PREMIER
Gold Mines Limited

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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 nine months ended September 30, 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 November 12, 2014 and all information is current as of such date. Readers are encouraged to read the Corporation's public information filings on SEDAR at www.sedar.com.

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

Cautionary Statement on Forward-Looking Statements

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

Highlights

Updated Hardrock Development Work

- Feasibility Study continuing
- Final resource conversion drilling program underway
- Stripping, mapping and channel sampling program near conclusion

Continued Success at 2201 and CSD Zone at Cove

- Drilling to continue during remainder of year

Consolidation of a 100% ownership interest in McCoy-Cove gold properties

- Acquisition of the remainder of the McCoy-Cove property on September 11, 2014 that consolidates a 100% interest in the those gold properties located along the Eureka-Battle Mountain Trend

Wilmar Exploration on Rahill-Bonanza Continued at Red lake

Limited drilling access relocated drilling to drill bay #20 during the quarter.

Company Overview

Premier is a Canadian-based mineral exploration & development 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 Beardmore-Geraldton Greenstone Belt; the Red Lake Mining District, and the Musselwhite Mine area.

Beardmore-Geraldton Greenstone Belt

This highly prospective high-grade gold district, which had seen relatively little exploration over the past several decades and was dormant until Premier's arrival in 2007, boasts more than 4.1 million ounces of historic gold production.

Since arriving in the district, and through a focused campaign of continuous and aggressive exploration and property consolidation Premier has transformed its interests in this district into what is now referred to as the Trans-Canada Property (100% Premier). The Trans Canada Property covers some of the most strategic ground in the district and is host to several past-producing mines and multiple remaining deposits.

At the heart of Premier's Trans Canada Property lies its flagship project, Hardrock. The Hardrock Project is a development stage project that is progressing toward bankable feasibility in the first half of 2015. The Project which hosts overall indicated resources of 4.87 million ounces gold is the subject of a Preliminary Economic Assessment ("PEA") issued by Stantec -- Mining on March 13, 2014.

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 principal project in Red Lake, the Rahill-Bonanza Property (49% Premier), is 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 which includes the Broulan Reef Property purchased by Premier in 2013 is immediately adjacent to Goldcorp's Bruce Channel deposit and the Cochenour Mine complex.

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

Musselwhite Mine Area

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

United States

McCoy-Cove

The McCoy-Cove land package is located immediately south of the multi-million ounce (+copper) Phoenix Mine operated by Newmont Mining Corporation and includes a large underexplored area approximating 31,000 acres (~48 square miles). The project is currently being evaluated for near-term resource potential including open pit expansion at McCoy, Windy Point open pit target, the Helen Zone, 2201, CSD and CND target at Cove (underground) and deep high-grade potential at McCoy.

Premier continues to evaluate other high quality Americas based gold projects in proven pro mining districts with the belief that *"A World of Opportunity"* lies before it. Premier believes that an aggressive exploration strategy complimented by mine operating and building capability will repeatedly reward our shareholders.

Results of Operations

CANADA

Development

Highlights during the quarter include:

An updated mineral resource estimate for the Company's 100%-owned Hardrock gold deposit which was completed and published on Sedar August 25, 2014 which confirmed the overall indicated resources of 4.87 million ounces and overall inferred resources of 2.74 million ounces gold. Some of the main activities during the quarter include:

- 36,000 meters of infill drilling required to convert the June 2014 inferred resources into indicated resource
  - 4 drills are on site, 35 holes were drilled from August 14th to October 3rd for a total of 13,278 meters.
  - Increasing to 5 drills at the end of October.
  - Gold grade and thickness to date confirm the block model.

- Ongoing mapping and stripping program
  - Porphyry Hill and F-Zone outcrops are completely mapped and channel results were received.
  - 20% of channel sampling to date has been done on the outcrop east of the head frame but no mapping done at this point.

- Decision made to volunteer for an individual Environmental Assessment
  - Voluntary agreement with Ontario Ministry of the Environment and Climate Change signed by Ontario Region Director.
  - Draft Terms of Reference to be distributed for public and aboriginal community comment.

- A metallurgical recovery block model was calculated by G Mining Services Inc. ("G Mining") using ICP (inductively coupled plasma) Block Model (AS% and S%).

- Trade-off study completed with Soutex Inc. and G Mining on the comminution circuit and general overall site arrangement.

- Golder Associates reviewed the final pit slope design according to the new resource.

- G Mining completed a dilution block model that will be used to develop the mine plan, overall site plant has been reworked and is now integrated in the overall site plan including:
  - Process plant site.
  - Chosen open pit design.
  - Waste rock dumps.
  - Tailing storage facility ("TSF").

- Location of the future TSF now determined
  - AMEC will start refining the design.
  - Engineering precision will increase when the geotechnical information from site becomes available toward the beginning of November.

- Remaining trade off studies to be completed
  - Best alignment for a Goldfield Creek deviation.

- Choose between one cell and multiple cells for TSF management.

- The trade-off study to select the best new alignment for Highway 11 has now been completed by TBT Engineering.

- A new mandate was awarded to TBT Engineering to prepare a Preliminary Design Report which is required by the Ministry of Transportion of Ontario (MTO) and will provide information required in the project feasibility study.

Exploration

Trans-Canada Property, Northwestern Ontario

Up to four diamond drills were active during the quarter, with a total of some 12,600 metres being completed at the Hardrock Project. The current drill program at Hardrock consists of some 36,000 metres of drilling designed to upgrade the Inferred portion of the open pit mineral resource estimate to Indicated As of Sept 16, 2014 some 9,100 metres and 26 drill holes, representing 25% of the planned program has been completed. Initial drilling has been successful in intersecting mineralization within multiple horizons. Results from this program will be incorporated in an updated mineral resource estimate for Hardrock that will be used in the Feasibility Study planned for release in H1 2015.

Highlights from this current program include:

- High grade intercepts within the primary resource area include 10.15 grams per tonne gold (g/t Au) across 3.1 metres (m) in hole MM597, 25.93 g/t Au across 2.5 m in hole MM598, and 5.75 g/t Au across 9.9 m in hole MM599.
- Broad intercepts, inclusive of the high grade above, within the primary resource area include 3.25 g/t Au across 23.0 m in hole MM598, 3.01 g/t Au across 37.5 m in hole MM599, and 0.87 g/t Au across 16.0 m in hole MM604.

Open Pit Infill Drilling

The current drill program is designed to confirm continuity of mineralization and to upgrade the remaining 501,000 ounces of "Inferred" mineral resources to "Indicated" within the open-pitable portion of the Hardrock deposit as reported by the Company on July 8, 2014.

In addition to the drilling progress made during the quarter, considerable progress was made completing the stripping, mapping and channel sampling program on various F Zone and SP Zone outcrops. This new data will be used to support revisions to the final mineral resource estimate expected to be completed late in Q1 of 2015.

Red Lake Mining District, Northwestern Ontario

Diamond drilling totalling some 2,570 metres was completed on joint venture projects with RLGM during Q3 2014. This drilling included work at the Rahill-Bonanza (underground platforms) Joint Venture only.

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

Drilling during the quarter continued to meet with challenging ground conditions crossing the extension of the Kovala Fault, while targeting the down plunge extensions of the Wilmar Mine ore horizon. Drilling was completed on hole 36L794, which tested a geological cross section in an area of a large information gap in the centre of the joint venture ground. Subsequent to this, the drilling crew was moved out to drill bay #20 in order to drill five holes to test previously encountered, and locally high grade, mineralization.

No additional drilling was completed on the East Bay Joint Venture (35% Premier & 65% RLGM) during the quarter.

UNITED STATES

Exploration

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

Some 1,100 metres of drilling was completed by Premier at the Cove Gold Project during Q3 2014 in new and pre-collared holes. An approximately two month drilling hiatus was completed in early September. During this time, considerable progress was made consolidating and validating paper only data included in the recent McCoy land purchase from Newmont.

Highlights released on August 25, 2014 from recent drilling include:

2201 Zone Discovery highlight assay results

- PG14-08: 4.58 grams per tonne gold (g/t Au) or 0.13 ounces per ton (oz/t), 184.95 g/t Silver (Ag) (5.39 oz/t) and 4.26% combined lead-zinc (Pb-Zn) across 1.8 m or 6.0 feet (ft)
- PG14-10: 18.09 g/t Au (0.53 oz/t), 18.50 g/t Ag (0.54 oz/t) across 4.3 m (14.0 ft) and 12.36 g/t Au (0.36 oz/t) and 15.12 g/t Ag (0.44 oz/t) across 3.3 m (10.7 ft)
- PG14-15: 5.27 g/t Au (0.15 oz/t) and 22.73 g/t Ag (0.66 oz/t) across 21.9 m (72.0 ft) including 14.75 g/t Au (0.43 oz/t) and 51.36 g/t Ag (1.50 oz/t) across 2.4 m (8.0 ft)
- PG14-25A: 12.73 g/t Au (0.37 oz/t), 39.05 g/t Ag (1.14 oz/t) and 3.13% Pb-Zn across 7.5 m (24.7 ft)

CSD Zone highlight assay results

- PG14-22: 17.89 g/t Au (0.52 oz/t) and 13.06 g/t Ag (0.38 oz/t) across 3.4 m (11.0 ft)
- PG14-23: 15.09 g/t Au (0.44 oz/t) and 161.42 g/t Ag (4.71 oz/t) across 4.0 m (13.0 ft) and 6.17 g/t Au (0.18 oz/t) and 221.17 (6.45 oz/t) across 9.8 m (32.0 ft)

The highlight of the 2014 program is the exploration and development of the 2201 Zone, discovered in late 2013. The 2201 discovery, characterized by massive, semi-massive, sheeted veins and stringer mineralization was intersected in the deeper Dixie Valley formation, which was not previously known to be a significant ore host on the property. Mineralization within the 2201 Zone occurs approximately 225 metres (740 feet) below the historic Cove Pit, and in the vicinity of several "feeder" structures that were mined within the pit. An interpretation of thrust faulting deep within the 2201 Zone is emerging as new structural control that contributes to major ore zones, confirming Premier's belief that these structures could also serve as conduits for mineralization in the rock units beneath the pit which have previously received little attention.

The Cove South Deep ('CSD') horizon is located approximately 50 metres (160 feet) below the limits of the historic Cove open pit mine and is similar to the Carlin-style mineralization in the Helen Zone. The CSD Zone was discovered near the end of mining at Cove in an area that had received very little previous exploration drilling.

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 Third $	2014 Second $	2014 First $	2013 Fourth $	2013 Third $	2013 Second $	2013 First $	2012 Fourth $
Investment and other income	135,834	168,500	177,681	148,464	168,625	238,999	222,352	255,199
Other significant income / (loss):								
Unrealized gain (loss) on investments	(1,334,361)	2,683,333	19,549,913	7,756	3,669,875	(19,842,302)	(12,701,886)	-
Realized gain (loss) on sale of investments	(1,031,472)	(976,583)	(13,954,677)	(4,056,851)	(5,289,129)	(687,491)	1,595	-
Gain on disposal of subsidiary	-	-	-	-	-	-	37,978,038	-
Loss on disposal of mineral property	(9,181,341)							
	(11,547,174)	1,706,750	5,595,236	(4,049,095)	(1,619,254)	(20,529,793)	25,277,747	-
Net income (loss) for the period								
Continuing operations	(15,673,549)	(33,481,441)	4,135,956	(12,703,459)	(7,544,891)	(29,130,087)	20,133,964	(7,425,935)
Discontinued operations	-	-	-	-	-	-	(82,230)	(18,868,109)
	(15,673,549)	(33,481,441)	4,135,956	(12,703,459)	(7,544,891)	(29,130,087)	20,051,734	(26,294,044)
Basic and diluted income / (loss) per common share								
Continuing operations	(0.10)	(0.22)	0.03	(0.09)	(0.05)	(0.19)	0.14	(0.05)
Discontinued operations	-	-	-	-	-	-	-	(0.14)
	(0.10)	(0.22)	0.03	(0.09)	(0.05)	(0.19)	0.14	(0.19)
Comprehensive income / (loss) for the period:								
Continuing operations	(12,491,567)	(34,723,843)	5,744,579	(12,311,555)	(8,653,943)	(27,154,677)	21,287,492	(7,697,512)
Discontinued operations	-	-	-	-	-	-	(82,230)	(18,868,109)
	(12,491,567)	(34,723,843)	5,744,579	(12,311,555)	(8,653,943)	(27,154,677)	21,205,262	(26,565,621)
Total long-term liabilities	39,895,017	38,055,028	38,742,454	37,968,971	42,093,606	38,746,497	45,613,777	44,377,147
Cash dividends	-	-	-	-	-	-	-	-

Overall performance

Nine months ended September 30, 2014 and 2013

Loss from continuing operations for the nine months ended September 30, 2014 was $45,019,034 compared to a loss of $16,623,244 for the same period of the previous year for a variance of $28,395,790. The main items contributing to the variance are impairment charges, loss on disposal of mineral property and investment gains and losses as further discussed below.

The variances for the nine months ended September 30, 2014 compared to the same period of 2013 are:

	2014 YTD Q3 $	2013 YTD Q3 $	Increase (Decrease) $
EXPENSES			
Depreciation and impairment loss on property, plant and equipment	2,497,852	2,444,368	53,484
Impairment loss on exploration and evaluation assets	34,120,494	4,393,375	29,727,119
Share-based payments	3,260,165	4,074,143	(813,978)
Flow-through interest penalty	(139,365)	18,766	(158,131)
General and administrative	2,732,183	3,233,135	(500,952)
Professional fees	303,696	568,256	(264,560)
Exploration expenses	182,174	179,576	2,598
Property maintenance	356,829	383,268	(26,439)
Long term debt accretion	480,912	1,078,060	(597,148)
Environmental rehabilitation accretion	68,529	-	68,529
	43,863,469	16,372,947	27,490,522
Loss from operating activities	(43,863,469)	(16,372,947)	(27,490,522)
Investment income	482,015	629,976	(147,961)
Unrealized gain (loss) on investments	20,898,885	(28,874,313)	49,773,198
Loss on sale of investments	(15,962,732)	(5,975,025)	(9,987,707)
Interest expense	-	(31,242)	31,242
Foreign exchange gain (loss)	(61,277)	7,854	(69,131)
Gain on sale of Premier Royalty	-	37,978,038	(37,978,038)
Loss on disposal of mineral property	(9,181,341)	-	(9,181,341)
	(3,824,450)	3,735,288	(7,559,738)
Loss before income taxes	(47,687,919)	(12,637,659)	(35,050,260)
Current tax expense	(61)	(16,869)	16,808
Deferred tax expense	2,668,946	(3,886,486)	6,555,432
Loss for the period from continuing operations	(45,019,034)	(16,541,014)	(28,478,020)
Loss for the period from discontinued operations	-	(82,230)	82,230
Loss for the period	(45,019,034)	(16,623,244)	(28,395,790)
Exchange difference on translation of foreign operations	3,548,203	2,019,886	1,528,317
Comprehensive loss for the period	(41,470,831)	(14,603,358)	(26,867,473)

The significant items with variances include:

- An increase of $53,484 in depreciation and impairment loss on property, plant and equipment due to a similar write down of the Northern Empire mill and related mining equipment to the estimated fair market value less cost to sell in 2014 compared to the same period of 2013.

- An increase of $29,727,119 in impairment loss on mineral properties

    - $33,567,166 was taken in 2014 due to the transfer of the Saddle and Blue Sage properties in Nevada as part of the acquisition of the McCoy-Cove property as described in Note 8 to the condensed consolidated interim financial statements.

    - An impairment of $553,328 was taken in 2014 versus $4,393,375 in 2013 based on the continuing evaluation of non-core assets.

- A decrease in share-based payments of $813,978 due to a reduction in the number of option grants for this year compared to last year offset to a certain degree by a decrease in the valuation.

- General and administrative and professional fees have a total positive variance of $765,512 compared to this period YTD in 2013 due to a number of factors including:

    - Reduction in administrative costs related to the reorganization of subsidiary companies which began subsequent to the acquisition of Premier Gold Mines USA Inc. in 2010 and Goldstone Resources Inc. in 2011.

    - Reduction in technical and legal consulting due to the capitalization of some costs this year related to the acquisition of the McCoy-Cove property as well less activity due to the completion of the reorganization of the subsidiary companies.

- A decrease in long term debt accretion of $597,148 due to the $10,000,000 repayment of the Cove debt in June of 2013.

- A combined increase in the total realized and unrealized net investment gains for the period this year compared to last year of $1,807,453. 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 84% to date), the unrealized losses are reversing and are replaced with realized losses with a positive net gain this period of $4,856,361.

- A loss on disposal of the Saddle and Blue Sage properties was booked this quarter on the final transfer of the property as part of the acquisition of McCoy-Cove as discussed above and in note 8 to the condensed consolidated interim financial statements.

- A decrease in deferred taxes of $6,555,432 due to:

    - $1,637,511 decrease related to flow through funding obligations existing last year which do not exist for this period this year; the last flow through financing was completed in October, 2012.

    - $2,353,776 decrease due to the recognition of a deferred tax liability on mineral properties in the U.S. related to the treatment of exploration expenses in the previous period.

    - $2,668,946 decrease for a deferred tax recovery on the utilization of losses as a result of the completion of a tax reorganization whereby tax benefit moved to the Canadian Development Expenditure pool from loss carry forwards.

    - Offset by $104,801 in minor adjustments on other properties.

Three months ended September 30, 2014 and 2013

The loss for the three months ended September 30, 2014 was $15,674,549 compared to a loss of $7,544,891 for the same period of the previous year for a variance of $8,128,658. The main items contributing to the variance for the quarter are impairment charges, share based payments, the loss recorded on the transfer of mineral properties and deferred taxes as further discussed below.

The variances for the three months ended September 30, 2014 compared to the same period of 2013 are:

	2014 Q3 $	2013 Q3 $	Increase (Decrease) $
EXPENSES			
Depreciation and impairment loss on property, plant and equipment	2,439,045	35,604	2,403,441
Impairment loss on exploration and evaluation assets	729,796	8,334	721,462
Share-based payments	2,680,796	1,594,154	1,086,642
Flow-through interest penalty	-	7,117	(7,117)
General and administrative	921,569	1,242,223	(320,654)
Professional fees	93,168	303,351	(210,183)
Exploration expenses	18,819	74,213	(55,394)
Property maintenance	115,827	176,585	(60,758)
Long term debt accretion	29,605	245,247	(215,642)
Environmental rehabilitation accretion	22,843	-	22,843
	7,051,468	3,686,828	3,364,640
Loss from operating activities	(7,051,468)	(3,686,828)	(3,364,640)
Investment income	135,834	168,625	(32,791)
Unrealized gain (loss) on investments	(1,334,361)	3,669,875	(5,004,236)
Loss on sale of investments	(1,031,472)	(5,289,129)	4,257,657
Interest expense	-	(10,411)	10,411
Foreign exchange gain (loss)	80,578	(69,746)	150,324
Loss on disposal of mineral property	(9,181,341)	-	(9,181,341)
	(11,330,762)	(1,530,786)	(9,799,976)
Loss before income taxes	(18,382,230)	(5,217,614)	(13,164,616)
Current tax expense / (recovery)	(38)	1,668	(1,706)
Deferred tax expense	2,708,719	(2,328,945)	5,037,664
Loss for the period	(15,673,549)	(7,544,891)	(8,128,658)
Exchange difference on translation of foreign operations	3,181,982	(1,109,052)	4,291,034
Comprehensive loss for the period	(12,491,567)	(8,653,943)	(3,837,624)

The significant items with variances for this quarter include:

- An increase of $2,403,441 in depreciation and impairment loss on property, plant and equipment due to the further write down of the Northern Empire mill and related mining equipment, the Corporation has been unsuccessful in disposing of the assets and has adjusted to the estimated fair market value less cost of disposal accordingly.

- An increase of $721,462 in impairment loss on mineral properties

    - An additional $168,134 was taken in this period of 2014 due to transfer of the Saddle property in Nevada as part of the acquisition of the McCoy-Cove property as described in Note 8 to the condensed consolidated interim financial statements

    - An additional $553,328 impairment loss was recorded this period of 2014 on the non-core assets identified in 2013; the Corporation has been unsuccessful in disposing of the assets and has adjusted the estimated fair market value less cost of disposal accordingly.

- An increase in share-based payments of $1,086,642 due to the timing and valuation of option grants in 2014 compared to 2013.

- A decrease in long term debt accretion of $215,642 due to the timing of the repayment of the Cove debt in 2014 and 2013.

- A combined increase in the total realized and unrealized net investment losses for the period this year compared to last year of $746,579. Results are still being impacted by the continuing divestiture of the investment realized from the sale of Premier Royalty.

- A loss on disposal of the Saddle and Blue Sage properties was booked this quarter on the final transfer of the property as part of the acquisition of McCoy-Cove as discussed above and in note 8 to the condensed consolidated interim financial statements.

- A decrease in deferred taxes of $5,037,664 for the same reasons as discussed above.

- A foreign exchange gain was recorded this period versus a loss for this period last year due to the strengthening of the U.S. dollar quarter to quarter by 7 basis points, currently the Corporation holds U.S. denominated funds mainly at the U.S. subsidiary level so the main effects of the strengthening U.S. dollar are shown in other comprehensive income.

Other comprehensive income

Included in the comprehensive income for the nine months ended September 30, 2014 is an exchange gain on the translation of foreign operations of $3,548,203 compared to a gain of $2,019,886 for the same period of 2013. The swing of $1,528,317 is due to the strengthening of the U.S dollar from December 31, 2012 to September 30, 2013 (3.5 basis points) as opposed to a change from December 31, 2013 to September 30, 2014 of 5.6 basis points. Most of the gain year to date has occurred in the three months ended September 30, 2014 and so $3,181,982 was recorded in this period.

Financial position at September 30, 2014 and December 31, 2013

Total assets decreased by $33,933,000 from $408,492,298 to $374,559,298 for the period December 31, 2013 to September 30, 2014:

- Current assets decreased by $33,366,427 (see "Liquidity and Capital Resources").

- Restricted cash and cash equivalents increased $17,327, due to exchange rate differences between December 31st and September 30th offset by the release or reclassification of bonds related to the McCoy-Cove deal in the amount of $25,000USD and $10,442USD for Saddle.

- Exploration and evaluation assets increased $1,781,316, with additions of $23,691,459 for the McCoy-Cove purchase and $18,827,076 in continuing exploration and evaluation expenditures and $2,564,616 in currency adjustments offset by the reduction in the assets due to the disposal of Saddle and Blue Sage for $42,748,507 as well as an impairment charge on the remaining non-core asset net book value of $553,328.

The exploration and evaluation additions during the period ended September 30, 2014 of $18,827,076 is made up of the following:

- $11,288,286 or 60% was spent at the Hardrock Project in Geraldton, Canada including:
    - $4,413,195 on exploration activities
        - $2,641,923 in drilling related costs
        - $561,580 in geological costs for exploration including wages and salaries
        - $414,806 in analytical and sampling costs
        - $560,140 in operations support including wages and salaries
        - $131,519 in administration costs
        - $103,227 in property work
    - $6,872,661 on activities related to the preliminary economic assessment and feasibility studies for Hardrock development
        - $783,367 on mine development studies
        - $137,722 in geological consulting
        - $1,329,165 on metallurgical studies
        - $2,207,671 in environmental permitting, community relations and related costs
        - $1,426,341 in infrastructure purchases and studies
        - $988,395 on management salaries and administration
- $890,349 or 5% 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 $6,552,173 or 35% of total expenditures was on the McCoy-Cove property located in Nevada, USA, $5,442,482 for drilling related costs, geological including wages and benefits of $644,628, $342,577 for analytical costs and $521,167 for operations support and related costs.

Total liabilities decreased by $7,488,438 with the main items being the $10,000,000 Cove debt repayment to Victoria Resources (US) Inc. in June 2014, the $5,034,811 decrease in the deferred tax liability offset by the $6,000,000USD debt and the 829,446USD asset retirement obligation recorded on the McCoy-Cove purchase.

Liquidity and capital resources

At September 30, 2014, the Corporation had cash and cash equivalents of $32,904,335 ($52,552,321 at December 31, 2013). The decrease in cash and cash equivalents of $19,647,986 over the nine months ended September 30, 2014 was due to the following:

- $2,926,799 cash used in operating activities offset by positive changes in working capital of $696,655
- $16,000,000USD cash used for the purchase of the McCoy-Cove property
- $18,827,076 cash used in exploration and evaluation activities
- $17,792,541 net cash received on the sale of investments
- $4,398,370 cash received on the exercise of stock options
- $5,000,000 cash debt repayment representing 50% of the Cove debt repayment with the balance being paid in shares

The Company is financing current exploration and development spending through previous financings and liquidation of investments related to the sale of Premier Royalty. The Company anticipates that it will have sufficient capital resources in order to have sufficient cash to manage current projects through 2015.

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 September 30, 2014.

As at September 30, 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 155,387,353 were outstanding as of November 11, 2014. As at November 11, 2014 the Corporation had outstanding options to purchase an aggregate of 12,869,022 common shares under its share incentive plan with exercise prices ranging from $1.40 to $7.45 per share, and expiry dates ranging from November 21, 2014 to September 22, 2019 as discussed in Note 11 to the condensed consolidated interim financial statements for the three and nine months ended September 30, 2014. As of September 30, 2014 there were 435,000 unvested stock options.

As at September 30, 2014 the Corporation had no warrants outstanding. On April 5, 2014, 50,000 common share purchase warrants with an exercise price of $6.62 expired.

Outlook

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 to condensed consolidated interim financial statements at September 30, 2014 continue to be 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. As the company has been unsuccessful in selling the property to date, the assets have been written down to nil as the estimated fair market value less cost of disposal is considered to be negligible.

Commitments

Contractual Obligations

The following is a summary of the commitments of the Corporation as at September 30, 2014:

	2014 $	2015 $	2016 $	2017 $	2018 $	Total $
Long term debt	-	55,997	6,775,674	55,997	55,997	6,943,665
Contracts and operating leases	96,677	363,929	224,939	73,258	-	758,803

The Corporation has contractual commitments related to its development activities at Hardrock included in contracts and operating leases.

Surety Bonds

At September 30, 2014, the corporation has outstanding surety bonds in the amount of $4,417,691USD 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 currently unsecured 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.

Provisions

The Corporation has three environmental rehabilitation obligations related to properties acquired as a result of the 2011 Goldstone acquisition and the more recent McCoy-Cove acquisition in 2014 as follows:

	September 30, 2014	December 31, 2013
	$	$
Northern Empire Mill, Ontario	**2,393,224**	2,351,185
Faymar-Deloro, Ontario	**1,378,685**	1,352,195
McCoy-Cove, Nevada	**928,935**	-
	4,700,844	3,703,380

Activity for the period is the addition of the McCoy-Cove property as discussed in Note 8 and accretion as discussed in Note 10 to the September 30, 2014 condensed consolidated interim financial statements.

Transactions with related parties

Transactions are as disclosed in Note 16 to the September 30, 2014 condensed consolidated interim financial statements with no significant changes for the period.

Contingency

Contingency is as disclosed in Note 20 to the September 30, 2014 condensed consolidated interim financial statements with no significant changes during the period.

Subsequent events

Acquisition

On October 24, 2014, the Corporation signed a letter of agreement for the purchase and sale of surface rights only on nine patented mining claims in Geraldton, Ontario for $500,000 payable on the closing date. The closing date will occur within 10 business days after the last of the conditions of sale have been satisfied. The conditions of sale include but are not limited to a “Severance Consent” required in order to complete the transfer of the surface rights.

Private Placement

On November 7, 2014, the Corporation announced a non-brokered private placement (the “Offering”) of up to 3,000,000 flow-through common shares at a price of $2.45 per share, for aggregate gross proceeds of up to $7,350,000. Subsequently, the Corporation determined to increase the size of the Offering up to 3,750,000 flow-through common shares for aggregate gross proceeds of up to $9,187,500. Closing of the Offering is anticipated to occur on or before November 25, 2014. The Offering is subject to approval by the Toronto Stock Exchange and other customary conditions for a transaction of this nature.

In connection with the Offering, the Corporation may pay a cash finder’s fee of up to 5% to certain arm’s length parties in consideration for their efforts in introducing subscribers to the Corporation.

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 period.

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 September 30, 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 Company's U.S. dollar denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	September 30, 2014	December 31, 2013
	$	$
Cash and cash equivalents	4,876,990	7,948,582
Restricted cash and cash equivalents	1,093,774	1,076,391
Accounts receivable	110,549	46,018
Accounts payables and accrued liabilities	306,178	409,959
Long term debt payable	6,152,318	190,288
Provision for environmental rehabilition	928,981	-

There are no significant financial instruments in Mexican pesos.

During the period ended September 30, 2014, the Corporation recognized a foreign exchange loss of $61,277 and an exchange gain on the translation of foreign operations in comprehensive income of $3,548,203. As of September 30, 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 $307,867 and the Corporation's other comprehensive income (loss) will increase or decrease by $345,585.

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	
	September 30, 2014	December 31, 2013	**September 30, 2014**	December 31, 2013	**September 30, 2014**	December 31, 2013
	$	$	**$**	$	**$**	$
Investments	**4,660,303**	17,516,690	**-**	-	**4,660,303**	17,516,690

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

	Fair value through profit or loss		Loans and receivables		Total	
	September 30, 2014	December 31, 2013	**September 30, 2014**	December 31, 2013	**September 30, 2014**	December 31, 2013
	$	$	**$**	$	**$**	$
Cash and cash equivalents	**-**	-	**32,904,335**	52,552,321	**32,904,335**	52,552,321
Accounts receivable	**-**	-	**476,915**	1,285,757	**476,915**	1,285,757
Investments held for sale	**4,418,549**	17,381,833	**-**	-	**4,418,549**	17,381,833
Restricted cash and cash equivalents	**-**	-	**3,952,599**	3,935,272	**3,952,599**	3,935,272
Investments	**241,754**	134,857	**-**	-	**241,754**	134,857
	4,660,303	17,516,690	**37,333,849**	57,773,350	**41,994,152**	75,290,040

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

	Fair value through profit or loss		Other financial liabilities		Total	
	September 30, 2014	December 31, 2013	**September 30, 2014**	December 31, 2013	**September 30, 2014**	December 31, 2013
	$	$	**$**	$	**$**	$
Accounts payable and accrued liabilities	**-**	-	**3,270,274**	3,094,360	**3,270,274**	3,094,360
Long term debt	**-**	-	**6,152,023**	9,779,028	**6,152,023**	9,779,028
	-	-	**9,422,297**	12,873,388	**9,422,297**	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 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 September 30, 2014. Based on this assessment, management believes that, as of September 30, 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 September 30, 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
November 11, 2014