

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF  
FINANCIAL CONDITION AND RESULTS OF OPERATIONS  
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2010**

The following Management's Discussion and Analysis ("MD&A") of Premier Gold Mines Limited (the "Corporation" or "Premier" or "PG") should be read in conjunction with the audited consolidated financial statements for the three and nine months ended September 30, 2010 with a comparative period for the year ending December 31, 2009, and the notes thereto. The Corporation's consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). Unless otherwise stated, all amounts discussed herein are denominated in Canadian dollars. This MD&A was prepared as of November 12, 2010, and all information is current as of such date. Readers are encouraged to read the Corporation's public information filings on SEDAR at [www.sedar.com](http://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.

Certain information set forth in this MD&A, including management's assessment of the Corporation's future plans and operations, contains forward-looking statements. By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond the Corporation's control, including the impact of general economic conditions, industry conditions, volatility of commodity prices, currency fluctuations, imprecision of reserve 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.

## Highlights

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### ***Over 29,000 metres drilled on Hardrock Project***

- Premier was successful in confirming the continuity of mineralization at depth on several zones at Hardrock.

### ***Red Lake Gold Mines (RLGM) continues to expand PG70 zone discovery at Rahill-Bonanza joint venture***

- RLGM's high speed tram linking the Cochenour Project (Bruce Channel) to the underground infrastructure of RLGM reached 15% completion from its Campbell Complex staging area by the end of the quarter.

In July, drilling was reactivated at East Bay on discovery of F2 Zone-style mineralization.

### ***Flow-through financing of \$18,000,000 at \$6.00 per share completed***

- The Corporation is well financed to complete significant drill programs planned for the upcoming year.

## Company Overview

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Premier is a Canadian-based mineral exploration company, focused on exploring for and developing gold deposits within the Americas. Premier has a diverse portfolio of advanced-stage gold exploration properties in Northwestern Ontario, Canada and a joint venture in Mexico.

Premier is active in three districts of Canada: Red Lake, Geraldton and the Musselwhite Mine area. In Red Lake, Premier is involved in 3 projects, the flagship of which is the Rahill-Bonanza Joint Venture with Red Lake Gold Mines, an affiliate of Goldcorp Inc.

The Red Lake Mining District is world renowned for high-grade gold with Goldcorp's Red Lake Gold Mines (RLGM) considered to be one of the highest grade producing gold mines in the world. The mines of Red Lake have produced tens of millions of ounces of gold, making it one of the world's most prolific gold camps. The Rahill-Bonanza Property (49% PG) is located immediately adjacent to, and along strike from, the RLGM complex.

Premier's East Bay Project, also joint ventured with Red Lake Gold Mines (35% PG), is being assessed for potential underground development subsequent to aggressive diamond drilling completed in the third quarter, to follow-up on the discovery of a new zone from February 2010 drilling.

The PQ North Property is strategically located just north of, and along strike from, Goldcorp's Musselwhite Gold Mine. Premier has signed a Letter of Intent with the North Caribou Lake First Nation that paves the way for future exploration programs on the property. The PQ North Property encompasses a major fold structure along strike from and within the main rock unit (Northern Banded Iron Formation) that hosts the gold-bearing ore zones at Musselwhite. Drilling on the Property by Premier in 2009 has returned several significant intersections and has identified structural units similar to those at the mine.

The Hardrock Project is located in the heart of the Beardmore-Geraldton Greenstone Belt, a highly prospective high-grade gold district that has seen relatively little exploration over the past several decades. The Project area covers approximately 15 kilometres strike length of some of the most strategic ground in the region and is host to three past-producing mines and numerous exploration targets in a district that has more than 4.1 Million ounces of historic gold production. Premier is operator of and has a 70% interest in the Hardrock Project.

The Santa Teresa mineral concession, located in the historic and high grade El Alamo District of Baja California Norte, Mexico is a joint venture with Sutter Gold Mines Ltd. The concession is accessible by road and is located approximately 100 kilometres southeast of Ensenada, Mexico and 250 kilometres from San Diego, California, USA.

In June 2010, Premier announced the intent to purchase Saddle Gold Inc., whose major asset included a significant portion of the underground and high grade Saddle deposit as well as a 1.5% NSR on the Emigrant Springs Mine project of Newmont Mining Inc. The purchase positions Premier with an important project within a world class and stable jurisdiction, to complement its Ontario assets in Red Lake and at Hardrock.

Premier continues to evaluate other high quality, high grade Americas-based gold projects with the strong belief that "*A World of Opportunity*" lies before it and aggressive exploration in proven districts will repeatedly reward our shareholders.

## Results of Operations

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### **Red Lake District, Northwestern Ontario**

Approximately 5,737 metres of diamond drilling, completed at a cost to Premier of \$693,000, was drilled on the Rahill-Bonanza joint venture property during the quarter. The exploration program, operated by Red Lake Gold Mines (RLGM) on behalf of the joint venture, focused on expanding the PG70 Zone discovery made late in 2009 as well as on drilling a deep hole beneath the Bonanza Deposit targeting the Balmer volcanic assemblage. To date in 2010, some 12,000 metres of drilling has been completed at Rahill-Bonanza.

In July, the joint venture reported on a recent drill intercept of 3.63 ounces per ton (124.3 grams per tonne) across 4.9 feet (1.5 metres). Together, all holes reported to date have outlined an area of some 200 metres by 450 metres with the zone still open in all directions.

During the fourth quarter of 2009, RLGM announced the results of an internal study which recommended that the Cochenour Project (Bruce Channel Deposit) be developed by both retrofitting and deepening the existing Cochenour Mine shaft and by constructing a high speed underground tram designed to link the Cochenour Project to the underground infrastructure of RLGM. A sizable portion of the high speed tram would pass through the Rahill-Bonanza joint venture, establishing a significant, deep exploration platform in which to continue exploring for new High Grade Zone-style ore deposits.

Exploration was reactivated at the East Bay Project in July 2010, where Premier holds between 35% and 50% property interests in joint venture with RLGM. The intent of the program will be to follow-up the mineralization drilled in February, 2010, which is similar to the F2 Zone at Rubicon Mineral's Phoenix Gold Project. Premier was invoiced a total of \$66,000 for 1096 metres of diamond drilling.

### **Geraldton District, Northwestern Ontario**

A total of 29,112 metres of diamond drilling was completed during the quarter on the Hardrock Project at a cost of some \$3,518,717. Diamond drilling focussed primarily on testing specific target areas and the deep extensions of the North and F Zones.

The Hardrock Project area covers approximately 15 kilometres strike length of some of the most strategic ground in the region and is host to past-producing mines and numerous exploration targets in a district that has more than 4.1 Million ounces of historic gold production. Premier, operator of the Project, holds a 70 % interest in the project.

Results from the diamond drilling were released on a regular basis throughout the quarter. The most significant of these was an intercept of 22.97 g/t gold across 24.8 metres in the NN Zone, which continued to expand at depth to the west.

Additional new significant intercepts included:

- 7.92 g/t Au across 114.5 m (0.23 oz/t across 375.6 feet) in the F Zone
- 5.49 g/t Au across 53.0 m (0.16 oz/ton across 173.9 ft) in the F Zone
- 4.36 g/t Au across 17.8 m (0.13 oz/ton across 58.4 ft) in the F Zone
- 13.05g/t Au across 4.1 m (0.38 oz/ton across 13.5 ft) in the NN Zone

Exploration continues to focus on deeper exploration targets along plunge lines below past-producing zones. Premier continues to accelerate drilling at Hardrock with the intent of completing an updated mineral resource estimate utilizing all results from the 2010 diamond drilling campaign.

### **PQ North Property, Musselwhite District, Ontario**

Premier was very active with exploration on PQ North during 2009 completing some 14,900 metres of diamond drilling in 24 holes during two campaigns at a cost of some \$2.9 million. This drilling was able to test only two of at least five significant target areas previously identified in the airborne magnetometer survey flown in 2008. Premier reported on what are regarded as important initial discoveries at PQ North in two separate press releases.



During Q1 of 2010, Premier completed a winter drilling campaign of some 6,500 metres at a cost of \$1.08 million. Warm winter conditions limited the number of targets that could be assessed and as a result, the drill program was more limited in scope than desired. No press releases of results were made on PQ North during the quarter. No exploration was conducted at PQ North during Q3 of 2010.

Late in the quarter, Premier had begun early discussions with North Caribou Lake First Nation about the completion of a formal Memorandum of Understanding (MOU) relating to the PQ North Property.

## Selected Financial Data

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

	Year ended December 31, 2009 \$	Year ended December 31, 2008 \$
<b>Operations</b>		
Total revenue	88,215	450,323
Income (loss) for the year	(3,310,737)	222,184
Basic and diluted loss per share	0.04	0.00
<b>Balance Sheet</b>		
Working capital	19,746,427	17,964,110
Total assets	88,851,746	68,410,963
Total liabilities	8,953,599	6,152,068

## Quarterly Information

The following is a summary of selected financial information of the Corporation for the quarterly periods indicated.

	2010	2010	2010	2009	2009	2009	2009	2008
Quarter	Third	Second	First	Fourth	Third	Second	First	Fourth
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Revenue	112,125	88,972	17,372	16,613	29,000	8,861	33,742	54,558
Income (loss) from continuing operations	(775,845)	(7,465,569)	(2,115,368)	(556,529)	(571,482)	(4,183,592)	(791,091)	(1,033,907)
Loss from continuing operations per Common share (basic and diluted)	0.00	(0.07)	(0.02)	0.00	0.00	(0.05)	0.00	(0.02)
Net income (Loss)	(423,814)	(7,775,312)	(2,125,428)	280,407	533,132	(3,847,686)	(276,589)	(11,288)
Net income (Loss) per Common share (basic and diluted)	0.00	(0.09)	(0.02)	0.00	0.00	(0.04)	0.00	0.00

## Overall Performance

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Net loss for the three months ended September 30, 2010 was \$423,814 compared to net income of \$533,132 for the same period of the previous year. The swing from net income to net loss compared to the previous year is primarily the result of a \$473,280 income tax recovery in the previous year. Items that impacted the net loss in the current year include a change in unrealized gain on investments of \$77,555, a loss on sale of investments of \$48,792, interest on long term debt of \$140,715, and foreign exchange loss of \$9,297. Operating expenses increased to \$887,970 from \$600,482 due primarily to increased professional fees.

Of the \$887,970 in operating expenses incurred during the three months ended September 30, 2010, \$2,855 related to non-cash charges for amortization. Of the remaining \$885,115 in operating expenses, \$586,353 related to general and administrative expenses, \$235,941 to professional fees and \$56,340 for the flow-through interest penalty. The Corporation reported \$473,280 of future income tax recovery during the period relating to timing differences between the accounting and tax basis of assets as at September 30, 2010. The most significant amounts included in general and administrative expenses are listing fees of \$86,645, accounting and administrative of \$48,819, investor relations of \$93,338, travel expenses of \$29,265, and executive and office salaries of \$73,112. Exploration and development programs during the three months ended September 30, 2010 resulted in \$3,938,714 in related net expenditures. Of the \$3,938,714 incurred, \$3,518,717 related to the Hardrock project, and the remaining \$419,997 was spent on the other areas.

On February 2, 2010 the Corporation issued 8,000,000 common shares, on a "bought deal" basis, at a price of \$4.00 per common share for gross proceeds of \$32,000,000. In consideration of the agents' services in connection with the offering, the agents were paid an aggregate cash fee equal to 5 per cent of the gross proceeds raised in the offering.

On July 15, 2010 the Corporation completed a private placement of flow-through common shares. Premier issued 3,000,000 Flow-Through Common Shares at a price of \$6.00 per Flow-Through Common Share for aggregate gross proceeds of \$18,000,000.

## Transaction with Saddle Gold Inc.

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On June 14, 2010 the Corporation acquired Saddle Gold Inc. ("Saddle") by way of a merger transaction whereby a wholly-owned Delaware, USA, subsidiary of Premier merged with and into Saddle pursuant to the applicable provisions of the Delaware General Corporation Law. Saddle owns, among other things, the mineral rights in respect of a majority portion of the Saddle Gold Deposit (the "Saddle Property") and a 1.5% production royalty on the Emigrant Springs Deposit, both located in Elko County, Nevada. The aggregate purchase price was US\$24,000,000, with Premier paying US\$3,100,000 in cash and issuing 5,442,357 common shares at a fair value of CDN\$4.00 per share. Included in purchase consideration were CDN\$984,000 paid in transactions costs. Following completion of the acquisition, Premier holds all of the assets and liabilities of Saddle, including outstanding debt in the principal amount of US\$12,000,000 (see Note 13 - Long-term Debt).

The purchase consideration totaling CDN \$25,958,791, has been allocated as follows:

Cash	\$	1,995
Accounts receivable		111,143
Mineral properties		45,045,585
Accounts payable		(516,287)
Future tax liability		(6,380,045)
Long term debt		(12,303,600)
<b>Total net assets</b>		<b>25,958,791</b>
<b>Purchase consideration:</b>		
5,442,357 common shares issued	\$	21,769,428
Cash		4,189,363

## Liquidity and Capital Resources

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Current assets at September 30, 2010 were \$55,225,356 compared to \$21,515,053 at December 31, 2009 and total assets were \$175,806,839 compared to \$88,851,746. The increase in total assets relates primarily to the transaction with Saddle Gold Inc, and the financing completed during the period. The Corporation's cash and cash equivalents balance was \$54,551,535 at September 30, 2010 compared to \$21,226,978 at December 31, 2009. The Corporation also held \$101,064 in long term investments at September 30, 2010 compared to \$1,490,150 at December 31, 2009.

Cash used in operating activities was \$1,281,001 for the three months ended September 30, 2010. The most significant non-cash credits to earnings were a change in unrealized gain on investments of \$77,555, and future tax recovery of \$473,280. The most significant non-cash charges to earnings include loss on sale of investments of \$48,792, and interest on long term debt of \$140,715.

Cash used in investing activities was \$3,854,996 for the three months ended September 30, 2010 which relates to \$3,803,311 in mineral exploration development expenditures, net of mineral property write downs, and the cash portion of the Saddle Gold transaction. The investing activities are also affected by the net change in non cash working capital balances of \$180,682 which is determined through an increase to accounts payable over the prior period and offset by increases to accounts receivable.

Cash provided by financing activities was \$16,210,392 which is made up of the proceeds from the private placement of \$18,000,000, exercise of stock options for \$857,150 and warrants of \$172,843, which were offset by share issue costs of \$1,018,241 and repayment of long term debt of \$1,801,360.

The Corporation has financed the majority of its exploration activities with flow-through share issuances. Resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share issuances are renounced to investors in accordance with income tax legislation. When these expenditures are renounced to investors, temporary taxable differences created by the renunciation reduce share capital.

The Corporation applies Canada Revenue Agency's look-back rule when accounting for the tax consequences of Flow-Through Share Issuance. Interest penalties accrued during the three months ending September 30, 2010 in relation to resource expenditures renounced to investors under Canada Revenue's look-back rule, totalled \$56,340.

As at September 30, 2010, the financial instruments of the Corporation consisted of cash and cash equivalents, accounts receivable, long-term investments, accounts payable and accrued liabilities and long term debt. Unless otherwise noted, the Corporation does not expect to be exposed to significant interest, currency or credit risks arising from these financial instruments. The Corporation estimates that the fair value of the financial instruments approximate the carrying values.

The Corporation is authorized to issue an unlimited number of Common Shares of which 102,683,308 were outstanding as of November 12, 2010. As at November 12, 2010 the Corporation had options outstanding to purchase an aggregate of 6,819,740 Common Shares under its share incentive plan with exercise prices ranging between \$1.00 and \$4.20 per share and expiry dates between September 15, 2011 and April 13, 2015. All of the issued options had vested by August 12, 2010.

There were no warrants outstanding as of November 12, 2010.

Maturing investments and new financing arrangements will continue to be the major sources of cash flow for the Corporation, as the Corporation is still in the exploration stage without revenue from operations.

## Commitments

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The following is a summary of the commitments of the Corporation as at September 30, 2010:

	2010	2011	2012	2013	Total
Contracts and operating leases	\$190,338	\$211,329	\$19,073	\$6,469	\$427,209
Exploration agreements	\$350,000	\$0	\$0	\$0	\$0
Exploration expenditure commitment from the issuance of flow through shares	\$5,831,223	\$0	\$0	\$0	\$0

## Mineral Property Held for Sale

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### Newman Madsen

Mineral property held for sale includes the Newman Madsen property with a book value of \$102,064. As at September 30, 2010 the Corporation was in discussions with other parties regarding the possible sale of the Corporation's interest in these mineral properties.

### Property write-down

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As at September 30, 2010, the Corporation has decided to no longer pursue its option to acquire a 100% interest in the Lennie project, and as such \$1,768,646 has been charged against earnings in the period. A penalty for early termination was paid to Newcastle Resources Ltd.

## Subsequent events

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On October 14, 2010 the Corporation entered into Option and Purchase Agreements to acquire interests in three adjoining properties located in the Red Lake Mining Division, in the Province of Ontario. The combined property package will be called the Redgold Project. The Redgold Project is located 80 km east of the Red Lake Gold Mines complex, within the Birch-Uchi greenstone belt.

The first agreement will provide Premier the Option to earn up to a 70% interest in the Bobjo Prospect from Mainstream Minerals (TSX.V:MJO). As part of the agreement, Premier will operate a due diligence drill program that will be funded by Mainstream to confirm earlier results from drilling completed prior to the acquisition. Following the program, Premier can earn its interest by making certain cash and share payments to Mainstream and performing exploration on the Property.

The second agreement will provide Premier the option to acquire a 100% interest in the Woco Prospect from Dollard Mines Ltd., a private company, by paying to Dollard \$250,000 cash and issuing to Dollard 150,000 shares of Premier over a two year period. The Property is subject to a 2% Net Smelter Royalty payable to Dollard, plus an underlying 1% NSR.

The third agreement provides for Premier to acquire 100% of the Raingold Property, comprised of 6 Patented mining claims contiguous with the other two properties that make up the Redgold Project.

## **Transactions with Related Parties**

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

[a] Included in general and administrative expenses are amounts totaling \$33,588 (2009 - \$33,181) for corporate secretarial services provided by companies related to the Corporation through a common officer.

[b] Included in general and administrative expenses are amounts totaling \$216,070 (2009 - \$255,161), and included in the mineral property expenditures are amounts totaling \$96,105 (2009 - \$112,104) for rent, facilities related charges, and accounting and management services provided by a company related to the Corporation through a common officer.

[c] Included in other revenue are amounts totaling \$23,850 (2009 - \$22,950) for rental of a core shack to a company related to the Corporation through a common director.

## ***Critical Accounting Estimates***

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The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Based on historical experience, current market conditions and expert advice, management makes assumptions that are believed to be reasonable under the circumstances. These estimates and assumptions form the basis for judgments about the carrying value of assets and liabilities and reported amounts for revenues and expenses. The following have been identified as critical accounting policies and estimates and a change in these policies or estimates could materially impact the consolidated financial statements. The Company's complete accounting policies are described in Note 2 to the consolidated annual financial statements for the year ended December 31, 2009.

### **Mineral properties**

The cost of mineral properties includes all direct exploration costs including administrative expenses and certain deferred costs that can be directly related to specific projects. Exploration and associated costs relating to non specific projects / properties are expensed in the period incurred. Significant property acquisition, exploration costs relating to specific properties for which economically recoverable reserves are believed to exist are deferred until the project to which they relate is sold, abandoned or placed into production. Costs related to properties abandoned are written-off when it is determined that the property has no continuing value.

All of the Corporation's properties are in the exploration stage and have not yet attained commercial production. The ultimate realization of the carrying value of properties in the exploration stage is dependent upon the successful development or sale of these properties.

### **Stock-based compensation**

The Corporation applies the fair value method of accounting for all stock option awards. Under this method, the Corporation recognizes a compensation expense for all stock options awarded since incorporation, based on the fair value of the options on the date of grant, which is determined by using an option pricing model.

## Recent Accounting Pronouncements

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### **Credit Risk and the Fair Value of Financial Assets and Financial Liabilities**

In January, 2009, the Emerging Issues Committee issued a new abstract concerning the measurement of financial assets and financial liabilities, EIC-173 "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities." There had been diversity in practice as to whether an entity's own credit risk and the credit risk of the counterparty are taken into account in determining the fair value of financial instruments. The EIC reached a consensus that these risks should be taken into account in the measurement of financial assets and financial liabilities. EIC-173 was effective for all financial assets and financial liabilities measured at fair value in interim and annual financial statements issued for periods ending on or after the date of issuance of EIC-173 with retrospective application without restatement of prior periods. The Corporation has applied this new abstract at the date of issuance resulting in no impact on its consolidated financial statements.

### **Mining exploration costs**

On March 27, 2009, the Canadian Institute of Chartered Accountants approved EIC 174, "Mining Exploration Costs". The EIC provides guidance on capitalization of exploration costs related to mining properties in particular and on impairment of long-lived assets in general. The Corporation has applied this new abstract at the date of issuance resulting in no impact on its consolidated financial statements.

## Future Accounting Changes

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### **IFRS Conversion Plan**

During 2009, the Corporation put in place a comprehensive IFRS conversion plan which addresses changes in accounting policies, restatement of comparative periods, organization, internal controls and any required changes to business processes. To ensure the full impact of the conversion was understood, personnel responsible for the IFRS conversion project attended training courses on the adoption and implementation of IFRS. Through in-depth training, and thorough review of transitional statements prepared by comparative companies, the Corporation believes the finance personnel are prepared for the transition.

During Q3 2009, the Corporation reviewed its existing accounting system along with internal and disclosure processes and concluded that they would not need significant modification as a result of the Corporation's conversion to IFRS. Included in this review was an assessment of existing reporting templates and checklists, rationalization of the existing chart of accounts, and review of the efficiency of period-end close procedures.

As a part of the Corporation's transition to International Financial Reporting Standards, an initial review of the impact on internal control over financial reporting has been completed. The Corporation believes that the current controls, policies and procedures included in ICFR design are sufficient to meet the requirements of the upcoming transition.

Management expects that the transition to IFRS will not have a material impact on the Corporation's internal control over financial reporting due to the limited complexity of its business.

## Initial Adoption of IFRS

IFRS 1 "First-time Adoption of International Financial Reporting Standards" sets forth guidance for the initial adoption of IFRS. Under IFRS1 the standards are applied retrospectively at the transitional balance sheet date with all adjustments to assets and liabilities taken to retained earnings unless certain exemptions are applied. Following the initial examination the Corporation plans to apply the following exemptions to its opening balance sheet dated January 1, 2010:

(i) Business Combinations

IFRS 1 indicates a first-time adopter may elect not to apply IFRS 3 *Business Combinations* retrospectively to business combinations that occurred before the date of transition to IFRS. The Corporation will take advantage of this election and will apply IFRS 3 to business combinations that occur on or after January 1, 2010. As the Corporation has not chosen to early adopt, these standards will affect the accounting for any business combinations completed after January 1, 2011.

(ii) Share-based payment transactions

IFRS 1 encourages, but does not require, first-time adopters to apply IFRS 2 *Share-based Payments* to equity instruments that were granted on or before November 7, 2002, or equity instruments that were granted subsequent to November 7, 2002 and vested before the later of the date of transition to IFRS and January 1, 2005. The Corporation has elected not to apply IFRS 2 to awards that vested or will vest prior to January 1, 2010.

(iii) Estimates

In accordance with IFRS 1, an entity's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under previous GAAP, unless there is objective evidence that those estimates were in error. The Corporation's IFRS estimates as of January 1, 2010 are expected to be consistent with its Canadian GAAP estimates for the same date unless evidence was obtained that indicated that the estimates were in error.

The eventual changeover to IFRS represents a change due to new accounting standards and is a significant undertaking that may materially affect the Corporation's reported financial position and results of operations. The Corporation is continually assessing the impact of the conversion, and below is a table outlining some of the key milestones, timing, and current status of the Corporation's changeover:

<b>Key Activity</b>	<b>Timing</b>	<b>Current Status</b>
<b>Financial Reporting</b> <ul style="list-style-type: none"> <li>Identify differences in Canadian GAAP and IFRS and effect on accounting policies</li> </ul>	Overall assessment completed and will be updated to Q4 2010	Differences identified and analysis of impact and disclosures ongoing
<ul style="list-style-type: none"> <li>Determine applicable IFRS 1 exemptions</li> </ul>	Assessment to be updated for and finalized Q4 2010	Exemptions identified and assessment is ongoing
<ul style="list-style-type: none"> <li>Develop financial statements in accordance with IFRS</li> </ul>	To be completed Q4 2010	Accounting policy development initiated, review of comparative adopters in other jurisdictions reviewed.
<ul style="list-style-type: none"> <li>Quantify effects of change in initial IFRS disclosure and 2010 comparative statements</li> </ul>	To be completed Q4 2010	The quantitative impact will be finalized upon completion of transition
<b>Business activities</b> <ul style="list-style-type: none"> <li>Assess effect on budgeting and planning processes</li> </ul>	To be completed Q4 2010	Budgeting and planning not yet impacted by conversion
<ul style="list-style-type: none"> <li>Assess need for IFRS training</li> </ul>	Training completed by Q4 2009 to facilitate parallel processing by Q3 2010	Training is completed and analysis of the impact on all finance staff is underway
<b>Information technology infrastructure</b> <ul style="list-style-type: none"> <li>Determine that software and business processes are IFRS compliant</li> </ul>	Completed Q4 2009 to facilitate parallel processing of 2010 general ledger	Initial assessment completed in conjunction with analysis of accounting policies
<ul style="list-style-type: none"> <li>Assess needs for program upgrades and changes to general ledger</li> </ul>	Initial assessment completed and to be an ongoing process throughout conversion	Assessment is completed in conjunction with analysis of accounting policies
<b>Control Environment</b> <ul style="list-style-type: none"> <li>For accounting policies changes, assess control framework and effectiveness implications</li> </ul>	Control and design effectiveness are continually being monitored throughout the conversion process.	Assessment is completed in conjunction with analysis of accounting policies.

## **Business combinations / consolidated financial statements / non-controlling interests**

In January 2009, the CICA adopted sections 1582, "Business Combinations", 1601, "Consolidated Financial Statements", and 1602, "Non-Controlling Interests" which superseded current sections 1581, "Business Combinations" and 1600, "Consolidated Financial Statements". These sections will be applied prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Earlier adoption is permitted. If an entity applies these sections before January 1, 2011, it is required to disclose that fact and apply each of the new sections concurrently. These new sections were created to converge Canadian GAAP to IFRS.

## **Off-Balance Sheet Arrangements**

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The Corporation has not participated in any off-balance sheet or income statement arrangements.

## **Risks and Uncertainties**

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At the present time, the Corporation does not hold any interest in a mining property in production. The Corporation's viability and potential success lie in its ability to develop, exploit and generate revenue out of mineral deposits. It is impossible to ensure that the current exploration programs planned by Premier will result in a profitable commercial mining operation. Revenues, profitability and cash flow from any future mining operations involving the Corporation will be influenced by precious and/or base metal prices and by the relationship of such prices to production costs. Such prices have fluctuated widely and are affected by numerous factors beyond the Corporation's control.

The exploration activities of the Corporation are subject to various federal, provincial and local laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substances and other matters. Exploration activities are also subject to various federal, provincial and local laws and regulations relating to the protection of the environment. These laws mandate, among other things, the maintenance of air and water quality standards, and land reclamation. These laws also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Although Premier's exploration activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. Amendments to current laws and regulations governing operations and activities of exploration could have an adverse impact on the Corporation.

The exploration and development of mineral properties may require Premier to obtain regulatory or other permits and licenses from various governmental licensing bodies. There can be no assurance that the Corporation will be able to obtain all necessary permits and licenses that may be required to carry out exploration, development and mining operations on its properties.

The Corporation has limited financial resources and there is no assurance that additional funding will be available to it for further exploration and development of its projects or to fulfill its obligations under applicable agreements. Although the Corporation has been successful in obtaining financing through the sale of equity securities, there can be no assurance that the Corporation will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of the property interests of the Corporation with the possible dilution or loss of such interests.



## Controls and Procedures

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In accordance with the requirements of *National Instrument 52-109 Certification of Disclosure in Issuer's Annual and Interim Filings*, the Corporation's management, including Chief Executive Officer (CEO) and Chief Financial Officer (CFO), have evaluated the operating effectiveness of the Corporation's internal control over financial reporting. Management of the Corporation is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed by, or under, the supervision of, the CEO and CFO and effected by management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Management assessed the effectiveness of the Corporation's internal control over financial reporting as of September 30, 2010. Based on this assessment, management believes that, as of September 30, 2010, the Corporation's internal control over financial reporting is designed effectively.

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the CEO and CFO, on a timely basis so that appropriate decisions can be made regarding annual and interim financial statement disclosure. Management believes these disclosure controls and procedures have been effective during the period ended September 30, 2010.

## Additional Information

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Additional information relating to the Corporation can be found on SEDAR at [www.sedar.com](http://www.sedar.com), or on the Corporation's web-site at [www.premiergoldmines.com](http://www.premiergoldmines.com).

(Signed) John Seaman  
Chief Financial Officer

Thunder Bay, Canada  
November 12, 2010