MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 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 audited consolidated financial statements for the years ended December 31, 2014 and 2013 and the notes thereto. The Corporation's audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Unless otherwise stated, all amounts discussed herein are denominated in Canadian dollars. This MD&A was prepared as of March 27, 2015 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.

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 has properties in two districts; and the Beardmore-Geraldton Greenstone Belt and the Red Lake Mining District (which also includes the Musselwhite area).

Beardmore-Geraldton Greenstone Belt

This highly prospective high-grade gold district boasts more than 4.1 Million ounces of historic gold production that, prior to Premier's sustained exploration and development focus, had seen relatively little exploration over the past several decades.

The Trans-Canada Property , 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.

Since late 2007, Premier has completed in excess of 650,000 metres of diamond drilling at the property, which concluded with NI 43-101 mineral resource estimate reports being completed on four deposits. In early 2014, Preliminary Economic Assessments (PEA) were completed at Hardrock and Brookbank.

In February 2015, Premier announced the signing of an agreement with Centerra Gold Inc. ("Centerra") whereby Centerra will acquire a 50% interest in the Trans-Canada Property by making cash payments to Premier of up to $115 million and making $185 million in project related expenditures.

On March 9, 2015 Centerra and Premier announced the closing of the 50/50 joint venture partnership formed for the purpose of the joint ownership and development of Premier's Trans-Canada Property including the Hardrock Gold Project located in the Geraldton-Beardmore Greenstone belt in Ontario.

Premier, through a wholly-owned subsidiary, has contributed all property, assets and rights it held in respect of the Trans-Canada Property to the partnership in consideration for its 50% interest in the partnership, and Centerra has made an initial cash contribution to the partnership in the amount of C$85 million for its 50% limited partner interest. Centerra and Premier have formed a joint board of directors to oversee future exploration, development and operations by the partnership at the Trans-Canada Property.

Red Lake Mining District (including Musselwhite Area)

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

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

The East Bay Property is located largely beneath East Bay in Red Lake and is operated by RLGM.

The PQ North Property, 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.

Early in 2015, Premier entered into a property swap agreement with Goldcorp that saw Premier transfer to Goldcorp its 35% interest in the East Bay Property as well as its 100% interest in the PQ North property. Premier retains a small NSR in the PQ North Property. In return, Premier received from Goldcorp, a 100% interest in the Hasaga Property. This non-financial transaction helps streamline Premier's property interests in the district and puts greater control over exploration in the Company's hands. Hasaga was last explored in 1996 and has a production history which (when combined with the Howey Mine) exceeds 650,000 ounces of gold.

United States

In the United States, Premier is focused its McCoy-Cove Gold Property in the Eureka-Battle Mountain trend in Nevada, where ongoing exploration activities are focused on advancing both open pit and underground deposit opportunities.

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

In late January 2014 Premier released a Preliminary Economic Assessment (PEA) for each of the Hardrock and Brookbank Projects. Strong economic profiles for each project were returned at gold prices (in Cdn$ terms) of $1,315. 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.
- Pre-tax internal rate of return "IRR" of 23.0% and a 3.5 year payback at US$1,250 gold.

Brookbank Project Estimates

- Pre-tax NPV (at 5% discount rate) of $76 million and IRR of 30.7% at US$1,250 gold when rock is trucked to Hardrock versus stand-alone processing option.
- Average annual gold production during LOM (7 years) of 48,700 ounces.

At the beginning of Q3 2014 Premier subsequently updated its mineral resource estimate for Hardrock, based on the addition of some 94,000 metres of drilling completed since early August 2013. Highlights of the 2014 Hardrock mineral resource estimate include:

- Overall Indicated resources of 4.87 million (M) ounces, an increase of 1.63M ounces or 50%.
- Overall Inferred resources of 2.74M ounces, a decrease of 1.04M ounces or 27%.
- O/P Indicated resources of 3.97M ounces, an increase of 1.62M ounces or 69% with coincident increases in resource grades.
- New estimate utilizes identical grade capping, COG's and gold price (in Canadian dollar terms) versus previous estimate as well as 86,500 metres of additional infill drilling for a total of 621,000 metres.

The very significant increase in the open pitable resource was due primarily to positive geotechnical characteristics of the Hardrock deposit, allowing for steeper pit walls than previously reported. Generally positive metallurgical test results may have positive implications on future economic modelling as well.

During early Q4 2014 Premier also disclosed the signing of a joint Memorandum of Understanding (MOU) with Long Lac #58 First Nation, whose community is located some 30 kilometres east of the Hardrock Project area.

The Hardrock Gold Deposit is the largest gold deposit within the Trans-Canada Property. It is located 3.0 kilometres south of the Township of Geraldton in the Municipality of Greenstone in Ontario. Open Pit mineralization has been identified where historic gold mining comes to surface, and underground mineralization consists of both new horizons located parallel to the historic mine and extensions of the main zones historically mined. The Brookbank Gold Deposit is located approximately 77 kilometres to the west of Hardrock. The Brookbank Deposit has traditionally been regarded as a potential underground opportunity, however the current resource suggests that a small portion of the deposit may be amenable to being evaluated as an open-pit mining resource.

Since release of the PEA studies in January 2014 Premier's focus has been on the completion of activities required to support project permitting and a feasibility study for the Hardrock Project that is expected to be released in 2015.

Significant activities completed during the quarter in this regard include:

- Signing of a Joint Memorandum of Understanding with Long Lake #58 First Nation.
- The receipt of a letter of advice from the Province of Ontario on November 12th, 2014 providing guidance regarding the aboriginal communities Premier is to engage with at all levels (consultation, notification and additional notification).
- The completion of infill drilling required to convert the June 2014 inferred resources into indicated resources.
- The commencement of a sampling program whereby 7,000m of the 11,400m of unsampled core in the pit will be sampled to support the final resource estimate.
- The completion of a resource audit by Roscoe Postle Associates Inc. (RPA) to support the preparation of a 2015 resource estimate.
- The completion of a waste pile design study to evaluate the possibility of using mined portions of the pit for waste.
- The completion of a preliminary dump schedule and mobile equipment list.
- Revisions to the mine plan to minimize pre-production capital and increase project economics.
- The preparation of preliminary manpower lists, including salary lists and social benefit packages for each position.
- Continued metallurgical testing of samples not sampled in the PEA pit and samples with low metallurgical recovery or high net value loss.
- Assessment of High pressure grinding roller (HPGR) technology for use.
- The completion of geotechnical studies to support infrastructure and road design.
- Site selection and phased construction concepts for the tailings management facility was finalized and a best fit option for the Goldfield Creek deviation was selected.

Exploration

Trans-Canada Property, Northwestern Ontario

Up to five diamond drills were active during the year, with a total of some 55,412 metres being completed on the Trans-Canada Property in 154 holes. The primary purpose of this drilling was to convert existing Inferred mineral resources to Indicated, as well as target remaining areas where additional ounces may be found.

In early 2015, it was anticipated that an additional 26,000 metres of drilling would be completed prior to the completion of the feasibility study.

Red Lake Mining District, Northwestern Ontario

Diamond drilling exceeding 10,400 metres was completed on joint venture projects with RLGM during 2014. This drilling included 7,617 metres drilled at Rahill-Bonanza (underground platforms) and some 2,800 metres at East Bay in seven holes from surface.

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

Underground diamond drilling at Rahill-Bonanza met with significant challenges in 2014 owing to difficult (squeezing) ground around boreholes resulting in holes not reaching their targeted depth on the Wilmar Mine projection program. The problem was exacerbated by a less than ideal position from which holes were being targeted from. By mid-year, the drill plan was modified to follow-up on earlier results in drilled from DB 20, where a series of narrow veins and breccias were intersected proximal to a favourable folded ultramafic rock unit. As a result of these challenges, no press releases of exploration results were made.

The East Bay Project was active during the 1st quarter of 2014 only, and included drilling 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. No East Bay-related press releases were made during the quarter.

UNITED STATES

Exploration

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

Some 20,130 metres of drilling was completed by Premier at the McCoy-Cove Gold Project during 2014 in 31 new holes. Significant progress was made on the property as a result of the aggressive exploration program including:

- New assay results from the initial holes drilled in 2014 demonstrated continuity in the Cove South Deep Zone and have expanded the mineralized envelope within the recently discovered 2201 Zones.
- In 2013, drilling within the 2201 Zone intersected 13.22 grams per tonne gold (g/t Au) or 0.39 ounces per ton (oz/t) and 38.67 g/t Ag (1.13 oz/t) across 10.3 metres (m) and 18.96 g/t Au (0.55 oz/t) and 23.00 g/t Ag (0.67 oz/t) across 4.1 m in hole AX-51; and 15.83 g/t Au (0.46 oz/t) and 38.95 g/t Ag (1.14 oz/t) across 6.1 m in hole PG-02.
- Step-out drilling on the 2013 discovery holes was completed in 100 m increments, intersecting mineralization over an area approximately 350 m by 300 m and remains open in all directions.

Highlights from recent drilling include:

2201 Zone Discovery highlight assay results

- PG14-02: 182.87 g/t Au (5.33 oz/t), 46.90 g/t Ag (1.37 oz/t), 0.10% Pb/Zn across 1.5 m (5.0 ft)
- PG14-03: 40.23 g/t Au (1.17 oz/t), 203.17 g/t Ag (5.93 oz/t), 1.58% Pb/Zn across 4.9 m (16.2 ft)
- PG14-05: 28.38 g/t Au (0.83 oz/t), 33.40 g/t Ag (0.97 oz/t), 0.89% Pb/Zn across 1.5 m (5.0 ft) and 11.33 g/t Au (0.33 oz/t), 72.64 g/t Ag (2.12 oz/t), 2.45% Pb/Zn across 4.3 m (14.0 ft)

PG14-01 was an exploration hole drilled from the north edge of the pit and returned low gold values. Step-out hole's PG14-02 and PG14-03 were drilled approximately 200 m west of the initial discovery holes in the 2201 Zone showing the potential to define resources in this horizon. Additional step-out and infill drilling continues to focus on the 2201 Zone.

During Q3 2014 finalized the transaction with Newmont Mining relating to the purchase of the historic McCoy property, located immediately south of Premier's Cove Gold project. Pursuant to the acquisition, Premier will make staged payments to Newmont over 18 months equal to US$21 Million (plus bonding) including $15 Million on closing and transferred to Newmont all land sections that comprise its South Carlin Project.

Key benefits of the transaction include:

- 100% interest in the consolidated Cove-McCoy property package (now totaling 31,000 acres or 48 square miles) in the heart of one of the world's most productive gold districts.
- Elimination of "back-in" rights previously held by Newmont as well as a revision of the royalty terms held by Newmont from a "potential" 5.0% royalty (NSR) to a 1.5% NSR.
- The potential to define near-surface heap leachable mineralization at McCoy that could be prioritized towards development.
- Existing infrastructure, including lined heap leach pads that could potentially be utilized under a renewed development scenario.
- A "good faith efforts" processing arrangement with Newmont over a 10-year period within a 12-year window for ores mined at Cove-McCoy.
- Premier will retain a 1.5% Net Smelter Royalty ("NSR") in the South Carlin property interests.

The Cove-McCoy Gold Mines have produced some 3.3 million ounces of gold and 110.0 million ounces of silver between 1986 and 2006; a 20-year period of historically low gold and silver prices. While the ores mined at Cove and McCoy occurred in different rock units, the two mines are believed to have a close genetic relationship through their association with the same fault/feeder structures. These feeder structures have seen only limited previous exploration and represent a priority future exploration target.

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, 2014	Year ended December 31, 2013	Year ended December 31, 2012
	$	$	$
Operations			
Investment and other income	589,253	778,440	829,351
Loss for the year:			
From continuing operations	(47,473,984)	(29,244,473)	(21,418,662)
From discontinued operations	-	(82,230)	(19,472,853)
	(47,473,984)	(29,326,703)	(40,891,515)
Basic and diluted loss per share			
Continuing operations	(0.31)	(0.19)	(0.15)
Discontinued operations	-	-	(0.14)
	(0.31)	(0.19)	(0.29)
Comprehensive loss for the year:			
From continuing operations	(43,478,192)	(26,832,683)	(22,720,903)
From discontinued operations	-	(82,230)	(19,472,853)
	(43,478,192)	(26,914,913)	(42,193,756)
Comprehensive loss for the year attributable to:			
Non-controlling interest	-	(29,018)	(8,779,849)
Owners of the parent	(43,478,192)	(26,885,895)	(33,413,907)
	(43,478,192)	(26,914,913)	(42,193,756)
Balance Sheet			
Working capital	33,151,483	58,749,981	72,650,601
Total assets	384,214,839	408,492,298	480,411,927
Total liabilities	46,330,939	50,690,531	65,977,643

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 Fourth $	2014 Third $	2014 Second $	2014 First $	2013 Fourth $	2013 Third $	2013 Second $	2013 First $
Investment and other income	107,238	135,834	168,500	177,681	148,464	168,625	238,999	222,352
Other significant income / (loss):								
Unrealized gain (loss) on investments	(883,069)	(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
	(883,069)	(2,365,833)	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	(2,454,950)	(15,673,549)	(33,481,441)	4,135,956	(12,703,459)	(7,544,891)	(29,130,087)	20,133,964
Discontinued operations	-	-	-	-	-	-	-	(82,230)
	(2,454,950)	(15,673,549)	(33,481,441)	4,135,956	(12,703,459)	(7,544,891)	(29,130,087)	20,051,734
Basic and diluted income / (loss) per common share								
Continuing operations	(0.02)	(0.10)	(0.22)	0.03	(0.09)	(0.05)	(0.19)	0.14
Discontinued operations	-	-	-	-	-	-	-	-
	(0.02)	(0.10)	(0.22)	0.03	(0.09)	(0.05)	(0.19)	0.14
Comprehensive income / (loss) for the period:								
Continuing operations	(2,007,361)	(12,491,567)	(34,723,843)	5,744,579	(12,311,555)	(8,653,943)	(27,154,677)	21,287,492
Discontinued operations	-	-	-	-	-	-	-	(82,230)
	(2,007,361)	(12,491,567)	(34,723,843)	5,744,579	(12,311,555)	(8,653,943)	(27,154,677)	21,205,262
Total long-term liabilities	42,011,009	39,895,017	38,055,028	38,742,454	37,968,971	42,093,606	38,746,497	45,613,777
Cash dividends	-	-	-	-	-	-	-	-

PREMIER Gold Mines Limited

Overall performance

Year ended December 31, 2014 and 2013

Loss from continuing operations for the year ended December 31, 2014 was $47,473,984 compared to a loss of $29,244,473 for 2013 for a variance of $18,229,511.

The variances for the year ended December 31, 2014 compared to 2013 are:

	2014 YTD Q4 $	2013 YTD Q4 $	Increase (Decrease) $
EXPENSES			
Depreciation and impairment loss on property, plant and equipment	2,528,312	2,537,509	(9,197)
Impairment loss on exploration and evaluation assets	43,461,699	17,758,606	25,703,093
Share-based payments	3,331,875	4,677,871	(1,345,996)
General and administrative	4,115,281	4,259,155	(143,874)
Professional fees	405,521	753,494	(347,973)
Exploration expenses	260,228	252,783	7,445
Property maintenance	503,140	526,950	(23,810)
Long term debt accretion	617,355	1,311,618	(694,263)
Environmental rehabilitation accretion	82,760	49,519	33,241
	55,166,806	32,146,271	23,020,535
Loss from operating activities	(55,166,806)	(32,146,271)	(23,020,535)
Investment and other income	589,253	778,440	(189,187)
Unrealized gain (loss) on investments	20,015,816	(28,866,557)	48,882,373
Loss on sale of investments	(15,962,732)	(10,031,876)	(5,930,856)
Interest expense	-	(21,142)	21,142
Foreign exchange gain (loss)	(51,512)	112,553	(164,065)
Gain on sale of Premier Royalty	-	37,978,038	(37,978,038)
Loss on disposal of property plant & equipment	-	(15,065)	15,065
	4,590,825	(65,609)	4,656,434
Loss before income taxes	(50,575,981)	(32,211,880)	(18,364,101)
Current tax expense	(608)	(29,538)	28,930
Deferred tax recovery	3,102,605	2,996,945	105,660
Loss for the year from continuing operations	(47,473,984)	(29,244,473)	(18,229,511)
Loss for the year from discontinued operations	-	(82,230)	82,230
Loss for the year	(47,473,984)	(29,326,703)	(18,147,281)
Exchange difference on translation of foreign operations	6,184,556	3,858,685	2,325,871
Deferred tax expense	(2,188,764)	(1,446,895)	(741,869)
	3,995,792	2,411,790	1,584,002
Comprehensive loss for the year	(43,478,192)	(26,914,913)	(16,563,279)
Continuing operations	(43,478,192)	(26,832,683)	(16,645,509)
Discontinued operations	-	(82,230)	82,230
	(43,478,192)	(26,914,913)	(16,563,279)

The significant items with variances include:

- An increase of $25,703,093 impairment loss on mineral properties
  - $42,908,371 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 audited consolidated financial statements.
  - An impairment of $553,328 was taken in 2014 versus $17,758,606 in 2013 based on the continuing evaluation of non-core assets.
- A decrease of $1,345,996 for share-based payments attributable to both an decrease in the number of options issued (1,972,500 this year compared to 3,452,500 for last year) offset by a increase in the fair value of the options granted based on the Black-Scholes option pricing model and the vesting provisions ($2.75 this year compared to $2.28 weighted average exercise price in the prior year).
- A decrease in long term debt accretion of $694,263 in 2014 compared to 2013 due to the repayment of the balance of the Cove debt in June, 2014.
- 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.
- An increase in deferred tax recovery of $105,660 mainly due to:
  - A deferred tax recovery totaling $4,527,561 was included in 2013 related to the impact of the deferred flow through premium and the renouncement of exploration expenses from 2012 financings. A flow through financing was completed during 2014 however, the impact was a deferred tax expense of only $207,857.
  - A deferred tax recovery of $4,761,710 was recorded in 2014 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 $2,544,661 of the recovery charged to equity rather than operations related to share issue costs included in the losses used.
  - A reversal of temporary timing differences related mainly to loss carryforwards applied to the exchange gain and share issue costs resulting in a deferred tax recovery of $3,049,192.

Other comprehensive income (loss)

Included in the comprehensive loss for the year ended December 31, 2014 is an exchange gain on the translation of foreign operations of $6,184,556, compared to a loss of $3,858,685 for the year ended December 31, 2013 as a result of the strengthening of the U.S. dollar by an average of 9 basis points during the year. The increased exploration and evaluation assets offset by new debt for the McCoy property purchase in the U.S. operations contributed to the significance of the change. The exchange gain has been offset by a related deferred tax expense of $2,188,764.

PREMIER Gold Mines Limited

Three months ended December 31, 2014 and 2013

Loss from continuing operations for the three months ended December 31, 2014 was $2,454,950 compared to a loss of $12,703,559 for the same period of the previous year for a variance of $10,248,509. $16,686,159 of the variance related to the loss before income taxes offset by $6,449,772 due to a deferred tax recovery of $433,659 for this quarter compared to a recovery of $6,883,431 for the previous year's quarter.

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

	2014 Q4 $	2013 Q4 $	Increase (Decrease) $
EXPENSES			
Depreciation and impairment loss on property, plant and equipment	30,460	93,141	(62,681)
Impairment loss on exploration and evaluation assets	159,864	13,365,231	(13,205,367)
Share-based payments	71,710	603,728	(532,018)
General and administrative	1,383,098	1,026,020	357,078
Professional fees	101,825	185,238	(83,413)
Exploration expenses	78,054	73,207	4,847
Property maintenance	146,311	143,682	2,629
Long term debt accretion	136,443	233,558	(97,115)
Environmental rehabilitation accretion	14,231	49,519	(35,288)
	2,121,996	15,773,324	(13,651,328)
Loss from operating activities	(2,121,996)	(15,773,324)	13,651,328
Investment and other income	107,238	148,464	(41,226)
Unrealized gain (loss) on investments	(883,069)	7,756	(890,825)
Loss on sale of investments	-	(4,056,851)	4,056,851
Interest expense	-	10,100	(10,100)
Foreign exchange gain	9,765	104,699	(94,934)
Loss on disposal of property plant & equipment	-	(15,065)	15,065
	(766,066)	(3,800,897)	3,034,831
Loss before income taxes	(2,888,062)	(19,574,221)	16,686,159
Current tax expense	(547)	(12,669)	12,122
Deferred tax recovery	433,659	6,883,431	(6,449,772)
Loss for the period	(2,454,950)	(12,703,459)	10,248,509
Exchange difference on translation of foreign operations	2,636,353	1,838,799	797,554
Deferred tax expense	(2,188,764)	(1,446,895)	(741,869)
	447,589	391,904	55,685
Comprehensive loss for the period	(2,007,361)	(12,311,555)	10,304,194

The significant items with variances include:

- An impairment loss on exploration and evaluation assets of $13,365,231 was taken during this quarter of last year on properties identified as non-core assets which resulted in a positive variance this quarter compared to the same period last year.

- Fewer option grants this quarter compared to the same quarter last year caused a decrease in share-based payments of $532,018.
- A combined decrease in the total realized and unrealized net investment losses for the period this year compared to last year of $3,166,026 due to a significant reduction in investment activity from 2013 resulting from the Premier Royalty deal.
- A deferred tax variance of $6,449,772 related to a recovery booked in the fourth quarter of last year as a result of the decision to offset deferred tax assets related to loss carry forwards created on the amortization of mineral property costs for tax purposes as well as recognition of the tax benefit associated with unrealized losses on investments which were used to offset the realized gain on the disposal of Premier Royalty.

Other comprehensive income (loss)

Included in the comprehensive loss for the three months ended December 31, 2014 is an exchange gain on the translation of foreign operations of $2,636,353 compared to a gain of $1,838,799 for the same period of 2013. The U.S dollar strengthened 4 basis points during this quarter compared to a similar strengthening of 3.5 basis points last year.

Financial position at December 31, 2014 and 2013

Total assets decreased by $24,277,459 from $408,492,298 to $384,214,839 for the period December 31, 2013 to December 31, 2014:

- Current assets decreased by $34,000,128 (see “Liquidity and Capital Resources”).
- Restricted cash and cash equivalents increased $59,718, due to exchange rate differences 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.
- Property, plant and equipment decreased by $2,468,168 due to additional impairment charges taken on the Northern Empire mill and related equipment.
- Exploration and evaluation assets increased $12,121,698, with additions of $24,712,752 for the McCoy-Cove purchase, $26,641,728 in continuing exploration and evaluation expenditures and $4,228,917 in currency adjustments offset by the reduction in the assets due to the disposal of Saddle and Blue Sage for $42,908,371 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 year ended December 31, 2014 of $26,641,728 is made up of the following:

- $17,778,226 or 67% was spent at the Hardrock Project in Geraldton, Canada including:
    - $7,390,342 on exploration activities
        - $4,764,014 in drilling related costs
        - $591,240 in geological costs for exploration including wages and salaries
        - $713,520 in analytical and sampling costs
        - $1,015,455 in operations support including wages and salaries
        - $151,396 in administration costs
        - $154,717 in property work

  - $10,381,994 on activities related to the preliminary economic assessment and feasibility studies for Hardrock development
    - $1,036,099 on mine development studies
    - $225,534 in geological consulting
    - $2,247,200 on metallurgical studies
    - $3,619,909 in environmental permitting, community relations and related costs
    - $1,709,486 in infrastructure purchases and studies
    - $1,543,765 on management salaries and administration

- $1,074,065 or 4% of exploration spending was for the Corporation's joint venture exploration activities at the Rahill-Bonanza and East Bay projects in Red Lake, Canada.

- A further $7,692,580 or 29% of total expenditures was on the McCoy-Cove property located in Nevada, USA, $5,560,558 for drilling related costs, geological including wages and benefits of $796,423, $413,901 for analytical costs, $554,468 for operations support and related costs and $367,230 on property development work.

Total liabilities decreased by $4,359,592 with the main items being the $10,000,000 Cove debt repayment to Victoria Resources (US) Inc. in June 2014 offset by the $6,000,000USD debt and the 829,446USD asset retirement obligation recorded on the McCoy-Cove purchase and the reduction in deferred taxes of $3,399,993.

Liquidity and capital resources

At December 31, 2014, the Corporation had cash and cash equivalents of $32,141,013 ($52,552,321 at December 31, 2013). The decrease in cash and cash equivalents of $20,411,308 over the year ended December 31, 2014 was due to the following:

- $4,556,160 cash used in operating activities offset by positive changes in working capital of $279,683
- $15,000,000USD 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
- $8,810,419 net cash received on shares issued in private placement

Premier is financing current exploration and development spending through financings and liquidation of investments related to the sale of Premier Royalty. The Corporation anticipates that it will have sufficient capital resources in order to manage current projects through 2015 and is actively managing the ongoing development activities at the Hardrock and Brookbank properties through the partnership disclosed in the subsequent event note to the audited consolidated financial statements.

The Corporation finances a portion of its Canadian exploration activities with flow-through share issuances. Resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share issuances are renounced to investors in accordance with income tax legislation. A flow through financing for $9,187,500 was completed on November 25, 2014 of which $8,187,500 remains to be spent on exploration activities during 2015.

As at December 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 159,147,353 were outstanding as of March 27, 2015. As at March 27, 2015 the Corporation had outstanding options to purchase an aggregate of 12,789,822 common shares under its share incentive plan with exercise prices ranging from $1.40 to $7.45 per share, and expiry dates ranging from April 13, 2015 to March 9, 2020 as discussed in Note 11 to the audited consolidated financial statements for the year ended December 31, 2014 and including options issued up to March 27, 2015. As of December 31, 2014 there were 435,000 unvested stock options.

As at December 31, 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.

Commitments

Contractual Obligations

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

	2015	2016	2017	2018	Total
	$	$	$	$	$
Long term debt	58,005	7,018,562	58,005	58,005	7,192,577
Contracts and operating leases	365,816	224,939	73,258	-	664,013
Exploration expenditure commitment from the issuance of flow through shares	8,187,500	-	-	-	8,187,500

Surety Bonds

At December 31, 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.

Environmental rehabilitation provision

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:

	December 31, 2014	December 31, 2013
	$	$
Northern Empire Mill, Ontario	**2,430,402**	2,351,185
Faymar-Deloro, Ontario	**1,388,561**	1,352,195
McCoy-Cove, Nevada	**1,011,539**	-
	4,830,502	3,703,380

The new obligation recorded in 2014 related to the purchase of the McCoy property as discussed in Note 8 to the audited consolidated financial statements. As the obligation formed part of the consideration for the property, it was recorded as acquisition cost on the property. Additional details on activity for the year are discussed in Note 10 to the audited consolidated financial statements.

Transactions with related parties

Transactions are as disclosed in Note 17 to the December 31, 2014 audited consolidated financial statements with no significant changes for the quarter or the year.

Contingency

The contingency is as disclosed in Note 21 to the December 31, 2014 audited consolidated financial statements with no significant changes for the quarter or the year.

Subsequent events

Partnership agreement

On February 5, 2015 the Corporation announced that they have signed a definitive agreement to form a 50/50 partnership with Centerra Cold Inc. ("Centerra") for the joint ownership and development of the Corporations Trans-Canada Property including the Hardrock and Brookbank Projects located in the Geraldton-Beardmore Greenstone Belt in Ontario.

Centerra and the Corporation have agreed to form a partnership to develop the Trans-Canada Property whereby Centerra will contribute up to $300,000,000 in cash to the partnership in accordance with the terms described below, while the Corporation will contribute all property, assets and rights it holds in respect of the Trans-Canada Property.

Key terms of the agreements and the development strategy for Hardrock include:

- On closing, the Corporation, through a wholly-owned subsidiary, will contributed all property, assets and rights it holds in respect of the Trans-Canada Property to the partnership in consideration for its 50% interest in the partnership and Centerra will make an initial cash contribution to the partnership in the amount of $85,000,000 for its 50% limited partner interest which amount will be distributed to the Corporation on the closing date.

- Centerra has agreed to make capital contributions to the partnership in the aggregate amount of $185,000,000 half of which is on behalf of the Corporation. A portion of these funds will initially be used to complete a comprehensive technical and economic feasibility study including an updated mineral resource calculation for the Hardrock Project at the Trans-Canada Property. Subject to the satisfaction of certain feasibility and project advancement criteria the remainder of the funds will be used towards the construction and development of the Hardrock Project.

- The Corporation will not be required to make any contributions to the partnership until Centerra has provided the full amount of the capital contributions, following which cash calls will be satisfied by each of Centerra and the Corporation on a 50/50 basis pursuant to approved annual programs and budgets. The partnership agreement contains customary dilution mechanisms for failures to meet cash calls and certain other events

- Centerra has agreed to make an additional contingent capital contribution to the partnership not to exceed

$30,000,000 based on the results of the updated mineral resource calculation in respect of the Trans-Canada Property which amount, if any, will be distributed to the Corporation.

- The partnership will be managed by a corporation (the "Managing Partner"), owned 50/50 by Centerra and the Corporation. Initially the board of directors of the Managing Partner will consist of four directors with two nominees from the respective partners. The board of directors of the Managing Partner will be responsible for, among other things, approving the partnership's annual programs and budgets.

On March 9, 2015, Centerra Gold Inc. and the Corporation announced that the 50/50 joint venture partnership was completed and management is currently assessing the impact of agreement. Assets that will be transferred to the partnership include the Hardrock and Brookbank mineral properties totaling $208,388,898 included in exploration and evaluation assets as well as net assets included in property, plant and equipment totaling $172,289.

Property transfer agreement

On February 11, 2015, the Corporation announced that it had entered into an agreement to obtain 100% interest in the past-producing Hasaga Property, located in Red Lake, Ontario, from Goldcorp. In exchange, the Corporation will assign to Goldcorp its 35% participating interest in the East Bay Property and its 100% interest in the PQ-North Property located near Goldcorp's Musselwhite Mine in Ontario. Given the nature of the assets involved in the agreement, there will be no gain or loss recognized on the exchange of properties.

Financial instruments and related risks

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

[a] Credit Risk

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

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

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

iii) Derivative financial instruments
As at December 31, 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.

ii) Currency risk

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

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

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

	December 31, 2014	December 31, 2013
	$	$
Cash and cash equivalents	2,794,550	7,948,582
Restricted cash and cash equivalents	1,132,935	1,076,391
Accounts receivable	97,103	46,018
Accounts payables and accrued liabilities	286,004	409,959
Long term debt	6,511,109	190,288

There are no significant financial instruments in Mexican pesos.

During the year ended December 31, 2014, the Corporation recognized a net foreign exchange loss of $51,512 and an exchange gain on the translation of foreign operations in comprehensive income (loss) of $6,184,556. As of December 31, 2014, if the Canadian dollar to the U.S. dollar exchange rate increases or decreases by 10%, the Corporation's net loss will increase or decrease by

$198,375 and the Corporation's other comprehensive income (loss) will increase or decrease by $535,918.

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	
	December 31, 2014	December 31, 2013	**December 31, 2014**	December 31, 2013	**December 31, 2014**	December 31, 2013
	$	$	**$**	$	**$**	$
Investments	**3,777,233**	17,516,690	**-**	-	**3,777,233**	17,516,690

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

	Fair value through profit or loss		Loans and receivables		Total	
	December 31, 2014	December 31, 2013	**December 31, 2014**	December 31, 2013	**December 31, 2014**	December 31, 2013
	$	$	**$**	$	**$**	$
Cash and cash equivalents	**-**	-	**32,141,013**	52,552,321	**32,141,013**	52,552,321
Accounts receivable	**-**	-	**893,804**	1,285,757	**893,804**	1,285,757
Investments held for sale	**3,632,955**	17,381,833	**-**	-	**3,632,955**	17,381,833
Restricted cash and cash equivalents	**-**	-	**3,994,990**	3,935,272	**3,994,990**	3,935,272
Investments	**144,278**	134,857	**-**	-	**144,278**	134,857
	3,777,233	17,516,690	**37,029,807**	57,773,350	**40,807,040**	75,290,040

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

	Fair value through profit or loss		Other financial liabilities		Total	
	December 31, 2014	December 31, 2013	**December 31, 2014**	December 31, 2013	**December 31, 2014**	December 31, 2013
	$	$	**$**	$	**$**	$
Accounts payable and accrued liabilities	**-**	-	**3,807,742**	3,094,360	**3,807,742**	3,094,360
Long term debt	**-**	-	**6,511,068**	9,779,028	**6,511,068**	9,779,028
	-	-	**10,318,810**	12,873,388	**10,318,810**	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 December 31, 2014. Based on this assessment, management believes that, as of December 31, 2014, the Corporation's internal control over financial reporting is designed and is operating effectively.

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the CEO and CFO, on a timely basis so that appropriate decisions can be made regarding annual and interim financial statement disclosure. Management believes these disclosure controls and procedures have been effective during the period ended December 31, 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
March 27, 2015