

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited interim financial statements for the period ended March 31, 2007 of Premier Gold Mines Limited (the "Corporation" or "Premier"). The unaudited financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). 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. This MD&A was prepared using information that is current as of May 14, 2007.

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, undue 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 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.

Unless otherwise stated, all amounts discussed herein are denominated in Canadian dollars.

Overview

Premier is a recently-formed Canadian based mining and exploration company focused on developing and acquiring high quality gold projects worldwide. Premier has certain property interests in the Red Lake, and Musselwhite areas in Northwestern Ontario, has recently signed a letter of intent to acquire an interest in the Santa Teresa Property in Mexico. In addition Premier has a strong balance sheet following the closing of a private placement in April 2007.

Premier has signed a letter of intent with Goldcorp Inc. (G:TSX, GG:NYSE) to explore a strategic land package located in the prolific Red Lake Greenstone Belt in Northwestern Ontario. Premier and Goldcorp are currently concluding a definitive Joint Venture Agreement where both companies are contributing mining properties held in this area and are jointly funding the exploration and development of this combined property package. Recently, the Partnership has started an aggressive drill program on this Property, focused on expanding gold mineralization at several new and historic discoveries along the main Red Lake "Mine Trend", and the Partnership is in the process of testing new areas of interest from the underground workings of the nearby Red Lake Gold Mines complex, operated by Goldcorp. Red Lake is considered one of the world's premier addresses for high grade gold. The world-class Red Lake "Mine Trend", a 35-square kilometre corridor with a 70 year history of discovery, has provided 4 major

deposit discoveries in the last 12 years and over 30 million ounces of gold. In addition, Premier also holds several other exploration and advanced-stage gold properties in the Red Lake District and also along the main horizon of the Musselwhite Gold Mine (Goldcorp/Kinross) in Northwestern Ontario.

Premier also continues to evaluate other high quality, high grade North American-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. This process has led the company to the Santa Teresa Property in Mexico, a high-grade exploration target in a district that has had historical gold production in the ounces per tonne.

Selected Financial Data

The Corporation was incorporated under the laws of the Province of Ontario on May 29, 2006, and was inactive until August 18, 2006.

The following selected financial information is derived from the audited annual financial statements of the Corporation prepared in accordance with Canadian GAAP. As noted above due to incorporation in May 2006, there is no financial data available relating to previous periods.

	<u>Period ended December 31,</u>
	2006
	\$
Operations	
Total revenue	61,009
Income (loss) for the year	(1,101,563)
Basic and diluted loss per share	(0.03)
Balance Sheet	
Working capital	7,692,041
Total assets	35,003,030
Total liabilities	3,796,508

Quarterly Information

The following is a summary of selected financial information of the Corporation for the quarterly periods indicated. As noted above due to incorporation in May 2006, there is no financial data available relating to previous periods.

	<u>2007</u>	<u>2006</u>	<u>2006</u>	<u>2006</u>
Quarter	First	Fourth	Third	Incorporation on May 29, 2006 to September 30, 2006
	(\$)	(\$)	(\$)	(\$)
Revenue	74,760	54,391	6,618	6,618
Income (loss) from continuing operations	(237,075)	(610,568)	(775,208)	(775,208)
Income (loss) from continuing operations per Common share (basic and diluted)	(0.00)	(0.02)	(0.03)	(0.04)
Net income (Loss)	(244,876)	(326,355)	(775,208)	(775,208)
Net income (Loss) per Common share (basic and diluted)	(0.00)	(0.01)	(0.03)	(0.04)

Results of Operations

Net Loss for the three months ended March 31, 2007 was \$244,876. Of the \$311,835 in operating expenses incurred during the period, \$4,114 related to non-cash charges for amortization. Of the remaining \$307,721 in operating expenses, \$222,813 related to general and administrative expenses, \$32,720 to professional fees and \$52,188 for the flow-through interest penalty. The Corporation reported \$7,801 of future income tax expense during the period relating to timing differences between the accounting and tax basis of assets.

Exploration and development programs during the three months ended March 31, 2007 resulted in \$1,536,922 in related expenditures. Of the \$1,536,922 incurred, \$1,345,075 related to the Bonanza project. An additional \$191,848 in exploration and development expenditures were incurred by the Corporation on other exploration programs during the period, including the \$148,000 acquisition cost of the Meunier claim in Red Lake Ontario.

Liquidity and Capital Resources

Current assets at March 31, 2007 were \$6,817,781 compared to \$8,482,447 at December 31, 2006 and total assets were \$34,871,173 compared to \$35,003,030. The \$131,857 decrease in total assets relates primarily to changes in working capital balances. The Corporation's cash and cash equivalents balance was \$6,739,163 at March 31, 2007 compared to \$8,382,631 at December 31, 2006.

Cash used in operating activities was \$194,346 for the period ended March 31, 2007 which is due primarily to changes in non-cash working capital balances. Cash used in investing activities was \$1,536,922 for the three months ended March 31, 2007 which relates to exploration expenditures of the same amount. No capital expenditures were made during the period ending March 31, 2007. Cash provided by financing activities was \$87,800 which relates to the exercise of stock options, \$20,000, and the exercise of share purchase warrants, \$67,800.

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 first quarter of 2007 in relation to resource expenditures renounced to investors under Canada Revenue's look-back rule, totaled \$52,188. It is anticipated that the Corporation will incur an additional \$95,000 in interest penalties during 2007 in relation to resource expenditures associated with 2006 flow-through share financing.

As at March 31, 2007, the financial instruments of the Corporation consisted of cash and cash equivalents, accounts receivable, prepaids and deposits, temporary investments, accounts payable and taxes payable. 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 cash and cash equivalents, accounts receivable, accounts payable and taxes payable approximate the carrying values.

The Corporation is authorized to issue an unlimited number of Common Shares of which 59,060,492 were outstanding at March 31, 2007. As at March 31, 2007 the Corporation had options outstanding to purchase an aggregate of 875,000 Common Shares under its share incentive plan with an exercise price of \$1.00 per share and an expiry date of September 15, 2011. In addition, the Corporation has share purchase warrants outstanding for the purchase of 563,500 shares at a price of \$1.20 per share and expiring April 6, 2008. [See Notes 6, 7 and 8 to the unaudited interim Financial Statements].

Pursuant to the Arrangement with Wolfden Resources Inc. ("Wolfden"), the Corporation has committed to issuing up to 2,415,000 common shares, for no cash proceeds, in relation to Wolfden stock options (the "Options") granted to Wolfden directors, officers, key employees, and consultants prior to the Arrangement date. All of the options outstanding were vested as at March 31, 2007. The outstanding options and the Corporation's related commitments, have expiry dates ranging from July 2008 to July 2011.

On May 8, 2007 Zinifex Limited ("Zinifex") has taken up and accepted for payment approximately 86 million common shares ("Common Shares") of Wolfden pursuant to Zinifex offer (the "Offer") to acquire all of the outstanding Common Shares for \$3.81 in cash per Common Share. The Common Shares acquired by Zinifex represent 95% of the issued and outstanding Common Shares. As a result, the Corporation will be required to issue 100% of the above noted shares.

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 development stage without revenue from operations.

Transactions with Related Parties

The following is a summary of the related party transactions of the Corporation during the period ended March 31, 2007:

- a) Included in general and administrative expenses are amounts totalling \$10,223 (2006 - \$5,988) for accounting and corporate secretarial services provided to the Corporation by Duguay & Ringler Corporate Services and D & R Filing Corporation, companies related to the Corporation through a common officer, Shaun Drake. The amounts are recorded at the exchange amount agreed to by the parties.
- b) Included in general and administrative expenses are amounts totalling \$36,614 (2006 - \$39,813) relating to compensation of officers of the Corporation. The amounts are recorded at the exchange amount agreed to by the parties.
- c) Included in general and administrative expenses are amounts totalling \$52,500 (2006 - \$70,000) for accounting and management services provided by Wolfden, a company related to the Corporation through common directorship. The amounts are recorded at the exchange amount agreed to by the parties.
- d) Included in accounts payable are amounts totalling \$56,459 (2006 - \$57,847) for expenditures paid on behalf of the Corporation by Wolfden and outstanding management fees, a company related to the Corporation through common directorship. The amounts are recorded at their cost.

Subsequent Events

Private Placement

On April 4, 2007, the Corporation entered into an agreement with Westwind Partners Inc. as lead underwriter on behalf of a syndicate of underwriters (collectively, the "Underwriters") to sell, on a bought deal private placement basis, 1,600,000 flow-through subscription receipts ("Flow-Through Receipts") at a price of \$3.25 per Flow-Through Receipt and 2,000,000 subscription receipts ("Subscription Receipts") at a price of \$2.50 per Subscription Receipt (the Flow-Through Receipts and Subscription Receipts collectively the "Securities") in the capital of Premier Gold Mines Limited (the "Company"), for aggregate gross proceeds of approximately \$10,200,000. The securities issuable under the private placement are subject to a four month hold period from the closing date.

Pursuant to the agreement each Flow-Through Receipt will be automatically exchanged, for no additional consideration, for one flow-through common share of the Company ("Flow-Through Share") and each Subscription Receipt will be automatically exchanged, for no additional consideration, for one unit (a "Unit") in the capital of the Company, immediately following execution by both parties of a formal Joint Venture Agreement (the "JV Agreement") between the Company and Goldcorp Inc. Each Unit is comprised of one common share ("Common Share") in the capital of the Company, and one half of one share purchase warrant ("Warrant").

The net proceeds of the offering will be held in escrow pending execution of the JV Agreement. If the JV Agreement is not signed by May 30, 2007, investors will have the option of receiving either the securities underlying their Flow-Through Receipts and Subscription Receipts or a refund of their subscription amounts.

The Underwriters exercised the option to sell an additional 2,875,000 Subscription Receipts or Units, as applicable, at a price of C\$2.50 per Subscription Receipt or Unit, prior to the Closing Date. The Underwriters shall receive compensation comprised of cash and broker warrants upon closing of the offering.

The offering closed on April 24, 2007. The securities to be issued under this offering will be offered by way of private placement exemptions in all the provinces of Canada, offshore including in the United Kingdom pursuant to applicable exemptions and in the United States on a private placement basis pursuant to an exemption from the registration requirements of the United States Securities Act of 1933, as amended.

Property Acquisition

On March 29, 2007 The Corporation signed a Letter of Intent ("LOI") with Sutter Gold Mining Inc. ("SGMI") to jointly explore the Santa Teresa mineral concession, located in the historic and high grade El Alamo District of Baja California Norte, Mexico.

Pursuant to the LOI Premier can earn an initial 50% interest in the project by issuing 100,000 shares of free-trading Premier stock to SGMI, completing US\$1,500,000 million in exploration and property acquisitions within two years, including US\$1,000,000 million within one year of signing the JV agreement, and reimbursing SGMI for all payments (approximately US\$225,000) over a four-year period to the original vendor of the property. In addition, Premier has secured the right to earn an additional 15% interest in the JV (for a total interest of 65%) by making a further cash payment of US\$500,000 to SGMI and conducting an additional US\$4,000,000 million in exploration on the property. SGMI will be the initial operators of the project, however, Premier can take over as operator once it secures a greater than 50% interest in the project.

Asset Exchange Agreement

On May 9, 2007 the Corporation signed an Asset Exchange Agreement (the "Agreement") with Red Lake Gold Mines (the "Partnership"), a subsidiary of Goldcorp Inc. Under the terms of the Agreement, the Partnership has agreed to transfer to Premier an undivided 50% interest in and to certain Mining Claims in the Red Lake District known as the Rahill-Wilmar and Kostynuk Properties, and Premier has agreed to transfer to the Partnership an undivided 50% interest in and to certain Mining Claims in the Red Lake District known as the Bonanza and Marathon Properties.

Premier is funding the initial \$1 Million in exploration on the Property, and future exploration will be funded on a 50:50 basis. Premier is the operator during the initial period of CAD\$5 Million in exploration, and Goldcorp will be operator thereafter. At any time during the first eighteen (18) months following the formation of the joint venture, Goldcorp has the option to increase its interest in the joint venture by 1% to 51% by paying Premier CAD\$440,000.

Critical Accounting Estimates

A detailed summary of all the Corporation's significant accounting policies is included in Note 2 to the December 31, 2006 audited financial statements. Any changes in accounting policies have been provided in note 2 to the March 31, 2007 interim unaudited financial statements of the Corporation.

Off-Balance Sheet Arrangements

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

Risks and Uncertainties

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. 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 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.

Disclosure Controls and Procedures

Management has ensured that there are disclosure controls and procedures which provide reasonable assurance that material information relating to the Corporation is disclosed on a timely basis, particularly information relevant to the period in which annual filings are being prepared. Management believes these disclosure controls and procedures have been effective during the period ended March 31, 2007.

Additional Information

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

(signed) John Seaman
Chief Financial Officer

Thunder Bay, Canada
May 14, 2007