Management's Discussion and Analysis of Financial Condition and Results of Operations

For the three and nine months ended September 30, 2016

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 unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2016 and the notes thereto. The Corporation's unaudited condensed consolidated interim 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 November 09, 2016 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.

THIRD QUARTER 2016 HIGHLIGHTS

- Mercedes Mine acquisition completed September 30, 2016
- Commercial production at South Arturo achieved August 1, 2016
- Attributable gold production at South Arturo of 30,228 ounces during the quarter
- Average processed gold grade of ore from South Arturo pit of 0.259 ounces / ton
- Gold sales at South Arturo of 8,075 ounces during the quarter for proceeds of $13,912,088
- Realized gold price – $1,723 (USD$1,303) / ounce sold
- Operating cash costs (i) of $477 (USD$361) / ounce sold for South Arturo
- All-in sustaining costs ("AISC") (i) of $494 USD$374 / ounce sold for South Arturo
- Closing cash balance at September 30, 2016 of $42,079,070
- Finished goods inventories of $27,982,275
- Ore in stockpile of $24,473,108

(i) A cautionary note regarding non-GAAP financial measures is included in the NON IFRS FINANCIAL PERFORMANCE MEASURES section of this Management's Discussion and Analysis.

PREMIER
Gold Mines Limited

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1. COMPANY OVERVIEW

Premier is a Canadian based, growth oriented gold and silver producer engaged in the exploration, development and production of gold and silver deposits in Canada, the United States and Mexico.

The Corporation's principal assets include the Mercedes Mine in Sonora, Mexico, a 40% interest in the South Arturo Mine in Nevada, USA and a 50% interest in the Hardrock Gold Project (Greenstone Gold Mines Partnership) located along the Trans-Canada highway in Ontario, Canada. Other key property interests include a 44% interest in Rahill Bonanza and a 100% interest in the Hasaga gold properties located in the Red Lake mining district of Northwestern Ontario, Canada and a 100% interest in the McCoy Cove gold property located in Nevada, USA.

The Corporation's common shares are listed on the Toronto Stock Exchange under the symbol PG and its head office is located at Suite 200, 1100 Russell Street, Thunder Bay, Ontario, P7B 5N2.

2. RECENT DEVELOPMENTS

On September 30, 2016, Premier completed the acquisition of Yamana Gold Inc.'s ("Yamana") 100% interest in the Mercedes Mine Property (the "Acquisition"), located approximately 60 kilometres Southeast of Magdalena de Kino, in Sonora State, Mexico.

Pursuant to a share purchase agreement dated July 28, 2016, Premier acquired all of the shares of Yamana's indirect wholly owned Mexican subsidiaries, which own a 100% interest in the Mercedes Mine. Total consideration paid to Yamana in exchange for Mercedes consisted of:

- US$122.5 million in cash (the "Cash Purchase Price");
- 6.0 million common shares in the capital of Premier; and
- 3.0 million warrants to acquire up to 3.0 million common shares in the capital of Premier at a price of $4.75 per common share, expiring September 30, 2018.

In connection with the Acquisition, Premier granted Yamana a 1.0% net smelter return royalty on production from the current land package relating to the Mercedes Mine on the earlier of: (a) the date on which 450,000 ounces of gold equivalent has been produced by the Mercedes Mine following September 30, 2016; and (b) September 30, 2022.

Yamana was also granted a 2.0% net smelter return royalty on the following two exploration properties acquired as part of the transaction ; the La Silla property in Sinaloa, Mexico and the La Espera property in Sonora, Mexico.

The Cash Purchase Price was provided pursuant to a financing package (the "Financing") from Orion Mine Finance ("Orion"). The Financing is comprised of the following:

- Senior Secured Gold Prepay Credit Facility of US$ 42.2 million pursuant to which Premier will deliver to Orion 2,450 troy ounces of gold per quarter for a period of 15 consecutive quarters commencing December 31, 2016 in repayment of principal, plus cash interest payments at an interest rate of 6.5%. Subject to certain exceptions, Premier has the option to satisfy four interest payments in Common Shares issued at the then 10 day volume weighted average closing price;

- Senior Secured Silver Stream of US$11.5 million pursuant to which Premier will deliver to Orion 50% of the silver production from the Mercedes Mine for the first year following closing, 60% for the subsequent year, and 70% thereafter until the delivery of 1.25 million ounces of silver, after which the delivery will be reduced to 25% of the silver production until the delivery of 2.0 million ounces, and reduced further to 12.5% thereafter. Orion will pay an ongoing cash purchase price equal to 20% of the prevailing silver price;

– An increase of US$15 million in Premier's existing unsecured credit facility with Orion to US$45 million. The interest rate associated with this facility remains unaltered at 6.0%;

– A subscription of 10,958,333 Common Shares by Orion for gross proceeds of US$35 million;

– 1,000,000 warrants (each an "Orion Warrant") to acquire up to 1,000,000 Common Shares. Each Orion Warrant entitles Orion to purchase one Common Share upon the exercise thereof at the price of $5.46 per Common Share until June 30, 2018; and

– An amendment to Premier's existing offtake obligations with Orion to sell up to an additional 20,000 ounces of gold annually relating exclusively to production from the Mercedes Mine, subject to an annual aggregate maximum of 35,000 ounces of gold from all of Premier's producing projects.

3. OUTLOOK

The Corporation is currently targeting between 100,000 and 110,000 ounces of gold production for 2016 from its operations at South Arturo and the recently acquired Mercedes Mine in Sonora, Mexico. Approximately 70% of targeted production is anticipated during the fourth quarter. In Mexico, our Mercedes Mine is also expected to produce 90,000 to 100,000 ounces of silver during the fourth quarter.

Production estimates for 2016 are derived from life of mine operating plans prepared on the basis of mineral reserves associated with each property. Assumptions underlying 2016 gold and silver production estimates for South Arturo and Mercedes are presented in the tables below.

Gold	**Guidance 2016**			
USD, unless otherwise noted	**Production ounces**	**Realized Gold Price per ounce**	**Cash Costs per ounce (i)**	**AISC per ounce (i)**
S. Arturo	80,000 - 88,000	$1,100	$361	$374
Mercedes	20,000 - 22,000	$1,100	$706	$815
Consolidated	100,000 - 110,000	$1,100	$451	$489

Silver	**Guidance 2016**			
USD, unless otherwise noted	**Production ounces**	**Realized Silver Price per ounce**	**Cash Costs per ounce (i)**	**AISC per ounce (i)**
Mercedes	90,000 - 100,000	$17.00	$9.45	$10.91
Consolidated	90,000 - 100,000	$17.00	$9.45	$10.91

(i) A cautionary note regarding non-GAAP financial measures is included in the NON IFRS FINANCIAL PERFORMANCE MEASURES section of this Management's Discussion and Analysis.

4. OPERATIONS UPDATE

Mining

<u>*South Arturo*</u>

The South Arturo Mine was brought into production on time and under budget during the third quarter. The mine, which achieved commercial production on August 1, 2016, has exceeded production guidance by approximately 50% YTD owing to revised scheduling of ore through the roaster. Realized recoveries have also been slightly higher than budget (90.4% actual vs. 86.4% budget) due to grade processed.

Operational statistics for South Arturo are as follows:

SOUTH ARTURO - 100% 2016		
OPERATIONAL STATISTICS	**Q3 ACTUAL**	**YTD ACTUAL**
MINING		
Tons Mined	12,717,404	61,751,136
Tons of Ore	987,492	1,006,939
Grade	0.166	0.164
Contained Ounces	164,124	165,371
Operating Waste	5,788,143	5,788,143
Capitalized Tons Waste	5,941,769	54,956,054
Tons Waste	11,729,912	60,744,197
Tons Moved	12,717,404	61,751,136
PROCESSING		
Tons Processed	322,614	322,614
Contained Ounces	83,605	83,605
Ounces Produced	75,570	75,570
Grade Processed	0.259	0.259
Recovery Rate	90.4%	90.4%
FINANCIAL STATISTICS		
Mining Cost Per Ton ($USD)	$1.70	$1.33
Processing Cost Per Ton ($USD)	$24.02	$24.02

On a 100% project basis, South Arturo mined a total 12,717,404 short tons of material during the third quarter, including 987,492 short tons of ore. This ore had a grade of 0.166 ounces per ton and contained 164,124 ounces of gold. South Arturo began processing ore during Q3 2016. A total of 322,614 tons of ore grading 0.259 ounces per ton was processed through the roaster recovering a total of 75,570 ounces of gold at a recovery rate of 90.4%. Premier's (40%) share of the gold ounces processed at South Arturo during the quarter totaled 30,228

The joint venture is also advancing two additional mining opportunities on the property: the El Nino underground project and the Dee pit expansion project (Phases 1&3).

A Plan of Operations for the construction of a ramp at El Nino to access high-grade mineralization down dip of the current pit has been submitted for approval with Nevada regulatory authorities. Drilling in H1 2017 will focus on the further definition of the ore zones from surface to infill previous surface exploration programs.

Drilling and bulk sampling are in process for the Dee pit expansion, a potential run of mine heap leach operation located to the west of the current Phase 2 pit. Updated metallurgical recoveries and optimized capital and operating assumptions will be used for a revised economic assessment for this potential second pit operation prior to making a construction decision.

Exploration, evaluation and pre-development

Greenstone Gold Mines

In the third quarter of 2016, Greenstone Gold spent $6.7 million on project development activities ($21.6 million, cumulative to date) as work continued on the feasibility study for the Hardrock Project. The primary focus during the quarter was finalizing the optimization of key feasibility inputs supported by the results of extensive peer reviews and the continuation of consultation with local communities in parallel with the ongoing regulatory review of the Hardrock environmental assessment. Finalization of the feasibility study is expected during Q4 of 2016. A comprehensive review of historical geological, geophysical and geochemical datasets and an IP geophysical study to supplement and upgrade existing data is ongoing.

Exploration activity during the third quarter at Greenstone Gold included various orientation till sampling programs as well as line cutting, core re-logging and orientation geophysical surveys. Diamond drilling originally planned for Q3 2016 has been deferred until 2017.

Hasaga

A total of 15,477 metres of drilling was completed at Hasaga during the third quarter, bringing the year to date total to 45,223 metres. Drilling continues to delineate wide lower grade mineralization in the Central Zone area as well as at the historic Buffalo Mine area at the southwest corner of the property. One of the best intersections being HMP136 that graded 3.66 g/t Au over 67.0m beginning at 170.0m downhole (and includes 7.17 g/t Au across 20.0m).

The drilling was divided between the Buffalo Horizon (23 holes) and the Central Zone in (19 holes) The summer program of bulldozer stripping, mapping and channel sampling was continuing at the end of quarter. The metallurgical test work to investigate the heap leach potential of the Hasaga mineralised material suggested recoveries of less than 50% could be anticipated for grind sizes not finer than ¼ inch.

McCoy-Cove

A total of 6,389 metres of drilling was completed on the McCoy-Cove property in the third quarter, including 4,067 metres of core drilling and 2,322 metres of pre-collar rotary drilling. Drilling costs on a YTD basis are $65.83 per meter.

Premier made multiple press releases of significant drilling results including PG1609 that graded 7.75 g/t Au and 3.92 g/t Ag over 38.6m. These results were supported by additional favourable results including PG1606 grading 7.96 g/t Au and 4.68 g/t Ag over 38.0m. The success of the drilling program to date continues to demonstrate the potential to delineate a significant high grade gold and silver mineral resource at McCoy Cove in horizons that had seen previously very limited testing.

5. OVERVIEW OF RESULTS

Three months ended September 30, 2016 and 2015

Loss for the three months ended September 30, 2016 was $5,057,525 compared to income of $5,341,819 for the same period of 2015 for a negative variance of $10,399,344. $15,384,240 of the variance was from a reduction in other income and expense offset by a positive variance of $5,676,971 from a decrease in operating loss.

Operating loss for the three months ended September 30, 2016 was $7,641,932 compared to a loss of $13,318,903 for the same period of 2015 for a positive variance of $5,676,971 mainly due to:

- $3,208,933 in mine operating income from the start of gold production at the South Arturo project
- a reduction in share based payments of $2,742,654 due to timing of option grants

The operating variances for the period are:

For the three months ended September 30,	2016	2015	Variance
	$	$	$
Revenue	**13,912,088**	-	13,912,088
Cost of sales	**(10,467,275)**	-	(10,467,275)
Mine operating income	**3,444,813**	-	3,444,813
EXPENSES			
Exploration, evaluation, and pre-development	**8,750,479**	8,196,852	553,627
Property maintenance	**141,892**	225,198	(83,306)
General and administrative	**2,194,499**	1,592,016	602,483
Share-based payments	**357,956**	3,100,610	(2,742,654)
Depreciation on property, plant and equipment	**47,511**	27,035	20,476
Long term debt accretion	**299,017**	153,569	145,448
Environmental rehabilitation accretion	**27,584**	23,623	3,961
Remeasurement of environmental rehabilitation	**(732,193)**	-	(732,193)
Operating loss	**(7,641,932)**	(13,318,903)	5,676,971

- increase of $553,627 in exploration, evaluation and pre-development which includes a reduction of $451,968 for feasibility related spending at the 50% owned Hardrock and Brookbank properties, a decrease of $1,009,517 at the 100% Hasaga property in Red Lake and an increase of $2,014,989 at the 100% owned McCoy-Cove property in Nevada

- increase in general and administration of $602,483
  - $271,713 related to Premier's share of project administration costs for the Greenstone Gold joint arrangement and the South Arturo co-ownership, agreements entered into during 2015
  - $207,608 increase in corporate salaries and benefits
  - $732,193 was recorded in 2016 for remeasurement of environmental rehabilitation liabilities on non-core properties that have been previously fully impaired based on an updated assessment of the properties, mainly the Faymar Deloro property

Other income for the three months ended September 30, 2016 was $977,071 compared to $16,361,311 for the same period of 2015 for a negative variance of $15,384,240 which was mainly due to the settlement of contingent consideration on the Greenstone Gold divestment during this period of 2015 of $10,970,081 and due to expensed legal and advisory fees related to the Mercedes Mine purchase on September 30, 2016 of $3,488,371.

The components of other income and expense are:

For the three months ended September 30,	2016	2015	Variance
	$	$	$
Investment gain / (loss)			
Investment and other income	**13,232**	103,918	(90,686)
Unrealized net gain on investments	**1,764,350**	318,513	1,445,837
Realized net loss on sale of investments	**(300,485)**	(358,515)	(58,030)
Derivative gain / (loss)			
Unrealized gain on derivatives	**810,193**	-	810,193
Realized loss on derivatives	**(1,312,295)**	-	(1,312,295)
Foreign exchange gain / (loss)			
Unrealized foreign exchange gain	**289,195**	1,466,387	(1,177,192)
Realized foreign exchange gain / (loss)	**(145,770)**	14,806	(160,576)
Gain / (loss) attributable to property, plant and equipment			
Gain on disposal of equipment	**692**	-	692
Gain on divestment of mineral property interest	**-**	10,970,081	(10,970,081)
Transaction costs on the acquisition of Mercedes Mine	**(3,488,371)**	-	(3,488,371)
Gain attributable to Greenstone Gold development commitment	**3,346,330**	3,846,121	(499,791)
Total other income	**977,071**	16,361,311	(15,384,240)

Other significant variances are due to:

- increase in unrealized net gains on investments of $1,445,858 due to the recognition of a fair value gain on warrants of $367,759 and mark to market gains on Canadian equities held of $1,078,099

- unrealized gain on derivatives of $810,193 includes
  - reversal of the unrealized loss on put options that settled during the quarter of $965,119 (offset by the actual loss of $1,312,295 included in realized loss on derivatives)
  - an unrealized loss for the recognition of losses on forward contracts of $529,000
  - a net unrealized gain of $374,074 on the change in the valuation of the offtake obligation recorded in the second quarter Orion financing

- realized loss on derivatives is the loss on options that settled (expired) during the quarter

Nine months ended September 30, 2016 and 2015

Loss for the nine months ended September 30, 2016 was $27,746,045 compared to income of $34,715,988 for the same period of 2015 as restated for a variance of $62,462,033 of which $57,750,971 was pre-tax. The main reason for the variance relates to the gain on divestment of mineral interests in 2015 including the transfer of the Hardrock and Brookbank properties to the 50% Greenstone Gold partnership and the gain on the divestment of a 5% interest (or 10.2% of the 49% interest) in the Rahill-Bonanza property transferred to Gold Corp as part of the acquisition of the South Arturo development property. These 2015 gains accounted for $55,590,006 of the variance, both of which are fully described in the audited consolidated financial statements for the year ended December 31, 2015.

Operating loss for the nine months ended September 30, 2016 was $32,071,372 compared to a loss of $27,870,182 for the same period of 2015 for a negative variance of $4,201,190.

The operating variances for the period are:

For the nine months ended September 30,	**2016**	2015	Variance
	$	$	$
Revenue	**13,912,088**	-	13,912,088
Cost of sales	**(10,467,275)**	-	(10,467,275)
Mine operating income	**3,444,813**	-	3,444,813
EXPENSES			
Exploration, evaluation, and pre-development	**23,540,640**	19,402,490	4,138,150
Property maintenance	**670,552**	609,559	60,993
General and administrative	**7,436,915**	3,927,055	3,509,860
Share-based payments	**3,856,771**	3,339,415	517,356
Depreciation on property, plant and equipment	**135,851**	83,352	52,499
Long term debt accretion	**476,827**	445,290	31,537
Environmental rehabilitation accretion	**130,822**	63,021	67,801
Remeasurement of environmental rehabilitation	**(732,193)**	-	(732,193)
Operating loss	**(32,071,372)**	(27,870,182)	(4,201,190)

Significant operating variances for the period include:

- $3,444,813 in mine operating income from the start of gold production at the South Arturo project

- Increased exploration, evaluation and pre-development costs of $4,138,150 mainly for the 100% owned mineral interests, $1,475,669 at Hasaga in Northwestern Ontario using flow through financing and $2,799,004 at McCoy-Cove in Nevada.

- increase in general and administration of $3,509,860
  - $2,289,267 related to Premier's share of project administration costs for the Greenstone Gold joint arrangement and the South Arturo co-ownership, agreements entered into during 2015
  - $580,105 for professional and other fees as a result of the increased corporate activity and costs associated with the lawsuit discussed in note 24 to the September 30, 2016 unaudited condensed consolidated interim financial statements

- $495,626 increase in corporate salaries and benefits

- $732,193 was recorded in 2016 for re-measurement of environmental rehabilitation liabilities on non-core properties that have been previously fully impaired based on an updated assessment of the properties, mainly the Faymar Deloro property

Other income for the nine months ended September 30, 2016 was $5,147,866 compared to $58,697,647 for the same period of 2015 for a negative variance of $53,549,781 which was mainly due to the gain on the Greenstone Gold divestment during this period of 2015 of $45,870,620, the increased investment activity in 2016 versus 2015 (explained below) and due to expensed legal and advisory fees related to the Mercedes Mine purchase on September 30, 2016 of $3,488,371.

The components of other income and expense are:

For the nine months ended September 30,	**2016**	2015	Variance
	$	$	$
Investment gain / (loss)			
Investment and other income	**176,842**	408,827	(231,985)
Unrealized net gain on investments	**9,833,745**	1,024,485	8,809,260
Realized net loss on sale of investments	**(6,324,127)**	(1,406,079)	(4,918,048)
Derivative gain / (loss)			
Unrealized loss on derivatives	**(1,471,898)**	-	(1,471,898)
Realized loss on derivatives	**(3,466,917)**		(3,466,917)
Foreign exchange gain / (loss)			
Unrealized foreign exchange gain / (loss)	**(529,564)**	1,634,739	(2,164,303)
Realized foreign exchange gain / (loss)	**(395,665)**	1,445,669	(1,841,334)
Gain / (loss) attributable to property, plant and equipment			
Gain on disposal of equipment	**17,890**	-	17,890
Gain on divestment of mineral property interest	**-**	45,870,620	(45,870,620)
Transaction costs on the acquisition of Mercedes Mine	**(3,488,371)**	-	(3,488,371)
Gain attributable to Greenstone Gold development commitment	**10,795,931**	9,719,386	1,076,545
Other income	**5,147,866**	58,697,647	(53,549,781)

Other significant variances include:

- increase in unrealized net gains on investments of $8,809,260 includes
  - reversal of unrealized losses on Sandstorm shares (acquired as a result of a divestment in 2013) liquidated during the period of $7,183,750, shares were held through 2015
  - mark to market gains on Canadian equities held of $1,957,129

- increase in realized net loss on sale of investments of $4,918,048 includes
  - realized loss on sale of remaining Sandstorm shares of $6,312,754 in 2016
  - realized loss on the sale of other Canadian equities in 2015 of $1,406,079

- unrealized loss on derivatives is the unrealized loss on outstanding put options of $1,157,284, the unrealized loss for the recognition of losses on forward contracts of $529,000 offset by an unrealized gain of $214,385 on the offtake obligation originally recorded in the second quarter related to the Orion financing

- the realized loss on derivatives of $3,466,917 is the loss on settlement of put options expiring during the year

- a net change in unrealized foreign exchange gains and losses of $2,164,303 due to the amount of cash held in US funds with the Canadian dollar compared to the US dollar weakened by 17 basis points for this period last year versus a strengthening of 7 basis points this year

- a net change in realized exchange gains and losses of $1,841,334 due to the recognition of a realized exchange gain last year when US currency held was used for the investment in the South Arturo property

- increase of $1,076,545 in the gain attributable to the Greenstone Gold development commitment as a result of increased infrastructure spending related to the feasibility study expected in 2016 and funded 100% by Centerra Gold Inc., 50% of which is on Premier's behalf

Other comprehensive income / (loss)

Total comprehensive loss was $34,075,769 for the nine months ended September 30, 2016 compared to total comprehensive income of $42,279,822 for the same period last year.

The only component of other comprehensive income / (loss) is exchange differences on the translation of foreign operations and related deferred income taxes which netted to a loss of $6,329,724 this period versus a net gain of $7,563,834 for this period last year due to a large swing (24 basis points) in the US dollar to Canadian dollar exchange rate. The increase in US assets held as a result of the South Arturo acquisition in the second quarter of 2015 has increased the magnitude of the exchange gains and losses during the corresponding period.

Financial position at September 30, 2016 and December 31, 2015

Total assets increased by $235,642,344 to $548,824,914 from $313,182,570 for the period from December 31, 2015 to September 30, 2016, $229,108,908 as a result of the Mercedes mine purchase completed on September 30, 2016 as described in Note 4 to the unaudited condensed consolidated interim financial statements.

Current assets increased by $55,979,020 of which $15,411,166 is for other receivables (mainly recoverable taxes such as harmonized sales tax and Quebec sales in Canada and value added tax in Mexico), $21,858,737 is for inventory acquired in the Mercedes mine purchase, $48,944,519 is for the stockpile and finished goods inventory at South Arturo now that the property is producing (see "Liquidity and Capital Resources").

Non-current assets increased by $179,663,324 mainly in property, plant and equipment with $186,698,563 increase related to the Mercedes mine purchase with the remaining net difference from the South Arturo mine with depletion offsetting the capitalized development.

Current liabilities increased $37,179,364. The significant changes from December 31, 2015 compared to September 30, 2016 include $17,467,231 in current payables from the Mercedes mine purchase and $16,520,431 in current portion of deferred revenue related to the gold prepay and silver stream agreements entered into as part of the agreements entered into on the Mercedes mine purchase.

Non-current liabilities increased $135,425,388:

- $52,569,155 for the long term portion of the deferred revenue
- $50,512,537 of the increase for the Orion long term debt
- $12,564,874 for other liabilities associated with the financing and streaming arrangements.

The Mercedes mine acquisition is fully described in Note 4(a) and (b) of the September 30, 2016 unaudited condensed consolidated interim financial statements.

6. SELECTED FINANCIAL DATA

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

Year ended December 31,	2015 $	2014(i) $	2013(ii) $
Operations			
Investment and other income	-	589,253	778,440
Income / (loss) for the year			
From continuing operations	24,789,599	(63,373,442)	(60,132,947)
From discontinued operations	-	-	(82,230)
	24,789,599	(63,373,442)	(60,215,177)
Basic and diluted income (loss) per share	0.15	(0.41)	(0.19)
Comprehensive income / (loss) for the year			
From continuing operations	37,888,149	(61,280,895)	(57,721,157)
From discontinued operations	-	-	(82,230)
	37,888,149	(61,280,895)	(57,803,387)
Comprehensive income / (loss) for the year attributable to:			
Non-controlling interest	-	-	(29,018)
Owners of the parent	37,888,149	(61,280,895)	(57,774,369)
	37,888,149	(61,280,895)	(57,803,387)
Balance Sheet			
Working capital	66,044,868	33,295,761	58,884,838
Total assets	313,182,570	224,899,008	263,614,450
Total liabilities	32,867,112	22,698,563	23,693,435

(i) The year ended December 31, 2014 is as restated for the change in accounting policy described in Note 2(c) to the December 31, 2015 audited consolidated financial statements and as discussed below.

(ii) The year ended December 31, 2013 includes an estimate of the exploration, evaluation and pre-development expense impact based on 2013 mineral property additions.

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

The main variance in net income (loss) from 2013 and 2014 to 2015 is related to the consolidation and divestment of mineral property interests. 2013 and 2014 include impairments on property, plant and equipment as a result of an assessment of core versus non-core properties. The main event affecting the results in 2015 was the gain on the divestment of a 50% interest in the Hardrock and Brookbank properties to the Greenstone Gold Mines partnership.

PREMIER
Gold Mines Limited

7. QUARTERLY INFORMATION

The following is a summary of selected financial information of the Corporation for the quarterly periods indicated based on the unaudited condensed consolidated interim financial statements and reflects the activity related to investment, acquisition and divestment activities undertaken by Premier over the past eight quarters.

Quarter	2016 Third	2016 Second	2016 First	2015(ii) Fourth	2015 Third	2015 Second	2015(ii) First	2014(i) Fourth
Gold Sales (ounces)	8,075							
	$	$	$	$	$	$	$	$
Revenue	13,912,088	-	-	-	-	-	-	-
Cost of sales	(10,467,155)	-	-	-	-	-	-	-
Mine operating income	3,444,813	-	-	-	-	-	-	-
Operations								
Investment and other income	13,232	48,239	115,371	76,384	103,918	194,174	110,735	107,238
Other significant income / (loss):								
Gain on divestment of mineral property interests	-	-	-	16,036	10,970,081	2,848,261	(32,052,278)	-
Gain attributable to Greenstone Gold development commitment	3,346,330	5,464,586	1,985,015	2,924,234	3,846,121	4,020,786	1,852,479	-
Transaction costs for the acquisition of Mercedes Mine	(3,488,371)	-	-	-	-	-	-	-
Net income / (loss) for the period	(5,057,525)	(9,434,100)	(13,254,420)	(9,926,389)	5,341,819	(976,554)	30,350,723	(8,862,539)
Basic and diluted income / (loss) per common share	(0.03)	(0.06)	(0.08)	(0.06)	0.03	(0.01)	0.19	(0.06)

(i) As restated to reflect change in accounting policy on January 1, 2015 to expense exploration, evaluation and pre-development expenditures previously capitalized to mineral property costs.

(ii) The gain on divestment of mineral property interest, initially recognized in the quarter ended March 31, 2015, was revised in the fourth quarter of 2015, and the quarterly comparative results have been restated to reflect this. For the three months ended March 31, 2015, the gain on divestment of mineral property interest, income / (loss) for the period, and total comprehensive income / (loss) for the period decreased by $7,725,096, the deficit as at March 31, 2015 decreased by $7,725,096 and earnings per share as at March 31, 2015 decreased by $0.05.

Net income / (loss) has generally reflected the level of exploration, evaluation and pre-development activity and general and administration costs over the past four quarters, decreasing in this quarter given the introduction of gold sales from the South Arturo project. The income in 2015 and variability over the 2015 quarters is mainly due to the divestment of 50% of Hardrock and Brookbank properties to Greenstone Gold Mines. Realized and unrealized gains and losses have fluctuated generally due to investment activity related to acquisitions or divestments, particularly the Sandstorm shares acquired in the divestment of Premier Royalty in 2013.

Change in accounting policy

In 2015 the Corporation changed its accounting policy on exploration and evaluation assets from capitalization to expensing of exploration and evaluation costs. Management determined that on the Corporation's progression from a junior mining Corporation in the exploration phase of operations to a Corporation with properties in several stages of development it was appropriate to change the accounting policy in order to be prepared to present financial statements that would be comparable to similar entities. In evaluating partnerships that the Corporation was a party to as well as evaluating opportunities the Corporation was contemplating, it was determined that a change in accounting policy on exploration and evaluation assets would put us on the same footing as our strategic partners.

8. ENVIRONMENTAL REHABILITATION PROVISION

The Corporation performs ongoing rehabilitation on its exploration properties and as such has no related reclamation obligations. The Corporation does currently have four environmental rehabilitation obligations related to past and current mining activities as follows:

	September 30, 2016	December 31, 2015
	$	$
Northern Empire Mill, Ontario, Canada	**2,312,388**	2,473,590
Faymar-Deloro, Ontario, Canada	**867,257**	1,419,447
McCoy-Cove, Nevada, Canada	**926,324**	1,195,140
South Arturo, Nevada, USA	**5,304,885**	5,031,380
Mercedes Mine, Sonora, Mexico	**7,849,109**	-
	17,259,963	10,119,557

Northern Empire Mill, Ontario

There were no reclamation expenditures related to the closure activities at the Northern Empire mill during the period however, the closure plan is currently under review with the Ministry of Northern Development and Mines ("MNDM") which has resulted in a change in timing of spending with the adjustment recorded to the remeasurement of environmental rehabilitation recovery. The review by the MNDM will result in some activity during the fourth quarter and any spending on reclamation for the mill will be funded out of the financial assurance placed with the MNDM as described in restricted cash Note 9 to the September 30, 2016 unaudited condensed consolidated interim financial statements.

Faymar Deloro, Ontario

The Faymar Deloro property has minimal spending year to date but with some reclamation activity ongoing to the end of the year. The property was re-evaluated during the third quarter as initial estimates were based on older studies on the property. As a result of refining the rehabilitation plan for the property, a change in estimate was recorded to the remeasurement of environmental rehabilitation recovery in the amount of $552,653. The Faymar Deloro property does not require financial assurance and any required spending will be funded out of cash.

McCoy-Cove, Nevada

The McCoy-Cove reclamation obligation is related to the McCoy portion of the property purchased from Newmont Mining Corporation in 2014 which had a remaining obligation from previous mining activities, most of which was completed prior to acquiring of the property. There are ongoing reclamation activities related to the tailings pond and clean-up of pads with structural reclamation on hold for several years pending a mine plan for the property. Spending on the property is funded out of cash.

South Arturo, Nevada

The South Arturo reclamation obligation is managed by the operator of the joint venture arrangement and is based on a 20 year reclamation plan with spending scheduled to begin 2021 and the main reclamation activities beginning in 2025. The current change in estimate on South Arturo is related to the discount rate and is charged to the associated asset.

9. EXPLORATION, EVALUATION AND PRE-DEVELOPMENT

For the three months ended September 30,	**2016**	2015	Variance
	$	$	$
Rahill-Bonanza, Ontario	**168,554**	286,247	(117,693)
East Bay, Ontario	**-**	-	-
Hasaga, Ontario	**1,945,635**	2,955,152	(1,009,517)
Greenstone Gold, Ontario (i)	**3,203,688**	3,655,656	(451,968)
McCoy-Cove, Nevada	**3,312,376**	1,297,387	2,014,989
Goldbanks, Nevada	**52,664**	-	52,664
South Arturo	**67,562**	-	67,562
Other areas	**-**	2,410	(2,410)
	8,750,479	8,196,852	553,627

(i) In 2015 Greenstone Gold includes the Hardrock, Brookbank, and Key Lake projects.

Hasaga spending for the three months ended September 30, 2016 has decreased over the same period last year due to the timing of the acquisition of the property in the first quarter of 2015 and the level of flow through financing. The 2016 Hasaga exploration expenditures are financed with flow through dollars raised during 2015. The remaining flow through commitment of $565,719 is expected to be spent on the project this year. The expenditures during the period include:

- $1,362,266 for approximately 14,500 meters of drilling and related costs
- $167,314 in geological costs including salaries and benefits
- $272,359 in analytical and sampling costs
- $143,696 in operations support and property work including wages and benefits

Greenstone Gold spending for the three months ended September 30, 2016 was $451,968 less than the same period last year (including Hardrock), mainly for infrastructure related spending required in order to maintain the construction schedule to be proposed when the feasibility study is released in 2016. 100% of the expenditures for Greenstone Gold in this period totaled $6,407,376 and include:

- $633,410 in exploration related costs
- $2,548,632 in environmental permitting and social impact assessment
- $420,158 in geology, mine development and metallurgy feasibility test work
- $2,186,723 in pre-development infrastructure
- $618,453 in pre-development management and administration

McCoy-Cove spending for the three months September 30, 2016 was $2,014,989 more than the three months ended September 30, 2015 due to an expanded drill program in 2016 and additional pre-development work. The expenditures during the period include:

- $2,057,433 for approximately 6,400 meters of drilling and related costs
- $403,305 in geological and assay costs including salaries and benefits
- $257,400 in operations support and property work including wages and benefits
- $536,601 in pre-development studies related to geochemical analysis

The South Arturo property is now in the production stage with minimal exploration for this quarter.

Cumulative exploration and pre-development spending expensed to date by project:

Mineral Property	Status	Cumulative to December 31, 2014	Year ended December 31, 2015	Cumulative to December 31, 2015	Nine months ended September 30, 2016	Cumulative to September 30, 2016
		$	$	$	$	$
Rahill-Bonanza, Ontario	Active	16,795,479	921,601	17,717,080	534,663	18,251,743
East Bay, Ontario	Swap (i)	1,802,760	19,765	1,822,525	-	1,822,525
PQ North, Ontario	Swap (i)	11,085,540	-	11,085,540	-	11,085,540
Hasaga, Ontario	Swap (i)	-	6,995,050	6,995,050	5,957,832	12,952,882
Brookbank, Ontario	50% sold (ii)	1,669,533	-	1,669,533	-	1,669,533
Hardrock, Ontario	50% sold (ii)	107,003,264	1,421,069	108,424,333	-	108,424,333
Greenstone Gold, Ontario	Active (ii)	-	12,236,357	12,236,357	10,386,938	22,623,295
McCoy-Cove, Nevada	Active	20,959,257	4,809,160	25,768,417	6,147,565	31,915,982
Goldbanks, Nevada	Active	-	-	-	52,664	52,664
South Arturo	Active	-	727,042	727,042	460,978	1,188,020
Other areas	Inactive (iii) (iv)	4,523,648	14,583	4,538,231	-	4,538,231
		163,839,481	27,144,627	190,984,108	23,540,640	214,524,748

(i) East Bay (35% co-ownership) and PQ North (100% owned) properties were exchanged during 2015 for the Hasaga property (100%) as discussed in the December 31, 2015 audited consolidated financial statements.
(ii) Brookbank and Hardrock properties (100% owned) were transferred into the 50% owned Greenstone Gold partnership during 2015 with spending continuing under Greenstone Gold.
(iii) Inactive mineral property interests include:
- Faymar property located in Deloro Township in the Timmins Gold Camp
- Nortoba-Tyson property located in Dorothea Township in the Thunder Bay Mining District
- Northern Empire West Extension and Northern Empire property located in McComber and Summers Township in the Thunder Bay Mining District
- Leitch-Sand River property located near Beardmore, Ontario
- Santa Teresa mineral concession and Quasaro property located in Mexico
- Raingold property comprised of 6 patented mining claims

(iv) Inactive mineral property interests not renewed:
- Bartec property located in Barraute township, in the Val D'or district of Quebec in 2015

10. LIQUIDITY AND CAPITAL RESOURCES

At September 30, 2016, the Corporation had cash and cash equivalents of $42,079,070, a decrease of $30,977,747 from $73,056,817 at December 31, 2015. The change in cash and cash equivalents was due to the following:

- $38,854,733 used in operating activities with $23,540,640 used for exploration and pre-development activities, $7,436,915 used in general and administration and $24,361,490 relating to increases in inventory

- $183,442,036 used in investment activities including:
  - $133,645,270 for the Mercedes mine acquisition
  - $41,041,649 for the South Arturo development spending

- $192,961,230 cash generated from financing activities including
  - $126,406,486 from the financing arrangement and related agreements entered into with Orion during the period
  - $65,529,500 for shares and warrants from the private placements with Orion
  - $5,236,241 received on the exercise of stock options
  - repayment of Newmont debt of $2,623,400

For the period ended September 30, 2016, the Corporation used $29,335,539 in cash compared to generating $42,671,456 for the same period of 2015. In early 2015, Premier sold 50% of its Hardrock and Brookbank properties for proceeds of $96,009,681 less transaction costs of $3,005,656 as a method of financing future development and acquisitions. $13,132,107 was used in operations in 2015 compared to $64,215,473 in 2016 as a result of the reduction in Premier's share of the exploration and pre-development cost related to the Hardrock and Brookbank projects offset by increases in exploration on the Hasaga property received in a property swap in 2015, increased spending on the McCoy-Cove property as discussed above and project related administration due to the introduction of the South Arturo 40% co-ownership. The Mercedes mine acquisition has significantly impacted the investing and financing activities as discussed above and in Note 4(a) and (b) of the September 30, 2016 unaudited condensed consolidated interim financial statements.

Liquidity Outlook

	September 30, 2016 $	December 31, 2015 $
Cash and cash equivalents	**42,079,070**	73,056,817
Working capital	**84,844,524**	66,044,868
Debt	**55,924,576**	8,349,615

Premier is funding current exploration, evaluation, pre-development and development expenditures through existing cash and financings. The Corporation anticipates that it will have sufficient funds to manage current projects through 2017 and is actively managing the ongoing pre-development activities at the Greenstone Gold property through its partnership agreement with Centerra. The South Arturo property is now generating income from operations and will support activities there and the Mercedes mine operation is expected to generate positive cash flow.

Premier funds a portion of its Canadian exploration activities via 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. $565,719 of the flow-through financing completed on December 4, 2015 remains to be spent by December 31, 2016.

Equity

The Corporation is authorized to issue an unlimited number of common shares of which 200,406,337 were outstanding at September 30, 2016 and 200,556,337 at the date of this report, November 9, 2016 after the exercise of 160,000 options since September 30, 2016. At September 30, 2016 the Corporation had outstanding options to purchase an aggregate of 10,008,900 common shares under its share incentive plan with exercise prices ranging from $1.40 to $6.20 per share and expiry dates ranging from October 19, 2016 to August 8, 2021. At November 10, 2016 the Corporation had 9,628,900 options outstanding after the exercise of options noted above and the expiry of 220,000 subsequent to September 30th. At September 30, 2016 there were 305,000 unvested stock options.

11. COMMITMENTS AND CONTINGENCIES

Contractual obligations and commitments

The following is a summary of the commitments of the Corporation at September 30, 2016:

	2016 $	2017 $	2018 $	2019 $	2020 $	2021 and later $	Total
Contracts and operation leases	88,311	240,229	62,112	-	-	-	390,652
Debt (i)	7,241,198	2,688,985	59,092,085	-	-	-	69,022,268
Exploration expenditure commitment from the issue of flow-through shares	565,719	-	-	-	-	-	565,719
Exploration expenditure commitment from Goldbanks project	-	4,538,286	-	-	-	-	4,538,286
Provisions for environmental rehabilitation (ii)	454,276	411,198	855,205	1,223,778	1,310,528	13,664,531	17,919,517
	8,349,504	7,878,698	60,009,402	1,223,778	1,310,528	13,664,531	92,436,442

(i) Amounts presented in the table for the debt represent the undiscounted future payments.

(ii) Amounts presented in the table for the provisions for environmental rehabilitation represent the undiscounted uninflated future payments for the expected cost of the rehabilitation.

PREMIER
Gold Mines Limited

Surety Bonds

At September 30, 2016, the Corporation has outstanding surety bonds in the amount of $4,566,905USD in favour of the United States Department of the Interior, Bureau of Land Management ("BLM") as financial support for environmental reclamation and exploration permitting. The surety bonds are secured by a $250,000USD deposit and are subject to fees competitively determined in the market place. The obligations associated with these instruments are generally related to performance requirements that the Corporation addresses through its ongoing operations. As specific requirements are met, the BLM as beneficiary of the instrument will return the instrument to the issuing entity. As these instruments are associated with operating sites with long lived assets, they will remain outstanding until closure.

Contingency

The Corporation is currently subject to one litigation proceeding as disclosed in note 24 to the September 30, 2016 unaudited condensed consolidated interim financial statements. The litigation is presently ongoing with an update expected in December, 2016.

12. TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties are as disclosed in Note 21 of the September 30, 2016 unaudited condensed consolidated interim financial statements with no significant changes for the quarter.

The Corporation's related parties include key management personnel and entities over which they have control or significant influence as described in Note 2 (b) and below.

	Nature of transactions
DSA Filing Services	Filing services
DRAX Services Limited	Corporate secretarial services
The Alyris Group	IT support services
Alyris Leasing Inc.	Facilities rental
Wolfden Resources Corp	Facilities rental received
Alyris Vineyards Limited	Marketing and investor relations events

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.

The figures noted below are for the nine months ended September 30, 2016 with comparative figures for the nine months ended September 30, 2015.

(a) Included in general and administrative expenses are amounts totaling $34,000 (2015 $31,250) for corporate secretarial and filing services provided by 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 $70,065 (2015 $70,729) for IT support services provided by 1752466 Ontario Inc., O/A The Alyris Group, a Corporation 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 general and administrative expenditures are amounts totaling $115,111 (2015 $114,644) for rental charges paid to Alyris Leasing Inc., a Corporation 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.

(d) Included as a cost recovery in general and administrative are amounts totaling $nil (2015 $5,400) for rental of office space paid by Wolfden Resources Corporation, a Corporation related to the Corporation through Ewan Downie, Director, President and Chief Executive Officer of the Corporation, who is also a Director of Wolfden Resources Corporation.

(e) Included in general and administrative expenditures are amounts totaling $2,140 (2015 $nil) for marketing and investor relations events held at Alyris Vineyards Limited, a Corporation related to the Corporation through Ewan Downie, Director, President and Chief Executive Officer of the Corporation.

Transactions with key management personnel

Key management personnel remuneration includes the following amounts:

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	**2016**	2015
	$	$	**$**	$
Salary, wages and benefits	**433,099**	257,888	**1,217,367**	820,585
Share-based payments	**294,289**	2,004,300	**1,249,282**	2,004,300
	727,388	2,262,188	**2,466,649**	2,824,885

13. FINANCIAL INSTRUMENTS AND RELATED RISKS

The Corporation's activities expose it to risks, including financial and operational risks of varying degrees of significance which could affect its ability to achieve its strategic objectives for growth and shareholder returns and which are more fully described in the risks and uncertainties section.

For financial instruments, the carrying amounts of cash and cash equivalents, receivables and accounts payable and accrued liabilities are considered to be reasonable approximations of their fair values due to the short term nature of these instruments. At September 30, 2016 and December 31, 2015, the carrying amount of restricted cash and notes payable are considered to be a reasonable approximation of their fair value as there have been no significant changes in market interest rates since inception.

Debt is initially recognized at fair value, net of any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are held at amortized cost using the effective interest method.

Derivative instruments are recorded at fair value through profit or loss and are recorded on the statement of financial position at fair market value. Fair value for derivative instruments are determined using valuation techniques with assumptions based on market conditions existing at the statement of financial position date or settlement date of the derivative.

For full details on the financial instruments and related risks affecting the Corporation, please refer to the Corporation's audited annual consolidated financial statements, notes and information form for the year ended December 31, 2015 and note 19 of the unaudited condensed consolidated interim financial statements for the period ended September 30, 2016.

14. MANAGEMENT OF CAPITAL RISK

The Corporation manages its share capital, equity settled employee benefits reserve, warrant reserve and contributed capital 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 and development 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, utilize existing credit facilities or acquire new debt.

In order to maximize ongoing exploration and development 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.

15. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES, POLICIES AND CHANGES

Significant accounting judgements and estimates

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities, disclosure of commitments and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience, current and expected economic conditions. Actual results could differ from these estimates.

The significant judgements and estimates used in the preparation of these condensed consolidated interim financial statements that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities and earnings within the next financial year include:

Business combinations

Determination of whether a group of assets acquired and liabilities assumed constitute the acquisition of a business or an asset may require the Corporation to make certain judgements as to whether or not the assets acquired and liabilities assumed include the inputs, processes and outputs necessary to constitute a business as defined in IFRS 3 - Business Combinations. If an acquired group of assets and liabilities includes goodwill, the group is presumed to be a business.

Inventory valuation

Finished goods, work-in-process, heap leach ore and stockpile ore are valued at the lower of costs and net realizable value. The assumptions used in the valuation of work-in process inventories include estimates of gold contained in the ore stacked on leach pads, assumptions of the amount of gold stacked that is expected to be recovered from the leach pads, the amount of gold in the mill circuits and assumption of the gold price expected to be realized when the gold is recovered. If these estimates or assumptions prove to be inaccurate, the Corporation could be required to write-down the recorded value of its work-in process inventories and heap leach ore, which would reduce earnings and working capital.

Impairment and reversal of impairment for non-current assets

Non-current assets are tested for impairment at the end of each reporting period if in management's judgement there is an indicator of impairment. If there are indicators, management performs an impairment test on the major assets within this balance.

In the case of mineral property assets, recoverability is dependent on a number of factors common to the natural resource sector. These include the extent to which the Corporation can continue to renew its exploration and future development licenses with local or other authorities, establish economically recoverable reserves on its properties, the availability of the Corporation to obtain necessary financing to complete the development of such reserves and future profitable production or proceeds from the disposition thereof. The Corporation will use the evaluation work of professional geologists, geophysicists and engineers for estimates in determining whether to commence or continue mining and processing. These estimates generally rely on scientific and economic assumptions, which in some instances may not be correct, and could result in the expenditure of substantial amounts of money on a deposit before it can be determined whether or not the deposit contains economically recoverable mineralisation.

Recoverable ounces

The carrying amounts of the Corporation's mining property is depleted based on recoverable ounces contained in proven and probable mineral reserves. Changes to estimates of recoverable ounces and depletable costs including changes resulting from revisions to mine plans and changes in metal price forecasts can result in a change in future depletion rates.

The figures for mineral reserves and mineral resources are determined in accordance with National Instrument 43- 101 Standards of Disclosure for Mineral Projects, issued by the Canadian Securities Administrators. This National Instrument lays out the standards of disclosure for mineral projects including rules relating to the determination of mineral reserves and mineral resources. There are numerous uncertainties inherent in estimating mineral reserves and mineral resources, including many factors beyond the Corporation's control. Such estimation is a subjective process, and the accuracy of any mineral reserve or mineral resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgements used in engineering and geological interpretation. Differences between management's assumptions, and actual events including economic assumptions such as metal prices and market conditions, could have a material effect in the future on the Corporation's financial position and results of operation.

Asset retirement obligations

Management assesses the asset retirement obligations on an annual basis or when new information becomes available. This assessment includes the estimation of the future rehabilitation costs required based on the existing laws and regulations in each jurisdiction the Corporation operates in, the timing of these expenditures, and the impact of changes in the discount rate. The actual future expenditures may differ from the amounts currently provided if the estimates made are significantly different than actual results or if there are significant changes in environmental and / or regulatory requirements in the future.

Valuation of financial instruments

The fair value of derivative financial liabilities that are not traded in an active market, including the offtake agreement entered into during the period, is determined using valuation techniques. The Corporation uses its judgment to select a variety of methods and make assumptions that are based on market conditions existing at the end of each reporting period as an indication of the expected future market conditions. The Corporation has used a discounted cash flow analysis for the offtake agreement, incorporating key assumptions for the production to be delivered under the offtake agreement, expected metal prices and discount to metal prices during the quotational period, and discount rates that are commensurate with the risks associated with the financial liability to reflect the time value of money.

The Corporation also issued warrants either in connection with a private placement or as purchase consideration in a business combination and are recorded within share capital. Where the warrants are issued in non-brokered private placements, the warrants are equity instruments and not financial liabilities. Where the warrants are issued in conjunction with a business combination, the warrants are fair valued as one of the instruments included in the consideration. As such, in determining fair value, management judgement is required in respect to input variables of the financial model used for estimation purposes. These variables include such inputs as the Corporation's stock price, stock price variability, trading volumes and risk-free rates of return.

Deferred revenue

The Corporation entered into gold prepay and silver streaming agreements on September 30, 2016 in conjunction with the mine acquisition described in Note 4 to the September 30, 2016 condensed consolidated interim financial statements.

The upfront payment for the Gold Prepay Facility discussed in Note 4(b) has been accounted for as deferred revenue as management has determined that the agreement is not a derivative as it will be satisfied through the delivery of non-financial items (i.e. gold commodity from the Corporation’s production), rather than cash or financial assets.

The upfront payment for the Silver Stream discussed in Note 4(b) has also been accounted for as deferred revenue, as management has determined that the agreement is not a derivative as it will be satisfied through the delivery of non-financial items (i.e. silver commodity from the Corporation’s production), rather than cash or financial assets.

Commercial Production

On August 1, 2016, management determined that the South Arturo mine reached commercial production. The determination of the date on which a mine enters the commercial production stage is a significant judgement since capitalization of certain costs ceases and the recording of revenues and expenses commences upon entering commercial production. As a mine is constructed, certain costs are capitalized and proceeds from sales are offset against the capitalized costs. This continues until the mine is available for use in the manner intended by management, which requires significant judgement.

Recent accounting pronouncements

<u>Accounting standards issued and effective January 1, 2016</u>

The following standards were applied for the period beginning January 1, 2016 and had no effect on the financial statements:

- amendment to IFRS 11, Joint Arrangements which requires an acquirer of a joint operation in which the activity constitutes a business to apply all of the business combinations accounting principles and disclosures in IFRS 3 and IFRSs, except for those principles that conflict with the guidance in IFRS 11, to be applied prospectively

- amendments to IAS 16, Property, Plant and Equipment and IAS 38, Intangible Assets prohibiting entities from using a revenue-based depreciation method for items of property, plant and equipment as well as intangible assets except in limited circumstances, to be applied prospectively

- amendment to IAS 27, Separate Financial Statements to permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements

- amendments to IFRS 10, Consolidated Financial Statements and IAS 28, Investments in Associates and Joint Ventures (2011) to clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture

Accounting standards issued and effective January 1, 2018 or later

The Corporation continues to assess the impact that the changes to IFRS 9, Financial Instruments may have on the consolidated financial statements. The changes to IFRS 9 introduce new requirements for the classification and measurement of financial assets and liabilities. The IASB requires an entity to apply IFRS 9 for annual periods beginning on or after January 1, 2018 although early adoption is permitted.

In May 2014, IFRS 15, Revenue from Contracts with Customers was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations and is effective for annual reportings periods begnning on or after January 1, 2018 with early adoption permitted. Entities have the option of using either a full retrospective or a modified retrospective approach to adopt the guidance. The Corporation is assessing the impact of this Standard.

IFRS 16, Leases is effective for annual reporting periods beginning January 1, 2019 although early application is permitted for companies that also apply IFRS 15, Revenue from Contracts with Customers. The Corporation is assessing the impact of this standard.

16. SUBSEQUENT EVENTS

Private Placement

On October 14, 2016, the Corporation completed a private placement for 906,850 flow through common shares, at a price of $5.00 per common share for aggregate gross proceeds of $4,534,250. In consideration of the agents' services in connection with the offering, the agents were paid an aggregate cash fee totaling $202,500, equal to approximately 4.5 per cent of the gross proceeds raised in the offering.

17. OFF BALANCE SHEET ARRANGEMENTS

The Corporation has not participated in off-balance sheet or income statement arrangements other than the surety bonds discussed under the commitment and contingencies section.

18. NON IFRS FINANCIAL PERFORMANCE MEASURES

The Corporation has included certain non-International Financial Reporting Standards ("IFRS") measures in this document. These include: cash cost per ounce of gold sold and all in sustaining cost ("AISC") per ounce of gold sold. These are common performance measures in the mining industry. The Corporation believes that these measures, while not a substitute for measures of performance prepared in accordance with IFRS, provide investors an improved ability to evaluate the underlying performance of the Corporation. These measures do not have any standardized meaning prescribed under IFRS, and therefore, may not be comparable to other issuers. The data presented is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS and should be read in conjunction with the Corporation's consolidated financial statements.

In June 2013, the World Gold Council, a market development organization for the gold industry, issued guidance on All-in Sustaining Costs and All-in Costs. A corporation's adoption of the standard is voluntary and other companies may quantify the following measures differently as a result of different underlying principles and policies applied.

Operating cash costs

Operating cash costs is a common financial performance measure in the gold mining industry, however, has no standard meaning under IFRS. Operating cash cost per gold ounce sold presents cash costs associated with the production of gold ounces and includes on-site mining costs, processing, third-party smelting, and refining and transport costs, along with on-site general and administrative costs, production taxes and royalties. Also included would be realized gains\losses on hedges due to operating costs, community and permitting costs related to current operations, operational stripping costs, stock-pile \product write down, by-product credits and site-based non cash remuneration.

AISC

AISC is a common financial performance measure in the gold mining industry, however, has no standard meaning under IFRS. AISC per gold ounce sold represents the total operating cash costs plus corporate general and administrative costs, reclamation and remediation costs (accretion and amortization), sustaining exploration and study costs, sustaining capital exploration, sustaining capitalized stripping & underground mine development and sustaining capital expenditures. Costs excluded from the guidance: income tax, financing charges, working capital, costs related to business acquisitions and items needed to normalize earnings. Accordingly, these measures are not represented in the Corporation's cash expenditures. Other companies may quantify these measures differently as a result of different underlying principles and policies applied. Differences may also occur due to different definitions of sustaining versus non-sustaining capital.

The following tables provide reconciliation of operating cash costs and all-in sustaining costs per ounce of gold sold for the period as noted:

Operating Cash Costs	**Nine months ended September 30, 2016**
Gold ounces sold	8,075
Cost of sales	$10,467,275
Amortization and depletion	($6,612,445)
Operating cash costs	$3,854,830
Operating cash cost per ounce sold	$477
AISC per Ounce Sold	
Operating cash cost	$3,854,830
Corporate G&A costs	$91,221
Capital expenditure (sustaining)	$33,738
Reclamation & remediation - accretion (operating sites)	$8,251
AISC	$3,988,040
AISC cost per ounce sold	$494

19. RISKS AND UNCERTAINTIES

Fluctuating Commodity Prices

Historically, gold prices have fluctuated widely and are affected by numerous external factors beyond Premier's control, including industrial and retail demand, central bank lending, sales and purchases of gold, forward sales of gold by producers and speculators, production and cost levels in major producing regions, short-term changes in supply and demand because of speculative hedging activities, confidence in the global monetary system, expectations of the future rate of inflation, the strength of the United States dollar (the currency in which the price of gold is generally quoted), interest rates, terrorism and war, and other global or regional political or economic events. Resource prices have fluctuated widely and are sometimes subject to rapid short-term changes because of speculative activities. The exact effect of these factors cannot be accurately predicted, but any one of, or any combination of, these factors may result in Premier not receiving an adequate return on invested capital and a loss of all or part of an investment in securities of the Corporation may result.

Dependence on Key Personnel

Premier's success is dependent on a relatively small number of key employees. The loss of one or more of these key employees, if not replaced, could materially adversely affect Premier's business, results of operations and financial condition.

Dependence on Third Parties

Premier relies significantly on strategic relationships with other entities and also on good relationships with regulatory and governmental departments. Premier also relies upon third parties to provide essential contracting services. In some cases, Premier holds its interest in its properties through joint ventures. In certain of those cases, including the South Arturo Mine and the Rahill Bonanza Project, Premier is not the manager of the joint venture. In these situations the joint venture decision may not accord with Premier's stated or desired plan. There can be no assurance that Premier's existing relationships will continue to be maintained or that new ones will be successfully formed and Premier could be adversely affected by changes to such relationships or difficulties in forming new ones. Any circumstance, which causes the early termination or nonrenewal of one or more of these key business alliances or contracts, could adversely impact Premier, its business, operating results and prospects.

No Assurance of Title

The acquisition of title to mineral projects is a very detailed and time consuming process. Although Premier has taken precautions to ensure that legal title to its property interests is properly recorded in the name of Premier where possible, there can be no assurance that such title will ultimately be secured. Furthermore, there is no assurance that the interests of Premier in any of its properties may not be challenged or impugned. Title insurance is generally not available for mineral properties and Premier has a limited ability to ensure that it has obtained secure claim to individual mineral claims. While Premier intends to take all reasonable steps to maintain title to its mineral properties, there can be no assurance that Premier will be successful in extending or renewing mineral rights on or prior to expiration of their term or that the title to any such properties will not be affected by an unknown title defect.

Construction and Start-up of New Mines

The success of construction projects and the start up of new mines by the Corporation is subject to a number of factors including the availability and performance of engineering and construction contractors, mining contractors, suppliers and consultants, the receipt of required governmental approvals and permits in connection with the construction of mining facilities and the conduct of mining operations (including environmental permits), the successful completion and operation of ore passes, the adsorption/desorption/recovery plants and conveyors to move ore, among other operational elements. Any delay in the performance of any one or more of the contractors, suppliers, consultants or other persons on which the Corporation is dependent in connection with its construction activities, a delay in or failure to receive the required governmental approvals and permits in a timely manner or on reasonable terms, or a delay in or failure in connection with the completion and successful operation of the operational elements in connection with new mines could delay or prevent the construction and start up of new mines as planned. There can be no assurance that current or future construction and start up plans implemented by the Corporation will be successful, that the Corporation will be able to obtain sufficient funds to finance construction and start up activities, that personnel and equipment will be available in a timely manner or on reasonable terms to successfully complete construction projects, that the Corporation will be able to obtain all necessary governmental approvals and permits or that the completion of the construction, the start up costs and the ongoing operating costs associated with the development of new mines will not be significantly higher than anticipated by the Corporation. Any of the foregoing factors could adversely impact the operations and financial condition of the Corporation.

Permits and Licenses

The operations of Premier require licenses and permits from various governmental authorities. Premier believes that it presently holds all necessary licenses and permits required to carry on with activities which it is currently conducting under applicable laws and regulations, and Premier believes it is presently complying in all material respects with the terms of such licenses and permits. However, such licenses and permits are subject to change in regulations and in various operating circumstances. Where required, obtaining necessary licenses and permits can be a complex and time consuming process. The costs and delays associated with obtaining necessary licences and permits could stop or materially delay or restrict Premier from proceeding with the development of an exploration project. There can be no assurance that Premier will be able to obtain all necessary licenses and permits required to carry out exploration, development and mining operations at its mineral projects or that Premier will be able to comply with the conditions of all such necessary licenses and permits in an economically viable manner.

Environmental Regulations and Potential Liabilities

The operations of Premier are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental hazards may exist on the properties on which Premier holds interests which are unknown to Premier at present and which have been caused by previous or existing owners or operators of the properties. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions there under, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in exploration or mining operations may be required to compensate those suffering loss or damage by reason of the exploration or mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Environmental legislation is evolving in a manner that will require stricter standards and enforcement, increased fines and penalties for noncompliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on Premier and cause increases in exploration expenses, capital expenditures or production costs, reduction in levels of production at producing properties, or abandonment or delays in development of new mining properties. The potential financial exposure may be significant.

Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, railways, power sources and water supply are important determinants affecting capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Corporation's operations, financial condition and results of operations.

Aboriginal Claims and Consultation Issues

Aboriginal interests and rights as well as related consultation issues may impact Premier's ability to pursue exploration, development and mining at its projects. Premier may enter into agreements with First Nations and other Aboriginal communities in order to manage its relationship with those groups but there is no assurance that claims or other assertions of rights by Aboriginal communities or consultation issues will not arise on or with respect to Premier's properties or activities. These could result in significant costs and delays or materially restrict Premier's activities.

Fluctuations in Foreign Currency Exchange Rates

A significant portion of Premier's current and proposed expenditures are made in United States dollars and Mexican Pesos. Since Premier's financial results are reported in Canadian dollars, its financial position and results will be impacted by exchange fluctuations between the Canadian dollar, the U.S. dollar and the Mexican Peso.

The effects of the foreign exchange rates on operating costs and on future cash flows may be significant. Premier does not currently have any hedging contracts in connection with its use of U.S. dollars or Mexican Pesos. The depreciation of the Canadian dollar against the U.S. dollar or Mexican Peso would increase the costs associated with the exploration and development of Premier's properties and potentially increase future operating costs, taxes and royalties paid. These increased costs could materially adversely affect Premier's results of operation and financial condition.

Availability and Costs of Infrastructure, Energy and Other Commodities

Mining, processing, capital development projects and exploration activities depend on adequate infrastructure. Reliable access to energy and power sources and water supply are important factors that affect capital and operating costs. If the Corporation does not have timely access to adequate infrastructure, there is no assurance that it will be able to start or continue exploiting and develop projects, complete them on timely basis or at all. There is no assurance that the ultimate operations will achieve the anticipated production volume, or that construction costs and operating costs will not be higher than estimates calculated.

The profitability of the Corporation’s business is also affected by the market prices and availability of commodities and resources which are consumed or otherwise used in connection with the Corporation’s operations and development projects such as diesel fuel, electricity, finished steel, tires, steel, chemicals and reagents. Prices of such commodities and resources are also subject to volatile price movements, which can be material and can occur over short periods of time due to factors beyond the Corporation’s control.

If there is a significant and sustained increase in the cost of certain commodities, the Corporation may decide that it is not economically feasible to continue all of the Corporation’s commercial production and development activities and this could have an adverse effect on profitability. Higher worldwide demand for critical resources like input commodities, drilling equipment, mobile mining equipment, tires and skilled labour could affect the Corporation’s ability to acquire them and lead to delays in delivery and unanticipated cost increases, which could have an effect on the Corporation’s operating costs, capital expenditures and production schedules.

Further, the Corporation relies on certain key third party suppliers and contractors for services, equipment, raw materials used in, and the provision of services necessary for, the development, construction and continuing operation of its assets. As a result, the Corporation’s activities are subject to a number of risks some of which are outside its control, including negotiating agreements with suppliers and contractors on acceptable terms, the inability to replace a supplier or a contractor and its equipment, raw materials or services in the event that either party terminates the agreement, interruption of operations or increased costs in the event that a supplier or contractor ceases its business due to insolvency or other unforeseen event and failure of a supplier or contractor to perform under its agreement with the Corporation. The occurrences of one or more of these events could have a material effect on the business, results of operations and financial condition of the Corporation.

Uncertainty of Production Estimates

Future estimates of gold production for the Corporation’s operation as a whole are derived from a mining plan and these estimates are subject to change. There is no assurance the production estimates will be achieved and failure to achieve production estimates could have a materially adverse effect on the Corporation’s future cash flow, results of operations and financial condition. These plans are based on, among other things, mining experience, reserve estimates, assumptions regarding ground conditions and physical characteristics of ores and estimated rates and costs of production. Actual ore production may vary from estimates for a variety of reasons, including risks and hazards of the types discussed above.

Such occurrences could result in damage to mineral properties, interruptions in production, money losses and legal liabilities and could cause a mineral property that has been mined profitably in the past to become unprofitable.

Any decrease in production or change to the timing of production or the prices realized for gold sales, will directly affect the amount and timing of the cash flow from operations. A production shortfall or any of these other factors would change the timing of the Corporation’s projected cash flow and its ability to use the cash to fund capital expenditures.

Financing Risk

The ability of the Corporation to arrange additional financing in the future will depend, in part, on the prevailing debt and equity market conditions, the price of gold, the performance of the Corporation and other factors outlined herein. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Corporation.

If the Corporation raises additional funds through the sale of equity securities or securities convertible into equity securities, shareholders may have their equity interest in the Corporation diluted.

In addition, failure to comply with covenants under the Corporation's current or future debt agreements or to make scheduled payments of the principal of, or to pay interest on, its indebtedness or to make scheduled payments under hedging arrangements would likely result in an event of default under the debt agreements and would allow the lenders to accelerate the debt under these agreements, which may affect the Corporation's financial condition.

Losses from or Liabilities for Risks which are not Insured

Hazards such as unusual or unexpected geological formations and other conditions are involved in mineral exploration and development and mining. The Corporation may become subject to liability for pollution, cave-ins or hazards against which it cannot insure or against which it may elect not to insure. The payment of such liabilities would have a material, adverse effect on the Corporation's financial position and results of operations.

Although the Corporation maintains liability insurance in an amount which it considers adequate, the nature of these risks is such that liabilities might exceed policy limits, the liabilities and hazards might not be insurable against, or the Corporation might not elect to insure itself against such liabilities due to high premium costs or other reasons, in which event the Corporation could incur significant costs that could have a materially adverse effect upon its financial condition and results of operations.

Governmental Regulation

Exploration, development and mining of minerals are subject to extensive federal, provincial, state and local laws and regulations governing acquisition of the mining interests, prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, water use, land use, land claims that may be brought by First Nations and other aboriginal groups, environmental protection and remediation, endangered and protected species, mine safety and other matters. No assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied or amended in a manner that could have a material adverse effect on the business, financial condition and results of operations of Premier. The costs and delays associated with obtaining necessary licences and permits and complying with these licences and permits and applicable laws and regulations could stop or materially delay or restrict Premier from proceeding with the development of a project. Any failure to comply with applicable laws and regulations or licences and permits, even if inadvertent, could result in interruption or closure of exploration, development or mining operations or material fines, penalties or other liabilities. Premier may be required to compensate those suffering loss or damage by reason of its mining operations and may have civil or criminal fines or penalties imposed for violations of such laws, regulations and permits.

These laws and regulations are administered by various governmental authorities including the federal, provincial and municipal governments of Canada, the USA and Mexico.

Health and Safety

Mining operations generally involve a high degree of risk. Personnel involved in the Corporation's operations are subject to many inherent risks, including but not limited to, rock bursts, cave-ins, flooding, fall of ground, electricity, slips and falls and moving equipment that could result in occupational illness, health issues and personal injuries. The Corporation has implemented various health and safety measures designed to mitigate such risks. Such precautions, however, may not be sufficient to eliminate health and safety risks and employees, contractors and others may not adhere to the occupational health and safety programs that are in place. Any such occupational health and personal safety issues may adversely affect the business of the Corporation and its future operations.

Tax Matters

The Corporation's taxes are affected by a number of factors, some of which are outside of its control, including the application and interpretation of the relevant tax laws and treaties. If the Corporation's filing position, application of tax incentives or similar 'holidays' or benefits were to be challenged for whatever reason, this could have a material adverse effect on the Corporation's business, results of operations and financial condition.

The Corporation is subject to routine tax audits by various tax authorities. Tax audits may result in additional tax, interest payments and penalties which would negatively affect the Corporation's financial condition and operating results. New laws and regulations or changes in tax rules and regulations or the interpretation of tax laws by the courts or the tax authorities may also have a substantial negative impact on the Corporation's business. There is no assurance that the Corporation's current financial condition will not be materially adversely affected in the future due to such changes.

Information technology

The Corporation is reliant on the continuous and uninterrupted operations of its Information Technology ("IT") systems. User access and security of all IT systems are critical elements to the operations of the Corporation. Protection against cyber security incidents and cloud security, and security of all of the Corporation's IT systems are critical to the operations of the Corporation. Any IT failure pertaining to availability, access or system security could result in disruption for personnel and could adversely affect the reputation, operations or financial performance of the Corporation.

The Corporation's IT systems could be compromised by unauthorized parties attempting to extract business sensitive, confidential or personal information, corrupting information or disrupting business processes or by inadvertent or intentional actions by the Corporation's employees or vendors. A cyber security incident resulting in a security breach or failure to identify a security threat, could disrupt business and could result in the loss of business sensitive, confidential or personal information or other assets, as well as litigation, regulatory enforcement, violation of privacy and security laws and regulations and remediation costs.

Labour Difficulties

Factors such as work slowdowns or stoppages caused by the attempted unionization of operations and difficulties in recruiting qualified miners and hiring and training new miners could materially adversely affect the Corporation's business. This would have a negative effect on the Corporation's business and results of operations; which might result in the Corporation not meeting its business objectives.

Nature of Mineral Exploration and Mining

The economics of exploring and developing mineral properties are affected by many factors including capital and operating costs, variations of the grades and tonnages of ore mined, fluctuating mineral market prices, costs of mining and processing equipment and such other factors as government regulations, allowable production, importing and exporting of minerals and environmental protection.

The effect of these factors cannot be accurately predicted, but the combination of these factors may result in Premier not receiving an adequate return on invested capital. The operations of Premier are also subject to all of the hazards and risks normally incidental to exploration and development of mineral properties, any of which could result in damage to life or property, environmental damage and possible legal liability for any or all damage. The activities of Premier may be subject to prolonged disruptions due to inclement or hazardous weather conditions depending on the location of operations in which Premier has interests. Hazards, such as unusual or unexpected geological formations, rock bursts, formation pressures, cave-ins, flooding or other conditions may be encountered in the drilling and removal of material. Other risks include, but are not limited to, mechanical equipment performance problems, industrial accidents, labour disputes, drill rig shortages, the unavailability of materials and equipment, power failures, hydrological conditions, earthquakes, fires, landslides and other Acts of God. While Premier may obtain insurance against certain risks in such amounts as it considers adequate, the nature of these risks are such that liabilities could exceed policy limits or could be excluded from coverage. There are also risks against which Premier cannot insure or against which it may elect not to insure. The potential costs which could be associated with any liabilities not covered by insurance or in excess of insurance coverage or compliance with applicable laws and regulations may cause substantial delays and require significant capital outlays, adversely affecting the future earnings and competitive position of Premier and, potentially, its financial position.

Estimates of Mineral Resources and Mineral Reserves

Mineral reserves and mineral resources are estimates only, and no assurance can be given that the anticipated tonnages and grades will be achieved, that the indicated level of recovery will be realized or that mineral reserves can be mined or processed profitably. Mineral reserve and mineral resource estimates may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing and other relevant issues. There are numerous uncertainties inherent in estimating mineral reserves and mineral resources, including many factors beyond the Corporation's control. Such estimation is a subjective process, and the accuracy of any mineral reserve or mineral resource estimate is a function of the quantity and quality of available data, the nature of the ore body and of the assumptions made and judgments used in engineering and geological interpretation. These estimates may require adjustments or downward revisions based upon further exploration or development work or actual production experience. Fluctuations in gold or silver prices, results of drilling, metallurgical testing and production, the evaluation of mine plans after the date of any estimate, permitting requirements or unforeseen technical or operational difficulties, may require revision of mineral reserve and mineral resource estimates. Prolonged declines in the market price of gold (or applicable by-product metal prices) may render mineral reserves containing relatively lower grades of mineralization uneconomical to recover and could materially reduce the Corporation's mineral reserves. Should reductions in mineral resources or mineral reserves occur, the Corporation may be required to take a material write-down of its investment in mining properties, reduce the carrying value of one or more of its assets or delay or discontinue production or the development of new projects, resulting in increased net losses and reduced cash flow. Mineral resources and mineral reserves should not be interpreted as assurances of mine life or of the profitability of current or future operations. There is a degree of uncertainty attributable to the calculation and estimation of mineral resources and mineral reserves and corresponding grades being mined and, as a result, the volume and grade of mineral reserves mined and processed and recovery rates may not be the same as currently anticipated. Any material reductions in estimates of mineral reserves and mineral resources, or of the Corporation's ability to extract these mineral reserves, could have a material adverse effect on the Corporation's results of operations and financial condition. Mineral resources are not mineral reserves and have a greater degree of uncertainty as to their existence and feasibility. There is no assurance that mineral resources will be upgraded to proven or probable mineral reserves.

Competition

There is significant competition in the precious metals mining industry for mineral rich properties that can be developed and produced economically, the technical expertise to find, develop, and operate such properties, the labour to operate the properties and the capital for the purpose of funding such properties. Many competitors not only explore for and mine precious metals, but conduct refining and marketing operations on a global basis. As a result of this competition, some of which is with large established mining companies with substantial capabilities and greater financial and technical resources than Premier, Premier may be unable to acquire desired properties, to recruit or retain qualified employees or to acquire the capital necessary to fund its operations and develop its projects. Existing or future competition in the mining industry could materially adversely affect Premier's prospects for mineral exploration and success in the future. Increased competition can result in increased costs and lower prices for metal and minerals produced and reduced profitability. Consequently, the revenues of Premier, its operations and financial condition could be materially adversely affected.

From time to time several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment. In determining whether or not Premier will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which Premier may be exposed and its financial position at that time.

Conflicts of Interest

The directors and officers of Premier may serve as directors or officers of other public resource companies or have significant shareholdings in other public resource companies. Situations may arise in connection with potential acquisitions and investments where the other interests of these directors and officers may conflict with the interests of Premier. In the event that such a conflict of interest arises at a meeting of the directors of Premier, a director is required by the OBCA to disclose the conflict of interest and to abstain from voting on the matter.

Current Global Financial Condition

Current global financial conditions have been subject to increased volatility, and access to public financing, particularly for resource companies, has been negatively impacted. These factors may impact the ability of the Corporation to obtain equity or debt financing in the future and, if obtained, such financing may not be on terms favourable to the Corporation. If increased levels of volatility and market turmoil continue, the Corporation's operations could be adversely impacted, and the value and price of the Common Shares could be adversely affected.

20. RISKS RELATING TO PREMIER COMMON SHARES GENERALLY

No Guarantee of Positive Return on Investment

There is no guarantee that an investment in the securities of Premier will earn any positive return in the short term or long term. The mineral exploration and development business is subject to numerous inherent risks and uncertainties, and any investment in the securities of Premier should be considered a speculative investment. Past successful performance provides no assurance of any future success. The purchase of securities of Premier involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks. An investment in the securities of Premier is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment.

Volatility of the Trading Price of Premier Common Shares

The Premier Common Shares are listed on the TSX. In recent years, the securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered exploration or development stage companies, have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continued fluctuations in price will not occur, which may result in losses to investors. The purchase of Premier Common Shares should be undertaken only by investors who have no need for immediate liquidity in their investment. The trading price of the Premier Common Shares may increase or decrease in response to a number of events and factors, including, but not limited to: Premier's operating performance and the performance of competitors and other similar companies; volatility in gold and other metal prices; the public's reaction to Premier's press releases, other public announcements and Premier's filings with the various securities regulatory authorities; the failure of Premier to meet the reporting and other obligations under Canadian securities laws or imposed by the TSX; changes in recommendations by research analysts who track the Premier Common Shares or the shares of other companies in the resource sector; a reduction in coverage by such research analysts; changes in general economic and/or political conditions; the arrival or departure of key personnel; and acquisitions, strategic alliances or joint ventures involving Premier or its competitors, which, if involving the issuance of Premier Common Shares, or securities exercisable or exchangeable for or convertible into Premier Common Shares, would result in dilution to present and prospective holders of Premier Common Shares. In addition, the market price of the Premier Common Shares is affected by many variables not directly related to Premier's success and are, therefore, not within Premier's control, including other developments that affect the market for all resource sector securities, the breadth of the public market for the Premier Common Shares, and the attractiveness of alternative investments. Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. Premier may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

No Dividend Record

Premier does not have a dividend policy and has never declared or paid any dividends to its shareholders. Premier intends to invest all available funds toward the development and growth of its business and does not expect to pay any cash dividends for the foreseeable future. The payment of any cash dividend to shareholders of Premier in the future will be at the discretion of the directors of Premier and will depend on, among other things, the financial condition, capital requirements and earnings of Premier, and any other factors that the directors of Premier may consider relevant.

Issuance of Preference Shares

As of September 30, 2016, there were no Preference Shares outstanding; however, pursuant to its articles, Premier is authorized to issue an unlimited number of Preference Shares, in one or more series, with the designation of, and the rights, privileges, restrictions and conditions attached thereto, determined at the discretion of the directors of Premier, subject to the articles of Premier and the OBCA. Payment of dividends and repayment of the liquidation preference of such Preference Shares may take preference over any dividends or other payments to the holders of Premier Common Shares.

21. MANAGEMENT'S REPORT ON INTERNAL CONTROLS

Internal Control over Financial Reporting

No changes occurred in the current period of the Corporation's internal controls over financial reporting ("ICFR") that have materially affected, or are reasonably likely to materially affect the Corporation's ICFR.

In accordance with the requirements of *National Instrument 52-109 Certification of Disclosure in Issuer's Annual and Interim Filings*, 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.

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. There have been no changes to the disclosure controls and procedures during the quarter.

Limitation on scope of Design

In accordance with NI 52-109, a company may limit its certification of design of disclosure controls and procedures and internal controls over financial reporting to exclude the controls, policies and procedures of a business that it acquired not more than 365 days before year end. The Corporation's management, with the participation of the Chief Executive Officer and the Chief Financial Officer, has limited the scope of the design of the Corporation's disclosure controls and procedures and internal control over financial reporting to exclude controls, policies and procedures at the Mercedes Mine, which was acquired on September 30, 2016.

22. 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.

23. ADDITIONAL INFORMATION

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

"Steve Filipovic"
(Signed) Steve Filipovic
Chief Financial Officer
Thunder Bay, Canada
November 9, 2016