

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 September 30, 2006 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 November 10, 2006.

Certain information set forth in this Management's Discussion and Analysis, 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 these parties' 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 imprecise 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.

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

Overview

Premier is a newly-formed Canadian based mining and exploration company focused on developing and acquiring high quality gold projects worldwide. On August 18, 2006 pursuant to an arrangement with Wolfden Resources Inc. ("Wolfden"), Premier acquired the interests of Wolfden in the Bonanza and East Bay Projects as well as certain other mineral property interests in Ontario together with \$2,000,000 in cash. Full details of the arrangement were disclosed via Wolfden's Management Information Circular dated May 29, 2006, which is available on SEDAR at www.sedar.com.

The Corporation holds several advanced-stage gold properties including the Bonanza and East Bay deposits located in the prolific Red Lake Mining District. The primary focus of the Corporation is exploration activities on the Bonanza Property in Red Lake and the PQ-North Property located along the main limb of the iron formation that is host to the Musselwhite Gold Mine operated by Goldcorp and Kinross. Recently, the Corporation started an aggressive drill program on the Bonanza Property, focused on expanding the gold mineralization of the discovery along the main Red Lake "Mine Trend".

Other activity during the period included management of Premier investigating the potential of entering a merger implementation agreement with Sedimentary Holdings Limited ("Sedimentary"), an Australian based mining company. Under the proposed arrangement Premier would have acquired all of the outstanding shares of Sedimentary for cash. Following discussions with shareholders, and taking account of the terms of the necessary debt and equity financings associated with this acquisition opportunity, it was decided that this acquisition would be excessively dilutive to existing shareholders and would reduce significant upside exposure associated with its advanced-stage gold projects in Canada, particularly the Red Lake gold camp.

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.

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.

Quarter	2006	2006
	Third	Incorporation on May 29, 2006 to September 30, 2006
	(\$)	(\$)
Revenue	6,618	6,618
Income (loss) from continuing operations	(775,208)	(775,208)
Income (loss) from continuing operations per Common share (basic and diluted)	(0.03)	(0.04)
Common share (basic and diluted)		
Net income (Loss)	(775,208)	(775,208)
Net income (Loss) per		
Common share (basic and diluted)	(0.03)	(0.04)

Results of Operations

Net Loss for the three months ended September 30, 2006 was \$775,208, which is the same as the net loss for the period from incorporation to September 30, 2006. Of the \$781,826 in operating expenses incurred during 2006, \$514,625 related to non-cash charges for stock compensation. Of the remaining \$267,201 in operating expenses, \$225,248 related to general and administrative expenses and \$41,953 to professional fees.

Exploration and development expenditures were incurred during the period from incorporation to September 30, 2006. Of the \$34,876 incurred, \$24,738 related to the Bonanza project, and \$1,800 related to the East Bay project. An additional \$8,338 in exploration and development expenditures were incurred by the Corporation on other exploration programs during the period.

Liquidity and Capital Resources

Current assets at September 30, 2006 were \$2,047,999 and total assets were \$27,852,247. As noted previously, comparative information is not available since the Corporation was incorporated in May of 2006. The Corporation's cash and cash equivalents balance was \$2,006,618 at September 30, 2006.

Cash provided by operating activities was \$100,797 for the period ended September 30, 2006 which is due primarily to changes in non-cash working capital balances. Cash used in investing activities was \$94,179 for the period ended September 30, 2006 which relates to exploration expenditures of \$34,876 and \$59,303 of capital expenditures. Cash provided by financing activities represents the \$2,000,000 received from Wolfden Resources Inc. through the plan of arrangement, see Note 1 to the September 30, 2006 unaudited financial statements.

As at September 30, 2006, the financial instruments of the Corporation consisted of cash and cash equivalents, accounts receivable, and accounts 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, and accounts payable approximate the carrying values.

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.

The Corporation is authorized to issue an unlimited number of Common Shares of which 52,253,514 were outstanding at September 30, 2006. As at September 30, 2006 the Corporation had options outstanding to purchase an aggregate of 895,000 Common Shares under its share incentive plan with an exercise price of \$1.00 per share and an expiry date of September 15, 2011. [See Notes 6 and 7 to the September 30, 2006 unaudited Financial Statements]

Pursuant to the Plan of Arrangement (the "Arrangement") with Wolfden Resources Inc. (Wolfden), 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. Each Wolfden option that was outstanding prior to the date of the arrangement entitles the holder thereof to receive, upon the exercise thereof, one Wolfden common share and 0.70 of a Premier common share. The outstanding Options, and the Corporation's related commitment, have expiry dates ranging from December 2007 to July 2011.

Transactions with Related Parties

The following is a summary of the related party transactions of the Corporation during the period ended September 30, 2006:

- 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.

Subsequent Event

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.

Critical Accounting Estimates

A detailed summary of all the Corporation's significant accounting policies is included in Note 2 to the September 30, 2006 unaudited financial statements.

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 disclosures controls and procedures have been effective during the period ended September 30, 2006.

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.

Certain information set forth in this Management's Discussion and Analysis, 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 these parties' 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 imprecise 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.

The Toronto Stock Exchange has neither approved nor disapproved the information contained herein.

(signed) John Seaman
Chief Financial Officer

Thunder Bay, Canada
November 10, 2006