PREMIER
Gold Mines Limited

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012

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 nine months ended September 30, 2012, with a comparative period for the year ending December 31, 2011, 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 November 6, 2012 and all information is current as of such date. Readers are encouraged to read the Corporation's public information filings on SEDAR at www.sedar.com.

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

Certain information set forth in this MD&A, including management's assessment of the Corporation's future plans and operations, contains forward-looking statements. By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond the Corporation's control, including the impact of general economic conditions, industry conditions, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other industry participants, the lack of availability of qualified personnel or management, stock market volatility and ability to access sufficient capital from internal and external sources. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be inaccurate and, as such, 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

Intersection of High Grade Gold at Cove Gold Project

- Results include 11.75 g/t Au across 20.42 metres in Hole AX-8A

Premier Receives Approval and Permit for Hardrock at Trans-Canada Project

- Receipt of an Environmental Compliance Approval (ECA) and a Permit to Take Water (PTTW)

Premier Provides Rahill-Bonanza Update

- Includes drilling to test regional unconformity

Premier and Bridgeport Ventures Agree to Merge Bridgeport into Premier Royalty Corporation

- Business combination expected to close in late November

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; Nevada, USA; 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 two 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 explored to further follow-up on the discovery of a new zone from February 2010 drilling and during 2011.

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 has returned several significant intersections and has identified structural units similar to those at the mine.

The Trans-Canada 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 some of the most strategic ground in the region and is host to several past-producing mines and numerous exploration targets in a district that has more than 4.1 Million ounces of historic gold production. Premier has a 100% interest in the Trans-Canada Project.

Premier has secured two key projects in its USA based portfolio. 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. Recently, Premier has signed an agreement to earn a 100% interest on the Cove Gold Project, one of the highest grade but undeveloped "Carlin-style" gold deposits in Nevada.

During 2012, Premier has created a royalty-based gold vehicle which is expected to begin trading as a public entity in November. Premier anticipates retaining approximately 40% ownership of Premier Royalty Corporation.

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

Red Lake District, Northwestern Ontario

A total of $1,089,592 has been spent on the Rahill-Bonanza and East Bay Projects in Red Lake during the quarter. Of this amount, some $964,081 was directed at Rahill-Bonanza. This included drilling 6,009 metres with one drill on surface and some 2,709 metres with 2 drills from underground drilling. The haulage (tram) drift advanced 530 metres during Q3 and on October 24, 2012 was announced as being 60% complete.

The Rahill-Bonanza Project (PG:49% & G:51%) covers approximately 4.5 kilometres of the main Red Lake "Mine Trend" between the Red Lake Gold Mines complex to the east, and the Cochenour Complex to the west. The haulage drift is being excavated from the 5400 foot Level of Red Lake Gold Mines and will intersect several kilometres of some of the highest potential and untested geology in the heart of the Red Lake camp.

On August 14th, Premier reported on the following news from the project:

- The underground diamond drilling program designed to build a camp-wide geological model and to test the regional unconformity to the south is now underway
- Diamond drilling designed to test a previously announced series of structures (see press release dated May 23, 2012) is complete with assays pending
- The tram drift has recently excavated through a gold-bearing Basaltic Komatiite (ultramafic) rock unit, an important unit known to be associated with high-grade mineralization at the Red Lake Gold Mines complex including the High Grade Zone (HGZ)

For the balance of 2012, all underground tram construction will be on the JV Property and regular updates are being received".

Trans-Canada Project, Northwestern Ontario

Some four diamond drills were active during the quarter, drilling 17,087 metres on the Hardrock Project. In all, some $3,110,129 was spent at Trans-Canada. Diamond drilling focused primarily on testing specific target areas of the Fortune Zone and its possible extensions.

The Fortune and HGN Zones are comprised of multiple, en-echelon, narrow-vein vein zones located in close proximity to the historic Hardrock mine workings. The primary vein zones have now been identified over a plunge length of some 2.0 kilometres, appear to coalesce at depth, and remain open still further to the west. The Fortune and HGN Zones have characteristics similar to the high-grade past producing Little Long Lac (600,000 ounces gold produced at a grade of 11.7 g/t) and Leitch (847,900 ounces produced at a grade of 31.5 g/t) Gold Mines that are located on the Trans-Canada Project.

Recent highlights from ongoing drilling include:

- **431.43 grams per tonne gold (g/t Au) across 2.0 metres (m) or 12.60 ounces per ton (oz/t) across 6.6 feet (ft) in the Fortune Zone horizon in wedge hole MM307**
- **21.13 g/t Au across 8.9 m (0.62 oz/t across 29.2 ft) in the Fortune Zone horizon in hole MM298**
- **113.00 g/t Au across 1.0m (3.30 oz/t across 3.3 ft) in the Fortune Zone horizon in hole MM2293**
- **142.00 g/t across 1.5 m (4.15 oz/t across 4.9 ft) in the P Zone horizon in hole MM297**

- **21.59 g/t Au across 2.9 m (0.63 oz/t across 9.5 ft) and 11.79 g/t Au across 8.7 m (0.34 oz/t across 28.5 ft) in the North Zone horizon in hole MM292**

By the end of the quarter Premier concluded that it was in the best interest of its shareholders to delay both the updated resource statements for Brookbank, Key Lake and Hardrock in order to maximize the new Fortune Zone data that would be included in that work. As a result, it was expected that the ongoing PEA evaluation would be completed during the second half of the year.

On October 24, 2012, Premier announced the receipt of an Environmental Compliance Approval (ECA) and a Permit to Take Water (PTTW) from the Ontario Ministry of the Environment (MOE). This latest milestone is a significant step for the potential advancement of the Trans-Canada Project and provides Premier with the ability to de-water and commence Advanced Exploration at the historic MacLeod-Mosher Mine site, which is host to the Company's Hardrock deposit. The ECA and PTTW set out conditions which allow the Company to draw water from the MacLeod - Mosher underground workings and then discharge it to the environment in a manner that is highly protective of all aquatic life and that is consistent with the Company's sustainable development philosophy.

PQ North, Musselwhite District, Northwestern Ontario

Premier's PQ North Project, located immediately north of Goldcorp's Mussewhite Mine, was reactivated during Q1 2012 utilizing one drilling rig.

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 were 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 no diamond drilling at PQ North during the quarter and expenses of $17,131 were incurred.

Cove Gold Project, Battle Mountain-Eureka District, Nevada, USA

During Q3 Premier conducted some 9,700 feet (~2,900 metres) of diamond drilling and incurred an expenditure of $1,256,074 at the Cove Gold Project.

On June 13, 2012 Premier, through its wholly owned subsidiary Au-Reka Gold Corporation, acquired a 100% interest in the Cove Gold Project, located in the heart of the Battle Mountain-Eureka Trend in Nevada, from Victoria Gold Corp.

The acquisition of Cove furthers Premier's strategy to build its United States based project portfolio in proven, accessible and low-risk jurisdictions that offer opportunities for the discovery of high-grade gold deposits. The Cove Project represents a major opportunity for Premier with the potential to become a "flagship" property for a number of reasons including:

- **The Helen Zone deposit is host to an inferred mineral resource of 231,300 ounces of gold at an average grade of 20.23 grams per tonne gold (g/t Au) or 0.59 ounces per ton (oz/t), and is currently being drill-tested for resource expansion.**

- **The Cove deposit was mined (primarily by open pit) between 1987 and 2001, a period of comparatively low metal prices, producing approximately 2.6 million ounces of Gold, and 103 million ounces of silver**

- **The 6,972 hectare property (17,252 acres) has seen only limited surface exploration away from the Cove pit.**

- **Excellent infrastructure (including paved roads & power) with secure land tenure in mining-friendly Nevada.**

- **Advanced exploration permitting initiated by Victoria will continue under Premier's direction.**

Highlight intervals from the most recent drill holes include:

- **11.75 g/t Au across 20.42 m (0.34 oz/t across 67.0 feet) in hole AX-8A -- a wedge hole drilled to provide a full cut of mineralization in the core part of the deposit using core.**

- **4.82 g/t Au across 10.97 m (0.14 oz/t across 36 feet) in the Upper Helen Zone and 8.01 g/t Au across 5.94 m (0.23 oz/t across 19.5 feet) in the Lower Helen Zone in hole AX-11.**

- **7.09 g/t Au across 24.38 m (0.21 oz/t across 80 feet) in the Upper Helen Zone and 9.26 g/t Au across 5.18 m (0.27 oz/t across 17 feet) in the Lower Helen Zone in hole AX-12.**

New drill holes AX-11 and AX-12 confirm Premier's model that the Helen Zone is a stratiform, Carlin-style deposit, that occurs in favourable limestone and dolomite units and remains wide open along the favourable anticline structure that is host to the primary mineralized zones at Cove. AX-11 represents a 122 metre (300 feet) northwesterly step out that intersected both the Upper and Lower Helen Zone horizons. AX-12 represents a 62.5 metres (200 feet) step out from AX-9 to the southeast towards the historic Cove pit and intersected multiple gold zones suggesting major expansion potential. AX-8A was a twinned core hole of RC hole AX-8 which was drilled to properly test mineralization utilizing core rather than reverse circulation, successfully intersecting multiple gold zones in the heart of the deposit. AX-8A offset the original RC hole between 30 to 40 feet to the south of the original RC hole.

Premier's management team believes that the Cove Project represents one of the most under-explored projects in Nevada. It is located in the Eureka-Battle Mountain Trend that is host to numerous multi-million ounce producing and past-producing mines. The property is located in close proximity to excellent infrastructure (including paved roads & power) and some work has progressed such that permitting for underground access can be advanced.

Premier Royalty Division

Premier Royalty was incorporated as a wholly owned subsidiary of Premier on November 23, 2011. It has since commenced an aggressive campaign designed to build a diversified portfolio of quality royalty assets in anticipation of a going public transaction in the fourth quarter of 2012. Details of the various transactions completed or initiated by Premier Royalty during the period are included below.

Signing of Definitive Agreement with Golden Arrow Resources Corporation

On May 23, 2012 Premier Royalty signed a definitive purchase agreement (the “Golden Arrow Agreement”) regarding the sale by Golden Arrow Resources Corporation (“Golden Arrow”), of its 1% net smelter return (a “NSR”) royalty on Yamana Gold Inc.’s Gualcamayo Gold mine (the “Gualcamayo Royalty”). Pursuant to the terms of the Golden Arrow Agreement, Premier Royalty has agreed to purchase 100% of the shares of Golden Arrow’s wholly-owned subsidiary, which indirectly owns the Gualcamayo Royalty in exchange for $16,500,000in cash and warrants to purchase an aggregate of up to 1 million shares of Premier Royalty at an exercise price equal to 120% of the price of the shares of Premier Royalty in connection with an initial public offering or similar going public transaction. The warrants will be exercisable for a period of 24 months from the closing date of the Gualcamayo Royalty acquisition. Golden Arrow will have the right, on 30 days’ prior written notice, to require Premier Royalty to purchase for cancellation all outstanding warrants for a price of $1.25 per warrant at any time prior to their expiry.

All third party approvals with respect to the acquisition of the Gualcamayo Royalty, including the approval of the shareholders of Golden Arrow, have been received and Premier Royalty expects the acquisition to be completed prior to the end of November.

Premier Gold provided a bridge loan (the "Bridge Loan") to Premier Royalty to fund the purchase of the Gualcamayo Royalty. The unsecured Bridge Loan accrues interest at 8% per annum and is repayable with $8.0 million due on closing of a going-public transaction with the balance due within one year.

Acquisition of Royalties from Aberdeen International Inc.

On May 31, 2012, Premier Royalty closed a purchase agreement (the "Aberdeen Purchase Agreement") with Aberdeen International Inc. ("Aberdeen"), whereby Premier Royalty acquired from Aberdeen a 1% NSR royalty (the "Buffelsfontein Royalty") on gold produced from Village Main Reef Limited's Buffelsfontein Mine and AngloGold Ashanti Limited's Mine Waste Solutions tailings recovery project in the Republic of South Africa.

Pursuant to the terms of the Aberdeen Purchase Agreement, Premier Royalty purchased the Buffelsfontein Royalty in consideration for an aggregate purchase price of $20,900,000, which consisted of a cash payment in the amount of $11,500,000 and the issuance by Premier Royalty of a convertible debenture payable to Aberdeen in the amount of $9,400,000 (the "Aberdeen Convertible Debenture"). The unpaid amounts owing under the Aberdeen Convertible Debenture accrue interest at a rate of 8% per annum and upon Premier Royalty completing a public offering, or any other comparable going public transaction (a "Going Public Transaction"), the Aberdeen Convertible Debenture will automatically convert into that number of common shares of Premier Royalty equal to the principal amount and accrued interest divided by the amount equal to the offering price or deemed price in connection with the Going Public Transaction less a 10% discount. Further, in the event Premier Royalty completes a Going Public Transaction, Premier Royalty shall issue to Aberdeen that number of warrants of Premier Royalty equal to 0.5 multiplied by the number of common shares of Premier Royalty issued under the Aberdeen Convertible Debenture (each whole warrant, a "Warrant"). Each Warrant shall entitle Aberdeen to acquire one common share of Premier Royalty at a price which represents a 25% premium to the price per Premier Royalty's common shares issued in connection with a Going Public Transaction for a period of two years from the closing date of the Going Public Transaction.

In the event that a Going Public Transaction is not completed on or before May 31, 2013, the principal amount and accrued interest under the Aberdeen Convertible Debenture shall be repaid by Premier Royalty in cash to Aberdeen in full, or if Premier Royalty elects, and subject to the approval of Premier Gold, Premier Gold shall satisfy the Aberdeen Convertible Debenture on Premier Royalty's behalf by issuing that number of common shares of Premier Gold equal to the principal amount and accrued interest divided by the volume weighted average price of the common shares of Premier Gold for the five trading days immediately prior to May 31, 2013.

Private Placement of $11,500,000 Convertible Debentures

On July 6, 2012 and July 10, 2012, Premier Royalty closed two tranches of a private placement (the "Private Placement") of an aggregate $11,500,000 principal amount of convertible debentures of Premier Royalty, which accrue interest at a rate of 8% per annum (the "Convertible Debentures"). The Convertible Debentures mature on May 31, 2013 unless, among other things, they are automatically converted as a result of the occurrence of a Going Public Transaction, including the closing of the business combination transaction (the "Business Combination") involving Premier Royalty and Bridgeport Ventures Inc. ("Bridgeport"). Upon completion of the Business Combination, the principal amount outstanding under the Convertible Debentures together with all accrued interest thereon will be effectively converted into units of Bridgeport at a conversion price of $1.40 per unit (on a post-consolidated basis), with each unit consisting of one common share of Bridgeport and 0.375 of a Bridgeport warrant (on a post-consolidated basis). Each whole warrant (a "Bridgeport Warrant") will be exercisable at a price of $2.00 (on a post-consolidated basis) for a period commencing on the date that is six months following the completion of the Business Combination and ending on the date that is four years following completion of the Business Combination, subject to early expiry upon the occurrence of certain events.

The Convertible Debentures also provide that in the event of a Going Public Transaction for Premier Royalty other than the Business Combination prior to the maturity date of the Convertible Debentures, the whole of the principal amount outstanding under each debenture together with all accrued interest thereon will be converted into common shares of the resulting entity at a conversion price equal to 90% of the price per share that Premier Royalty or its security holders receive on the creation, issuance and/or sale of such shares pursuant to such Going Public Transaction, as applicable, subject to the provisions of the Convertible Debentures.

Purchase of Thunder Creek Royalty

On July 13, 2012, Premier Royalty acquired a 1% NSR royalty (the "Thunder Creek Royalty") on certain mining claims which comprise the Thunder Creek Deposit of the Timmins West Mine and ancillary lands, operated by Lake Shore Gold Corp. ("Lake Shore") pursuant to the terms of a purchase agreement dated June 22, 2012.

The purchase price for the Thunder Creek Royalty was satisfied by an aggregate $7,000,000 cash payment to the private vendors. Premier Royalty (or a resulting issuer) will issue to the vendors common shares with a value of $500,000 concurrent with a subsequent Going Public Transaction of Premier Royalty.

Business Combination Transaction with Bridgeport Ventures Inc.

On August 7, 2012, Premier Royalty signed a definitive agreement (the "Business Combination Agreement") with Bridgeport to enter into the Business Combination, pursuant to which Bridgeport will acquire Premier Royalty by way of plan of arrangement.

Pursuant to the Business Combination, Bridgeport will issue shares to Premier Gold in such amount as is equal to 60% of the issued and outstanding shares of Bridgeport (prior to giving effect to any convertible securities or instruments), at a deemed price of $1.40 per common share of Premier Royalty (on a post-consolidation basis). Bridgeport will also issue warrants for each post-consolidation common share of Bridgeport ("Bridgeport Share") held by its current shareholders on the basis of 0.375 of a warrant for each Bridgeport Share held by such shareholders. Each whole warrant (a "Bridgeport Warrant") will be exercisable at a price of $2.00 per post-consolidation Bridgeport Share for a period commencing on the date that is six months following the completion of the Business Combination and ending on the date that is four years following completion of the Business Combination, subject to early expiry upon the occurrence of certain events.

As noted above, Premier Royalty previously obtained from Premier Gold the Bridge Loan in connection with the acquisition of certain royalties. In addition to stipulated cash payback provisions, Premier Gold will be granted a one-time right (the "Conversion Right") in its sole discretion to convert all or a portion of the bridge loan into units of Bridgeport, at a price of $1.40 per unit (on a post-consolidation basis) at or prior to closing. Each unit will consist of one Bridgeport Share and 0.375 of a Bridgeport Warrant. In addition, Premier Gold will be granted up to an additional 2.8 million Bridgeport Warrants (on a post-consolidation basis) less the number of Bridgeport Warrants issued to Premier Gold pursuant to the Conversion Right and an additional 1.4575 million warrants to purchase post-consolidation Bridgeport Shares, which shall be exercisable until October 7, 2014.

Pursuant to the Business Combination Agreement, Premier Gold shall have the right to rename Bridgeport and set its new management team upon completion of the Business Combination. Bridgeport shall be entitled to two seats on the resulting Board of Directors.

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Selected Financial Data

The following table provides selected financial information and should be read in conjunction with the Corporation's audited consolidated financial statements for the periods below.

	Year ended December 31, 2011 $ (Under IFRS)	Year ended December 31. 2010 $ (Under IFRS)	Year ended December 31, 2009 $ (Under CDN GAAP)
Operations			
Total revenue	551,176	335,481	88,215
Loss and comprehensive loss for the year	(16,680,719)	(10,963,663)	(3,684,592)
Basic and diluted loss per share	(0.15)	(0.11)	(0.05)
Balance Sheet			
Working capital	31,952,072	44,026,829	15,392,067
Total assets	315,983,355	177,143,886	88,851,746
Total liabilities	39,828,954	32,515,326	16,473,822

The fiscal year ended December 31, 2011 was the fourth reporting period completed using International financial reporting standards ("IFRS"). Previously, the Corporation prepared its consolidated annual and consolidated interim financial statements in accordance with International Financial Reporting Standards ("IFRS").

Quarterly Information

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

	2012	2012	2012	2011	2011	2011	2011	2010
Quarter	Third	Second	First	Fourth	Third	Second	First	Fourth
	($)	($)	($)	($)	($)	($)	($)	($)
Revenue	871,158	469,366	155,931	180,928	110,184	124,444	135,620	117,012
Income (loss) from continuing operations	(4,476,537)	(3,641,712)	(2,526,268)	(3,828,472)	(6,496,733)	(829,727)	(784,952)	(230,399)
Loss from continuing operations per Common share (basic and diluted)	(0.03)	(0.02)	(0.02)	(0.03)	(0.06)	(0.01)	(0.01)	(0.00)
Comprehensive loss	(6,059,823)	(6,519,682)	(3,334,344)	(4,822,688)	(5,194,201)	(4,756,825)	(1,875,244)	(209,774)
Comprehensive loss per Common share (basic and diluted)	(0.05)	(0.04)	(0.03)	(0.04)	(0.05)	(0.04)	(0.02)	(0.00)
Total long-term liabilities	44,377,519	63,629,758	32,976,076	31,747,891	28,161,503	29,131,860	25,616,513	24,235,867
Cash dividends	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Overall performance

Comprehensive loss for the three months ended September 30, 2012 was $6,059,823 compared to $5,194,201 for the same period of the previous year. The increase in comprehensive loss from that of the prior period can be attributed primarily to interest charges associated with long term debt, foreign exchange losses associated with the translation of foreign operations and a significant deferred tax recovery in the prior period. The impact of these items were offset by a $1,246,189 reduction in operating expenses from that of the prior period and $774,007 of royalty revenue associated with the Corporation's newly formed royalty division.

Of the $5,250,544 in operating expenses incurred during the quarter, non-cash charges account for over 63% with $2,593,073 relating to charges for share based payments and $24,257 to depreciation. In addition, $264,012 of depletion and $466,071 of accretion expenses were incurred, both of which increased 100% from that of the prior period. Of the remaining $1,890,997 in operating expenses incurred, $1,410,768 related to general and administrative expenses which increased 165% from that of the previous period. The increase in general and administrative expenses is attributed primarily to costs associated with the Corporation's expanding US operation and newly formed royalty division and includes consulting fees, salaries and investor relations related charges. Of the $1,410,768 in general and administrative expenses incurred during the period the most significant amounts included executive and office salaries of $398,456 and $95,596 respectively, tax, IT and general consulting expenses of $193,751, investor relations and related travel expenses of $240,058 and $74,466 respectively and corporate accounting and administrative expenses of $141,983. The remaining $480,229 in operating expenses incurred during the period included professional fees of $332,785, exploration expenses of $132,410, and $15,034 of flow-through interest penalties.

Exploration and evaluation assets increased during the nine months ended September 30, 2012 by $30,879,623. Of the total expenditures incurred, $25,678,361 or approximately 61% related to acquisition costs associated with the Cove Project in Nevada. An additional $11,192,167 or 28% related to ongoing exploration at the Trans-Canada Project in Geraldton, Canada where $7,279,509 in drilling related costs, $922,982 in geological costs,

$641,610 in analytical and sampling costs, and $225,111 in operations support related costs were incurred. A further $1,377,886 or 3.5% of total expenditures were spent at the PQ North Project located in Ontario, Canada where drilling and operations support expenses of $641,655 and $301,108 respectively were incurred. The remaining 7.5% of expenditures relate to exploration activities at the Corporation's Bonanza and East Bay Projects in Red Lake, Canada, and Saddle Project in Nevada, USA. Also during the period, the Corporation reduced the exploration and evaluation assets by $11,220,000 in order to allocate costs associated with the Saddle acquisition to Royalty interests in mineral properties as it began receiving royalty revenue from the Emigrant Springs property during the quarter.

Liquidity and capital resources

Current assets at September 30, 2012 were $58,440,460 compared to $40,033,135 at December 31, 2011 and total assets were $406,878,799 compared to $315,983,355. The increase in total assets during the period is related to the $57,500,000 financing completed in February and the acquisition of the Cove Project and Aberdeen royalty assets. The increase is reflected within the financial statements primarily by an increase in current assets of $18,407,325 and related increases in both exploration and evaluation assets and royalty interests of $30,879,623 and $39,302,447 respectively. The residual increase is related to ongoing exploration costs.

The Corporation's current and non-current liabilities increased during the period by $28,720,118 and $12,629,628 respectively as a portion of the acquisition costs associated with both the Cove Project and the Buffelsfontein and Mineral Waste Solutions royalties was financed with debt.

Cash used in operating activities was $3,871,358 for the nine months ended September 30, 2012. Significant non-cash charges to earnings include share based payments of $5,243,741, deferred tax expense of $3,370,793, unrealized foreign exchange losses of $1,139,141, accretion of $687,552, unrealized losses on investments of $410,163 and depletion of $314,579. These charges were offset by a gain on disposal of exploration and evaluation assets of $135,422.

Cash used in investing activities of $44,175,357 for the nine months ended September 30, 2012 related primarily to exploration and evaluation asset related expenditures of $27,688,332 and costs associated with the purchase of royalty interests and mineral properties of $14,090,705.

Cash provided by financing activities during the period totalled $65,245,507 and was generated through a $57,500,000 bought deal financing in February and an $11,500,000 convertible debenture issuance by Premier Royalty in July. A total of $3,560,950 in related share issue costs were paid in conjunction with these financings.

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 nine months ended September 30, 2012 in relation to resource expenditures renounced to investors under Canada Revenue's look-back rule, totalled $64,919.

As at September 30, 2012, the financial instruments of the Corporation consisted of cash and cash equivalents, accounts receivable, investments, accounts payable and accrued liabilities, convertible debentures, and long term debt.

The Corporation is authorized to issue an unlimited number of common shares of which 148,992,712 were outstanding as of November 6, 2012. As at November 6, 2012 the Corporation had options outstanding to purchase an aggregate of 10,194,032 common shares under its share incentive plan with exercise prices ranging from $1.50 to $7.45 per share, and expiry dates ranging from March 10, 2013 to August 13, 2017. As of September 30, 2012 there were 728,923 unvested stock options.

As at September 30, 2012 the Corporation had 50,000 common share purchase warrants outstanding with an exercise price of $6.62 and expiry date of April 5, 2014

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Gold Mines Limited

While maturing investments and new financing arrangements will continue to be the primary source of cash flow for the Corporation, the Corporation anticipates it will benefit from the growing revenue stream associated with the newly created royalty division.

Commitments

The following is a summary of the commitments of the Corporation as at November 6, 2012:

	2012	2013	2014	2015	2016	2017	Total
Contracts and operating leases	$70,952	$275,625	$255,955	$219,955	$171,895	$73,258	$1,067,640
Exploration expenditure commitment from the issuance of flow through shares	$4,441,567	$0	$0	$0	$0	$0	$4,441,567

Mineral property held for sale

Newman Madsen

As of September 30, 2012 there were no mineral properties held for sale [2011 - mineral property held for sale included the Newman Madsen Property with a carrying value of $13,064, which was disposed of in January 2012].

Provision

The Corporation's provision results from net ownership interests in mineral properties and mining claims with a mill and mining equipment. The provision consists primarily of costs associated with mine reclamation and closure activities. These activities, which tend to be site specific, generally include costs for earthworks, including detoxification and re-contouring, re-vegetation, water treatment and demolition. In determining the estimated costs, the Corporation considers such factors as changes in laws and regulations and requirements under existing permits. Such analysis is performed on an ongoing basis.

The Corporation estimates the total discounted cash flows required to settle its provision requirements is $2,436,869. In calculating the fair value of the Corporation's provision, management used a risk free interest rate of 2.022%. A reconciliation of the provision is provided below:

	2012 **$**	2011 $
Balance, beginning of the year	**2,051,858**	-
Liabilities incurred	**348,608**	2,051,858
Accretion expense	**36,403**	-
	2,436,869	2,051,858

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Gold Mines Limited

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
DSA Filing services	Filing services
The Alyris Group	Corporate accounting & IT services
Hall Mineral Services LLP	Consulting
Alyris Leasing Inc.	Facilities rental
Apex Security and Investigation Inc.	Security services
Mega Precious Metals Inc.	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 totalling $22,684 (2011 - $46,958) for corporate secretarial and filing services provided by DSA Corporate Services and DSA Filing Services, both of which are related to the Corporation through Shaun Drake, Corporate Secretary of Premier.

[b] Included in general and administrative expenditures are amounts totalling $338,235 (2011 - $339,050) and included in the exploration and evaluation assets are amounts totalling $58,785 (2011 - $125,544) for IT consulting, and accounting and administrative support services provided by 1752466 Ontario Inc. O/A The Alyris Group, a company related to the Corporation through Ewan Downie, Director, President and Chief Executive Officer of Premier, and Steve Filipovic, Chief Financial Officer of Premier.

[c] Included in other revenue are amounts totaling $23,850 (2011 - $34,650) for rental of a core shack paid by Mega Precious Metals Inc., a company related to the Corporation through Ewan Downie, Director, President and Chief Executive Officer of Premier, who is also a director of Mega Precious Metals Inc.

[d] Included in general and administrative expenses are amounts totalling $36,942 (2011 - $64,411) for consulting fees paid to Hall Mineral Services LLP, a company related to the Corporation through Ritch Hall, the former Chairman of Premier.

[e] Included in exploration and evaluation assets are amounts totalling $22,429 (2011 - $nil) for security related services paid to Apex Security and Investigation Inc., a company related to the Corporation through John Seaman, Director of Premier.

[f] Included in property, plant and equipment are amounts totalling $247,257 (2011 - $nil) and included in general and administrative expenditures are amounts totalling $84,210 (2011 - $nil) for leasehold improvements and rental charges paid to Alyris Leasing Inc., a company related to the Corporation through Ewan Downie, Director, President and Chief Executive Officer of Premier, and Steve Filipovic, Chief Financial Officer of Premier.

Transactions with key management personnel

Key management personnel remuneration includes the following expenses:

	2012	2011
Salary and wages	**$607,423**	$714,281
Share-based payments	**$765,410**	$3,701,995
Other compensation	**$28,954**	$17,206
Total	**$1,401,787**	$4,433,482

Contingency

Legal claims

In October 2010, prior to Premier's acquisition of Goldstone, Patrick Sheridan, a former Director, President and Chief Executive Officer of Goldstone, and Gary Conn, a former senior officer and director of Goldstone, together with their respective management companies, commenced legal actions against Goldstone. Mr. Sheridan alleged breach of contract and was seeking damages of up to $1.4 million, including punitive damages, plus costs and interest. Mr. Conn alleged breach of a consulting agreement or, alternatively, wrongful dismissal and other causes of action and is seeking damages of up to approximately $3.4 million, plus costs and interest.

With respect to the Sheridan action, the parties have agreed to a settlement. Pursuant to such settlement, Goldstone paid a sum to Mr. Sheridan, which is included in general and administrative expenses in the current period. Goldstone had also commenced third party claims against Mr. Conn and three former directors in order to seek contribution and indemnity for any amounts that it may be found liable to pay Mr. Sheridan and his management company. It is Premier's expectation that the third party claims will be dismissed shortly.

Goldstone dismissed Mr. Conn for cause on October 1, 2010. In its counterclaim against Mr. Conn (the "Conn Counterclaim"), Goldstone is seeking damages from Mr. Conn and his management company in the amount of $5 million for breach of fiduciary duty and duty of care, fraud, misrepresentation, conflict of interest, unjust enrichment, gross negligence, negligence and breach of contract; and $100,000 in punitive damages. Goldstone has also alleged other causes of action, plus costs and interest.

In January 2011, Mr. Conn commenced a legal action (the "Defamation Claim") against Goldstone, four of its directors, and other individuals, seeking damages of $2.5 million based on alleged conspiracy, libel, defamation and intentional infliction of mental suffering arising from alleged improper publication of certain allegations contained in the Conn Counterclaim. On May 24, 2011, the Superior Court of Justice (Ontario) granted Goldstone's motion for summary judgment. The summary judgment concluded that the allegations in the Conn Counterclaim which, in Goldstone's view justified Mr. Conn's termination for cause, but which according to Mr. Conn were allegedly defamatory, were true. Mr. Conn sought to appeal the judgment, but the Ontario Court of Appeal dismissed his appeal on November 18, 2011.

With respect to the Conn action, Goldstone has launched a summary judgment motion on the basis that certain allegations which were relied upon to justify cause for Mr. Conn's dismissal have already been proven in a related proceeding - being the Defamation Claim. Pursuant to a preliminary motion argued on February 15, 2012, certain affidavit evidence which Mr. Conn seeks to rely upon in defense of the summary judgment motion was ruled admissible. Goldstone therefore prepared responding affidavit evidence, and the cross examinations on the various affidavits have concluded. The motion for summary judgment is expected to be scheduled for spring 2013.

Subsequent events

Transaction with Bridgeport Ventures Inc.

On June 28, 2012 the Corporation's wholly-owned subsidiary, Premier Royalty Corporation, signed a definitive agreement (the “Business Combination Agreement”) with Bridgeport Ventures Inc. ("Bridgeport") to enter into a Business Combination, pursuant to which Bridgeport will acquire Premier Royalty by way of plan of arrangement.

Pursuant to the Business Combination Agreement, Bridgeport will issue shares to Premier Gold in such amount as is equal to 60% of the issued and outstanding shares of Bridgeport (prior to giving effect to any convertible securities or instruments), at a deemed price of $1.40 per common share of Premier Royalty (on a post-consolidation basis). Bridgeport will also issue warrants for each post-consolidation common share of Bridgeport (“Bridgeport Share”) held by its current shareholders on the basis of 0.375 of a warrant for each Bridgeport Share held by such shareholders. Each whole warrant (a “Bridgeport Warrant”) will be exercisable at a price of $2.00 per post-consolidation Bridgeport Share for a period commencing on the date that is six months following the completion of the Business Combination and ending on the date that is four years following completion of the Business Combination, subject to early expiry upon the occurrence of certain events.

As noted, Premier Royalty previously obtained from Premier Gold a Bridge Loan in connection with the acquisition of certain royalties. In addition to stipulated cash payback provisions, Premier Gold has been granted a one-time right (the “Conversion Right”) in its sole discretion to convert all or a portion of the bridge loan into units of Bridgeport, at a price of $1.40 per unit (on a post-consolidation basis) at or prior to closing. Each unit will consist of one Bridgeport Share and 0.375 of a Bridgeport Warrant. In addition, Premier Gold will be granted up to an additional 2.8 million Bridgeport Warrants (on a post-consolidation basis) less the number of Bridgeport Warrants issued to Premier Gold pursuant to the Conversion Right and an additional 1.4575 million Bridgeport Warrants to purchase post-consolidation Bridgeport Shares, which shall be exercisable until October 7, 2014.

Pursuant to the Business Combination Agreement, Premier Gold shall have the right to rename Bridgeport and set its new management team upon completion of the Business Combination. Bridgeport shall be entitled to two seats on the resulting Board of Directors.

Private Placement

On October 22, 2012 the Corporation completed a bought deal public offering (the "Offering") of 7,030,000 common shares (the "Common Shares") at a price of $6.08 per Common Share and 3,004,950 flow-through common shares (the "Flow-Through Shares") at a price of $7.08 per Flow-Through Share for aggregate gross proceeds of $64,017,446 (net proceeds of $60,715,616). The Offering included the issue of 450,000 Common Shares at the Common Share offering price and 391,950 Flow-Through Shares at the Flow-Through Share offering price upon the exercise of the over-allotment option granted by the Corporation. Pursuant to the over-allotment option, the Underwriters have the right to purchase up to an additional 537,000 Common Shares at the Common Share offering price, exercisable in whole or in part, at any time prior to November 21, 2012.

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 owed 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 September 30, 2012, 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 and are cashable. 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 and reporting currency of the Corporation is the Canadian dollar. The functional currency of the subsidiaries is the U.S. dollar and Mexican Peso. As at September 30, 2012 the Corporation's subsidiary Premier Gold Mines USA Inc. holds a long term promissory note denominated in U.S. dollars valued at USD$7,800,000, or CDN$7,672,634. Additionally, the Corporation's subsidiary Premier Gold Mines Nevada Inc. holds a promissory note denominated in U.S. dollars valued at US$300,000, or CDN$295,104. As well, the Corporation's subsidiary Au-Reka Gold Corporation holds a promissory note denominated in U.S. dollars valued at US$17,333,987 or CDN$20,000,000 There are no significant financial instruments denominated in Mexican Pesos. Changes in the currency exchange rates between the Canadian dollars relative to the U.S. dollar 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 September 30, 2012 a 100 basis point decrease/increase in the U.S. dollar would result in a foreign exchange gain/loss of CDN$452,241.

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

Management of capital risk

The Corporation manages its 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 2012.

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** $
Assets				
Cash and cash equivalents	**56,210,798**	**-**	**-**	**56,210,798**
Investments	**34,076**	**-**	**-**	**34,076**
Restricted cash and cash equivalents	**2,784,635**	**-**	**-**	**2,784,635**
Investments	**486,270**	**22,800**	**-**	**509,070**
	59,515,779	**22,800**	**-**	**59,538,579**

Off-Balance Sheet Arrangements

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

Changes in Internal Control Over Financial Reporting ("ICFR")

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.

PREMIER Gold Mines Limited

Controls and Procedures

In accordance with the requirements of *National Instrument 52-109 Certification of Disclosure in Issuer's Annual and Interim Filings*, the Corporation's management, including Chief Executive Officer (CEO) and Chief Financial Officer (CFO), have evaluated the operating effectiveness of the Corporation's internal control over financial reporting. Management of the Corporation is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed by, or under, the supervision of, the CEO and CFO and effected by management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Management assessed the effectiveness of the Corporation's internal control over financial reporting as of September 30, 2012. Based on this assessment, management believes that, as of September 30, 2012, 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 ending September 30, 2012

Additional Information

Additional information relating to the Corporation can be found on SEDAR at www.sedar.com, or on the Corporation's web-site at www.premiergoldmines.com.

"Steve Filipovic"

(Signed) Steve Filipovic
Chief Financial Officer

Thunder Bay, Canada
November 6, 2012