MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2014

The following Management's Discussion and Analysis ("MD&A") of Premier Gold Mines Limited (the "Corporation" or "Premier") should be read in conjunction with the condensed consolidated interim financial statements for the three months ended March 31, 2014, with a comparative period for the year ending December 31, 2013, and the notes thereto. The Corporation's 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 May 13, 2014 and all information is current as of such date. Readers are encouraged to read the Corporation's public information filings on SEDAR at www.sedar.com.

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

Cautionary Statement on Forward-Looking Statements

Certain information set forth in this MD&A, including management's assessment of the Corporation's future plans and operations, contains forward-looking statements. By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond the Corporation's control, including the impact of general economic conditions, industry conditions, volatility of commodity prices, currency fluctuations, imprecision of resource estimates, environmental risks, competition from other industry participants, the lack of availability of qualified personnel or management, stock market volatility and ability to access sufficient capital from internal and external sources. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be inaccurate and, as such, reliance should not be placed on forward-looking statements. Premier's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits, if any, that Premier will derive there from. Premier disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise except as required by applicable law.

Highlights

PEA Studies Completed at Trans-Canada

- PEA results for Hardrock boast solid economics.
- Brookbank deposit economics enhanced when utilizing Hardrock infrastructure.

Expanded High Grade Mineralization at Cove

- Results support aggressive exploration program.
- New Discoveries Reported from CSD, CND and 2201 Zones.

Company Overview

Premier is a Canadian-based mineral exploration company, focused on exploring for and developing gold deposits within the Americas. Premier has a diverse portfolio of advanced-stage gold exploration properties located in Northwestern Ontario - Canada and Nevada - USA.

Canada

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

Red Lake Mining District

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

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

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

Beardmore-Geraldton Greenstone Belt

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

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

Musselwhite Mine Area

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

United States

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

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

PREMIER
Gold Mines Limited

Results of Operations

Canada

Development

Q1 2014 was a significant quarter for Premier as the company achieved the first of several key development related milestones when it announced the Hardrock and Brookbank deposits preliminary economic assessments (‘PEA’) on January 28, 2014.

The Hardrock PEA, which is a capital constrained model and therefore incorporates less than 50% of the mineral resources at Hardrock, is the first of several critical milestones that Premier has established for itself on the path from explorer to producer.

Highlights of the 2014 PEA studies (all currency amounts in Canadian dollars unless otherwise stated) include:

Hardrock Project Estimates

- **Average annual gold production during the first 8 years of 253,100 ounces** with life of mine "LOM" (15 years) annual production of 202,700 ounces (including low-grade stockpiles).
- **Average grade over the first 8 years of 1.50 grams per tonne gold "g/t Au"** with a LOM average grade of 1.18 g/t Au (including low-grade stockpiles).
- **Initial processing of 10,000 tonnes per day "tpd",** expanding to 18,000 tpd in Year 3.
- **Pre-production capital costs of $410.6 million** including $83 million for contingency.
- **Pre-tax net present value "NPV" (at a 5% discount rate) of $519 million at US$1,250 gold** and an exchange rate of CAD$1.00 = US$0.95.
- **Pre-tax internal rate of return "IRR" of 23.0% and a 3.5 year payback period at US$1,250 gold** and an exchange rate of CAD$1.00 = US$0.95.

Brookbank Project Estimates

- **Pre-tax NPV (at 5% discount rate) of $73.8 million and IRR of 30.1%,** at US$1,250 gold and an exchange rate of CAD$1.00 = US$0.95, when rock is trucked to Hardrock versus stand-alone processing option. On an after-tax basis, NPV (at a 5% discount rate) is $49.9 million and IRR of 24.2%.
- **Average annual gold production during LOM (7 years) of 48,700 ounces.**

The independent technical report issued on March 13, 2014 with an effective date of December 31, 2013 and entitled "Trans-Canada Property Hardrock and Brookbank Projects Preliminary Economic Assessment" was issued by Stantec -- Mining in North Bay, Ontario and was posted on SEDAR on March 19, 2014. The report provides detail to the disclosure contained in the Corporation's news release issued on January 28, 2014.

The Hardrock and Brookbank PEAs are preliminary in nature and include inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the Hardrock or Brookbank PEAs will be realized. Stephen McGibbon, P. Geo., Executive Vice-President Corporate & Project Development of Premier, is the Qualified Person who approved the information regarding the Hardrock and Brookbank PEA contained in this MD&A and is a Qualified Person within the meaning of National Instrument 43-101.

Other development related matters in relation the Hardrock project include:

The signing of an environmental assessment contract with Stantec Consulting in February 2014, with a target to submit a project description to the federal government by mid-April 2014. The targeted completion date for permitting is the end of 2015.

The commencement of tendering for consulting work in relation to the feasibility study on Hardrock which is planned to be complete by mid-2015 with a trade-off study to start in April 2014. Premier received quotations from several consulting groups in March 2014 and selected G Mining Services Inc. for the feasibility study. G Mining Services Inc. was also selected as the feasibility study manager and has been given responsibility performing the mining and the open pit surface infrastructure analysis.

The metallurgical group prepared, distributed and analysed qualified engineering groups for the Hardrock process feasibility. Metallurgical testing was carried out on representative samples of the Hardrock open pit resource in coordination with SGS Canada Inc.; including cyanide detoxification, solid liquid separation, and environmental. Sampling of low grade and Master composites for testing of the process was also performed. Drilling of large calibre core for grinding data calibration and preparation was also completed during the quarter in addition to review and coordination of required phase 2 acid rock drainage and metals leaching tests on waste rock, as well as coordination on humidity cells and field barrel testing.

The Corporation has established what it considers a clear and efficient path toward development of the Hardrock project which relies heavily on the expertise of its highly experienced development team. This path, which is not critically time constrained takes into account existing financial resources. The Corporation will provide ongoing updates to investors as it progresses.

Exploration

Red Lake Mining District, Northwestern Ontario

Drilling completed at Bonanza during the quarter continued to test the deep potential of this target-rich area with 1,541 metres of drilling in five (5) holes at a cost of some $204 per metre drilled. During the quarter, a number of unsuccessful attempts were made at reaching the projected extension of the Wilmar Zone target. Progress was limited by difficulty drilling through a structurally weak and talc-rich fault.

The East Bay Project was active during the quarter, and included a total of 2,800 metres of drilling in five (5) holes. Three target areas were included in the program which focused within the Footwall structure drilled in previous programs. There was no significant activity at East Bay during the quarter.

Trans-Canada Property, Northwestern Ontario

Some 10,700 metres of diamond drilling was completed on the Trans-Canada Property in twenty eight (28) drill holes during the quarter. Drilling which holds promise of increasing the existing resource base on the property included eighteen (18) in-fill holes within the Hardrock resource envelope and two (2) holes at the Bankfield West target located some 9 kilometres west of Hardrock. The results from several of these holes were included in a significant drilling update on Hardrock dated March 26th, 2014.

In addition, Premier completed five (5) additional condemnation holes in the tailings area and three (3) holes for geotechnical and metallurgical purposes. During the quarter, the originally planned budget of the Trans-Canada Property was increased by an additional $1.2 million in order to more fully test the Bankfield West and North Wall targets.

An updated resource estimate of the Hardrock Deposit will be completed near the end of Q2, which will include all drilling completed as of the end of the third week of April.

United States

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

At the Cove Gold Project, some fifteen (15) holes were pre-collared and/or drilled during the quarter for a total of 8,200 metres. Drilling resumed in late January and has progressed with two or three drills ever since. Results were released on February 19th, 2014 for drilling completed during Q4 2013 and included the following:

- Cove North Deep Zone
  - PG-01 highlight results:
    - 28.05 grams per tonne gold (g/t Au) across 4.5 metres (m) (or 0.82 ounces per ton gold (oz/t Au) across 14.8 feet)
    - 3.74 g/t Au (0.11 oz/t) and 718.72 g/t Ag (20.99 oz/t) across 5.0 m (16.5 ft)
- 2201 Zone Discovery
  - AX-51 highlight results:
    - 13.22 g/t Au (0.39 oz/t), 38.67 g/t Ag (1.13 oz/t), 0.69% Zn and 0.47% Pb across 10.3 m (33.8 ft)
    - 18.96 g/t Au (0.55 oz/t), 23.00 g/t Ag (0.67 oz/t), 0.28% Zn and 0.07% Pb across 4.1 m (13.3 ft)
    - 11.39 g/t Au (0.33 oz/t), 56.70 g/t Ag (1.66 oz/t), 0.18% Zn and 0.09% Pb across 3.0 m (10.0 ft)
  - PG-02 highlight results:
    - 4.75 g/t Au (0.14 oz/t), 311.07 g/t Ag (9.08 oz/t), 8.24% Zn and 4.43% Pb across 3.0 m (9.9 ft)
    - 15.83 g/t Au (0.46 oz/t), 38.95 g/t Ag (1.14 oz/t), 0.11% Zn and 0.03% Pb across 6.1 m (20.0 ft)
- Cove South Deep Zone
  - AX-51 highlight results:
    - 5.01 g/t Au (0.15 oz/t) across 22.7 m (74.5 ft) -- CSD Upper
      - Including 7.34 g/t Au (0.21 oz/t) across 4.9 m (16.0 ft)
      - And 11.10 g/t Au (0.32 oz/t) across 3.5 m (11.5 ft)
  - PG-02 highlight results:
    - 11.95 g/t Au (0.35 oz/t) and 19.13 g/t Ag (0.56 oz/t) across 6.7 m (22.0 ft) -- CSD Upper

The Cove Gold Project is budgeted to receive the largest allotment of exploration drilling in 2014 and will continue to expand and partially delineate those discoveries recently announced that are proximal and beneath the Cove pit.

PREMIER Gold Mines Limited

Selected Financial Data

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

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

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

Quarterly Information

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

Quarter	2014 First $	2013 Fourth $	2013 Third $	2013 Second $	2013 First $	2012 Fourth $	2012 Third $	2012 Second $
Investment and other income	177,681	148,464	168,625	238,999	222,352	255,199	97,151	321,070
Operating income / (loss) from:								
Continuing operations	4,135,956	(15,773,324)	(3,686,828)	(9,009,856)	(3,676,263)	(3,065,727)	(4,754,171)	(3,376,822)
Discontinued operations	-	-	-	-	(82,230)	(2,228,590)	277,634	(265,288)
	4,135,956	(15,773,324)	(3,686,828)	(9,009,856)	(3,758,493)	(5,294,317)	(4,476,537)	(3,642,110)
Other significant income / (loss):								
Unrealized gain / (loss) on investments	19,549,913	7,756	3,669,875	(19,842,303)	(12,701,885)	-	-	-
Realized gain / (loss) on sale of investments	(13,954,677)	(4,056,851)	(5,289,129)	(687,490)	1,594	-	-	-
Gain on disposal of subsidiary	-	-	-	-	37,978,038	-	-	-
	5,595,236	(4,049,095)	(1,619,254)	(20,529,793)	25,277,747	-	-	-
Comprehensive income / (loss) for the period:								
Continuing operations	5,744,579	(12,311,555)	(8,653,943)	(27,154,677)	21,287,492	(7,697,512)	(5,880,526)	(5,968,257)
Discontinued operations		-	-	-	(82,230)	(18,868,109)	(179,297)	(265,288)
	5,744,579	(12,311,555)	(8,653,943)	(27,154,677)	21,205,262	(26,565,621)	(6,059,823)	(6,233,545)
Basic and diluted income / (loss) per common share								
Continuing operations	0.03	(0.09)	(0.05)	(0.19)	0.14	(0.05)	(0.04)	(0.04)
Discontinued operations	-	-	-	-	-	(0.14)	-	-
	0.03	(0.09)	(0.05)	(0.19)	0.14	(0.19)	(0.04)	(0.04)
Total long-term liabilities	38,742,454	37,968,971	42,093,606	38,746,497	45,613,777	44,377,147	44,377,519	63,629,758
Cash dividends	-	-	-	-	-	-	-	-

PREMIER Gold Mines Limited

Overall performance

Three months ended March 31, 2014 and 2013

Income from continuing operations for the three months ended March 31, 2014 was $4,135,956 compared to income of $20,133,964 for the same period of the previous year for a variance of $15,998,008. $1,867,927 of the positive variance related to the loss from operating activities whereas $19,607,453 related mainly to a net overall decrease in realized and unrealized investment gains (including the sale of Premier Royalty) with an additional positive variance of $1,722,178 related to deferred taxes.

The variances for the three months ended March 31, 2014 compared to the same period of 2013 are:

	2014 Q1 $	2013 Q1 $	Increase (Decrease) $
EXPENSES			
Depreciation and impairment loss on property, plant and equipment	28,919	27,336	1,583
Share-based payments	304,810	1,910,743	(1,605,933)
Flow-through interest penalty	5,635	29,122	(23,487)
General and administrative	940,825	1,021,920	(81,095)
Professional fees	126,003	98,952	27,051
Exploration expenses	35,926	69,087	(33,161)
Property maintenance	93,174	81,069	12,105
Long term debt accretion	250,201	438,034	(187,833)
Environmental rehabilitation accretion	22,843	-	22,843
	1,808,336	3,676,263	(1,867,927)
Loss from operating activities	(1,808,336)	(3,676,263)	1,867,927
Investment income	160,614	213,635	(53,021)
Other income	17,067	8,717	8,350
Unrealized gain (loss) on investments	19,549,913	(12,701,885)	32,251,798
Unrealized foreign exchange gain	212,217	92,488	119,729
Gain (loss) on sale of investments	(13,954,677)	1,594	(13,956,271)
Gain on sale of Premier Royalty	-	37,978,038	(37,978,038)
	5,985,134	25,592,587	(19,607,453)
Income before income taxes	4,176,798	21,916,324	(17,739,526)
Current tax recovery (expense)	(19)	(19,359)	19,340
Deferred tax recovery (expense)	(40,823)	(1,763,001)	1,722,178
Income for the period from continuing operations	4,135,956	20,133,964	(15,998,008)
Loss for the period from discontinued operations	-	(82,230)	82,230
Income for the period	4,135,956	20,051,734	(15,915,778)
Exchange difference on translation of foreign operations	2,309,813	1,153,528	1,156,285
Deferred tax expense	(701,190)	-	(701,190)
	1,608,623	1,153,528	455,095
Comprehensive income for the period	5,744,579	21,205,262	(15,460,683)
Continuing operations	5,744,579	21,287,492	(15,542,913)
Discontinued operations	-	(82,230)	82,230
	5,744,579	21,205,262	(15,460,683)

The significant items with variances include:

- A decrease in share-based payments of $1,605,933 as a result of a decreased number of options issued as well as a decrease in the valuation of the stock options during this period compared to the same period last year.
- A decrease in long term debt accretion of $187,833 related to the principal repayment of 50% of the Cove debt after the first quarter last year.
- A combined decrease in the total realized and unrealized net investment gains for the period this year compared to last year of $19,682,511. This period last year included the sale of Premier Royalty and resulting unrealized losses on the subsequent investment. As the resulting investment is being liquidated (approximately 75% to date), the unrealized losses are reversing and are replaced with realized losses with a positive net gain this period of $5,595,236.
- A decrease in deferred taxes of $1,722,178 directly related to flow through funding obligations which existed last year but are non-existent this year as the last flow through financing was completed in October, 2012.
- Included in the loss from discontinued operations for the three months ended March 31, 2013 are the revenue and expenses for Premier Royalty Corporation which were reclassified to discontinued operations as a result of the disposition of Premier Royalty Corporation in January 2013. There was no corresponding activity during the same period in 2014.

Other comprehensive income

Included in the comprehensive income for the three months ended March 31, 2014 is an exchange gain on the translation of foreign operations of $2,309,813 compared to a $1,153,528 gain for the same period of 2013. The U.S dollar strengthened 3.5 basis points during this quarter compared to 2 basis points last year and the overall exchange gain also increased as a result of the increased exploration and evaluation assets in the U.S. operations.

Financial Position at March 31, 2014 and December 31, 2013

Total assets increased by $7,818,230 from $408,492,298 to $416,310,528 during the period ended March 31st compared to December 31, 2013:

- Current assets increased by $59,663 (see "Liquidity and Capital Resources").
- Restricted cash and cash equivalents increased $42,361 due to exchange rate differences between December 31st and March 31st, no further bonds have been posted during the period.
- Exploration and evaluation assets increased $7,639,827, with $5,469,393 in continuing exploration and evaluation expenditures and $2,170,434 in currency adjustments.

Exploration and evaluation additions during the period ended March 31, 2014 of $5,469,393 is comprised of the following:

- $2,665,146 or 49% was spent at Hardrock Project in Geraldton, Canada including:
    - $1,023,048 in drilling related costs;
    - $243,137 in geological costs including wages and salaries;
    - $124,207 in analytical and sampling costs;
    - $138,783 in operations support and related costs;
    - $1,135,971 on activities related to the preliminary economic assessment for Hardrock.

- $351,469 or 6% of exploration spending was for the Corporation's joint venture exploration activities at the Bonanza and East Bay projects in Red Lake, Canada.

- A further $2,437,024 or 46% of total expenditures was on the Cove property located in Nevada, USA, $2,069,761 for drilling related costs, geological including wages and benefits of $165,835, $84,772 for analytical costs and $116,656 to operations support and related costs.

Total liabilities increased by $1,701,716 due to an increase in accounts payable and accrued liabilities of $692,935 for activity related to the period, an increase of $235,298 for accretion on long term debt and $744,665 for deferred taxes with $701,190 of that related to the translation of foreign operations and included in comprehensive income for the period.

Liquidity and capital resources

At March 31, 2014, the Corporation had cash and cash equivalents of $62,170,795 ($52,552,321 at December 31, 2013). The increase in cash and cash equivalents of $9,618,474 over the period ended March 31, 2014 was due to the following:

- $14,155,416 net cash received on the sale of investments;
- $67,125 received on the exercise of stock options;
- $1,023,901 used in operating activities offset by positive changes in working capital of $1,610,611;
- $5,484,318 used in exploration and evaluation activities;
- $19,297 for capital purchases.

The Corporation has financed a large portion of its Canadian exploration activities with 2012 flow-through share issuances. Resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share issuances are renounced to investors in accordance with income tax legislation. There was no additional flow through financing for the year ended December 31, 2013 or for the period ended March 31, 2014. The Corporation is financing current exploration and development spending through previous financings and liquidation of investments related to the sale of Premier Royalty. The Corporation anticipates that it has sufficient cash to manage current projects through 2015.

As at March 31, 2014 the financial instruments of the Corporation consisted of cash and cash equivalents, accounts receivable, investments, accounts payable and accrued liabilities and long term debt.

The Corporation is authorized to issue an unlimited number of common shares of which 151,533,975 were outstanding as of May 13, 2014. As at May 13, 2014 the Corporation had outstanding options to purchase an aggregate of 13,001,412 common shares under its share incentive plan with exercise prices ranging from $1.40 to $7.45 per share, and expiry dates ranging from May 27, 2014 to May 2, 2019. As of March 31, 2014 there were 825,000 unvested stock options.

As at March 31, 2014 the Corporation had 50,000 common share purchase warrants outstanding with an exercise price of $6.62 which expired as of April 5, 2014.

Other

Management continues to review both core and non-core properties to ensure they contribute to the overall vision of the Corporation; as a result, non-core properties identified in the 'Other areas' section of the exploration and evaluation assets described in Note 8 of the condensed consolidated interim financial statements at March 31, 2014 are being evaluated for potential disposition. In addition, the mill and mining equipment acquired as a result of the 2011 Goldstone acquisition has been identified as superfluous to the Trans-Canada property. A disposition of this type would include the related liabilities associated with the properties including the asset retirement obligations discussed below. A non-binding letter of intent was entered into on April 25th which would see the mill and several of these properties sold. As the letter of intent is non-binding and conditional on several factors, the assets and related liabilities have not been reclassified as held for sale at this point in time.

Commitments

The following is a summary of the commitments of the Corporation as at March 31, 2014:

	2014	2015	2016	2017	2018	Total
	$	$	$	$	$	$
Long term debt	10,055,273	55,273	55,273	55,273	55,273	10,276,365
Contracts and operating leases	265,781	304,192	224,939	73,258	-	868,170

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

Provision

The Corporation has two environmental rehabilitation obligations related to properties acquired as a result of the 2011 Goldstone acquisition which include:

	March 31, 2014	December 31, 2013
	$	$
Northern Empire Mill, Ontario	2,365,199	2,351,185
Faymar-Deloro, Ontario	1,361,024	1,352,195
	3,726,223	3,703,380

Activity for the period is accretion as discussed in Note 10 to the March 31, 2014 condensed consolidated interim financial statements.

Transactions with related parties

Transactions are as disclosed in Note 16 to the March 31, 2014 condensed consolidated interim financial statements with no significant changes for the period.

Contingency

Contingency is as disclosed in Note 20 to the March 31, 2014 condensed consolidated interim financial statements with no significant changes for the period.

Subsequent events

There are no significant subsequent events to report.

Financial instruments and related risks

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

[a] Credit Risk

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

i) Trade credit risk
The Corporation is in the exploration stage and has not yet commenced commercial production or sales. Therefore, the Corporation is not exposed to significant credit risk and overall the Corporation's credit risk has not changed significantly from the prior year.

ii) Cash and cash equivalents
In order to manage credit and liquidity risk the Corporation invests only in highly rated investment grade instruments that have maturities of one year or less and are cashable or readily convertible to cash. Limits are also established based on the type of investment, the counterparty and the credit rate.

iii) Derivative financial instruments
As at March 31, 2014, the Corporation has no derivative financial instruments. It may in the future enter into derivative financial instruments and in order to manage credit risk, it will only enter into derivative financial instruments with highly rate investment grade counterparties.

[b] Liquidity risk

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

[c] Market risk

i) Interest rate risk

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

ii) Currency risk

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

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

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

	March 31, 2014	December 31, 2013
	$	$
Cash and cash equivalents	6,450,551	7,948,582
Restricted cash and cash equivalents	1,118,755	1,076,391
Accounts receivable	45,815	46,018
Accounts payables and accrued liabilities	1,117,654	409,959
Long term promissory note	204,726	190,288

There are no significant financial instruments in Mexican pesos.

During the period ended March 31, 2014, the Corporation recognized an unrealized foreign exchange gain of $212,217 and an exchange gain on the translation of foreign operations in comprehensive income of $2,309,813. As of March 31, 2014, if the Canadian dollar to the U.S. dollar exchange rate increases or decreases by 10%, the Corporation's net income or loss will increase or decrease by $556,383 and the Corporation's other comprehensive income (loss) will increase or decrease by $5,070,554.

iii) Security price risk

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

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

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

[d] Fair value

IFRS 13 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

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

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

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

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

	Level 1		Level 2		Total	
	March 31, 2014	December 31, 2013	**March 31, 2014**	December 31, 2013	**March 31, 2014**	December 31, 2013
	$	$	**$**	$	**$**	$
Investments	**8,956,510**	17,516,690	**-**	-	**8,956,510**	17,516,690

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

	Fair value through profit or loss		Loans and receivables		Total	
	March 31, 2014	December 31, 2013	**March 31, 2014**	December 31, 2013	**March 31, 2014**	December 31, 2013
	$	$	**$**	$	**$**	$
Cash and cash equivalents	**-**	-	**62,170,795**	52,552,321	**62,170,795**	52,552,321
Accounts receivable	**-**	-	**339,532**	1,285,757	**339,532**	1,285,757
Investments held for sale	**8,740,698**	17,381,833	**-**	-	**8,740,698**	17,381,833
Restricted cash and cash equivalents	**-**	-	**3,977,633**	3,935,272	**3,977,633**	3,935,272
Investments	**215,812**	134,857	**-**	-	**215,812**	134,857
	8,956,510	17,516,690	**66,487,960**	57,773,350	**75,444,470**	75,290,040

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

	Fair value through profit or loss		Other financial liabilities		Total	
	March 31, 2014	December 31, 2013	**March 31, 2014**	December 31, 2013	**March 31, 2014**	December 31, 2013
	$	$	**$**	$	**$**	$
Accounts payable and accrued liabilities	**-**	-	**3,787,295**	3,094,360	**3,787,295**	3,094,360
Long term debt	**-**	-	**10,020,301**	9,779,028	**10,020,301**	9,779,028
	-	-	**13,807,596**	12,873,388	**13,807,596**	12,873,388

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

Management of capital

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

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

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

The Corporation expects its current capital resources will be sufficient to carry out its exploration plans and operations through 2015.

Off-Balance Sheet Arrangements

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

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

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

Controls and Procedures

In accordance with the requirements of *National Instrument 52-109 Certification of Disclosure in Issuer's Annual and Interim Filings*, the Corporation's management, including Chief Executive Officer (CEO) and Chief Financial Officer (CFO), have evaluated the operating effectiveness of the Corporation's internal control over financial reporting. Management of the Corporation is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed by, or under, the supervision of, the CEO and CFO and effected by management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with international financial reporting standards. Management assessed the effectiveness of the Corporation's internal control over financial reporting as of March 31, 2014. Based on this assessment, management believes that, as of March 31, 2014, the Corporation's internal control over financial reporting is designed effectively.

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the CEO and CFO, on a timely basis so that appropriate decisions can be made regarding annual and interim financial statement disclosure. Management believes these disclosure controls and procedures have been effective during the period ended March 31, 2014.

Additional Information

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

"Steve Filipovic"

(Signed) Steve Filipovic
Chief Financial Officer

Thunder Bay, Canada
May 13, 2014