

PMIGOLD

C O R P O R A T I O N

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New Discovery at Kaniago Strengthens Satellite Oxide Gold Potential West of Obotan Project

Highlights:

- **Eight new gold zones identified from first pass reconnaissance Aircore drilling of air magnetic targets at the Kaniago Prospect, located 15km west of and within trucking distance of the Obotan Gold Project.**
- **Mineralisation associated with the Abore Shear (which hosts the Abore and Keegan's Esaase deposits) at the intersection of cross-cutting structures.**
- **+7,000m of a planned 9,000m program of broad-spaced Aircore drilling completed to date with encouraging results from assays received to date including:**
 - **9m @ 1.24g/t Au from 30m**
 - **27m @ 0.95g/t Au from 1.0m**
 - **16m @ 0.51g/t Au from 55m**
 - **10m @ 0.95g/t Au from 10m**
- **Program represents first exploration drilling campaign undertaken by PMI at Kaniago.**
- **Results confirm the potential of the Abore Shear to host significant mineralisation with the anomalies extending over strike lengths of up to 800m, which remain open to the north and south.**
- **A follow up RC drilling program is planned as part of PMI's major regional exploration push during 2012.**

PMI Gold Corporation (TSX-V: PMV) (ASX: PVM) is pleased to advise that it has generated several significant new oxide gold targets from its maiden Aircore drilling program at the Kaniago Prospect, located within a 15km area of influence immediately west of its flagship Obotan Gold Project in south-west Ghana (Figures 1 and 3) where a Feasibility Study is underway on a new gold mining operation.

The results have highlighted the potential to delineate satellite sources of oxide mineralisation, within an economic haulage distance of the proposed processing facility at Nkran (Figure 1), to supplement mill feed from the four main Obotan deposits, Nkran, Asuadai, Adubiaso and Abore.

Drill testing of the Kaniago Prospect represents one of many priority exploration targets for PMI as part of a major exploration push currently underway across its extensive ground holdings in the Asankrangwa Gold Belt. Drilling activity continues to gather momentum as part of this regional exploration program, in parallel with the Obotan Feasibility Study which is due for completion in mid-2012.

Kaniago Drilling

The Kaniago Prospect is one of a series of exploration targets along the Abore Shear generated by a low level detailed airborne magnetic survey previously undertaken by PMI. The prospect is being tested by a program of broadly spaced reconnaissance Aircore drill traverses (133 holes on three roadside traverses at 400m intervals) which commenced in January 2012. To date over 7,000m of drilling has been completed (Figure 2) out of a total planned initial program of 9,000m.

Drilling targeted a brittle greywacke unit at the intersection of the Abore Shear with cross-cutting east-north-east striking structures.

Results (Figure 2) have so far been received for 63 holes from MinAnalytical Laboratory in Perth, Australia.

- **KAAC12-009 9m @ 1.24g/t Au from 21m**
- **KAAC12-012 27m @ 0.95g/t Au from 1.0m**
- **KAAC12-016 16m @ 0.51g/t Au from 55m**
- **KAAC12-042 10m @ 0.95g/t Au from 10m**

A series of eight narrow sub-parallel northeast trending anomalies of greater than 0.1g/t Au have been delineated. The strike lengths of these anomalies range from 400m to 800m, and all are open to the north and south.

Importantly, this initial work at Kaniago is an encouraging first step by PMI in its commitment to a major phase of regional gold exploration in the Asankrangwa Belt. The results clearly confirm the broader gold potential of the Abore, Nkran and Fromenda Shears to host significant gold mineralisation.

The gold endowment of the Asankrangwa Gold Belt has recently been reinforced by the delineation of major mineral resources at Obotan and the delineation of Keegan Resources Inc's Esaase Gold Deposit (Measured Resources of 0.19Moz at a grade of 1.2g/t, Indicated Resources of 3.44Moz at a grade of 1.1g/t, and Inferred Resources of 1.55Moz at a grade of 1.1g/t¹), located 12.5km north of Obotan on the Abore shear.

Combined, PMI's Obotan and Asanko Projects represent the largest strategic ground packages to have been successfully consolidated by a single company in the Asankrangwa Gold Belt.

The total strike length of PMI's holdings in this belt totals some 65km and extends over an area of 511km², covering almost 50 per cent of the total length of the belt, which measures some 150km overall. Having three known structural trends to explore increases the strike potential threefold.

¹ Source: Keegan Resources NI43-101 Technical Report for the Esaase Gold Project, Ghana, effective date 22 September 2011, prepared by Coffey Mining Pty Ltd. Available on Keegan's website www.keeganresources.com

PMI Gold's Managing Director & CEO, Mr Collin Ellison, said the results had established multiple priority drilling targets for oxide gold at Kaniago, confirming this area as a focal point for planned target drilling commencing later this year.

"This is an exciting development for the Company as it highlights the potential to generate additional potential sources of oxide feed to the centrally located processing facility at Obotan," Mr Ellison said. "Exploration success in this area would supplement the identified reserves and resources at Obotan and has the potential to significantly enhance the overall project.

"It also reinforces the prospectivity of our ground position along the Asankrangwa Belt and the potential for new standalone discoveries with focused exploration," he added. "In addition to the Feasibility Study and pre-development work currently underway at Obotan, we have substantial exploration programs underway across our tenements which will continue to gather momentum in the coming months."

On behalf of the Board,

"Collin Ellison"

Managing Director & CEO

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Competent Person Statement

Exploration Results:

The information in this announcement that relates to Exploration Results is based on information compiled by Collin Ellison, who is employed by PMI Gold Corporation. Mr Ellison, who is a Member Institute of Material, Minerals and Mining of UK, a 'Recognised Overseas Professional Organisation' (ROPO) included in a list promulgated by the ASX from time to time, has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves'. Mr Ellison consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Scientific and technical information contained in this news release has been reviewed and approved by Collin Ellison, C.Eng. a "qualified person" as defined under National Instrument 43-101. Field work was supervised by Thomas Amoah (VP-Exploration). Drill cuttings were logged and sampled on site, with 3kg samples sent to the MinAnalytical prep laboratory on site, and analyzed for gold by fire assay-AA on a 50 gram sample charge or by screened metallics AA finish in MinAnalytical laboratory in Perth. Internal QC consisted of inserting both blanks and standards into the sample stream and multiple re-assays of selected anomalous samples. Where multiple assays were received for an interval, the final value reported was the screened metallic assay if available, or in lieu of that the average of the other results for the interval. Results from the QC program suggest that the reported results are accurate. Intercepts were calculated with a minimum 0.5 g/t Au cut off at the beginning and the end of the intercept and allowing for no more than three consecutive metres of less than 0.5 g/t Au internal dilution. True widths are estimated at from 60% to 70% of the stated core length.

Cautionary Note Regarding Forward-looking Statements

This news release includes certain forward-looking statements or information. All statements other than statements of historical fact included in this release, including, without limitation, statements relating to the potential mineralization and geological merits of the Obotan and Asanko Projects and the plans, objectives or expectations of the Company with respect to the advancement of these projects and completion of scoping and pre-feasibility studies, are forward-looking statements that involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from the Company's plans or expectations include risks relating to the actual results of current exploration activities; fluctuating gold prices; possibility of equipment breakdowns, delays and availability; exploration cost overruns; availability of capital and financing; general economic, market or business conditions; regulatory changes; timeliness of government or regulatory approvals; and other risks detailed herein and from time to time in the filings made by the Company with securities regulators, including in the section entitled "Risk Factors" in the Company's Annual Information Form dated September 20, 2011. In particular, statements relating to the Company's plans are subject to various factors, including positive results from ongoing exploration; expansion and upgrading of existing mineral resources; and completion of favourable geotechnical drilling programs, metallurgical test work, mine plan engineering, environmental and community relations assessments, and preliminary economic assessments. Due to the uncertainty which may attach to inferred mineral resources, it cannot be assumed that all or any part of the inferred mineral resources will be upgraded to indicated or measured mineral resources as a result of continued exploration. The Company expressly 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 otherwise required by applicable securities legislation.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Table 1 – Significant Gold Intercepts (>0.1g/t Au metres):

Note: True widths are approximately 60% to 70% of the length of the stated intersection lengths.

Prospect	Hole ID	Easting_ UTM	Northing_ UTM	RL_ UTM	Dip	Azimuth	Depth From (m)	Depth To (m)	Interval (m)	Weighted Avg. Grade (g/t)
Kaniago	KAAC12-001	605632.7167	702396.9247	181.8979	-50	135	22.0	26.0	4.0	1.25
Kaniago	KAAC12-003	605557.4756	702463.9326	190.3114	-50	135	8.0	15.0	7.0	0.73
Kaniago	KAAC12-004	605523.1432	702513.8611	193.1578	-50	135	23.0	26.0	3.0	0.26
Kaniago	KAAC12-005	605498.2971	702554.3935	186.0882	-50	135	3.0	8.0	5.0	0.27
And							37.0	39.0	2.0	0.28
Kaniago	KAAC12-007	605410.9388	702620.3598	181.6027	-50	135	5.0	19.0	14.0	0.61
Kaniago	KAAC12-008	605565.7808	702301.5006	176.3687	-50	135	30.0	44.0	14.0	0.32
Kaniago	KAAC12-009	605519.0816	702210.3233	175.7895	-50	135	21.0	30.0	9.0	1.24
Kaniago	KAAC12-012	605573.5667	701916.0615	178.0048	-50	135	1.0	28.0	27.0	0.95
And							37.0	43.0	6.0	0.85
Kaniago	KAAC12-015	605534.434	701831.457	187.266	-50	135	0.0	9.0	9.0	0.39
And							30.0	32.0	2.0	0.53
Kaniago	KAAC12-016	605482.926	701832.571	189.221	-50	135	48.0	50.0	2.0	0.92
And							55.0	71.0	16.0	0.51
Kaniago	KAAC12-024	605340.9005	702052.257	189.9032	-54	135	28.0	32.0	4.0	0.13
And							47.0	51.0	4.0	0.42
Kaniago	KAAC12-027	605288.1517	702162.7782	211.6806	-50	135	15.0	19.0	4.0	1.02
And							24.0	31.0	7.0	0.18
Kaniago	KAAC12-028	605205.9867	702200.8237	182.9274	-50	135	10.0	18.0	8.0	0.16
And							33.0	38.0	5.0	0.32
Kaniago	KAAC12-042	605901.691	702717.879	150.638	-50	135	10.0	20.0	10.0	0.95
Kaniago	KAAC12-044	606013.5261	702604.2758	149.5368	-50	135	1.0	3.0	2.0	0.13
Kaniago	KAAC12-046	606187.3975	702612.7637	169.0572	-50	135	31.0	33.0	2.0	0.16
Kaniago	KAAC12-059	606135.0748	702638.6871	160.8123	-50	135	21.0	31.0	10.0	0.24

Figure 1: Asanko Project Tenement Plan Showing Kaniago Prospect Area of Drilling



