

Interim Financial Statements

(Unaudited)

Premier Gold Mines Limited

September 30, 2006

NOTICE TO SHAREHOLDERS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2006
PREMIER GOLD MINES LIMITED

Responsibility for Interim Financial Statements

The accompanying unaudited financial statements for Premier Gold Mines Limited have been prepared by management in accordance with Canadian generally accepted accounting principles consistently applied. The most significant of these accounting principles have been set out in Note 2 of these unaudited financial statements. These statements are presented on the accrual basis of accounting. Accordingly, a precise determination of many assets and liabilities is dependent upon future events. Therefore, estimates and approximations have been made using careful judgment. Recognizing that the Company is responsible for both the integrity and objectivity of the financial statements, management is satisfied that these financial statements have been fairly presented.

Premier Gold Mines Limited
(Incorporated under the laws of Ontario)

BALANCE SHEET
(Unaudited)

As at September 30, 2006

	2006
	\$
ASSETS	
Current	
Cash and cash equivalents <i>[note 3]</i>	2,006,618
Accounts receivable	7,558
Prepays and deposits	33,823
Total current assets	2,047,999
Property, plant and equipment, net <i>[note 4]</i>	59,303
Mineral properties <i>[note 5]</i>	25,744,945
	27,852,247
LIABILITIES AND SHAREHOLDERS' EQUITY	
Current	
Accounts payable and accrued liabilities	362,861
Taxes payable	39,900
Total current liabilities	402,761
Future tax liability	3,177,504
Shareholders' equity	
Share capital	
Issued	
Common shares <i>[note 6]</i>	24,532,565
Contributed surplus	514,625
Deficit	(775,208)
Total shareholders' equity	24,271,982
	27,852,247

See accompanying notes

On behalf of the Board:

"Ewan Downie"
Director

"John Seaman"
Director

Premier Gold Mines Limited

STATEMENT OF EARNINGS AND DEFICIT
(Unaudited)

	Three months ended September 30 2006 \$	Period from Incorporation on May 29, 2006 to September 30 2006 \$
<hr/>		
REVENUE		
Interest income	6,618	6,618
<hr/>		
EXPENSES		
Compensation adjustment for stock options granted (note 7)	514,625	514,625
General and administrative	225,248	225,248
Professional fees	41,953	41,953
	781,826	781,826
<hr/>		
Loss for period	(775,208)	(775,208)
Deficit, end of period	(775,208)	(775,208)
<hr/>		
Basic and diluted loss per common share (note 8)	(0.03)	(0.04)

See accompanying notes

Premier Gold Mines Limited

STATEMENT OF CASH FLOWS
(Unaudited)

	Three months ended September 30 2006 \$	Period from Incorporation on May 29, 2006 to September 30 2006 \$
OPERATING ACTIVITIES		
Loss for period	(775,208)	(775,208)
Add charges to earnings not involving a current payment of cash		
Compensation adjustment for stock options granted	514,625	514,625
	(260,583)	(260,583)
Net change in non-cash working capital balances related to operations	361,380	361,380
Cash provided by operating activities	100,797	100,797
INVESTMENT ACTIVITIES		
Mineral properties, net	(34,876)	(34,876)
Purchase of property, plant and equipment	(59,303)	(59,303)
Cash used in investment activities	(94,179)	(94,179)
FINANCING ACTIVITIES		
Proceeds received pursuant to Arrangement (note 1)	2,000,000	2,000,000
Cash provided by financing activities	2,000,000	2,000,000
Increase in cash and cash equivalents during period	2,006,618	2,006,618
Cash, end of period	2,006,618	2,006,618

See accompanying notes

Premier Gold Mines Limited

**NOTES TO FINANCIAL STATEMENTS
(Unaudited)**

For the three months ended September 30, 2006

1. NATURE OF BUSINESS

Premier Gold Mines Limited (the "Corporation" or "Premier") was incorporated under the laws of the Province of Ontario on May 29, 2006, and was inactive until August 18, 2006.

On August 18, 2006 the Corporation entered into an agreement with Wolfden Resources Inc. ("Wolfden") whereby Wolfden completed a re-organization by way of a statutory plan of arrangement (the "Arrangement"). Pursuant to the Arrangement, Wolfden transferred certain of its mineral property interests in Ontario and \$2,000,000 cash to the Corporation and each registered holder of Wolfden common shares was entitled to receive one New Wolfden common share and 0.7 of a Premier common share in exchange for each Wolfden common share held by the shareholder immediately prior to the effective date.

The Corporation is in the development stage and its principal business activity is the acquisition, exploration and development of mineral properties that it believes contain mineralization that will be economically recoverable in the future.

2. SIGNIFICANT ACCOUNTING POLICIES

These unaudited interim financial statements have been prepared by management on the basis of the Corporation's continuance as a going-concern and in accordance with Canadian generally accepted accounting principles.

Use of estimates

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

Cash and cash equivalents

Short-term investments which have a term to maturity of three months or less from the acquisition date are considered cash equivalents and are recorded at cost, which approximates market value.

Temporary investments

Marketable securities are valued at the lower of cost and market value.

Premier Gold Mines Limited

NOTES TO FINANCIAL STATEMENTS
(Unaudited)

For the three months ended September 30, 2006

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.

Income taxes

Income taxes are calculated using the asset and liability method of tax accounting. Under this method, current income taxes are recognized for the estimated income taxes payable for the current period. Future income tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities and on unclaimed losses carried forward and are measured using the substantively enacted tax rates that will be in effect when the differences are expected to reverse or losses are expected to be utilized. A valuation allowance is recognized to the extent that the recoverability of future income tax assets is not considered "more likely than not".

Loss per common share (LPS)

Basic loss per share is computed by dividing the loss for the year by the weighted average number of common shares outstanding during the year, including contingently issuable shares which are included when the conditions necessary for issuance have been met. Diluted loss per share is calculated in a similar manner, except that the weighted average number of common shares outstanding is increased to include potentially issuable common shares from the assumed exercise of common share purchase options and warrants, if dilutive. The number of additional shares included in the calculation is based on the treasury stock method for options and warrants. The effect of potential issuances of shares under options and warrants would be anti-dilutive, and accordingly basic and diluted LPS are the same.

Premier Gold Mines Limited

NOTES TO FINANCIAL STATEMENTS (Unaudited)

For the three months ended September 30, 2006

Property, plant and equipment

All of the Corporation's properties are in the exploration and development stage and have not yet attained commercial production. Prior to commercial production, all mine property, plant and equipment, including pre-production expenditures and start up costs, net of revenue, are capitalized to plant and equipment. Upon commencement of commercial production, mine property, plant and equipment will be amortized over the life of the mine by the unit of production method based on proven and probable reserves and mineralization expected to be classified as reserves. Office equipment is amortized on a declining balance basis, net of residual value, over the estimated useful life of the asset using the following rate:

Office equipment	30%
------------------	-----

Those expenditures which extend the useful life of an asset are capitalized, whereas repairs and maintenance expenditures, which do not extend the useful life of an asset, are charged to operations during the period they are incurred. The Corporation evaluates the recoverability of property, plant and equipment on a periodic basis.

Mineral properties

The cost of mineral properties includes all direct exploration and development 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 and development 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 and development stage and have not yet attained commercial production. The ultimate realization of the carrying value of properties in the exploration and development stage is dependent upon the successful development or sale of these properties.

Joint ventures

Several of the Corporation's exploration projects are conducted through joint venture relationships. Only the Corporation's proportionate interest in such projects is reflected in the accounts.

Premier Gold Mines Limited

NOTES TO FINANCIAL STATEMENTS
(Unaudited)

For the three months ended September 30, 2006

Financial instruments

At September 30, 2006, the Corporation's financial instruments consisted of cash and cash equivalents, receivables and payables. Unless otherwise noted, it is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments. The Corporation estimates that the fair value of these financial instruments approximate the carrying values.

3. CASH AND CASH EQUIVALENTS

	2006
	\$
Cash	2,006,618

4. PROPERTY, PLANT AND EQUIPMENT

Details of period end balances are as follows:

	2006	
	Cost	Accumulated amortization
	\$	\$
Computer equipment	59,303	-
Capital assets, net	59,303	

Premier Gold Mines Limited

NOTES TO FINANCIAL STATEMENTS (Unaudited)

For the three months ended September 30, 2006

5. MINERAL PROPERTIES

As of September 30, 2006, accumulated costs with respect to the Corporations' interest in mineral properties owned, leased or under option, in Ontario consisted of the following:

	2006		
	Deferred expenditures	Acquisition costs	Total
	\$	\$	\$
Bonanza (*)	24,738	19,061,119	19,085,857
East Bay (**)	1,800	6,225,083	6,226,883
Other areas (***)	8,758	423,447	432,205
	35,296	25,709,649	25,744,945

(*) Acquisition costs relating to the Arrangement (note 1) include \$12,640,000 of property acquisition costs and \$6,621,119 in deferred expenditures incurred, net of \$200,000 in option payments received, prior to the effective date.

(**) Acquisition costs relating to the Arrangement (note 1) include \$390,000 in property acquisition costs and \$5,885,083 in deferred expenditures incurred, net of \$50,000 in option payments received, prior to the effective date.

(***) Acquisition costs relating to the Arrangement (note 1) include \$20,000 in property acquisition costs and \$503,447 in deferred expenditures incurred, net of \$100,000 in option payments received, prior to the effective date.

Bonanza

The Bonanza property, located in Dome township within the Red Lake mining district of Ontario, is comprised of 12 patented mining claims; 6 of which were formerly known as the Follansbee property.

The property is subject to a 1.7% N.S.R. in favour of Pure Gold Minerals Inc. ("Pure Gold"), a 0.3% N.S.R. in favour of Eugenic Corp ("Eugenic") and a 2% N.S.R. in favour of Interquest Incorporated.

Premier Gold Mines Limited

**NOTES TO FINANCIAL STATEMENTS
(Unaudited)**

For the three months ended September 30, 2006

The Corporation has retained a right to purchase a portion, namely a 1% N.S.R. for \$1,000,000 and a first right of refusal to purchase the remaining 0.7% N.S.R. from Pure Gold. The Corporation has also retained a first right of refusal to purchase Eugenic's 0.3% N.S.R.

East Bay

The East Bay property, a 50% joint venture with Goldcorp Canada Ltd. ("Goldcorp"), is comprised of 68 unpatented mineral claims located in Bateman township within the Red Lake mining district of Ontario.

Pursuant to the joint venture agreement, Goldcorp has retained the right to increase its proportionate interest in the joint venture to 65% by completing, at its own expense, a feasibility study on or before the third anniversary of the agreement.

Other areas

Other mineral interests held by the Corporation include the Argosy, Newman Madsen, Marathon, Pickle Crow, and PQ North properties.

6. SHARE CAPITAL

The Corporation is authorized to issue an unlimited number of common shares.

	Number #	Value \$
Issued pursuant to the Arrangement in exchange for cash and mineral properties (note 1)	52,253,514	24,532,565

Premier Gold Mines Limited

NOTES TO FINANCIAL STATEMENTS
(Unaudited)

For the three months ended September 30, 2006

7. SHARE INCENTIVE PLAN

The Corporation has a share incentive plan (the "Plan") which is restricted to directors, officers, key employees and consultants of the Corporation. The number of common shares subject to options granted under the Plan (and under all other management options and employee stock purchase plans) is limited to 10% in the aggregate and 5% with respect to any one optionee of the number of issued and outstanding common shares of the Corporation at the date of the grant of the option. Options issued under the Plan may be exercised during a period determined by the Board of Directors which cannot exceed ten years.

The following table reflects the continuity of stock options under the Plan:

	Number of Options 2006 #	Weighted Average 2006 \$
Options granted	895,000	1.00
	895,000	1.00

The following table reflects the stock options outstanding as at September 30, 2006:

Expiry Date	Exercise Price \$	Options Outstanding #
September 15, 2011	1.00	895,000
		895,000

On September 15, 2006, a total of 895,000 stock options were issued to directors, officers, key employees and certain consultants of the Corporation. All of the 895,000 options issued during the period had vested by September 30, 2006.

The Corporation applies the fair value method of accounting for all stock-based compensation awards and accordingly, \$514,625 was recorded as a compensation adjustment for the 895,000 stock options that vested during the period.

Premier Gold Mines Limited

**NOTES TO FINANCIAL STATEMENTS
(Unaudited)**

For the three months ended September 30, 2006

For purposes of the options granted, the fair value of each option was estimated on the date of grant using the Black-Scholes option pricing model, with the following assumptions: dividend yield of 0%, expected volatility of 65%, risk-free interest rate of 3.75%, expected life of 5 years and a vesting period of up to twelve months.

The following table reflects the continuity of contributed surplus relating to stock options issued and vested as at September 30, 2006:

	Number of Options #	Amount \$
Opening Balance	-	-
Options granted	895,000	514,625
Balance, September 30, 2006	895,000	514,625

8. LOSS PER SHARE

The basic loss per share is computed by dividing the loss for the period by the weighted average number of common shares outstanding during the year. Fully diluted loss per share is the same as basic loss per share. The effect of common share purchase options on the net loss is not reflected as to do so would be anti-dilutive.

The following table sets for the the computation of basic and diluted loss per share:

	Three months ended September 30 2006 \$	Period from Incorporation on May 29, 2006 to September 30 2006 \$
<u>Numerator:</u>		
Net loss	(775,208)	(775,208)
<u>Denominator:</u>		
Weighted average number of common shares	24,422,838	17,975,209
Weighted average loss per share	(0.03)	(0.04)

Premier Gold Mines Limited

NOTES TO FINANCIAL STATEMENTS (Unaudited)

For the three months ended September 30, 2006

9. RELATED PARTIES

- [a] Included in general and administrative expenses are amounts totalling \$2,356 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 \$7,500 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 \$17,500 for accounting and management services provided by Wolfden Resources Inc., 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 \$184,395 for expenditures paid on behalf of the Corporation by Wolfden Resources Inc., a company related to the Corporation through common directorship. The amounts are recorded at their cost.

10. SUBSEQUENT EVENTS

On October 6, 2006, the Corporation completed a non brokered private placement of 1,240,000 units of Premier at a price of \$0.95 per unit for gross proceeds of \$1,178,000. Each unit consists of one common share, and one-half of one share purchase warrant. Each full share purchase warrant entitles the holder thereof to acquire one additional common share of Premier at a price of \$1.20 per common share for a period of 18 months following the date of issue. Additionally, the Corporation issued an aggregate of 5,448,478 flow-through common shares (the "Flow-Through Shares") at a price of \$1.15 per Flow-Through Share for gross proceeds of \$6,265,750. The Common Shares and Flow-Through Shares were offered by way of non-brokered private placement exemptions in certain provinces of Canada 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. A total of \$403,000 in advisory and finder's fees was incurred in relation to these financing's.

Premier Gold Mines Limited

NOTES TO FINANCIAL STATEMENTS
(Unaudited)

For the three months ended September 30, 2006

11. COMMITMENTS

Pursuant to the Arrangement (note 1), the Corporation has committed to issuing up to 2,457,000 common shares in relation to Wolfden stock options (the "Options") granted to Wolfden directors, officers, key employees, and consultants prior to the Arrangement date. Of the 2,457,000 options outstanding, 2,324,000 were vested as at the date of the arrangement. The remaining options will vest as follows; 105,000 in December 2006 and 28,000 in February 2007. The outstanding options and the Corporation's related commitments, have expiry dates ranging from December 2007 to July 2011.