PREMIER
Gold Mines Limited

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 2013

The following Management's Discussion and Analysis ("MD&A") of Premier Gold Mines Limited (the "Corporation" or "Premier") should be read in conjunction with the condensed consolidated interim financial statements for the three months ended March 31, 2013, with a comparative period for the year ending December 31, 2012, 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 May 14, 2013 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 resource 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

Continued Focus on Hardrock Project at Trans-Canada

- Premier confirmed filing of NI 43-101 Technical Report for Trans-Canada Property

Premier Expands Gold Mineralization at Cove Gold Project

- Results include 9.16 grams per tonne gold (g/t) over 16.0 metres (m) and 34.52 g/t across 3.99 m.

Premier Agrees to Acquire Key Red Lake Project

- Broulan Reef Property strategically located west of Rahill-Bonanza JV and Goldcorp's Cochenour Project.

Premier Confirms Key Personnel Additions

- Premier continues to strengthen its operating team as it implements the Company's strategy of becoming a gold producer.

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 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% Premier) 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% Premier), is being explored to further follow-up on the discovery of a new zone from February 2010 drilling and during 2011. Recently, Premier announced the purchase of the Broulan Reef Property, which will become a joint venture with RLGM under terms similar to Rahill-Bonanza.

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.

In Nevada, Premier holds three properties in its exploration portfolio. During 2012 and in 2013, the Cove Gold Property was and will continue to be actively explored with multiple drills with a plan to advance toward completion of an updated mineral resource estimate. Premier also holds the South Carlin and Humboldt Properties, both of which are not planned to be active in 2013.

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

Canadian Operations

Red Lake District, Northwestern Ontario

Drilling completed during the quarter continued to test the deep potential of this target-rich areawith 1,792 metres of drilling in 5 holes at a cost of some $397,000 to Premier.
At the East Bay Project, no new results were released during the quarter. RLGM reported to Premier that some 4,445 metres of diamond drilling was completed in seven drill holes.

The exploration program at East Bay has continued to explore the potential of the Footwall Zone, which remains open in all directions. Premier continues to maintain a 35% interest in the project and incurred some $164,000 in exploration expenses.

On February 25th, Premier announced that it had signed an agreement to acquire the Broulan Reef Project from Cypress Development Corp. (TSX-V:CYP) and Skyharbour Resources Ltd.(TSX-V:SYH) (the "Vendors") in exchange for a payment to the Vendors of $1.75 million in cash, the issuance of 160,000 common shares of Premier and the retention of a 0.5% net smelter royalty (NSR). Goldcorp has provided notice of its intent to exercise its right to participate in the Broulan Reef acquisition pursuant to the terms of the Rahill-Bonanza Joint Venture Agreement between Premier and Goldcorp, whereby Goldcorp has the 30 day right to acquire a 51% interest in lands situated within an area of influence associated with the Joint Venture and will fund 51% of acquisition costs.

The Broulan Reef Property is located adjacent to the south and west of Goldcorp's Cochenour / Bruce Channel Deposit and adjacent to the west of the Rahill Bonanza Joint Venture. The Rahill-Bonanza Project is a joint venture located in the heart of the main Red Lake "Mine Trend" and is being explored with partner and operator Red Lake Gold Mines Limited ("RLGM"), an affiliate of Goldcorp Inc. Tram development through the Joint Venture and underground drilling are underway.

Trans-Canada Project, Northwestern Ontario

Some 19,100 metres of diamond drilling was completed on the Hardrock Project in 42 drill holes. A number of areas have been targeted for follow-up including the Fortune Zone, North Shear 2, A-Zone and the Mulligan Zone. In addition, Premier completed some condemnation and in-fill drilling related to the ongoing Preliminary Economic Assessment (PEA) work.

Some of the more important holes reported on during the quarter included:

- 1.90 grams per tonne gold (g/t Au) across 51.8 metres (m) and 2.14 g/t Au across 41.5 m in hole HR131, a step-out hole beneath the current 200m limit of the resource designated as potentially open-pit.
- 3.50 g/t Au across 20.7 m in hole MM351 drilled to upgrade current resources from the Inferred to Indicated category.
- 12.43 g/t Au across 12.0 m in hole MM324 drilled to upgrade Inferred resources in the deeper portion of the F-Zone.
- 22.87 g/t Au across 3.0 m in hole MM336 drilled down-plunge of the North Zone deposit.
- 8.46 g/t Au across 5.5m in hole MM337 and 10.52 g/t Au across 2.5m in hole MM340 drilled to test the new "Mulligan Zone" at Hardrock.

At Brookbank, Premier conducted a limited exploration program that included some 1,400 metres of diamond drilling, a 33 line-kilometre cut line grid and a 39 line-kilometre 3D induced polarization (IP) geophysical survey. No results have been reported on from that program.

A Preliminary Economic Assessment (PEA) is expected to be completed in Q3-2013 for the Hardrock and Brookbank deposits that will evaluate a range of potential open pit and underground options. These studies will be completed following an updated mineral resource estimate that is underway incorporating data available as of April 5, 2013. Some of the assay results reported in this release were received subsequent to that date.

US Operations

Cove Gold Project, Battle Mountain – Eureka Trend, Nevada, USA

At the Cove Gold Project, some 14 holes were drilled during the quarter with a total of 8,418 metres. These holes included core, precollars RC and exploration RC holes.

Highlights for Q1 at Cove are the following bulleted items;

- Expanded the Helen Zone footprint to the south with AX-22 including 3.99m @ 34.52 g/t gold.
- Commenced infill drill program in Upper and Lower Helen Zone at 50-metre drill target centers to define a geologic and resource model having the goal of establishing a NI 43-101-compliant resource.
- Completed 5 cased pre-collars at greatly reduced cost in the northwest portion of the Helen Zone.
- Drilled two step-out reverse circulation drill holes as a northwest extension with visible alteration and prospective gold values.
- Entered into the home stretch for the Plan of Operation, which will allow 100 acres of exploration disturbance. This will maximize Premier’s ability to drill the Helen Zone from directions never before attempted.

Nevada is one of the world's most favourable jurisdictions for mine development and the Cove Gold Project offers substantial upside in the existing resource areas in addition to opportunities for the discovery of new high-grade gold deposits within the district. The Cove deposit was mined (primarily by open pit) between 1986 and 2001, a period of comparatively low metal prices, producing approximately 2.6 million ounces of gold, and more than 100 million ounces of silver. The Cove Gold Project is held under lease from Newmont Mining Corporation. Newmont has the option at any time to earn back 51% by paying 250% of all exploration expenditures on the project since March of 2006. If Premier submits a positive feasibility study containing 500,000 ounces gold or greater, Newmont has a window of 90 days in order to confirm its participation.

Premier's management team believes that the Cove Gold 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 work has progressed such that permitting for an expanded surface drill campaign can be undertaken and underground access can be advanced.

Key Management Additions

Premier continues to strengthen its operating team as it implements the Company's strategy of becoming a gold producer. In the past 12 months, Premier has made several key management additions including Paul-Henri Girard as Senior Mining Advisor, Eric Lamontagne as Director, Development Projects, Richard Harrisson, Director, Mining and Paul Blatter, Director, Metallurgy and Milling.

PREMIER Gold Mines Limited

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, 2012	Year ended December 31, 2011	Year ended December 31, 2010
	$	$	$
Operations			
Investment and other income	829,351	551,176	335,481
Loss for the year:			
From continuing operations	21,418,662	16,802,929	10,963,663
From discontinued operations	19,472,853	18,580	-
	40,891,515	16,821,509	10,963,663
Basic and diluted loss per share			
Continuing operations	(0.15)	(0.15)	(0.11)
Discontinued operations	(0.14)	-	-
	(0.29)	(0.15)	(0.11)
Comprehensive loss for the year:			
From continuing operations	22,720,903	16,662,139	10,963,663
From discontinued operations	19,472,853	18,580	-
	42,193,756	16,680,719	10,963,663
Comprehensive loss for the year attributable to:			
Non-controlling interest	8,779,849	-	-
Owners of the parent	33,413,907	16,680,719	10,963,663
	42,193,756	16,680,719	10,963,663
Balance Sheet			
Working capital	72,650,601	31,952,072	44,026,829
Total assets	480,411,927	315,983,355	177,143,886
Total liabilities	65,977,643	39,828,954	32,515,326

The Corporation prepares its consolidated annual 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.

	2013	2012	2012	2012	2012	2011	2011	2011
Quarter	First	Fourth	Third	Second	First	Fourth	Third	Second
	$	$	$	$	$	$	$	$
Investment and other income	222,352	331,866	97,151	244,403	155,931	180,928	110,184	124,444
Operating income / (loss) from:								
Continuing operations	(3,676,263)	(3,065,727)	(4,754,569)	(3,376,424)	(2,366,109)	(3,809,892)	(6,496,733)	(829,727)
Discontinued operations	(82,230)	(2,228,590)	277,634	(265,288)	(160,159)	(18,580)	-	-
	(3,758,493)	(5,294,317)	(4,476,935)	(3,641,712)	(2,526,268)	(3,828,472)	(6,496,733)	(829,727)
Gain on disposal of subsidiary	37,978,038	-	-	-	-	-	-	-
Comprehensive income / (loss) for the period:								
Continuing operations	21,287,492	(7,240,265)	(6,338,196)	(5,968,257)	(3,174,185)	(4,804,108)	(5,225,962)	(4,756,825)
Discontinued operations	(82,230)	(19,325,356)	277,950	(265,288)	(160,159)	(18,580)	-	-
	21,205,262	(26,565,621)	(6,060,246)	(6,233,545)	(3,334,344)	(4,822,688)	(5,225,962)	(4,756,825)
Basic and diluted income / (loss) per common share								
Continuing operations	0.14	(0.05)	(0.04)	(0.04)	(0.02)	(0.04)	(0.05)	(0.04)
Discontinued operations	-	(0.14)	-	-	-	-	-	-
	0.14	(0.19)	(0.04)	(0.04)	(0.02)	(0.04)	(0.05)	(0.04)
Total long-term liabilities	45,613,777	44,377,147	44,377,519	63,629,758	32,976,076	31,747,891	28,161,503	29,131,860
Cash dividends	-	-	-	-	-	-	-	-

Overall performance

Income from continuing operations for the three months ended March 31, 2013 was $20,133,964 compared to a loss of $2,929,521 for the same period of the previous year, a swing of $23,063,485. The main factor for the income for the period was the gain generated from the disposal of Premier Royalty Inc. in exchange for shares in Sandstorm Gold Ltd. ("Sandstorm") subsequent to the reverse takeover transaction described in the year-end financial statements. The transaction generated a gain of $37,978,038 but was offset by an unrealized loss on the Sandstorm shares of $12,273,367 representing $25,704,671 of the change noted above.

The remaining change of $2,641,186 is due to an increase in share-based payments from $810,391 in 2012 to $1,910,743 for the same period in 2013 and an increase in long term debt accretion of $438,034 related to the Cove purchase offset by a decrease in professional fees of $214,215. Investment income was up slightly from 2012 by $76,003 as a result of increased cash on hand. In addition, 2012 included a gain on disposal of a mineral property of $135,422 whereas there was no activity in this area in the first three months of 2013. The foreign exchange gain for 2013 was $92,488 versus $27,062 for the same period of 2012. Deferred taxes increased by $1,266,509 in 2013 compared to 2012 as a result of the capital gain on the Premier Royalty Inc. disposition and in relation to ongoing renunciation of exploration spending.

Exploration and evaluation assets increased during the three months ended March 31, 2013 by $8,282,896. Of the total expenditures incurred, $4,022,682 or 49% related to ongoing exploration at the Trans-Canada Project in Geraldton, Canada where $2,197,788 in drilling related costs, $171,057 in geological costs, $196,417 in analytical and sampling costs, $325,366 in salary, wages and benefits and $289,014 in operations support related costs were incurred. $576,169 of the Trans-Canada Project spending was on the Brookbank property and $198,480 was spent on advanced exploration activities. $560,771 or 7% of exploration spending was for the Corporation's joint venture exploration activities at the Corporation's Bonanza and East Bay Projects in Red Lake, Canada. A further $3,622,279 or 44% of total expenditures were on the Cove and Saddle properties located in Nevada, USA of which $992,870 was related to foreign exchange differences on acquisition costs, $2,158,267 to drilling for the Cove Project and the balance to geological and operations support.

As a result of the disposition of Premier Royalty in January, 2013, continuing operations were broken out from discontinued operations in order to remove the effect of the consolidation at December 31, 2012 and March 31, 2013 of Premier Royalty with Premier Gold. Continuing operations reflect the ongoing operations of Premier whereas the discontinued operations include all royalty interest related revenue and expenses from both the pre and post reverse takeover transaction.

Disposal of Premier Royalty Inc.

Subsequent to the reverse takeover transaction described in the December 31, 2012 consolidated financial statements, Premier entered into an agreement to sell the resulting shares of Premier Royalty Inc. As such, on January 28th, 2013, Premier entered into a share purchase agreement (the "Agreement") with Sandstorm pursuant to which Sandstorm acquired 33,655,821 common shares (the "Common Shares") and 6,965,676 warrants (the "Warrants") of Premier Royalty Inc. from Premier, representing Premier's entire position in Premier Royalty.

Pursuant to the terms of the Agreement, each one Common Share and 0.207 of a Warrant (together, a "Premier Royalty Unit") were transferred to Sandstorm. The resulting consideration for the Premier Royalty Units was satisfied by the issuance of 5,604,277 special warrants in the capital of Sandstorm, each being exercisable for no additional consideration into one common share of Sandstorm in accordance with the terms thereof. In connection with the transaction, Sandstorm has also provided Premier Gold with a temporary six month credit facility up to US$70 million, which will bear interest at a 0.3% premium to the interest rate that Sandstorm would be charged by its lenders if funds were drawn from its revolving debt facility. The credit facility has not been utilized during the period.

Based on the share price of the Sandstorm shares at the date of the transaction, the proceeds from disposition of the Premier Royalty Inc. shares were $66,186,511 and the resulting gain included in gain on sale of investments and in income / (loss) from continuing operations of Premier was $37,978,038.

Disposal Group Classified as Held for Sale and Discontinued Operations

The incorporation of Premier Royalty Corporation and the subsequent Reverse Take-over Transaction ("RTO") with Bridgeport was intended to disaggregate Premier's royalty interests from its core exploration and evaluation business with a view to a possible future sale of the resulting entity. Consequently, the assets and liabilities held by Premier Royalty Inc. at December 31, 2012 and included in the consolidated financial statements of the Corporation were classified as a disposal group. As discussed above, the sale of the Premier Royalty Inc. shares was completed on January 28th, 2013.

Revenue and expenses relating to the discontinuation of this disposal group have been eliminated from the continuing operations of Premier and are shown as a single line item on the face of the consolidated statement of income / (loss) and comprehensive income / (loss) (see income / (loss) for the period from discontinued operations).

The discontinued operations are comprised of the revenue and expenses of royalties held directly by Premier and the revenue and expenses related to Premier Royalty Corporation prior to the business combination and the revenue and expenses of Premier Royalty Inc. subsequent to the business combination as follows:

Discontinued operations for the three months ended March 31:	2013	2012
	$	$
Revenue	441,549	-
Expenses:		
Depletion	(245,654)	-
Interest and accretion on long term debt	-	-
General and administration	(223,777)	(160,159)
Charge related to public company listing	-	-
Stock based compensation	(104,429)	-
Other income	9,267	-
Foreign exchange loss	40,814	-
Total Expenses	(523,779)	(160,159)
Loss for the year	(82,230)	(160,159)
Deferred income tax expense	-	-
Loss and comprehensive loss for the year	(82,230)	(160,159)
Discontinued operations attributable to:		
Non-Controlling interest	(29,018)	-
Owners of the parent	(53,212)	(160,159)
	(82,230)	(160,159)

Under IFRS, where a disposal group is a subsidiary that has been acquired exclusively with a view to resale, the entity is not required to disclose the subsidiary's major classes of assets and liabilities. A specific exemption also relieves entities in these circumstances from further analyzing net results or cash flows from discontinued operations. As such, the total assets and total liabilities of Premier Royalty Inc. have been reported as assets or liabilities in a disposal group held for sale on the face of the consolidated statement of financial position. Cash flow from discontinued operations related to royalty revenue received has been disclosed separately on the consolidated statement of cash flow.

Liquidity and capital resources

Current assets at March 31, 2013 were $135,123,627 compared to $87,979,172 at December 31, 2012 and total assets were $460,622,858 compared to $480,411,927. The $19,789,069 decrease in total assets includes a decrease of $75,131,370 due to the elimination of the Premier Royalty Inc. assets included in the disposal group held for sale offset by an increase in investments of $53,225,439, of which $53,913,145 is the Sandstorm investment at market value on March 31, 2013. The remaining increase of $2,116,862 includes the non-cash increase in exploration and evaluation assets related to changes in working capital and foreign exchange translation of US properties ($992,870).

The Corporation's current liabilities increased during the period by $1,002,740 for working capital purposes and non-current liabilities increased by $1,236,630 almost exclusively for the deferred income tax liability associated with deferred flow through premiums as well as ongoing deferred taxes on renounced exploration costs.

Cash generated in operating activities from continuing operations was $30,928 for the three months ended March 31, 2013. Significant non-cash charges to income include an unrealized loss on investments of $12,701,885, share based payments of $1,910,743, deferred tax expense of $1,763,001 and accretion of $438,034. These charges were offset by the gain on disposal of investments of $37,979,632.

The Corporation has financed a large portion of its Canadian 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. There was no additional flow through financing in the three months ended March 31, 2013.

The Corporation applies Canada Revenue Agency's look-back rule when accounting for the tax consequences of Flow-Through Share Issuance. Interest penalties accrued during the period ended March 31, 2013 in relation to resource expenditures renounced to investors under Canada Revenue's look-back rule totalled $29,122.

As at March 31, 2013 the financial instruments of the Corporation consisted of cash and cash equivalents, accounts receivable, investments, accounts payable and accrued liabilities and long term debt.

The Corporation is authorized to issue an unlimited number of common shares of which 149,577,712 were outstanding as of May 7, 2013. As at May 7, 2013 the Corporation had outstanding options to purchase an aggregate of 10,974,032 common shares under its share incentive plan with exercise prices ranging from $1.50 to $7.45 per share, and expiry dates ranging from April 25, 2013 to April 8, 2018. As of March 31, 2013 there were 1,205,000 unvested stock options.

As at March 31, 2013 the Corporation had 50,000 common share purchase warrants outstanding with an exercise price of $6.62 and expiry date of April 5, 2014.

Commitments

The following is a summary of the commitments of the Corporation as at March 31, 2013:

	2013 $	2014 $	2015 $	2016 $	2017 $	Total $
Contracts and operating leases	289,121	308,678	270,303	209,849	73,258	1,151,209
Exploration expenditure commitment from the issuance of flow through shares	16,446,993	-	-	-	-	16,446,993
Exploration expenditure commitment on acquisition of Cove	1,124,941	-	-	-	-	1,124,941

Provision

The Corporation's provision results from net ownership interests in 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 decommissioning the mill complex and related infrastructure, physical and chemical stability of the tailings area and post closure site security and monitoring costs. 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 future value of the cash flows required to settle the provision is $2,556,509. In calculating the fair value of the Corporation's provision, management used a risk free interest rate of 1.698%. A reconciliation of the provision is provided below:

	2013 **$**	2012 $
Balance, beginning of the year	**2,449,004**	2,051,858
Liabilities incurred	**0**	348,609
Accretion expense	**0**	48,537
	2,449,004	2,449,004

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 totaling $10,618 (2012 - $6,386) 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 the Corporation.

[b] Included in general and administrative expenditures are amounts totaling $69,668 (2012 - $79,422) and included in the exploration and evaluation assets are amounts totaling $nil (2012 - $58,785) 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 the Corporation.

[c] Included in other revenue are amounts totaling $7,950 (2012 - $7,950) 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 the Corporation, who is also a director of Mega Precious Metals Inc.

[d] Included in general and administrative expenses are amounts totaling $nil (2012 - $16,280) for consulting fees paid to Hall Mineral Services LLP, a company related to the Corporation through Ritch Hall, the former Chairman of the Corporation.

[e] Included in exploration and evaluation assets are amounts totaling $12,728 (2012 - $22,429) for security related services paid to Apex Security and Investigation Inc., a company related to the Corporation through John Seaman, Director of the Corporation.

[f] Included in property, plant and equipment are amounts totaling $nil (2012 - $217,800) and included in general and administrative expenditures are amounts totaling $41,234 (2012 - $105,631) 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 and Steve Filipovic, Chief Financial Officer of the Corporation.

Transactions with key management personnel

Key management personnel remuneration includes the following expenses:

Three months ended March 31,	**2013**	2012
	$	$
Salary and wages	**380,402**	359,186
Share-based payments	**678,650**	-
Other compensation	**-**	5,564
Total	**1,059,052**	364,750

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

Broulan Reef

On February 25, 2013 the corporation announced that it had entered into an agreement to purchase mining leases located in the Dome Township, of Red Lake Mining District. The Broulan Reef Project is located immediately adjacent to Goldcorp Inc.'s Bruce Channel deposit and Premier/Goldcorp's Rahill Bonanza Joint Venture.

Premier acquired the Broulan Reef Project from Cypress Development Corp. and Skyharbour Resources Ltd. in exchange for a payment to the Vendors $1.75 million in cash, the issuance of 160,000 common shares of Premier and the retention of a 0.5% net smelter royalty (NSR). The property is also subject to an existing 2.0% NSR. Under the terms of the Rahill Bonanza Joint Venture Agreement between Premier and Goldcorp Inc., Goldcorp Inc. has the 30 day right to acquire a 51% interest in the Broulan Reef Project by funding 51% of acquisition costs.

On February 27, 2013 the corporation announcement that Goldcorp Inc. had notified Premier that it intended to exercise its right to acquire a 51% interest in the Broulan Reef Project in Red Lake.

This transaction closed on May 6, 2013..

Financial instruments and related risks

The Corporation's operations include the acquisition and exploration of mineral properties in United States and Mexico. 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 and are cashable or readily convertible to cash. Limits are also established based on the type of investment, the counterparty and the credit rate.

iii) Derivative financial instruments
As at March 31, 2013, 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. 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$304,788. 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 March 31, 2013 a 100 basis point decrease/increase in the U.S. dollar would result in a foreign exchange gain/loss of CDN$5,664.

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

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				
Investments	55,495,689	-	-	55,495,689

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 2013.

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.

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 international financial reporting standards. Management assessed the effectiveness of the Corporation's internal control over financial reporting as of March 31, 2013. Based on this assessment, management believes that, as of March 31, 2013, 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, 2013.

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
May 14, 2013