

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF  
FINANCIAL CONDITION AND RESULTS OF OPERATIONS  
FOR THE THREE MONTHS ENDED MARCH 31, 2011**

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 condensed consolidated interim financial statements for the three months ended March 31, 2011, with a comparative period for the year ending December 31, 2009, and the notes thereto. The Corporation's condensed consolidated interim financial statements have been prepared in accordance with International financial reporting standards ("IFRS"). Unless otherwise stated, all amounts discussed herein are denominated in Canadian dollars. This MD&A was prepared as of June 10, 2011, 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**

### ***Updated NI 43-101 Compliant Resource Estimate for Hardrock Project***

- Premier was successful in significantly increasing resources in all categories.

### ***Red Lake Gold Mines (RLGM) continues to expand discoveries at Rahill-Bonanza and East Bay Projects.***

- RLGM's high speed tram linking the Cochenour Project (Bruce Channel) to the underground infrastructure of RLGM approached 30% completion by the end of the quarter.

### ***Reported first diamond drilling results from Saddle Project in Carlin Trend, Nevada***

- Premier sees significant opportunity to expand potential resources at Saddle.



## Company 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 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 3 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 in the third quarter, to follow-up on the discovery of a new zone from February 2010 drilling. Drilling at both the Newman-Madsen and Redgold Projects also continued.

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 future exploration programs 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. Drilling on the Property by Premier in 2009 has returned several significant intersections and has identified structural units similar to those at the mine.

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 kilometres strike length 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 is operator of and has a 70% interest in the Hardrock Project.

In 2010, Premier purchased Saddle Gold Inc., whose major asset included a significant portion of the underground and high grade Saddle deposit as well as a 1.5% NSR on the Emigrant Springs Mine project of Newmont Mining Inc. The purchase positions Premier with an important project within a world class and stable jurisdiction, to complement its Ontario assets in Red Lake and at Hardrock.

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

Some 4,990 metres of diamond drilling in 5 holes, completed at a cost to Premier of \$220,000, 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 Wilmar 2E Zone discovery.

Late in 2010, hole PG10082 was drilled to test the down-plunge extension of the historically mined 2E Zone at the Wilmar Mine. This intercept, approximately 250 metres down-plunge of the historic workings, intersected bonanza grade gold with 68.87 g/t Au across 3.5 m (2.01 oz/t across 11.5 ft uncut) including 207.43 g/t Au across 1.15 m (6.06 oz/t across 3.8 ft). The first follow-up hole completed in 2011 (PG11090) has returned multiple high-grade intercepts mid-way between PG10082 and the mine workings. The 2E Zone remains open for expansion. Significant results include:

- 42.59 g/t Au across 1.5 m (1.33 oz/t across 4.9 ft) from 715.0-716.5 metres
- 46.15 g/t Au across 4.5 m (1.35 oz/t across 14.8 ft) from 719.0-723.5 metres
- 12.77 g/t Au across 4.5 m (0.37 oz/t across 14.8 ft) from 744.5-749.0 metres

Drilling completed from the ice of Red Lake in 2011 tested several other targets including testing for extensions of the West Granodiorite Zone, a bulk tonnage target, to define controls of mineralization within the recently identified PG70 Zone, and drilling the Footwall Zone on the East Bay Joint Venture Project (PG 35%). The PG70 Zone is located several hundred metres to the west of the Wilmar Mine and likely represents the on-strike extension of mineralization, suggesting a south westerly plunge to the gold zones.

By the end Q1 of 2011 Goldcorp had reported that progress on the High Speed Tram linking RLGM to the Cochenour Project was approaching a 30% completion milestone.

At the East Bay Project, Premier announced that diamond drilling had intersected a high grade gold vein located at the Footwall Vein Target. Highlights from 2011 drilling include:

- Step-out drilling has extended the strike length of the high-grade core of the zone to 400 metres and it remains open in all directions.
- The first two holes of the 2011 program, drilled from the same set-up returned intersections of 22.35 grams per tonne gold (g/t Au) across 1.0 metre (m) or 0.65 ounces per ton (oz/t) across 3.3 feet (ft), 56.54 g/t Au across 0.9m (1.65 oz/ton across 3.0 ft), and 44.82 g/t Au across 1.5m (1.31 oz/ton across 4.9 ft).

The East Bay Project completed some 3,836 metres of drilling in 8 holes at a cost of \$149,000 to Premier.

Two other projects activated during Q1 included the Newman-Madsen Project, a 50:50 joint venture with Sabina Gold and Silver Corp, and the Redgold Project.

At Newman-Madsen a total of 2,355 metres were drilled in 7 holes at a cost of \$187,000 to Premier. Phase 1 drilling tested the north eastern extension of the Madsen Mine stratigraphy at levels significantly deeper than previously explored. Drilling was successful in intersecting the targeted stratigraphy and delineating a highly prospective area of hydrothermal alteration where significant gold values including a high-grade intercept of 43.51g/t over 0.65 meters were encountered. The intercept is interpreted to demonstrate the potential for the Newman-Madsen property to host significant mineralization consistent with the recognized horizons hosting the Madsen Mine (>2.4 million ounces) located immediately to the Southwest.

Further anomalous and significant gold assays were also returned from a series of quartz-feldspar porphyry intrusives that are a part of ongoing interpretations and follow up exploration. Phase I mapping and core re-logging has also been completed increasing the geologic confidence within the property while further defining exploration targets.

Phase II exploration of the Neman-Madsen property has commenced with diamond drill testing of a diverse group of high priority targets generated through the incorporation of newly derived and historic data that has been coupled with developing geologic interpretations throughout phase I exploration. A series ten holes, totalling approximately 3000 meters has been implemented to test this series of targets. The targeting focuses dominantly on interpreted folded mafic and ultramafic rock sequences of the Balmer Assemblage where coincident with favourable D2 structures, geochemical signatures, and resistivity anomalies. These targets are elected to present opportunities to intersect mineralization reflecting in similarity to the Red Lake Mine High-Grade Zone style.

At Redgold, a total of 2,901 metres of drilling were completed in 9 holes during the quarter at a cost of \$816,000. Drilling was focussed primarily on the Bobjo Mine area. Since the signing of the option agreement Premier has also completed an airborne Mag / EM survey. The drill holes were targeting anomalies located in the south-eastern portion of the Bobjo property in an area adjoining Premier's 100% optioned "Woco Vein claims". RG1109 returned 2.2 g/t Au over 2.9 meters including 5.06 g/t Au over 1 meter. Upon review of these results, Premier subsequently decided to drop its option on the Bobjo Project area, preferring instead to focus on the Woco Vein claims.

#### **Geraldton District, Northwestern Ontario**

A total of 20,453 metres of diamond drilling was completed during the quarter on the Hardrock Project in 45 drill holes at a cost of \$3.46 million. Diamond drilling focussed primarily on testing specific target areas and the deep extensions of the North and F Zones,

The Hardrock Project area covers approximately 15 kilometres strike length 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.

On April 6, 2011 Premier reported an updated NI 43-101 compliant mineral resource estimate for the Hardrock Project. The estimate was completed by Micon International utilizing data available as of February 28, 2011.

Highlights of Micon's new mineral resource estimate include:

- A 269% increase in Measured and Indicated resources to 2.5 million ounces.
- A 164% increase in Inferred resources to 1.1 million ounces.
- A 30% increase in the "potential open pit" Measured and Indicated resource grade to 2.37 grams per tonne gold (g/t Au).
- A 37% increase in the "potential open pit" Inferred resource grade to 2.48 g/t Au.
- Some 40% of the Measured and Indicated resource ounces are categorized as "Measured."
- A "Whittle-Pit" analysis suggesting a strip ratio on potential open pit mineral resources of 2.1 to 1.
- The Kailey ("potential open pit") Deposit resource is included and contains 127,000 ounces of Measured and Indicated Resources at 1.57 g/t Au and 10,000 ounces of Inferred resources at 1.48 g/t Au.

Drilling was completed during the quarter by utilizing up to 8 diamond drills.

**PQ North, Musselwhite District, Northwestern Ontario**

Premier's PQ North Project, located immediately north of Goldcorp's Musselwhite Mine, was reactivated during Q1 2011. A total of 3,009 metres of drilling was completed at a cost of \$1.2 million, utilizing two drilling rigs.

Premier's 100%-owned PQ North Property is strategically located on the PQ limb of the key iron formation that is host to Goldcorp's Musselwhite Gold Mine. In 2010, Goldcorp announced a new discovery at Musselwhite (the Lynx Zone) where early indications suggest that it could be the largest and highest grade deposit discovered at Musselwhite.

To date, Premier has discovered several gold zones in a geological setting nearly identical to that at Musselwhite but has yet to test the deeper portions of the host iron formation where the more significant gold deposits are located at Musselwhite. In 2011, two drills will be active at PQ North on an ongoing basis further delineating existing zones and focusing on testing the deeper portions of the host iron formation. The Musselwhite Mine has produced more than 2.0 million ounces of gold and has reserves and resources totalling in excess of 3.0 Million ounces.

There was not a release of drilling results made at PQ North during Q1 of 2011.

**Saddle Gold Project, Carlin District, Nevada, USA**

On November 10, 2010, Premier announced that it was activating exploration on its newly acquired Saddle Gold Project. The Saddle Gold Project is 100%-held by Premier's wholly-owned subsidiary (Premier Gold Mines USA Inc.) and includes the mineral rights in respect of a majority portion of the Saddle/NW Tess Gold Deposit ("Saddle Deposit" or "Saddle") and a 1.5% production royalty on the nearby Emigrant Springs Gold Deposit ("Emigrant Springs" or "Emigrant"). Both Emigrant Springs and the minority portion of the Saddle Deposit are owned by Newmont Mining Corporation ("Newmont"). The Saddle Gold Project is located in Elko County, Nevada (See Figure 1 below), some eleven miles southeast of Newmont's 25 million ounce Gold Quarry/Tusc operation, two miles west of Emigrant Springs and adjacent to Evolving Gold Corporation's high grade "Carlin Project".

During the first quarter of 2011, a total of 4,505 metres of core and RC drilling combined was completed in 9 holes at a cost of \$1.9 million.

The first hole that has intersected the Saddle Deposit, SA003 returned 0.25 ounce per ton gold (oz/t Au) across 40.0 feet (8.46 grams per tonne Au across 12.2 metres) including 0.31 oz/t Au across 22.9 feet (10.70 g/t Au across 6.98 m) confirming Premier's belief that the Saddle Deposit represents one of the most prospective high-grade undeveloped gold deposits in North America.

Low coring productivities due to a number of factors, including small rig size, weather conditions and blocky ground, slowed the early part of the drill program and caused unit drilling costs to be much higher than desired. The arrival of two larger diamond-drill rigs has significantly improved coring speed. Hole SA001 deviated away from and did not reach the anticipated target location of the flat-lying Saddle deposit. Hole SA002 was drilled by Reverse-Circulation rig (RC) to 1500 feet and is waiting on larger core drill to continue the hole to target depth. Hole SA004 to SA012 casings are being drilled by RC rigs and the core tails will be, or are in the process of being completed with coring rigs. Additional assay results were pending at the time of this writing.

Premier also made an application of a Plan of Operation permit, which it expects to receive approval on during Q2 or early Q3. This permit will position Premier to remain active at Saddle with two drilling rigs during the remainder of 2011.

## 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. 2010 \$ (Under IFRS)	Year ended December 31, 2009 \$ (Under CDN GAAP)	Year ended December 31, 2008 \$ (Under CDN GAAP)
<b>Operations</b>			
Total revenue	335,481	88,215	450,323
Income (loss) and comprehensive income (loss) for the year	(11,031,849)	(3,684,592)	222,184
Basic and diluted loss per share	0.10	0.05	0.00
<b>Balance Sheet</b>			
Working capital	44,026,829	19,746,427	17,964,110
Total assets	177,143,886	88,851,746	68,410,963
Total liabilities	32,515,326	8,953,599	6,152,068

The three months ended March 31, 2011 is the first reporting period completed using International financial reporting standards ("IFRS"). Previously, the Corporation prepared its consolidated annual and consolidated interim financial statements in accordance with Canadian GAAP. An explanation of the impact of the transition from Canadian GAAP to IFRS is included below.

## Quarterly Information

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

Quarter	2011	2010	2010	2010	2010	2009	2009	2009
	First	Fourth	Third	Second	First (Restated)	Fourth	Third	Second
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
	Under IFRS				Under CDN GAAP			
Revenue	135,620	117,012	112,125	88,972	17,372	16,612	29,000	8,861
Income (loss) from continuing operations	(784,952)	(716,054)	(775,845)	(7,465,569)	(2,894,567)	513,575	(571,482)	(4,183,592)
Loss from continuing operations per Common share (basic and diluted)	(0.01)	(0.00)	0.00	(0.07)	(0.02)	0.00	0.00	(0.05)
Comprehensive income (Loss)	(1,875,244)	44,472	(423,814)	(7,775,312)	(2,877,195)	(93,449)	533,132	(3,847,686)
Comprehensive income (Loss) per Common share (basic and diluted)	(0.02)	0.00	0.00	(0.08)	(0.02)	0.00	0.00	(0.04)
Total long-term liabilities	25,616,513	24,235,867	28,008,718	29,163,282	11,165,107	9,463,836	7,184,973	7,184,973
Cash dividends	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

## Overall performance

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Net loss for the three months ended March 31, 2011 was \$1,875,244 compared to net loss of \$2,877,195 for the same period of the previous year, a decrease of 34%. It should be noted that as a result of the transition to IFRS, the loss for the period ending March 31, 2010 was \$751,767 higher than what was reported using GAAP, due to the derecognition of previously reported future tax assets. Overall, the decrease in net loss compared to the previous year is primarily the result of lower expenses, specifically share-based payments which was \$nil for the three months ended March 31, 2011, as compared to \$1,349,600 for the same period of the previous year. Operating expenditures decreased overall from \$2,132,740 to 920,572. Excluding the decrease in share-based payments, most of the operating expenditures have increased, which is to be expected giving the growth profile of the Corporation. Going forward, management expects that general and administrative expenditures will increase slightly, and that professional fees and stock based compensation will fluctuate independent of the operating activities as they are dependent on period specific decisions and activities.

Of the \$920,572 in operating expenses incurred during the period ended March 31, 2011, \$2,442 related to non-cash charges for amortization. Of the remaining \$918,130 in operating expenses, \$747,428 related to general and administrative expenses, which were 13% higher than the previous year, \$81,874 to professional fees, which were 236% higher than the previous year, and \$28,110 for the flow-through interest penalty, which was 70% lower than the previous year. General and administrative expenses on an overall basis were higher, which is reasonable given the growth the Corporation experienced, and this trend can be expected to continue at a pace relative to the expansion of the Corporation. The most significant amounts included in general and administrative expenses are: listing fees of \$110,126, which was comparable to previous year; accounting and administrative of \$48,818, which was 1% lower than previous year; investor relations of \$97,520, which were 18% lower than the previous year; travel expenses of \$32,283, which were 37% lower than the previous year; and executive and office salaries of \$285,109, which, excluding a one-time employer health tax assessment of \$163,521, were 39% higher than the previous year.

Exploration and evaluation programs during the three months ended March 31, 2011 resulted in a net increase in mineral properties of \$7,873,457 (excluding the one-time IFRS adjustment of \$6,817,002 to remove the future tax bump on the Saddle Gold Inc. acquisition). Details of the exploration and evaluation expenditures during the year are included in the following table:

	Balance January 01, 2010 (Audited)	Expenditures	Balance December 31, 2010 (Audited)	Expenditures	Balance March 31, 2011 (Unaudited)
<b>BONANZA</b>					
<i>Deferred Exploration:</i>					
Analytical	\$ 735,253	\$ 9,037	\$ 744,290	\$ 10,966	\$ 755,256
Geological	338,819	-	338,819	-	338,819
Geochemical	(1)	-	(1)	-	(1)
Fuel	2,956	846	3,802	-	3,802
Transportation/accommodation	93,619	12,160	105,779	3,132	108,911
Exploratory drilling	3,392,551	-	3,392,551	-	3,392,551
Property work	56,420	448	56,868	-	56,868
Advanced property work	58	-	58	-	58
Operations support	187,773	17,473	205,246	6,774	212,020
Administration	386,470	19,557	406,027	12,267	418,294
A/R - Cash Call - Rahill					
Bonanza Joint Venture	(1,867,245)	-	(1,867,245)		(1,867,245)
A/P - Cash Call - Rahill					
Bonanza Joint Venture	4,125,129	1,369,901	5,495,030	186,676	5,681,706
	<b>7,451,802</b>	<b>1,429,422</b>	<b>8,881,224</b>	<b>219,815</b>	<b>9,101,039</b>
<i>Deferred Development:</i>					
Acquisition costs and option payment paid	19,267,617	-	19,267,617	-	19,267,617
Option payment received	(440,000)	-	(440,000)	-	(440,000)
	<b>18,827,617</b>	<b>-</b>	<b>18,827,617</b>	<b>-</b>	<b>18,827,617</b>
	<b>26,279,419</b>	<b>1,429,422</b>	<b>27,708,841</b>	<b>219,815</b>	<b>27,928,656</b>
<b>EAST BAY</b>					
<i>Deferred Exploration:</i>					
Analytical	5,401	-	5,401	-	5,401
Geological	8,530	-	8,530	-	8,530
Transportation/accommodation	446	-	446	-	446
Exploratory drilling	44,659	-	44,659	-	44,659
Operations support	540	-	540	-	540
Administration	7,144	1,614	8,758	-	8,758
A/P - Cash Call - East Bay					
Joint Venture	-	284,661	284,661	149,208	433,869
	<b>66,720</b>	<b>286,275</b>	<b>352,995</b>	<b>149,208</b>	<b>502,203</b>
<i>Deferred Development:</i>					
Acquisition costs and option payments paid	6,225,083	-	6,225,083	-	6,225,083
	<b>6,225,083</b>	<b>-</b>	<b>6,225,083</b>	<b>-</b>	<b>6,225,083</b>
	<b>6,291,803</b>	<b>286,275</b>	<b>6,578,078</b>	<b>149,208</b>	<b>6,727,286</b>



	Balance January 01, 2010 (Audited)	Expenditures	Balance December 31, 2010 (Audited)	Expenditures	Balance March 31, 2011 (Unaudited)
<b>PQ NORTH</b>					
<i>Deferred Exploration:</i>					
Analytical	64,364	71,618	135,982	6,981	142,963
Geological	163,654	42,144	205,798	54,396	260,194
Geophysical	203,500	-	203,500	-	203,500
Fuel	27,243	3,672	30,915	42,659	73,574
Transportation/accommodation	499,891	167,404	667,295	95,103	762,398
Exploratory drilling	1,683,712	734,509	2,418,221	766,730	3,184,951
Property work	172,088	-	172,088	279	172,367
Operations support	515,571	203,431	719,002	212,468	931,470
Administration	111,238	49,172	160,410	14,824	175,234
	<b>3,441,261</b>	<b>1,271,950</b>	<b>4,713,211</b>	<b>1,193,440</b>	<b>5,906,651</b>
<i>Deferred Development:</i>					
Acquisition costs and option payments paid	114,455	-	114,455	-	114,455
	<b>114,455</b>	<b>-</b>	<b>114,455</b>	<b>-</b>	<b>114,455</b>
	<b>3,555,716</b>	<b>1,271,950</b>	<b>4,827,666</b>	<b>1,193,440</b>	<b>6,021,106</b>
<b>HARDROCK / GERALDTON</b>					
<i>Deferred Exploration:</i>					
Analytical	1,729,054	877,035	2,606,089	268,380	2,874,469
Geological	1,033,181	1,092,111	2,125,292	324,930	2,450,222
Geophysical	102,690	1,750	104,440	-	104,440
Geochemical	-	74,200	74,200	4,700	78,900
Fuel	27,628	17,154	44,782	4,869	49,651
Transportation/accommodation	231,956	88,932	320,888	30,466	351,354
Exploratory drilling	14,842,505	10,643,882	25,486,387	2,621,751	28,108,138
Property work	307,861	245,646	553,507	32,472	585,979
Advanced property work	31,557	68,538	100,095	32,412	132,507
Operations support	1,102,872	262,674	1,365,546	22,083	1,387,629
Administration	843,635	1,032,392	1,876,027	118,142	1,994,169
	<b>20,252,939</b>	<b>14,404,314</b>	<b>34,657,253</b>	<b>3,460,205</b>	<b>38,117,458</b>
<i>Deferred Development:</i>					
Acquisition costs and option payments paid	4,699,395	-	4,699,395	-	4,699,395
	<b>4,699,395</b>	<b>-</b>	<b>4,699,395</b>	<b>-</b>	<b>4,699,395</b>
	<b>24,952,334</b>	<b>14,404,314</b>	<b>39,356,648</b>	<b>3,460,205</b>	<b>42,816,853</b>

	Balance January 01, 2010 (Audited)	Expenditures	Balance December 31, 2010 (Audited)	Expenditures	Balance March 31, 2011 (Unaudited)
<b>LENNIE</b>					
<i>Deferred Exploration:</i>					
Analytical	60,104	18,345	78,449	-	-
Geological	48,524	(1,062)	47,462	-	-
Fuel	805	962	1,767	-	-
Transportation/accommodation	16,988	9,252	26,240	-	-
Exploratory drilling	871,846	235,968	1,107,814	-	-
Property work	9,523	-	9,523	-	-
Operations support	37,855	23,095	60,950	-	-
Administration	118,534	45,507	164,041	-	-
	<b>1,164,179</b>	<b>332,067</b>	<b>1,496,246</b>	-	-
<i>Deferred Development:</i>					
Acquisition costs and option payments paid	188,400	-	188,400	-	-
	<b>188,400</b>	-	<b>188,400</b>	-	-
Property write-off	-	(1,684,646)	(1,684,646)	-	-
	<b>1,352,579</b>	<b>(1,352,579)</b>	-	-	-
<b>REDGOLD - BOBJO, RAINGOLD, AND WOCO LAKE</b>					
<i>Deferred Exploration:</i>					
Analytical	-	7,550	7,550	26,752	34,302
Geological	-	1,524	1,524	22,010	23,534
Geophysical	-	311,672	311,672	-	311,672
Fuel	-	380	380	6,625	7,005
Transportation/accommodation	-	64,288	64,288	15,495	79,783
Exploratory drilling	-	143,166	143,166	666,815	809,981
Property work	-	79,492	79,492	1,830	81,322
Advanced property work	-	851	851	-	851
Operations support	-	20,318	20,318	73,356	93,674
Administration	-	74	74	2,949	3,023
	-	<b>629,315</b>	<b>629,315</b>	<b>815,832</b>	<b>1,445,147</b>
<i>Deferred development:</i>					
Acquisition costs and option payments paid	-	859,500	859,500	50,000	909,500
	-	<b>859,500</b>	<b>859,500</b>	<b>50,000</b>	<b>909,500</b>
	-	<b>1,488,815</b>	<b>1,488,815</b>	<b>865,832</b>	<b>2,354,647</b>

	Balance January 01, 2010 (Audited)	Expenditures	Balance December 31, 2010 (Audited)	Expenditures	Balance March 31, 2011 (Unaudited)
<b>SADDLE GOLD, NEVADA</b>					
<i>Deferred Exploration:</i>					
Analytical	-	25,587	25,587	61,187	86,774
Geological	-	253,549	253,549	106,302	359,851
Geophysical	-	228,980	228,980	(7,654)	221,326
Fuel	-	36,992	36,992	105,163	142,155
Transportation/accommodation	-	4,752	4,752	21,591	26,343
Exploratory drilling	-	296,674	296,674	1,521,626	1,818,300
Property work	-	10,799	10,799	32,910	43,709
Operations support	-	2,537	2,537	10,015	12,552
Administration	-	2,112	2,112	1,184	3,296
	-	861,982	861,982	1,852,324	2,714,306
<i>Deferred Development:</i>					
Acquisition costs and option payments paid	-	44,445,983	44,445,983	(6,817,002)	37,628,981
	-	44,445,983	44,445,983	(6,817,002)	37,628,981
	-	<b>45,307,965</b>	<b>45,307,965</b>	<b>(4,964,678)</b>	<b>40,343,287</b>
<b>OTHER AREAS</b>					
<i>Deferred Exploration:</i>					
Analytical	141,826	4,718	146,544	4,869	151,413
Geological	515,911	21,702	537,613	7,371	544,984
Geophysical	5,836	-	5,836	-	5,836
Fuel	1,018	-	1,018	-	1,018
Transportation/accommodation	43,224	-	43,224	-	43,224
Exploratory drilling	1,568,510	226,296	1,794,806	108,236	1,903,042
Property work	1,619	33,283	34,902	(1,113)	33,789
Operations support	1,244	-	1,244	6,100	7,344
Administration	97,945	29	97,974	746	98,720
	2,377,133	286,028	2,663,161	126,209	2,789,370
<i>Deferred Development:</i>					
Acquisition costs and option payments paid	891,017	93,512	984,529	6,424	990,953
Option payments received	-	(41,500)	(41,500)	-	(41,500)
	891,017	52,012	943,029	6,424	949,453
	<b>3,268,150</b>	<b>338,040</b>	<b>3,606,190</b>	<b>132,633</b>	<b>3,738,823</b>
<b>TOTAL EXPENDITURES</b>	<b>65,700,001</b>	<b>63,174,202</b>	<b>128,874,203</b>	<b>1,056,455</b>	<b>129,930,658</b>

## ***Liquidity and capital resources***

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Current assets at March 31, 2011 were \$44,459,793 compared to \$52,306,288 at December 31, 2010 and total assets were \$176,403,884 compared to \$177,143,886. The small increase in total assets relates to a couple of items: cash and cash equivalents are down from \$51,476,694 to \$43,327,058, due to spending on exploration and operations; this is offset by an increase in exploration and evaluation assets from \$122,494,158 to \$129,930,658. The Corporation also held \$1,881,250 in long term investments at March 31, 2011 compared to \$2,208,815 at December 31, 2010. The Corporation is very comfortable with its cash position at year end. The money currently held in treasury is sufficient to complete the ambitious drill program for 2011 and cover operating expenditures for a minimum of 3 years.

Cash used in operating activities was \$688,321 for the three months ended March 31, 2011. The most significant non-cash charges to earnings include unrealized loss on investments of \$327,500, and future tax expense of \$773,185.

Cash used in investing activities was \$7,736,815 for the three months ended March 31, 2011 which relates to exploration and evaluation related expenditures.

Cash provided by financing activities was \$275,500 which is comprised of the proceeds from the exercise of stock options.

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 ended March 31, 2011 in relation to resource expenditures renounced to investors under Canada Revenue's look-back rule, totalled \$28,110.

As at March 31, 2011, the financial instruments of the Corporation consisted of cash and cash equivalents, accounts receivable, long-term investments, accounts payable and accrued liabilities and long term debt. 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 the financial instruments approximate the carrying values.

The Corporation is authorized to issue an unlimited number of Common Shares of which 104,360,658 were outstanding as of June 10, 2011. As at June 10, 2011 the Corporation had options outstanding to purchase an aggregate of 6,107,390 Common Shares under its share incentive plan with exercise prices ranging between \$1.00 and \$7.45 per share and expiry dates between September 15, 2011 and December 8, 2015. All of the issued options had vested by June 10, 2011.

As at June 10, 2011 the Corporation had 50,000 common share purchase warrants outstanding with an exercise price of \$6.62 and expire date of April 5, 2016

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.

## Commitments

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The following is a summary of the commitments of the Corporation as at June 10, 2011:

	2011	2012	2013	Total
Contracts and operating leases	\$111,396	\$19,073	\$6,470	\$136,939
Exploration agreements	\$0	\$0	\$0	\$0
Exploration expenditure commitment from the issuance of flow through shares	\$12,628,169	\$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, 2011 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, 2011, the Corporation decided to no longer pursue its option to acquire a 100% interest in the Lennie project, and as such \$1,767,943 has been charged against earnings in the period. A penalty for early termination was paid to Newcastle Resources Ltd.

## Contingency

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The Corporation has been summoned to appear before the Ontario Court of Justice for a matter related to provincial offences under the Crown Forest Sustainability Act, 1994 in respect of activities that allegedly occurred in 2010 on the Redgold property. Currently the outcome of the charges is not determinable, and the financial impact, if any, will be recorded when the outcome is determinable and the amount is estimable.

## Transactions with related parties

The Corporation's related parties include key management personnel and entities over which they have control or significant influence as described below.

	Nature of transactions
DSA Corporate services	Corporate secretarial
D & R Filing services	Filing services
The Alyris Group	Accounting, management and facilities rental

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

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 totaling \$38,075 (2010 - \$37,199) for corporate secretarial services provided by companies related to the Corporation through a common officer.

[b] Included in general and administrative expenditures are amounts totalling \$98,022 (2010 - \$265,832) and included in the mineral property expenditures are amounts totalling \$28,026 (2010 - \$112,102) for rent, facilities related charges, and accounting and management services provided by a company related to the Corporation through common officer and an officer and director.

[c] Included in other revenue are amounts totaling \$7,950 (2010 - \$31,800) for rental of a core shack to a company related to the Corporation through a common director.

[d] Included in general and administrative expenses are amounts totalling \$nil (2010 - \$38,846) for consulting fees paid to a company related to the Corporation by a common director.

Transactions with key management personnel

Key management personnel remuneration includes the following expenses:

	2011	2010
Salary and wages	\$204,133	\$625,239
Share-based payments	\$0	\$4,042,840
Other compensation	\$0	\$33,483
<b>Total</b>	<b>\$204,133</b>	<b>\$4,701,562</b>

## Financial instruments and related risks

The Corporation's operations include the acquisition and exploration of mineral properties in United States. The Corporation examines the various financial risks to which it is exposed and assesses the impact and likelihood of occurrence. These risks may include credit risk, liquidity risk, currency risk, interest rate risk and other risks. Where material, these risks are reviewed and monitored by the Board of Directors.

[a] Credit Risk

Counterparty credit risk is the risk that the financial benefits of contracts with a specific counterparty will be lost if a counterparty defaults on its obligations under the contract. This includes any cash amounts owed to the Corporation by those counterparties, less any amounts owned to the counterparty by the Corporation where a legal right of set-off exists and also includes the fair values of contracts with individual counterparties which are recorded in the financial statements.

- i) **Trade credit risk**  
The Corporation is in the exploration stage and has not yet commenced commercial production or sales. Therefore, the Corporation is not exposed to significant credit risk and overall the Corporation's credit risk has not changed significantly from the prior year.
- ii) **Cash and cash equivalents**  
In order to manage credit and liquidity risk the Corporation invests only in highly rated investment grade instruments that have maturities of six months or less. Limits are also established based on the type of investment, the counterparty and the credit rate.
- iii) **Derivative financial instruments**  
As at March 31, 2011, the Corporation has no derivative financial instruments. It may in the future enter into derivative financial instruments and in order to manage credit risk, it will only enter into derivative financial instruments with highly rate investment grade counterparties.

**[b] Liquidity risk**

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation manages liquidity risk through the management of its capital structure.

Accounts payable and accrued liabilities are due within the current operating period.

**[c] Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Corporation will realize a significant loss as a result of a decline in the fair market value of investments and other items held within cash and cash equivalents is limited given that the majority of investments have a relatively short maturity. The Corporation manages its interest rate risk with investments by investing the majority of funds in short-term investments and therefore is not exposed to significant fluctuations in interest rates. The interest rate risk associated with the Corporation's long term debt relates to the fixed nature of the interest rate. Should there be a significant decrease in the market interest rate, there is potential exposure due to the Corporation locking in at a higher rate.

**[d] Currency risk**

The Corporation is exposed to the financial risk related to the fluctuation of foreign exchange rates. The functional currency of the corporation is the Canadian dollar. The Corporation operates in Canada, the United States and Mexico and a portion of its expenses are incurred in U.S. dollars, and Mexican Pesos. As at December 31, 2010 the Corporation's subsidiary Premier Gold Mines USA Inc. holds a long term promissory note denominated in U.S. dollars valued at USD\$9,400,000, or CDN\$9,135,083. There are no significant financial instruments denominated in Mexican Pesos. Changes in the currency exchange rates between the Canadian dollar relative to the U.S. dollar and Mexican Peso could have an effect on the Corporation's results of operations, financial position or cash flows. The Corporation has not hedged its exposure to currency fluctuations. At March 31, 2011 a 100 basis point decrease/increase in the U.S. dollar would result in a foreign exchange gain/loss of CDN\$156,205.

The Corporation does not invest in derivatives to mitigate these risks.

### ***Management of capital risk***

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The Corporation manages its cash and cash equivalents, common shares, stock options and warrants as capital. The Corporation's objectives when managing capital are to safeguard the Corporation's ability to continue as a going-concern in order to pursue the exploration of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Corporation manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Corporation may attempt to issue new shares and, acquire or dispose of assets.

In order to maximize ongoing exploration efforts, the Corporation does not pay out dividends. The Corporation's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments with short-term maturities, selected with regard to the expected timing of expenditures from continuing operations.

The Corporation expects its current capital resources will be sufficient to carry out its exploration plans and operations through 2011.

IFRS 7 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table sets forth the Corporation's financial assets measured at fair value by level within the fair value hierarchy.

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Assets</b>				
Cash and cash equivalents	43,327,058	-	-	43,327,058
Investments	1,881,250	-	-	1,881,250
	<b>45,208,308</b>	-	-	<b>45,208,308</b>

### ***Subsequent events***

On April 5, 2011 the Corporation completed the purchase of the Net Smelter Royalty ("NSR") on the PQ North property from Doug Parker (the "Seller"). Terms of the sale include the payment of \$100,000 by Premier to the Seller on the date of execution of the agreement, the issuance of 150,000 common shares to the Seller, granting 50,000 share purchase warrants to the seller, and the payment of \$150,000 by Premier to the Seller payable, at the seller's option, in cash or gold within 30 days of a Positive Production Decision

On May 3, 2011 Premier entered into a definitive acquisition agreement to acquire the Blue Sage mineral claim rights within the Rain Sub-district of the Carlin Trend, in Elko County, Nevada. The transaction will result in the expansion of Premier's mineral interests along the "Rain Fault" strike extension.

The acquisition of the Blue Sage mineral claims includes the assumption by Premier of a US\$400,000 promissory note. The purchase price for the acquisition will be satisfied by the issue of an aggregate of 350,000 common shares of Premier. The Blue Sage mineral claim rights are subject to a one percent (1.0%) net smelter return royalty. The transaction is subject to conditions normal for a transaction of its nature, including the approval of the Toronto Stock Exchange.



## Changes in accounting policy including initial adoption of IFRS

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### 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. As the Corporation has not chosen to early adopt, these standards will affect the accounting for any business combinations completed after January 1, 2011.

(ii) IFRS 2 - 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) IAS 23 – Borrowing costs

IAS 23 *Borrowing costs* has not been applied to borrowing costs relating to qualifying assets for which the commencement date for capitalization is on or after January 1, 2010.

IFRS employs a conceptual framework that is similar to Canadian GAAP. The adoption of IFRS will not have any material impact on the financial information previously disclosed under Canadian GAAP. The Corporation identified the following adjustments as a result of the adoption of IFRS:

- (i) IFRS requires that the functional currency of each entity of the Corporation be determined separately and record the foreign exchange resulting from the consolidation in equity rather than in the statement of operations. IFRS 1 provides an exemption and allows for such adjustments to be made as of the transition date, resulting in no change to the December 31, 2009 financial statements on the transition date.

For the year ended December 31, 2010, the foreign exchange resulting from the consolidation amounted to a loss of \$68,186, which will result in a decrease in the current year’s loss in the statement of operations and an “Exchange reserve” being recorded in the Statement of Equity on application of IFRS.

- (ii) Income tax expense is calculated in a similar manner in accordance with GAAP and IFRS. Future income tax assets / liabilities are also calculated in a similar manner in accordance with GAAP and IFRS. However, the treatment of future income taxes with respect to asset purchases will differ and, consequently, the purchase price allocation for the Saddle Gold acquisition will change.

In order to allow the users of the financial statements to better understand other changes between IFRS and GAAP that do not have any quantitative effect or adjustments to the Corporation’s financial statements, the following qualitative explanation of the differences between GAAP and IFRS is provided:

- (i) Property, plant and equipment GAAP and IFRS allow the use of original cost less depreciation as the cost base. IFRS requires separate depreciation rate for components that depreciate differently.

Exploration for and Evaluation of Mineral Resources GAAP and IFRS allow the capitalization of costs associated with the exploration for and evaluation of mineral resources.

As stated in note 2 of the condensed consolidated interim financial statements, these are the Corporation's first condensed consolidated interim financial statements for the period covered by the first annual consolidated financial statements prepared in accordance with IFRS.

The accounting policies in note 2 have been applied in preparing the condensed consolidated interim financial statements for the three months ended March 31, 2011, the comparative information for the three months ended March 31, 2010, the financial statements for the year ended December 31, 2010 and the preparation of an opening IFRS statement of financial position on the Transition Date, January 1, 2010.

In preparing its opening IFRS statement of financial position, comparative information for the three months ended March 31, 2010 and financial statements for the year ended December 31, 2010, the Corporation has adjusted amounts reported previously in financial statements prepared in accordance with GAAP.

The guidance for the first time adoption of IFRS is set out in IFRS 1. IFRS 1 provides for certain mandatory exceptions and optional exemption for first time adopters of IFRS. The Corporation elected to take the following IFRS 1 optional exemptions:

[a] Basis of Consolidations

In accordance with IFRS 1, if a company elects to apply IFRS 3 Business Combinations retrospectively, IAS 27 Consolidated and Separate Financial Statements must also be applied retrospectively. As the Corporation elected to apply IFRS 3 prospectively, the Corporation has also elected to apply IAS 27 prospectively.

[b] Cumulative translation differences

IFRS requires that the functional currency of each entity of the Corporation be determined separately. The Corporation has determined that as at the Transition Date the Canadian dollar was the functional currency of all entities in the Corporation. For the three months ended March 31, 2010, there was a \$nil foreign exchange. For the year ended December 31, 2010, the foreign exchange resulting from the consolidation amounted to a loss of \$68,186, resulting in a decrease in the current year's loss in the statement of operations and the recording of an "Exchange Reserve" in the Statement of Equity.

[c] Share-based payment

Under GAAP, the Corporation measured share-based compensation related to share purchase options at the fair value of the options granted using the Black-Scholes option pricing formula and recognized its expense over the vesting period for the options. For the purposes of accounting for share based payment transactions an individual is classified as an employee when he individual is consistently represented to be an employee under law. The fair value of the options granted to employees were measured on the date of grant. The fair value of options granted to contractors and consultants were measured on the date the services were completed. Forfeitures were recognized as they occurred.

IFRS 2 Share-based payment requires the Corporation to measure share-based compensation related to share purchase options granted to employees at the fair value of the options on the grant date and to recognize such expense over the vesting period of the options. However, under IFRS 2, the recognition of such expense must be done with a "graded vesting" methodology as opposed to the straight-line vesting method allowed under Canadian GAAP. In addition, under IFRS, forfeitures estimates are recognized in the period they are estimated, and are revised for actual forfeitures in subsequent periods, whereas under Canadian GAAP forfeitures are recognized as they occur. Furthermore, for options granted to non-employees, IFRS requires that share-based compensation be measured at the fair value of the services received unless the fair value cannot be reliably measured. For the purpose of accounting for share based payment transactions an individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. This definition of an employee is broader than that previously applied by the Corporation and resulted in certain contractors and consultants being classified as employees under IFRS.

The Corporation has elected to apply the requirements of IFRS 2, Share-based payments, only to equity instruments granted after November 7, 2002 which had not vested as of the Transition Date. There was no impact on the financial statements. Under GAAP, the Corporation measured share-based compensation related to share purchase options at the fair value of the options granted using the Black-Scholes option pricing formula and recognized its expense over the vesting period for the options. For the purposes of accounting for share based payment transactions an individual is classified as an employee when he individual is consistently represented to be an employee under law. The fair value of the options granted to employees is measured on the date of grant. The fair value of options granted to contractors and consultants are measured on the date the services are completed. Forfeitures are recognized as they occur.

For the share purchase options granted to the individuals reclassified, change in fair value after the grant date previously recognized for GAAP purposes did not require any adjustment. There were no unvested options issued and outstanding as of and after the Transition Date.

[d]       Reclassification within equity section

IFRS requires an entity to present for each component of equity, a reconciliation between the carrying amount at the beginning and end of the period, separately disclosing each change. The Corporation reviewed its contributed surplus account and concluded that as at the Transition Date, the entire amount of \$7,104,904 relates to "Equity settled employee benefit reserve". As a result, the Corporation believes a reclassification would be necessary in the equity section between "Contributed surplus" and the "Equity settled employee benefit reserve" account. For comparatives, as at March 31, 2010, the entire \$7,190,654 "Contributed surplus" account was reclassified into "Equity settle employee benefit reserve". Additionally, as at December 31, 2010, \$12,353,460 "Contributed surplus " account was reclassified as "Equity settled employee benefit reserve".

[e]       Deferred Tax on Mineral Properties

Under GAAP, the Corporation, in accounting for its subsidiary, recognized a future income tax liability on temporary differences arising on the initial recognition of the Saddle Gold Inc. mineral property interest (where the fair value of the asset acquired exceeded its tax basis) in a transaction which was not a business combination and affected neither accounting profit nor loss. IAS 12, Income Taxes does not permit the recognition of deferred taxes on such transactions.

As at December 31, 2010, the Corporation has derecognized the impacts of all future income tax liabilities which had previously been recognized on the initial acquisition of Saddle Gold Inc. through transactions deemed not to be business combinations and affecting neither accounting profit or loss nor taxable profit or loss.

[f]       Deferred flow through premium

Under GAAP, the Corporation, in accounting for flow through funds received, recorded the funds to share capital.

IFRS requires that excess to market value upon issuance of flow through common shares be recorded in the statement of loss and comprehensive loss (deferred liability for flow through raised funds at time of issuance of flow through common shares and charged to the statement of loss and comprehensive loss as the necessary expenditures to be renounced under flow through common share agreements are spent).

[g]       Deferred income tax assets

Under GAAP, the Corporation, in accounting for future income tax assets, recognized future income tax assets to the extent that it had taxable temporary differences resulting from the issuance of flow through shares in accordance with EIC-146.

IFRS requires that the Corporation consider it probable that taxable profit will be available against which a deductible temporary difference can be utilized.

As at January 1, 2010, the Corporation derecognized the impact of deductible temporary differences related to future income tax assets.

### **Off-Balance Sheet Arrangements**

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

### **Changes in Internal Control Over Financial Reporting (“ICFR”)**

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No changes occurred in the current period of the Corporation’s ICFR that have materially affected, or are reasonably likely to materially affect the Corporation’s ICFR.

### **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 September 30, 2010. Based on this assessment, management believes that, as of March 31, 2011, the Corporation’s internal control over financial reporting is designed 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, 2011.

### **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).

“John Seaman”

(Signed) John Seaman  
Chief Financial Officer

Thunder Bay, Canada  
June 10, 2011