PREMIER
Gold Mines Limited

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008

The following Management's Discussion and Analysis ("MD&A") of Premier Gold Mines Limited (the "Corporation" or "Premier") should be read in conjunction with the unaudited interim consolidated financial statements for the period ended September 30, 2009 and the notes thereto. The Corporation's 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, 2009, 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.

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, 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.

Overview

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 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 2 joint ventures, the flagship of which is the Rahill-Bonanza Joint Venture with Red Lake Gold Mines, an affiliate of Goldcorp Inc. The Lennie Property is a 100%-owned Premier project.

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 prior to 2006. Premier continues its exploration program on the Lennie Property. 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 a major exploration program to begin immediately 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. Previous drilling on the Properties has returned several significant intersections and has identified structural units similar to those at the mine. Premier holds the right to earn a 100% interest in the PQ North Property subject to a 2% Net Smelter Returns Royalty of which Premier retains the right to acquire 1% by paying to the vendor $1 Million.

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 square kilometres 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, operator of the Project, holds a 70% interest in the project.

In 2007, Premier signed a Letter of Intent with Sutter Gold Mines ("Sutter") to jointly explore the Santa Teresa mineral concession, located in the historic and high grade El Alamo District of Baja California Norte, Mexico. The concession is accessible by road and is located approximately 100 kilometres southeast of Ensenada, Mexico and 250 kilometres from San Diego, California, USA. Premier can earn up to a 65% interest in the project by performing exploration on the Property and by making payments in cash and shares to Sutter.

The Santa Teresa Concession (STC) is located adjacent to, and on strike from, the past-producing Princessa Mine (the district's largest gold producer), whose ore body was known to extend close to the STC boundary. Data suggests that southerly extension of the structure that hosts the Princessa Mine has not been tested. Gold production in the El Alamo District halted at its peak owing to technological and political circumstances early in the 20th century, thus presenting a unique opportunity to the JV today. No diamond drilling has previously been conducted on the STC prior to 2008 and little mining was conducted deeper than 120 metres below surface anywhere in the district. A diamond drill program was completed by Premier during 2008, however, the project is planned to be idle during 2009.

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

Premier management was very active during Q3 of 2009 positioning the company for future growth. A total of some 28,356 metres of diamond drilling was completed during the quarter on four projects.

Rahill-Bonanza Property, Red Lake District, Northwestern Ontario

Some 1,691 metres of diamond drilling was completed on the Rahill-Bonanza joint venture property during the quarter. Exploration drilling, with three diamond drill holes, was conducted on one primary target area, near the Wilmar Mine. At Wilmar, drilling was aimed at establishing continuity to depth below existing West Granodiorite deposit.

It is anticipated that exploration will focus on the Wilmar Mine area during the remainder of 2009. There was no other activity on properties held by Premier in the Red Lake District during the quarter.

Hardrock Project, Northwestern Ontario

A total of 18,839 metres of diamond drilling was completed during the third quarter on the Hardrock Project. This drilling was completed in the area immediately surrounding the Hardrock Mine, in an effort to table a NI 43-101 report during Q4 of 2009 that identifies a potentially open-pitable mineral resource.

The current program at Hardrock is expected to consist of more than 90,000 metres of definition and exploration drilling. The Project is operated under a joint venture with Roxmark Mines Limited (TSX-V:RMK). The Hardrock Project is host to several past-producing mines which collectively produced more than 2.0 Million ounces of gold from the same deposits to shallow depths of some 2000 feet (600 metres) from 1938-1968. The mined zones remained open at depth at the time mining ceased and developed historical resources were left in place within the existing mine workings *(a qualified person has not done sufficient work to verify the historical resource, the company is not treating the historical resource as a current resource and the historical resource should not be relied upon)*. Importantly, the Hardrock Project has the potential for defining several styles of mineralization capable of hosting resources, with grades and widths similar to many of Ontario's major gold mines including:

1. Open pit-style mineralization with grades exceeding 1.5 g/t Au (Timmins, Hemlo)

2. Broad zones of mineralization with grades averaging 5.0+ g/t Au (Musselwhite)

3. Narrow vein zones with higher gold grades often exceeding 7.0g/t (Red Lake, Pickle Lake)

Initial drilling is focusing on delineating both open pit and underground resources so that a NI43-101 compliant resource calculation can be completed in Q4 2009, with the goal of defining a multi-million ounce gold resource that can be moved quickly towards development *(See references to historical resources above.)*. The Project offers development advantages with the Trans-Canada Highway, Trans-Canada Pipeline, and major power lines running through, or located proximal to, the property. Significant potential exists for developing resources in several areas including: 1) Open pit-style mineralization at the site of the original discovery where a resource containing several hundred thousand ounces of gold was partially drilled off by previous operators; 2) Several newer high-grade discoveries have been made throughout this large property package that have received little to no follow-up; 3) Resource blocks reported to remain within the mine workings; and, 4) The main mined zones which remain open below the 600m level.

A number of significant drill intercepts were reported by the Company from this drilling in a total of 5 press releases during the quarter. These are listed in Tables 1 and 2.

Table 1 Significant EP Zone Intercepts released during Q3 2009.

Hole-ID	From (m)	To (m)	Interval (m)	Grade (g/tonne)	Interval (ft)	Grade (oz/ton)	Zone	Hole-ID	From (m)	To (m)	Interval (m)	Grade (g/tonne)	Interval (ft)	Grade (oz/ton)	Zone
	17	26	9	2.17	29.52	0.06	PIT	EP091				NSV			
	188.5	203.5	15	2.76	49.2	0.08	SL	EP092				NSV			
	219	230	11	3.66	36.08	0.11	NL		51	53	2	5.3	6.6	0.15	SLC
EP081	264.5	268	3.5	17.94	11.5	0.52	NLB	EP093	107.5	109	1.5	3.23	4.9	0.09	SL
	134.1	136.5	2.4	1.66	7.9	0.05	SLB	EP094				NSV			
	167.5	183.1	15.6	1.05	51.2	0.03	SL								
	196.5	202.9	6.4	1.87	21	0.05	NL	EP095				NSV			
EP082	206.9	210.5	3.6	7.47	11.8	0.22	x								
	37.5	39.4	1.9	12.54	6.2	0.37	SLC	EP096	115.5	118.5	3	1.56	9.8	0.05	SLB
	88.5	96	7.5	1.66	24.6	0.05	SLB		128.5	129.5	1	26.1	3.3	0.76	SL
EP083	131.2	137.2	6	8.45	19.7	0.25	SL	EP097	109	110.5	1.5	7.19	4.9	0.21	SL
	33.5	36.8	3.3	7.93	10.8	0.23	SLB		118.2	120.7	2.5	3.8	8.2	0.11	NL
EP084	44.3	45.2	0.9	21.7	3	0.63	SL		154.5	161.4	6.9	1.49	22.6	0.04	NLB
	7.3	29.8	22.5	4.15	73.8	0.12	NL		175.5	178.5	3	14.97	9.8	0.44	NLC
EP085	51	56	5	1.32	16.4	0.04	SL	EP098	4.8	6.3	1.5	3.78	4.9	0.11	SLB
									38.5	40	1.5	6.64	4.9	0.19	SL
EP086	134.5	140.5	6	1.35	19.7	0.04	NL		211.9	251.9	40	1.13	131.2	0.03	NL
	15.5	33.9	18.4	6.51	60.4	0.19	NL	EP099				NSV			
EP087	45.4	46.9	1.5	3.5	4.9	0.1	SL								
								EP100	51	60.5	9.5	17.16	31.2	0.5	SLB
EP088	104	104.9	0.9	8.92	3	0.26	SL		115.5	118.5	3	1.96	9.8	0.06	SL
									152	154.5	2.5	8.2	8.2	0.24	NL
EP089	111	114	3	1.6	9.8	0.05	SLB		175	179.5	4.5	7.94	14.8	0.23	NLB
EP090	21	40	19	2.43	62.3	0.07	SL		262.5	268.1	5.6	2.25	18.4	0.07	NLC

It is anticipated that diamond drilling will continue at a brisk pace with 2 to 3 diamond drills during most of 2009**.**

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Table 2 Other Significant at Hardrock During Q3 2009

Hole-ID	From (m)	To (m)	Interval (m)	Grade (g/tonne)	Interval (ft)	Grade (oz/ton)	Zone
	105	109.5	4.5	4.66	14.8	0.14	NN
MM010	129.5	131	1.5	8.56	4.9	0.25	NN
MM011				NSV			
MM013	171.4	174.5	3.1	7.08	10.2	0.21	NN
MM016	172.8	175	2.2	5.59	7.2	0.16	NN
MM018	177.5	182	4.5	7.56	14.8	0.22	NN
	208.1	210	1.9	5.88	6.2	0.17	SP
	219	223.4	4.4	6.36	14.4	0.19	SP
	240.5	242.1	1.6	8.35	5.2	0.24	SP
MM004*	334	336	2	8.42	6.6	0.25	F
MM005*	230.8	258.9	28.1	6.63	92.2	0.19	SP
	272.3	273.5	1.2	10.92	3.9	0.32	SP
	297.5	300.5	3	4.57	9.8	0.13	SP
	244	251	7	6.74	23	0.2	SP
	314.5	316	1.5	4.8	4.9	0.14	F
MM006*	371	373.2	2.2	36.22	7.2	1.06	HGV
	296.8	301.7	4.9	3.24	16.1	0.09	SP
	347.3	353.8	6.5	3.35	21.3	0.1	F
MM007	367.9	369.2	1.3	8.4	4.3	0.25	HGV
	301.5	302.5	1	8.25	3.3	0.24	F
MM008	357	359	2	4.05	6.6	0.12	HGV
MM009	387	395.8	8.8	4.12	28.9	0.12	SP
MM014	285.7	318.3	32.6	6.6	106.9	0.19	SP
	342.5	344	1.5	5.17	4.9	0.15	SP
MM015	353	356	3	6.51	9.8	0.19	SP
	215.8	216.7	0.9	9.16	3	0.27	NN
	235.4	236.5	1.1	1.23	3.6	0.04	NN
MM019	242.9	244.2	1.3	6.98	4.3	0.2	NN
MM022	245.4	251.6	6.2	8.2	20.3	0.24	NN
MM023	186	193.3	7.3	8.25	23.9	0.24	NN

PQ North Property, Musselwhite District, Ontario

A total of 5,840 metres of diamond drilling was completed at PQ North during the quarter. In addition, Premier reported on what are regarded as important initial discoveries at PQ North in two separate press releases. The most significant of these is summarized in Table 3.

This program confirmed a potentially significant gold discovery along strike from, and within the PQ-Limb (PQL) of the iron formation that is host to, Goldcorp's nearby Musselwhite Gold Mine with intersections of up to 10.52 grams per tonne gold (g/t Au) across 3.7 metres (m).

The Phase I and Phase II drill programs confirm the discovery of multiple horizons of "Musselwhite-style" gold mineralization, tentatively designated as the PQL, UIF, QV and MA zones.

Table 3 Significant Assays Released during Q3 2009

HOLE-ID	ZONE	FROM-TO (m)	INTERVAL (m)	GRADE (g/tonne)	INTERVAL (ft)	GRADE (oz/t)
PQ09009	PQL	519.3-521.1	1.8	10.25	5.9	0.30
	MA	569.0-570.0	1.0	20.65	3.3	0.60
PQ09012	QV	476.6-479.8	3.2	4.31	10.5	0.13
including		476.6-478.1	1.5	8.00	4.9	0.23
	QV	484.9-488.0	3.1	3.03	10.2	0.09
PQ09013	QV	385.0-387.5	2.5	1.92	8.2	0.06
	PQL	586.2-587.2	1.0	3.44	3.3	0.10
PQ09014	QV	709.0-712.2	3.2	1.88	10.5	0.05
PQ09015	QV	37.5-38.5	1.0	5.56	3.3	0.16
PQ09016	QV	462.4-464.4	2.0	7.40	6.6	0.22
	QV	516.4-517.5	1.1	10.87	3.6	0.32
	PQL	595.0-597.5	2.5	2.04	8.2	0.06
PQ09018	QV	562.6-565.1	2.5	3.20	8.2	0.09
	PQL	591.0-600.0	9.0	1.17	29.5	0.03
PQ09019	QV	571.7-575.6	3.9	1.77	12.8	0.05
	QV	680.3-681.0	0.7	7.14	2.3	0.21
PQ09020	QV	464.0-488.0	24.0	1.40	78.7	0.04
	QV	542.0-543.0	1.0	7.30	3.3	0.21
PQ09021	PQL	708.4-709.2	0.8	9.74	2.6	0.28
PQ09022	QV	488.4-501.3	12.9	1.22	42.3	0.04
	QV	526.0-529.0	3.0	6.74	9.8	0.20
PQ09023	QV	580.2-581.0	0.8	11.23	2.6	0.33
	PQL	648.8-652.5	3.7	10.52	12.1	0.31

Similarities to the mine noted in the PQ-North core include:

1. Hosted within the PQ-Limb of the Northern Iron Formation;
2. Alteration, veining, and mineralization are similar;
3. Widths of zones typically range between 2.0 and 5.0 metres; and
4. Gold grades vary within similar ranges.

The average grade mined at Musselwhite in 2008 was 5.56 g/t Au. Grades at PQ-North include up to 10.24 g/t Au across 5.1m intersected in previous drilling in the UIF (Upper Iron Formation) Zone and new intersections that include 10.52g/t Au across 3.7m in the PQL Zone.

These horizons are marked by biotite-garnet altered mineralized zones consisting of folded and laminated iron formation containing pyrite, pyrrhotite, chalcopyrite and rare visible gold. The discoveries made to date have returned impressive intersections with grades and widths comparable to those at Musselwhite.

Due to the wet summer conditions, Phase II drilling evaluated the potential of only the PQL discovery and not the UIF discovery area. Numerous intersections have been obtained in the PQL over a plunge length of approximately 125 metres, suggesting continuous mineralization with intersections that include 6.7g/t Au across 3.0m, 7.4g/t Au across 2.0m, 10.2g/t Au across 1.8m and 10.52g/t Au across 3.7m in the furthest down-plunge hole drilled to date.

El Alamo District, Baja California Norte, Mexico

Premier signed a Joint Venture Agreement with Sutter Gold Mining Inc., whereby Premier can earn up to a 50% interest in the Santa Teresa Concessions (STC) by making certain payments to Sutter and spending $1.5 million in exploration and acquisitions, and up to 65% by spending a further $4.0 million. The project is located in the historic and high grade El Alamo District in Mexico, approximately 250 kilometres south of San Diego, California, USA.

The El Alamo District has seen the production of some 200,000 ounces of gold (at an average grade reported to be between 1.00 and 2.00 opt Au) within 100 metres of surface until the early twentieth century. The largest past-producing mine in the region, the Princessa Mine, is situated immediately NW of the STC Property boundary.

No diamond drilling has been conducted on the Santa Teresa Concessions during Q3 of 2009 as the Company plans to continue to focus on its Northwestern Ontario projects.

Lennie Property, Red Lake District, Northwestern Ontario

During the second quarter, Premier signed the final Lennie Property acquisition agreement. The Lennie Project is Premier's second strategic property, in addition to the Rahill-Bonanza Joint Venture Project, located in the heart of the prolific Red Lake district and within the core of Red Lake Gold Mines' land holdings.

The Lennie Project is strategically located northeast of the Red Lake Gold Mines complex along the same geological contact that hosts the major gold mines in Red Lake. The Property covers the important unconformity between the ore-hosting Balmer volcanic rocks and the overlying sedimentary rocks. Folded ultramafic rocks and conjugate fault structures, similar to those at the mine, are interpreted to be located on the Lennie claims and will be the focus of an exploration program that will begin immediately on the property, including diamond drilling.

Some 1,986 metres of drilling was completed at Lennie during the 3rd quarter.

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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,	Period ended December 31,
	2008	2007
	$	$
Operations		
Total revenue	450,323	724,583
Income (loss) for the year	222,184	(1,777,140)
Basic and diluted loss per share	0.00	(0.03)
Balance Sheet		
Working capital	17,964,110	2,928,864
Total assets	68,410,963	52,097,297
Total liabilities	6,152,068	6,504,633

Quarterly Information

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

	2009	2009	2009	2008	2008	2008	2008	2007	2007
Quarter	Third	Second	First	Fourth	Third	Second	First	Fourth	Third
	($)	($)	($)	($)	($)	($)	($)	($)	($)
Revenue	29,000	8,861	33,742	54,558	50,484	106,056	239,225	209,578	258,055
Income (loss) from continuing operations	(571,482)	(4,183,592)	(791,091)	(1,033,907)	(655,563)	(1,032,245)	(133,824)	(607,793)	(1,102,441)
Income (loss) from continuing operations per Common share (basic and diluted)	0.00	(0.05)	0.00	(0.02)	(0.04)	(0.02)	0.00	0.00	(0.02)
Net income (Loss)	533,132	(3,847,686)	(276,589)	(11,288)	(2,947,061)	3,156,791	23,742	(67,172)	(1,125,506)
Net income (Loss) per Common share (basic and diluted)	0.00	(0.04)	0.00	0.00	(0.05)	0.05	0.00	0.00	(0.02)

Overall Performance

Net income for the period ended September 30, 2009 was $533,132 compared to a net loss of $2,947,061 for the same period of the previous year. The swing from net loss to net earnings compared to the previous year is the result of several items. The Corporation recorded a loss on sale of investments of $259,449, which was offset by an unrealized gain on investments of $1,211,027, compared with a gain on investment of $5,508 and unrealized loss on investments of $2,414,090 in 2008. Operating expenses decreased from $706,047 to $600,482 due primarily to lower professional fees.

Of the $600,482 in operating expenses incurred during the period ended September 30, 2009, $3,899 related to non-cash charges for amortization. Of the remaining $596,583 in operating expenses, $37,400 related to compensation for stock options granted, $500,144 to general and administrative expenses, $47,265 to professional fees and $11,774 for the flow-through interest penalty. The Corporation reported $153,036 of future income tax recovery during the period relating to timing differences between the accounting and tax basis of assets as at September 30, 2009. Operating expenditures decreased by $105,565 compared to the third quarter of the previous year. General and administrative expenses increased by $61,078, and professional fees decreased by $73,714, over the third quarter of the previous year. The decrease can be attributed to the Corporation having decreased activity due to fewer property acquisitions than the previous fiscal year. Exploration and development programs during the period ended September 30, 2009 resulted in $4,715,978 in related net expenditures. Of the $4,715,978 incurred, $2,637,600 related to the Hardrock project, and $1,414,014 was spent on the PQ North project, and the remaining $664,364 was spent on other areas.

In 2008 the Corporation completed a fully subscribed, non-brokered private placement for 7,800,096 flow-through shares at $1.80 for gross proceeds of $14,040,179 (including a 20% over-allotment). These funds were fully spent by September 30, 2009. On September 17, 2009, the Corporation completed a private placement (the "Offering") of 4,103,600 flow-through common shares ("Flow-Through Common Shares") at a price of $3.65 per Flow-Through Common Share. In consideration of the agent's services in connection with the Offering, the agents were paid an aggregate cash fee equal to 4.5 per cent of the gross proceeds raised in the Offering. In addition, the agents received broker warrants exercisable for common shares of the Corporation equal in number to 4.5 per cent of the Flow-Through Common Shares issued pursuant to the Offering. The broker warrants entitle the holder to purchase one common share at a price of $2.60 per common share for period of 12 months after the closing date.

Liquidity and Capital Resources

Current assets at September 30, 2009 were $22,616,299 compared to $19,249,816 at December 31, 2008 and total assets were $87,041,352 compared to $68,410,963. The $18,630,389 increase in total assets relates primarily to the financing completed during the quarter, and exploration expenditures incurred. The Corporation's cash and cash equivalents balance was $22,293,198 at September 30, 2009 compared to $19,005,740 at December 31, 2008. The Corporation also held $2,109,075 in long term investments at September 30, 2009 compared to $1,793,917 at December 31, 2008.

Cash used in operating activities was $1,079,835 for the period ended September 30, 2009. The most significant non-cash credits to earnings were an unrealized gain on investments of $1,211,027, and future tax recovery of $153,036. The most significant non-cash charges to earnings include a compensation adjustment for stock options granted of $37,400 and loss on sale of investments of $259,449.

Cash used in investing activities was $1,475,908 for the period ended September 30, 2009 which relates to $4,715,978 in mineral exploration and development expenditures. This has been offset by the proceeds from the sale of investments of $814,553. The investing activities are also affected by the net change in non cash working capital balances of $2,425,517 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 $14,781,534 which is made up of proceeds from shares issued in private placement of $14,978,140, the exercise of stock options for $505,500, and $26,600 related to an obligation to issue share, which were offset by share issue costs of $728,706.

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 period ending September 30, 2009 in relation to resource expenditures renounced to investors under Canada Revenue's look-back rule, totalled $11,774.

As at September 30, 2009, the financial instruments of the Corporation consisted of cash and cash equivalents, accounts receivable, long-term investments, and accounts payable and accrued liabilities. 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, long-term investments, and accounts payable and accrued liabilities approximate the carrying values.

The Corporation is authorized to issue an unlimited number of Common Shares of which 82,867,779 were outstanding at September 30, 2009. As at September 30, 2009 the Corporation had options outstanding to purchase an aggregate of 4,990,750 Common Shares under its share incentive plan with exercise prices ranging between $1.00 and $2.66 per share and expiry dates between September 15, 2011 and June 17, 2014. Of the 4,990,750 stock options outstanding, 40,000 have not yet vested.

During the quarter ended September 30, 2009, the Corporation issued 184,662 broker warrants, exercisable at $2.60 and expiring September 17, 2010. The fair value of the share purchase warrants was estimated using the Black-Scholes option pricing model. The assumptions used for the valuation of the warrants were: Dividend yield 0%, expected volatility 67%, a risk-free interest rate of 0.4687% and an expected life of 1 year.

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.
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Proposed Financing

On September 28, 2009 the Corporation announced that it had entered into an agreement with Jones, Gable & Company Limited (the "Agent") in connection with a best-efforts private placement of "flow-through" common shares ("Flow-Through Common Shares") of Premier at a price of $3.65 per Flow-Through Share for aggregate gross proceeds of up to $5.5 million. The Flow-Through Shares will be offered by way of private placement to accredited investors in each of the provinces of Canada.

Obligation to issue shares

During the period an employee exercised stock options that were not released from treasury until after the period end.

Commitments

The following is a summary of the commitments of the Corporation as at September 30, 2009:

	2009	2010	2011	Total
Contracts and operating leases	$96,498	$384,191	$190,382	$671,071
Exploration agreements	$0.00	$0.00	$0.00	$0.00
Exploration expenditure commitment from the issuance of flow through shares	$0.00	$14,978,140	$0.00	$0.00

Mineral Property Held for Sale

Newman Madsen

Mineral property held for sale includes the Newman Madsen property with a book value of $82,064. As at September 30, 2009 the Corporation was in discussions with other parties regarding the possible sale of the Corporation's interest in these mineral properties.

Property Acquisitions and Agreements

On April 17, 2009 the Corporation entered into an Option and Purchase Agreement (the "Option") with Newcastle Resources Ltd. (the "Vendor") to acquire a 100% interest in ten patented mining claims, the "Lennie Property", located in the Red Lake district in the Province of Ontario. Upon completing the Option, as previously announced on February 18, 2009, Premier now holds a 100% interest in the Lennie Property, subject to a 3.0% Net Smelter Return royalty ("NSR") payable to the vendor, Newcastle Resources Ltd. (OTCBB: NCSLF). Premier retains the right to purchase one-third of the NSR (1% NSR) at any time for the sum of $1.0 Million. A finders' fee of $10,000 was paid to an arm's length party in relation to this transaction.

On May 22, 2009 the Corporation entered into an agreement with Skybridge Development Corp., a wholly owned subsidiary of Mega Silver Inc. ("Mega"), in respect of an option to dispose of its interest in the "East My-Ritt" property in Red Lake, Ontario. East My-Ritt is a 50/50 joint venture with Sabina Silver Corporation ("Sabina"). Aggregate consideration over a 5 year period to be paid to Premier/Sabina is as follows: $250,000 cash, 600,000 Mega common shares, and $1,250,000 exploration work commitments. In addition, there is a 0.5% net smelter return relating to the acquisition.

On June 19, 2009 the Corporation executed an agreement to sell its interest in the "Argosy Property" to Cangold Limited. The purchase price payable to Premier was $210,000, to be paid by the issuance by Cangold to Premier of 2,000,000 fully paid, non-assessable common shares of Cangold at a deemed consideration of $0.10 per share and $10,000 by cheque or bank draft payable to Premier. In addition to the purchase price, Cangold will pay or reimburse Premier's reasonable legal costs, not to exceed $5,000. Premier shall retain a 0.5% Net Smelter Return royalty interest, which Cangold may purchase at any time for $500,000.

Transactions with Related Parties

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 totalling $29,999 (2008 - $26,175) for corporate secretarial services provided by companies related to the Corporation through a common officer.

[b] During the period, the Corporation paid $276,730 (2008 - $241,157) 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 accounts receivable are amounts totalling $105,987 (2008 - $105,513) in proceeds and expenses relating to the sale of office and computer equipment and transitioning of facilities and management services to a company related to the Corporation by a common officer.

[d] During the period, the Corporation disposed of a mineral property to Mega Precious Metals Inc., a company related to the Corporation through a common director (see note 6).

[e] During the period, the Corporation paid $2,000 (2008 - $nil) for promotion related services provided by the family member of an officer of the Corporation.

[f] Included in accounts receivable are amounts totalling $15,000 (2008 - $nil) for rental of a core shack to a company related to the Corporation though a common director.

[g] During the period, a company related to the Corporation through a common director acted as one of six agents on the September 17, 2009 private placement.

Critical Accounting Estimates

The Corporation's consolidated financial statements have been prepared in accordance with Canadian GAAP. A discussion of the Corporation's significant accounting policies is contained in Note 2 to the audited consolidated financial statements for the year ended December 31, 2008. The Corporation's significant accounting policies are subject to estimates and key judgments about future events, many of which are beyond management's control.

Recent Accounting Pronouncements

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.

PREMIER Gold Mines Limited

Future Accounting Changes

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.

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 adopted 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.

(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:

Key Activity	Timing	Current Status
Financial Reporting • Identify differences in Canadian GAAP and IFRS and effect on accounting policies	Overall assessment to be completed Q4 2009 and updated to Q4 2010	Differences identified and analysis of impact and disclosures ongoing
• Determine applicable IFRS 1 exemptions	Assessment initiated Q3 2009 to be updated for and finalized Q4 2010	Exemptions identified and assessment is ongoing
• Develop financial statements in accordance with IFRS	To be completed Q4 2010	Accounting policy development initiated, review of comparative adopters in other jurisdictions reviewed.
• Quantify effects of change in initial IFRS disclosure and 2010 comparative statements	To be completed Q4 2010	The quantitative impact will be finalized upon completion of transition
Business activities • Assess effect on budgeting and planning processes	To be completed Q4 2010	Budgeting and planning not yet impacted by conversion
• Assess need for IFRS training	Training is expected to be completed by Q4 2009 to facilitate parallel processing by Q3 2010	Training is ongoing and analysis of the impact on all finance staff is underway
Information technology infrastructure • Determine that software and business processes are IFRS compliant	To be completed by Q4 2009 to facilitate parallel processing of 2010 general ledger	Assessment is underway in conjunction with analysis of accounting policies
• Assess needs for program upgrades and changes to general ledger	Initial assessment to be completed by Q4 2009 and to be an ongoing process throughout conversion	Assessment is underway in conjunction with analysis of accounting policies
Control Environment • For accounting policies changes, asses control framework and effectiveness implications	Control and design effectiveness are continually being monitored throughout the conversion process, with completion of assessment expected Q4 2009	Assessment is underway 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

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. 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

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, 2009. Based on this assessment, management believes that, as of September 30, 2009, the Corporation's internal control over financial reporting is operating 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, 2009.

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
November 12, 2009