.3	2.5	1.3	4.1	-	0.6	-
Exploration, evaluation & pre-development expense	*m $*	0.4	0.3	0.0	0.0	-	-	0.1	-
Capital									
Total capital expenditures	*m $*	0.5	0.2	0.5	(0.4)	9.1	8.3	5.9	4.6
Capital expenditures - sustaining (i,ii)	*m $*	0.0	0.0	0.0	0.0	0.2	-	-	-
Capital expenditures - expansionary (i,ii)	*m $*	0.5	0.2	0.5	(0.4)	8.9	8.3	5.9	4.6

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

(ii) Cash costs, all-in sustaining costs, free cash flow, EBITDA, sustaining and expansionary capital expenditures as well as average realized gold\silver price per ounce are Non-IFRS metrics and discussed in the section "Non-IFRS Measures" of this Management's Discussion and Analysis.

(iii) Given the small nature and timing of South Arturo silver output, no silver by-product credits are reported, with any revenues offsetting costs. 2017 silver output re-stated.

(iv) May not add due to rounding.

[1] See “Non-IFRS Measures” section of this Management’s Discussion and Analysis.

COMMITMENTS AND CONTINGENCIES

Environmental Rehabilitation Provision

The Corporation currently has five active environmental rehabilitation obligations related to past and current mining activities. As per the table below, the provisions for each project are updated regularly for a change to the risk-free discount rate, accretion and currency adjustments if applicable. Changes in estimates on the projects are applied where an engineering assessment on the project has been carried out. MCCoy-Cove and South Arturo projects are part of the US Assets classified for accounting purposes as discontinued operations.

	Years ended December 31,	
(in thousands of U.S. dollars) [i]	2020	2019
Northern Empire Mill, Ontario, Canada	1,696	1,532
Hasaga, Ontario, Canada	282	214
McCoy-Cove, Nevada, USA	4,728	4,068
South Arturo, Nevada, USA	3,426	3,159
Mercedes, Sonora, Mexico	13,108	11,016
	23,241	**19,989**

(i) May not add due to rounding.

Northern Empire Mill, Ontario

There were no reclamation expenditures year to date with changes in the provision due to an updated risk-free discount rate, accretion and currency adjustments. There was no rehabilitation program scheduled for 2020 and the primary focus will be on security for the year.

Hasaga, Ontario

There were no reclamation expenditures year to date with changes in the provision due to an updated risk-free discount rate, accretion and currency adjustments. No expenditures related to progressive rehabilitation or closure are anticipated for the immediate future, as the property is currently being assessed for potential development.

McCoy-Cove, Nevada

There were reclamation expenditures year to date of $0.14 million, mainly for underground water control and analysis and monitoring. Changes in the provision also include accretion and an updated risk-free discount rate. The McCoy-Cove reclamation obligation is in part related to the McCoy portion of the property purchased from Newmont Mining Corporation in 2014. The property had a remaining obligation from previous mining activities, most of which was completed prior to acquiring the property. There are ongoing reclamation activities related to the tailings dam and the cleanup of the old pads. Structural reclamation is on hold for several years pending a new mine plan for the property. The other portion is related to the Cove-Helen underground project which will not commence reclamation for several years. That portion of the provision was only impacted by an updated risk-free discount rate and accretion.

South Arturo, Nevada

The South Arturo reclamation obligation is managed by Barrick and is based on a 20 year reclamation plan with minimal expenditures until 2021. Main reclamation activities will begin in 2025. The change in provision is mainly due to updated risk-free discount rates and accretion.

Mercedes, Mexico

There were no reclamation expenditures during the fourth quarter with changes in the provision due mainly to accretion and updated risk-free discount rates. Based on the current life of mine projection no expenditures are anticipated in the immediate future as the mine will continue in operation.

Contractual Obligations and Commitments

The following is a summary of the commitments of the Company at December 31, 2020:

				As at December 31, 2020	
(in thousands of U.S. dollars)	2021	2022	2023	2024 and later	Total
Contracts and lease liabilities	218	31	8	1	258
Expenditure commitment from the issue of flow-through shares					
Provisions for environmental rehabilitation [i]	-	-	-	16,909	16,909
	218	**31**	**8**	**16,910**	**17,167**

This table excludes discontinued operations

[i] Amounts presented in the table for the provisions for environmental rehabilitation represent the undiscounted uninflated future payments for the expected cost of the rehabilitation. Timing of expected expenditures has been updated based on the most current estimate of the provision.

Surety Bonds

At December 31, 2020, the Company, including its discontinued operations has outstanding surety bonds in the amount of $9.9 million in favor of the United States Department of the Interior, Bureau of Land Management ("BLM") as financial support for environmental reclamation and exploration permitting. The surety bonds are secured by a $0.6 million deposit and are subject to fees competitively determined in the marketplace. The obligations associated with these instruments are generally related to performance requirements that the Company 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. As these instruments are associated with operating sites with long-lived assets, they will remain outstanding until closure.

Option Agreements

Getchell Project in Nevada

On August 10, 2020 the Company together with its wholly-owned subsidiary, Premier Gold Mines USA, Inc. (“PG USA”), entered into a definitive purchase agreement with affiliates of Waterton Global Resource Management, Inc. (“Waterton”) to acquire all of the outstanding membership interests of Osgood Mining Company LLC (“Osgood”). Osgood is the owner of the Getchell Project in the Getchell gold belt near Winnemucca, Nevada (“Getchell” or the “Getchell Project”) for consideration consisting of $50 million in cash and common shares, plus contingent value rights and warrants. The consideration to Waterton will consist of (i) $23 million in cash on closing, (ii) 13,777,098 common shares of the i-80 Gold, (iii) warrants to purchase 12,756,572 common shares of i-80 Gold, with an exercise price C$3.67 per warrant, for a period of 36 months following the closing date, and (iv) contingent value rights pursuant to which Waterton will be entitled to receive an additional $5 million upon the public announcement of a positive production decision related to the Getchell Project (underground or open pit), and another $5 million upon production of the first ounce of gold (excluding ordinary testing and bulk sampling programs) following a 60 consecutive day period where gold prices have exceeded $2,000 per ounce.

As previously explained at the beginning of this MD&A, in conjunction with the Transaction with Equinox Gold, the Company is in the process of completing the spin-out of Premier Gold Mines USA Inc. (“PG USA”) to Premier’s shareholders through i-80 Gold which will include the Getchell Project and which is expected to be completed early in second quarter of 2021.

The Getchell Project is located at the intersection of the Getchell gold belt and the Battle Mountain-Eureka trend immediately south of Nevada Gold Mines’ Turquoise Ridge operation. Open pit mining occurred on the property between 1980 and 1999. Subsequent to that, underground test mining (the Pinson Mine) was conducted in the early 2010s. The mine has been in care and maintenance since 2015.

Off Balance Sheet Arrangements

The Company has not participated in off-balance sheet or income statement arrangements other than the surety bonds discussed above.

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Key management personnel remuneration includes the following amounts:

	Three months ended December 31		Years ended December 31	
(in thousands of U.S. dollars)	2020	2019	2020	2019
Salary, wages and benefits	1,469	772	5,240	2,528
Share-based payments	-	5	3,322	2,465
	1,469	**777**	**8,562**	**4,993**

Directors remuneration includes the following amounts:

	Three months ended December 31		Years ended December 31	
(in thousands of U.S. dollars)	2020	2019	2020	2019
Fees earned and other remuneration	180	222	457	563
Share-based payments	40	-	276	181
	220	**222**	**733**	**744**

Litigation and Claims

Share purchase transaction

Yamana Gold Inc. and certain of its affiliates (collectively, "Yamana") have commenced a claim against the Company and certain of its affiliates (collectively, "Premier") in connection with a share purchase transaction that closed on September 30, 2016, whereby the Company acquired Yamana's interest in a gold mining project known as the Mercedes Mine. The claim relates to certain post-closing adjustments, which resulted in Yamana being required to pay the Company $1.26 million. Yamana alleges that the Company was unjustly enriched, but for which the Company would have been required to pay Yamana a post-closing adjustment of $4.6 million. The Company has filed a Statement of Defence denying any liability,and counterclaiming against Yamana for the $1.26 million post-closing adjustment that Yamana has refused to pay. The parties have exchanged documentary productions and have agreed to reschedule examinations for discovery once restrictions caused by COVID-19 have loosened.

Management considers the claim against the Company without merit. After detailed analysis of the facts and support documentation, the Company believes it has a strong case against the claim.

Republic Metals Corporation

In November 2018, one of the refiners of the Company's gold, Republic Metals Corporation ("RMC"), filed for protection under Chapter 11 of the United States Bankruptcy Code. Approximately 34,087 troy ounces of the Company's silver and 7,734 troy ounces of the Company's gold were impacted by RMC's bankruptcy filing, having a value of approximately $10.5 million. The company has commenced a claim asserting ownership of the refined metal derived from the doré delivered to RMC but cannot guarantee it will be able to recover all or a portion of the value of this material. On October 26, 2020, the Miami Metals Litigation Trust (a successor to certain litigation claims of RMC formed pursuant to a liquidating plan confirmed by the Bankruptcy Court) filed suit against the Company claiming repayment of $19.2 million on the allegation that certain refined gold received by the Company from RMC during the 90 days prior to the bankruptcy filing amount to "preferential payments". The Company disputes the allegations and will be defending such allegations to the full extent. Pursuant to agreements among the parties, RMC receives doré from the Company and then subsequently returns refined gold to the Company. RMC's bankruptcy case is progressing before the Bankruptcy Court for the Southern District of New York. Litigation regarding the ownership of the refined metals, the priority of claims, and the newly filed suit are expected to be completed by sometime in 2021, subject to any further delays due to court closures on account of the COVID-19 pandemic and subject to adjustment at the discretion of the Bankruptcy Court.

SUBSEQUENT EVENT

Friendly acquisition by Equinox Gold

On December 16, 2020 the Company and Equinox Gold announced that the companies have entered into a definitive agreement (the "Agreement") whereby Equinox Gold will acquire all of the outstanding shares of the Company (the "Transaction"). On February 23, 2021, the Company's securityholders voted to approve the Transaction. By approving the Transaction, Company securityholders also approved the spin-out to its shareholders shares of a newly created US-focused gold production and development company i-80 Gold.

I-80 Gold will own the South-Arturo and McCoy-Cove properties and will complete the Company's previously announced acquisition of the Getchell Project as further discussed in Note 28(d) of these consolidated financial statements, all in Nevada. Equinox Gold will retain the Company's 50% interest in the world-class Hardrock Project in Ontario, the Mercedes Mine in Mexico, and the Hasaga and Rahill-Bonanza

properties in Red Lake, Ontario. On closing of the Transaction, existing Equinox Gold and Company shareholders will own approximately 84% and 16% of Equinox Gold, and Equinox Gold and existing shareholders of the Company will own 30% and 70% of i-80 Gold, respectively, on an issued share basis.

On March 18, 2021, the Company announced that i-80 Gold completed its private placement offering of 30,914,614 subscription receipts of i-80 Gold at a subscription price of C$2.60 per subscription receipt for aggregate gross proceeds of approximately C$80.4 million. The i-80 Gold offering was conducted on a marketed private placement basis through a syndicate of agents led by CIBC World Markets Inc., and including Sprott Capital Partners LP, Stifel Nicolaus Canada Inc., Canaccord Genuity Corp., Scotia Capital Inc., BMO Nesbitt Burns Inc., Cormark Securities Inc. and RBC Dominion Securities Inc.

Concurrently with the closing of the i-80 Gold offering, Equinox Gold has advanced to i-80 Gold a $20.75 million bridge loan that will be used by i-80 Gold for the purposes of making a $20.75 million cash deposit with affiliates of Waterton in partial satisfaction of the purchase price payable to Waterton for the acquisition of the Getchell Project. The loan matures 10 banking days following the closing of the arrangement (or, if earlier, when the loan is otherwise terminated in accordance with its terms), and bears interest at a rate of 5% per annum that will be payable in arrears on the maturity date. The loan is secured against the assets of i-80 Gold, the Company and the Company's wholly owned subsidiary Premier Gold Mines USA, Inc., and subordinated to the security of existing secured creditors.

On March 29, 2021, the Company announced that the Federal Economic Competition Commission in Mexico (COFECE) has granted approval of the proposed Transaction with Equinox Gold. Additionally, the Toronto Stock Exchange has conditionally approved the listing of the common shares of i-80 Gold in connection with the Transaction. These two items represent the last two major regulatory closing items for completion.

Pursuant to the Transaction, Company shareholders will receive 0.1967 of an Equinox Gold share for each Company share held representing an at-market acquisition based on the 10-day volume-weighted average closing prices for both Equinox Gold and the Company shares on the Toronto Stock Exchange; and 0.4 of a share of i-80 Gold for each Company share held. The Transaction is expected to close near the beginning of the second quarter of 2021.

CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES, POLICIES AND CHANGES

Significant Accounting Judgements and Estimates

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities, disclosure of commitments and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience, current and expected economic conditions. Actual results could differ from these estimates.

The significant judgements and estimates used in the preparation of the audited consolidated financial statements that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities and earnings within the next financial year include:

Assets held for sale and discontinued operations

Significant judgement was required in the application of IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations ("IFRS 5") regarding the U.S. mining assets classification as assets held for sale and classification as a discontinued operation.

During the fourth quarter, the Company and Equinox Gold Corp. ("Equinox Gold") announced that the companies had entered into a definitive agreement whereby Equinox Gold will acquire all of the outstanding shares of the Company. Concurrently, the Company will spin-out its U.S. mining assets to a newly formed Canadian domiciled company i-80 Gold Corp ("i-80 Gold"). Management believes the above noted transaction to be highly probable and has classified the U.S. mining assets as held for sale.

Under IFRS 5, a discontinued operation is a component of the Company's business, the operations and cash flows of which can be clearly distinguishable from the rest of the Company and which:

- represents a separate major line of business or geographic area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

The assets included in the spin-out represent a separate geographic segment of operations for the Company (i.e., U.S. based mining assets). Additionally, management also considered that the U.S. mining assets are held by a separate legal entity that has its own employees, books and records and separate operating mine and development projects. Accordingly, the Company's U.S. mining assets have been classified as discontinued operation.

Business Combinations

Determination of whether a group of assets acquired and liabilities assumed constitute the acquisition of a business or an asset may require the Company to make certain judgements as to whether or not the assets acquired and liabilities assumed include the inputs, processes and outputs necessary to constitute a business as defined in IFRS 3 - *Business Combinations*.

Purchase Price Allocation

Applying the acquisition method to business combinations requires each identifiable asset and liability to be measured at its acquisition date fair value. The excess, if any, of the fair value of consideration over the fair value of the net identifiable assets acquired is recognized as goodwill. The determination of the acquisition date fair values require management to make assumptions and estimates about future events. The assumptions and estimates relating to determining the fair value of property, plant and equipment acquired generally require a high degree of judgement, and include estimates of mineral reserves acquired, future metal prices and discount rates. Changes in any of the assumptions or estimates used in determining the fair value of acquired assets and liabilities could affect the amounts assigned to assets, liabilities and goodwill in the purchase price allocation.

Inventory Valuation

Finished goods, work-in-process, heap leach ore and stockpile ore are valued at the lower of costs and net realizable value. The assumptions used in the valuation of work-in process inventories include estimates of gold contained in the ore stacked on leach pads, assumptions of the amount of gold stacked that is expected to be recovered from the leach pads, the amount of gold in the mill circuits and assumption of the gold price expected to be realized when the gold is recovered. If these estimates or assumptions prove to be inaccurate, the Company could be required to write-down the recorded value of its work-in process inventories and heap leach ore, which would reduce earnings and working capital.

Impairment and Reversal of Impairment for Non-Current Assets

Non-current assets are tested for impairment at the end of each reporting period if in management's judgement there is an indicator of impairment. If there are indicators, management performs an impairment test on the major assets within this balance.

In the case of mineral property assets, recoverability is dependent on a number of factors common to the natural resource sector. These include the extent to which the Company can continue to renew its exploration and future development licenses with local or other authorities, establish economically recoverable reserves on its properties, the availability of the Company to obtain necessary financing to complete the development of such reserves and future profitable production or proceeds from the disposition thereof. The Company will use the evaluation work of professional geologists, geophysicists and engineers for estimates in determining whether to commence or continue mining and processing. These estimates generally rely on scientific and economic assumptions, which in some instances may not be correct, and could result in the expenditure of substantial amounts of money on a deposit before it can be determined whether or not the deposit contains economically recoverable mineralization.

Recoverable Ounces

The carrying amount for each of the Company's mining properties is depleted based on recoverable ounces contained in proven and probable mineral reserves. Changes to estimates of recoverable ounces and depletable costs including changes resulting from revisions to mine plans and changes in metal price forecasts can result in a change in future depletion rates.

The figures for mineral reserves and mineral resources are determined in accordance with National Instrument 43- 101 Standards of Disclosure for Mineral Projects, issued by the Canadian Securities Administrators. This National Instrument lays out the standards of disclosure for mineral projects including rules relating to the determination of mineral reserves and mineral resources. There are numerous uncertainties inherent in estimating mineral reserves and mineral resources, including many factors beyond the Company's control. Such estimation is a subjective process, and the accuracy of any mineral reserve or mineral resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgements used in engineering and geological interpretation. Differences between management's assumptions, and actual events including economic assumptions such as metal prices and market conditions, could have a material effect in the future on the Company's financial position and results of operation.

Application of Variable Consideration Constraint in Silver Stream Agreement

The Company determines the amortization of deferred revenue to the statement of operations on a per unit basis using the expected quantity of silver that will be delivered over the term of the contract, which is based on geological reports and the Company's life of mine plan at contract inception. As subsequent changes to the expected quantity of silver to be delivered triggers a retrospective adjustment to revenue, management is required to estimate the ounces to be included in the denominator that will be sufficient such that subsequent changes are not expected to result in a significant revenue reversal. Accordingly, management includes reserves and portion of resources, included in the annual review of life of mine, in the calculation. With this approach, the Company considers that it is highly probable that changes in subsequent reserve and resource estimates will not result in a significant revenue reversal of previously recognized revenue.

Asset Retirement Obligations

Management assesses the asset retirement obligations on an annual basis or when new information becomes available. This assessment includes the estimation of the future rehabilitation costs required based on the existing laws and regulations in each jurisdiction the Company operates in, the timing of these expenditures, and the impact of changes in the discount rate. The actual future expenditures may differ from the amounts currently provided if the estimates made are significantly different than actual results or if there are significant changes in environmental and / or regulatory requirements in the future.

Valuation of Financial Instruments

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 Company 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 Company 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 Company also issued warrants either in connection with a private placement or as purchase consideration in a business combination that, effective January 1, 2018 the date of the functional currency change of the parent company, are recorded as a financial liability. As such, in determining fair value, management judgement is required in respect to input variables of the financial model used for estimation purposes. These variables include such inputs as the Company's stock price, stock price variability, trading volumes and risk-free rates of return.

Deferred Revenue

The Company entered into a gold prepay and silver stream agreement with Orion in 2016 in conjunction with the acquisition of the Mercedes Mine and as further discussed in Note 11 of these consolidated financial statements.

The upfront payment for the gold prepay facility with Orion has been accounted for as deferred revenue as management has determined that the agreement is not a derivative as it will be satisfied through the delivery of non-financial items (i.e. gold commodity from the Company's production), rather than cash or financial assets.

The upfront payment for the silver stream arrangement has also been accounted for as deferred revenue, as management has determined that the agreement is not a derivative as it will be satisfied through the delivery of non-financial items (i.e. silver commodity from the Company's production), rather than cash or financial assets.

Leases

Critical judgements required in the application of IFRS 16 included, among others, the following:

- identifying whether a contract (or part of a contract) includes a lease;
- determining whether it is reasonably certain that an extension or termination option will be exercised;
- classification of lease agreements (when the entity is a lessor);
- determination whether variable payments are in-substance fixed;
- establishing whether there are multiple leases in an arrangement; and
- determining the stand-alone selling prices of lease and non-lease components.

Key sources of estimation uncertainty in the application of IFRS 16 include, among others, the following:

- estimation of the lease term;
- determination of the appropriate rate to discount the lease payments; and
- assessment of whether a right-of-use asset is impaired.

Commercial Production

The determination of the date on which a mine enters the commercial production stage is a significant judgement since capitalization of certain costs ceases and the recording of revenues and expenses commences upon entering commercial production. As a mine is constructed, certain costs are capitalized and proceeds from sales are offset against the capitalized costs. This continues until the mine is available for use in the manner intended by management, which requires significant judgement.

Functional Currency of Foreign Subsidiaries

Management uses its judgement to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. As part of this approach, management gives priority to indicators like the currency that mainly influences costs and the currency in which those costs will be settled and the currency in which funds from financing activities are generated. Management also assesses the degree of autonomy the foreign operation has with respect to operating activities.

Deferred Income Taxes

The Company operates in several tax jurisdictions and is required to estimate the income tax provision in each of these jurisdictions in preparing its financial statements. The provision for income taxes which is included in the consolidated statements of income (loss) and comprehensive income (loss) and composition of deferred income tax liabilities included in the consolidated statements of financial position is based on factors such as tax rates in the different jurisdictions, changes in tax law and management's assessment of future results and have not yet been confirmed by the taxation authorities. The Company does not recognize deferred tax assets where management does not expect such assets to be realized based on current forecasts.

In the event that actual results differ from these estimates, adjustments are made in future periods and changes in the amount of amount of deferred tax assets recognized may be required. These adjustments could materially impact the financial position and income or loss for the period.

Other Estimates

Other significant estimates which could materially impact the financial statements include:

- Inputs used in accounting for share purchase option expense in the consolidated statements of income / (loss);
- Estimated useful lives of property, plant and equipment which are included in the consolidated statements of financial position and related depreciation included in the consolidated statements of income / (loss) and comprehensive income / (loss); and
- Discount rate used to determine the carrying value of long-term debt and deferred revenue if applicable.

NON-IFRS MEASURES

The Company has included certain terms or performance measures commonly used in the mining industry that are not defined under International Financial Reporting Standards ("IFRS") in this document. These include: co-product and by-product cash cost per ounce sold, co-product and by-product all-in sustaining cost ("AISC") per ounce sold, earnings before interest, tax, depreciation and amortization ("EBITDA"), adjusted earnings before interest, tax, depreciation and amortization, free cash flow, capital expenditures (expansionary), capital expenditures (sustaining), adjusted net earnings and average realized price per ounce. Non-IFRS measures do not have any standardized meaning prescribed under IFRS, and therefore, they may not be comparable to similar measures employed by other companies. The data presented is intended to provide additional information and should not be considered in isolation or as a substitute for measures prepared in accordance with IFRS and should be read in conjunction with the Company's consolidated financial statements.

Definitions

Adjusted net earnings and earnings per share excludes significant write-down adjustments.

Adjusted EBITDA removes the effect of significant write-down adjustments on earnings before interest, tax, depreciation and amortization (including accretion) and excludes exchange gain/loss on translation of foreign operations.

All-in sustaining costs on a by-product basis per ounce include total production cash costs on a by-product basis plus incorporates costs related to sustaining production.

All-in sustaining costs on a co-product basis per ounce include total production cash costs on a co-product basis plus incorporates costs related to sustaining production.

Average realized gold price represents the sale price of gold per ounce before deducting mining royalty (Mexico), treatment and refining charges as well as gain or losses derived from the stream agreements with Orion.

Average realized silver price represents the sale price of silver per ounce before deducting mining royalty (Mexico), treatment and refining charges as well as gain or losses derived from the stream agreements with Orion.

By-product credits include revenues from the sale of by-products from operating mines.

Capital expenditure (expansionary) is a capital expenditure intended to expand the business or operations by increasing production capacity beyond current levels of performance and includes capitalized exploration.

Capital expenditure (sustaining) is a capital expenditure necessary to maintain existing levels of production. The sustaining capital expenditures maintain the existing mine fleet, mill and other facilities so that they function at levels consistent from year to year.

Cost of sales per ounce sold is calculated by dividing the attributable cost of sales by the attributable ounces sold.

EBITDA - Earnings before interest, tax, depreciation and amortization (including accretion). Excludes exchange gain/loss on translation of foreign operations.

Exploration and evaluation (sustaining) expense is presented as mine site sustaining if it supports current mine operations.

Free cash flow is calculated as cash flow from operating activities less capital expenditures.

Rehabilitation – accretion and amortization include depreciation on the assets related to the rehabilitation provision of gold operations and accretion on the rehabilitation provision of gold operations.

Cash Costs

Cash costs per ounce sold represents all direct and indirect operating costs related to the physical activities of producing gold, including on-site mining costs, processing, third-party smelting, refining and transport costs, on-site general and administrative costs, community site relations, royalties and royalty tax. State of Nevada net proceeds taxes are excluded. Cash costs incorporate the Company's share of production costs but exclude, among other items, the impact of depreciation, depletion and amortization ("DD&A"), reclamation costs, financing costs, capital development and exploration and income taxes. In order to arrive at consolidated cash costs, the Company includes its attributable share of total cash costs from operations where less than 100% interest in the economic share of production is held.

Cash costs are computed on a co-product basis, however, by-product cost per ounce metrics have also been provided in order to provide more information to the Company's stakeholders.

Cash cost: by-product - When deriving the cash costs associated with an ounce of gold, the Company includes by-product credits, as the Company considers that the cost to produce the gold is reduced as a result of the by-product sales incidental to the gold production process. Accordingly, total production costs are reduced for revenues earned from silver sales.

Cash cost: co-product - When deriving the cash costs associated with an ounce of gold, the Company allocates a share of production costs to the co-product based on the ratio of silver sales dollars to gold sales dollars.

Cash costs per ounce is a common performance measure in the mining industry, but does not have any standardized meaning. In determining it's cash cost and cash cost per ounce, the Company has considered the guidelines provided by the World Gold Council, a non-regulatory, non-profit market development organization for the gold industry. A Company's adoption of the standard is voluntary and other companies may quantify these measures differently as a result of different underlying principles and policies applied.

All-in Sustaining Costs

AISC include total production cash costs incurred at the Company's mining operations, which forms the basis of the Company's by-product and co-product cash costs. Additionally, the Company includes sustaining capital expenditures which are expended to maintain existing levels of production (to which costs do not contribute to a material increase in annual gold ounce production over the next 12 months), rehabilitation accretion and amortization, general and administrative (excluding stock compensation) and exploration and evaluation expenses. The measure seeks to reflect the full cost of production from current operations, therefore expansionary capital is excluded. Certain other cash expenditures, including tax payments (including the State of Nevada net proceeds tax), dividends and financing costs are also excluded. The Company reports AISC on a per ounce sold basis.

This performance measure was adopted as a result of an initiative undertaken within the gold mining industry; however, this performance measure has no standardized meaning and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. In determining AISC, the Company has considered the guidelines provided by the World Gold Council, a non-regulatory, non-profit market development organization for the gold industry. A Company's adoption of the standard is voluntary and other companies may quantify these measures differently as a result of different underlying principles and policies applied.

The following table provides a reconciliation of the net earnings, net earnings per share, adjusted net earnings and adjusted net earnings per share for the three months and year ended December 31, 2020 and 2019:

	Three months ended December 31		Year ended December 31	
(in thousands of U.S. dollars unless otherwise indicated)	2020	2019	2020	2019
Income / (loss) for the period				
From continuing operations	(6,580)	(7,047)	(32,176)	(19,251)
From discontinued operations	346	2,161	1,566	(701)
Net loss	(6,234)	(4,886)	(30,610)	(19,952)
Other expense adjustments	-	-	-	-
Adjusted net loss [i]	**(6,234)**	**(4,886)**	**(30,610)**	**(19,952)**
Loss per share				
From continuing operations	(0.03)	(0.03)	(0.14)	(0.09)
From discontinued operations	0.00	0.01	0.01	(0.01)
Net loss per share	(0.03)	(0.02)	(0.13)	(0.10)
Adjusted net loss per share [i]	(0.03)	(0.02)	(0.13)	(0.10)

[i] Adjusted net earnings / (loss) and adjusted net earnings / (loss) per share are non-IFRS performance measures. For more information, see the "Non-IFRS Measures" section of the 2020 Management's Discussion & Analysis.

The following table provides a reconciliation of the EBITDA and Adjusted EBITDA for the three months and year ended December 31, 2020 and 2019:

	Three months ended December 31		Year ended December 31	
(in thousands of U.S. dollars)	2020	2019	2020	2019
From continuing operations				
Loss for the period	(6,580)	(7,047)	(32,176)	(19,251)
Depreciation	4,813	5,412	15,821	20,002
Interest	667	722	3,303	2,500
Amortization	-	-	-	-
Taxes	175	907	(71)	1,320
EBITDA from continuing operations [i]	**(925)**	**(6)**	**(13,123)**	**4,571**
EBITDA from discontinued operations [i]	1,130	2,522	6,914	(148)
EBITDA [i]	**205**	**2,516**	**(6,209)**	**4,423**
Other expense adjustments	-	-	-	-
Adjusted EBITDA [i]	205	2,516	(6,209)	4,423

[i] EBITDA and Adjusted EBITDA are non-IFRS performance measures. For more information, see the "Non-IFRS Measures" section of the 2020 Management's Discussion & Analysis.

The following table provides a reconciliation on a co-product basis for cash cost and AISC cost for the three months ended December 31, 2020:

									For the three months ended December 31, 2020
in thousands of U.S. dollars, except per ounce information in dollars [i]									
	Mercedes		South Arturo		Consolidated Gold		Mercedes		
Co-Product	**Gold 000$**	**Per gold ounce sold**	**Gold 000$**	**Per gold ounce sold**	**Gold 000$**	**Per gold ounce sold**	**Silver 000$**	**Per silver ounce sold**	**Total 000$**
Cost of sales excluding depletion, depreciation and amortization	7,539	666	6,091	1,337	13,630	859	589	9	14,219
Depletion, depreciation and amortization	4,325	382	719	158	5,043	318	338	5	5,381
Total cost of sales	**11,863**	**1,048**	**6,810**	**1,495**	**18,673**	**1,177**	**927**	**14**	**19,600**
Depletion, depreciation and amortization	(4,325)	(382)	(719)	(158)	(5,043)	(318)	(338)	(5)	(5,381)
Royalty tax	134	12	-	-	134	8	10	0	145
Other costs [ii]	454	40	(803)	(176)	(349)	(22)	35	1	(313)
Cash cost : co-product	**8,126**	**718**	**5,288**	**1,161**	**13,415**	**845**	**635**	**10**	**14,050**
General and administrative	(142)	(13)	1,023	225	881	56	(11)	(0)	870
Rehabilitation - accretion and amortization	195	17	4	1	199	13	15	0	215
Sustaining capital expenditures	2,345	207	-	-	2,345	148	183	3	2,528
Sustaining exploration and evaluation expense	9	1	(265)	(58)	(256)	(16)	1	0	(255)
All-in sustaining cost : co-product	**10,534**	**931**	**6,050**	**1,328**	**16,584**	**1,045**	**823**	**13**	**17,408**
Total ounces produced		**11,185**		**4,899**		**16,084**		**65,735**	
Total ounces sold		**11,315**		**4,555**		**15,870**		**63,967**	

[i] Results may not add due to rounding

[ii] General and administrative expenses that align with all-in sustaining costs

[iii] Given the smaller nature of South Arturo silver output, any silver revenue received offset costs

The following table provides a reconciliation on a co-product basis for cash cost and AISC cost for the three months ended December 31, 2019:

									For the three months ended December 31, 2019
in thousands of U.S. dollars, except per ounce information in dollars [i]									
	Mercedes		South Arturo		Consolidated Gold		Mercedes		
Co-Product	**Gold 000$**	**Per gold ounce sold**	**Gold 000$**	**Per gold ounce sold**	**Gold 000$**	**Per gold ounce sold**	**Silver 000$**	**Per silver ounce sold**	**Total 000$**
Cost of sales excluding depletion, depreciation and amortization	16,856	1,237	4,710	750	21,566	1,083	719	15	22,285
Depletion, depreciation and amortization	5,065	372	344	55	5,409	272	216	5	5,625
Total cost of sales	**21,921**	**1,609**	**5,054**	**805**	**26,976**	**1,355**	**935**	**20**	**27,910**
Depletion, depreciation and amortization	(5,065)	(372)	(344)	(55)	(5,409)	(272)	(216)	(5)	(5,625)
Royalty tax	117	9	-	-	117	6	5	0	122
Other costs [ii]	(24)	(2)	(10)	(2)	(34)	(2)	(1)	(0)	(35)
Cash cost : co-product	**16,949**	**1,244**	**4,700**	**748**	**21,649**	**1,087**	**723**	**15**	**22,372**
General and administrative	(156)	(11)	378	60	222	11	(7)	(0)	215
Rehabilitation - accretion and amortization	222	16	53	8	275	14	9	0	285
Sustaining capital expenditures	1,883	138	192	31	2,075	104	80	2	2,156
Sustaining exploration and evaluation expense	24	2	(9)	(2)	14	1	1	0	15
All-in sustaining cost : co-product	**18,921**	**1,388**	**5,315**	**846**	**24,236**	**1,217**	**807**	**17**	**25,042**
Total ounces produced		**12,274**		**4,606**		**16,880**		**44,809**	
Total ounces sold		**13,628**		**6,281**		**19,909**		**46,722**	

[i] Results may not add due to rounding

[ii] General and administrative expenses that align with all-in sustaining costs

[iii] Given the smaller nature of South Arturo silver output, any silver revenue received offset costs

The following table provides a reconciliation on a co-product basis for cash cost and AISC cost for the year ended December 31, 2020:

									For the year ended December 31, 2020
in thousands of U.S. dollars, except per ounce information in dollars [i]									
	Mercedes		South Arturo		Consolidated Gold		Mercedes		
Co-Product	**Gold 000$**	**Per gold ounce sold**	**Gold 000$**	**Per gold ounce sold**	**Gold 000$**	**Per gold ounce sold**	**Silver 000$**	**Per silver ounce sold**	**Total 000$**
Cost of sales excluding depletion, depreciation and amortization	30,294	867	22,439	1,070	52,733	943	1,755	11	54,488
Depletion, depreciation and amortization	12,570	360	4,148	198	16,718	299	774	5	17,492
Total cost of sales	**42,864**	**1,227**	**26,587**	**1,268**	**69,451**	**1,242**	**2,529**	**15**	**71,980**
Depletion, depreciation and amortization	(12,570)	(360)	(4,148)	(198)	(16,718)	(299)	(774)	(5)	(17,492)
Royalty tax	332	9	-	-	332	6	21	0	353
Other costs [ii]	(11)	(0)	(996)	(48)	(1,007)	(18)	11	0	(996)
Cash cost : co-product	**30,615**	**876**	**21,443**	**1,023**	**52,058**	**931**	**1,787**	**11**	**53,845**
General and administrative	1,655	47	2,073	99	3,727	67	84	1	3,812
Rehabilitation - accretion and amortization	877	25	18	1	895	16	51	0	946
Sustaining capital expenditures	8,929	256	-	-	8,929	160	515	3	9,444
Sustaining exploration and evaluation expense	1,161	33	-	-	1,161	21	61	0	1,222
All-in sustaining cost : co-product	**43,237**	**1,237**	**23,534**	**1,122**	**66,771**	**1,194**	**2,498**	**15**	**69,269**
Total ounces produced		**34,955**		**23,489**		**58,444**		**167,917**	
Total ounces sold		**34,943**		**20,966**		**55,909**		**165,777**	

[i] Results may not add due to rounding

[ii] General and administrative expenses that align with all-in sustaining costs

[iii] Given the smaller nature of South Arturo silver output, any silver revenue received offset costs

The following table provides a reconciliation on a co-product basis for cash cost and AISC cost for the year ended December 31, 2019:

									For the year ended December 31, 2019
in thousands of U.S. dollars, except per ounce information in dollars [i]									
	Mercedes		South Arturo		Consolidated Gold		Mercedes		
Co-Product	**Gold 000$**	**Per gold ounce sold**	**Gold 000$**	**Per gold ounce sold**	**Gold 000$**	**Per gold ounce sold**	**Silver 000$**	**Per silver ounce sold**	**Total 000$**
Cost of sales excluding depletion, depreciation and amortization	62,645	1,031	5,027	698	67,672	996	2,507	12	70,178
Depletion, depreciation and amortization	18,734	308	523	73	19,257	283	751	4	20,009
Total cost of sales	**81,380**	**1,339**	**5,549**	**771**	**86,929**	**1,279**	**3,258**	**16**	**90,187**
Depletion, depreciation and amortization	(18,734)	(308)	(523)	(73)	(19,257)	(283)	(751)	(4)	(20,009)
Royalty tax	429	7	-	-	429	6	17	0	447
Other costs [ii]	(232)	(4)	(44)	(6)	(276)	(4)	(10)	(0)	(286)
Cash cost : co-product	**62,842**	**1,034**	**4,983**	**692**	**67,825**	**998**	**2,514**	**12**	**70,340**
General and administrative	1,429	24	650	90	2,079	31	53	0	2,132
Rehabilitation - accretion and amortization	1,077	18	109	15	1,186	17	44	0	1,230
Sustaining capital expenditures	10,102	166	192	27	10,295	151	411	2	10,706
Sustaining exploration and evaluation expense	1,293	21	86	12	1,380	20	50	0	1,430
All-in sustaining cost : co-product	**76,745**	**1,263**	**6,020**	**836**	**82,765**	**1,218**	**3,072**	**15**	**85,837**
Total ounces produced		**59,901**		**7,526**		**67,427**		**191,306**	
Total ounces sold		**60,775**		**7,199**		**67,974**		**201,374**	

[i] Results may not add due to rounding

[ii] General and administrative expenses that align with all-in sustaining costs

[iii] Given the smaller nature of South Arturo silver output, any silver revenue received offset costs

The following table provides a reconciliation on a by-product basis for gold cash cost and AISC for the three months ended December 31, 2020:

					For the three months ended December 31, 2020	
in thousands of U.S. dollars, except per ounce information in dollars [i]						
	Mercedes		South Arturo		Total	
By-Product	**000$**	**Per gold ounce sold**	**000$**	**Per gold ounce sold**	**000$**	**Per gold ounce sold**
Cost of sales excluding depletion, depreciation and amortization	8,128	718	6,091	1,337	14,219	896
Depletion, depreciation and amortization	4,663	412	719	158	5,381	339
Total cost of sales	**12,790**	**1,130**	**6,810**	**1,495**	**19,600**	**1,235**
Depletion, depreciation and amortization	(4,663)	(412)	(719)	(158)	(5,381)	(339)
Royalty tax	145	13	-	-	145	9
By-product credits	(1,589)	(140)	-	-	(1,589)	(100)
Other costs [ii]	489	43	(803)	(176)	(313)	(20)
Cash cost : by-product	**7,173**	**634**	**5,288**	**1,161**	**12,461**	**785**
General and administrative	(153)	(13)	1,023	225	870	55
Rehabilitation - accretion and amortization	211	19	4	1	215	14
Sustaining capital expenditures	2,528	223	-	-	2,528	159
Sustaining exploration and evaluation expense	10	1	(265)	(58)	(255)	(16)
All-in sustaining cost : by-product	**9,769**	**863**	**6,050**	**1,328**	**15,819**	**997**
Total gold ounces produced		**11,185**		**4,899**		**16,084**
Total ounces sold [iii]		**11,315**		**4,555**		**15,870**

[i] Results may not add due to rounding
[ii] General and administrative expenses that align with all-in sustaining costs

The following table provides a reconciliation on a by-product basis for gold cash cost and AISC for the three months ended December 31, 2019:

					For the three months ended December 31, 2019	
in thousands of U.S. dollars, except per ounce information in dollars [i]						
	Mercedes		South Arturo		Total	
By-Product	**000$**	**Per gold ounce sold**	**000$**	**Per gold ounce sold**	**000$**	**Per gold ounce sold**
Cost of sales excluding depletion, depreciation and amortization	17,575	1,290	4,710	750	22,285	1,119
Depletion, depreciation and amortization	5,281	388	344	55	5,625	283
Total cost of sales	**22,856**	**1,677**	**5,054**	**805**	**27,910**	**1,402**
Depletion, depreciation and amortization	(5,281)	(388)	(344)	(55)	(5,625)	(283)
Royalty tax	122	9	-	-	122	6
By-product credits	(812)	(60)	-	-	(812)	(41)
Other costs [ii]	(25)	(2)	(10)	(2)	(35)	(2)
Cash cost : by-product	**16,860**	**1,237**	**4,700**	**748**	**21,560**	**1,083**
General and administrative	(163)	(12)	378	60	215	11
Rehabilitation - accretion and amortization	231	17	53	8	285	14
Sustaining capital expenditures	1,963	144	192	31	2,156	108
Sustaining exploration and evaluation expense	25	2	(9)	(2)	15	1
All-in sustaining cost : by-product	**18,916**	**1,388**	**5,315**	**846**	**24,231**	**1,217**
Total gold ounces produced		**12,274**		**4,606**		**16,880**
Total ounces sold [iii]		**13,628**		**6,281**		**19,909**

[i] Results may not add due to rounding
[ii] General and administrative expenses that align with all-in sustaining costs

The following table provides a reconciliation on a by-product basis for gold cash cost and AISC for the year ended December 31, 2020:

						For the year ended December 31, 2020
in thousands of U.S. dollars, except per ounce information in dollars [i]						
	Mercedes		South Arturo		Total	
By-Product	**000$**	**Per gold ounce sold**	**000$**	**Per gold ounce sold**	**000$**	**Per gold ounce sold**
Cost of sales excluding depletion, depreciation and amortization	32,049	917	22,439	1,070	54,488	975
Depletion, depreciation and amortization	13,344	382	4,148	198	17,492	313
Total cost of sales	**45,392**	**1,299**	**26,587**	**1,268**	**71,980**	**1,287**
Depletion, depreciation and amortization	(13,344)	(382)	(4,148)	(198)	(17,492)	(313)
Royalty tax	353	10	-	-	353	6
By-product credits	(3,662)	(105)	-	-	(3,662)	(65)
Other costs [ii]	-	-	(996)	(48)	(996)	(18)
Cash cost : by-product	**28,740**	**822**	**21,443**	**1,023**	**50,183**	**898**
General and administrative	1,739	50	2,073	99	3,812	68
Rehabilitation - accretion and amortization	928	27	18	1	946	17
Sustaining capital expenditures	9,444	270	-	-	9,444	169
Sustaining exploration and evaluation expense	1,222	35	-	-	1,222	22
All-in sustaining cost : by-product	**42,073**	**1,204**	**23,534**	**1,122**	**65,607**	**1,173**
Total gold ounces produced		**34,955**		**23,488**		**58,443**
Total ounces sold [iii]		**34,943**		**20,966**		**55,909**

[i] Results may not add due to rounding
[ii] General and administrative expenses that align with all-in sustaining costs

The following table provides a reconciliation on a by-product basis for gold cash cost and AISC for the year ended December 31, 2019:

						For the year ended December 31, 2019
in thousands of U.S. dollars, except per ounce information in dollars [i]						
	Mercedes		South Arturo		Total	
By-Product	**000$**	**Per gold ounce sold**	**000$**	**Per gold ounce sold**	**000$**	**Per gold ounce sold**
Cost of sales excluding depletion, depreciation and amortization	65,152	1,072	5,027	698	70,178	1,032
Depletion, depreciation and amortization	19,486	321	523	73	20,009	294
Total cost of sales	**84,638**	**1,393**	**5,549**	**771**	**90,187**	**1,327**
Depletion, depreciation and amortization	(19,486)	(321)	(523)	(73)	(20,009)	(294)
Royalty tax	447	7	-	-	447	7
By-product credits	(3,236)	(53)	-	-	(3,236)	(48)
Other costs [ii]	(242)	(4)	(44)	(6)	(286)	(4)
Cash cost : by-product	**62,121**	**1,022**	**4,983**	**692**	**67,104**	**987**
General and administrative	1,482	24	650	90	2,132	31
Rehabilitation - accretion and amortization	1,121	18	109	15	1,230	18
Sustaining capital expenditures	10,514	173	192	27	10,706	158
Sustaining exploration and evaluation expense	1,344	22	86	12	1,430	21
All-in sustaining cost : by-product	**76,581**	**1,260**	**6,020**	**836**	**82,602**	**1,215**
Total gold ounces produced		**59,901**		**7,526**		**67,427**
Total ounces sold [iii]		**60,775**		**7,199**		**67,974**

[i] Results may not add due to rounding
[ii] General and administrative expenses that align with all-in sustaining costs

RISKS AND RISK MANAGEMENT

Financial Instruments and Related Risks

The Company'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 shareholder returns and which are more fully described in the risks and uncertainties section.

For financial instruments, the carrying amounts of cash and cash equivalents, receivables, restricted cash and accounts payable and accrued liabilities are considered reasonable approximations of their fair values.

Debt is initially recognized at fair value, net of any directly attributable transaction 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 is determined using valuation techniques with assumptions based on market conditions existing at the statement of financial position date or settlement date of the derivative. The silver stream is valued at fair value through profit or loss using a net present value approach which could result in fair value gains or losses depending on changes in metal prices, interest rates, timing and variability of cash flows.

For full details on the financial instruments and related risks affecting the Company, please refer to the Company's audited annual consolidated financial statements, notes and information for the year ended December 31, 2020.

Management of Capital Risk

The Company manages its share capital, equity settled employee benefits reserve, warrant reserve and contributed capital as capital. The Company's objectives when managing capital are to safeguard the Company'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 Company 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 Company 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 Company does not pay out dividends. The Company'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.

To effectively manage its capital requirements, the Company has in place a planning and budgeting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. The Company expects its current capital resources will be enough to carry out its exploration and evaluation plans through 2020.

Risks and Uncertainties

Fluctuating Commodity Prices

Historically, gold prices have fluctuated widely and are affected by numerous external factors beyond the Company’s control, including industrial and retail demand, central bank lending, sales and purchases of gold, forward sales of gold by producers and speculators, production and cost levels in major producing regions, short-term changes in supply and demand because of speculative hedging activities, confidence in the global monetary system, expectations of the future rate of inflation, the strength of the US dollar (the currency in which the price of gold is generally quoted), interest rates, terrorism and war, and other global or regional political or economic events. Resource prices have fluctuated widely and are sometimes subject to rapid short-term changes because of speculative activities. The exact effect of these factors cannot be accurately predicted, but any one of, or any combination of, these factors may result in not receiving an adequate return on invested capital and a loss of all or part of an investment in securities in the Company.

Dependence on Key Personnel

The Company’s success is dependent on a relatively small number of key employees. The loss of one or more of these key employees, if not replaced, could have a material adversely affect Premier's business, results of operations and financial condition.

Dependence on Third Parties

The Company relies significantly on strategic relationships with other entities and also on good relationships with regulatory and governmental departments. The Company also relies upon third parties to provide essential contracting services. In some cases, Premier holds its interest in its properties through joint ventures. In certain cases, including the South Arturo Mine and the Rahill-Bonanza Project, Premier is not the manager of the joint venture. In these situations, the joint venture decision may not accord with Premier's stated or desired plan. There can be no assurance that existing relationships will continue to be maintained or that new ones will be successfully formed, and the Company could be adversely affected by changes to such relationships or difficulties in forming new ones. Any circumstance, which causes the early termination or nonrenewal of one or more of these key business alliances or contracts, could adversely impact the Company, its business, operating results and prospects.

No Assurance of Title

The acquisition of title to mineral projects is a very detailed and time-consuming process. Although the Company has taken precautions to ensure that legal title to its property interests is properly recorded in the name of Premier where possible, there can be no assurance that such title will ultimately be secured. Furthermore, there is no assurance that the interests of the Company in any of its properties may not be challenged or impugned. Title insurance is generally not available for mineral properties and the Company has a limited ability to ensure that it has obtained secure claim to individual mineral claims. While Premier intends to take all reasonable steps to maintain title to its mineral properties, there can be no assurance that the Company will be successful in extending or renewing mineral rights on or prior to expiration of their term or that the title to any such properties will not be affected by an unknown title defect.

Construction and Start-up of New Mines

The success of construction projects and the start up of new mines by the Company is subject to a number of factors including the availability and performance of engineering and construction contractors, mining contractors, suppliers and consultants, the receipt of required governmental approvals and permits in connection with the construction of mining facilities and the conduct of mining operations (including environmental permits), the successful completion and operation of ore passes, the adsorption/desorption/recovery plants and conveyors to move ore, among other operational elements. Any delay in the performance of any one or more of the contractors, suppliers, consultants or other persons on which the Company is dependent in connection with its construction activities, a delay in or failure to receive the required governmental approvals and permits in a timely manner or on reasonable terms, or a delay in or failure in connection with the completion and successful operation of the operational elements in connection with new mines could delay or prevent the construction and start up of new mines as planned. There can be no assurance that current or future construction and start up plans implemented by the Company will be successful, that the Company will be able to obtain sufficient funds to finance construction and start up activities, that personnel and equipment will be available in a timely manner or on reasonable terms to successfully complete construction projects, that the Company will be able to obtain all necessary governmental approvals and permits or that the completion of the construction, the start up costs and the ongoing operating costs associated with the development of new mines will not be significantly higher than anticipated by the Company. Any of the foregoing factors could adversely impact the operations and financial condition of the Company.

Permits and Licenses

The operations of the Company require licenses and permits from various governmental authorities. The Company believes that it presently holds all necessary licenses and permits required to carry on with activities which it is currently conducting under applicable laws and regulations, and believes it is presently complying in all material respects with the terms of such licenses and permits. However, such licenses and permits are subject to change in regulations and in various operating circumstances. Where required, obtaining necessary licenses and permits can be a complex and time-consuming process. The costs and delays associated with obtaining necessary licences and permits could stop or materially delay or restrict the Company from proceeding with the development of an exploration project. There can be no assurance that the Company will be able to obtain all necessary licenses and permits required to carry out exploration, development and mining operations at its mineral projects or that the Company will be able to comply with the conditions of all such necessary licenses and permits in an economically viable manner.

Environmental Regulations and Potential Liabilities

The operations of the Company are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental hazards may exist on the properties on which the Company holds interests which are unknown at present and which have been caused by previous or existing owners or operators of the properties. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions there under, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in exploration or mining operations may be required to compensate those suffering loss or damage by reason of the exploration or mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Environmental legislation is evolving in a manner that will require stricter standards and enforcement, increased fines and penalties for noncompliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in exploration expenses, capital expenditures or production costs, reduction in levels of production at producing properties, or abandonment or delays in development of new mining properties. The potential financial exposure may be significant.

Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, railways, power sources and water supply are important determinants affecting capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's operations, financial condition and results of operations.

Aboriginal Claims and Consultation Issues

Aboriginal interests and rights as well as related consultation issues may impact the Company's ability to pursue exploration, development and

mining at its projects. The Company may enter into agreements with First Nations and other Aboriginal communities in order to manage its relationship with those groups but there is no assurance that claims or other assertions of rights by Aboriginal communities or consultation issues will not arise on or with respect to Premier's properties or activities. These could result in significant costs and delays or materially restrict the Company's activities.

Fluctuations in Foreign Currency Exchange Rates

A portion of the Company's current and proposed expenditures are made in Canadian dollars and Mexican Pesos.

The effects of the foreign exchange rates on operating costs and on future cash flows may be significant. Premier does not currently have any hedging contracts in connection with its use of Canadian dollars or Mexican Pesos. Depreciation of the Canadian dollar against the U.S. dollar or Mexican Peso would increase the costs associated with the exploration and development of the Company's properties and potentially increase future operating costs, taxes and royalties paid. These increased costs could materially adversely affect Premier's results of operation and financial condition.

Availability and Costs of Infrastructure, Energy and Other Commodities

Mining, processing, capital development projects and exploration activities depend on adequate infrastructure. Reliable access to energy and power sources and water supply are important factors that affect capital and operating costs. If the Company does not have timely access to adequate infrastructure, there is no assurance that it will be able to start or continue exploiting and develop projects, complete them on timely basis or at all. There is no assurance that the ultimate operations will achieve the anticipated production volume, or that construction costs and operating costs will not be higher than estimates calculated.

The profitability of the Company's business is also affected by the market prices and availability of commodities and resources which are consumed or otherwise used in connection with the Company's operations and development projects such as diesel fuel, electricity, finished steel, tires, steel, chemicals and reagents. Prices of such commodities and resources are also subject to volatile price movements, which can be material and can occur over short periods of time due to factors beyond the Company's control.

If there is a significant and sustained increase in the cost of certain commodities, the Company may decide that it is not economically feasible to continue all of the Company's commercial production and development activities and this could have an adverse effect on profitability. Higher worldwide demand for critical resources like input commodities, drilling equipment, mobile mining equipment, tires and skilled labour could affect the Company's ability to acquire them and lead to delays in delivery and unanticipated cost increases, which could have an effect on the Company's operating costs, capital expenditures and production schedules.

Further, the Company relies on certain key third party suppliers and contractors for services, equipment, raw materials used in, and the provision of services necessary for, the development, construction and continuing operation of its assets. As a result, the Company's activities are subject to a number of risks some of which are outside its control, including negotiating agreements with suppliers and contractors on acceptable terms, the inability to replace a supplier or a contractor and its equipment, raw materials or services in the event that either party terminates the agreement, interruption of operations or increased costs in the event that a supplier or contractor ceases its business due to insolvency or other unforeseen event and failure of a supplier or contractor to perform under its agreement with the Company. The occurrences of one or more of these events could have a material effect on the business, results of operations and financial condition of the Company.

Uncertainty of Production Estimates

Future estimates of gold production for the Company's operation as a whole are derived from a mining plan and these estimates are subject to change. There is no assurance the production estimates will be achieved and failure to achieve production estimates could have a materially adverse effect on the Company's future cash flow, results of operations and financial condition. These plans are based on, among other things, mining experience, reserve estimates, assumptions regarding ground conditions and physical characteristics of ores and estimated rates and costs of production. Actual ore production may vary from estimates for a variety of reasons, including risks and hazards of the types discussed above.

Such occurrences could result in damage to mineral properties, interruptions in production, money losses and legal liabilities and could cause a mineral property that has been mined profitably in the past to become unprofitable.

Any decrease in production or change to the timing of production or the prices realized for gold sales, will directly affect the amount and timing of the cash flow from operations. A production shortfall or any of these other factors would change the timing of the Company's projected cash flow and its ability to use the cash to fund capital expenditures.

Financing Risk

The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing debt and equity market conditions, the price of gold, the performance of the Company and other factors outlined herein. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Company.

If the Company raises additional funds through the sale of equity securities or securities convertible into equity securities, shareholders may have their equity interest in the Company diluted.

In addition, failure to comply with covenants under the Company's current or future debt agreements or to make scheduled payments of the principal of, or to pay interest on, its indebtedness or to make scheduled payments under hedging arrangements would likely result in an event of default under the debt agreements and would allow the lenders to accelerate the debt under these agreements, which may affect the

Company's financial condition.

Losses from or Liabilities for Risks which are not Insured

Hazards such as unusual or unexpected geological formations and other conditions are involved in mineral exploration and development and mining. The Company may become subject to liability for pollution, cave-ins or hazards against which it cannot insure or against which it may elect not to insure. The payment of such liabilities would have a material, adverse effect on the Company's financial position and results of operations.

Although the Company maintains liability insurance in an amount which it considers adequate, the nature of these risks is such that liabilities might exceed policy limits, the liabilities and hazards might not be insurable against, or the Company might not elect to insure itself against such liabilities due to high premium costs or other reasons, in which event the Company could incur significant costs that could have a materially adverse effect upon its financial condition and results of operations.

Governmental Regulation

Exploration, development and mining of minerals are subject to extensive federal, provincial, state and local laws and regulations governing acquisition of the mining interests, prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, water use, land use, land claims that may be brought by First Nations and other aboriginal groups, environmental protection and remediation, endangered and protected species, mine safety and other matters. No assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied or amended in a manner that could have a material adverse effect on the business, financial condition and results of operations of the Company. The costs and delays associated with obtaining necessary licences and permits and complying with these licences and permits and applicable laws and regulations could stop or materially delay or restrict the Company from proceeding with the development of a project. Any failure to comply with applicable laws and regulations or licences and permits, even if inadvertent, could result in interruption or closure of exploration, development or mining operations or material fines, penalties or other liabilities. The Company may be required to compensate those suffering loss or damage by reason of its mining operations and may have civil or criminal fines or penalties imposed for violations of such laws, regulations and permits.

These laws and regulations are administered by various governmental authorities including the federal, provincial and municipal governments of Canada, the USA and Mexico.

Health and Safety

Mining operations generally involve a high degree of risk. Personnel involved in the Company's operations are subject to many inherent risks, including but not limited to, rock bursts, cave-ins, flooding, fall of ground, electricity, slips and falls and moving equipment that could result in occupational illness, health issues and personal injuries. The Company has implemented various health and safety measures designed to mitigate such risks. Such precautions, however, may not be sufficient to eliminate health and safety risks and employees, contractors and others may not adhere to the occupational health and safety programs that are in place. Any such occupational health and personal safety issues may adversely affect the business of the Company and its future operations.

Tax Matters

The Company's taxes are affected by a number of factors, some of which are outside of its control, including the application and interpretation of the relevant tax laws and treaties. If the Company's filing position, application of tax incentives or similar 'holidays' or benefits were to be challenged for whatever reason, this could have a material adverse effect on the Company's business, results of operations and financial condition.

The Company is subject to routine tax audits by various tax authorities. Tax audits may result in additional tax, interest payments and penalties which would negatively affect the Company's financial condition and operating results. New laws and regulations or changes in tax rules and regulations or the interpretation of tax laws by the courts or the tax authorities may also have a substantial negative impact on the Company's business. There is no assurance that the Company's current financial condition will not be materially adversely affected in the future due to such changes.

Information Technology

The Company is reliant on the continuous and uninterrupted operations of its Information Technology ("IT") systems. User access and security of all IT systems are critical elements to the operations of the Company. Protection against cyber security incidents and cloud security, and security of all of the Company's IT systems are critical to the operations of the Company. Any IT failure pertaining to availability, access or system security could result in disruption for personnel and could adversely affect the reputation, operations or financial performance of the Company.

The Company's IT systems could be compromised by unauthorized parties attempting to extract business sensitive, confidential or personal information, corrupting information or disrupting business processes or by inadvertent or intentional actions by the Company's employees or vendors. A cyber security incident resulting in a security breach or failure to identify a security threat, could disrupt business and could result in the loss of business sensitive, confidential or personal information or other assets, as well as litigation, regulatory enforcement, violation of privacy and security laws and regulations and remediation costs.

Labour Difficulties

Factors such as work slowdowns or stoppages caused by the attempted unionization of operations and difficulties in recruiting qualified miners

and hiring and training new miners could materially adversely affect the Company's business. This would have a negative effect on the Company's business and results of operations which might result in the Company not meeting its business objectives.

Nature of Mineral Exploration and Mining

The economics of exploring and developing mineral properties are affected by many factors including capital and operating costs, variations of the grades and tonnages of ore mined, fluctuating mineral market prices, costs of mining and processing equipment and such other factors as government regulations, allowable production, importing and exporting of minerals and environmental protection.

The effect of these factors cannot be accurately predicted, but the combination of these factors may result in Premier not receiving an adequate return on invested capital. The operations of the Company are also subject to all of the hazards and risks normally incidental to exploration and development of mineral properties, any of which could result in damage to life or property, environmental damage and possible legal liability for any or all damage. The activities of the Company may be subject to prolonged disruptions due to inclement or hazardous weather conditions depending on the location of operations in which Premier has interests. Hazards, such as unusual or unexpected geological formations, rock bursts, formation pressures, cave-ins, flooding or other conditions may be encountered in the drilling and removal of material. Other risks include, but are not limited to, mechanical equipment performance problems, industrial accidents, labour disputes, drill rig shortages, the unavailability of materials and equipment, power failures, hydrological conditions, earthquakes, fires, landslides and other Acts of God. While the Company may obtain insurance against certain risks in such amounts as it considers adequate, the nature of these risks are such that liabilities could exceed policy limits or could be excluded from coverage. There are also risks against which the Company cannot insure or against which it may elect not to insure. The potential costs which could be associated with any liabilities not covered by insurance or in excess of insurance coverage or compliance with applicable laws and regulations may cause substantial delays and require significant capital outlays, adversely affecting the future earnings and competitive position of the Company and, potentially, its financial position.

Estimates of Mineral Resources and Mineral Reserves

Mineral reserves and mineral resources are estimates only, and no assurance can be given that the anticipated tonnages and grades will be achieved, that the indicated level of recovery will be realized or that mineral reserves can be mined or processed profitably. Mineral reserve and mineral resource estimates may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing and other relevant issues. There are numerous uncertainties inherent in estimating mineral reserves and mineral resources, including many factors beyond the Company's control. Such estimation is a subjective process, and the accuracy of any mineral reserve or mineral resource estimate is a function of the quantity and quality of available data, the nature of the ore body and of the assumptions made and judgments used in engineering and geological interpretation. These estimates may require adjustments or downward revisions based upon further exploration or development work or actual production experience. Fluctuations in gold or silver prices, results of drilling, metallurgical testing and production, the evaluation of mine plans after the date of any estimate, permitting requirements or unforeseen technical or operational difficulties, may require revision of mineral reserve and mineral resource estimates. Prolonged declines in the market price of gold (or applicable by-product metal prices) may render mineral reserves containing relatively lower grades of mineralization uneconomical to recover and could materially reduce the Company's mineral reserves. Should reductions in mineral resources or mineral reserves occur, the Company may be required to take a material write-down of its investment in mining properties, reduce the carrying value of one or more of its assets or delay or discontinue production or the development of new projects, resulting in increased net losses and reduced cash flow. Mineral resources and mineral reserves should not be interpreted as assurances of mine life or of the profitability of current or future operations. There is a degree of uncertainty attributable to the calculation and estimation of mineral resources and mineral reserves and corresponding grades being mined and, as a result, the volume and grade of mineral reserves mined and processed and recovery rates may not be the same as currently anticipated. Any material reductions in estimates of mineral reserves and mineral resources, or of the Company's ability to extract these mineral reserves, could have a material adverse effect on the Company's results of operations and financial condition. Mineral resources are not mineral reserves and have a greater degree of uncertainty as to their existence and feasibility. There is no assurance that mineral resources will be upgraded to proven or probable mineral reserves.

Competition

There is significant competition in the precious metals mining industry for mineral rich properties that can be developed and produced economically, the technical expertise to find, develop, and operate such properties, the labour to operate the properties and the capital for the purpose of funding such properties. Many competitors not only explore for and mine precious metals but conduct refining and marketing operations on a global basis. As a result of this competition, some of which is with large established mining companies with substantial capabilities and greater financial and technical resources than the Company, the Company may be unable to acquire desired properties, to recruit or retain qualified employees or to acquire the capital necessary to fund its operations and develop its projects. Existing or future competition in the mining industry could materially adversely affect the Company's prospects for mineral exploration and success in the future. Increased competition can result in increased costs and lower prices for metal and minerals produced and reduced profitability. Consequently, the revenues of the Company, its operations and financial condition could be materially adversely affected.

From time to time several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

Conflicts of Interest

The directors and officers of the Company may serve as directors or officers of other public resource companies or have significant shareholdings in other public resource companies. Situations may arise in connection with potential acquisitions and investments where the other interests of these directors and officers may conflict with the interests of the Company. In the event that such a conflict of interest arises at a meeting of the

directors of the Company, a director is required by the Ontario Business Company's Act ("OBCA") to disclose the conflict of interest and to abstain from voting on the matter.

Current Global Financial Condition

Current global financial conditions have been subject to increased volatility, and access to public financing, particularly for resource companies, has been negatively impacted. These factors may impact the ability of the Company to obtain equity or debt financing in the future and, if obtained, such financing may not be on terms favourable to the Company. If increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted, and the value and price of the Common Shares could be adversely affected.

Risks Relating to Premier Common Shares Generally

No Guarantee of Positive Return on Investment

There is no guarantee that an investment in the securities of Premier will earn any positive return in the short term or long term. The mineral exploration and development business is subject to numerous inherent risks and uncertainties, and any investment in the securities of Premier should be considered a speculative investment. Past successful performance provides no assurance of any future success. The purchase of securities of Premier involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks. An investment in the securities of Premier is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment.

Volatility of the Trading Price of Premier Common Shares

The Premier Common Shares are listed on the TSX. In recent years, the securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered exploration or development stage companies, have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continued fluctuations in price will not occur, which may result in losses to investors. The purchase of Premier Common Shares should be undertaken only by investors who have no need for immediate liquidity in their investment. The trading price of the Premier Common Shares may increase or decrease in response to a number of events and factors, including, but not limited to: Premier's operating performance and the performance of competitors and other similar companies; volatility in gold and other metal prices; the public's reaction to Premier's press releases, other public announcements and Premier's filings with the various securities regulatory authorities; the failure of Premier to meet the reporting and other obligations under Canadian securities laws or imposed by the TSX; changes in recommendations by research analysts who track the Premier Common Shares or the shares of other companies in the resource sector; a reduction in coverage by such research analysts; changes in general economic and/or political conditions; the arrival or departure of key personnel; and acquisitions, strategic alliances or joint ventures involving Premier or its competitors, which, if involving the issuance of Premier Common Shares, or securities exercisable or exchangeable for or convertible into Premier Common Shares, would result in dilution to present and prospective holders of Premier Common Shares. In addition, the market price of the Premier Common Shares is affected by many variables not directly related to Premier's success and are, therefore, not within Premier's control, including other developments that affect the market for all resource sector securities, the breadth of the public market for the Premier Common Shares, and the attractiveness of alternative investments. Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. Premier may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

No Dividend Record

Premier does not have a dividend policy and has never declared or paid any dividends to its shareholders. Premier intends to invest all available funds toward the development and growth of its business and does not expect to pay any cash dividends for the foreseeable future. The payment of any cash dividend to shareholders of Premier in the future will be at the discretion of the directors of Premier and will depend on, among other things, the financial condition, capital requirements and earnings of Premier, and any other factors that the directors of Premier may consider relevant.

Issuance of Preference Shares

As of December 31, 2019, there were no Preference Shares outstanding; however, pursuant to its articles, Premier is authorized to issue an unlimited number of Preference Shares, in one or more series, with the designation of, and the rights, privileges, restrictions and conditions attached thereto, determined at the discretion of the directors of Premier, subject to the articles of Premier and the OBCA. Payment of dividends and repayment of the liquidation preference of such Preference Shares may take preference over dividends or other payments to holders of Premier Common Shares.

DISCLOSURE FOR COMPANIES OPERATING IN EMERGING MARKETS

Corporate Governance and Internal Controls

The Company has implemented a system of corporate governance, internal controls over financial reporting and disclosure controls and procedures that apply at all levels of the Company and its wholly-owned subsidiaries, including its foreign subsidiaries in emerging jurisdictions, such as Mexico (the "Mexican Subsidiaries"). These systems are overseen by the Company's board of directors, and implemented by the Company's senior management in various ways.

Due to the risks inherent in mineral production, the Company holds each of its material properties in a separate corporate entity (through local

subsidiary companies in foreign jurisdictions). The Company controls the Mexican Subsidiaries by virtue of corporate oversight and by its ownership of 100% of the shares issued by such entities. The Company's management has the power to instruct the Mexican Subsidiaries' officers to pursue business activities in accordance with the Company's objectives, and the Company has a legal right, as a shareholder, to require the officers of each of the Mexican Subsidiaries to comply with their fiduciary obligations. As a result, management of the Company can effectively align its business objectives with those of the Mexican Subsidiaries and implement such objectives at the subsidiary level.

In addition, the board of directors of the Company, through its corporate governance practices, regularly receives management and technical updates and progress reports in connection with the Mexican Subsidiaries. Certain of the Company's officers visit the Mercedes Mine and come into contact with local employees, government officials and business persons on a regular basis, and such interactions enhance the visiting officers' knowledge of local culture and business practices. The Company also takes steps to ensure that in-person communication is a priority.

Subject to applicable local corporate laws and the respective constating documents of each of the Mexican Subsidiaries, the Company may remove directors of the Mexican Subsidiaries from office either by way of a resolution duly passed by the Company at a shareholders' meeting or by way of a unanimous shareholders' written resolution.

Financial Controls and Procedures

The Company maintains internal control over financial reporting with respect to its operations in emerging jurisdictions by taking various measures. The Company's Executive Chairman has experience in conducting business in Mexico, including international corporate finance and mergers and acquisitions experience in Mexico. A senior member of the Company's finance team is a former Mexican national and is fluent in both Spanish and English. He is currently located in the Company's head office and was previously a senior member of the finance team at the Mercedes Mine prior to the purchase by the Company.

The difference in cultures and practices between Canada and Mexico is addressed by employing competent staff in Canada and Mexico who are familiar with the local laws, business culture and standard practices, have local language proficiency, are experienced in dealing with the respective government authorities, and have experience and knowledge of the local banking systems and treasury requirements. The bank accounts relating to the Mexican Subsidiaries are held in banks that are affiliates of Canadian based banks.

The annual budget, capital investment and mining activities in respect of the Mercedes Mine are established by the Company in consultation with the operating team in Mexico. In addition, the Company has local counsel in Mexico and tax advisors relating to the Mexican operations.

Each of these factors facilitate better understanding and oversight of the Company's operations in the foreign jurisdictions in the context of internal controls over financial reporting.

With respect to the flow of funds, sales and marketing of precious metals are completed at the Company level, with cash from such sales going to the Company directly, and the Mexican Subsidiaries completing the delivery of such precious metals to the end buyer. As a result of this arrangement, funds flow downward from the Company to the Mexican Subsidiaries in order to fund operating and capital expenditures. Accordingly, funds are very rarely transferred from the Mexican Subsidiaries upwards to the Company.

MANAGEMENT'S REPORT ON INTERNAL CONTROLS

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that material information is gathered and reported to senior management, including the President and Chief Executive Officer ("CEO") and the Executive Vice President and Chief Financial Officer ("CFO"), as appropriate to permit timely decisions regarding public disclosure.

The Corporation's management, including the CEO and CFO, have as at December 31, 2020, designed Disclosure Controls and Procedures (as defined in National Instrument 52-109 of the Canadian Securities Administrators), or caused them to be designed under their supervision, to provide reasonable assurance that material information relating to the issuer is made known to them by others, particularly during the period in which the interim or annual filings are being prepared; and information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

Internal Control over Financial Reporting

The Corporation's management, including the CEO and CFO, are 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 IFRS.

The Corporation's management, including the CEO and CFO, believe that disclosure controls and procedures and internal control over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Corporation have been prevented or detected. These inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the controls. The design of any control system also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed.

Management used the Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") to evaluate the effectiveness of the Company's internal controls for the year ended December 31, 2019. Based on this evaluation, management concluded that the Company's internal control over financial reporting was designed and operating effectively as at December 31, 2020 to provide reasonable assurance the financial information is recorded, processed, summarized and reported in a timely manner.

Due to its inherent limitations, internal controls over financial reporting and disclosure may not prevent or detect all misstatements. Management will continue to monitor the effectiveness of its internal control over financial reporting and disclosure controls and procedures and may make modifications from time to time as considered necessary.

There have been no changes in the Company's internal control over financial reporting during the three months and year ended December 31, 2020, that have materially affected or are reasonably likely to materially affect, the Company's internal control over financial reporting.

MINERAL RESERVES AND RESOURCES

Summary of 2020 Proven and Probable Reserves for Gold and Silver

GOLD (Au)	PROVEN RESERVES			PROBABLE RESERVES			PROVEN+PROBABLE RESERVES		
PROPERTY	Tonnes (Mt)	Grade (g/t Au)	Au Ounces (000's)	Tonnes (Mt)	Grade (g/t Au)	Au Ounces (000's)	Tonnes Mt)	Grade (g/t Au)	Au Ounces (000's)
Greenstone (Hardrock)*	-	-	-	70.85	1.02	2,324	70.85	1.02	2,324
Mercedes**	0.28	5.78	52	2.15	3.67	253	2.43	3.91	305
South Arturo***	2.60	3.20	267	1.03	2.42	80	3.62	2.98	347
TOTAL	2.88	3.45	319	74.02	1.12	2,656	76.90	1.20	2,976

SILVER (Ag)	PROVEN RESERVES			PROBABLE RESERVES			PROVEN+PROBABLE RESERVES		
PROPERTY	Tonnes (Mt)	Grade (g/t Ag)	Ag Ounces (000's)	Tonnes (Mt)	Grade (g/t Ag)	Ag Ounces (000's)	Tonnes (Mt)	Grade (g/t Ag)	Ag Ounces (000's)
Greenstone (Hardrock)*	-	-	-	-	-	-	-	-	-
Mercedes**	0.28	38.10	343	2.15	29.57	2,039	2.43	30.55	2,382
South Arturo***	-	-	-	-	-	-	-	-	-
TOTAL	0.28	38.10	343	2.15	29.57	2,039	2.43	30.55	2,382

Summary of 2020 Mineral Resources for Gold and Silver (exclusive of mineral reserves)

GOLD (Au)	MEASURED RESOURCES			INDICATED RESOURCES			MEA+IND RESOURCES			INFERRED RESOURCES		
PROPERTY	Tonnes (Mt)	Grade (g/t Au)	Au Ounces (000's)	Tonnes (Mt)	Grade (g/t Au)	Au Ounces (000's)	Tonnes (Mt)	Grade (g/t Au)	Au Ounces (000's)	Tonnes (Mt)	Grade (g/t Au)	Au Ounces (000's)
Greenstone*	2.85	1.29	118.5	78.76	1.55	3,919	81.61	1.54	4,037	15.58	3.33	1,670
Mercedes**	0.26	3.69	31	1.91	3.59	221	2.17	3.61	252	2.13	4.53	310
South Arturo***	3.21	1.06	110	5.27	1.27	215	8.48	1.19	325	2.57	1.26	104
McCoy-Cove****	-	-	-	0.95	11.22	342	0.95	11.22	342	3.66	11.24	1,322
Hasaga*****	-	-	-	42.29	0.83	1,124	42.29	0.83	1,124	25.14	0.78	631
TOTAL	6.32	1.28	259	129.19	1.40	5,821	135.51	1.40	6,080	49.08	2.56	4,037

SILVER (Ag)	MEASURED RESOURCES			INDICATED RESOURCES			MEA+IND RESOURCES			INFERRED RESOURCES		
PROPERTY	Tonnes (Mt)	Grade (g/t Ag)	Ag Ounces (000's)	Tonnes (Mt)	Grade (g/t Ag)	Ag Ounces (000's)	Tonnes (Mt)	Grade (g/t Ag)	Ag Ounces (000's)	Tonnes (Mt)	Grade (g/t Ag)	Ag Ounces (000's)
Greenstone*	-	-	-	-	-	-	-	-	-	-	-	-
Mercedes**	0.26	49.69	417	1.91	57.95	3,564	2.17	56.96	3,981	2.13	29.16	1,997
South Arturo***	-	-	-	-	-	-	-	-	-	-	-	-
McCoy-Cove****	-	-	-	0.95	29.53	900	0.95	29.53	900	3.66	20.89	2,457
Hasaga*****	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	0.26	49.69	417	2.86	48.53	4,464	3.12	48.63	4,881	5.79	23.93	4,454

*GREENSTONE GOLD: Mineral reserves and resources were calculated at a gold price of US$1250 and US$1320 respectively. The current independent technical report on the property, dated December 21, 2016, is entitled "Hardrock Project, Ontario, Canada" was completed by G Mining Services Inc. an updated mineral resource was released on October 3, 2019 (effective date September 4, 2019) using the same gold price assumptions. Mineral resources are inclusive of mineral reserves.

**MERCEDES: For 2018, mineral reserves and mineral resources were calculated under the supervision of Stephen McGibbon, Executive Vice-President of Project & Corporate Development at Premier Gold Mines Ltd at gold prices of US$1200 and US$1400 and silver prices of US$16.50 and US$19.25 respectively. The independent technical report on the property dated April 18, 2018, entitled "TECHNICAL REPORT ON THE MERCEDES GOLD-SILVER MINE, SONORA STATE, MEXICO" provides detail on resource estimate methodologies and assumptions.

***SOUTH ARTURO: Calculations have been prepared by employees of Barrick under the supervision of Rick Sims, Vice President, Resources and Reserves, of Barrick, Geoffrey Locke, Manager, Metallurgy, of Barrick and Mike Tsafaras, P. Eng., Manager, Value Realization of Barrick. Except as noted below, reserves have been estimated based on an assumed gold price of US$1,200 per ounce, an assumed silver price of US$16.50 per ounce

****McCOY-COVE: Mineral resources at Cove were estimated using a gold price of US$1400 per ounce. One ounce of gold is equivalent to 140 ounces of silver. The current independent technical report on the property, dated June 29, 2018, is entitled "PRELIMINARY ECONOMIC ASSESSMENT FOR THE COVE PROJECT, LANDER COUNTY, NEVADA" and was completed by Practical Mining LLC

*****HASAGA: Mineral resources at Hasaga were estimated using a gold price of US$1400 per ounce. The current independent technical report on the property, dated February 24, 2017, is entitled "NATIONAL INSTRUMENT 43-101 TECHNICAL REPORT: HASAGA PROJECT, RED LAKE MINING DISTRICT, ONTARIO, CANADA, NTS MAP SHEETS 52K/13 AND 52 N/04" and was completed by MRB and Associates.

See Disclaimer page for forward-looking statements and cautionary notes on mineral reserve and mineral resource estimates

CAUTIONARY STATEMENT ON FORWARD LOOKING STATEMENTS

Certain information set forth in this MD&A, including management's assessment of the Company'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 Company'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.

ADDITIONAL INFORMATION

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

"Steve Filipovic"
(Signed) Steve Filipovic
Chief Financial Officer
Thunder Bay, Canada
March 31, 2021