

Premier Gold Resources plc

("Premier Gold" or the "Company")

Premier Gold raises £1.2 million to fund accelerated work programme

- Subscription to raise £1.2 million at 0.4 pence per share
- Participation by entire board - investing £112,000 in aggregate
- Offer to buy back and cancel warrants accepted by over 84% of the warrant holders

Premier Gold (AIM: PGR), the Central Asia-focused gold exploration and development company, is pleased to announce that it has raised gross funds of £1,207,500 through a subscription for 301,875,000 new ordinary shares of 0.1 pence each ("Ordinary Shares") at a price of 0.4 pence per share (the "Subscription"), a premium to the Company's closing mid-market share price of 0.38 pence on 7 December 2012. All of the directors propose to invest in the Subscription, for £112,000 in aggregate.

Use of Proceeds

The proceeds of the Subscription will be used primarily to fund the exploration programme on the Company's Cholokkaindy gold licence on the Tien Shan belt in Kyrgyzstan. Premier Gold plans to carry out drilling on the prospects for the first time in the coming year. The geology-led work programme, set to commence in the spring, is targeting the Company's inventory of 22 target areas. Initial drilling will focus on the Talbaital area.

Surface work to date, including trenching and soil sampling, has provided strong geological evidence of an extensive mineralising system at Cholokkaindy, with two trends identified of up to 5 square kilometres, remaining open in all directions. Significant gold in bedrock mineralisation has been traced over a 3.5 kilometre long zone and up to 750 metres wide. As well as the initial drilling to be undertaken, the Company will undertake further soil sampling to infill and extend the known mineralisation across an area of 11.5 square kilometres, in addition to hundreds of metres of trenching.

The forthcoming work programme is designed to prove up the asset in order to establish a maiden resource by the end of 2013.

Details of the Subscription

Of the Subscription, Lanstead Capital L.P. ("Lanstead"), an institutional investor, has subscribed for 250,000,000 new ordinary shares at 0.4 pence per share for an aggregate consideration of £1,000,000 (the "Lanstead Subscription"). In addition, the Company has entered into an Equity Swap Agreement with Lanstead which allows the Company to retain much of the potential economic upside from the 250,000,000 shares purchased by Lanstead arising from near term positive news flow.

The Equity Swap Agreement provides that the Company's economic interest will be determined and payable in 24 monthly settlement tranches as measured against a benchmark price of 0.53333 pence per share (the "Benchmark Price"). If the measured share price exceeds the Benchmark Price for that month, the Company will receive more than 100 per cent of the monthly settlement due. There is no upper limit placed on the additional proceeds receivable by the Company as part of the monthly settlements. Should the share price be below the Benchmark Price, the Company will receive less than 100 per cent of the expected monthly settlement. In no case would a decline in the Company's share price result in any increase in the number of ordinary shares received by Lanstead or any other advantage accruing to Lanstead. The Company will issue 25,000,000 shares to Lanstead in consideration for the Equity Swap Agreement (the "Consideration Shares").

The structure of the Lanstead Subscription is designed to provide Premier Gold with a constant source of funds contributing to the Company's longer term cash flow requirements and exploration programme.

Directors' Shareholdings

Every member of the Premier Gold board has participated in the Subscription. As a result of their subscriptions, the interests of the directors in the enlarged issued share capital of the Company will be as follows:

| Director | No. of Shares prior to Subscription | No. of shares subscribed for in Subscription | Total shareholding following Subscription | % of enlarged issued share capital |
|---------------------|---|--|---|--|
| Colonel Bob Stewart | - | 3,000,000 | 3,000,000 | 0.3 |
| Richard Nolan | - | 5,000,000 | 5,000,000 | 0.5 |
| Dr Reza Tabrizi | 16,666,667 | 5,000,000 | 21,666,667 | 2.1 |
| Garth Earls | - | 5,000,000 | 5,000,000 | 0.5 |

| | | | | |
|-------------------------|-----------|-----------|-----------|-----|
| Gerry Desler | 488,169 | 5,000,000 | 5,488,169 | 0.5 |
| Christian Schaffalitzky | 4,166,667 | 5,000,000 | 9,166,667 | 0.9 |

The subscription by the directors constitutes a related party transaction within the meaning of the AIM Rules. The Company's Nominated Adviser, Merchant Securities Limited, considers that the terms of the subscription by the directors are fair and reasonable insofar as the Shareholders are concerned.

Offer for Warrants

As part of the Subscription process, the board is seeking to simplify the share structure of the Company. As such, the Company has made an offer to the holders of 175,799,093 warrants, which are exercisable at any time prior to 24 October 2013 at an exercise price of 1 penny per warrant (the "Warrants"), to purchase the Warrants for a consideration of £0.0001552 per Warrant for cancellation (the "Offer"). Holders of 84.3 per cent. of the Warrants have accepted the Offer and the Offer remains open to other Warrant holders until 5pm on 11 January 2013. The Company intends in due course to propose that the listing of the Warrants on AIM be cancelled.

The Offer for the Warrants constitutes a related party transaction within the meaning of the AIM Rules (because two of the Warrant holders, John McKeon and Barry Gold, own 18.8 per cent. and 12.8 per cent. of the Company's issued share capital, respectively). The directors of the Company, having consulted with the Company's Nominated Adviser, Merchant Securities Limited, consider that the terms of the Offer for the Warrants are fair and reasonable insofar as the Shareholders are concerned.

Total Shares in Issue

Application will be made to the London Stock Exchange for the Subscription Shares and the Consideration Shares to be admitted to trading on AIM and it is expected that admission will become effective and trading will commence on 17 December 2012. The Subscription Shares and Consideration Shares will rank *pari passu* with the existing ordinary shares of the Company.

Following the Subscription and issue of Consideration Shares, the total number of ordinary shares in issue will be 1,008,953,458. Shareholders may use this number when calculating their percentage holding in the Company.

Richard Nolan, Chief Executive, commented:

"Cholokkaindy bears the hallmarks of a substantial gold deposit. Its low elevation and proximity to towns would make logistics and development relatively simple. The funds raised today enable the Company to progress the prospect through the pivotal next phase of establishing a maiden resource. By extending the area of known mineralisation and commencing drilling, we will be able to build a picture of the three-dimensional structure of the mineralised area.

We are grateful for the support from investors who have come in alongside every member of the board, as we embark upon the busy and exciting year ahead."

Contacts:

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