MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 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 audited consolidated financial statements for the years ended December 31, 2013 and 2012 and the notes thereto. The Corporation's audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Unless otherwise stated, all amounts discussed herein are denominated in Canadian dollars. This MD&A was prepared as of March 21, 2014 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.

Cautionary Statement on Forward-Looking Statements

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

Updated Hardrock Mineral Resource Estimate

- Resource estimate was used for Hardrock open pit PEA
- Early metallurgy results favourable

Premier Receives Plan of Operation Permit at Cove

- Supports expansion of exploration program
- Releases updated Helen Zone mineral resource estimate

Premier Delivers Solid Ongoing Drill Results at Cove

- New Discoveries Reported from CSD, CND and 2201 Zones.

Premier Acquires Key Red Lake Project for Joint Venture

- Broulan Reef acquisition for $1.75 Million plus 160,000 shares of Premier Gold

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 located in Northwestern Ontario - Canada and Nevada - USA.

Canada

In Canada, Premier is active in three districts; the Red Lake Mining District, The Beardmore Geraldton Greenstone Belt, and the Musselwhite Mine area.

Red Lake Mining District

World renowned for high-grade gold, the mines of Red Lake Mining District have produced tens of millions of ounces of gold, making it one of the world's most prolific gold districts. In the heart of the district lies Goldcorp's Red Lake Gold Mine (RLGM), considered to be one of the highest grade producing gold mines in the world.
Premier is involved in two projects in the Red Lake Mining District.

Premier's flagship project in Red Lake is the Rahill-Bonanza Property (49% Premier) located immediately adjacent to, and along strike from, Goldcorp's RLGM complex and is a joint venture with Goldcorp Inc.'s affiliate, Red Lake Gold Mine. The Rahill-Bonanza joint venture will include the Broulan Reef Property purchased by Premier in 2013, which is immediately adjacent to Goldcorp's Bruce Channel deposit and Cochenour Mine complex

The second project is the East Bay Property (35% Premier) which is also a joint venture with Red Lake Gold Mines.

Beardmore-Geraldton Greenstone Belt

This highly prospective high-grade gold district boasts more than 4.1 Million ounces of historic gold production yet has seen relatively little exploration over the past several decades.

The Trans-Canada Property (100% Premier), which is located in the heart of this district, is host to several past-producing mines and covers some of the most strategic ground in the region. While the property is host to numerous exploration targets and several deposits, its two principal projects are the Hardrock and Brookbank Projects.

Musselwhite Mine Area

The PQ North Property (100% Premier) strategically located just north of, and along strike from, Goldcorp's Musselwhite Gold Mine, encompasses a major fold structure that lies along strike from and within the main rock unit that hosts Musselwhite's gold-bearing ore zones. While not currently active, previous drilling on the property by Premier returned several significant intersections and identified structural units similar to those at the mine.

United States

In the U.S.A. Premier is focused on the state of Nevada where it has three properties within its exploration portfolio.

The principal focus of Premier's Nevada operation is the Cove Gold Property, where ongoing exploration activities are advancing toward the completion of an updated mineral resource estimate. Premier's other property interests in Nevada include the South Carlin and Humboldt Properties, both of which are not currently active.
Premier continues to evaluate other high quality Americas based gold projects in proven pro mining districts with the belief that "*A World of Opportunity*" lies before it. Premier believes that an aggressive exploration strategy complimented by mine operating and building capability will repeatedly reward our shareholders.

Results of Operations

Canadian Operations

Red Lake Mining District, Northwestern Ontario

Diamond drilling exceeding 16,500 metres was completed on joint venture projects with RLGM during 2013. This drilling included 12,055 meters drilled at Rahill-Bonanza (underground platforms) and some 4,445 meters at East Bay in seven holes from surface.

The Rahill-Bonanza Project (49% Premier & 51% RLGM) 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 was excavated from the 5400 foot Level of Red Lake Gold Mines and intersected several kilometres of some of the highest potential and untested geology in the heart of the Red Lake camp.

Highlights in news releases during the year included:

Rahill-Bonanza Joint Venture (49% Premier & 51% RLGM)

- Premier, on behalf of the joint venture, acquired the Broulan Reef Property 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). The property is also subject to an existing 2.0% NSR. The joint venture partner RLGM shared the purchase cost on a pro-rata basis.

- The first holes drilled along strike to the west of the Red Lake Gold Mines complex confirmed that favourable ultramafic horizons, similar to those that host many of the ore bodies at the Red Lake Mine, trend onto the joint venture project. Structures intersected show veining and mineralization including visible gold with assays up to 13.99 grams per tonne gold (g/t Au) across 1.4 metres (m) or 0.41 ounces per ton (oz/t) across 4.6 feet in hole D36678.

- Diamond drilling designed to test a gold-bearing structure previously intersected by the tram development has returned assays of up to 134.7 g/t Au across 0.3 m (3.93 oz/t across 1.0 foot) in hole D36719.

- Drilling (hole D36726) discovered multiple vein zones proximal to an ultramafic rock unit with assays of up to 13.05 g/t Au across 0.6 m (0.38 oz/t across 2.0 feet) and 10.01 g/t Au across 0.77 m (0.29 oz/t across 2.5 feet).

East Bay Joint Venture (35% Premier & 65% RLGM)

- 115.46 g/t Au across 0.6 m (3.37 oz/ton across 2.0 ft) in FW2 Zone in hole EBJV13202. This hole was drilled down-dip of previously drilled holes EBJV12196 that intersected 58.36 g/t Au across 1.0 m (1.70 oz/ton across 3.3 ft) and EBJV12198 that intersected 69.23 g/t Au across 0.9 m (2.02 oz/ton across 3.0 ft).

- 10.26 g/t Au across 3.0 m (0.30 oz/ton across 9.8 ft) in a new area approximately 1 km north of the main Footwall Zone.

The orebodies hosted within the main Red Lake "Mine Trend", including the prolific HGZ, are often spatially associated with a regional unconformity that also passes through the southern portion of the Project area for several kilometres. A significant goal for the joint venture has long been to establish an underground exploration platform from which systematic diamond drilling could be undertaken to the south to drill up to and across the unconformity with flat holes up to 1,525 metres (5,000 feet) long. This drilling will allow for a complete geological model of this prospective area that will provide a platform for further exploration drilling.

Trans-Canada Property, Northwestern Ontario

Up to eight diamond drills were active during the year, with a total of some 144,000 metres being completed on the Trans-Canada Property. This program achieved numerous successes including the discovery of a parallel gold-bearing horizon within the conceptual open pit shell, confirmed the potential to extend several gold zones, and returned high-grade results within several horizons. New highlight intercepts include:

- High grade intercepts within narrow vein zones drilled to upgrade resources in the deeper portion of the conceptual pit shell include 62.54 grams per tonne gold (g/t Au) across 3.0 metres (m) in hole MM420 within the Fortune Zone and 95.32 g/t Au across 2.0 m within the NLC-Zone in hole HR180.

- Additional results from a new zone(s) discovered (North Wall Zone) to the north of the primary resource area in the condemnation program include 3.70 g/t Au across 22.0 m in hole HR161; and 2.30 g/t Au across 21.0 m and 2.13 g/t across 15.0 m in hole HR180.

- The potential to expand several horizons has been confirmed in step out holes including the SP Zone within the conceptual open pit resource area - intercepts include 5.27 g/t Au across 22.5 m in hole MM429 and 1.96 g/t Au across 42.8 m in hole MM380.

Hardrock Gold Deposit

The Hardrock Gold Deposit is the largest gold deposit within the Trans-Canada Property. It is located 3.0 kilometres south of the Municipality of Greenstone, (formerly the township of Geraldton) in Ontario. Open Pit mineralization has been identified where historic gold mining comes to surface, and underground mineralization consists of both new horizons located parallel to the historic mine and extensions of the main zones historically mined.

Several of the primary horizons remain open down-plunge and new prospective horizons located in close proximity to the current resource are now being tested by drilling.

On October 29th, 2013, Premier released an updated mineral resource estimate for the Hardrock deposit.

Highlights of the 2013 Hardrock mineral resource estimate includes:

- Indicated resources of 3.24M ounces of gold

- Inferred resources of 3.78M ounces of gold

- New estimate includes a deeper pit when compared to previous estimates

- Drilling continues to suggest the potential for additional O/P and U/G resources offering further upside

In late January 2014, Premier released the results of Preliminary Economic Assessments (PEA's) for the Hardrock and Brookbank deposits which suggest robust economics can be realized under a proposed mining scenario.

Brookbank Gold Deposit

Brookbank is located approximately 77 kilometres to the west of Hardrock. The Brookbank Deposit has traditionally been regarded as a potential underground opportunity. The current resource suggests that a small portion of the deposit may be amenable to being evaluated as an open-pit mining resource.

Development Progress at Trans-Canada

Premier reported on several occasions key additions made to the Premier technical team in the area of mine development, mining, metallurgy and geology. This technical team was initially charged with advancing the Hardrock and Brookbank deposits through their PEA evaluations. The same team will oversee advancing the Hardrock deposit through feasibility studies expected to be complete sometime in mid-2015.

Significant progress was also reported on Hardrock metallurgy in late 2013. A summary of these results include:

- Gold extraction from whole ore samples ranged from 85%-92% displaying an increase in gold extraction with increasing fineness of grind, both with and without prior gravity recovery
- Cyanide consumptions of 0.1 kilograms per tonne (kg/t) or less were obtained, and is considered low
- The weighted average calculated head grade of the processed material (28 kg to date) is 1.91 grams per tonne gold (g/t Au), very much in-line with expected grades

"These results compare favourably to similar projects in North America, and are consistent with our expectations" commented Premier Director of Metallurgy, Paul Blatter. "The pit material shows excellent recovery results and amenability to established milling with low cyanide consumption, which bodes well for our ongoing economic, diagnostic and optimisation work".

U.S. Operations

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

Some 26,000 metres of drilling was completed by Premier at the Cove Gold Project during 2013 in 36 new holes. Significant progress was made on the property as a result of the aggressive exploration program including:

Upper Helen Zone

- 19.60 grams per tonne gold (g/t Au) across 10.80 metres (m) (or 0.57 ounces per ton gold (oz/t Au) across 35.4 feet) in hole AX-35
- 37.01 g/t Au across 2.7 m (1.08 oz/t Au across 8.8 feet) in the Upper Helen Zone from hole AX-40.
- 9.98 g/t Au across 9.6 m (0.29 oz/t Au across 31.5 feet) in hole AX-41

Lower Helen Zone

- 6.52 g/t Au across 84.4 m ((0.19 oz/t Au across 276.8 feet) including 14.59 g/t Au across 14.0 m (0.43 oz/t Au across 46.0 feet) from hole AX-27
- 21.49 g/t Au across 4.5 m (0.63 oz/t Au across 14.7 feet) in the Lower Helen Zone from hole AX-30
- 40.47 g/t Au across 10.5 m (1.18 oz/t Au across 34.4 feet) including 76.58 g/t Au across 5.0 m (2.24 oz/t Au across 16.3 feet) from hole AX-36
- New gold mineralization has been discovered in the deeper, Dixie Valley, rock unit grading 5.67 g/t Au across 5.49 m (0.17 oz/t Au across 18.0 feet). This horizon is located approximately 100 metres (328 feet) below the Lower Helen Zone.

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.

In November 2013, Premier reported on an updated mineral resource estimate for the Helen Zone that included the following highlights:

- 425,000 tonnes of indicated mineral resources grading 10.46 g /t Au (0.31 oz/ton) containing 143,100 ounces of gold
- 882,000 tonnes of inferred mineral resources grading 9.81 g/t Au (0.29 oz/ton) containing 278,700 ounces of gold

On September 18, 2013, Premier reported on significant new mineralization being discovered from a drill program testing targets near the previously mined Cove open pit mine. Results of this drilling included:

- Hole AX-46 successfully intersected the Cove South Deep ("CSD") horizon and discovered multiple polymetallic zones (2201 Zone) in the deeper rock units (see Images 1 and 2) including:
  - CSD 3.08 grams per tonne gold (g/t Au) across 49.1 metres (m) (or 0.09 ounces per ton gold (oz/t Au) across 161.0 feet).
    - Including 5.75 g/t Au across 4.3 m (0.17 oz/t Au across 14.0 feet) - CSD "Upper"
    - And 7.27 g/t Au across 8.0 m (0.21 oz/t Au across 26.3 feet) - CSD "Lower"
  - Discovered an extensive system of polymetallic mineralization (the 2201 Zone) in the deeper Dixie Valley (sandstone) formation with higher grade sub-intervals including:
    - 6.74 g/t Au, 13.00 g/t Ag, 0.02% Cu, 0.32% Zn and 0.06% Pb across 9.1 m (30.0 feet)
    - 6.55 g/t Au, 44.10 g/t Ag, 0.08% Cu, 0.8% Zn and 0.14% Pb across 2.3 m (7.5 feet)
    - 1.70 g/t Au, 41.58 g/t Ag, 0.07% Cu, 1.24% Zn and 0.19% Pb across 14.9m (49.0 feet)
  - Discovered mineralization in the Havallah sequence at end of hole assaying
    - 10.91 g/t Au and 9.20 g/t Ag across 1.5 m (5 feet)
- Hole AX-47, a step-out hole in the Helen Zone deposit area intersected 26.30 g/t Au and 39.79 g/t Ag across 2.7 m (0.77 oz/t Au and 1.16 oz/t Ag across 9 feet).
- Follow-up drilling to AX-46 has intersected mineralization in similar horizons (assays pending). Continued step-out drilling is underway.

"The discovery of deep-seated polymetallic sulfide veining in basal Triassic Dixie Valley formation rocks is significant not only due to the high grade tenor of the mineralization, but also this host horizon is essentially virgin ground at the Cove property" stated Warren Thompson, U.S. Exploration Manager for Premier. "While it gives rise to many questions, this discovery opens up substantial exploration possibilities on our large land package".

Finally, Premier reported that an important permitting milestone had been achieved at its Cove Gold Project in Nevada. The Bureau of Land Management (BLM) delivered to Premier its Record of Decision, which confirmed approval for a Plan of Operation (POO) for the Cove-Helen Underground Mine Project, the application for which was received by the BLM on April 29, 2013.

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, 2013	Year ended December 31, 2012	Year ended December 31, 2011
	$	$	$
Operations			
Investment and other income	778,440	829,351	551,176
Loss for the year:			
From continuing operations	(29,244,473)	(21,418,662)	(16,802,929)
From discontinued operations	(82,230)	(19,472,853)	(18,580)
	(29,326,703)	(40,891,515)	(16,821,509)
Basic and diluted loss per share			
Continuing operations	(0.19)	(0.15)	(0.15)
Discontinued operations	-	(0.14)	-
	(0.19)	(0.29)	(0.15)
Comprehensive loss for the year:			
From continuing operations	(26,832,683)	(22,720,903)	(16,662,139)
From discontinued operations	(82,230)	(19,472,853)	(18,580)
	(26,914,913)	(42,193,756)	(16,680,719)
Comprehensive loss for the year attributable to:			
Non-controlling interest	(29,018)	(8,779,849)	-
Owners of the parent	(26,885,895)	(33,413,907)	(16,680,719)
	(26,914,913)	(42,193,756)	(16,680,719)
Balance Sheet			
Working capital	58,749,981	72,650,601	31,952,072
Total assets	408,492,298	480,411,927	315,983,355
Total liabilities	50,690,531	65,977,643	39,828,954

The Corporation prepares its consolidated annual financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Quarterly Information

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

Quarter	2013 Fourth $	2013 Third $	2013 Second $	2013 First $	2012 Fourth $	2012 Third $	2012 Second $	2012 First $
Investment and other income	148,464	168,625	238,999	222,352	255,199	97,151	321,070	155,931
Operating income / (loss) from:								
Continuing operations	(15,773,324)	(3,686,828)	(9,009,856)	(3,676,263)	(3,065,727)	(4,754,171)	(3,376,822)	(2,366,109)
Discontinued operations	-	-	-	(82,230)	(2,228,590)	277,634	(265,288)	(160,159)
	(15,773,324)	(3,686,828)	(9,009,856)	(3,758,493)	(5,294,317)	(4,476,537)	(3,642,110)	(2,526,268)
Other significant income / (loss):								
Unrealized loss on investments	7,756	3,669,875	(19,842,303)	(12,701,885)	-	-	-	-
Realized loss on sale of investments	(4,056,851)	(5,289,129)	(687,491)	1,595	-	-	-	-
Gain on disposal of subsidiary	-	-	-	37,978,038	-	-	-	-
	(4,049,095)	(1,619,254)	(20,529,794)	25,277,748	-	-	-	-
Comprehensive income / (loss) for the period:								
Continuing operations	(12,311,555)	(8,653,943)	(27,154,677)	21,287,492	(7,697,512)	(5,880,526)	(5,968,680)	(3,174,185)
Discontinued operations	-	-	-	(82,230)	(18,868,109)	(179,297)	(265,288)	(160,159)
	(12,311,555)	(8,653,943)	(27,154,677)	21,205,262	(26,565,621)	(6,059,823)	(6,233,968)	(3,334,344)
Basic and diluted income / (loss) per common share								
Continuing operations	(0.09)	(0.05)	(0.19)	0.14	(0.05)	(0.04)	(0.04)	(0.02)
Discontinued operations	-	-	-	-	(0.14)	-	-	-
	(0.09)	(0.05)	(0.19)	0.14	(0.19)	(0.04)	(0.04)	(0.02)
Total long-term liabilities	37,968,971	42,093,606	38,746,497	45,613,777	44,377,147	44,377,519	63,629,758	32,976,076
Cash dividends	-	-	-	-	-	-	-	-

Overall performance

Three months ended December 31, 2013 and 2012

Loss from continuing operations for the three months ended December 31, 2013 was $12,703,459 compared to a loss of $7,425,935 for the same period of the previous year for a variance of $5,277,524. $16,865,188 of the variance related to the loss before income taxes and $11,595,429 due to a deferred tax recovery of $6,883,431 for this quarter compared to an expense of $4,711,998 for the previous year's quarter.

The variances for the three months ended December 31, 2013 compared to the same period of 2012 are:

	2013 Q4 $	2012 Q4 $	Increase (Decrease) $
EXPENSES			
Depreciation and impairment loss on property, plant and equipment	93,141	25,297	67,844
Impairment loss on exploration and evaluation assets	13,365,231	-	13,365,231
Share-based payments	603,729	580,845	22,884
Flow-through interest penalty	-	55,755	(55,755)
General and administrative	1,026,019	1,342,832	(316,813)
Professional fees	185,238	152,887	32,351
Exploration expenses	73,207	110,986	(37,779)
Property maintenance	143,682	349,563	(205,881)
Environmental rehabilitation accretion	49,519	12,134	37,385
Long term debt accretion	233,558	435,428	(201,870)
	15,773,324	3,065,727	12,707,597
Loss from operating activities	(15,773,324)	(3,065,727)	(12,707,597)
Investment income	136,042	217,841	(81,799)
Other income	12,422	37,358	(24,936)
Gain on disposal of exploration and evaluation assets	-	-	-
Gain (loss) on sale of investments	(4,056,851)	2,500	(4,059,351)
Interest expense	10,100	(60,334)	70,434
Unrealized gain (loss) on investments	7,756	18,354	(10,598)
Foreign exchange gain	104,699	141,121	(36,422)
Gain on sale of Premier Royalty	-	-	-
Loss on disposal of equipment	(15,065)	-	(15,065)
	(3,800,897)	356,840	(4,157,737)
Loss before income taxes	(19,574,221)	(2,708,887)	(16,865,334)
Current tax recovery (expense)	(12,669)	(5,050)	(7,619)
Deferred tax recovery (expense)	6,883,431	(4,711,998)	11,595,429
Loss for the year from continuing operations	(12,703,459)	(7,425,935)	(5,277,524)
Loss for the period from discontinued operations	-	(18,868,109)	18,868,109
Loss for the period	(12,703,459)	(26,294,044)	13,590,585

The significant items with variances include:

- An additional impairment loss on exploration and evaluation assets was taken during the quarter on properties identified as non-core assets due to inactivity over the past three years which resulted in a variance compared to the same period last year of $13,365,231. See additional discussion below.

- A decrease in general and administration of $316,813 which includes a reduction of costs as a result of the 2012 closure of the offices acquired as part of the Goldstone acquisition, a reduction of salary and related costs of the U.S. operations, offset by increased staffing costs in the Canadian offices.

- A decrease in property maintenance expenses of $205,881 due to rehabilitation work carried out on the Sand River property in 2012 that was not required to the same extent in 2013.

- A decrease in long term debt accretion by $201,870 related to the principal repayment of 50% of the Cove debt during the year.

- A decrease in investment income of $81,799 due to lower cash balance during the quarter compared to the same quarter last year, the last financing that was done was in October, 2012.

- A loss on disposal of investments of $4,056,851 during this period as opposed to a gain of $2,500 for the same period in 2012 - $3,931,035 on the realization of a portion of the previously unrealized loss recorded on the sale of Sandstorm shares and $125,816 realized loss on other equities held for sale.

- The significant deferred tax variance of $11,595,429 is related to a recovery booked in the fourth quarter as a result decision to offset deferred tax assets related to loss carry forwards created on the amortization of mineral property costs for tax purposes as well as recognition of the tax benefit associated with unrealized losses on investments which will be used to offset the realized gain on the disposal of Premier Royalty.

Included in the loss from discontinued operations for the three months ended December 31, 2012 are the revenue and expenses for Premier Royalty Corporation which were reclassified as a result of the subsequent sale discussed below. There was no corresponding activity during the same period in 2013 due to the disposition of Premier Royalty Corporation in January 2013.

Other comprehensive income (loss)

Included in the comprehensive loss for the three months ended December 31, 2013 is an exchange gain on the translation of foreign operations of $1,874,779 compared to a loss of $271,577 for the same period of 2012. The U.S dollar strengthened 3 basis points during this quarter compared to 1 basis point last year and the overall exchange gain also increased as a result of the increased exploration and evaluation assets in the U.S. operations.

Year ended December 31, 2013 and 2012

Loss from continuing operations for the year ended December 31, 2013 was $29,244,327 compared to a loss of $21,418,662 for 2012 for a variance of $7,825,665.

The variances for the year ended December 31, 2013 compared to 2012 are:

	2013 YTD Q4 $	2012 YTD Q4 $	Increase (Decrease) $
EXPENSES			
Depreciation and impairment loss on property, plant and equipment	2,537,509	59,535	2,477,974
Impairment loss on exploration and evaluation assets	17,758,606	-	17,758,606
Share-based payments	4,677,872	5,824,586	(1,146,714)
Flow-through interest penalty	18,766	120,671	(101,905)
General and administrative	4,259,154	4,700,787	(441,633)
Professional fees	753,494	859,349	(105,855)
Exploration expenses	252,783	412,941	(160,158)
Property maintenance	526,950	572,929	(45,979)
Environmental rehabilitation accretion	49,519	48,537	982
Long term debt accretion	1,311,618	963,494	348,124
	32,146,271	13,562,829	18,583,442
Loss from operating activities	(32,146,271)	(13,562,829)	(18,583,442)
Investment income	725,868	742,850	(16,982)
Other income	52,572	86,501	(33,929)
Gain on disposal of exploration and evaluation assets	-	135,422	(135,422)
Loss on sale of investments	(10,031,876)	(1,250)	(10,030,626)
Interest expense	(21,142)	(368,483)	347,341
Unrealized loss on investments	(28,866,557)	(391,809)	(28,474,748)
Foreign exchange gain	112,553	32,644	79,909
Gain on sale of Premier Royalty	37,978,038	-	37,978,038
Loss on disposal of equipment	(15,065)	(4,501)	(10,564)
	(65,609)	231,374	(296,983)
Loss before income taxes	(32,211,880)	(13,331,455)	(18,880,425)
Current tax recovery	(29,538)	(4,416)	(25,122)
Deferred tax recovery (expense)	2,996,945	(8,082,791)	11,079,736
Loss for the year from continuing operations	(29,244,473)	(21,418,662)	(7,825,811)
Loss for the period from discontinued operations	(82,230)	(19,472,853)	19,390,623
Loss for the period	(29,326,703)	(40,891,515)	11,564,812

The significant items with variances include:

- An increase in depreciation and impairment loss on property, plant and equipment of $2,477,974 mainly due to an impairment loss taken in the second quarter on the Northern Empire Mill asset. The asset has been identified as part of the non-core assets of the Corporation.

- An impairment loss of $17,758,606 taken during the year on non-core exploration and evaluation assets which included the Redgold property for $809,352, the Mexico properties, Santa Teresa $2,801,531 and Quasaro $699,767, the Humboldt property in the U.S. for $116,940 and Goldstone properties totaling $13,331,016.

- A decrease of $1,146,714 for share-based payments attributable to both an increase in the number of options issued (3,452,500 this year compared to 1,975,000 for last year) offset by a decrease in the fair value of the options granted based on the Black-Scholes option pricing model and the vesting provisions.

- General and administration, professional fees, exploration and property maintenance costs have a positive variance totaling $753,625 compared to 2012 as a result of a conscious effort to reduce costs through consolidation of offices and reduced use of service providers.

- An increase in long term debt accretion of $348,124 in 2013 compared to 2012 due to the addition of the Cove property and related debt in June, 2012 resulting from one year of accretion on the Cove debt this year and only six months in 2012.

- The loss on the sale of investments of $10,031,876 recognized during the year includes $9,844,210 on the sale of Sandstorm shares and the balance for realized losses on other equities held for sale. The unrealized loss on investments increased $28,474,748 compared to the prior year related mainly due to the valuation of the remaining Sandstorm shares ($27,119,048) received on the sale of Premier Royalty as discussed below. This unrealized loss is offset by the gain on the disposal of Premier Royalty Inc. of $37,978,038 for an overall net loss (realized and unrealized) related to Premier Royalty Inc. of $1,014,780 to December 31, 2013. Management continues to monitor and direct the sale of investments to maximize market value.

- A decrease in deferred tax expense of $11,079,736 as discussed for the quarter.

As a result of the disposition of Premier Royalty in January, 2013, discontinued operations were broken out from continuing operations in order to remove royalty related income and expenses and the effect of the consolidation at December 31, 2012 and 2013 of Premier Royalty with Premier as discussed below.

Other comprehensive income (loss)

Included in the comprehensive loss for the year ended December 31, 2013 is an exchange gain on the translation of foreign operations of $3,858,685, compared to a loss of $1,302,241 for the year ended December 31, 2012 as a result of the strengthening of the U.S. dollar by an average of 3 basis points during the year. The increased exploration and evaluation assets in the U.S. operations contributed to the significance of the change. The exchange gain has been offset by a related deferred tax expense of $1,446,895.

December 31, 2013 and 2012

Total assets decreased by $71,919,629 from $480,411,927 to $408,492,298 during the year ended December 31st.

- Current assets decreased by $16,507,631 (see "Liquidity and Capital Resources").

- Assets held for sale decreased $75,131,370 due to the completion of the sale of Premier Royalty Inc.

- Restricted cash and cash equivalents increased $1,050,858 for a cash bond posted on the Cove property as well as an increase in the stated amount of the financial assurance on the Northern Empire Mill in the second quarter.

- Property, plant and equipment decreased by $2,490,035 with some minor additions offset by the impairment charge of $2,410,466 related to the Northern Empire mill and related buildings and equipment.

- Exploration and evaluation assets increased $21,291,274, with $36,023,353 in continuing exploration and evaluation expenditures, $3,026,527 in currency adjustments and offset by the impairment loss of $17,758,606 as previously discussed.

The exploration and evaluation additions during the year ended December 31, 2013 of $36,023,353 is made up of the following:

- $22,540,637 or 63% was spent at Hardrock Project in Geraldton, Canada
  - $12,346,649 in drilling related costs
  - $2,798,830 in geological costs including wages and salaries
  - $2,016,087 in analytical and sampling costs
  - $1,328,952 in operations support and related costs
  - $4,050,119 on activities related to the preliminary economic assessment for Hardrock

- 2% or $577,213 on the Brookbank property

- $3,124,396 or 9% of exploration spending was for the Corporation's joint venture exploration activities at the Bonanza and East Bay projects in Red Lake, Canada which includes $1,041,803 in acquisition costs related to the purchase of the Broulan Reef property to be included in the joint venture.

- A further $8,729,802 or 25% of total expenditures was on the Cove property located in Nevada, USA, $6,395,991 for drilling related costs, geological including wages and benefits of $936,850, $385,896 for analytical costs and the balance to operations support.

- 3% or $1,037,280 in other property costs which includes the asset retirement obligation on the Faymar property offset by a reallocation of mineral property acquisition costs to restricted cash.

Total liabilities decreased by $15,287,112 primarily due to the $10,000,000 Cove debt repayment as well as a decrease in liabilities on disposal group held for sale of $6,271,925 offset by increases in deferred taxes of $1,443,227 ($2,996,945 credited to the statement of operations less $2,889,206 charged to the deferred flow through premium and the balance related to foreign currency exchange on deferred tax denominated in U.S. dollars and charged to other comprehensive income).

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 28, 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 would have borne 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 was not utilized by the Corporation.

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 the 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 28, 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 statements of loss and comprehensive loss (see 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 years ended December 31:	2013	2012
	$	$
Revenue	441,549	3,233,031
Expenses:		
Depletion	(245,654)	(1,454,691)
Interest and accretion on long term debt	-	(1,238,223)
General and administration	(223,777)	(1,651,950)
Charge related to public company listing	-	(13,687,585)
Stock based compensation	(104,429)	(2,037,001)
Other income	9,267	40,855
Foreign exchange loss	40,814	(77,289)
Total Expenses	(523,779)	(20,105,884)
Loss for the year	(82,230)	(16,872,853)
Deferred income tax expense	-	(2,600,000)
Loss and comprehensive loss for the year	(82,230)	(19,472,853)
Discontinued operations attributable to:		
Non-Controlling interest	(29,018)	(8,779,849)
Owners of the parent	(53,212)	(10,693,004)
	(82,230)	(19,472,853)

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. were reported as assets or liabilities in a disposal group held for sale on the face of the consolidated statements of financial position. Cash flow from discontinued operations related to royalty revenue received is disclosed separately on the consolidated statements of cash flow.

Liquidity and capital resources

At December 31, 2013, the Corporation had cash and cash equivalents of $52,552,321 ($85,101,642 at December 31, 2012). The decrease in cash and cash equivalents of $32,549,321 over the year ended December 31, 2013 was due to $4,840,889 used in operating activities, $23,984,482 used in investing activities made up of $34,833,977 on exploration and evaluation, $1,025,868 on cash bonds offset by $12,121,463 net cash received on the sale of investments and $4,160,058 used in financing activities including the Cove debt repayment of $5,000,000 and $889,450 received on the exercise of stock options.

The Corporation has financed a large portion of its Canadian exploration activities with 2012 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 for the year ended December 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 year ended in relation to resource expenditures renounced to investors under Canada Revenue Agency's look-back rule totalled $70,488.

As at December 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 151,518,975 were outstanding as of March 21, 2014. As at March 21, 2014 the Corporation had outstanding options to purchase an aggregate of 12,866,412 common shares under its share incentive plan with exercise prices ranging from $1.40 to $7.45 per share, and expiry dates ranging from May 27, 2014 to December 18, 2018. As of December 31, 2013 there were 895,000 unvested stock options.

As at December 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 December 31, 2013:

	2014	2015	2016	2017	2018	Total
	$	$	$	$	$	$
Long term debt	10,053,180	53,180	53,180	53,180	53,180	10,265,900
Contracts and operating leases	359,446	302,685	224,939	73,258	-	960,328

The Corporation is entitled to make up to one-half of the debt repayment of $10,000,000 due June 13, 2014 in consideration shares issued by Premier on behalf of its wholly owned subsidiary, Au-reka Gold Corporation.

Provision

The Corporation's asset retirement obligation provision results from ownership interests in a mill, mining equipment and previously mined property interests. 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.

During the fourth quarter ended December 31, 2013, the Corporation became aware of a liability associated with a previously mined property acquired as a result of the Goldstone acquisition and accordingly set up an additional asset retirement obligation for $1,352,195. As the property has been identified as a non-core asset, the resulting increase in the mineral property interest was impaired along with other non-core assets as previously discussed.

The Corporation estimates the future value of the cash flows required to settle the existing provisions is $4,093,509. In calculating the fair value of the Corporation's provision, management used a risk free interest rate of 2.384% and 2.612%. A reconciliation of the provision is provided below:

	2013	2012
	$	$
Balance, beginning of the year	**2,449,004**	2,051,858
Change in estimate	**-**	348,609
New obligation	**1,352,195**	-
Accretion expense	**49,519**	48,537
Adjustment due to change in interest rate	**(147,338)**	-
	3,703,380	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 services
DSA Filing Services	Filing services
DRAX Services Limited	Corporate secretarial 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 $87,930 (2012 - $29,389) for corporate secretarial and filing services provided by DSA Corporate Services, DSA Filing Services and DRAX Services Limited, all of which are or have been related to the Corporation through Shaun Drake, Corporate Secretary of the Corporation.

[b] Included in general and administrative expenditures are amounts totaling $110,358 (2012 - $349,672) 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 the Corporation and Steve Filipovic, Chief Financial Officer of the Corporation.

[c] Included in other revenue are amounts totaling $31,800 (2012 - $31,800) 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 - $36,942) 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 additions are amounts totaling $nil (2012 - $217,800) and included in general and administrative expenditures are amounts totaling $162,510 (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:

Year ended December 31	**2013**	2012
	$	$
Salary, wages and benefits	**1,521,782**	1,079,927
Share-based payments	**1,007,621**	1,079,625
Other compensation	**-**	18,474
Total	**2,529,403**	2,178,026

Contingency

Legal claims:

In October 2010, prior to the Goldstone Arrangement, Patrick Sheridan, the former President and Chief Executive Officer and a director 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 is 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 was included in general and administrative expenses in 2012. 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 in the Sheridan Action - which third party claims have been dismissed.

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 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. Goldstone's motion for summary judgment was unsuccessful and the parties will now continue with the Conn Action and related Conn Counterclaim.

Subsequent events

There are no significant subsequent events to report.

Financial instruments and related risks

The Corporation's operations include the acquisition and exploration of mineral properties in Canada, the 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 and market risk. Market risk incudes fair value interest rate risk, currency risk and security price risk. 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 and restricted cash
In order to manage credit and liquidity risk the Corporation invests only in highly rated investment grade instruments that have maturities of one year 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 December 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.

[c] Market risk

i) 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.

ii) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognized asset and liabilities are denominated in a currency that is not the Corporation's measurement currency. The Corporation's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

The functional currency and reporting currency of the Corporation is the Canadian dollar. The Corporation's capitalized exploration and evaluation assets and expenses also include amounts incurred in U.S. dollars and to a lesser extent, the Mexican peso which are the functional currencies of these operations. The Corporation's exchange risk is therefore related to movement between these currencies. Changes in the currency exchange rates between the Canadian dollar relative to the U.S. dollar and the Mexican peso have an effect on the Corporation's results of operations through comprehensive income (loss), financial position or cash flows.

The Corporation's has mitigated this risk by diversifying its cash resources in the U.S. dollar and Mexican peso roughly in proportion to expected future expenditure over the following twelve months. The carrying amounts of the Company's U.S. dollar denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	December 31, 2013	December 31, 2012
	$	$
Cash and cash equivalents	7,948,582	12,959,108
Restricted cash and cash equivalents	1,076,391	363,755
Accounts receivable	46,018	42,717
Accounts payables and accrued liabilities	(409,959)	(682,541)
Long term promissory note	(190,288)	(200,959)

There are no significant financial instruments in Mexican pesos.

During the year ended December 31, 2013, the Corporation recognized a net foreign exchange loss of $112,553 and an exchange gain on the translation of foreign operations in comprehensive income (loss) of $3,894,665. As of December 31, 2013, if the Canadian dollar to the U.S. dollar exchange rate increases or decreases by 10%, the Corporation's net loss will increase or decrease by $540,354 and the Corporation's other comprehensive income (loss) will increase or decrease by $5,480,493.

iii) Security price risk

Security price risk is the risk that the fair value or future cash flow of the Corporation's financial instruments will fluctuate because of the changes in the market price. In situations where the Corporation has taken a position in the securities of another entity, the Corporation manages its exposure to price risk by monitoring the market(s) where the entity's securities trade and planning the divestiture accordingly.

The Corporation only takes a position in another entity where it has a strategic objective; or as a result of a purchase or sale transaction.

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

[d] Fair value

IFRS 13 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		Total	
	2013	2012	**2013**	2012	**2013**	2012
Assets	**$**	$	**$**	$	**$**	$
Investments	**17,516,690**	2,327,272	**-**	22,800	**17,516,690**	2,350,072

Set out below are the Corporation's financial assets by category:

	Fair value through profit or loss		Loans and receivables		Total	
	2013	2012	**2013**	2012	**2013**	2012
	$	$	**$**	$	**$**	$
Cash and cash equivalents	**-**	-	**52,552,321**	85,101,642	**52,552,321**	85,101,642
Accounts receivable	**-**	-	**1,285,757**	600,911	**1,285,757**	600,911
Investments held for sale	**17,381,833**	2,082,490	**-**	-	**17,381,833**	2,082,490
Restricted cash and cash equivalents	**-**	-	**3,935,272**	2,884,414	**3,935,272**	2,884,414
Investments	**134,857**	267,582	**-**	-	**134,857**	267,582
	17,516,690	2,350,072	**57,773,350**	88,586,967	**75,290,040**	90,937,039

Set out below are the Corporation’s financial liabilities by category:

	Fair value through profit or loss		Other fiancial liabilites		Total	
	2013	2012	**2013**	2012	**2013**	2012
	$	$	**$**	$	**$**	$
Accounts payable and acrued liabilities	**-**	-	**3,094,360**	3,167,233	**3,094,360**	3,167,233
Long term debt	**-**	-	**9,779,028**	18,504,933	**9,779,028**	18,504,933
	-	-	**12,873,388**	21,672,166	**12,873,388**	21,672,166

The fair value of cash and cash equivalents, accounts receivable and accounts payable approximate their carrying value due to their short term nature. The fair value of the Corporation’s long term debt is also approximated by its carrying value.

Management of capital

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, acquire or dispose of assets or acquire new debt.

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 2015.

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 December 31, 2013. Based on this assessment, management believes that, as of December 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 December 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
March 21, 2014