

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF  
FINANCIAL CONDITION AND RESULTS OF OPERATIONS  
FOR THE THREE MONTHS ENDED MARCH 31, 2010**

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

This discussion provides management's analysis of Premier's historical financial and operating results and provides estimates of Premier's future financial and operating performance based on information currently available. Actual results will vary from estimates and the variances may be significant. Readers should be aware that historical results are not necessarily indicative of future performance.

Certain information set forth in this MD&A, including management's assessment of the Corporation's future plans and operations, contains forward-looking statements. By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond the Corporation's control, including the impact of general economic conditions, industry conditions, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other industry participants, the lack of availability of qualified personnel or management, stock market volatility and ability to access sufficient capital from internal and external sources. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be inaccurate and, as such, reliance should not be placed on forward-looking statements. Premier's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits, if any, that Premier will derive there from. Premier disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise except as required by applicable law.

## Highlights

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### ***Over 18,000 metres drilled on Hardrock Project***

- Premier was successful in confirming a NI43-101 compliant mineral resource estimate at the Hardrock Property, and continued to intercept multiple zones of gold mineralization including 9.28 g/t across 28.4 m (0.27 oz/ton across 93.2 ft) in the F Zone

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

- RLGM's high speed tram linking the Cochenour Project (Bruce Channel) to the underground infrastructure of RLGM was begun and had advanced in excess of 400 metres from its Campbell Complex staging area by the end of the quarter.

### ***Additional Musselwhite style mineralization identified at PQ North Project***

- A 15,000 metre winter drill program was completed during the quarter.

### ***Completed private placement of \$32,000,000 in February 2010***

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

## Company Overview

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

Premier is active in three districts of Canada: Red Lake, Geraldton and the Musselwhite Mine area. In Red Lake, Premier is involved in 4 projects, the flagship of which is the Rahill-Bonanza Joint Venture with Red Lake Gold Mines, an affiliate of Goldcorp Inc.

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

Premier's East Bay Project, also joint ventured with Red Lake Gold Mines (35% PG), is being assessed for potential underground development subsequent to aggressive diamond drilling completed prior to 2006.

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 Property has returned several significant intersections and has identified structural units similar to those at the mine. Premier holds the right to 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 \$1.0 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 has earned a 70% interest in the project by making cash and share payments to Roxmark Mines Limited (now Goldstone Resources Inc.) and by completing exploration expenditure commitments on the joint venture property.

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.

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

## Results of Operations

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### Red Lake District, Northwestern Ontario

Approximately 3,350 metres of diamond drilling, completed at a cost of \$218,000, was drilled on the Rahill-Bonanza joint venture property during the quarter. The exploration program, operated by Red Lake Gold Mines (RLGM) on behalf of the joint venture, focused on expanding the PG70 Zone discovery made late in 2009.

Three new holes were drilled into the PG70 target area during the quarter, with each of these successfully intersecting mineralization. Together, these holes outlined an area of some 125 metres by 350 metres, with the deepest of these intersecting some 25 metres of mineralization grading 4.31 grams of gold per tonne.

During the fourth quarter of 2009, RLGM announced the results of an internal study which recommended that the Cochenour Project (Bruce Channel Deposit) be developed by both retrofitting and deepening the existing Cochenour Mine shaft and by constructing a high speed underground tram designed to link the Cochenour Project to the underground infrastructure of RLGM. A sizable portion of the high speed tram would pass through the Rahill-Bonanza joint venture, establishing a significant, deep exploration platform in which to continue exploring for new High Grade Zone-style ore deposits. As of the end of March 2010, in excess of 400 metres of drifting had been completed on the deep underground project.

Also announced during the quarter was a new discovery made on the East Bay Project, along strike from Rubicon's F2 Zone project. The discovery includes two intervals of mineralization, one of which included the presence of visible gold. During the quarter, some 2,780 metres of drilling was completed at a cost of \$188,000. Although Premier retains a 35% interest in the majority of the East Bay joint venture with Goldcorp, the discovery was made on a claim in which Premier has a 50% interest.

### Geraldton District, Northwestern Ontario

A total of 13,600 metres of diamond drilling was completed during the quarter on the Hardrock Project at cost of some \$1.85 million. Diamond drilling focussed primarily on testing both the near surface potential (within 200 metres) of several target areas and the deep extensions of the North and F Zones.

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

At Hardrock, significant potential exists for developing resources in several areas including:

- Open pit-style mineralization at sites where historic resources were partially delineated by previous operators, in addition to newly defined mineralization at the Tenacity, EP and Kailey Zones;
- Numerous surface and historic high-grade gold intercepts throughout the large property package that have received little to no follow-up;
- Historic resource blocks reported to remain within the mine workings, including high-grade vein targets; and,
- The main mined zones which remain open below the 600m Level.

Results from the diamond drilling were released on a regular basis throughout the quarter. Premier released results of its NI43-101 compliant mineral resource estimate for the Hardrock Project. It included total indicated resources of 675,000 ounces and inferred resources of 425,000 ounces at a 1.0 gram per tonne cut-off. At a lower cut-off, these resources could increase significantly.

Exploration began, at year end 2009, to focus on deeper exploration targets along plunge lines below past-producing zones. The first hole drilled to test the down-dip potential of the mine, MM050, has intersected multiple zones of high-grade gold mineralization immediately below the mined portion of the North Zone.

Significant new intercepts included:

- 9.28 g/t across 28.4 m (0.27 oz/ton across 93.2 ft) in the F Zone
- 9.78 g/t Au across 5.0 m (0.29 oz/ton across 16.4 ft) in the 83 Zone
- 12.30 g/t Au across 4.0 m (0.36 oz/ton across 13.1 ft) in the 93 Zone

Additional drilling to test the extension of the North Zone Deeps is an important component of the exploration program during 2010. The 83 and 93 Zones represent near surface discoveries made several hundred metres west of the heart of the Hardrock mineral resource.

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

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

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

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

### **Lennie Property, Red Lake Ontario**

In early 2009, Premier announced that it had signed a Letter of Intent to secure a 100% interest in ten key patented mining claims, the Lennie Property, contained internal to Goldcorp's Red Lake Gold Mines (RLGM) land holdings, immediately northeast of the world class Red Lake Gold Mines complex.

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. It 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.

The last exploration to occur on the Lennie property was a small, shallow drill program in 1996. That program intersected faults containing mineralized quartz-carbonate veins in Balmer rocks. It is anticipated that deep drilling would begin in the spring to test these high-potential faults as well as other targets, where they are interpreted to intersect Balmer-aged ultramafic rocks in a setting similar to that which hosts Goldcorp's High-grade Zone. During 2009, some 6,900 metres of drilling was completed in six diamond drill holes at a cost of some \$1.4 million. The holes ranged in length from 500 metres to 1700 metres and were designed to test both near and deeper potential for RLGM style mineralization. The program was successful in identifying structures, alteration and some mineralization broadly similar to ores found at Red Lake Gold Mines. During the first quarter of 2010, an additional 1,917 metres was drilled in two holes at a cost of \$316,000.

Upon completion of this work, and on the basis of all the drill results to date, Premier made a decision not to continue with exploration on the Lennie Property. On April 1, 2010 the Corporation terminated its agreement with Newcastle Resources Ltd., and as such \$1,669,394 has been charged against earnings in the period



## 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,	Year ended December 31,
	2009	2008
	\$	\$
<b>Operations</b>		
Total revenue	88,216	450,323
Income (loss) for the year	(3,310,736)	222,184
Basic and diluted loss per share	0.04	0.00
<b>Balance Sheet</b>		
Working capital	19,746,427	17,964,110
Total assets	88,851,746	68,410,963
Total liabilities	8,953,599	6,152,068

## Quarterly Information

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

	2010	2009	2009	2009	2009	2008	2008	2008
Quarter	First	Fourth	Third	Second	First	Fourth	Third	Second
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Revenue	17,372	16,613	29,000	8,861	33,742	54,558	50,484	106,056
Income (loss) from continuing operations	(2,115,368)	(556,529)	(571,482)	(4,183,592)	(791,091)	(1,033,907)	(655,563)	(1,032,245)
Income (loss) from continuing operations per Common share (basic and diluted)	(0.02)	0.00	0.00	(0.05)	0.00	(0.02)	(0.04)	(0.02)
Net income (Loss)	(2,125,428)	280,407	533,132	(3,847,686)	(276,589)	(11,288)	(2,947,061)	3,156,791
Net income (Loss) per Common share (basic and diluted)	(0.02)	0.00	0.00	(0.04)	0.00	0.00	(0.05)	0.05

## Overall Performance

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Net loss for the three months ended March 31, 2010 was \$2,125,468 compared to net loss of \$276,589 for the same period of the previous year. The increase in net loss compared to the previous year is primarily the result of a \$1,669,394 charge against earnings in relation to the Corporation's decision to no longer pursue its option to acquire a 100% interest in the Lennie project. Other items that impacted the net loss in the current year include stock compensation expense of \$1,349,600, a loss on sale of investments of \$151,315, which was offset by a change in unrealized gain on investments of \$708,684. Operating expenses increased to \$2,132,740 from \$824,833 due primarily to the stock based compensation of \$1,349,600.

Of the \$2,132,740 in operating expenses incurred during the three months ended March 31, 2010, \$3,336 related to non-cash charges for amortization, and \$1,349,600 to stock based compensation. Of the remaining \$779,804 in operating expenses, \$660,491 related to general and administrative expenses, \$24,581 to professional fees and \$94,732 for the flow-through interest penalty. The Corporation reported \$1,101,965 of future income tax recovery during the period relating to timing differences between the accounting and tax basis of assets as at March 31, 2010. The most significant amounts included in general and administrative expenses are capital taxes of \$62,999, listing fees of \$118,846, accounting and administrative of \$49,322, investor relations of \$119,807, travel expenses of \$52,012, and executive and office salaries of \$87,771. Exploration and development programs during the three months ended March 31, 2010 resulted in \$3,756,547 in related net expenditures. Of the \$3,756,547 incurred, \$1,845,761 related to the Hardrock project, and \$1,080,862 was spent on the PQ North project, \$316,320 was spent on the Lennie project (which was written off), and the remaining \$513,614 was spent on the other areas.

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

## Liquidity and Capital Resources

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Current assets at March 31, 2010 were \$50,114,345 compared to \$21,515,053 at December 31, 2009 and total assets were \$118,293,273 compared to \$88,851,746. The \$29,441,527 increase in total assets relates primarily to the financing completed during the year. The Corporation's cash and cash equivalents balance was \$49,426,181 at March 31, 2010 compared to \$21,226,978 at December 31, 2009. The Corporation also held \$219,885 in long term investments at March 31, 2010 compared to \$1,490,150 at December 31, 2009.

Cash used in operating activities was \$1,267,306 for the three months ended March 31, 2010. The most significant non-cash credits to earnings were a change in unrealized gain on investments of \$708,684, and future tax recovery of \$1,101,965. The most significant non-cash charges to earnings include a compensation adjustment for stock options granted of \$1,349,600, write down of mineral properties of \$1,669,394 and loss on sale of investments of \$151,315.

Cash used in investing activities was \$839,699 for the three months ended March 31, 2010 which relates to \$3,785,230 in mineral exploration and development expenditures, which were offset by the proceeds from the sale of investments of \$1,827,634. The investing activities are also affected by the net change in non cash working capital balances of \$1,117,897 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 \$30,306,208 which is made up of proceeds from shares issued in private placement of \$32,000,000, and the exercise of stock options for \$148,570, which were offset by share issue costs of \$1,842,362.

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



The Corporation applies Canada Revenue Agency's look-back rule when accounting for the tax consequences of Flow-Through Share Issuance. Interest penalties accrued during the three months ending March 31, 2010 in relation to resource expenditures renounced to investors under Canada Revenue's look-back rule, totalled \$94,732.

As at March 31, 2010, 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 93,016,604 were outstanding as of May 12, 2010. As at May 12, 2010 the Corporation had options outstanding to purchase an aggregate of 7,713,850 Common Shares under its share incentive plan with exercise prices ranging between \$1.00 and \$4.20 per share and expiry dates between September 15, 2011 and April 13, 2015. All of the issued options had vested by May 12, 2010.

During the year ended December 31, 2009, the Corporation issued 252,162 broker warrants, exercisable at \$2.60 and \$3.20 and expiring September 17, 2010, and November 12, 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 65% to 67%, a risk-free interest rate of 0.4687% to 0.5692% 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.

### **Obligation to issue shares**

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On March 24, 2010 the Board approved the issuance of 290,000 common shares to various employees as compensation, accordingly, \$1,180,300 was included in stock based compensation during the period. The shares were issued subsequent to period end.

### **Commitments**

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The following is a summary of the commitments of the Corporation as at March 31, 2010:

	2010	2011	2012	Total
Contracts and operating leases	\$296,125	\$201,624	\$9,368	\$507,117
Exploration agreements	\$0	\$0	\$0	\$0
Exploration expenditure commitment from the issuance of flow through shares	\$13,256,134	\$0	\$0	\$0

### **Mineral Property Held for Sale**

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#### **Newman Madsen**

Mineral property held for sale includes the Newman Madsen property with a book value of \$102,064. As at March 31, 2010 the Corporation was in discussions with other parties regarding the possible sale of the Corporation's interest in these mineral properties.

#### **Property write-down**

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As at March 31, 2010, the Corporation has decided to no longer pursue its option to acquire a 100% interest in the Lennie project, and as such \$1,669,394 has been charged against earnings in the period. A penalty for early termination to be paid to Newcastle Resources Ltd was negotiated subsequent to period end.

## Subsequent events

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On April 1, 2010 the Corporation issued 285,000 shares to various employees as compensation.

On April 2, 2010 the Corporation issued 20,000 common shares to Newcastle Resources Ltd. in order to satisfy an early termination clause of the Lennie option agreement.

On April 6, 2010 the Corporation issued 5,000 shares to various employees as compensation.

On April 13, 2010 the Corporation issued stock options to purchase 2,965,000 common shares to various employees and consultants of the Corporation.

## Transactions with Related Parties

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

[a] Included in general and administrative expenses are amounts totalling \$21,380 (2009 - \$33,381) for corporate secretarial services provided by companies related to the Corporation through a common officer.

[b] Included in general and administrative expenses are amounts totalling \$63,010 (2009 - \$255,161), and included in the mineral property expenditures are amounts totalling \$28,026 (2009 - \$112,104) for rent, facilities related charges, and accounting and management services provided by a company related to the Corporation through a common officer.

[c] Included in other revenue are amounts totalling \$7,950 (2009 - \$22,950) for rental of a core shack to a company related to the Corporation through a common director.

## Critical Accounting Estimates

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The 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, 2009. 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

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

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

## Mining exploration costs

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

## Future Accounting Changes

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### IFRS Conversion Plan

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

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

### Initial Adoption of IFRS

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

(i) Business Combinations

IFRS 1 indicates a first-time adopter may elect not to apply IFRS 3 *Business Combinations* retrospectively to business combinations that occurred before the date of transition to IFRS. The Corporation will take advantage of this election and will apply IFRS 3 to business combinations that occur on or after January 1, 2010.

(ii) Share-based payment transactions

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

(iii) Estimates

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

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

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

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

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

## **Off-Balance Sheet Arrangements**

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

## **Risks and Uncertainties**

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

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

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

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

## Controls and Procedures

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In accordance with the requirements of *National Instrument 52-109 Certification of Disclosure in Issuer's Annual and Interim Filings*, the Corporation's management, including Chief Executive Officer (CEO) and Chief Financial Officer (CFO), have evaluated the operating effectiveness of the Corporation's internal control over financial reporting. Management of the Corporation is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed by, or under, the supervision of, the CEO and CFO and effected by management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Management assessed the effectiveness of the Corporation's internal control over financial reporting as of March 31, 2010. Based on this assessment, management believes that, as of March 31, 2010, 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 March 31, 2010.

## Additional Information

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

(Signed) John Seaman  
Chief Financial Officer

Thunder Bay, Canada  
May 12, 2010