2012 Annual Report

PMI GOLD CORPORATION

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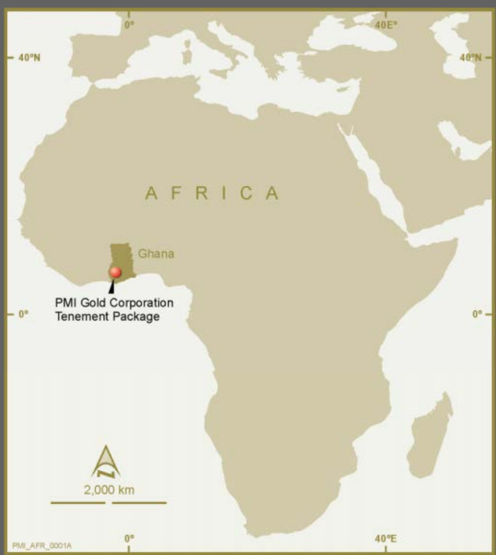
Inside:

PMI GOLD CORPORATION

IS AN EMERGING INTERNATIONAL GOLD COMPANY WHICH IS EXPLORING AND DEVELOPING THREE STRATEGIC PROJECTS IN GHANA, WEST AFRICA – IN THE HEART OF ONE OF THE WORLD'S MOST PROLIFIC GOLD PRODUCING REGIONS



L to R: Peter Buck (Non-Executive Chairman), Ross Ashton (Non-Executive Director), Thomas Amoah (VP Exploration-West Africa), Collin Ellison (Managing Director & CEO) and John Clarke (Non-Executive Director).

Corporate Directory

DIRECTORS AND OFFICERS

Collin Ellison	President, Managing Director & CEO
Peter Buck	Non-Executive Chairman
Thomas Ennison	Executive Director
Hon. JH Mensah	Non-Executive Director
John Clarke	Non-Executive Director
Ross Ashton	Non-Executive Director
Michael Price	Non-Executive Director
Marion McGrath	Corporate Secretary (Canada)
Ian Hobson	Corporate Secretary (Australia)
Michael Allen	Chief Financial Officer
Michael Gloyne	Chief Operating Officer

INVESTOR RELATIONS

Canada: Rebecca Greco, Fig House Communications
T. +1 416 822-6483

Australia: Nicholas Read, Read Corporate
T. +61 8 9388-1474

REGISTERED OFFICE

408 – 837 West Hastings Street
Vancouver BC, V6C 3N6, Canada
T. +1 604 684-6264
F. +1 604 684-6242
E. info@pmigoldcorp.com
W. www.pmigoldcorp.com

AUSTRALIAN OFFICE

Level 3, 680 Murray Street
West Perth 6005, WA, Australia
T. +61 8 6188-7900
F. +61 8 9321-8881

GHANA OFFICE

10 Quarcoo Lane, Roman Ridge
Accra, Ghana, West Africa

REGISTRAR AND TRANSFER AGENT

Computershare Trust Company
3rd Floor, 510 Burrard Street
Vancouver BC, V6C 3B9, Canada
T. +1 604 661-9400
F. +1 604 683-3694

Computershare Investor Services Pty Ltd
Level 2, Reserve Bank Building, 45 St Georges Terrace
Perth 6000, WA, Australia
T. 1300 308 185 (calling within Australia)
T. +61 3 9415-4171 (calling from Overseas)
F. +61 8 9323-2033

SOLICITOR

Stikeman Elliott
5300 Commerce Court West, 1 Bay Street
Toronto ON, M5L 1B9, Canada
T. +1 416 869-5217
F. +1 416 947-0866

AUDITORS

KPMG LLP
9th Floor, 777 Dunsmuir Street
Vancouver BC, V7Y 1K3, Canada
T. +1 604 691-3000
F. +1 604 691-3031

STOCK EXCHANGE LISTING

TSX Venture Exchange:	PMV
Australian Securities Exchange:	PVM
Frankfurt/Berlin Exchange:	PN3N

CAPILIZATION

Authorised:	Unlimited
Issued:	275,505,084 (as at September 25, 2012)

FORWARD-LOOKING STATEMENTS

Any forward-looking statement or information only speaks as of the date on which it was made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or otherwise. Although the Company believes that the assumptions inherent in the forward-looking statements are reasonable, forward-looking statements are not guarantees of future performance and accordingly undue reliance should not be put on such.

Chairman's Letter to Shareholders

Dear Shareholder,

The past 12 months has been exceedingly successful, representing a transformational period for PMI Gold during which the Company has achieved all of its stated corporate and strategic objectives to reposition the Company from a junior gold explorer to a budding mine developer of a significant West African gold production project.

In the process, the Company has attracted significant attention in global investment markets, particularly in North America and Australasia. It has secured the backing of a number of key institutional investors, as well as the interest of several leading banks to fund the future development of our flagship Obotan Gold Project in the Asankrangwa Gold Belt of southwest Ghana.

The key pillars of our strategy over the last 12-18 months have been:

- reconfiguring the Company by putting in place the appropriate experienced personnel at Board, management and operational levels to lead PMI into production;
- fulfilling our publically stated strategic plan for Obotan by delineating a world-class resource and reserve base and completing pre-feasibility and feasibility studies within an 18-month period, commencing in early 2011;
- implementing a major exploration program to commence evaluation of a large number of gold targets across our strategic tenement holdings in southwest Ghana, to delineate new deposits for future growth;
- commencing an acquisition strategy in the Asankrangwa region to further consolidate the Company's longer term strategic position; and
- repositioning PMI Gold in the global investment markets as an emerging mid-tier producer with outstanding exploration upside and, in the process, recapitalising the Company by raising approximately C$70 million, to fund our strategic plan.

All of these goals have been executed in a timely manner, putting the Company in a high standing position relative to its peers.

PMI Gold has received widespread recognition during the year for the quality and potential of its gold portfolio in southwest Ghana. Central to this portfolio is our flagship 4.51M ounce Obotan Gold Project which, with the adjoining Asanko Gold Project, provides a commanding strategic position covering gold targets over 70 strike kilometres in the under-explored Asankrangwa Gold Belt.

In addition, the Company owns the Kubi Gold Project in the Ashanti Gold Belt, which includes the 348,000 ounce (Measured, Indicated & Inferred) Kubi Main Deposit, located some 65 kilometres southwest of Obotan and immediately along strike of the 60M ounce (pre-mined) Obuasi goldfield owned by AngloGold Ashanti.

The quality and potential of our assets is clearly not yet reflected in our share price. This is largely due to macro-economic factors which have weighed heavily on equity markets and financial markets over the past 12 months – due principally to the ongoing fiscal and banking crisis in the Euro Zone and concerns over economic slowdown in China and the pace of economic recovery in North America.

Notwithstanding the challenging global backdrop, Shareholders can feel confident that the underlying value of our assets will be brought to account as we complete the feasibility study on the Obotan Gold Project, secure project funding and progress to development and ultimately, production.

Furthermore, regional exploration is having significant success, demonstrating the potential of the Asanko and Kubi Gold Projects.

People

One of our core objectives has been to strengthen our technical expertise, capability, and management team and Board.

This process began at the beginning of last year with the appointment of Collin Ellison as President (Managing Director) and CEO, followed by Michael Allen as Chief Financial Officer and Thomas Amoah as VP Exploration, West Africa – all of whom have brought extensive global corporate, project development and exploration experience to the Company.

The Company has also been successful in establishing an experienced project team, to progress the objectives that I outlined above. Key senior management appointments during the year have included Australian mining executive Michael Gloyne (most recently with Brockman Resources and Moly Mines) as Chief Operating Officer and Ghanaian gold mining executive Charles Amoah (previously with Gold Fields) as General Manager – Obotan Operations.

At Board level, the Company was fortunate to secure the services of Dr. Michael Price, a former senior global mining finance executive with Barclays Capital, Societe Generale and NM Rothschild & Sons, as a non-executive Director based in London, further strengthening the Board as it moves towards production. Dr. Price's experience and contact network will be invaluable as we complete the financing process for the Obotan Gold Project.

Obotan Gold Project

Comprising four deposits – Nkran, Adubiaso, Abore and Asuadai – Obotan is one of the premier emerging gold production assets in Ghana. Originally mined from three open pits by Resolute Mining Limited during a period of low gold prices, producing 730,000oz up to December 2002, Obotan was propelled into the investment spotlight more recently with PMI Gold's announcement in October 2011 of a major increase in the JORC / NI 43-101 resource, comprising Measured resources of 14.67Mt at 2.66g/t Au for 1.22Moz, Indicated resources of 27.50Mt at 2.32g/t Au for 2.00Moz, and Inferred resources of 17.54Mt @2.35g/t for 1.29Moz, based on the results from a major resource drilling campaign carried out by the Company over the previous 12 months.

This resource was of an order of confidence to form the basis for a pre-feasibility study, which was completed at the end of 2011. PMI Gold's 2011 interim resource estimate includes an Ore Reserve totalling 2.26 million ounces of gold grading 2.32g/t Au which was estimated in the pre-feasibility study using a pit optimization based on a gold price of US$1,300 per ounce.

The results of this study, which indicated a robust project with a mine life of over 10 years and an annual production rate in excess of 200,000 ounces of gold per annum, are summarized in public reporting and in this report.

Incorporating an additional 28,835 metres of drilling, an updated JORC/NI43-101 resource estimate, comprising Measured resources of 15.57Mt at 2.47g/t Au for 1.23Moz, Indicated resources of 29.21Mt at 2.00g/t Au for 1.88Moz, and Inferred resources of 21.91Mt at 1.99g/t for 1.40Moz, was completed in April this year, confirming the size and integrity of the four deposits. This updated estimate forms the basis of the feasibility study.

Of the four known deposits, Nkran is by far the largest, containing approximately 75 percent of the total gold. It is developed over a strike extent of over 500 metres and maximum widths in excess of 100 metres in the central portion, and has been delineated to a vertical depth in excess of 250m below the old Resolute open pit, and found to be open at depth providing potential for deeper development opportunities which will be evaluated in the future.

The feasibility study commenced in the January 2012 Quarter with a target completion date in the September Quarter, followed by a development decision in the latter part of the year. GR Engineering Services were engaged to manage the study as a continuation of their work on the pre-feasibility study, with support from a range of internationally renowned consultant groups.

The results of the JORC/NI43-101 compliant feasibility study were released by the Company in August 2012 and clearly demonstrate the potential to develop Obotan into a robust, long-term mining operation, capable of delivering strong investment returns. This is an exciting first step towards PMI's goal of becoming a new West African gold producer. Further information on the feasibility study results is summarized in public reporting and in this report.

Planning for project financing is a priority objective and the Company engaged the Australian-based independent advisory house Optimum Capital Pty Ltd to assist in identifying and securing appropriate finance to develop the Project. The full range of available financing alternatives is being explored in order to ensure the best result for Shareholders. Expressions of interest have been received from 12 international banks, which have been reduced to a short-list of candidates with strong global reputations and financing experience with mining projects in Ghana and other parts of Africa.

PMI Gold has also made excellent progress with the Environmental Impact Study (EIS), community relations and mining lease applications. In relation to community projects, the Company has commenced work on a number of preliminary projects, such as local road improvements, medical facility upgrades, new water supplies, school funding for educational materials and teaching support.

Exploration & Acquisition

The Company has implemented a multi-pronged strategy for future organic growth. These include aggressive exploration of the exciting pipeline of brownfields and greenfields exploration targets within our existing large tenement holdings, as well as potential value-accretive acquisition opportunities.

With the completion of the Obotan resource drilling in early 2012, the exploration focus shifted from Obotan to PMI Gold's extensive tenement portfolio to delineate new resources to further consolidate the future growth of the Company.

To manage the escalated exploration commitment we recruited additional geologists and field personnel during the year, ensuring that we have the appropriate level of expertise and resources to unlock the value of the projects. The key objectives of our exploration programs in southwest Ghana are threefold:

- firstly, to identify additional oxide resources within trucking distance of Obotan;

- secondly, to discover new standalone gold deposits within the adjoining (to Obotan) Asanko concessions, within the Asankrangwa Gold Belt; and

- thirdly, to drill test multiple gold targets delineated by airborne magnetic and near-surface geochemical sampling undertaken last year at Kubi.

In the Asankrangwa Gold Belt, where Obotan is located, the Company has consolidated a commanding tenement holding covering a large portion of the belt over a strike extent of some 70 kilometres. The area was previously held by an array explorers in the 1990's and the fruits of their labours provides us with a head start with the delineation of a large number of drill-ready gold mineralized prospects, now to be evaluated systematically by a single company under a more favourable gold price.

As part of our recently launched regional program, PMI Gold has primarily focused on the oxide gold potential in an area within a 15km radius of the Obotan Gold Project, at the northern end of the adjacent Asanko Gold Project. Recent drilling in this area, which is a work in progress, has resulted in exciting successes on the Fromenda, Afiefiso and Kaniago (Adansi) prospects. Evaluation of this area will continue and progressively extend further afield to evaluate the large number of gold prospects elsewhere on the tenements.

Exploration also focused on developing a large number of gold geochemical targets on the Kubi Gold Project located, some 60km to the southeast of Obotan, along strike from the world-class 60Moz Obuasi field in the Ashanti Gold Belt. Initial drilling on the first target – termed 513 Prospect – intersected bedrock gold mineralization over the length of the soil anomaly. Exploration will progressively evaluate the anomalies as well as the additional potential of the Kubi Main Deposit.

PMI Gold recently entered into an agreement with Midras Mining Company to acquire the Datano Mining Lease, which is contiguous with the southern boundary of the Obotan Gold Project, in-filling a major gap in PMI Gold's tenement coverage of the key gold mineralized structures in this region. This strategic acquisition covers an area of 50km^2 immediately south of the Company's Nkran Deposit, providing access to additional southern extensions of the mineralized Nkran and Fromenda structures and the opportunity to develop additional oxide resource targets close to the Obotan Gold Project. It also provides the Company greater flexibility in the design of infrastructure for the Obotan development.

Photo: Chairman Peter Buck and Managing Director Collin Ellison in Ghana

Financing of Activities

As PMI Gold has progressed its development and strategic plans, the Company has attracted significant international investor interest, enabling it to complete two key strategic capital raisings totalling C$70 million over the past 18 months and undertake a dual listing of its shares on the Australian Securities Exchange.

While global financial ructions have created a pervasive malaise in equity markets in the past year, the Company was able to complete a well-timed bought deal public offering earlier this year by offering 28 million common shares at a price of C$1.25 per share to raise gross proceeds of C$35 million through a syndicate of underwriters co-led by Clarus Securities Inc. and RBC Capital Markets, and including GMP Securities L.P. and Raymond James Ltd. This timely capital raising has allowed the Company to maintain momentum on its activities and proceed towards a development decision.

While PMI Gold continues to carefully monitor movements in global markets, we remain confident that our balanced strategy of progressing Obotan to a development decision, maintaining our exploration momentum and evaluating new acquisition opportunities will deliver significant value for shareholders in the months and years ahead.

With the Obotan feasibility study completed and a final development decision on track to be made in the latter part of 2012, the next few months should be extremely rewarding for PMI as we build on the hard work of the past two years and realize our vision of becoming Ghana's next major gold producer.

On behalf of the Board of Directors, I would like to take this opportunity to acknowledge the extraordinary effort that Collin Ellison and his team have put in over the past 18 months in the development and leadership of a rapidly growing group, to achieve a challenging set of objectives both on time and on budget. I would also like to acknowledge the support given by the various broking and advisory groups and investors that have provided us with the support and means to undertake the transformation of the organization and develop an international identity.

Finally, I would like to thank my fellow Directors for their unflagging support and contributions. I am sure that, like myself, they are looking forward to a busy, productive and ultimately very successful year ahead.

Peter Buck, Non-Executive Chairman

2012 Highlights

Development

- Significant increase in resources to 4.51Moz at the Company's flagship Obotan Gold Project.
- Reserves Estimate at Obotan calculated at 34.2Mt at 2.21 g/t Au for 2.43Moz.
- Obotan feasibility study demonstrates a financially viable and technically robust mining operation. A development decision to follow in Q4 2012.

Exploration

- +40,000m infill and resource extensional drilling completed at Obotan to upgrade and confirm the integrity of the gold inventory.
- Aggressive regional exploration program aimed at completing +100,000 metres of drilling within the Asankrangwa and Ashanti Gold Belts to drill test numerous prospective targets.
- Highly prospective ground holding for future exploration and development potential.

Capital Raising

- C$35 million raised by way of underwritten bought-deal to support development and exploration activities in Ghana.

Review of Operations

OVERVIEW

In a short space of 12 months, the Company has achieved a number of key strategic objectives in its goal to become a West African gold producer. Significant progress has been achieved at the Obotan Gold Project, located in the Asankrangwa Gold Belt in south-west Ghana, where results of a feasibility study confirming a financially viable and technically robust mining operation based on a gold price of US$1300/ounce was recently announced by the Company. This will be PMI Gold's first gold operation in West Africa, contingent on receiving Board development approval and a final investment decision expected in Q4 2012. Commencement of construction is scheduled in Q1 2013 with full production targeted in 2014.

During the reporting year, an interim resource was reported for Obotan in October 2011 followed by the completion of a JORC/NI43-101 compliant pre-feasibility study in January 2012 resulting in the calculation of a maiden Proven and Probable Ore Reserve of 30.3Mt @ 2.32g/t Au for 2.26Moz across the Project's four deposits (Nkran, Adubiaso, Abore and Asuadai).

Further drilling was designed to confirm the strike extensions and internal integrity of the mineralization. An updated resource was reported in April 2012 taking into account an additional 110 holes for a further 28,835 metres of predominantly infill and some extensional diamond drilling.

This resource estimate resulted in an increased revised reserve estimate of Proven and Probable Ore Reserves of 34.2Mt at 2.21g/t for 2.43Moz, which has been included in the JORC/NI43-101 compliant feasibility study.

In addition to extensive resource definition drilling undertaken at Obotan, the Company commenced an aggressive regional exploration program aimed at completing over 100,000 metres of drilling to explore the highly prospective ground holdings totalling 580km^2, within the Asankrangwa Gold Belt (Obotan and Asanko Projects) and Ashanti Gold Belt (Kubi Project).

The drilling fleet was expanded to 5 rigs and several strategic efficiencies were implemented, including the installation of a dedicated sample preparation facility to significantly reduce assay turn-around time. The Company's in-country geological team was also boosted with the recruitment of project dedicated regional exploration teams.

Two key agreements were negotiated during the year, both impacting on the future development work at Obotan.

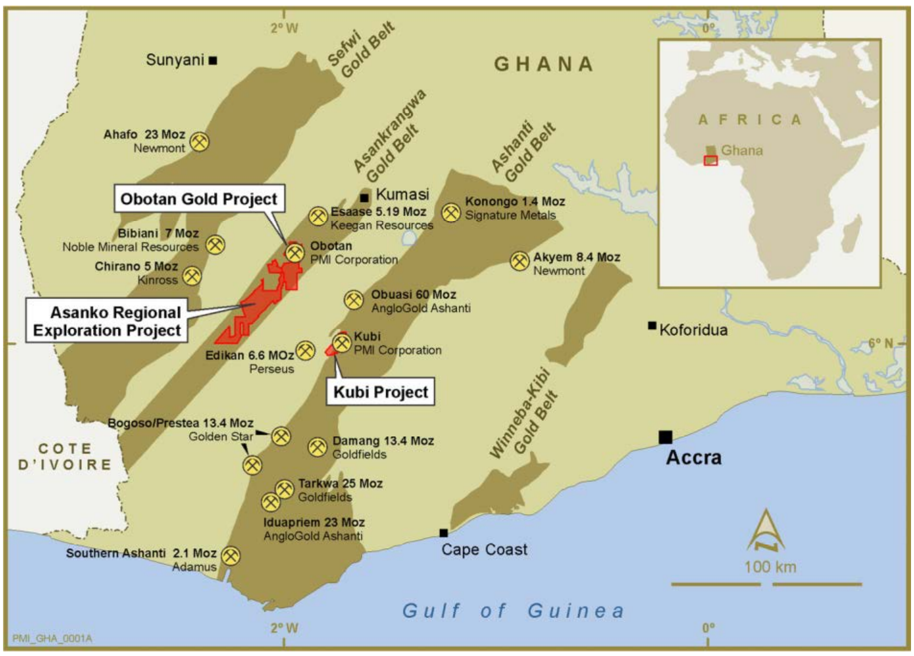
In December 2011, PMI Gold reached an agreement with the Anglican Church to gain access to an excised area encompassing former administration and accommodation buildings. The facilities provide the basis for future mine accommodation as well as immediate accommodation for ongoing exploration activities.

More recently, PMI announced it has reached an agreement with Midras Mining Company Ltd to acquire the Datano mining lease which is contiguous with the southern boundary of Obotan, infilling a major gap in PMI's tenement coverage of the gold mineralised structures. The sale and transfer of the mining lease is contingent upon obtaining approval by the Ghana Minerals Commission and Minister of Lands, Forestry and Mines.

At a corporate level, with the aim of supporting our activities in Ghana, PMI completed a C$35 million capital raising in March 2012. The proceeds from the offer were used to fund exploration, work on the feasibility study at Obotan and general corporate purposes. Obtaining project finance will be a key objective as we move the Obotan Gold Project into development.

The Company also strengthened its corporate management team and Board during the reporting period, as well as the recruitment of project personnel in-country.

PMI Project Location Plan in South-West Ghana



OBOTAN GOLD PROJECT

Situated in the northern part of the Asankrangwa Gold Belt, the Obotan Gold Project, owned by PMI Gold's 100% wholly-owned subsidiary Adansi Gold Company (Ghana) Ltd, is an advanced gold development project with resources, located in the Amansie West District, of the Ashanti Region of Ghana, approximately 250km northwest of the capital Accra.

The Obotan Gold Project covers a 15km strike length of the Asankrangwa Gold Belt and includes four gold deposits – the larger Nkran Deposit, and the smaller satellite deposits of Adubiaso, Abore and Asuadai, which are contained within two prospecting licenses, Abore-Abirem and Adubea.

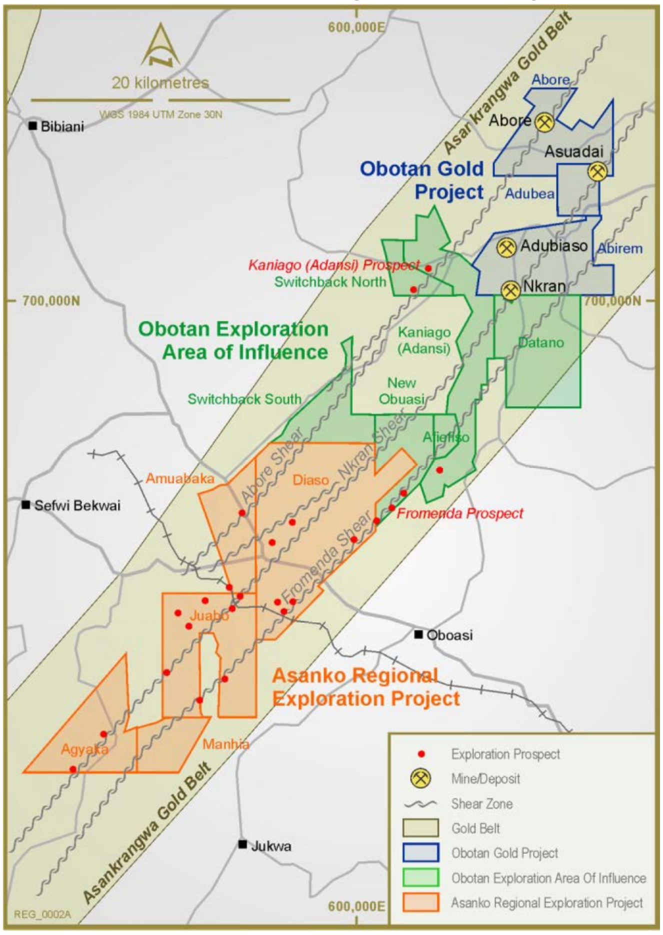
Obotan was previously operated by Resolute Mining Ltd before closing in 2002 after producing a total of 730,000oz at an average grade of 2.2g/t, (from Nkran, Abore and Adubiaso) when the gold price averaged about US$300/oz. Asuadai has not previously been mined. The Project is considerably de-risked in respect to environmental and social permitting, metallurgy and process engineering and infrastructure development, due to its previous mining history.

RESOURCE DEFINITION DRILLING

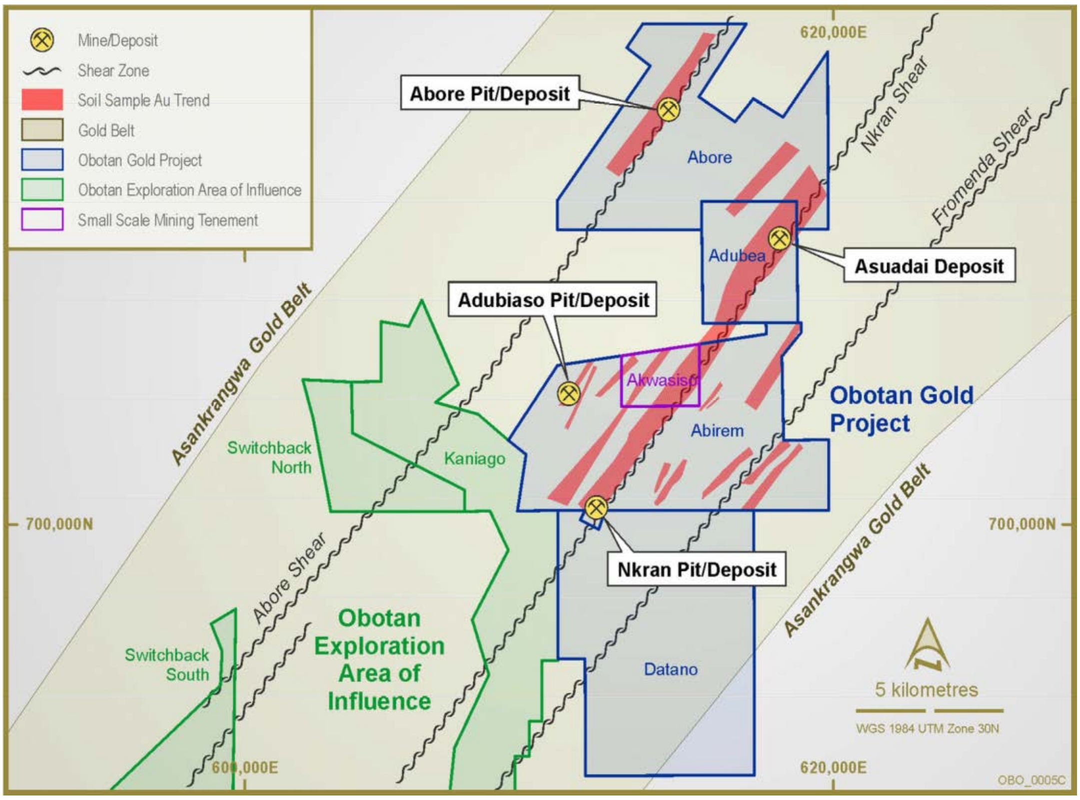
Exploration activities during the first half of the reporting year continued to focus on resource extension and infill drilling commenced in the 2010/2011 year. The main emphasis was at the Nkran Deposit, as part of an ongoing circa 40,000m drilling campaign designed to upgrade and expand the gold resource inventory at Obotan with the view to undertaking a pre-feasibility study on the Project.

At Nkran, multiple zones of mineralization were intersected, comprising two parallel shears (the Western and Eastern Lodes) and a broad central stockwork zone. Drilling confirmed the internal integrity of the deposit and the occurrence of higher grade zones within a broad, continuous, lower grade envelope. The deposit offers, the potential for both depth and strike extensions to the south.

PMI's Tenement Holding within the Asankrangwa Gold Belt



Obotan Gold Project's Four Deposits – Nkran, Adubiaso, Abore and Asuadai



OBOTAN GOLD PROJECT (CONT'D)

MINERAL RESOURCES ESTIMATE

Interim Resources Estimate – October 2011:

In June 2011, PMI Gold contracted SRK Consulting of Perth, Western Australia to complete an independent estimation of the Obotan mineral resources on the four gold deposits (Nkran, Adubiaso, Abore and Asuadai), to form the basis of a JORC/NI43-101 compliant pre-feasibility study.

An interim resource estimate reported in October 2011 (set out below) resulted in a 270% increase from the previous estimate by Hellman & Schofield in 2010 with the infilling of gaps in the drilling coverage. The interim resource summary is as follows:

JORC/NI43-101 Compliant:

- Measured - 14.67Mt @ 2.66g/t for 1.22Moz
- Indicated - 27.50Mt @ 2.32g/t for 2.00Moz
- Inferred - 17.54Mt @ 2.35g/t for 1.29Moz

The estimate included the Hellman & Schofield dataset, plus new drilling over the four deposits by PMI comprising 115 diamond holes for 37,763m up to mid-August 2011.

Perth-based specialist consultancy, Optiro Pty Ltd, was also contracted by PMI Gold to complete an independent review of SRK's interim resource estimate as part of the Company's technical quality assessment and control. Optiro confirmed SRK's resource estimate results were consistent and acceptable for the style of deposit.

Resources Estimate Update – March 2012:

A further update to the interim resources estimate by SRK was reported in April 2012.

JORC/NI43-101 Compliant:

- Measured - 15.57Mt @ 2.47g/t for 1.23Moz
- Indicated – 29.21Mt @ 2.00g/t for 1.88Moz
- Inferred – 21.91Mt @ 1.99g/t for 1.40Moz

This estimate incorporated a further 110 holes for 28,835m of predominantly infill and some extensional diamond drilling, resulting in an improved geological understanding of the deposits and further confirmation of internal grade continuity within the deposits, particularly at the larger Nkran Deposit.

Nkran forms the larger part of the total resource base and is the backbone of the Project. Nkran resources are 2.35Moz being 75% of the combined Measured and Indicated ounces and 32.16Mt for 72% of the ore tonnes, with a high average resource grade of 2.28g/t.

This estimate update is included in the JORC/NI43-101 feasibility study.

A schedule of PMI Gold's global resources and reserves is outlined further in this Annual Report, with relevant notes and competent person's statements.

PRE-FEASIBILITY STUDY

PMI Gold released the results of its JORC/NI43-101 compliant pre-feasibility study for the Obotan Gold Project in January 2012 (now superseded by the release of the August 2012 feasibility study).

The pre-feasibility study was independently compiled by GR Engineering Services, a leading experienced engineering company, of Perth, Western Australia. The study was based on work completed by four leading industry consultants: geology, mining and mine production schedule completed by SRK Consulting; metallurgy, process plant, design, infrastructure design, capital and operating cost estimates and financial modelling completed by GR Engineering; the tailings storage facility design completed by Knight Piésold Consulting, and the baseline environmental and sociological evaluation completed by Bizgeo Company (Ghana).

The study estimated a life-of-mine production of 2.10 million recovered ounces of gold over a period of 11.2 years (inclusive of 1 year pre-strip operations).

Annual gold production was estimated at 205,600oz with an estimated life-of-mine total cash operating cost of US$561/oz (excluding royalties and refining). Total cash operating costs are estimated at US$658/oz including royalties and refining costs.

The estimated production profile was based on processing 3.0Mtpa of ore for 10 years with a total of 30.3Mt of ore mined. Initial capital costs were estimated at US$251.8 million, including mining a pre-strip and a contingency of US$23.2 million. Deferred and sustaining capital was estimated at US$21.9 million.

The pre-feasibility study was based on a gold price of US$1,300/oz, 5% discount rate and contract mining scenario, with the Project generating a pre-tax NPV of US$680.5 million and post-tax NPV of US$416.4 million. The pre-tax IRR was at 42% and the post-tax IRR at 31% with a capital payback of 2.9 years from commencement of first gold production.

Maiden Reserves Estimate – January 2012:

Based on the positive outcome of the pre-feasibility study, a portion of the interim Mineral Resource (October 2011) was converted to Mineral Reserves.

JORC/NI43-101 Compliant:

- Proven – 14.0Mt @ 2.36g/t for 1.06Moz
- Probable – 16.3Mt @ 2.28g/t for 1.20Moz
- Total – 30.3Mt @ 2.32g/t for 2.26Moz

Photo 1: Nkran Deposit Drill Core.
Photo 2: Working in the Core Yard.

PROJECT DEVELOPMENT

Feasibility Study:

With the completion of the positive pre-feasibility study, PMI Gold commenced work in Q1 2012 on a feasibility study, with a target completion date of Q3 2012.

GR Engineering Services were reappointed in their project management role, responsible for the overall study delivery and management of internationally renowned consultancy groups SRK Consulting, Orelogy, Knight Piésold and African Environmental, Research and Consulting Company Ltd.

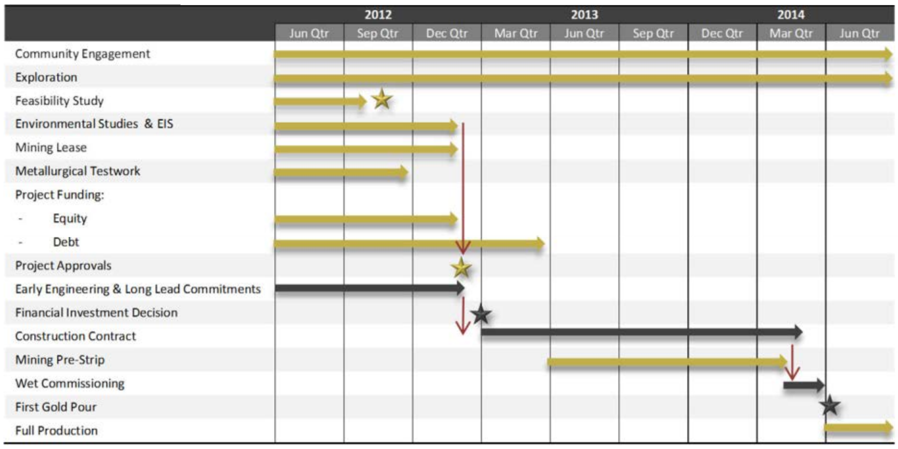
Key aspects of the feasibility study are:

- Resource re-estimation and mine geotechnical work (SRK Consulting)
- Mine optimisation, ore reserve estimation, mine design, scheduling and mine cost estimation (Orelogy)
- Tailings dam design, borefield design and construction supervision, plant site geotechnical study (Knight Piésold)
- HV electrical supply (BEC)
- Environmental and sociology (AERC)
- Metallurgical testwork (GRE)
- Plant design criteria and general arrangements (GRE)
- Site layout and key infrastructure (GRE)
- Capital and operating cost estimates (GRE)
- Schedule and project execution plans (GRE)
- Refurbishment of existing camp (GRE)
- Other site infrastructure requirements (GRE)

Contingent on the feasibility study outcomes, a development decision will be made by the Board of Directors with finance arrangements and a subsequent Financial Investment Decision (FID) to follow in Q4 2012.

The current timeline has construction targeted to commence in Q1 2013, to achieve first gold production in 2014, conditional on obtaining all statutory approvals, Board approval and finalization of financing arrangements.

Obotan Gold Project Development Timeline – Phase 3 Critical Path



Subsequent to the reporting year end, the Company released the results of its JORC/NI43-101 compliant feasibility study for the Obotan Gold Project in August 2012.

The feasibility study has outlined a strong and viable gold project based on a gold price of US$1,300/oz, 5% discount rate and contract mining (consistent with the January 2012 pre-feasibility study). Pre-tax NPV is US$614 million and post-tax NPV is US$ 387 million. The pre-tax IRR is 35% and post-tax IRR is 28% with a capital payback of 2.9 years.

Life-of-mine production is 2.26 million recovered ounces of gold over an initial 11.5 year production life (exclusive of 1 year pre-strip operations). The waste-to-ore ratio has been reduced from 7.6 in the pre-feasibility study to 6.4 (including the pre-strip). Post pre-strip, the life of mine strip ratio drops to 5.6:1.

Annual gold production is forecast at 221,500 ounces gold over the first five years at an estimated average life-of-mine total cash operating costs of US$626/oz (excluding royalties and refining costs). Total cash operating costs are estimated at US$722/oz including royalties and refining cost. Capital costs are estimated at US$296.6 million including a pre-strip mining cost of US$82.2 million. Deferred and sustaining capital is estimated at $56.3 million

Further detailed design and engineering work is continuing on the Project as well as assessing options to optimize capital and operating costs.

Updated Reserve Estimate – August 2012:

Following completion of mine optimization and planning, an updated ore reserve was calculated by Orelogy Mining Consultants for inclusion in the feasibility study.

JORC/NI43-101 Compliant:

- Proven – 14.8Mt @ 2.39g/t for 1.14Moz
- Probable – 19.4Mt @ 2.08g/t for 1.30Moz
- Total – 34.2Mt @ 2.21g/t for 2.43Moz

This represents a 13% increase in tonnage and 8% increase in contained gold compared with the pre-feasibility reserve estimate (30.3Mt at 2.32g/t Au for 2.26Moz of gold).

A 4.7% reduction in grade has been offset by the conversion of additional Inferred Resources to Indicated Resources then into reserves as a result of successful in-fill drilling programs. There are additional Inferred Resources within the open pit which have not been included in the Ore Reserve but which may be converted in future.

At time of writing, PMI Gold filed its NI43-101 compliant technical report on the Obotan Mineral Resources and Reserves Estimates and feasibility study on SEDAR (www.sedar.com).

OBOTAN GOLD PROJECT (CONT'D)

Project Approvals:

The Company is progressing its applications for the necessary permits and project approvals required to commence development. Mining lease applications are underway and scheduled for submission in Q3 2012. Environmental baseline studies carried out throughout the 12 months are now complete and preparation of the Environmental Impact Study (EIS) is due to be presented to the Environment Protection Authority with approval expected in Q4 2012.

The EIS will address the following environment related matters:

- Flora and Fauna
- Noise and Pollution
- Community Impact Assessment
- Pit Water Profiling
- Water and Sediment Studies
- Rivers and Fisheries
- Soil Assessment
- Traffic and Safety
- Archaeology
- Socio Economic Studies
- Blast Impact Studies

Project Financing:

As part of the process to obtain development approval from the Board, PMI Gold has commenced reviewing various options for financing the project. Optimum Capital Pty Ltd has been engaged to assist PMI identify options for securing appropriate debt finance.

A range of available financing alternatives is being explored, in order to ensure the best result for Shareholders. To date, PMI Gold has received expressions of interest to provide project finance from 12 international banks. Optimum Capital has reduced these to a short list of potential funders to provide project finance. Each of the shortlisted banks has a strong global reputation and demonstrated experience in financing mining projects in Ghana.

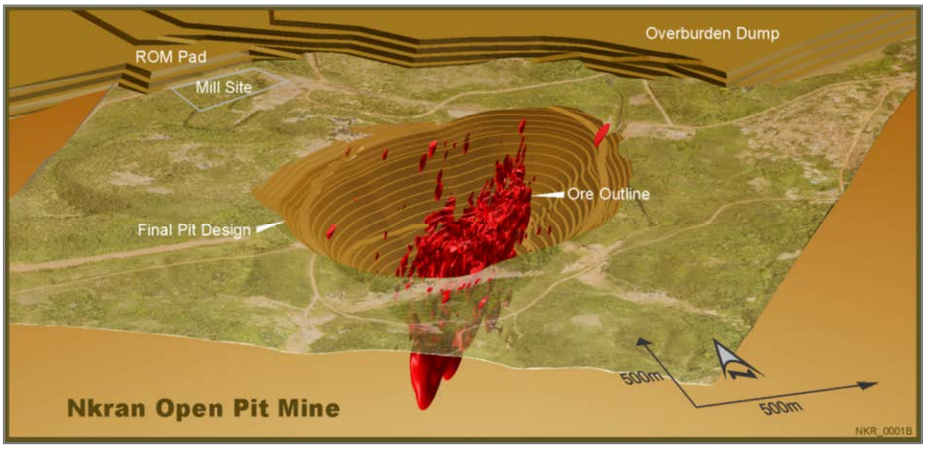
Community Engagement:

The Company is continuing to build positive relationships with the local communities, with recent discussions held to obtain support for project development. A number of Community Consultative Committees (CCC) have been established to liaise on matters such as crop compensation, land acquisition, business and employment opportunities and community assistance projects.

The Company has also commenced work on a number of preliminary projects, including local road improvements, medical facility upgrades, and new water supplies. Also, the Company is providing school funding for educational materials and teaching support.

The Company will continue to work in conjunction with the CCC groups, to ensure our efforts bring the maximum benefits to the local communities.

Obotan Gold Project – 3D View of the Nkran Deposit and Proposed Open Pit Design



Obotan Gold Project – 3D View of CIL 3.0Mtpa Gold Processing Plant

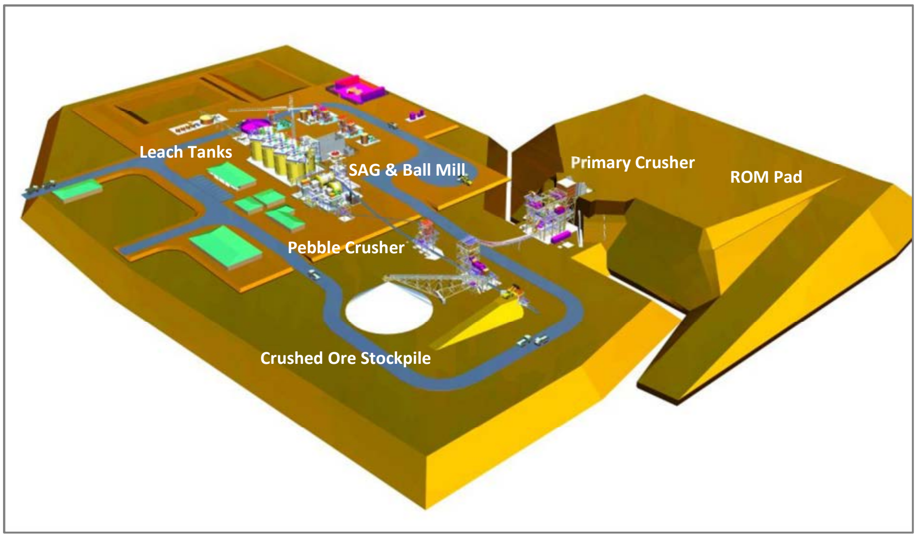


Photo 1: PMI Director Ross Ashton meets local school children.
Photo 2: Grading improvements to local roads.

Access Agreement & Infrastructure:

The Company announced in December 2011 the negotiation of an agreement with the Anglican University College of Technology to gain access to an area within the Abore-Abirem licence and the acquisition of former administration and accommodation buildings formerly held by Resolute Mining Limited.

After the return of the licences to the Ghanaian Government, an area was set aside by the Government for the Anglican Church to set up a University. This property, which is adjacent to but outside of the Nkran Deposit and open pit, includes former administration and accommodation buildings that will now be used for future mine accommodation as well as the immediate accommodation for ongoing exploration activities. The acquisition of these facilities will also simplify the EPA approval process for the mining lease application.

Under the access agreement terms PMI Gold provided an initial US$500,000 payment allowing immediate access to all facilities and a later payment of US$4.5 million is to be paid at the time of raising capital for Obotan, or 30 September 2012, whichever is earlier. The final settlement payment of US$4.5 million has been incorporated into the pre-feasibility study capital cost estimate.

This agreement is an important step in commencing the development of the Obotan Gold Project and will allow the area to be used as a base for management of the Project and accommodation within the licence area.

Tenement Acquisition:

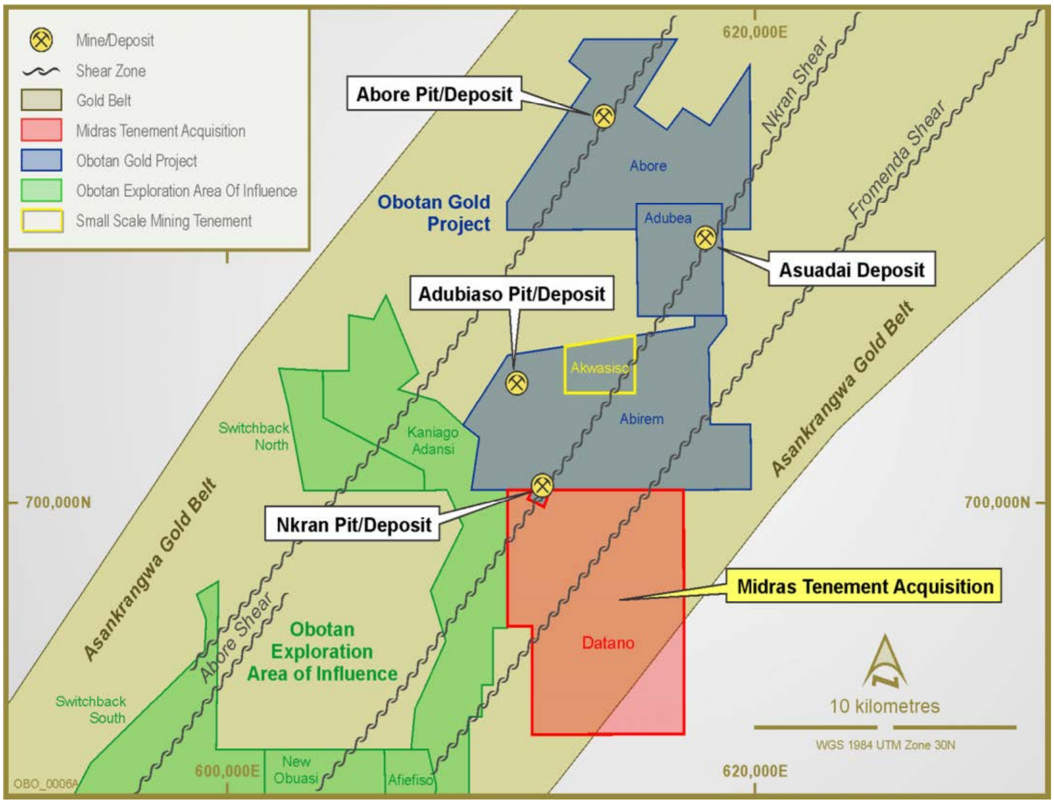
Subsequent to year end, PMI Gold entered into an agreement with Midras Mining Company Ltd to acquire the Datano Mining Lease which is contiguous with the southern boundary of the the Obotan Gold Project.

The Midras concession covers an area of 50km^2 and is strategically located immediately south of the Nkran Deposit covering extensions of the gold Nkran and Fromenda structures which offer the opportunity to develop additional oxide resource targets close to Obotan. The concession was previously explored by Ashanti Gold Corporation and Kiwi Goldfields Limited where multiple targets associated with cross-cutting structural lineaments were recognised within a 7km wide regional corridor of the Asankrangwa Gold Belt.

The lease area also provides PMI Gold with greater flexibility in the design of infrastructure for the Obotan Gold Project.

Under the terms, the tenement was acquired for US$6 million, contingent upon obtaining the approval of the sale and transfer of the Mining Lease to Adansi by the Ghana Minerals Commission and Minister of Lands, Forestry and Mines, which has subsequently been received. The transfer of the mining lease is in progress.

Location of Midras Datano Mining Lease in proximity to the Obotan Gold Project



REGIONAL EXPLORATION

The focus for regional exploration commencing in the reporting year was: to identify potential oxide resources within trucking distance to the Obotan Project (within 15km area of influence); discover new standalone gold deposits in the adjoining Asanko Regional Exploration Project; and drill multiple targets developed by the 2011 auger and earlier diamond drilling program at the Kubi Gold Project.

An extensive exploration push aimed at completing +100,000 metres of aircore, RC and diamond drilling within the first half of 2012 was undertaken on all projects. Approximately 80% of the exploration program has been completed at time of writing, with the remainder to be drilled during Q3 2012.

A number of exploration efficiency measures were introduced during the year including the contracting of additional drill rigs from offshore due to a shortage of rigs in Ghana, and the recruitment of in-country geological personnel. Also, the Company installed a portable, containerised sample preparation facility, constructed by Ausdrill (AMS)/MinAnalytical Laboratory Services Australia Limited, for PMI Gold's exclusive use, to address the slow turnaround of analytical results processed through local commercial laboratories.

Asankrangwa Gold Belt

Combined, the contiguous Obotan and Asanko Gold Projects represent the largest strategic ground package to have been consolidated by a single company in the Asankrangwa Gold Belt to enable a systematic exploration.

The total strike length of PMI Gold's holdings in the belt totals some 70km, covering three parallel mineralised trends, over an area of 480km^2, representing almost 50% of the belt.

The regional gold potential of the Asankrangwa Gold Belt is clearly indicated by historical exploration results where previous explorers identified numerous gold occurrences geochemical anomalies and structural/geophysical targets, of which a limited number have undergone limited drilling. A strategic review of the historical data was carried out and a number of target areas were recommended for detailed follow-up exploration.

The target areas are located along three regional trends, the Abore, Nkran and Fromenda Shears of which the former two host the Obotan deposits. Early drilling results from the 2012 exploration program clearly confirm the broader gold potential of the shears to host significant gold mineralization.

OBOTAN AREA OF INFLUENCE

Target areas within the 15km area of influence of the Nkran Deposit, was a main focus for regional drilling during the reporting period.

Drilling campaigns were commenced at the Kaniago (Adansi), Fromenda and Afiefiso Prospects.

Kaniago (Adansi) Prospect:

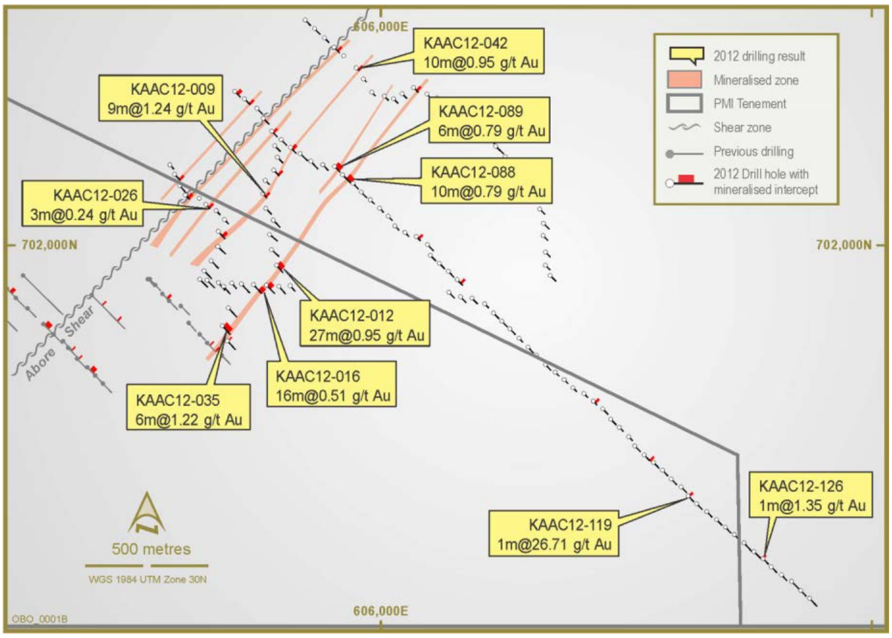
The discovery of broadly distributed gold mineralisation at Kaniago (Adansi) Prospect highlights the success of exploration techniques utilised by PMI. A reconnaissance aircore drilling program of 133 holes for a total of 7,349m tested a structural target generated by a low level detailed aeromagnetic survey and geological mapping. Encouraging intersections reported include:

- KAAC12-009 9m @ 1.24g/t Au from 21m
- KAAC12-012 27m @ 0.95g/t Au from 1m
- KAAC12-016 16m @ 0.51g/t Au from 55m
- KAAC12-035 6m @ 1.22g/t Au from 52m
- KAAC12-042 10m @ 0.95g/t Au from 10m
- KAAC12-088 10m @ 0.79g/t Au from 34m

Multiple shallow zones of gold anomalism (>0.1g/t Au) were defined over strike extents of 400-1,200m. All zones remain open along strike and at depth. The results have enhanced the exploration potential for supergene gold mineralization at Kaniago (Adansi) and have identified priority targets for further follow-up drilling due to be completed in the second half of 2012.

Photos: Diamond Drill Rig.

Kaniago (Adansi) Project: Aircore Collar Location Plan



Fromenda Prospect:

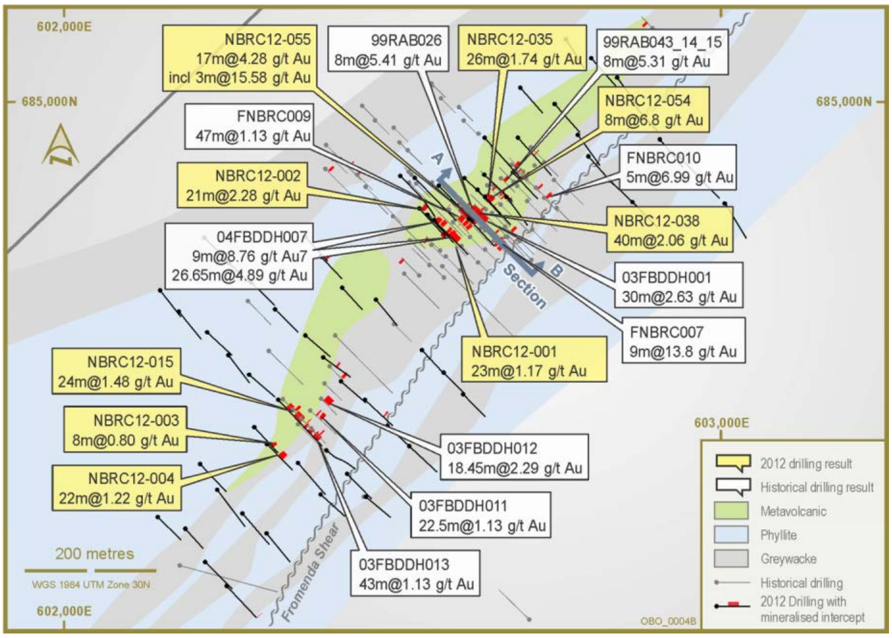
Based on historical exploration results the Fromenda Shear Zone and, in particular, the Fromenda Prospect, are considered by PMI Gold to be high priority exploration targets.

A program of 68 RC holes was completed during the year for a total of 6,775m of drilling. The drilling targeted a 500m long gold in soil anomaly. Assay results have been returned for all holes. Highlights of the results include (>0.5g/t Au):

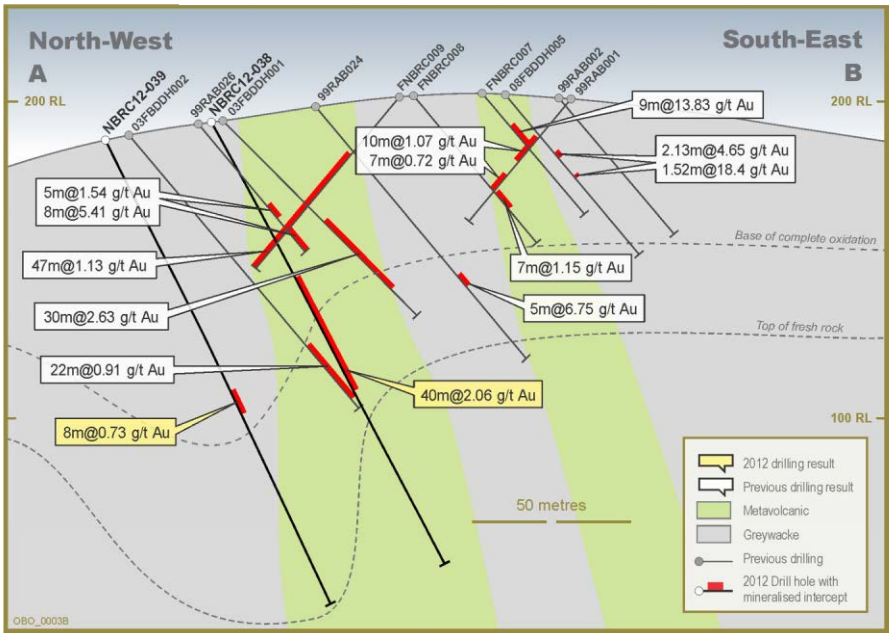
- NBRC12-001 23m @ 1.17g/t Au from 67m (incl. 4m @ 3.39g/t Au from 81m)
- NBRC12-002 21m @ 2.28g/t Au from 0m (incl. 2m 13.65g/t from 3m) & 9m @ 4.56g/t Au from 45m (incl. 3m @ 10.22g/t Au from 45m)
- NBRC12-004 22m @ 1.22g/t Au from 31m (incl. 1m @ 12.5g/t Au from 45m)
- NBRC12-015 2m @ 27.35g/t Au from 1m, 16m @ 1.08g/t Au from 24m & 24m @ 1.48g/t Au from 52m (incl. 2m @ 8.92g/t Au from 66m).
- NBRC12-021 5m @ 1.33g/t Au from 36m
- NBRC12-030 2m @ 3.94g/t Au from 21m
- NBRC12-035 36m @ 1.74g/t Au from 82m (incl. 1m @ 11.78g/t Au from 86m)
- NBRC12-036 3m @ 2.07g/t Au from 116m
- NBRC12-038 40m @ 2.06g/t Au from 55m
- NBRC12-054 8m @ 6.80g/t Au from 18m (incl. 1m @ 38.18g/t Au from 25m)
- NBRC12-055 17m @ 4.28g/t Au from 4m (incl. 3m @ 15.58g/t Au from 12m)

The drilling results confirmed the internal continuity of known mineralization to depths in excess of 100m. The mineralization is open along strike to both the north and south, and is down-dip, offering the potential to outline a more extensive system.

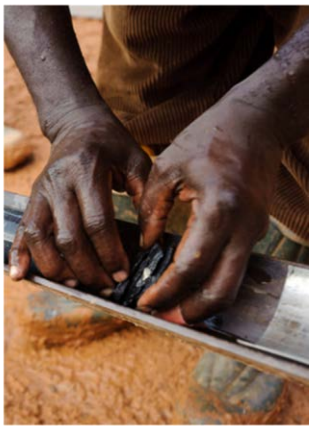
Fromenda Prospect: RC Collar Location Plan Showing Latest Drilling Results



Fromenda Prospect: Cross section (Line A-B)



Photos: Exploration Drilling.



REGIONAL EXPLORATION (CONT'D)

Afiefiso Prospect:

Subsequent to year end, PMI Gold announced drilling results at its Afiefiso Prospect, a high priority target within the Obotan Area of Influence.

Drilling was designed as a first-pass test of a strong (>100ppb) gold in soil geochemical anomaly, defined by previous explorers, over a strike length of 2km and 200-500m width.

The program comprised broadly spaced reconnaissance aircore traverses (145 holes on four traverses at 200-800m intervals). A total of 10,018m has been drilled on the prospect, intersecting multiple zones of anomalous gold at shallow depths (<100m), striking parallel to the Fromenda Shear over a strike extent of 1,600m and over downhole widths of 2-12m.

Encouraging shallow gold intersections, (>0.1g/t Au) include:

- AFAC12-001 16m @ 1.73 g/t Au from 11m (incl. 3m @ 7.58 g/t Au from 19m)
- AFAC12-003 6m @ 0.72 g/t Au from 21m
- AFAC12-011 15m @ 1.16 g/t Au from 44m (incl. 2m @ 4.99 g/t Au from 48m)
- AFAC12-016 9m @ 0.97 g/t Au from 49m (incl. 2m @ 2.76 g/t Au from 50m)
- AFAC12-073 3m @ 13.64 g/t Au from 12m (incl. 1m @ 40.57 g/t Au from 12m)

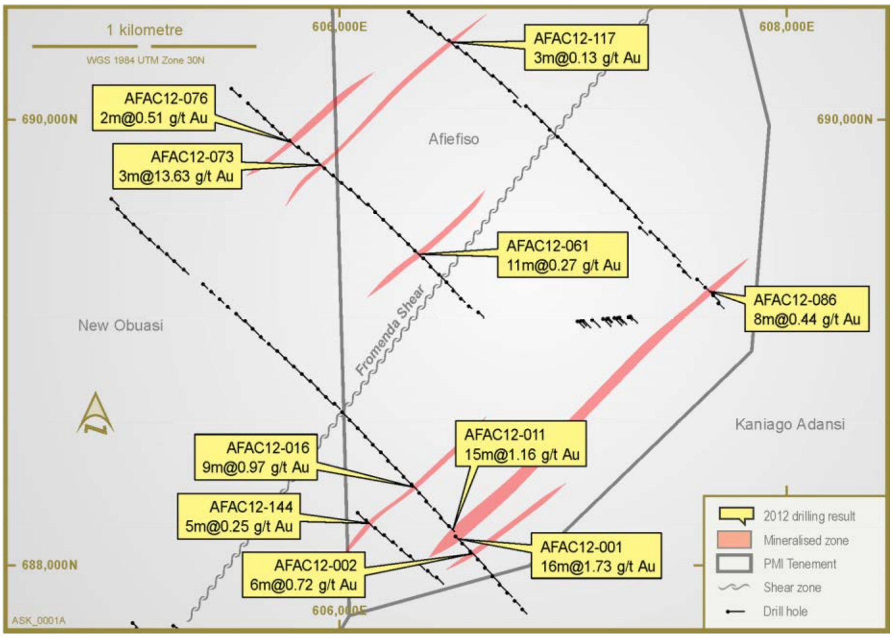
The Afiefiso results further highlight the potential of the Fromenda Shear.

ASANKO GOLD PROJECT

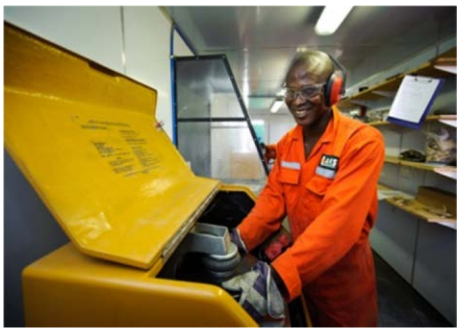
The Asanko Gold Project includes all tenements south of the Obotan Area of Influence within the Asankrangwa Gold Belt. It represents PMI Gold's third strategic project area offering significant exploration upside along the Abore, Nkran and Fromenda shears, which combined offer 135 strike kilometres of mineralized strike.

Further evaluation of this area and drill testing the numerous targets delineated from historical drilling along these three shears will be the focus of our exploration program in 2013 onwards.

Afiefiso Prospect: Aircore Collar Location Plan



Photos: AMS/Minanalytical Dedicated Sample Preparation Facility at Obotan.



REGIONAL EXPLORATION (CONT'D)

Ashanti Gold Belt

KUBI GOLD PROJECT

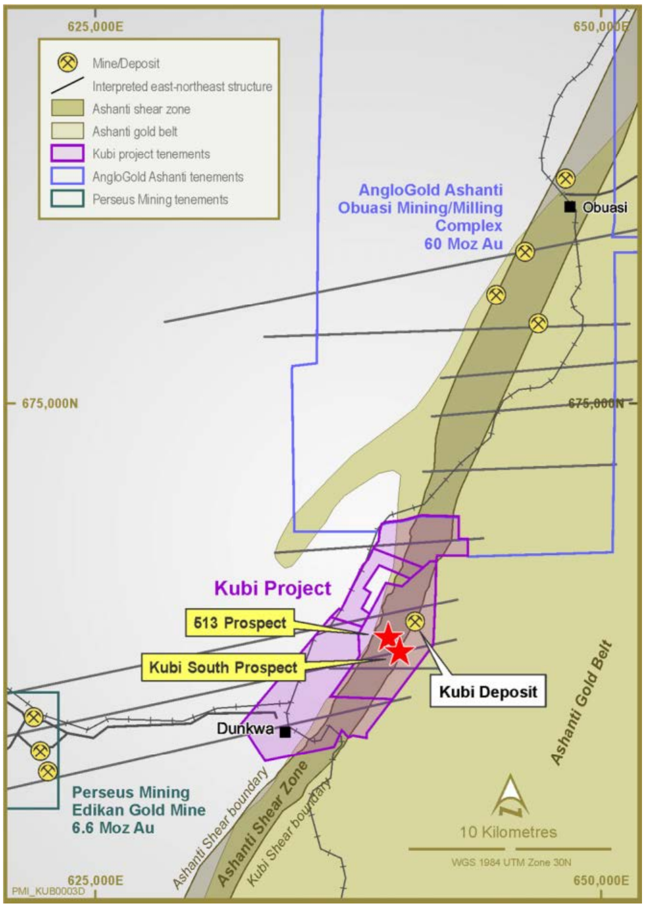
The Kubi Gold Project represents the Company's second developing project, located 65km east of the Obotan Gold Project, 15km immediately south and along strike from Anglo Gold Ashanti's Obuasi gold mining complex , which has a pre-mined resource of about 60Moz. Also it is located 12km north east of the Perseus Mining's 6.6Moz Edikan Gold Mine.

Previous exploration at Kubi principally focussed on the Kubi Main Deposit (NI43-101/JORC compliant Measured Resource of 0.66Mt grading 5.30 g/t Au for 112,000oz; Indicated Resource of 0.66Mt grading 5.65g/t Au for 121,000oz; and Inferred Resource of 0.67Mt grading 5.31 g/t Au for 115,000oz) on the Kubi Shear and on nearby geophysical anomalies. Deeper drilling has only been carried out at isolated locations and much of the Ashanti and Kubi Shear Zones remain untested by drilling.

The Company's exploration activities in 2011/2012 focussed on carrying out a 10,000m auger drilling program over a corridor bounded by the parallel northeast trending Ashanti and Kubi shears.

The auger results delineated a series of east-northeast trending gold anomalies (+40ppb), with anomalism extending over a 5km strike length. The program proved to be very successful in providing a new targeted focus to explore for new occurrences of gold mineralization.

Kubi Gold Project Tenement Location Plan showing 513 & Kubi South Prospect



513 Prospect:

A follow-up diamond drilling program was designed to test the broader potential of a geochemical anomaly having a strike extent of 500m, coincident with the Ashanti-Kubi Shear corridor and a cross-cutting east-northeast structure which also coincides with Perseus Mining's Edikan Gold Mine. These structures are considered favourable hosts for gold mineralization in Ghana.

A total of 17 diamond drill holes were drilled for 2,311m with significant intercepts (>0.5g/t Au) listed in Table 1.

The drilling results confirm the occurrence of gold mineralization over a broader area and indicate the occurrence of a higher grade zone within a broad, continuous, lower grade envelope at the southern extent of the prospect. Many of the larger gold deposits in Ghana have a short strike extent with substantial steep plunging deep roots. The presence of this higher grade shoot provides a valuable exploration target in the Kubi Gold Project for further follow-up drilling in the coming year.

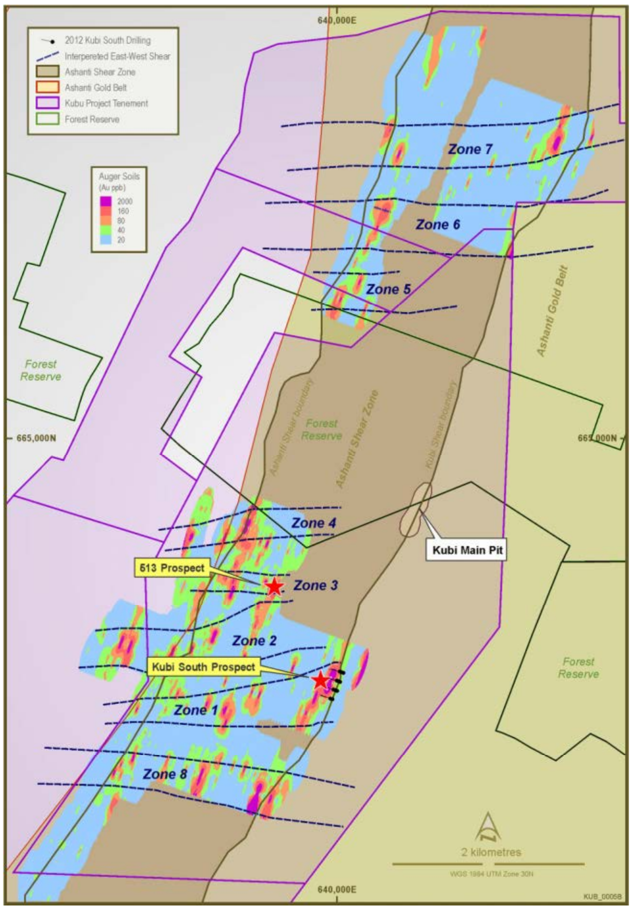
Kubi South Prospect:

Subsequent to the reporting year end, PMI announced assay results from a diamond drilling program undertaken at Kubi South Prospect, located 1.5km south of the Kubi Main Deposit.
The program of 12 diamond drill holes for 2,164.5m, drilled on a nominal 100m line spacing 25m apart, was designed to follow up historical mineralized intercepts and test the continuity of known mineralization along strike and down dip. Drilling intersected multiple zones of significant gold mineralization ranging in strike length from 150m to 300m, open along strike to the north and south, and down dip.
Highlighted intersections (>0.5g/t Au) are:

- KV12-540 5m @ 3.33 g/t Au from 103m (incl. 2m @ 5.3 g/t Au from 103m)
- KV12-549 8m @ 1.39 g/t Au from 116m (incl. 2m @2.56 g/t Au from 119m)
- KV12-551 4m @ 1.55 g/t Au from 98m (incl. 1m @ 5.23 g/t Au from 101m)
- KV12-546 2m @ 2.40 g/t Au from 120m (incl. 1m @ 4.1 g/t from 121m)

Further drilling during the reporting year was also undertaken at Gyimigya and Dunkwa-Gyimigya within the Kubi Project from which assays are still outstanding.

Gold Geochemical Anomalies from Auger Sampling Results at Kubi Project



513 Prospect: Drill Hole Location Plan

Table 1: 513 Prospect - Significant Gold Intercepts (>0.5g/t Au)

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

Hole ID	Easting (UTM)	Northing (UTM)	RL (UTM)	Dip	Azimuth	Depth From (m)	Depth To (m)	Interval (m)	Weighted Avg. Grade (g/t)
KV12-523	639204.8	663064.5	163.4	-50	290	78.0	87.0	9.0	1.79
Including						**83.0**	**86.0**	**3.0**	**3.22**
KV12-524	639165.8	663073.5	182.0	-50	290	28.5	31.5	3.0	1.09
Including						48.0	51.0	3.0	4.59
KV12-525	639187.2	663121.8	189.0	-50	290	43.5	46.5	3.0	0.96
KV12-526	639205.8	663179.2	188.2	-50	290	25.5	42.0	16.5	0.70
Including						**25.5**	**28.5**	**3.0**	**1.68**
						74.0	81.0	7.0	0.80
KV12-527	639327.4	663545.0	130.9	-50	290	NSR			
KV12-528	639379.4	663525.4	140.7	-50	290	107.0	109.0	2.0	1.33
						116.0	119.0	3.0	1.62
KV12-529	639344.7	663419.7	154.4	-50	290	138.0	140.0	2.0	2.68
KV12-530	639325.9	663426.9	156.7	-50	290	121.0	123.0	2.0	0.51
						125.0	127.0	2.0	0.37
KV12-531	639290.4	663491.1	145.8	-50	290	NSR			
KV12-532	639308.4	663484.3	144.7	-50	290	NSR			
KV12-533	639260.7	663328.7	133.1	-50	290	77.0	79.0	2.0	0.84
						81.0	82.0	1.0	0.70
						87.0	89.0	2.0	0.53
KV12-533A	639260.7	663328.7	133.1	-50	290	NSR			
KV12-534	639249.1	663210.7	158.4	-50	290	121.0	125.0	4.0	0.41
KV12-535	639227.0	663217.8	163.7	-50	290	39.0	40.5	1.5	1.50
KV12-536	639206.7	663222.8	168.0	-50	290	NSR			
KV12-537	639186.7	663185.6	191.2	-50	290	45.0	50.0	5.0	0.5
Including						**47.0**	**48.0**	**1.0**	**1.85**
KV12-538	639221.4	663109.4	172.9	-50	290	78.0	80.0	2.0	2.50
						85.0	97.0	12.0	2.40
Including						**85.0**	**88.0**	**3.0**	**5.00**
KV12-539	639283.8	663320.3	132.3	-50	290	104.0	106.0	2.0	0.84

CORPORATE

CAPITAL RAISING

In February 2012, the Company announced a C$35 million capital raising by way of an underwritten bought-deal. PMI Gold entered into an agreement with a syndicate of underwriters co-led by Clarus Securities Inc. and RBC Capital Markets and including GMP Securities L.P. and Raymond James Ltd. Under the terms of the agreement, the underwriters agreed to buy 28,000,000 Common Shares of the Company on a bought-deal underwritten basis and sell them to the public at a price of $1.25 per Common Share to raise gross proceeds of $35,000,000.

Total proceeds received from the offering after the payment of the Underwriters' Fee was $33,250,000. The proceeds from the offer have been used to fund work on the feasibility study for the development of Obotan and for general corporate purposes.

RECRUITMENT

The Company strengthened its corporate management team and Board during the reporting period, as well as recruitment of key roles in Ghana.

In late 2011, the recruitment drive was in full swing in Ghana to augment the Exploration team, with a number of positions filled, including five new geologists and additional personnel to provide technical and administrative support. Key positions of Exploration Manager and Community Relations and Environment Manager were also filled.

For the planned progression from explorer to developer of the Obotan Gold Project, the Company recently expanded its project and executive management team with the recruitment of Mr. Michael Gloyne as Chief Operating Officer (COO) and Mr. Charles Amoah as General Manager-Obotan Operations. Both Mr. Gloyne and Mr. Amoah bring valuable operations experience to the Company as it finalizes the feasibility study and moves into the detailed design and construction phase of the mine.

On a corporate level, PMI Gold appointed new joint Corporate Secretaries for Canada and Australia to effectively address corporate regulatory obligations in both jurisdictions. The PMI Board was also further enhanced with the appointment of experienced mining finance executive Dr. Michael Price as a new London-based Non-Executive Director. Dr. Price's finance experience will assist PMI Gold as it moves towards financing the development of Obotan.

As the Company enters a new growth phase with development plans for Obotan and the increased regional exploration activity across all projects, PMI Gold will continue to monitor its future HR/recruitment needs to ensure we have the right level of technical expertise and capabilities required to metamorphosis from explorer to developer.

Photo 1: PMI Gold's Exploration Team in Ghana.
Photo 2: Surveyor, Dennis Adu-Boateng and Senior Geologist, Ernest Boamah.
Photo 3: Senior Geologist, Philip Asiedu, presenting Kubi Project to the Board.

Tenement Schedule

The Company holds interests in the concessions summarised below. All concessions carry a 10% carried Net Profits Interest Royalty (NPI) and on issue of a Mining Permit a 5% NSR to the Ghanaian Government. Certain other concessions are subject to a Net Smelter Return Royalty (NSR) or Net Proceeds of Production Royalty (NPP).

PMI Gold Corporation – Tenement Status for the Year Ending 30 June 2012			
OBOTAN GOLD PROJECT			
Number:	*Name:*	*Area (km^2):*	*Royalty/3rd Party Interest:*
PL.6/303	Abore-Abirem	89.64	2% NSR
PL.6/310	Adubea	12.95	2.5% NSR
OBOTAN EXPLORATION AREA OF INFLUENCE			
Number	*Name:*	*Area (km^2):*	*Royalty/3rd Party Interest:*
PL.6/307	Kaniago (Adansi)	53.50	2% NSR
PL.3/3	New Obuase	21.53	2% NSR
PL.6/32	Switchback: Amuabaka, Nkronua Atifi & Gyagyastreso	64.78	2%NSR 10% to 3rd party)
ASANKO GOLD PROJECT			
Number:	*Name:*	*Area (km^2):*	*Royalty/3rd Party Interest:*
PL.6/260	Agyaka-Manso	40.00	2% NSR
PL.3/84	Diaso-Afiefiso	122.21	2% NSR
PL.2/10	Juabo	59.20	2% NSR 15% to 3rd party
PL.2/381	Manhyia	14.78	2% NSR
KUBI GOLD PROJECT			
Number:	*Name:*	*Area (km^2):*	*Royalty/3rd Party Interest:*
PL.3/30/Vol.3	Kubi	19.16	3% NPP
PL.3/30/Vol.3	Kubi Forest Reserve	0.18	3% NPP
PL.3/88	Dunkwa-Gyimigya	28.26	
PL.6/324	Gyimigya	4.566	

Mineral Resources & Reserves

OBOTAN GOLD PROJECT UPDATED MINERAL RESOURCES ESTIMATE – MARCH 2012

NI43-101/JORC Code Compliant: SRK Resource Estimate (March 2012), based on 0.5 g/t Au lower cut-off grade												
DEPOSIT	**MEASURED**			**INDICATED**			**MEASURED & INDICATED**			**INFERRED**		
	Tonnes (million)	*Grade (g/t Au)*	*Ounces (million)*	*Tonnes (million)*	*Grade (g/t Au)*	*Ounces (million)*	*Tonnes (million)*	*Grade (g/t Au)*	*Ounces (million)*	*Tonnes (million)*	*Grade (g/t Au)*	*Ounces (million)*
Nkran	11.74	2.55	0.96	20.41	2.12	1.39	32.15	2.28	2.35	14.47	2.21	1.05
Adubiaso	1.50	2.98	0.14	2.67	2.41	0.21	4.17	2.59	0.35	1.25	1.91	0.08
Abore	2.33	1.78	0.13	3.70	1.53	0.18	6.03	1.60	0.31	3.92	1.50	0.19
Asuadai	n/a	n/a	n/a	2.44	1.28	0.10	2.44	1.28	0.10	2.00	1.33	0.08
TOTAL	**15.57**	**2.47**	**1.23**	**29.21**	**2.00**	**1.88**	**44.79**	**2.16**	**3.11**	**21.91**	**1.99**	**1.40**

OBOTAN GOLD PROJECT UPDATED MINERAL RESERVES ESTIMATE – AUGUST 2012

NI43-101/JORC Code Compliant: Orelogy Reserve Estimation (August 2012) Feasibility Study			
RESERVE CLASSIFICATION	*Tonnes (millions)*	*Grade (g/t Au)*	*Ounces (millions)*
Proven	14.8	2.39	1.14
Probable	19.4	2.08	1.30
TOTAL Proven & Probable	**34.2**	**2.21**	**2.43**

OBOTAN GOLD PROJECT INTERIM MINERAL RESOURCES ESTIMATE – OCTOBER 2011

NI43-101/JORC Code Compliant: SRK Resource Estimate (October 2011), based on 0.5 g/t Au lower cut-off grade												
DEPOSIT	**MEASURED**			**INDICATED**			**MEASURED & INDICATED**			**INFERRED**		
	Tonnes (million)	*Grade (g/t Au)*	*Ounces (million)*	*Tonnes (million)*	*Grade (g/t Au)*	*Ounces (million)*	*Tonnes (million)*	*Grade (g/t Au)*	*Ounces (million)*	*Tonnes (million)*	*Grade (g/t Au)*	*Ounces (million)*
Nkran	11.10	2.76	0.98	19.70	2.42	1.52	30.80	2.54	2.50	12.60	2.54	1.02
Adubiaso	1.07	2.78	0.09	2.60	2.30	0.19	3.67	2.44	0.28	0.87	2.06	0.05
Abore	2.50	1.88	0.15	3.99	1.80	0.23	6.49	1.83	0.38	3.40	1.72	0.18
Asuadai	n/a	n/a	n/a	1.21	1.71	0.06	1.21	1.71	0.06	0.67	1.95	0.04
TOTAL	**14.67**	**2.66**	**1.22**	**27.50**	**2.32**	**2.00**	**42.17**	**2.40**	**3.22**	**17.54**	**2.35**	**1.29**

OBOTAN GOLD PROJECT MAIDEN MINERAL RESERVES ESTIMATE – JANUARY 2012

NI43-101/JORC Code Compliant: SRK Reserve Estimate (January 2012) Pre-feasibility Study			
RESERVE CLASSIFICATION	*Tonnes (millions)*	*Grade (g/t Au)*	*Ounces (millions)*
Proven	14.0	2.36	1.06
Probable	16.3	2.28	1.20
TOTAL Proven & Probable	**30.3**	**2.32**	**2.26**

KUBI GOLD PROJECT MINERAL RESOURCES ESTIMATE – DECEMBER 2010

NI43-101/JORC Code Compliant: SEMS Resource Estimate (December 2010)												
DEPOSIT	MEASURED			INDICATED			MEASURED & INDICATED			INFERRED		
	Tonnes (million)	*Grade (g/t Au)*	*Cont'd Au Ounces*	*Tonnes (million)*	*Grade (g/t Au)*	*Cont'd Au Ounces*	*Tonnes (million)*	*Grade (g/t Au)*	*Ounces (million)*	*Tonnes (million)*	*Grade (g/t Au)*	*Cont'd Au Ounces*
Kubi	**0.66**	**5.30**	**112,000**	**0.66**	**5.65**	**121,000**	**1.32**	**5.48**	**233,000**	**0.67**	**5.31**	**115,000**

MATERIAL TYPE	*Tonnes (million)*	*Grade (g/t Au)*	*Cont'd Gold Ounces*
Oxide	0.12	5.07	19,000
Fresh Rock	1.88	5.44	329,000

NOTES IN RELATION TO MINERAL RESOURCES AND RESERVES:

OBOTAN GOLD PROJECT

Mineral Resources (October 2011 & March 2012):

- Resource figures for each of the Obotan deposits are based on a 0.5 g/t Au lower cut-off grade.
- All resource numbers are rounded to 2 decimal places- 10,000 tonnes.
- Mineral Resources are reported in accordance with NI43-101 and JORC.

Maiden Mineral Reserves (January 2012):

- The SRK Mineral Reserve was estimated by construction of a block model within constraining wireframes based on Measured and Indicated resources.
- The Reserve is reported at lower a cut-off grade of 0.5g/t Au, which defines the continuous/semi-continuous mineralized zone potentially amenable to the low grade, bulk tonnage mining scenario currently being considered by PMI Gold.
- The grades and Reserve tonnes have been modified by a 95% mining recovery and a 5% allowance for mining dilution at 0.0g/t gold.
- At 93% metallurgical recovery for Oxide and Transitional material and 94.5% metallurgical recovery for Fresh material was used in defining the optimal pit shell.
- The Mineral Reserves are based on the October 2011 Mineral resource reports for the Nkran, Adubiaso, Abore and Asuadai deposits.
- All tonnes reported are dry tonnes.
- The base case pit optimization utilized a US$1,300/oz gold price.
- Mineral Reserves are reported in accordance with NI 43-101 and JORC.

Updated Mineral Reserves (August 2012):

- The Orelogy Mineral Reserve was estimated by construction of a block model within constraining wireframes based on Measured and Indicated resources.
- The Reserve is reported at lower a cut-off grade of 0.5g/t Au, which defines the continuous/semi-continuous mineralized zone potentially amenable to the low grade, bulk tonnage mining scenario currently being considered by PMI Gold.
- The grades and Reserve tonnes have been modified by an average ore loss and mining dilution of 4.8% with a mining dilution grade of 0.0g/t gold
- An average metallurgical recovery of 92.8% was used in defining the optimal pit shell.
- The Mineral Reserves are based on the March 2012 Mineral resource reports for the Nkran, Adubiaso, Abore and Asuadai deposits.
- All tonnes reported are dry tonnes.
- The base case pit optimization utilized a US$1,300/oz gold price.
- Mineral Reserves are reported in accordance with the NI 43-101 & JORC.

KUBI GOLD PROJECT (December 2010):

Mineral Resources:

- Resource figures for Kubi are based on a 2.0 g/t Au cut-off grade.
- Mineral Resources are reported in accordance with NI43-101 and JORC.

COMPETENT PERSONS STATEMENT - RESOURCES AND RESERVES

OBOTAN GOLD PROJECT

Information that relates to Mineral Resources (Interim and Final Estimate) at the Obotan Gold Project is based on a resource estimate that has been audited by Mr. Peter Gleeson, who is a full time employee of SRK Consulting, Australia. Mr. Gleeson is a Member of the Australian Institute of Geoscientists (MAIG) and has sufficient experience which is relevant to the style of mineralisation 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 of Exploration Results, Mineral Resources and Ore Reserves' and as defined in terms of NI43-101 standards for resource estimation of gold. Mr. Gleeson has more than 5 years' experience in the field of Exploration Results and of resource estimation in general. Mr. Gleeson consents to the inclusion of matters based on information in the form and context in which it appears.

Information that relates to Maiden Mineral Reserves (Pre-feasibility Study) at the Obotan Gold Project is based on a reserve estimate that has been carried out by Mr. Duncan Pratt, a full time employee of SRK Consulting, Australia. Mr. Pratt (CP Mining) is a Member of the Australasian Institute of Mining and Metallurgy (MAusIMM) and has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activities undertaken to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC), and as a Qualified Person in terms of NI43-101. Mr. Pratt consents to and approves the inclusion of matters based on information in the form and context in which it appears.

Information that relates to the Updated Mineral Reserves (Feasibility Study) at the Obotan Gold Project is based on a reserve estimate that has been carried out by Mr. Ross Cheyne, a full time employee of Orelogy Mining Consultants. Mr. Cheyne is a Fellow of the Australasian Institute of Mining and Metallurgy (FAusIMM), and has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity undertaken to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC), and as a Qualified Person (by ROPO) as defined in terms of NI43-101 standards for resource estimate of gold. Mr. Cheyne have more than 5 years' experience in the field of exploration results and of resource/reserve estimation and consents to and approve the inclusion of matters based on information in the form and context in which it appears.

The Mineral Resource and Mineral Reserve estimates have been prepared in accordance with the 2010 Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Definition Standards for Mineral Resources and Mineral Reserve as incorporated by reference in National Instrument 43-101 of the Canadian Securities Administrators, and is consistent with the Australasian Guidelines and Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (Revised December 2007) as prepared by the Joint Ore Reserves Committee of the AusIMM, AIG and MCA (JORC).

KUBI GOLD PROJECT

Information that relates to Mineral Resources at the Kubi Main Deposit is based on a resource estimate that has been audited by Simon Meadows Smith, who is a full time employee of SEMS Exploration Services Ltd, Ghana. Simon Meadows Smith is a Member of the Institute of Materials, Minerals and Mining (IMO3), London and has sufficient experience which is relevant to the style of mineralisation 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 of Exploration Results, Mineral Resources and Ore Reserves, and under NI43-101. Simon Meadows Smith consents to and approves the inclusion of matters based on information in the form and context in which it appears.

COMPETENT PERSONS STATEMENT - EXPLORATION RESULTS

Information that relates to Exploration Results is based on information compiled by Thomas Amoah, who is employed by Adansi Gold Company (Gh) Ltd, a wholly owned subsidiary of PMI Gold Corporation. Mr. Amoah, who is a Member of the Australian Institute of Geoscientists (MAIG), 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. Amoah 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 relating to Exploration Results has been reviewed and approved by Thomas Amoah, MAIG, MSEG. a "qualified person" as defined under National Instrument 43-101. Field work was supervised by Mr. 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 using either a minimum 0.1 g/t Au (Kaniago (Adansi) Prospect and Afiefiso Prospect) or 0.5 g/t Au (Fromenda Prospect, 513 Prospect and Kubi South) cut off at the beginning and the end of the intercept and allowing for no more than three consecutive metres of less than 0.1 g/t Au (Kaniago (Adansi) Prospect and Afiefiso Prospect) or 0.5 g/t Au (Fromenda Prospect, 513 Prospect and Kubi South Prospect) internal dilution. True widths are estimated at from 60% to 70% of the stated core length.

COMPETENT PERSONS STATEMENT - PRE-FEASIBILITY & FEASIBILITY STUDY

PMI filed a NI43-101 compliant technical report on the Obotan Project outlining the Mineral Resources and Reserves Estimate and the result of a Pre-Feasibility Study on February 15, 2012. The NI43-101 technical report was authored by Peter Gleeson B.Sc. (Hons), M.Sc, MAIG, MGSA Principal Consultant Geology for SRK Consulting; Duncan Pratt BEng (Hons), MAusIMM, (CP) Senior Consultant Mining for SRK; Kobus de Plooy BSc (Geology), GDE Mining Engineering (Rock Mechanics), Principal Consultant Geotechnical Engineering for SRK Consulting and Bill Gosling BEng (Extractive Metallurgy), MBA, FAusIMM, Senior Process Engineer for GR Engineering Services. Each of these persons is a Qualified Person under NI43-101, are independent of PMI and have verified the data.

PMI filed as NI 43-101 compliant technical report on the Obotan Project outlining the Mineral Resources and Reserves Estimate and the result of the Feasibility Study on September 17, 2012. The NI43-101 technical report was prepared by GR Engineering Services Limited, and co-authored by P. Gleeson, B.Sc. (Hons), M.Sc, MAIGS, MGSA, J. Price, FAusIMM(CP), FGS, MIE(Aust.), R Cheyne, BEng. (Mining), FAusIMM, CEng (IEI), and G. Neeling, BAppSc. (Multidisciplinary) FAusIMM, each of whom is independent for the purposes of NI 43-101.

Mr Collin Ellison, President & CEO, BSc Mining, MIMMM, C.Eng, a "qualified person" within the definition of that term in NI43-101, has supervised the preparation of the technical information regarding the Company's mineral projects which is not covered by the filed NI43-101 technical reports on the Obotan Project.

Reference should be made to the full text of the Obotan Technical Reports and the associated certificates and consents which has been filed with Canadian securities regulatory authorities pursuant to NI43-101 and is available for review under the Company's profile on SEDAR at www.sedar.com.

2012 Annual Report

PMI GOLD
CORPORATION

Board of Directors

The Directors in office at the date of this report and at any time during the financial year are as follows. Directors were in office for the entire year unless otherwise stated.







L to R: Peter Buck (Non-Executive Chairman), Collin Ellison (Managing Director & CEO), Thomas Ennison (Executive Director), Hon. JH Mensah (Non-Executive Director), John Clarke (Non-Executive Director), Ross Ashton (Non-Executive Director), Michael Price (Non-Executive Director)

MR. PETER BUCK, M.Sc (Geology), M.AusIMM, Non-Executive Chairman

Mr. Buck is a geologist with 40 years of international exploration and production experience, principally in nickel, base metals and gold. During his career he has been associated with the discovery and development of a number of mineral deposits in Australia and Brazil, working with WMC Resources for 23 years and Forrestania Gold/LionOre Australia (1994-2006), and Breakaway Resources Limited (2006-2009).

During his tenure at LionOre, Mr. Buck managed the highly successful exploration team that discovered the Maggie Hays, Emily Ann, Waterloo and Amorac nickel deposits and the two million ounce Thunderbox gold deposit in Western Australia, and was closely involved in the management of these deposits through feasibility studies to production. Mr. Buck also held key senior advisory roles in indigenous relations in Australia, LionOre's African operations and new business development. During this period Mr. Buck served as non-executive Director with Gallery Resources and Breakaway Resources Limited. In 2006, Mr. Buck became the Managing Director and CEO of Breakaway Resources and led the team that discovered extensions to a series of nickel and base deposits in WA and Queensland. He left Breakaway in 2009 to pursue other professional and personal interests.

In addition to PMI Gold Corporation, Mr. Buck is a non-executive Director of Antipa Minerals Ltd, and has a voluntary role as a Board Member of the Centre for Exploration Targeting, University of Western Australia and Curtin University.

Appointed:	17 December 2010
Committee Member:	Audit, Nomination and Compensation, Special
Current Directorships Held:	Antipa Minerals Ltd
Previous Directorships in last 3 Years:	None

MR. COLLIN ELLISON, B.Sc. (Mining), C. Eng., Managing Director/CEO

Mr. Ellison is a Professional Mining Engineer with forty years of experience in mining project evaluation, development, design, implementation and operation. During his career, Mr. Ellison has built and operated nine resource projects and companies in Africa, Australia, Asia, Central Asia and North America. He was previously the President & Chief Executive Officer of Goldbelt Resources Ltd., and was responsible for the development of the Inata gold mine in Burkina Faso and subsequently as President and Chief Executive Officer for Asian Mineral Resources Limited for the development of the Ban Phuc nickel project in Vietnam.

Appointed:	20 January 2011
Committee Member:	None
Current Directorships Held:	None
Previous Directorships in last 3 Years:	Asian Mineral Resources Ltd (2009)

MR. THOMAS ENNISON, LLM, Executive Director, Ghana Legal Counsel

Mr. Ennison is a Barrister and Solicitor of the Supreme Court of Ghana and serves as Corporate Secretary to Adansi Gold Company (Gh) Ltd., the 100% owned subsidiary of PMI Gold. Formerly the Ghanaian Ambassador to Italy and Advisor to the U.N. on mining law, Mr. Ennison was also the Principal State Attorney in the Attorney General's Dept and Head of the International Law Unit, with the responsibility for the preparation of mining agreements. He has also served as General Legal Counsel for the Economic Community of West African States (ECOWAS).

Appointed:	10 August 2007
Committee Member:	None
Current Directorships (Listed Co):	None
Previous Directorships in last 3 Years:	None

HONOURABLE JOSEPH HENRY MENSAH, Non-Executive Director

Mr. Mensah is the former Chairman of the National Development Planning Commission of Ghana, an advisory board that reports directly to the President and to Parliament. He is also the former Member of Parliament for the riding of Sunyani East. Trained as an Economist, Mr. Mensah is widely respected in global development planning including formerly with the United Nations. Previously, he held the post of Minister of Finance and Economic Planning and latterly as Leader of Government Business, head of Economic Management Team, and senior Minister of the Government of Ghana. He was also a member of the African Advisory Council of the African Development Bank. Mr. Mensah also recently retired as an Independent Director of AngloGold Ashanti Ltd.

Appointed:	21 June 2007
Committee Member:	Audit
Current Directorships (Listed Co):	None
Previous Directorships in last 3 Years:	Anglo Gold Ashanti Ltd (2010)

DR. JOHN CLARKE, Ph.D, MBA, Non-Executive Director

Dr. Clarke holds a B.Sc. in metallurgy from University College Cardiff, a Ph.D. in metallurgy from Cambridge University and an MBA from Middlesex Polytechnic. During his long career involved in African mining he has held a number of executive positions including Executive Director of Ashanti Goldfields and most recently was the CEO of Nevsun Resources Limited, an exploration and development company engaged in gold and base metals exploration and development in Africa.

While at Ashanti, Dr. Clarke was responsible for strategic planning and business development and contributed to establishing Ashanti's gold exploration program throughout sub-Saharan Africa, including the acquisition of the Geita deposit in Tanzania, the Siguiri deposit in Guinea and the Bibiani deposit in Ghana.

Appointed:	28 October 2009
Committee Member:	Nomination and Compensation, Special (Chairman)
Current Directorships (Listed Co):	Banro Corporation, Mediterranean Resources, Great Quest Metals
Previous Directorships in last 3 Years:	Nevsun Resources Ltd (2009)

MR. ROSS ASHTON, B.Sc (Geology), M.AusIMM, Non-Executive Director

Mr. Ashton has been involved in the exploration, consulting, financing and development of international resource projects since 1972. Most recently in his capacity as Managing Director and subsequently Chair of Red Back Mining Inc, Mr. Ashton was responsible for identifying the prospectivity and leading the team which discovered the multi-million ounce Chirano gold deposit in Ghana, West Africa. In 2004 Mr.. Ashton re-domiciled Red Back from the ASX to the TSX with a new Canadian CEO, management and board and he resigned as chair in 2005. In September 2010 Red Back, as a +400,000 ounce per year gold producer, was the subject of a merger with Kinross Gold Corporation which valued the Company at US$7.1B.

Appointed:	17 December 2010
Committee Member:	Audit (former Chairman)*, Nomination and Compensation (Chairman), Special
Current Directorships Held (Listed Co):	None
Previous Directorships in last 3 Years:	Brockman Resources Ltd (2011), GB Energy Ltd (2010)

*Mr. Ashton resigned as Chairman of the Audit Committee on 13 June 2012 with the appointment of Dr Michael Price.

DR. MICHAEL PRICE, Non-Executive Director

Dr. Price has more than 30 years' experience in mining and mining finance. He has arranged, structured and advised on numerous mining-related financings around the world and advised mining companies, governments, multi-lateral institutions, corporates and banks on all aspects of mining and metals-related financings. In addition, Dr. Price has acted as mining finance consultant and advisor to several international and Canadian companies including Lubel Coal Company, First Nickel Inc., Riversdale Mining, Goldbelt Resources and Cliff Gold plc. He is a non-executive Director of Eldorado Gold Corporation, Central Asia Metals plc, Q Resources plc and Lincoln Mining Corporation.

During his career Dr. Price has held a number of senior investment banking positions in global mining finance including Managing Director, Joint Global Head of Mining and Metals at Barclays Capital, Managing Director, Global Head of Mining and Metals for Societe General in London and Executive Director, Head of Resource Banking and Metals Trading for NM Rothschild and Sons Ltd.

Appointed:	13 June 2012*
Committee Member:	Audit (Chairman)**, Special
Current Directorships (Listed Co):	Eldorado Gold Corporation, Lincoln Mining Corporation, Q Resources Plc, Central Asia Metals Plc,
Previous Directorships in last 3 Years:	Sumatra Copper & Gold Plc (2012)

*Dr Michael Price was not in office for the entire reporting year.
**Dr Michael Price became Chairman of the Audit Committee on his appointment to the Board. Mr. Ross Ashton resigned from the Audit Committee.

Senior Management

MS. MARION MCGRATH, Corporate Secretary (Canada)

Ms. McGrath has been actively engaged in the securities industry for over 25 years. She has served as a Director and officer of numerous public companies in a corporate administrative capacity. Ms. McGrath is the owner of iO Corporate Services Ltd., which company provides corporate and accounting services to various publicly-traded Canadian companies. Prior to organizing iO Corporate, Ms. McGrath was a senior paralegal with a Vancouver-based securities law firm.

Mr. IAN HOBSON, Corporate Secretary (Australia)

Based in Perth, Western Australia, Mr. Hobson's services will complement the services already provided by Marion McGrath in meeting PMI's corporate regulatory obligations primarily within Australia. Mr. Hobson is a Fellow Chartered Accountant and Chartered Secretary with over 25 years' experience in Australia, Canada and the UK in the areas of corporate governance, financial control, due diligence, prospectuses and mergers and acquisitions for ASX listed companies.

MR. MICHAEL GLOYNE, Chief Operating Officer

Mr. Gloyne is a mining engineer with over 25 years' experience in developing mining projects, from Bankable Feasibility Study, design and development through to production. He has held senior management positions with major mining and mining services organizations globally, most recently as General Manager - Operations with the Australian iron ore company Brockman Resources Limited and General Manager - Operations with Moly Mines Limited, during the Bankable Feasibility Study on the 20Mpta Spinifex Ridge Molybdenum Project. Prior to that, he was General Manager - Business Development with Brambles Industrial Services, with responsibility for large-scale, long-distance mine haulage operations, Manager Contracting for Boral ACM and held other senior positions with leading mining and contracting companies including Henry Walker Contracting Pty Ltd, 7 years with Dominion Mining Limited developing and managing gold mining operations in Western Australia and the Northern Territory and as Resident Mine Manager at the Reedy Gold Mine for Metana Minerals Limited.

MR. MICHAEL ALLEN, Chief Financial Officer

Mr. Allen is an experienced Chartered Accountant with 30 years in the mining, advisory and investment sectors. He has been involved in the acquisition and sale of mining assets and development of gold mines in Australia, Tanzania, Sweden and Finland. His experience with Resolute Mining, the previous owners of the Obotan Project, with their Golden Pride Project in Tanzania included negotiation of a fiscal stability agreement and his later role with AngloGold in Tanzania are relevant African experience and together with his experience within project development teams will contribute significantly to the management team. Recently Mr. Allen has been a principal in the Corporate Finance division of RSM Bird Cameron in Perth. He is a member of the Australian Institute of Company Directors and the Australian Shareholders Association.

MR. THOMAS AMOAH, VP-Exploration, West Africa

Mr. Amoah joined the Company in May 2011. He is a geologist with over 15 years' experience in gold, bauxite and iron ore exploration, and resource and project development in West Africa. He was previously the Exploration Manager for Avocet Mining in Burkina Faso and played a key role in developing and extending the resources at the Inata Gold Project and other deposits at the Belahouro Project area. He has worked extensively in Ghana and Sierra Leone during his time as a consultant with Resource Services Group (now Coffey Mining). Mr. Amoah will manage all of Adansi Gold's exploration activities and performance within the key project areas - Obotan, Kubi and Asankrangwa. In addition, he will establish, develop and maintain occupational health and safety training and operations as well assist in the evaluation and development of Adansi's exploration strategy within Ghana and elsewhere within West Africa.

MR. CHARLES AMOAH, General Manager – Obotan Operations

Mr. Amoah is a metallurgist with over 20 years' experience and has held a number of senior management positions in the Ghanaian gold mining industry. He has been employed by Gold Fields at its 90-per-cent-owned Damang mine for the past 10 years and, for the last 6 years, has held the position of metallurgical manager and acted for the general manager. He has previously worked for Teberebie Goldfields Ltd. and Abosso Goldfields under Ranger Minerals. Other positions held have included metallurgical superintendent, chief metallurgist and plant metallurgist.

MR. JOHN NYKETIA GYEDU, Exploration Manager

Mr. Gydeu has 17 years' experience in exploration and mine operations within Ghana and Algeria and was most recently Geology Manager & Senior Mine Geologist with GMA Resources/Enor (Algeria), and previously as Chief Mine Geologist, Senior Mine Geologist, Pit Supervisor and Senior Pit Geologist with Goldfields and Ranger Minerals both in Ghana.

MR. ERIC DARKO, Community Relations and Environment Manager

Mr. Darko has 14 years' experience working in similar roles within Ghana, most recently with Chirano Gold Mine Limited where he was Community and Public Relations Manager and Local Communications Officer (2005-2011). Mr. Darko is responsible for the design and implementation of appropriate community relations programs, the development of environmental management programs, the organisation and provision of logistics support as well as managing the Company's community relations team in Ghana.

Corporate Governance

CORPORATE GOVERNANCE DISCLOSURE STATEMENT - AUSTRALIA

Subject to the exceptions outlined below, the Company has adopted the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations ("**Recommendations"**) to the extent that the Recommendations are relevant and appropriate to the Company's nature and size. The Board sets out below its "if not, why not" report in relation to those matters of corporate governance where the Company's practices depart from the Recommendations.

The Board is responsible for the overall corporate governance of the Company, and it recognizes the need for the highest standards of behaviour and accountability. The Board has developed and will continue to develop strategies for the Company, review strategic objectives, and monitor the performance against those objectives.

Recommendation		Comply Yes / No	If not, why not
Principle 1 – Lay solid foundations for management and oversight			
1.1	Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.	Yes	Refer A below
1.2	Companies should disclose the process for evaluating the performance of senior executives.	Yes	Refer A below
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1.	Yes	Refer A below
Principle 2 – Structure the Board to add value			
2.1	A majority of the Board should be independent Directors.	Yes	Refer B below
2.2	The chair should be an independent Director.	Yes	Refer B below
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	Yes	Refer B below
2.4	The Board should establish a nomination committee.	Yes	Refer C below
2.5	Companies should disclose the process for evaluating the performance of the Board, its committees and individual Directors.	Yes	Refer D below
2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2.	Yes	Refer E below
Principle 3 – Promote ethical and responsible decision-making			
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to:	Yes	Refer F below
	• the practices necessary to maintain confidence in the company's integrity	Yes	Refer F below
	• the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders	Yes	Refer F below
	• the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Yes	Refer F below
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity for the Board to assess annually both the objectives and progress in achieving them.	Yes	Refer G below
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.	Yes	Refer G below
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.	Yes	Refer H below
3.5	Companies should provide the information indicated in the Guide to reporting on Principle 3.	Yes	Refer G below
Principle 4 – Safeguard integrity in financial reporting			
4.1	The Board should establish an audit committee.	Yes	Refer I below
4.2	The audit committee should be structured so that it:	Yes	Refer I below
	• consists only of non-executive Directors	Yes	Refer I below
	• consists of a majority of independent Directors	Yes	Refer I below
	• is chaired by an independent chair, who is not chair of the Board has at least three members.	Yes	Refer I below
4.3	The audit committee should have a formal charter.	Yes	Refer I below
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4.	Yes	Refer I below

Principle 5 – Make timely and balanced disclosure			
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	Yes	Refer J below
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5.	Yes	Refer J below
Principle 6 – Respect the rights of shareholders			
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	Yes	Refer K below
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6.	Yes	Refer K below
Principle 7 – Recognize and manage risk			
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Yes	Refer L below
7.2	The Board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	Yes	Refer L below
7.3	The Board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Yes	Refer M below
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7.	Yes	Refer L below
Principle 8 – Remunerate fairly and responsibly			
8.1	The Board should establish a remuneration committee.	Yes	Refer N below
8.2	The remuneration committee should be structured so that it:	Yes	Refer N below
	• consists of a majority of independent Directors	Yes	Refer N below
	• is chaired by an independent chair	Yes	Refer N below
	• has at least three members.	Yes	Refer N below
8.3	Companies should clearly distinguish the structure of non-executive Directors' remuneration from that of executive Directors and senior executives.	No	Refer O below
8.4	Companies should provide the information indicated in the Guide to reporting on Principle 8.	Yes	Refer O below

A – Principle 1 Recommendation 1.1, 1.2, 1.3

The Board is responsible for corporate governance and for determining the strategic direction of the Company including establishing goals for management and monitoring the achievement of these goals, monitoring the overall corporate governance and ensuring that Shareholder value is increased. The Board's responsibilities are disclosed within the Board Charter, the Mandate of the Chairman of the Board, and the Mandate of the President and Chief Executive Officer Mandate. Management is responsible for executing strategy and for day-to-day operations.

The Board expects senior executives to act with the utmost integrity and objectivity in their business dealings. The performance evaluation process for senior executives is disclosed in section D.

B – Principle 2 Recommendation 2.1, 2.2, 2.3

The Board currently consists of 7 Directors (3 non-independent and 4 independent). The independent Directors are Ross Ashton, Peter Buck, Hon. JH Mensah and Michael Price. Non-independent Directors are Collin Ellison, John Clarke and Thomas Ennison.

The Company's Non-Executive Chairman is Peter Buck and the Managing Director and Chief Executive Officer is Collin Ellison.

C – Principle 2 Recommendation 2.4

The Board has established a Nomination and Compensation Committee (NACC) which meets at least once a year. The committee members during the reporting year were Ross Ashton (Committee Chairman), Peter Buck, and John Clarke. All are Non-Executive Independent Directors, except John Clarke who is classified as Non-Independent under Canadian regulations as he had previously held an Executive Director role with PMI

D – Principle 2 Recommendation 2.5

The Board has an informal process for evaluating the performance of the Board, its committees and individual Directors.

The Company has a performance evaluation process and the Board reviews the performance each year of individual Directors, the Board as a whole, and the various committees, and senior executives, to ensure they work efficiently and effectively in achieving their functions as set out in the respective Board and committee charters. The Board may also utilise the services of an external party to review the performance, composition and effective skills mix of the Directors of the Company.

E – Principle 2 Recommendation 2.6

A profile of each of the Directors and Officers is outlined in this Annual Report for year end 30 June 2012.

The Board has adopted specific principles in relation to Directors' independence. These state that when determining independence, a Director must be a non-executive and the Board should consider whether the Director:

- is a substantial shareholder of the company or an officer of, or otherwise associated directly with, a substantial shareholder of the company
- is or has been employed in an executive capacity by the company or any other group member within three years before commencing to serve on the Board
- within the last three years has been a principal of a material professional adviser or a material consultant to the company or any other group member, or an employee materially associated with the service provided
- within the last three years has been the auditor, or a partner or employee of the audit firm
- has earned, or an immediate family has earned, more than C$75,000 in direct compensation in a 12 month period during the last 3 years
- is a material supplier or customer of the company or any other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer
- has a material contractual relationship with the company or a controlled entity other than as a Director of the group
- is free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's independent exercise of their judgement.

The Board regularly assesses whether each non-independent Director is independent, and requires each Director to provide the Board all information that may be relevant to this assessment.

The materiality threshold for these purposes is determined on both quantitative and qualitative bases and the materiality of each transaction or event will be determined on a case by case basis. In addition, a transaction of any amount or a relationship is deemed material if knowledge of it may impact the shareholders' understanding of the Director's performance.

All independent Directors of the Board are disclosed in section B and their independence is measured having regard to the principles set out above.

The Company shall provide for appropriate funding, as determined by the Committee, for payment of compensation to the independent auditor for the purpose of issuing an audit report and performing related work. The Committee shall also have the authority to retain such other independent advisors as it may from time to time deem necessary or advisable for its purposes and the payment of compensation therefore shall also be funded by the Company.

The names of the members of the Nomination and Compensation Committee are disclosed in section C.
The performance evaluation process for the Board, it committees and individual Directors is disclosed in section D.

The Company has an Audit Committee Charter which outlines that the Audit Committee shall assist the Board in its oversight of the financial reporting process, the independent auditors, risk management and compliance with applicable laws, rules and regulations.

F – Principle 3 Recommendation 3.1

The Company and its subsidiaries, is committed to conducting its business in compliance with the law and the highest ethical standards. As part of that commitment, PMI established a Code of Business Conduct to guide executives, management and staff in carrying out their duties and responsibilities. The Code of Business Conduct is subject to ongoing review to ensure that PMI's standards of behaviour and corporate culture reflect best practice in Corporate Governance.

This Code sets out written standards that are designed to deter wrongdoing and to promote:

- Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- Full, fair, accurate, timely and understandable disclosure in reports and documents that the Corporation files with, or submits to, applicable securities regulators and in other public communications made by the Corporation;
- Compliance with applicable governmental laws, rules and regulations;
- The prompt internal reporting to an appropriate person or persons of violations of this Code; and
- Accountability for adherence to this Code.

G – Principle 3 Recommendation 3.2, 3.3, 3.5

The Company is committed to workplace diversity which includes, but is not limited to, gender, age, ethnicity and cultural background, and a particular focus is on supporting the representation of women at the senior level of PMI and on the PMI Board.

The Nomination and Compensation Committee is responsible for developing measurable objectives and strategies to meet the Objectives of the Diversity Policy and monitoring the progress of the objectives through the monitoring, evaluation and reporting mechanisms outlined in the Diversity policy.

These objectives have been set to achieve:

- A diverse and skilled workforce, leading to continuous improvement in service delivery and achievement of corporate goals;
- A workplace culture characterised by inclusive practices and behaviours for the benefit of all staff;
- Improved employment and career development opportunities for women;
- A work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives through improved awareness of the benefits of workforce diversity and successful management of diversity; and
- Awareness in all staff of their rights and responsibilities with regards to fairness, equity and respect for all aspects of diversity.

The Nomination and Compensation Committee will report to the Board annually on these objectives. As the policy has been in place for a short period of time, there has not been a review of progress against these objectives at the date of this report.

H – Principle 3 Recommendation 3.4

The Company does not have any women on the Board. The Corporate Secretary is Marion McGrath who is based in Canada. The Company has a proportion of women (12%) who are employed on full-time, part-time or consultant basis.

I – Principle 4 Recommendation 4.1, 4.2, 4.3, 4.4, 4.5

The Board has established an audit committee and a new Audit Committee Charter was adopted in September 2011. A feature of this Charter was a change from meeting twice a year to four time per annum. The committee members are Ross Ashton (Committee Chairman until resignation following appointment of Michael Price on 13 June 2012), Peter Buck, Hon JH Mensah and Michael Price (Committee Chairman upon appointment on 13 June 2012), who are all Non-Executive Independent Directors. Their qualifications are disclosed within this Annual Report for the year ended 30 June 2012 and all of whom are financially literate as defined in Multilateral Instrument 52-110, Audit Committees (Canada).

J – Principle 5 Recommendation 5.1, 5.2

The Company has adopted a Continuous Disclosure Policy and the purpose of this policy is to provide guidance to all Directors and employees of PMI regarding what may be considered material information, ensure that all Directors and employees are aware of the continuous disclosure obligations of PMI, establish a process by which the company can promptly identify and, if required, disclose relevant information to the market, provide shareholders and the market with timely, direct and equal access to information issued by PMI and promote investor confidence in the integrity of the Company and its securities.

K - Principle 6 Recommendation 6.1, 6.2

The Board has adopted a Shareholder Communications Policy

The Board strives to ensure that Shareholders are provided with sufficient information to assess the performance of the Company and its Directors and to make well-informed investment decisions. Information is communicated to Shareholders through: -

- Annual, quarterly financial reports and management and discussion analysis (MD&A);
- Annual and other general meetings convened for Shareholders review and approval of Board proposals;
- Continuous disclosure of material changes to the ASX and TSX for open access to the public; and
- The Company's website, www.pimgoldcorp.com, where all announcements, notices and financial reports are published.

L - Principle 7 Recommendation 7.1, 7.2,7.4

The Board monitors and if necessary, receives advice on, areas of operational and financial risk and consider strategies for appropriate risk management arrangements. The Board has also established an audit committee which addresses the risk of the Company.

The Board is responsible for the identification of the principal risks of the Corporation's business and ensuring the implementation of appropriate systems to effectively monitor and manage those risks with a view to the long-term viability of the Corporation and achieving a proper balance between the risks incurred and the potential return to the Corporation's shareholders.

The Company has a risk management policy and the purpose of this policy is to encourage an appropriate level of risk tolerance throughout the Company, establish procedures to analyse risks within agreed parameters across the Company, establish appropriate risk delegations and corresponding risk management framework across the Company and ensure PMI has a risk management framework that can measurably react should the risk profile of the Company change.

M - Principle 7 Recommendation 7.3

In accordance with Canadian requirements of National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings, the Company's management (including the Chief Executive Officer and Chief Financial Officer) must acknowledge responsibility for the design and operation of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), and the requirement to evaluate the effectiveness of these controls on an annual basis. The Board is assured that such declaration is founded on a sound system of risk management and internal control and that the system is operation effectively in all material respects in relation to financial risk.

N - Principle 8 Recommendation 8.1, 8.2

The Board has established a Nomination and Compensation Committee (NACC) which meets at least once a year. The committee members during the reporting year were Ross Ashton (Committee Chairman), Peter Buck, and John Clarke. All are Non-Executive Independent Directors, except John Clarke who is classified as Non-Independent under Canadian regulations as he had previously held an Executive Director role with PMI.

The Charter for the Committee is available on the Company's website.

O - Principle 8 Recommendation 8.3, 8.4

To determine compensation payable, the Independent Directors review compensation paid to Directors, the CEO and Senior Management of companies of similar size and stage of development in the mineral exploration industry to determine an appropriate compensation that reflects the need to provide incentive and compensation for the effort expended, while taking into account the financial resources together with other factors that may have impacted the success of the Company.

The Company pays annual fees to Independent Non-Executive Directors. In addition, Independent Directors who sit on the audit or NACC committees are paid a set fee for their services. Both fees are capped and are subject to shareholder approval.

The Company established a Special Committee – Corporate Transactions in November 2011. This comprises Ross Ashton, Peter Buck, John Clarke (Committee Chairman) and Michael Price, and was formed to consider strategic transactions. After obtaining independent advice, it was agreed to pay per member a fixed fee per meeting attended, up to a maximum of $10,000 per member per annum, with Board approval required if higher amounts are required.

Whilst the ASX Corporate Governance Council recommends otherwise, the Board considers the issue of options to non-executive Directors as an appropriate method of providing sufficient incentive and reward and attracting high calibre Directors. The Company does not have a pension plan that provides payment or benefits to the Directors following or in connection with retirement, other than statutory superannuation.

CORPORATE GOVERNANCE DISCLOSURE STATEMENT - CANADA

Set out below is the Corporate Governance Disclosure Statement under Form NI58-101F1 required in Canada.

Corporate governance relates to the activities of the Board of Directors (the "**Board**"), the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day-to-day management of the Company. National Policy 58-201 *Corporate Governance Guidelines* establishes corporate governance guidelines which apply to all public companies in Canada. These guidelines are not intended to be prescriptive but to be used by issuers in developing their own corporate governance practices. The Board is committed to sound corporate governance practices, which are both in the interest of its shareholders and contribute to effective and efficient decision making. Pursuant to National Instrument 58-101 *Disclosure of Corporate Governance Practices* ("**NI 58-101"**), the Company is required to disclose its corporate governance practices, as summarized below. The Board will continue to monitor such practices on an ongoing basis and, when necessary, implement such additional practices as it deems appropriate.

Composition of the Board and Independence

Directors are considered to be independent if they have no direct or indirect material relationship with the company. A "material relationship" is a relationship which could, in the view of the Company's Board of Directors, be reasonably expected to interfere with the exercise of a Director's independent judgment. Currently, the Company's Board consists of seven Directors, four of whom are independent based upon the tests for independence set forth in NI 52-110. The Honourable Joseph H. Mensah, Ross Ashton, Peter Buck and Michael Price are independent. Collin Ellison is not independent as he is the Managing Director, President and CEO of the Company. Thomas Ennison and Dr. John Clarke are not independent as they are, or have been, executive Directors.

Participation of Directors in Other Reporting Issuers

The participation of the Directors in other reporting issuers is outlined in this Annual Report for the year ended 30 June 2012.

Meetings of Independent Directors

The Board facilitates its exercise of independent judgment in carrying out its responsibilities by carefully examining issues and consulting with outside counsel and other advisors in appropriate circumstances. The Board requires management to provide complete and accurate information with respect to the Company's activities and to provide relevant information concerning the industry in which the Company operates in order to identity and manage risks. The Board is responsible for monitoring the Company's officers, who in turn are responsible for the maintenance of internal controls and management information systems. The independent Directors are, however, able to meet at any time without any members of management, including any non-independent Directors, being present. Further supervision is performed through the Audit Committee which is composed entirely of independent Directors who meet with the Company's auditors without management being in attendance. Additionally, the Company has a Nomination and Compensation Committee which is also composed of a majority of independent Directors who meet without management being in attendance.

Attendance

During the Company's financial year ended June 30, 2012, there were 8 meetings of the Board, 4 meetings of the Audit Committee, and 4 meetings of the Nomination and Compensation Committee. The attendance record of each of the Company's Directors at these meetings during the time the Director held office (as applicable) is set out below:

Directors in Attendance	Board	Audit Committee	Nomination and Compensation Committee
Collin Ellison	8 / 8	-	-
Thomas Ennison	7 / 8	-	-
Joseph Mensah	6 / 8	4/4	-
John Clarke	8 / 8	-	4 / 4
Ross Ashton	6 / 8	4/4	4 / 4
Peter Buck	8 / 8	4/4	4 / 4
Michael Price*	0 / 0	0/0	-

*Appointed 13 June 2012

Board Mandate

The mandate of the Board is to act in the best interests of the Company and to supervise management. The Board is responsible for approving long-term strategic plans and annual operating budgets recommended by Management. Board consideration and approval is also required for material contracts and business transactions and all debt and equity financing transactions. Any responsibility which is not delegated to Management or to the committees of the Board remains with the Board. A copy of the Board's written charter is available for review on the Company's website, www.pmigoldcorp.com.

Position Descriptions

The Board has developed a Mandate for the Chairman of the Board, and a Mandate for its President and Chief Executive Officer which can be found on the Company's website www.pmigoldcorp.com. The Audit and Nomination and Compensation Committee act under a Charter, which is also available on the Company's website www.pmigoldcorp.com.

Orientation and Continuing Education

Each new Director is referred to the Company's "Mandate of Individual Directors". In addition, each new Director is given an outline of the nature of the Company's business, its corporate strategy and current issues within the Company. New Directors are also required to meet with management of the Company to discuss and better understand the Company's business and are given the opportunity to meet with counsel to the Company to discuss their legal obligations as Director of the Company.

In addition, management of the Company takes steps to ensure that its Directors and officers are continually updated as to the latest corporate and securities policies which may affect the Directors, officers and committee members of the Company as a whole. The Company continually reviews the latest securities rules and policies and is on the mailing list of the TSX-V to receive updates to any of those policies. Any such changes or new requirements are then brought to the attention of the Company's Directors either by way of Director or committee meetings or by direct communications from management to the Directors.

Ethical Business Conduct

The Company has adopted a Code of Conduct, a copy of which can be located on the Company's website, www.pmigoldcorp.com or on SEDAR at www.sedar.com. The Board has found that the fiduciary duties placed on individual Directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual Directors' participation in decisions of the Board in which the Director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company. Further, the Company's auditor has full and unrestricted access to the Audit Committee at all times to discuss the audit of the Company's financial statements and any related findings as to the integrity of the financial reporting process.

Nomination of Directors

The Company's Board has Nomination and Compensation Committee, the members of which are Ross Ashton (Chair), Peter Buck and John Clarke. In part, the function of this committee is to assist the Board in respect of the nomination of Directors and is required to identify new candidates for appointment to the Board. The committee periodically examines the size and composition of the Board, with a view to determining the impact of the number of Directors upon effectiveness and determining the appropriate number of Directors which facilitates more effective decision making. The identification of candidates will also be made in the context of the existing competencies and skills which the Board, as a whole, does possess or should possess. Once suitable candidates are identified, they are presented for consideration to the Board. The Nomination and Compensation Committee has a Charter which can be found on its website www.pmigoldcorp.com.

Compensation

As noted above, the Company's Board has a Nomination and Compensation Committee, the members of which are Ross Ashton (Chair), Peter Buck and John Clarke. In part, the function of the Nomination and Compensation Committee is, among other things, responsible for determining all forms of compensation to be granted to the Chief Executive Officer of the Company and other senior management and executive officers of the Company, for evaluating the Chief Executive Officers performance in light of the corporate goals and objectives set for him/her, for reviewing the adequacy and form of the compensation and benefits of the Directors in their capacity as Directors of the Company to ensure that such compensation realistically reflects the responsibilities and risks involved in being an effective Director, and for reviewing and making periodic recommendations to the Board as to the general compensation and benefits policies and practices of the Company, including incentive compensation plans and equity based plans. The Nomination and Compensation Committee has a Charter which can be found on its website www.pmigoldcorp.com.

Other Board Committees

The Company has established a Special Committee – Corporate Transactions in November 2011. This comprises Ross Ashton, Peter Buck, John Clarke (Chair) and Michael Price, and was formed to consider strategic transactions. Independent advice was sought to determine the level of fees payable to the committee members, and it was agreed by the Board that the members would be paid a fixed fee per meeting attended, up to a maximum of $10,000 per member per annum, with Board approval required if higher amounts are required.

Assessments

The Board does not consider that formal assessments would be useful at this stage of the Company's development. The Board conducts informal annual assessments of the Board's effectiveness, the individual Directors and the Audit Committee. As part of the assessment, the Board or the Audit Committee may review their respective mandate or charter and conduct reviews of applicable corporate policies.

Expectations of Management

The Board expects management to operate the business of the Company in a manner that enhances shareholder value and is consistent with the highest level of integrity. Management is expected to execute the Company's business plan and to meet performance goals and objectives.

Additional ASX Information

PMI Gold Corporation provides the following additional disclosure requirements under ASX Listing Rules (refer ASX Admissions and Waiver letter dated 16 December 2010):

PLACE OF INCORPORATION

PMI Gold Corporation (the “**Company**”) was incorporated in Vancouver, British Columbia on March 31, 1978 under the previous *Company Act* (British Columbia) and currently exists under and is governed by the Business Corporations Act (British Columbia) (“**BCBCA**”) and the provisions of the Company’s Notice of Articles and Articles. The Company is registered as a foreign company in Australia pursuant to the Australian Corporations Act (2001) (Cth) (the “**Corporations Act**”). The Company’s ARBN is 146 885 609.

CHAPTERS 6, 6A, 6B AND 6C OF THE AUSTRALIAN CORPORATIONS ACT

The Company is not subject to Chapters 6, 6A, 6B and 6C of the Corporations Act dealing with the acquisition of shares (i.e. substantial holdings and takeovers).

SUMMARY OF CANADIAN LEGAL REQUIREMENTS RESPECTING THE ACQUISITION OF SECURITIES OF THE COMPANY

Applicable Canadian laws, like their Australian equivalent, are very technical. Accordingly, shareholders should consult their own Canadian legal advisors with respect to Canadian legal requirement matters, rather than relying upon this general summary.

In general, subject to compliance with applicable Canadian securities laws, a holder of shares in the capital of a corporation incorporated under the BCBCA is entitled to transfer his, her or its shares to anyone else upon compliance with the provisions of the BCBCA and the articles of the corporation.

Canadian securities laws impose certain limitations on the acquisition of securities. The issuance to the public and trading of securities in Canada is regulated at the provincial/territorial level by securities legislation administered by the relevant provincial or territorial securities commission.

Takeover bids are regulated primarily by provincial and territorial securities legislation and, to a limited extent, the corporate statutes under which the target company is incorporated. Under provincial or territorial securities regulations, an offer to acquire shares of an issuer by a “control person” of that issuer may constitute a take-over bid. Under the *Securities Act* (British Columbia), a “control person” is generally defined as any person, company or combination of persons or companies whose holdings represent a sufficient number of securities of the issuer to materially affect the control of that issuer. A holding of more than 20%, in the absence of evidence to the contrary, is deemed to materially affect control of the issuer. Any offer to acquire voting or equity securities where such securities together with the offeror’s securities represent an aggregate of 20% or more of the outstanding securities of that class will constitute a take-over bid.

Unless an exemption from formal take-over bid requirements under applicable securities legislation can be obtained, persons or companies seeking to make a take-over bid must comply with detailed rules governing bids prescribed by applicable provincial or territorial securities laws. For example, under the applicable securities legislation, exempt bids include bids made over the facilities of the TSX-V and a bid for not more than 5% of the outstanding securities of a class of securities, so long as the aggregate number of securities of that class acquired by the offeror and any person acting jointly or in concert with the offerer in the previous twelve months is not greater than 5% of the class and the bid is for a price not in excess of the market price for those securities.

2012 Annual Report

PMI GOLD CORPORATION

Consolidated Financial Statements
(Expressed in Canadian dollars)

PMI GOLD
CORPORATION

For the year ended June 30, 2012

KPMG LLP
Chartered Accountants
PO Box 10426 777 Dunsmuir Street
Vancouver BC V7Y 1K3
Canada

Telephone (604) 691-3000
Fax (604) 691-3031
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Shareholders of PMI Gold Corporation

We have audited the accompanying consolidated financial statements of PMI Gold Corporation, which comprise the consolidated statements of financial position as at June 30, 2012, June 30, 2011 and July 1, 2010, the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended June 30, 2012 and June 30, 2011, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of PMI Gold Corporation as at June 30, 2012, June 30, 2011 and July 1, 2010, and its consolidated financial performance and its consolidated cash flows for the years ended June 30, 2012 and June 30, 2011 in accordance with International Financial Reporting Standards.

KPMG LLP

September 21, 2012
Vancouver, Canada

PMI GOLD CORPORATION

Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	June 30, 2012	June 30, 2011	July 1, 2010
		(note 19)	(note 19)
Assets			
Current assets:			
Cash and cash equivalents	$ 40,722,548	$ 28,659,345	$ 2,862,489
Receivables (note 5)	235,569	535,420	5,397
Prepaid expenses	475,601	230,983	114,558
	41,433,718	29,425,748	2,982,444
Property & equipment (note 6)	1,015,955	491,804	203,552
Exploration and evaluation assets (note 7)	64,203,875	31,353,377	21,098,420
	$ 106,653,548	$ 61,270,929	$ 24,284,416
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable and accrued liabilities (note 8)	$ 8,582,163	$ 1,484,863	$ 366,417
Shareholders' equity:			
Share capital (note 9)	119,578,794	76,701,915	38,802,861
Reserves (note 9)	8,034,686	6,256,463	3,353,934
Deficit	(29,542,095)	(23,172,312)	(18,238,796)
	98,071,385	59,786,066	23,917,999
	$ 106,653,548	$ 61,270,929	$ 24,284,416

Corporate information (note 1)
Commitments (note 17)
Subsequent events (note 18)

See accompanying notes to the consolidated financial statements.

Approved by the Board:

President & Chief Executive Officer

Director

PMI GOLD CORPORATION

Consolidated Statements of Operations, Loss and Comprehensive Loss
(Expressed in Canadian dollars)
Years ended June 30, 2012 and 2011

	2012	2011
		(note 19)
Expenses:		
Amortization	$ 53,961	$ 2,154
Consulting fees	622,503	181,188
Directors' and management fees	784,433	325,437
Foreign exchange (gain) loss	768,961	(619,137)
Office and miscellaneous	788,529	267,004
Professional fees	932,504	775,441
Salaries and benefits	255,241	25,359
Shareholder communications	224,093	462,207
Share-based payments (note 10(b))	2,158,905	3,073,643
Transfer agent and regulatory fees	143,353	157,884
Travel and promotion	751,259	602,464
Write-off of exploration and evaluation assets (note 7)	17,379	88,325
Loss from operations	(7,501,121)	(5,341,969)
Other income (expenses):		
Gain on disposal of equipment	2,817	-
Interest and financing costs	-	(6,043)
Interest income	1,169,432	522,238
	1,172,249	516,195
Loss and comprehensive loss before taxes	(6,328,872)	(4,825,774)
Income taxes	(40,911)	(107,742)
Loss and comprehensive loss for the year	(6,369,783)	(4,933,516)
Basic and diluted loss per common share	$ (0.028)	$ (0.030)
Basic and diluted weighted average number of common shares outstanding	225,336,747	166,198,713

See accompanying notes to the consolidated financial statements.

PMI GOLD CORPORATION

Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)
Years ended June 30, 2012 and 2011

	2012	2011
		(note 19)
Cash provided by (used in):		
Operating activities:		
Loss for the year	$ (6,369,783)	$ (4,933,516)
Items not affecting cash:		
Amortization	53,961	2,154
Gain on sale of equipment	(2,817)	-
Share-based payments	2,158,905	3,073,643
Write-off of exploration and evaluation assets	17,379	88,325
	(4,142,355)	(1,769,394)
Changes in non-cash working capital items:		
Receivables	299,851	(530,023)
Prepaid expenses	(244,618)	(116,425)
Accounts payable and accrued liabilities	486,670	1,118,447
	(3,600,452)	(1,297,395)
Investing activities:		
Proceeds from the sale of equipment	11,616	-
Additions to property & equipment	(841,440)	(290,406)
Additions to exploration and evaluation assets	(25,592,172)	(10,343,283)
	(26,421,996)	(10,633,689)
Financing activities:		
Shares issued for cash	44,269,050	41,657,449
Share issuance costs	(2,183,399)	(3,929,509)
	42,085,651	37,727,940
Increase in cash and cash equivalents during the year	12,063,203	25,796,856
Cash and cash equivalents, beginning of year	28,659,345	2,862,489
Cash and cash equivalents, end of year	$ 40,722,548	$ 28,659,345
Effect of exchange rate fluctuations on cash held	$ 218,918	$ 113,105
Cash paid during the year for income taxes	131,155	-
Cash received (paid) during the year for interest	1,520,701	101,790
Shares issued as finders' fees	-	350,161

Supplemental disclosure with respect to cash flows (note 11)

See accompanying notes to the consolidated financial statements.

PMI GOLD CORPORATION

Consolidated Statements of Changes in Equity
(Expressed in Canadian dollars)
Years ended June 30, 2012 and 2011

	Number of shares	Share capital	Reserves	Deficit	Total
Balance, July 1, 2010	126,110,030	$ 38,802,861	$ 3,353,934	$ (18,238,796)	$ 23,917,999
Loss for the year	-	-	-	(4,933,516)	(4,933,516)
Functional adjustment on share consolidation	13	-	-	-	-
Private placements	13,888,889	5,000,000	-	-	5,000,000
Finder's fees	-	(205,980)	-	-	(205,980)
CDI's issued	39,285,714	27,485,355	-	-	27,485,355
Share issuance costs	-	(3,240,918)	-	-	(3,240,918)
Shares issued as finder's fees	500,000	350,161	-	-	350,161
Exercise of options	1,033,438	273,094	-	-	273,094
Exercise of warrants	5,330,000	1,399,000	-	-	1,399,000
Reallocation on exercise of options	-	171,114	(171,114)	-	-
Special warrants	11,786,500	7,500,500	-	-	7,500,500
ASX listing costs	-	(833,272)	-	-	(833,272)
Share-based payments	-	-	3,073,643	-	3,073,643
Balance, June 30, 2011	197,934,584	76,701,915	6,256,463	(23,172,312)	59,786,066
Loss for the year	-	-	-	(6,369,783)	(6,369,783)
Private placement	28,000,000	35,000,000	-	-	35,000,000
Share issuance costs	-	(2,183,399)	-	-	(2,183,399)
Exercise of options	3,862,500	1,087,500	-	-	1,087,500
Exercise of warrants	32,373,000	8,181,550	-	-	8,181,550
Reallocation on exercise of options	-	791,228	(791,228)	-	-
Share-based payments	-	-	2,569,451	-	2,569,451
Balance, June 30, 2012	262,170,084	$ 119,578,794	$ 8,034,686	$ (29,542,095)	$ 98,071,385

See accompanying notes to the consolidated financial statements.

1. Corporate Information

PMI Gold Corporation ("PMI" or the "Company") was incorporated in British Columbia. The consolidated financial statements of the Company as at and for the year ended June 30, 2012 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities"). The principal business of the Group is the acquisition, exploration, and development of mineral properties. The Company has two subsidiaries; Adansi Gold Company Ghana Limited ("Adansi") is incorporated in Ghana and Nevsun Resources (Ghana) Ltd ("NS Ghana") is incorporated in Barbados. The Group's principal properties are located in Ghana, West Africa with the Obotan Project advancing towards a development decision and the Kubi Project subject to advanced exploration. The Group has several other mineral concessions in Ghana in various stages of exploration to determine whether they contain economically viable mineral deposits.

The Company's head office, principal address and registered and records office is 408-837 West Hastings Street, Vancouver, British Columbia, Canada, V6C 3N6.

The Company has not generated revenues from operations. These consolidated financial statements have been prepared assuming the Company will continue as a going concern which contemplates the ability of the Company to realize its assets and discharge its liabilities in the normal course of business. These consolidated financial statements do not include adjustments that would have been required if going concern were not an appropriate basis for preparation of the financial statements.

The Company, through acquisition and exploration of mineral properties, has incurred losses since inception and is currently not generating any revenues aside from interest income. For the year ended June 30, 2012, the Company had net cash inflows of $12,063,203 (2011-$25,796,856). At June 30, 2012, the Company's cash and cash equivalents balance was $40,722,548 (2011- $28,659,345; July 1, 2010-$2,862,489) and working capital was $32,851,555 (2011- $27,940,885; July 1, 2010-$2,616,027).

The Company's ability to continue as a going concern on a longer term basis depends on its ability to successfully raise additional financing for further exploration activity and development or to enter into profitable operations. While the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company.

2. Basis of presentation and statement of compliance:

(a) Statement of compliance:

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). These are the Company's first consolidated financial statements prepared in accordance with IFRS with a transition date of January 1, 2010, and IFRS 1 *First-time Adoption of International Financial Reporting Standards* has been applied.

An explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the Company is provided in Note 19.

These consolidated financial statements were authorized for issue by the Board of Directors on September 19, 2012.

(b) Basis of consolidation and presentation:

These consolidated financial statements have been prepared on a historical cost basis and are presented in Canadian dollars, which is also the Company's functional currency.

2. Basis of presentation and statement of compliance (continued):

(b) Basis of consolidation and presentation (continued):

These consolidated financial statements incorporate the financial statements of the Company and its controlled subsidiaries. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. These consolidated financial statements include the accounts of the Company and its direct wholly-owned subsidiaries. All significant intercompany transactions and balances have been eliminated.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

3. Significant accounting policies:

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements and in preparing the opening IFRS balance sheet at July 1, 2010 for the purposes of the transition to IFRS, unless otherwise indicated.

(a) Foreign currency transactions:

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and each of its subsidiaries is the Canadian dollar. The functional currency determinations were conducted through an analysis of the factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

Foreign currency accounts are translated into Canadian dollars as follows:

At the transaction date, each asset, liability, revenue and expense denominated in a foreign currency is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the period-end date, unsettled monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at the period-end date and the related translation differences are recognized in net income. Exchange gains and losses arising on the retranslation of monetary available-for-sale financial assets are treated as a separate component of the change in fair value and recognized in net income. Exchange gains and losses on non-monetary available-for-sale financial assets form part of the overall gain or loss recognized in respect of that financial instrument.

Non-monetary assets and liabilities that are measured at historical cost are translated into Canadian dollars by using the exchange rate in effect at the date of the initial transaction and are not subsequently restated. Non-monetary assets and liabilities that are measured at fair value or a revalued amount are translated into Canadian dollars by using the exchange rate in effect at the date the value is determined and the related translation differences are recognized in net income or other comprehensive loss consistent with where the gain or loss on the underlying non-monetary asset or liability has been recognized.

(b) Cash and cash equivalents:

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and Canadian guaranteed investment certificates ("GIC's") with a major Canadian banking institution with maturities on the date of purchase of 90 days or less. The GIC's are cashable on demand without interest penalties. Cash and cash equivalents are considered to be financial instruments and are classified as "Loans and Receivables".

3. Significant accounting policies (continued):

(c) Leased assets:

Where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the Company (a "finance lease"), the asset is treated as if it had been purchased outright. The amount initially recognized as an asset is the lower of the fair value of the leased property and the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are analyzed between capital and interest. The interest element is charged to the statement of comprehensive loss over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

Where substantially all of the risks and rewards incidental to ownership are not transferred to the Company (an "operating lease"), the total rentals payable under the lease are charged to the statement of comprehensive loss on a straight-line basis over the lease term. The aggregate benefit of lease incentives is recognized as a reduction of the rental expense over the lease term on a straight-line basis.

(d) Financial instruments:

(*i*) Financial assets:

Financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss (“FVTPL”).

Financial assets classified at FVTPL are measured at fair value with unrealized gains and losses recognized in profit or loss. The Company has no financial assets classified as FVTPL.

Financial assets classified as loans and receivables and held to maturity assets are measured at amortized cost. Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income and loss except for losses in value that provide object evidence of impairment, which are recognized in profit and loss. The Company’s cash and cash equivalents and receivables are classified as loans and receivables.

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included the initial carrying amount of the asset. Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated present value of the future cash flows of the financial assets are less than their carrying values.

(*ii*) Financial liabilities:

All financial liabilities are initially recorded at fair value and designated upon inception at FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized costs using the amortized cost of a financial liability and of allocating interest expense over the relevant period or, where appropriate, a shorter period. The Company’s financial liabilities consist of accounts payable and accrued liabilities.

3. Significant accounting policies (continued):

(d) Financial instruments (continued):

(*ii*) Financial liabilities:

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including embedded derivatives, are also classified as held for trading and recognized at fair value with changes in fair value recognized in earnings unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in profit or loss. The Company has no financial liabilities classified as FVTPL.

(e) Property & equipment:

(*i*) Recognition and measurement:

On initial recognition, property, plant and equipment are valued at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions.

(*i*) Recognition and measurement:

Property, plant and equipment is subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses, with the exception of land which is not depreciated.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(*ii*) Subsequent costs:

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in the statement of comprehensive loss as incurred.

(*iii*) Major maintenance and repairs:

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive loss during the financial period in which they are incurred.

(*iv*) Gains and losses:

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount, and are recognized net within other income in the statement of comprehensive loss.

3. Significant accounting policies (continued):

(e) Property & equipment (continued):

(*v*) Amortization:

Amortization is recognized in the statement of comprehensive loss or exploration and evaluation assets and is provided on a declining balance basis over the estimated useful life of the assets as follows:

Asset	Rate
Field tools and equipment	30%
Computer equipment	30%
Office furniture and equipment	20%
Vehicles	30%

Amortization methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

(f) Exploration and evaluation assets:

(*i*) Pre-exploration costs:

Pre-exploration costs are expensed as incurred.

(*ii*) Exploration and evaluation expenditures:

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures ("E&E") are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

When a project is deemed to no longer have commercially viable prospects for the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the statement of comprehensive loss.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as 'mines under construction'.

Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Mineral exploration and evaluation expenditures are classified as intangible assets.

3. Significant accounting policies (continued):

(g) Impairment of financial and non-financial assets:

(*i*) Impairment of financial assets:

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

(*ii*) Impairment of non-financial assets:

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually at the financial year-end. Other non-financial assets, including exploration and evaluation assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets.

An impairment loss is charged to the profit or loss, except to the extent they reverse gains previously recognized in other comprehensive loss.

(h) Provisions:

(*i*) Rehabilitation provision:

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation and re-vegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks.

Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the period in which they occur.

The Company has no rehabilitation obligations.

(*ii*) Other provisions:

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

3. Significant accounting policies (continued):

(i) Share capital:

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares and share warrants are classified as equity instruments. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(j) Share-based payments:

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive loss over the remaining vesting period.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in comprehensive loss over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

All equity-settled share-based payments are reflected in contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period.

(k) Income taxes:

Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss.

3. Significant accounting policies (continued):

(k) Income taxes (continued):

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

(l) Loss per share:

Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

(m) Standards, amendments and interpretations not yet effective:

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting years beginning after January 1, 2011 or later years.

The Company has early adopted the amendments to IFRS 1 which replaces references to a fixed date of ‘1 January 2004’ with ‘the date of transition to IFRSs’. This eliminates the need for the Company to restate derecognition transactions that occurred before the date of transition to IFRSs. The amendment is effective for year-ends beginning on or after July 1, 2011. The impact of the amendment and early adoption is that the Company only applies IAS 39 derecognition requirements to transactions that occurred after the date of transition.

The following new standards, amendments and interpretations that have not been early adopted in these consolidated financial statements will or may have an effect on the Company’s future results and financial position:

(*i*) IFRS 9 *Financial Instruments*:

IFRS 9 *Financial Instruments* is part of the IASB's wider project to replace IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2015.

(*ii*) IFRS 10 *Consolidated Financial Statements*:

IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Company is yet to assess the full impact of IFRS 10 and intends to adopt the standard no later than the accounting period beginning on January 1, 2013.

3. Significant accounting policies (continued):

(m) Standards, amendments and interpretations not yet effective (continued):

(*iii*) IFRS 11 *Joint Arrangements:*

IFRS 11 describes the accounting for arrangements in which there is joint control; proportionate consolidation is not permitted for joint ventures (as newly defined). IFRS 11 replaces IAS 31 *Interests in Joint Ventures* and SIC 13 *Jointly Controlled Entities - Non-Monetary Contributions by Venturers*. The Company is yet to assess the full impact of IFRS 11 and intends to adopt the standard no later than the accounting period beginning on January 1, 2013.

(*iv*) IFRS 12 *Disclosures of Interests in Other Entities:*

IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Company is yet to assess the full impact of IFRS 12 and intends to adopt the standard no later than the accounting period beginning on January 1, 2013.

(*v*) IFRS 13 *Fair Value Measurement*:

IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The Company is yet to assess the full impact of IFRS 13 and intends to adopt the standard no later than the accounting period beginning on January 1, 2013.

(*vi*) IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine:*

In IFRIC 20, the IFRS Interpretations Committee sets out principles for the recognition of production stripping costs in the balance sheet. The interpretation recognizes that some production stripping in surface mining activity will benefit production in future periods and sets out criteria for capitalizing such costs. While the Company is not yet in the production phase, the Company is currently assessing the future impact of this interpretation.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

4. Critical accounting estimates and judgments:

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are discussed below:

4. Critical accounting estimates and judgments (continued):

(a) Exploration and evaluation expenditure:

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the statement of comprehensive loss in the period the new information becomes available.

(b) Title to mineral property interests:

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mining properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties is in good standing.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are discussed below:

(c) Income taxes:

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

(d) Share-based payment transactions:

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 10.

(Expressed in Canadian dollars)

5. Receivables:

The Company's receivables are as follows:

	June 30, 2012	June 30, 2011	July 1, 2010
HST/GST receivable	$ 163,635	$ 111,235	$ 5,397
Interest receivable	7,870	359,140	-
Other receivables	64,064	65,045	-
	$ 235,569	$ 535,420	$ 5,397

6. Property & equipment:

	Field tools & equipment	Vehicles	Furniture & equipment	Computer equipment	Total
Cost					
Balance at July 1, 2010	$ 21,309	$ 207,015	$ 79,154	$ 24,412	$ 331,890
Additions	65,973	151,512	128,544	186,290	532,319
Balance at June 30, 2011	87,282	358,527	207,698	210,702	864,209
Additions	156,700	453,922	40,311	210,600	861,533
Disposals	(19,232)	(18,503)	-	-	(37,735)
Balance at June 30, 2012	$ 224,750	$ 793,946	$ 248,009	$ 421,302	$ 1,688,007
Amortization					
Balance at July 1, 2010	$ 8,161	$ 38,757	$ 62,890	$ 18,530	$ 128,338
Additions	14,797	55,730	3,847	169,693	244,067
Balance at June 30, 2011	22,958	94,487	66,737	188,223	372,405
Additions	55,556	145,773	18,158	89,003	308,490
Disposals	(1,442)	(7,401)	-	-	(8,843)
Balance at June 30, 2012	$ 77,072	$ 232,859	$ 84,895	$ 277,226	$ 672,052
Carrying amounts					
Balance at July 1, 2010	$ 13,148	$ 168,258	$ 16,264	$ 5,882	$ 203,552
Balance at June 30, 2011	$ 64,324	$ 264,040	$ 140,961	$ 22,479	$ 491,804
Balance at June 30, 2012	$ 147,678	$ 561,087	$ 163,114	$ 144,076	$ 1,015,955

(Expressed in Canadian dollars)

7. Exploration and evaluation assets:

The Company has incurred the following exploration and evaluation asset expenditures for the year ended June 30, 2012:

	Obotan	Asanko	Kubi	Total
Acquisition costs:				
Balance, June 30, 2011	$ 1,523,042	$ 1,506,965	$ 5,621,700	$ 8,651,707
Additions during the year	5,008,632	-	-	5,008,632
Write-off of acquisition costs	-	-	-	-
Balance, June 30, 2012	6,531,674	1,506,965	5,621,700	13,660,339
Exploration and evaluation expenditures:				
Balance, June 30, 2011	14,982,789	3,586,297	4,132,584	22,701,670
Additions during the year:				
Pre-feasibility costs	4,623,076	-	-	4,623,076
Assaying testing and analysis	638,460	113,276	132,695	884,431
Contract labour	152,066	24,240	43,288	219,594
Drilling	9,586,296	2,419,046	2,397,589	14,402,931
Field office	926,807	43,875	146,956	1,117,638
Geology and geophysics	1,242,463	152,398	299,655	1,694,516
Lease rental and claims maintenance	1,275,578	49,398	110,407	1,435,383
Legal	218,818	16,758	22,782	258,358
Project management and related exploration costs	2,219,243	323,165	572,732	3,115,140
Transportation and travel	77,470	12,795	17,913	108,178
Write off of exploration costs	-	(17,379)	-	(17,379)
	20,960,276	3,137,572	3,744,018	27,841,866
Balance, June 30, 2012	35,943,065	6,723,869	7,876,602	50,543,536
Total, June 30, 2012	$ 42,474,739	$ 8,230,834	$ 13,498,302	$ 63,203,875

(Expressed in Canadian dollars)

7. Exploration and evaluation assets (continued):

The Company has incurred the following exploration and evaluation asset expenditures for the year ended June 30, 2011:

	Obotan	Asanko	Kubi	Other	Total
Acquisition costs:					
Balance, July 1, 2010	$ 1,523,041	$ 1,506,965	$ 5,621,700	$ -	$ 8,651,706
Additions during the year	-	-	-	88,325	88,325
Write-off of acquisition costs	-	-	-	(88,325)	(88,325)
Balance, June 30, 2011	1,523,041	1,506,965	5,621,700	-	8,651,706
Exploration and evaluation expenditures:					
Balance, July 1, 2010	6,804,945	3,461,774	2,179,995	-	12,446,714
Additions during the year:					
Assaying testing and analysis	300,401	-	44,741	-	345,142
Contract labour	81,555	515	28,204	-	110,274
Drilling	4,283,028	-	680,394	-	4,963,422
Field office	704,793	518	73,188	-	778,499
Geology and geophysics	1,474,257	24,958	654,605	-	2,153,820
Lease rental and claims maintenance	124,585	93,169	42,049	-	259,803
Legal	116,940	-	42,957	-	159,897
Project management and related exploration costs	1,031,289	5,199	367,543	-	1,404,031
Transportation and travel	60,997	164	18,908	-	80,069
	8,177,845	124,523	1,952,589	-	10,254,957
Balance, June 30, 2011	14,982,790	3,586,297	4,132,584	-	22,701,671
Total, June 30, 2011	$ 16,505,831	$ 5,093,262	$ 9,754,284	$ -	$ 31,353,377

(Expressed in Canadian dollars)

7. Exploration and evaluation assets (continued):

(a) Properties held by the Company:

All of the Company's exploration and evaluation assets consist of leases, licenses and options covering mineral concessions and are located in Ghana, West Africa. The majority of the licences are held by Adansi. NS Ghana holds a 100% interest in the Kubi Mining Leases.

(b) Exploration property summary:

The Company holds interests in the concessions summarized below. All concessions carry a 10% carried Net Profits Interest Royalty ("NPI") and, on issue of a Mining Permit, a 5% NSR to the Ghanaian government. Certain other concessions are subject to a Net Smelter Return Royalty ("NSR") or Net Proceeds of Production royalty ("NPP").

	Interest of original vendor (*ii*)	NSR on License	NPP on License	Amounts payable under acquisition agreements
Obotan Project				
Abore-Abirem		2%		$50,000 advance
Adubea		2.5%		royalty payment per year
Kaniago		2%		for Obotan and Asanko
New Obuase		2%		projects to related party
Amuabaka, Nkronua,	10%	2%		$3,000 per quarter
Atifi, Gyagyatreso				to a related party
(Switchback) (*iii*)				US$4,500,000 payable
				on or before
				September 30, 2012
Asanko Project				
Agyakaa Manso (*iii*)		2%		
Diaso-Afiefiso		2%		
Juabo	15%	2%		
Manhia (*iii*)		2%		
Kubi Project				
Kubi			3%	
Kubi Forest Reserve			3%	
Dunkwa-Gyimigya				
Gyimigya				

(i) Under the Ghanaian Minerals and Mining Act prospecting licenses are granted after an initial period as a Reconnaissance Licence. Prospecting licenses have an initial phase (1st phase) and a subsequent renewal phase (2^{nd} phase) where unless they are small in size, a reduction of 50% of the area is required. The 2^{nd} phase is initially for a two year period then has a two year extension period. Further renewals can be granted where 50% reductions are required down to a size of 26.25km^2.

(ii) Interest retained by original vendors. These interests are free carried up to any decision to mine.

(iii) Title is vested in related party Goknet Mining Company Limited. The Company has the rights to Goknet's interest in the concession (subject to the NSR royalty set out above) and title transfers are underway.

(c) In October 2011, the Company entered into an agreement for core sampling analysis services and has committed to pay the vendor a total of US$330,540 (paid US$220,360 to June 30, 2012) over a twelve month period.

(Expressed in Canadian dollars)

8. Accounts payable and accrued liabilities:

Accounts payable and accrued liabilities are as follows:

	June 30, 2012	June 30, 2011	July 1, 2010
Trade payables	$ 6,789,275	$ 1,250,183	$ 291,417
Accrued liabilities	1,792,888	234,680	75,000
	$ 8,582,163	$ 1,484,863	$ 366,417

9. Share capital and reserves:

Authorized:

- unlimited common shares, without par value and are fully paid.

During the year ended June 30, 2012, the Company:

- issued 32,373,000 common shares for gross proceeds totaling $8,181,550 pursuant to the exercise of warrants.
- issued 3,862,500 common shares for gross proceeds totaling $1,087,500 pursuant to the exercise of stock options. As a result of the exercise, the Company reclassified $791,228 from contributed surplus to share capital.
- issued 28,000,000 common shares for gross proceeds totaling $35,000,000 pursuant to the completion of a private placement. The Company paid $2,183,399 in share issuance costs relating to the private placement.

During the year ended June 30, 2011, the Company:

- consolidated its share capital on the basis of two old common shares for one new common share. All common share, per share, option, warrant and weighted average price amounts were restated to reflect this consolidation.
- issued 13,888,889 common shares for gross proceeds totaling $5,000,000 pursuant to a private placement. The net value after finders' fees was $4,794,020.
- issued 39,285,714 CHESS Depository Instruments (CDIs) tradable on the Australian Securities Exchange (ASX) for gross proceeds of AUD$27,500,000 (CAD$ 27,485,355). Net proceeds after issue costs and finders' fees were $24,410,291. The company issued 500,000 common shares with a value of $350,161 as finders' fees. CDIs trading on the ASX are convertible to common shares tradable on the TSX-V. In accordance with Canadian securities laws, trading of these shares was restricted for four months and one day from issuance. Subsequent to expiry of the restriction, in order to trade on the TSX-V, holders need to convert their CDIs tradable on the ASX to shares tradable on the TSX-V. Conversely holders of common shares tradable on the TSX-V will have to convert these to CDIs tradable on the ASX in order to trade on the ASX.
- raised $7,500,500 through a special warrant offering at a price of $0.70 per warrant. These special warrants were subsequently converted into 11,786,500 common shares of the Company.
- issued 5,330,000 common shares for gross proceeds totaling $1,399,000 pursuant to the exercise of warrants.
- issued 1,033,438 common shares for gross proceeds totaling $273,094 pursuant to the exercise of stock options. As a result of the exercise, the Company reclassified $171,114 from contributed surplus to share capital.

(Expressed in Canadian dollars)

10. Stock options and warrants:

(a) Stock options:

(*i*) Option plan:

The Company has adopted a new stock option plan (first adopted during the year ended June 30, 2011) covering the grant of options to its directors, officers and employees and reducing the limit to acquire from 20% to 10% of the issued and outstanding common shares. It also limits the number of shares that may be allocated for subscription (upon exercise of the options) to eligible persons in Australia to 5% of the number of issued and outstanding shares. The stock option plan provides that the options are for a maximum term of five years and that the option exercise price shall be for not less than the market price on the grant date.

	Number of options	Weighted average exercise price
Balance, July 1, 2010	7,170,938	$ 0.30
Granted	10,485,000	0.85
Exercised	(1,033,438)	0.26
Cancelled / expired	(725,625)	0.36
Balance, June 30, 2011	15,896,875	0.68
Granted	4,040,000	1.63
Exercised	(3,862,500)	0.28
Cancelled / expired	(856,875)	0.91
Balance, June 30, 2012	15,217,500	$ 1.03
Number of options currently exercisable	8,564,167	$ 0.83

The weighted average remaining contractual life for the share options outstanding as at June 30, 2012 is 3.52 years (2011 – 3.89 years).

As at June 30, 2012, the Company had outstanding stock options enabling the holders to acquire common shares as follows:

Number of options	Exercise price	Expiry date
117,500	$ 0.20	March 26, 2013 (1)
750,000	0.30	September 9, 2014 (2)
500,000	0.40	October 28, 2014
2,000,000	1.05	December 15, 2015
5,000,000	0.90	January 20, 2016
500,000	0.90	February 18, 2016
2,000,000	0.80	June 1, 2015
1,750,000	2.00	March 11, 2016
560,000	0.80	June 1, 2016
240,000	0.77	October 2, 2016
200,000	1.17	November 19, 2016
550,000	1.75	November 19, 2016
750,000	1.28	June 7, 2017
300,000	0.86	June 12, 2017
15,217,500		

(1) Subsequent to year end, 30,000 options were exercised for proceeds of $6,000.
(2) Subsequent to year end, 350,000 options were exercised for proceeds of $105,000.

(Expressed in Canadian dollars)

10. Stock options and warrants (continued):

(b) Share-based payments:

During the year ended June 30, 2012, the Company granted 4,040,000 (2011 – 10,485,000) and cancelled 856,875 (2011 – 725,625) stock options. Certain of these stock options include performance based vesting criteria. The fair value of is the options granted during the year is $2,564,449 (2011 - $5,956,054), based on the Black-Scholes option pricing model. For the year ended June 30, 2012, the share-based payments recognized was $2,569,451 (2011 - $3,073,643).

The following weighted average assumptions were used for the Black-Scholes option pricing model:

	2012	2011
Risk-free interest rate	1.36%	2.05%
Expected life of options	4.5 years	5 years
Annualized volatility	88%	163%
Dividend rate	0.00%	0.00%
Forfeiture rate	0.00%	0.00%

(c) Warrants:

Warrant transactions and the number of warrants are summarized as follows:

	Number of warrants	Weighted average exercise price
Balance July 1, 2010 – pre-consolidation	47,726,750	$ 0.22
Exercised	(5,330,000)	0.26
Expired	(93,750)	0.26
Broker warrants	4,500,000	0.56
Balance, June 30, 2011	46,803,000	0.25
Exercised	(32,273,000)	0.25
Expired	(375,000)	0.21
Balance, June 30, 2012	14,055,000	$ 0.23

As at June 30, 2012, warrants were outstanding enabling the holders to acquire common shares as follows:

Number of warrants	Exercise price	Expiry date
13,055,000	$ 0.20	July 16, 2012*
1,000,000	0.62	December 17, 2013
14,055,000		

*Subsequent to year end 12,955,000 warrants were exercised and 100,000 warrants expired unexercised (note 18).

(Expressed in Canadian dollars)

11. Supplemental disclosure with respect to cash flows:

During the year ended June 30, 2012, significant non-cash investing and financing activities included:

- incurring $254,529 of amortization expense capitalized to exploration and evaluation assets;
- incurring exploration and evaluation asset expenditures of $7,386,846 included in accounts payable;
- incurring $410,546 of share-based payment expense capitalized to exploration and evaluation assets;
- recording of a fair value reversal of $791,228 out of contributed surplus on the exercise of stock options; and

During the year ended June 30, 2011, significant non-cash investing and financing activities included:

- recording of a fair value reversal of $171,114 out of contributed surplus on the exercise of stock options;
- incurring exploration and evaluation asset expenditures of $776,216 included in accounts payable; and
- incurring $241,913 of amortization expense capitalized to exploration and evaluation assets.

12. Related party transactions:

The Company incurred the following expenses charged by key management personnel and companies controlled by key management personnel:

	June 30, 2012	June 30, 2011
Executive compensation[(1)(2)]	$ 1,090,675	$ 696,328
Non-executive directors fees[(3)(4)]	209,715	242,476
Share-based payments[(5)]	2,100,839	2,902,699
	$ 3,401,229	$ 3,841,503

(1) Included in the year ended June 30, 2011 was $373,387 in fees paid to former officers of the Company.

(2) Of these, there are $154,732 (2011 - $126,418) for professional fees included in deferred exploration costs paid to a firm controlled by an executive director of the Company and $54,020 (2011 - $59,754) for property option payments included in deferred exploration costs, made to two companies controlled by an executive director of the Company's Ghanaian subsidiary.

(3) Included in the year ended June 30, 2011 was $72,000 in fees paid to former directors of the Company for consulting fees and $10,090 for directors' fees.

(4) Of these, there are $16,545 (2011 - $Nil) for exploration expenses included in deferred exploration costs paid to a director of the Company.

(5) Included in the year ended June 30, 2011 were $60,101 of share-based payments made to former directors and officers of the Company.

Included in accounts payable and accrued liabilities at June 30, 2012 is $456,228 (2011 - $164,995: July 1, 2010 - $13,634) owing to related parties, all in respect of to the above transactions. Included in accounts receivable at June 30, 2012 is $Nil (2011 - $24,108; July 1, 2010 - $Nil) owed by related parties.

(Expressed in Canadian dollars)

13. Segmented information:

The Company operates in one business segment, being the acquisition and exploration of mineral properties. The Company's capital assets are located primarily in the Republic of Ghana.

Geographic information is as follows:

	June 30, 2012	June 30, 2011	July 1, 2010
Assets:			
Canada	$ 34,443,768	$ 2,395,363	$ 2,591,776
Ghana	66,675,729	31,909,610	21,692,640
Australia	5,534,051	26,965,956	-
	$ 106,653,548	$ 61,270,929	$ 24,284,416

14. Financial instruments and risk management:

IFRS 7, Financial Instruments: Disclosures ("IFRS 7") establishes a fair value hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
- Level 2: Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantively the full term of the asset or liability.
- Level 3: Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The Company does not have any financial instruments recognized at fair value. The carrying values of cash and cash equivalents, receivables, and accounts payable and accrued liabilities approximate their fair values because of their short terms to maturity.

(a) Financial instrument risk exposure and risk management:

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes. The type of risk exposure and the way in which such exposure is managed is provided below:

Credit risk

Credit risk is the risk of potential loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets, including cash and cash equivalents, advances from employee, receivable from related parties and other accounts receivable. The Company limits the exposure to credit risk by only investing its cash and cash equivalents with high credit quality financial institutions in business and saving accounts, and guaranteed investment certificates, which are available on demand by the Company. The carrying amount of cash and cash equivalents, advances to employees, receivables from related parties and other accounts receivable represents the Company's maximum exposure to credit risk.

(Expressed in Canadian dollars)

14. Financial instruments and risk management (continued):

(a) Financial instrument risk exposure and risk management (continued):

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 Company's interest bearing financial assets are comprised of cash and cash equivalents, which bear interest at fixed or variable rates. The Company is not exposed to material interest rate risk.

Foreign currency

The Company is exposed to foreign currency risk as some of its cash and cash equivalents, receivables and accounts payable and accrued liabilities are held in Ghanaian Cedes (GHS), US Dollars (USD), and Australian Dollars (AUD). The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

The exposure of the Company's cash and cash equivalents and receivables is as follows:

	June 30, 2012		June 30, 2011	
	Amount in Foreign currency	Amount in CAD dollars	Amount in foreign currency	Amount in CAD dollars
United States dollars:				
Cash and cash equivalents	$ 15,681	$ 16,070	$ 44,108	$ 43,071
Australian dollars:				
Cash and cash equivalents	5,068,571	5,276,910	25,717,200	26,606,816
Receivables	51,376	53,488	391,231	378,144
Ghanaian cedes				
Cash and cash equivalents	2,551,342	1,348,129	115,806	74,475
Receivables	75,526	39,908	101,143	65,045
Total financial assets		$ 6,734,505		$ 27,167,551

The exposure of the Company's accounts payable and accrued liabilities is as follows:

	June 30, 2012		June 30, 2011	
	Amount in Foreign currency	Amount in CAD dollars	Amount in foreign currency	Amount in CAD dollars
United States dollars:				
Accounts payable and accrued liabilities	$ 6,398,141	$ 6,556,878	$ 714,371	$ 697,569
Australian dollars:				
Accounts payable and accrued liabilities	1,593,295	1,658,779	454,644	470,370
Ghanaian cedes				
Accounts payable and accrued liabilities	356,546	187,864	173,583	111,631
Total financial liabilities		$ 8,403,521		$ 1,279,570

Based on the above net exposures and assuming that all other variables remain constant, a 10% change of the CAD dollar against the various currencies would result in a change in net loss of approximately $166,902 for the year ended June 30, 2012 (2011 – gain $2,588,798).

14. Financial instruments and risk management (continued):

(a) Financial instrument risk exposure and risk management (continued):

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company ensures, as far as reasonably possible, it will have sufficient capital in order to meet short term business requirements, after taking into account cash flows from operations and the Company's holdings of cash and cash equivalents. The Company's cash and cash equivalents are currently invested in business accounts which are available on demand by the Company for its programs. As at June 30, 2012, the Company had cash and cash equivalents of $40,722,548 to settle liabilities of $8,582,163. All of the Company's liabilities are due currently. The Company's exploration expenditure commitments, pursuant to its option agreement related to its mineral properties, are described in note 7, and other commitments are described in note 17.

15. Capital management:

The Company's objectives when managing capital are:

To maintain and safeguard its accumulated capital in order to provide an adequate return to shareholders by maintaining a sufficient level of funds to support continued evaluation and maintenance at the Company's existing properties, and to acquire, explore, and develop other mineral properties.

To invest cash on hand in highly liquid and highly rated financial instruments with high credit quality issuers, thereby minimizing the risk of loss of principal.

To obtain the necessary financing to complete exploration and development of its properties, if and when it is required.

In the management of capital, the Company includes shareholders' equity and loans and borrowings in the definition of capital. The Company is not exposed to externally imposed capital requirements.

The Company manages the capital structure and makes adjustments to it, based on the level of funds required to manage its operations in light of changes in economic conditions and the risk characteristics of its underlying assets.

In order to maximize ongoing development efforts, the Company does not pay dividends. Notwithstanding the risks described in note 1 of the financial statements, the Company expects to continue to raise funds, from time to time, to continue meeting its capital management objectives.

The Company is not subject to any externally imposed capital requirements.

(Expressed in Canadian dollars)

16. Income taxes:

The provision for income taxes reported differs from the amount computed by applying cumulative Canadian Federal and provincial income tax rates to the loss before the tax provision due to the following:

	2012	2011
Loss and Comprehensive loss for the year before taxes	$ (6,328,872)	$ (4,825,774)
Statutory tax rate	25.75%	27.5%
Expected income tax recovery	$ (1,629,684)	$ (1,327,088)
Difference between current and deferred tax rates	47,467	120,644
Current year losses not recognized	1,115,219	528,995
Stock based compensation	539,726	768,411
Other permanent difference	(112,728)	(90,962)
Foreign taxes	40,911	107,742
Total income taxes	$ 40,911	$ 107,742

Deferred tax assets have not been recognized in respect of the following items:

	2012	2011
Non-capital losses and other future tax deductions	$ 17,146,384	$ 22,831,444
Mineral properties, deferred development and capital assets	(62,290)	85,949
	17,084,094	22,917,393

As at June 30, 2012, the Company had deductible temporary difference for which deferred tax assets have not been recognized because it is not probably that future profit will be available against which the Company can utilize the benefits.

Non Capital Losses

Year of Expiration	PMI	Ghana	Total
2013	$ -	$ 514,227	$ 514,227
2014	828,030	995	829,025
2015	731,134	18,948	750,082
2016	-	49,219	49,219
2017	-	651,358	651,358
2026	743,135	-	743,135
2027	718,750	-	718,750
2028	1,492,968	-	1,492,968
2029	3,360,294	-	3,360,294
2030	1,968,908	-	1,968,908
2031	2,697,874	-	2,697,874
2032	5,014,095	-	5,014,095
	$ 17,555,188	$ 1,234,747	$ 18,275,708

(Expressed in Canadian dollars)

17. Commitments:

The Company has entered into operating lease agreements for office premises in Canada, Ghana and Australia. The future minimum lease payments under non-cancellable leases are as follows:

	2012	2011	July 1, 2010
Less than 1 year	$ 358,509	$ 263,271	$ 130,155
Between 1 and 5 years	611,763	588,552	257,258
	$ 970,272	$ 851,823	$ 387,413

Current exploration commitments to the Minerals Commission of Ghana amount to $1,639,696. Additional commitments related to the Company's exploration and evaluation assets are disclosed in note 7(b).

18. Subsequent events:

Subsequent to June 30, 2012, the Company:

- Issued 12,955,000 shares pursuant to the exercise of share purchase warrants for proceeds of $2,591,000.
- Announced on August 28, 2012 the completion of an independent NI 43-101 compliant feasibility study confirming a financially and technically robust mining operation at Obotan.
- Issued 380,000 shares pursuant to the exercise of share purchase options for proceeds of $111,000.
- Entered into an agreement with Midras Mining Company Ltd ("Midras") to acquire 100% of the Datano Mining Lease for US$6 million. The agreement is contingent upon obtaining the approval of the sale and transfer of the Mining Lease to the Company.

19. Transition to IFRS:

As stated in note 2, these are the Company's first consolidated financial statements prepared in accordance with IFRS.

The accounting policies set out in note 3 have been applied in preparing the financial statements for the year ended June 30, 2012, the comparative information presented in these consolidated financial statements for the year ended June 30, 2011 and the preparation of an opening IFRS statement of financial position at July 1, 2010 (the Company's 'Transition Date').

In preparing the Company's opening IFRS financial statements, the Company has adjusted amounts reported previously in the financial statements prepared in accordance with previous Canadian GAAP. IFRS 1 requires retrospective application of the standards in the transition statement of financial position, with all adjustments to assets and liabilities taken to deficit unless certain optional and mandatory exemptions are applied.

(a) Optional exemptions:

The IFRS 1 applicable exemptions and exceptions applied in the conversion from pre-changeover Canadian GAAP to IFRS are as follows:

(*i*) Business combinations:

The Company elected not to retrospectively apply IFRS 3 Business Combinations to any business combinations that may have occurred prior to its Transition Date and such business combinations have not been restated.

19. Transition to IFRS (continued):

(a) Optional exemptions (continued):

(*ii*) Share-based payment transactions:

The Company has elected not to retrospectively apply IFRS 2 to equity instruments that were granted and had vested before the Transition Date. As a result of applying this exemption, the Company applied the provisions of IFRS 2 only to all outstanding equity instruments that are unvested as at the Transition Date to IFRS.

(*iii*) Compound financial instruments:

The Company has elected not to retrospectively separate the liability and equity components of compound instruments for which the liability component is no longer outstanding at the Transition date to IFRS.

(*iv*) Borrowing costs:

The Company has elected to apply the transitional provisions of IAS 23 *Borrowing Costs*, which permits prospective capitalization of borrowing costs on qualifying assets from the Transition Date.

(*v*) Extinguishing financial liabilities with equity instruments:

The Company has elected to apply the transitional provisions of IFRIC 19 *Extinguishing financial liabilities with equity instruments*, which requires its application only from the beginning of the earliest comparative period presented, i.e. the Transition Date.

(b) Mandatory exceptions:

(*i*) De-recognition of financial assets and liabilities:

The Company has applied the de-recognition requirements in IAS 39 *Financial Instruments: Recognition and Measurement* prospectively from the Transition Date. As a result any non-derivative financial assets or non-derivative financial liabilities derecognized prior to the Transition Date in accordance with pre-changeover Canadian GAAP have not been reviewed for compliance with IAS 39.

(*ii*) Estimates:

The estimates previously made by the Company under pre-changeover Canadian GAAP were not revised for the application of IFRS except where necessary to reflect any difference in accounting policy or where there was objective evidence that those estimates were in error. As a result the Company has not used hindsight to revise estimates.

(Expressed in Canadian dollars)

19. Transition to IFRS (continued):

(c) Reconciliations of pre-changeover Canadian GAAP equity and comprehensive loss and cash flows to IFRS:

IFRS 1 requires an entity to reconcile equity, comprehensive loss and cash flows for prior periods. The changes made to the statements of financial position and statements of comprehensive loss as shown below have resulted in reclassifications of various amounts on the statements of cash flows, however as there have been no material adjustments to the net cash flows, no reconciliation of the statement of cash flows has been prepared.

Reconciliation of equity

	Previous Canadian GAAP	Effect of transition to IFRS June 30, 2011	IFRS	Previous Canadian GAAP	Effect of transition to IFRS July 1, 2010	IFRS
Assets						
Current assets						
Cash & cash equivalents	28,659,345	-	28,659,345	2,862,489	-	2,862,489
Receivables	535,420	-	535,420	5,397	-	5,397
Prepaid expenses	230,983	-	230,983	114,558	-	114,558
Total current assets	29,425,748	-	29,425,748	2,982,444	-	2,982,444
Property & equipment	491,804	-	491,804	203,552	-	203,552
Exploration & evaluation assets	34,098,788	(2,745,411)	31,353,377	23,328,223	(2,229,803)	21,098,420
Total non current assets	34,590,592	(2,745,411)	31,845,181	23,531,775	(2,229,803)	21,301,972
Total assets	64,016,340	(2,745,411)	61,270,929	26,514,219	(2,229,803)	24,284,416
Liabilities & shareholders' equity						
Current liabilities						
Accounts payable & accrued liabilities	1,484,863	-	1,484,863	366,417	-	366,417
Total current liabilities	1,484,863		1,484,863	366,417	-	366,417
Future income tax liability	2,212,113	(2,212,113)	-	1,840,955	(1,840,955)	-
Total non current liabilities	2,212,113	(2,212,113)	-	1,840,955	(1,840,955)	-
Shareholders' equity						
Share capital	76,701,915		76,701,915	38,802,861	-	38,802,861
Reserves	6,415,525	(159,062)	6,256,463	3,151,705	202,229	3,353,934
Deficit	(22,798,076)	(374,236)	(23,172,312)	(17,647,719)	(591,077)	(18,238,796)
Total shareholders' equity	60,319,364	(533,298)	59,786,066	24,306,847	(388,848)	23,917,999
Total liabilities & shareholders' equity	64,016,340	(2,745,411)	61,270,929	26,514,219	(2,229,803)	24,284,416

(Expressed in Canadian dollars)

19. Transition to IFRS (continued):

(c) Reconciliations of pre-changeover Canadian GAAP equity and comprehensive loss and cash flows to IFRS (continued):

Reconciliation of comprehensive loss for the year ended June 30, 2011

	Canadian GAAP	Effect of transition to IFRS	IFRS
Expenses			
Amortization	2,154	-	2,154
Consulting fees	181,188	-	181,188
Directors & management fees	325,437	-	325,437
Foreign exchange (gain) loss	(763,587)	144,450	(619,137)
Office & miscellaneous	267,004	-	267,004
Professional fees	775,441	-	775,441
Salaries & benefits	25,359	-	25,359
Shareholder communications	462,207	-	462,207
Share based payments	3,434,934	(361,291)	3,073,643
Transfer agent and regulatory fees	157,884	-	157,884
Travel & promotion	602,464	-	602,464
Write-off exploration & evaluation assets	88,325	-	88,325
Loss from operations	5,558,810	(216,841)	5,341,969
Other income (expenses):			
Gain on disposal of equipment	-	-	-
Interest & financing costs	(6,043)	-	(6,043)
Interest income	522,238	-	522,238
	516,195	-	516,195
Loss & comprehensive loss before taxes	5,042,615	-	4,828,774
Income taxes	107,742		107,742
Loss & comprehensive loss for the year	5,150,357	(216,841)	4,933,516

(d) Explanations for the adjustments are as follows:

(*i*) Share-based payments:

IFRS 2 is effective for the Company from July 1, 2010 and is applicable to:

- New grants of share-based payments subsequent to July 1, 2010;
- Equity-settled share-based compensation awards that vest after July 1, 2010; and
- Awards that are modified on or after July 1, 2010, even if the original grant of the award was not accounted for in accordance with IFRS 2.

Pre-changeover Canadian GAAP allows the Company to calculate the fair value of the share-based compensation on awards granted and recognizes the expense from the date of grant over the vesting period using the graded vesting methodology. The Company determined the fair value of stock options granted using the Black-Scholes option-pricing model. Forfeitures of awards are recognized as they occur.

19. Transition to IFRS (continued):

(d) Explanations for the adjustments (continued):

(*i*) Share-based payments (continued):

IFRS 2 requires each tranche in an award with graded vesting features to be treated as a separate grant with a different vesting date and fair value. Each grant is accounted for on that basis. IFRS 2 also requires estimates to be made of forfeiture and a consequent reduction of share compensation expense and contributed surplus.

Prior to the Transition Date to IFRS, non-employee options under pre-changeover Canadian GAAP were measured at the share price on the vesting date. Under IFRS, certain options were reclassified as employee options and these are measured at grant date. As a result, the Company has recognized an IFRS transitional adjustment within equity of $202,229 increasing contributed surplus and accumulated deficit. The effect on total comprehensive income for the year ended June 30, 2011 amounted to a reduced share-based payment expense of $361,291.

(*ii*) Deferred tax:

Under pre-changeover Canadian GAAP, the Company previously accounted for a portion of deferred tax as capitalized exploration and evaluation expenditures. These temporary differences do not arise as a result of business combinations and affect neither accounting nor taxable profit on initial recognition. As a result, they meet the criteria outlined in IAS 12 *Income Taxes*, to exempt the Company from recognizing deferred tax on initial recognition (the “initial recognition exemption”). This has led to the de-recognition of all deferred tax impacts which had previously been recognized, resulting in a decrease in exploration and evaluation assets of $2,229,803 and deferred tax liabilities of $1,840,955 at July 1, 2010. Further, under pre-changeover Canadian GAAP, the Company previously recognized foreign exchange gains or losses on deferred tax liabilities through the statement of operations. As a result, accumulated deficit increased by $388,848 at July 1, 2010. Total comprehensive loss for the year ended June 30, 2011 increased $144,450.

Introduction

The following discussion and analysis of financial position and results of operations ("MD&A") is prepared as at September 21, 2012 and should be read in conjunction with the June 30, 2012 audited consolidated financial statements and related notes for the years ended June 30, 2012 and 2011 of PMI Gold Corporation ("PMI" or the "Company"). All dollar amounts included therein and in the following MD&A, unless otherwise indicated, are expressed in Canadian dollars.

This discussion contains forward-looking statements that involve risks and uncertainties. Such information, although considered to be reasonable by the Company's management at the time of preparation, may prove to be inaccurate and actual results may differ materially from those anticipated in the statements made. The Company's website can be found at www.pmigoldcorp.com. Additional regulatory filings for the Company can be found on the SEDAR website at www.sedar.com.

Executive Summary

PMI Gold Corporation is a junior resource company with gold exploration properties in Ghana, West Africa. Currently, the Company has no productive asset, and is engaged in development and exploration programs. The Company continues to progress its flagship Obotan Gold Project where a Pre-feasibility has been completed in January 2012. A feasibility study is in progress and on target for completion in Q3, 2012, upon which a development decision to advance the Project will be made. In addition to the Obotan Project, the Company has advanced exploration at the Kubi Project and regional exploration at the Asanko Project, both with potential to develop into additional new mining centres.

Structure and Business Description

PMI Gold Corporation is incorporated under the laws of British Columbia. The Company has two wholly owned subsidiaries, Adansi Gold Company (Gh) Limited ("Adansi) incorporated under the laws of Ghana, West Africa, and Nevsun Resources (Ghana) Ltd ("NRGL") incorporated under the laws of Barbados.

The Company's registered and records office is located at 408 – 837 West Hastings Street, Vancouver BC V6C 3N6, Canada with offices located at 10 Quarcoo Lane, Roman Ridge, PMB CT471 Cantonments, Accra, Ghana, West Africa, and 680 Murray Street, West Perth, Australia. PMI Gold Corporation is registered in Australia as a foreign company.

The Company is a junior mining exploration company engaged in the acquisition, exploration, and development of mineral concessions in Ghana, West Africa. The Company is a reporting issuer in British Columbia and Alberta and trades on the TSX Venture Exchange under the symbol "PMV". The Company was admitted to the Australian Stock Exchange on December 17, 2010, under the symbol "PVM", trading CHESS Depository Instruments (CDI's) which may be exchanged for shares tradable on the TSX-V. Canadian shares may also be exchanged for CDI's.

The Company is also listed on the Berlin and Frankfurt Exchanges under the symbol "PN3N".

Long-term goals for the Company include:

- growing and strengthening core operations in gold exploration and development;
- finding, acquiring and developing profitable revenue producing assets;
- growing market capitalization.

Operating Activities

The Company's activities focused on continuing its development and exploration programs on its existing Ghana properties. In all, the Company invested approximately $32.4 million in development and exploration during the year ended June 30, 2012, an increase of $22.1 million over the prior year spend of $10.3 million. The Exploration section below sets out in greater detail the development and exploration achievements on the various properties. The loss for the year ended June 30, 2012 was $6,780,329 compared to a loss of $4,933,516 for the year ended June 30, 2011.

Capital Stock and Financing

During the year ended June 30, 2012, the Company entered into an agreement with a syndicate of underwriters co-led by Clarus Securities Inc. and RBC Capital Markets and including GMP Securities L.P. and Raymond James Ltd. (the "Underwriters") under which the Underwriters agreed to buy 28,000,000 Common Shares from the Company on a bought-deal underwritten basis and sell them to the public at a price of $1.25 per Common Share to raise gross proceeds of $35,000,000. Proceeds from the offer have been used to fund the feasibility study and development of the Obotan Gold Project and for general corporate purposes. In conjunction with the private placement, the Company incurred $2,183,399 in share issuance costs.

The table below describes how the proceeds have been used to date, against how the proceeds were expected to be used as disclosed in the final prospectus dated March 9, 2012.

	As per prospectus	Incurred to date
Obotan Gold Project	$29,750,000	$5,135,001
Exploration	2,500,000	-
General & administrative expenses	1,000,000	448,589
Total	$33,250,000	$6,345,431

The Company intends to incur the outstanding expenditures as indicated in the prospectus. These expenditures will be incurred over the course of the next 12 months.

A further breakdown of the expenditures currently incurred on the Obotan Gold Project is as follows:

	As per prospectus	Incurred to date
Feasibility Study Costs	$7,060,000	$4,623,076
Land Access Agreement	4,500,000	511,925
Equipment Purchases	4,460,000	-
Development Costs	13,730,000	-
Total	$29,750,000	$5,135,001

Proceeds of $9,269,050 were received from the exercise of warrants and options during the year. Issued shares increased from 197,934,584 at July 1, 2011, to 262,170,084 at June 30, 2012. As at June 30, 2012, 14,055,000 share purchase warrants and 15,217,500 options were outstanding. Further details of transactions are provided in note 9 to the annual audited consolidated financial statements for the year ended June 30, 2012.

During the Quarter to June 30, 2012, 1,050,000 options were issued to employees and to directors of the Company as per the terms and conditions of the Company's Stock Option Plan.

Corporate Developments

There were no significant corporate developments during the year ended June 30, 2012.

The Company strengthened its project and management team during the reporting year with the appointment of the following key positions:

Mr Michael Gloyne, Chief Operating Officer
Mr Charles Amoah, General Manager-Obotan Operations
Mr John Gyedu, Exploration Manager
Mr Eric Darko, Community Relations and Environment Manager
Mr Thomas Amoah, Vice President Exploration-West Africa (promotion from Exploration Manager).

On a corporate level, PMI Gold appointed new joint Corporate Secretaries in Canada and Australia to effectively address corporate regulatory obligations in both jurisdictions, and Ms. Rebecca Greco was appointed to manage investor relations and shareholder communications for the Company.

In addition to the above key appointments, the PMI Board was also further enhanced with the appointment of experienced mining finance executive Dr. Michael Price as a new London-based Non-Executive Director on June 13, 2012.

The registered and records office of the Company changed during the year to 408 – 837 West Hastings Street, Vancouver BC V6C 3N6, Canada, and the Australian registered office changed during the year to Level 3, 680 Murray Street, West Perth WA 6005.

Project Development

Obotan Gold Project (Nkran, Adubiaso, Abore, Asuadai Deposits)

Background

PMI Gold Corporation acquired the Obotan Project prospecting licenses in late 2006 and commenced a program of resource definition drilling in 2007 that was designed to confirm the resources established by previous owner, Resolute Mining Limited, and to evaluate the potential for development of new resources.

Resolute Mining Limited had commenced mining at Nkran in 1997 and ceased operations in 2002 due to depressed gold prices. During this period the Nkran open pit was mined to an average depth of 150 vertical metres. Prior to the cessation of operations Resolute had delineated extensions of the Nkran resource down to approximately 450 vertical metres.

In mid-2010 PMI commenced a new infill drilling program that was focused on establishing the internal continuity and extent of the gold mineralization of the Obotan deposits (Nkran, Adubiaso, Abore and Asuadai) and hence upgrading the resource inventory. The drilling was also designed to delineate resource extensions along strike and down-dip of the previous Resolute pits at Nkran, Adubiaso and Abore for the purpose of expanding the resource inventory. The Asuadai deposit had not previously been mined therefore its drill program has been designed to expand and delineate the resource potential.

2011/ 2012 Project Review

Resource Definition Drilling

The Company continued its resource extension and infill drilling program at Obotan, with an emphasis on the Nkran Deposit, as part of an ongoing circa 40,000m drilling campaign designed to upgrade and further expand the gold resource inventory at Obotan.

Results indicated multiple zones of mineralization intersected from two parallel shears (the Western and Eastern Lodes) and the broad central stockwork zone within the Nkran Deposit, confirming the internal integrity of the deposit and indicating the occurrence of higher grade zones within a broad, continuous, lower grade envelope, as well as the potential for both depth and strike extensions to the south.

Updated Resource Estimate – October 2011

In June 2011, PMI retained SRK Consulting of Perth, Western Australia to complete an independent estimation of the Obotan mineral resources on the four gold deposits (Nkran, Adubiaso, Abore and Asuadai), to be included as part of a JORC/NI43-101 compliant pre-feasibility study.

The updated resources estimate reported in October 2011 represented a significant 270% increase from the previous estimate by Hellman & Schofield in 2010.

OBOTAN GOLD PROJECT INTERIM MINERAL RESOURCES ESTIMATE – OCTOBER 2011

SRK October 2011 Resource Estimate (based on a 0.5 g/t Au lower cut-off grade)									
DEPOSIT	**MEASURED**			**INDICATED**			**MEASURED + INDICATED**		
	Tonnes (millions)	*Grade (g/t Au)*	*Ozs (millions)*	*Tonnes (millions)*	*Grade (g/t Au)*	*Ozs (millions)*	*Tonnes (millions)*	*Grade (g/t Au)*	*Ozs (millions)*
Nkran	11.10	2.76	0.98	19.70	2.42	1.52	30.80	2.54	2.50
Adubiaso	1.07	2.78	0.09	2.60	2.30	0.19	3.67	2.44	0.28
Abore	2.50	1.88	0.15	3.99	1.80	0.23	6.49	1.83	0.38
Asuadai	N/A	N/A	N/A	1.21	1.71	0.06	1.21	1.71	0.06
TOTAL	**14.67**	**2.66**	**1.22**	**27.5**	**2.32**	**2.00**	**42.17**	**2.40**	**3.22**

DEPOSIT	**INFERRED**		
	Tonnes (millions)	*Grade (g/t Au)*	*Ozs (millions)*
Nkran	12.60	2.54	1.02
Adubiaso	0.87	2.06	0.05
Abore	3.40	1.72	0.18
Asuadai	0.67	1.95	0.04
TOTAL	**17.54**	**2.35**	**1.29**

(All resource numbers are rounded to 2 decimal places- 10,000 tonnes.)

The interim estimate included the Hellman & Schofield dataset, plus drilling by PMI (70 diamond holes for 26,505m) up to June 2010, but also incorporated a further 85 holes for 26,605m of diamond drilling undertaken by PMI from June 2010 to mid-August 2011.

Perth-based Optiro Pty Ltd was also contracted by PMI to complete an independent review of SRK's resource estimate as part of the Company's technical quality assessment and control, with Optiro confirming that SRK's resource estimate results were consistent and acceptable for the style of the deposit.

Further detailed information on the resource estimate is reported in the NI 43-101 technical report titled "Technical Report - Obotan Gold Project Mineral Resource Estimation by SRK Consulting (Australia)" prepared by Peter Gleeson of SRK Consulting, effective date October 13, 2011 and lodged with SEDAR on November 28, 2011 (www.sedar.com).

This interim resource was of an order of confidence to form the basis for a pre-feasibility study.

Pre-Feasibility Study

PMI released its results of the NI43-101 compliant Pre-Feasibility Study for Obotan Gold Project on January 12, 2012. The pre-feasibility study was independently compiled by GR Engineering Services (GRES), a leading experienced engineering company of Perth, Western Australia, based on work completed by four leading industry consultants.

The pre-feasibility study summarizes the geology, mining and mine production schedule completed by SRK Consulting; metallurgy, process plant, design, infrastructure design, capital and operating cost estimates and financial modeling completed by GR Engineering; the tailings storage facility design completed by Knight Piesold Consulting, and the baseline environmental and sociological evaluation completed by Bizgeo Company (Ghana).

The study showed life-of-mine production at 2.10 million recovered ounces of gold over a period of 11.2 years (inclusive of 1 year pre-strip operations).

Annual gold production was forecast at 205,600oz at an estimated life-of-mine total cash operating cost of US$657.6 per oz including royalties and refining costs.

The estimated production profile was based on processing 3Mtpa of ore for 10 years with a total of 30.3Mt of ore mined. Initial capital costs are estimated at US$251.8 million, including mining pre-strip and a contingency of US$23.2 million. Deferred and sustaining capital is estimated at US$21.9 million.

The PFS was based on a gold price of US$1,300 per ounce, 5% discount rate and contract mining scenario, with the Project generating a pre-tax NPV of US$680.5 million and post-tax NPV of US$416.4 million. The pre-tax IRR was at 42% and the post-tax IRR at 31% with a capital payback of 2.9 years from commencement of first gold production.

Maiden Reserve Estimate (January 2012)

Based on the positive outcome of the pre-feasibility study, a portion of the Mineral Resource was upgraded to Mineral Reserves. The reported NI43/101/JORC compliant maiden Reserve estimate is shown in the following table:

OBOTAN GOLD PROJECT MAIDEN MINERAL RESERVE ESTIMATE – JANUARY 2012

NI43-101/JORC Code Compliant: Pre-Feasibility Study Obotan Ore Reserve

RESERVE CLASSIFICATION	TONNES (MILLIONS)	AU (G/T)	AU OZS (MILLIONS)
Proven	14.0	2.36	1.06
Probable	16.3	2.28	1.20
Total Proven + Probable	**30.3**	**2.32**	**2.26**

1. *The SRK Mineral Reserve was estimated by construction of a block model within constraining wireframes based on Measured and Indicated resources.*
2. *The Reserve is reported at a lower cut-off grade of 0.5g/t Au, which defines the continuous/semi-continuous mineralized zone potentially amenable to the low grade, bulk tonnage mining scenario currently being considered by PMI.*
3. *The Reserve grades and Reserve tonnes have been modified by a 95% mining recovery and a 5% allowance for mining dilution at 0.0g/t gold.*
4. *At 93% metallurgical recovery for Oxide and Transitional material and 94.5% metallurgical recovery for Fresh material was used in defining the optimal pit shell.*
5. *The Mineral Reserves are based on the October 2011 Mineral resource reports for the Nkran, Adubiaso, Abore and Asuadai deposits*
6. *All tonnes reported are dry tonnes.*
7. *The base case pit optimization utilized a US$1,300/oz gold price.*
8. *Mineral Reserves are reported in accordance with the NI 43-101 & JORC.*

PMI filed a NI 43-101 compliant technical report on the Obotan Project outlining the Mineral Resources and Reserves Estimate and the result of a Pre-Feasibility Study on SEDAR on February 15, 2012 (www.sedar.com).

Further Resource Estimate Update – March 2012

A further update to the interim resource estimate (completed by SRK Consulting of Perth) was reported on the four gold deposits (Nkran, Adubiaso, Abore and Asuadai) The revised resource estimate incorporated a further 110 holes for 28,835m of predominantly infill and some extensional diamond drilling, resulting in improved geological understanding of the deposits and further confirmation of internal grade continuity within the deposits, particularly at the Nkran Deposit which forms the larger part of the total resource base, and is the backbone of the Project. Nkran resources are 2.35 million ounces being 75% of the combined measured and indicated ounces and 32.15 million tonnes for 72% of the ore tonnes, with a high average resource grade of 2.28g/t.

OBOTAN GOLD PROJECT MINERAL RESOURCES ESTIMATE – MARCH 2012

SRK March 2012 Resource Estimate (based on a 0.5 g/t Au lower cut-off grade)									
DEPOSIT	MEASURED			INDICATED			MEASURED + INDICATED		
	Tonnes (millions)	*Grade (g/t Au)*	*Oz (millions)*	*Tonnes (millions)*	*Grade (g/t Au)*	*Oz (millions)*	*Tonnes (millions)*	*Grade (g/t Au)*	*Oz (millions)*
Nkran	11.74	2.55	0.96	20.41	2.12	1.39	32.15	2.28	2.35
Adubiaso	1.50	2.98	0.14	2.67	2.41	0.21	4.17	2.59	0.35
Abore	2.33	1.78	0.13	3.70	1.53	0.18	6.03	1.60	0.31
Asuadai	N/A	N/A	N/A	2.44	1.28	0.10	2.44	1.28	0.10
TOTAL	**15.57**	**2.47**	**1.23**	**29.21**	**2.00**	**1.88**	**44.79**	**2.16**	**3.11**

DEPOSIT	INFERRED		
	Tonnes (millions)	*Grade (g/t Au)*	*Ozs (millions)*
Nkran	14.74	2.21	1.05
Adubiaso	1.25	1.91	0.08
Abore	3.92	1.50	0.19
Asuadai	2.00	1.33	0.08
TOTAL	**21.91**	**1.99**	**1.40**

(All resource numbers are rounded to 2 decimal places- 10,000 tonnes).

Further detailed information on this resource estimate is reported in the NI 43-101 technical report titled "Technical Report - Obotan Gold Project Mineral Resource Estimation Update March 2012 by SRK Consulting (Australia)" prepared by Peter Gleeson of SRK Consulting, effective date March 15, 2012, and lodged with SEDAR on May 25, 2012 (www.sedar.com).

This estimate update will be included in the JORC/NI43-101 feasibility study due for completion in Q3 2012.

Feasibility Study

Work commenced in Q1 2012 on the feasibility study with completion targeted in Q3 2012. Based on results, a decision to advance the project into development is expected from the Board of Directors in Q4 2012, with project finance arrangements to follow and a subsequent Financial Investment Decision (FID).

GR Engineering Services were appointed to continue their project management role, responsible for the overall study delivery and management of sub-consultancy groups including SRK, Orelogy, Knight Piesold and AERC. Based on the pre-feasibility study findings, the feasibility scope of work was to deliver a report detailing a 3.0Mtpa process operation with a mine life of +10 years, and capital and operating costs refined to an accuracy level of +/- 15%.

In conjunction with the technical feasibility study work, the Company held discussions with the local community regarding the move from exploration to project development, commenced preparation of the necessary permits and project approvals required for development activities, including an Environmental Impact Study (EIS) due to be presented to the Environment Protection Authority with approval expected in Q4 2012, and reviewed various options for financing of the Obotan Gold Project.

Optimum Capital Pty Ltd was engaged to assist PMI identify and secure appropriate finance. Optimum Capital is a well-known and independent advisory house based in Australia that focuses on the mid-tier mining sector, who provides commercial, financial and technical skills and experience aimed at assisting clients to optimize their funding outcomes. The full range of available financing alternatives is being explored in order to ensure the best result for Shareholders. To date PMI Gold has received expressions of interest to provide project finance for the Obotan Gold Project from 12 international banks. Optimum Capital has reduced these to a short list of potential funders to provide project finance. Each of the shortlisted banks has a strong global reputation and demonstrated experience in financing mining projects in Ghana.

Subsequent to year end, the Company announced results from its NI43-101 feasibility study on the Obotan Gold Project on August 28, 2012. The feasibility study indicates a financially and technically robust mining operation based on a gold price of US$1,300/ounce with the following key outcomes:

- Pre-Tax NPV of US$614M and Post-tax NPV of US$387M, assuming a US$1,300/oz gold price, 5% discount rate and contract mining scenario (consistent with January 2012 Pre-feasibility Study)
    - *Pre-tax IRR of 35% and post-tax IRR of 28%*
    - *Capital payback period of 2.9 years*
- At current prices of $1,600/ounce,
    - *Pre-tax NPV rises to US$1.07B and post-tax NPV to US$686M*
    - *Pre-tax IRR of 54% and post-tax IRR of 43%*
    - *Capital payback period of 2.0 years*
- Average production of 221,500 oz Au pa over the first five years
- Total production of 2.26 million recovered oz Au over the 11.5 year mine life
- Life-of-mine Project Revenue of US$2.9 billion
- Estimated average life-of-mine cash operating costs of US$626/oz
- Increased Proven and Probable Ore Reserves of 34.2Mt at 2.21g/t for 2.43Moz of gold across four deposits. This is a rise of 170,000 oz from the January 2012 Pre-feasibility Study.
- Capital cost estimate of US$296.6M including a pre-strip mining cost of US$82.2M

Further details of the Feasibility Study are outlined below:

Key Project Parameters:

ITEM	DESCRIPTION / ESTIMATE
Mining method	Open Pit Mining
Processing rate	3Mtpa primary ore, 3.8Mtpa oxide ore
Metallurgical recovery	92.8% average
Total recovered gold	2.26 million oz
Mine Production Life	11.5 years
Cash operating costs	$626/ oz
Pre-Production Capital Cost	$296.6M
Pre-tax operating cashflow ($1,300/oz Au)	$953M
Life of Mine sustaining mine capital	$56.2M
Construction commencement*	1st Quarter 2013
First production*	End of 1st Quarter 2014

*Subject to Financial Investment Decision (FID) timing

Capital Cost Breakdown:

COST AREA	US$ MILLION
Process Plant Direct	$ 83.6
Infrastructure	$ 49.2
Indirect	$ 26.1
Spares and First Fills	$ 8.9
Owners Costs	$ 26.2
Pre-Strip	$ 82.2
Mining Establishment	$ 20.3
Initial Capital	**$ 296.6**
Deferred & Sustaining Life of Mine Capital	$ 35.6
Ongoing Mining Capital	$ 20.6

Operating Cost Breakdown:

COSTS	TOTAL COST US$ MILLION	US$/T MILLED	US$/OZ AU RECOVERED
Mining	$ 850.4	$ 24.84	$ 376.5
Processing	$ 473.1	$ 13.82	$ 209.4
General & Administration	$ 90.6	$ 2.65	$ 40.1
Sub Total Cash Costs	**$ 1414.0**	**$ 41.31**	**$ 626.0**
Bullion and Refining	$ 12.1	$ 0.35	$ 5.3
Royalties	$ 205.6	$ 6.01	$ 91.0
Total Operating Cost	**$ 1631.7**	**$ 47.67**	**$ 722.3**

Financial Evaluation:

	@ U$1300 / OUNCE	@ U$1600 / OUNCE
Project revenue	$ 2.9 B	$ 3.61 B
Project pre-tax cash flow	$ 953 M	$ 1.58 B
Project pre-tax NPV (5% discount rate)	$ 614 M	$ 1.07 B
Project pre-tax NPV (8% discount rate)	$ 472 M	$ 856 M
Project pre-tax IRR	35%	54%

Project Implementation:

Subject to the Board of Directors' Financial Investment Decision (FID), key project milestones comprise:

KEY PROJECT IMPLEMENTATION MILESTONES - TARGETED DATES						
	CY2012		CY2013		CY2014	
	1H	2H	1H	2H	1H	2H
Completion of Feasibility Study		☑				
Project Finance		☑				
Commencement of Construction			☑			
Mining Pre-strip			☑			
First Production					☑	

PMI will file a NI 43-101 compliant technical report on the Obotan Project outlining the Mineral Resources and Reserves Estimate and the result of the Feasibility Study, which will be available on www.sedar.com within 45 days of the date of the press release.

Further Reserve Estimate Update – August 2012

Following completion of mine optimization and planning, an updated Ore Reserve statement has been completed by Orelogy Mining Consultants, as outlined below:

OBOTAN GOLD PROJECT MINERAL RESERVE ESTIMATE – AUGUST 2012

NI43-101/JORC Code Compliant: Feasibility Study Obotan Ore Reserve			
RESERVE CLASSIFICATION	**TONNES (MT)**	**GRADE (G/T AU)**	**CONTAINED GOLD (MOZ)**
Proven	14.8	2.39	1.14
Probable	19.4	2.08	1.30
Total	**34.2**	**2.21**	**2.43**

1. *The Orelogy Mineral Reserve was estimated by construction of a block model within constraining wireframes based on Measured and Indicated resources.*
2. *The Reserve is reported at lower a cut-off grade of 0.5g/t Au, which defines the continuous/semi-continuous mineralized zone potentially amenable to the low grade, bulk tonnage mining scenario currently being considered by PMI.*
3. *The grades and Reserve tonnes have been modified by an average ore loss and mining dilution of 4.8% with a mining dilution grade of 0.0g/t gold*
4. *An average metallurgical recovery of 92.8% was used in defining the optimal pit shell*
5. *The Mineral Reserves are based on the March 2012 Mineral resource reports for the Nkran, Adubiaso, Abore and Asuadai deposits*
6. *All tonnes reported are dry tonnes*
7. *The base case pit optimization utilized a US$1,300/oz gold price*
8. *Mineral Reserves are reported in accordance with the NI 43-101 & JORC.*

The increase in Proven and Probable reserves represents a 13% increase in tonnage and 8% increase in contained gold compared with the maiden Proven and Probable Ore Reserve in the January 2012 Pre-feasibility Study. A 4.7% reduction in grade has been offset by the conversion of additional Inferred Resources to Indicated Resources then into reserves as a result of successful in-fill drilling programs. There are additional Inferred Resources within the open pit which have not been included in the Ore Reserve but which may be converted in future.

Key Land Access Agreement at Obotan

On December 20, 2011, the Company announced that it has completed a land access agreement with the Anglican University College of Technology for the acquisition of property within the Abore-Abirem licence, which lies within the Obotan Project area.

After the return of the leases (formally held by Resolute Mining Limited) to the Ghanaian government, an area was set aside by the Government for the Anglican Church to set up a University. This property, which is located adjacent to but outside of the Nkran deposit and open pit, includes former administration and accommodation buildings. The facilities will provide the basis for the future mine accommodation as well as the immediate accommodation for the ongoing exploration activities. The acquisition of these facilities should also simplify the EPA approval process for PMI's mining lease application.

The access agreement terms are for PMI to provide an initial US$500,000 payment which will allow PMI immediate access to all facilities and a later payment of US$4.5 million to be paid at the time of the raising of the capital for the Obotan mining operations, or September 30, 2012, whichever is the earlier. The pre-feasibility study capital cost estimate will incorporate an amount of $4.5 million for the final settlement for the cost of the future mine village and administration buildings.

Tenement Acquisition

Subsequent to year end, the Company announced an agreement with Midras Mining Company Ltd to acquire the Datano Mining Lease which is contiguous with the southern boundary of PMI's Obotan Gold Project, infilling a major gap in PMI's tenement coverage of the gold mineralized structures. The parties agreed to a purchase price of US$6 million for PMI to acquire 100% of the project area, contingent upon obtaining the approval of the sale and transfer of the Mining Lease to Adansi by the Ghana Minerals Commission and Minister of Lands, Forestry and Mines.

The concession covers an area of 50km^2 and sits strategically south of the Nkran deposit providing PMI access to additional southern extensions of the mineralized Nkran and Fromenda structures and the opportunity to develop additional oxide resource targets close to the Obotan Project. The lease area also provides greater flexibility in the design of infrastructure within the Obotan Project Feasibility Study design. At time of writing, PMI had received Ministerial approval for the sale and transfer of the mining lease to proceed.

Exploration

Exploration continued on the Company's concessions, with $32.4 million being invested during the year ended June 30, 2012.

Regional Program

With the completion of the Obotan resource definition and infill drilling in early 2012, the exploration focus shifted from Obotan to PMI Gold's extensive tenement portfolio within the Asankrangwa and Ashanti Gold Belts to delineate new resources to further consolidate the future growth of the Company. The key objectives of the regional exploration program are threefold:

- To identify additional oxide resources within trucking distance of Obotan;
- To discover new standalone gold deposits within the adjoining (to Obotan) Asanko concessions, within the Asankrangwa Gold Belt; and
- To drill test multiple gold targets delineated by airborne magnetic and near-surface geochemical sampling undertaken last year at Kubi.

To accelerate the regional exploration strategy, the Company implemented a number of measures during the year including contracting of additional rigs; the installation of a sample preparation facility on site to address assay turnaround times; and the recruitment of dedicated regional exploration teams.

An extensive exploration push aimed at completing +100,000 metres of Aircore, RC and Diamond drilling within the first half of 2012 was undertaken at all projects. Approximately 80% of the exploration program was completed by June 30, 2012, with the remainder to be drilled during Q3 2012. Circa 24,000 assays were outstanding as at June 30, 2012.

a) Obotan Project Area of Influence (Asankrangwa Gold Belt)

Target areas within 15km of the Nkran Deposit, termed the Obotan Area of Influence, was the main focus of the regional exploration with first drilling campaigns by PMI commenced on the Kaniago (Adansi) Prospect (7km west), the Fromenda Prospect (15km south-west) and the Afiefiso Prospect (12km south-west), all located within an economic haulage distance of a proposed processing facility at Nkran Deposit. Drilling was also undertaken at Diaso Prospect during the reporting period for which assays are still outstanding.

Target areas within the Area of Influence are located along three regional shear zones (Abore, Nkran and Fromenda Shears) that host the Obotan deposits.

Kaniago (Adansi) Prospect

The Kaniago (Adansi) Prospect represents one of a series of exploration targets along the Abore Shear generated by geological mapping and a low-level detailed airborne magnetic survey previously undertaken by PMI. A total of 133 Aircore holes were drilled for 7,349 metres. Drilling commenced in January 2012, with the assay results being received during the June Quarter. Encouraging intersections (>0.1g/t Au) are reported in Table 1.

Drilling targeted a brittle greywacke unit where the north-east trending Abore Shear zone intersects with cross-cutting east-northeast striking structures, which are interpreted to be the main structural control for gold mineralisation at Obotan (PMI) and Esaase (Keegan Resources Inc.).

A series of eight narrow, sub-parallel, north-east trending gold anomalies of greater than 0.1g/t Au have been delineated from the drilling. The strike lengths of individual anomalies range from 400m to 1,200m and all are open along strike and down dip, increasing the ongoing exploration potential of the area. The results clearly confirm the broader gold potential of the Abore, Nkran and Fromenda Shears to host significant gold mineralization and provide a focal point for planned target drilling due to commence in the latter half of 2012.

Table 1: Kaniago (Adansi) Prospect – Significant Gold Intercepts (>0.1g/t Au)

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

Hole ID	Easting (UTM)	Northing (UTM)	RL (UTM)	Dip	Azimuth	Depth From (m)	Depth To (m)	Interval (m)	Weighted Avg. Grade (g/t)
KAAC12-001	605632.7	702396.9	181.9	-50	135	22	26	4	1.25
KAAC12-003	605557.5	702463.9	190.3	-50	135	8	15	7	0.73
KAAC12-004	605523.1	702513.9	193.2	-50	135	23	26	3	0.26
KAAC12-005	605498.3	702554.4	186.1	-50	135	3	8	5	0.27
						37	39	2	0.28
KAAC12-006	605446.6	702593.0	181.9	-50	135	48	51	3	0.13
KAAC12-007	605410.9	702620.4	181.6	-50	135	5	19	14	0.61
KAAC12-008	605565.8	702301.5	176.4	-50	135	30	44	14	0.32
KAAC12-009	605519.1	702210.3	175.8	-50	135	21	30	9	1.24
KAAC12-012	605573.6	701916.1	178.0	-50	135	1	28	27	0.95
						37	43	6	0.85
KAAC12-015	605534.4	701831.5	187.3	-50	135	0	9	9	0.39
						30	32	2	0.53
KAAC12-016	605482.9	701832.6	189.2	-50	135	48	50	2	0.92
						55	71	16	0.51
KAAC12-024	605340.9	702052.3	189.9	-54	135	28	32	4	0.13
						47	51	4	0.42
KAAC12-026	605331.5	702135.6	201.5	-50	135	8	11	3	0.24
KAAC12-027	605288.2	702162.8	211.7	-50	135	15	19	4	1.02
						24	31	7	0.18
KAAC12-028	605206	702200.8	182.9	-50	135	10	18	8	0.16
						33	38	5	0.32
KAAC12-030	605162.6	702284.4	173.3	-50	135	44	48	4	0.13
KAAC12-035	605355.0	701667.6	185.8	-50	135	0	3	3	0.21
						6	13	7	0.37
						36	38	2	0.56
						52	58	6	1.22
KAAC12-036	605375.3	701608.0	183.8	-50	135	0	5	5	0.22
KAAC12-040	605812.0	702801.8	153.0	-50	135	19	24	5	0.1
KAAC12-042	605901.7	702717.9	150.6	-50	135	10	20	10	0.95
KAAC12-044	606013.5	702604.3	149.5	-50	135	1	3	2	0.13
KAAC12-046	606187.4	702612.8	169.1	-50	135	31	33	2	0.16
KAAC12-059	606135.1	702638.7	160.8	-50	135	21	31	10	0.24
KAAC12-069	605568.6	702400.1	183.1	-50	135	39	41	2	0.18
KAAC12-071	605531.0	702260.4	176.7	-50	135	36	38	2	0.34
KAAC12-075	606310.6	701854.8	162.7	-50	135	21	23	2	0.15
KAAC12-080	606145.6	702030.1	165.7	-50	135	11	15	4	0.82
KAAC12-088	605846.6	702282.2	173.0	-50	135	28	31	3	0.3
						34	44	10	0.79
						47	49	2	0.36
KAAC12-089	605810.4	702319.0	175.0	-50	135	0	5	5	0.16
						36	42	6	0.79
KAAC12-108	606864.5	701360.9	162.7	-50	135	12	14	2	0.13
KAAC12-114	607073.0	701144.2	147.3	-50	135	56	58	2	0.2
KAAC12-119	607251.3	700975.0	151.6	-50	135	4	5	1	26.71
KAAC12-126	607516.9	700750.4	172.1	-50	135	61	62	1	0.79
						73	74	1	1.35

Fromenda Prospect

The Fromenda Prospect is located on the north-east striking Fromenda Shear, which is interpreted from geophysical data to form the eastern margin of a regional north-east trending structural corridor. Based on historical exploration results the Fromenda Shear, and in particular the Fromenda Prospect, is considered by PMI to represent a high priority exploration target.

Drilling commenced at the prospect in February 2012, to evaluate the broader extent of the mineralised system at shallow depth, with some infilling of the historical drill pattern over a previously delineated 500m long gold in soil anomaly. A total of 68 RC drill holes have been completed for a total of 6,775m of drilling with all results received during and subsequent to the reporting period. Significant intercepts (>0.5g/t Au) listed in Table 2.

Drilling results have confirmed the internal continuity of known mineralization and extended it to depths in excess of 100m. It has also shown that the gold mineralization is open along strike to both the north and south, and is open down-dip offering the potential to be a more extensive system than presently drilled.

Table 2: Fromenda Prospect - Significant Gold Intercepts (>0.5 g/t Au)

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

Hole ID	Easting (UTM)	Northing (UTM)	RL (UTM)	Dip	Azimuth	Depth From (m)	Depth To (m)	Interval (m)	Weighted Avg. Grade (g/t)
NBRC12-001	602553.9	684827.1	215.4	-55	135	35	38	3	1.35
						67	90	23	1.17
Including						***81***	***85***	***4***	***3.39***
NBRC12-002	602542.1	684837.3	215.9	-50	135	0	21	21	2.28
Including						***3***	***5***	***2***	***13.65***
NBRC12-002	602542.1	684837.3	215.9	-50	135	45	54	9	4.56
						45	48	3	10.22
						92	98	6	0.7
						109	111	2	1.11
NBRC12-003	602290.3	684503.4	154.3	-50	135	50	51	1	2.06
						58	66	8	0.8
						76	81	5	1.03
NBRC12-004	602309.3	684477.3	155.8	-50	135	0	7	7	0.51
						31	53	22	1.22
Including						***45***	***46***	***1***	***12.5***
NBRC12-004	602309.3	684477.3	155.8	-50	135	78	80	2	0.75
NBRC12-005	602391.6	684399.4	162.7	-50	135	26	28	2	1.08
NBRC12-006	602356.8	684447.2	163.3	-50	135	NSR			
NBRC12-007	602146.5	684710.5	162.5	-50	135	NSR			
NBRC12-008	602176.1	684678.2	157.2	-50	135	21	23	2	1.23
NBRC12-009	602219.2	684648.1	152.4	-50	135	NSR			
NBRC12-010	602249.4	684611.6	152.7	-50	135	NSR			
NBRC12-011	602282.3	684582.9	155.7	-50	135	NSR			
NBRC12-012	602460.6	684398.1	165.4	-50	135	NSR			
NBRC12-013	602431.8	684430.3	167.7	-50	135	8	9	1	1.33
NBRC12-014	602400.1	684467.1	170.8	-50	135	4	6	2	0.55
NBRC12-015	602326.6	684543.1	170.7	-50	135	1	3	2	27.35
						24	40	16	1.08
						52	76	24	1.48
Including						***66***	***68***	***2***	***8.92***

Hole ID	Easting (UTM)	Northing (UTM)	RL (UTM)	Dip	Azimuth	Depth From (m)	Depth To (m)	Interval (m)	Weighted Avg. Grade (g/t)
NBRC12-015	602326.6	684543.1	170.7	-50	135	106	108	2	0.99
						120	123	3	2.81
						134	139	5	0.56
NBRC12-016	602213.4	684790.5	152.1	-50	135	2	3	1	0.90
						47	48	1	0.98
NBRC12-017	602251.6	684753.7	159.5	-50	131	78	80	2	0.56
NBRC12-018	602285.5	684723.0	164.3	-50	135	No Significant Result			
NBRC12-019	602321.2	684681.9	172.0	-50	135	5	6	1	1.04
						43	46	3	0.77
NBRC12-020	602367.8	684642.9	192.3	-50	135	No Significant Result			
NBRC12-021	602394.7	684608.3	198.7	-50	135	36	41	5	1.33
NBRC12-022	602421.7	684572.8	192.6	-50	135	23	24	1	3.68
						27	28	1	0.96
						43	46	3	1.61
						72	74	2	1.14
NBRC12-023	602458.3	684543.7	188.2	-50	135	58	62	4	1.86
NBRC12-024	602526.0	684473.1	171.6	-50	135	No Significant Result			
NBRC12-025	602493.9	684506.0	176.4	-50	135	48	49	1	1.30
NBRC12-026	602545.0	684619.7	206.7	-50	136	No Significant Result			
NBRC12-027	602578.8	684585.2	198.2	-50	135	No Significant Result			
NBRC12-028	602607.5	684553.0	191.1	-50	135	No Significant Result			
NBRC12-029	602476.2	684695.4	210.3	-50	135	No Significant Result			
NBRC12-030	602799.3	684914.7	150.9	-50	135	0	2	2	0.87
						21	23	2	3.94
NBRC12-031	602830.4	684878.7	151.5	-50	135	48	49	1	1.11
NBRC12-032	602865.8	684845.1	155.2	-50	135	No Significant Result			
NBRC12-033	602673.1	684851.9	190.5	-60	135	12	16	4	0.80
						53	57	4	0.61
NBRC12-034	602683.9	684891.4	194.7	-60	135	16	17	1	1.75
						24	27	3	2.21
						58	59	1	1.18
						72	73	1	1.97
						117	118	1	1.52
NBRC12-035	602610.1	684882.8	206.0	-60	135	16	17	1	1.29
						82	108	26	1.74
including						***86***	***87***	***1***	***11.78***
NBRC12-036	602640.1	684889.0	201.5	-60	135	116	119	3	2.07
NBRC12-037	602630.0	684864.9	202.3	-60	135	57	61	4	0.61
						73	75	2	3.19
NBRC12-038	602599.5	684852.7	207.6	-60	135	55	95	40	2.06
						128	131	3	0.93
NBRC12-039	602569.9	684870.7	210.3	-60	135	30	31	1	2.02
						88	96	8	0.73
						133	134	1	1.02
NBRC12-040	602367.6	684792.7	168.1	-50	135	76	81	5	1.60
NBRC12-041	602392.0	684763.3	174.3	-50	135	9	11	2	0.95
NBRC12-042	602424.0	684715.7	191.7	-50	135	No Significant Result			
NBRC12-043	602512.2	684886.4	197.3	-60	135	No Significant Result			

Hole ID	Easting (UTM)	Northing (UTM)	RL (UTM)	Dip	Azimuth	Depth From (m)	Depth To (m)	Interval (m)	Weighted Avg. Grade (g/t)
NBRC12-044	602690.9	684944.8	185.3	-60	135	35	36	1	1.8
						69	72	3	1.86
NBRC12-045	602533.3	684882.8	202.3	-60	135	No Significant Result			
NBRC12-046	602143.3	684364.5	164.5	-50	135	No Significant Result			
NBRC12-047	602185.2	684347.5	175.7	-61	139	No Significant Result			
NBRC12-048	602247.8	684260.1	236.7	-50	135	No Significant Result			
NBRC12-049	602214.3	684297.4	180.8	-50	135	No Significant Result			
NBRC12-050	602309.2	684339.7	156.4	-50	135	No Significant Result			
NBRC12-051	602234.9	684406.6	163.0	-50	135	No Significant Result			
NBRC12-052	602272.1	684369.7	227.3	-55	135	15	18	3	0.99
						61	62	1	1.29
						84	88	4	0.57
NBRC12-053	602207.1	684445.5	166.1	-50	135	No Significant Result			
NBRC12-054	602640.5	684854.1	197.7	-60	135	8	9	1	3.57
						18	26	8	6.8
including						***25***	***26***	***1***	***38.18***
NBRC12-054	602640.5	684854.1	197.7	-60	135	56	57	1	2.19
						83	84	1	1.34
NBRC12-055	602617.0	684821.3	198.2	-55	135	4	21	17	4.28
including						***12***	***15***	***3***	***15.58***
NBRC12-056	602782.9	684949.0	152.0	-50	135	49	50	1	2.98
NBRC12-057	602747.6	684993.1	154.0	-55	135	49	51	2	0.63
NBRC12-058	602694.8	685020.9	151.8	-50	135	No Significant Result			
NBRC12-059	603006.8	684843.5	156.4	-50	135	No Significant Result			
NBRC12-060	602974.2	684877.6	154.7	-60	135	No Significant Result			
NBRC12-061	602936.1	684916.6	152.5	-50	135	No Significant Result			
NBRC12-062B	602907.1	684941.9	213.7	-50	135	No Significant Result			
NBRC12-063	602868.3	684995.5	149.9	-50	135	27	28	1	3.02
NBRC12-064	602841.8	685035.9	148.9	-50	135	47	48	1	0.86
NBRC12-065	602764.6	685095.2	148.6	-50	135	No Significant Result			
NBRC12-066	602803.1	685064.2	148.8	-50	135	No Significant Result			
NBRC12-067	601937.4	683865.5	153.4	-60	135	3	4	1	0.79
NBRC12-068	602639.8	684945.3	186.1	-60	135	132	133	1	6.77

Afiefiso Prospect

Subsequent to year end, PMI announced results from the Afiefiso Prospect, a new discovery strategically located 12km southwest of the Obotan Gold. The reconnaissance aircore drilling program (145 holes on four traverses at 200-800m intervals, for 10,018m) represents the first exploration campaign by PMI at Afiefiso and was designed as a first-pass test of a strong (>100ppb) gold in soil geochemical anomaly, defined by previous explorers, which extends over a length of 2km striking north-east and is 200-500m wide. The soil anomaly is situated in a similar geological setting to the Obotan gold deposits, at the junction of the regional, north-east trending Fromenda Shear and interpreted east-northeasterly cross-cutting structures within a sequence of meta-sedimentary rocks.

The recent reconnaissance aircore drilling program carried out at Afiefiso prospect intersected multiple zones of anomalous gold at shallow depths (<100m), striking parallel to the Fromenda Shear over a length of up to 1,600m and downhole widths of 2-12m. All assay results have been received for the 145 holes from MinAnalytical Laboratory in Perth, Australia and encouraging shallow gold intersections recorded include:

- AFAC12-001 16m @ 1.73 g/t Au from 11m (including 3m @ 7.58 g/t Au from 19m)
- AFAC12-003 6m @ 0.72 g/t Au from 21m
- AFAC12-011 15m @ 1.16 g/t Au from 44m (including 2m @ 4.99 g/t Au from 48m)
- AFAC12-016 9m @ 0.97 g/t Au from 49m (including 2m @ 2.76 g/t Au from 50m)
- AFAC12-073 3m @ 13.64 g/t Au from 12m (including 1m @ 40.57 g/t Au from 12m)

Along with drilling results from the Fromenda Prospect, the recent results from Afiefiso further highlight the potential of the Fromenda Shear to host gold mineralization, and the success of utilising the historical soil geochemical data notwithstanding the obscuring effects of alluvial and cultural processes.

b) Asanko Gold Project (Asankrangwa Gold Belt)

The Asanko Gold Project includes all tenements south of the Obotan Area of Influence within the Asankrangwa Gold Belt. The three regionally prospective structures (Abore, Nkran and Fromenda shears) that also host the Obotan deposits continue on PMI's Asanko Project for an additional 135km of structural strike. A number of mineralized and structural targets along the shears will be a priority for future exploration.

c) Kubi Gold Project (Ashanti Gold Belt)

The Kubi Gold Project is located 15km south of and along strike from AngloGold Ashanti's (60Moz pre-mined) high grade Obuasi Mine and 60km east of PMI's Obotan Project. The Kubi tenements cover the intersections of two structural trends: the major sub-parallel, northeast trending Ashanti and Kubi Shear Zones and a series of the east-northeast trending structures that are interpreted to be associated with Perseus Mining's 6.6Moz Ayanfuri deposit (Edikan Gold Mine), located 12km to the south-west.

Previous exploration at Kubi principally focused on the Kubi Main Deposit (NI43-101/JORC compliant Measured Resource of 0.66 million tonnes at 5.30 g/t Au for 112,000oz; Indicated Resource of 0.66 million tonnes at 5.65g/t Au for 121,000oz; Inferred Resource of 0.67 million tonnes at 5.31 g/t Au for 115,000oz) on the Kubi Shear and on geophysical anomalies. Deeper drilling has only been carried out at isolated locations and much of the Ashanti and Kubi Shear Zones remain untested by drilling.

A 10,000m auger geochemical sampling program undertaken by PMI during 2011-2012 delineated a series of near-surface gold anomalies which has confirmed and enhanced the integrity from historical soil sampling results. Follow-up drill testing of the gold anomalies by PMI during the reporting year was mainly focussed on the 513 Prospect, located 1.2km south-west of the Kubi Main Deposit. Further drilling was also undertaken at Kubi South, where results are reported below, and at Gyimigya and Dunkwa-Gyimigya from which assays are still outstanding.

513 Prospect

The mineralization at the 513 Prospect is hosted within a garnetized metagabbro, near the contact of a sequence of meta-sedimentary rocks, and strikes north-east parallel to the Ashanti and Kubi Shears. A series of cross-cutting east-northeast structures have been identified from airborne and ground geophysical surveys in association with the auger geochemical anomalism. The host rock alteration mineralogy is identical to the Kubi Main Deposit, supporting the wider potential for this style of mineralization along the Ashanti and Kubi Shear zones.

Diamond drilling at the 513 Prospect was designed to more broadly evaluate the 500m strike length of anomalous gold values intersected in auger and diamond drill holes completed by PMI in late 2009 and 2010, and to also test the down-dip continuation of previous drill hole intercepts.

A total of 17 diamond drill holes were drilled for 2,311m on a nominal 100m spacing 25m apart. Significant intercepts (>0.5g/t) are provided in Table 3.

Drilling results confirm the broader extent of gold mineralization in the project area and indicate the occurrence of a higher grade zone within a broad, continuous, lower grade envelope at the southern extent of the prospect. Many of the larger gold deposits in Ghana have a short strike extent with substantial steep plunging deep roots. The presence of this higher grade shoot provides another valuable exploration target in the Kubi Project.

Table 3: 513 Prospect - Significant Gold Intercepts (>0.5g/t Au)

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

Hole ID	Easting (UTM)	Northing (UTM)	RL (UTM)	Dip	Azimuth	Depth From (m)	Depth To (m)	Interval (m)	Weighted Avg. Grade (g/t)
KV12-523	639204.8	663064.5	163.4	-50	290	78.0	87.0	9.0	1.79
Including						**83.0**	**86.0**	**3.0**	**3.22**
KV12-524	639165.8	663073.5	182.0	-50	290	28.5	31.5	3.0	1.09
Including						48.0	51.0	3.0	4.59
KV12-525	639187.2	663121.8	189.0	-50	290	43.5	46.5	3.0	0.96
KV12-526	639205.8	663179.2	188.2	-50	290	25.5	42.0	16.5	0.70
Including						**25.5**	**28.5**	**3.0**	**1.68**
						74.0	81.0	7.0	0.80
KV12-527	639327.4	663545.0	130.9	-50	290	NSR			
KV12-528	639379.4	663525.4	140.7	-50	290	107.0	109.0	2.0	1.33
						116.0	119.0	3.0	1.62
KV12-529	639344.7	663419.7	154.4	-50	290	138.0	140.0	2.0	2.68
KV12-530	639325.9	663426.9	156.7	-50	290	121.0	123.0	2.0	0.51
						125.0	127.0	2.0	0.37
KV12-531	639290.4	663491.1	145.8	-50	290	NSR			
KV12-532	639308.4	663484.3	144.7	-50	290	NSR			
KV12-533	639260.7	663328.7	133.1	-50	290	77.0	79.0	2.0	0.84
						81.0	82.0	1.0	0.70
						87.0	89.0	2.0	0.53
KV12-533A	639260.7	663328.7	133.1	-50	290	NSR			
KV12-534	639249.1	663210.7	158.4	-50	290	121.0	125.0	4.0	0.41
KV12-535	639227.0	663217.8	163.7	-50	290	39.0	40.5	1.5	1.50
KV12-536	639206.7	663222.8	168.0	-50	290	NSR			
KV12-537	639186.7	663185.6	191.2	-50	290	45.0	50.0	5.0	0.5
Including						**47.0**	**48.0**	**1.0**	**1.85**
KV12-538	639221.4	663109.4	172.9	-50	290	78.0	80.0	2.0	2.50
						85.0	97.0	12.0	2.40
Including						**85.0**	**88.0**	**3.0**	**5.00**
KV12-539	639283.8	663320.3	132.3	-50	290	104.0	106.0	2.0	0.84

Kubi South Prospect

Subsequent to year end, PMI announced assay results from a diamond drilling program undertaken at the Kubi South Prospect located 1.5km south of the Kubi Main Deposit. The program of 12 diamond drill holes for 2,164.5m, drilled on a nominal 100m line spacing 25m apart, was designed to follow up historical mineralized intercepts and test the continuity of known mineralisation along strike and down dip. Drilling intersected multiple zones of significant gold mineralization ranging in strike length from 150m to 300m, open along strike to both the north and south, and also down dip. Significant intercepts are shown in Table 4.

Table 4: Kubi South Prospect - Significant Gold Intercepts (>0.5g/t Au)

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

Hole ID	Easting (UTM)	Northing (UTM)	RL (UTM)	Dip	Azimuth	Depth From (m)	Depth To (m)	Interval (m)	Weighted Avg. Grade (g/t)
KV12-540	639952	662280	132	-50	290	103.0	108.0	5.0	3.33
including						**103.0**	**105.0**	**2.0**	**5.30**
KV12-541	639932	662287	135	-50	290	74.0	78.0	4.0	0.68
						138.0	140.0	2.0	1.00
KV12-542	639969	662274	130	-50	290	128.0	129.0	1.0	1.51
						136.0	138.0	2.0	1.50
KV12-543	640002	662367	149	-50	290	123.0	133.0	10.0	0.67
KV12-544	640067	662553	140	-50	290	130.0	131.0	1.0	2.72
						136.0	137.0	1.0	1.96
KV12-545	640046	662561	147	-50	290	59.0	60.0	1.0	1.38
KV12-546	640030	662567	149	-50	290	120.0	122.0	2.0	2.42
including						**121.0**	**122.0**	**1.0**	**4.10**
KV12-547	640017	662466	157	-50	290	133.0	136.0	3.0	1.01
						140.0	142.0	2.0	0.64
KV12-548	640031	662460	152	-50	290	NSR			
KV12-549	639998	662473	164	-50	290	116.0	124.0	8.0	1.39
including						**119.0**	**121.0**	**2.0**	**2.56**
KV12-550	639964	662380	162	-50	290	NSR			
KV12-551	639983	662374	157	-50	290	101.0	102.0	1.0	5.23

Results of Operations

The Company is currently engaged in mineral exploration and development, and does not have revenues from its operations. Costs related to the acquisition and exploration of mineral properties are capitalized by property, whilst regulatory and other expenditures incurred to maintain the administrative infrastructure required to operate in Canada, Australia and Barbados are expensed.

Revenues

The Company has not yet embarked on mining production activity and consequently does not have revenue from its operations. Operations are currently limited to mineral property acquisition, exploration and development.

Selected Annual Information

The following are highlights of financial data of the Company for the three most recently completed financial years:

	2012	2011	2010
Loss for the year	$ (6,369,783)	$ (4,933,516)	$ (2,774,567)
Loss per share	$ (0.029)	$ (0.030)	$(0.029)
Weighted average number of common shares	225,366,747	166,198,713	96,760,157
Balance sheet data:			
Working capital (deficiency)	$ 32,851,555	$ 27,940,884	$ 2,161,027
Total assets	$ 106,653,548	$ 61,270,929	$ 24,284,416

Expenses for the year ended June 30, 2012

	2012	2011
Amortization	$ 53,961	$ 2,154
Foreign exchange loss/(gain)	768,961	(619,137)
Write-off of mineral properties	17,379	88,325
Directors' and Management fees	784,433	325,437
Consulting fees	622,503	181,188
Office and miscellaneous	788,529	267,004
Professional fees	932,504	775,441
Salaries and benefits	255,241	25,359
Shareholder communications	224,093	462,207
Stock based compensation	2,158,905	3,073,643
Transfer agent and regulatory fees	143,353	157,884
Travel and promotion	751,259	602,464
Loss before other items	(7,501,121)	(5,341,969)
Gain on disposal of equipment	2,817	-
Interest and financing	-	(6,043)
Interest income	1,169,432	522,238
Income taxes	(40,911)	(107,742)
Loss for the year	$ (6,369,783)	$ (4,933,516)

The loss for year ended June 30, 2012 was $6,780,329 compared to a loss of $4,933,516 for the year ended June 30, 2011. Foreign exchange loss increased by $1,388,098 over the comparative prior year gain due to movements between Australian dollars, Ghana Cedis, Canadian dollars, and US dollars. Stock-based compensation expense decreased by $914,738 over the prior year reflecting the decrease in value of the award of options to incoming directors and senior management and the vesting of previous awards and the capitalization of $410,546 to exploration and evaluation assets. Transfer agent and regulatory fees decreased by $14,531 due to share issuances, and shareholder communications expenditures decreased by $238,114, reflecting the decreased level of activity surrounding the raising of capital.

Directors' and management fees increased by $458,996, including the appointment of a new COO. Professional fees increased by $157,063 on legal and audit expenditures, whilst travel and promotion expenditures rose by $148,795 due to increased activity and the need to bring technical consultants to Ghana as the Company resumed greater activity.

For the year ended June 30, 2012, losses increased by $1,846,813, largely reflecting the foreign exchange loss due to the weakened US dollar, Ghana Cedis and strengthened Canadian dollar against the Australian dollar, and the establishment of a presence in Australia, offset by interest income earned on significantly increased cash balances.

Summary of Quarterly Results

The following table sets out selected consolidated quarterly information for the current quarter and historically for the preceding eight quarters ending June 30, 2012.

$'000	2012				2011			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales or revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Loss before other items and income taxes	(2,402)	(1,876)	(1,271)	(1,952)	(1,009)	(1,676)	(1,680)	(839)
Other Items and income taxes	136	423	457	115	(336)	61	12	(21)
Loss for the period	(2,266)	(1,453)	(814)	(1,837)	(672)	(1,615)	(1,668)	(840)
Basic and diluted Net Loss per share	(0.01)	(0.01)	(0.00)	(0.01)	(0.00)	(0.01)	(0.01)	(0.01)

For the Three months ended June 30, 2012

	2012	2011
Amortization	14,796	496
Foreign exchange loss/(gain)	598,983	(101,604)
Consulting fees	62,361	181,188
Directors' and management fees	298,964	(112,971)
Office & Miscellaneous	(78,176)	119,411
Professional Fees	186,103	218,529
Salaries and benefits	255,241	25,359
Shareholder communications	64,266	(5,686)
Share-based payments	704,669	410,813
Transfer agent and regulatory fees	29,802	(7,611)
Travel and promotion	259,792	192,392
Write of mineral properties	3,983	88,325
Financing	-	1,662
Interest income	(163,511)	(445,935)
Income taxes	28,226	107,742
Loss for the period	2,265,499	$ 672,110

Loss for the three months ended June 30, 2012 was $2,265,499 as compared to a loss of $672,110 for the three months ended June 30, 2011. The major reasons for the increase in loss were the increase in share-based payments, and the foreign exchange loss during the period.

Stock-based compensation expense is calculated at $704,669 for the three months ended June 30, 2012 as compared to $410,813 for the three months ended June 30, 2011. During the quarter, $3,983 (2011: $88,325) was expensed arising from the write-off of costs spent on properties. Favorable exchange loss movements were recorded arising from movements between Canadian dollars, US dollars, Australian dollars and Ghana cedis.

Treasury Summary

Capital Stock Summary

	Number of shares	Amount	Contributed Surplus
Balance June 30,2012	262,170,084	$119,578,794	$8,034,686

Warrants Summary

The following share purchase warrants were outstanding at June 30, 2012.

Number of Warrants	Exercise Price
14,055,000	$0.20 to $0.62

Options Summary

The following options were outstanding at June 30, 2012.

Number of Options	Exercise Price	Maximum Future Proceeds	Number of Options Vested
15,217,500	$0.20 to $2.00	$15,645,800	7,073,833

Liquidity and Capital Resources

As at June 30, 2012, the Company had cash resources of $40,722,548 compared to $28,659,345 at June 30, 2011.

As a mineral exploration and development company with no current production or revenue from mining operations, the Company's cash flows consist of cash outflows for administrative expenses, salaries, property acquisition and evaluation, exploration, development, and expenditures for depreciable equipment. Financing activities, such as share issuances and shareholder loans, result in cash inflows to the Company. Since its inception, the Company has relied on capital markets (and in particular, equity markets) to fund its exploration and development activities as well as its investments in machinery and equipment. The longer term continuation of the Company as a going concern necessitates the creation of a revenue stream from its mineral assets.

The Company currently has operating lease agreements for office premises in Canada, Ghana and Australia. The total commitment over the next five fiscal years relating to these leases totals approximately $684,000 as follows:

	2012	2011	July 1, 2010
Less than 1 year	$ 358,509	$ 263,271	$ 130,155
Between 1 and 5 years	611,763	588,552	257,258
	$ 970,272	$ 851,823	$ 387,413

The Company also has an operating lease agreement for a mobile laboratory stationed in Ghana. The total commitment remaining relating to this lease is $112,524 (US$109,800). The lease was entered into on October 27, 2011 and is for a period of twelve months, therefore the commitment will be completed by November 2012.

The Company has current exploration commitments to the Minerals Commission of Ghana totaling approximately US$1.6 million.

The Company also has agreed to pay US$4.5 million to the Anglican Church by September 2012 relating to a land access agreement including the original mine administration and village buildings that the Company entered into during the current year.

Related Party Transactions

During the year ended June 30, 2012, the Company:

- Paid or accrued $373,192 (2011 - $103,110) for management fees and $46,617 (2011 - $Nil) in benefits to Collin Ellison, the President and CEO of the Company;
- Paid or accrued $126,295 (2011 - $Nil) for management fees and $13,758 (2011 - $Nil) in benefits to Michael Gloyne, the COO of the Company;
- Paid or accrued $301,831 (2011 - $25,119 for professional fees and $20,230 (2011 - $Nil) in benefits to Michael Allen, the CFO of the Company;
- Paid or accrued $41,875 (2011 - $8,750) for directors' fees and $Nil (2011 - $59,000) for consulting fees to Dr. John Clarke, a director of the Company;
- Paid or accrued $35,310 (2011 - $26,453) for directors' fees and $16,545 (2011 - $Nil) capitalized to exploration and evaluation assets to J.H. Mensah, a director of the Company;
- Paid or accrued $71,605 (2011 - $33,898) to Peter Buck for directors' fees;
- Paid or accrued $44,380 (2011 - $18,657) to Ross Ashton for directors' fees;
- Paid or accrued $3,000 (2011 - $Nil) to Len Dennis, a former director of the Company;
- Paid or accrued $154,732 (2011 - $126,418) for professional fees included in exploration and evaluation assets to a firm controlled by Thomas Ennison, a director of the Company's Ghanaian subsidiary; and
- Paid or accrued $54,020 (2011 - $59,754) for property option and sustaining payments included in deferred exploration costs to firms controlled by Thomas Ennison and Douglas Macquarie, a director and former director respectively of the Company's Ghanaian subsidiary.
- Included in accounts payable and accrued liabilities at June 30, 2012 is $456,228 (2011 - $164,995) owing to related parties, all in respect of and to the above transactions.

Off-Balance Sheet Arrangements

As at the date of this report, the Company has not entered into any off-balance sheet arrangements.

Critical Accounting Policies and Estimates

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the condensed interim financial statements within the next financial year are discussed below:

Exploration and evaluation expenditure:

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

Title to mineral property interests:

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mining properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge; title to all of its properties is in good standing.

Income taxes:

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

Share-based payment transactions:

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in the financial statements at Note 10.

Transition to and Initial Adoption of International Financial Reporting Standards ("IFRS")

The consolidated financial statements have been prepared in accordance with IFRS, including IFRS 1, First-Time Adoption of IFRS ("IFRS 1").

Previously, the Company prepared its interim and annual consolidated financial statements in accordance with Canadian generally accepted accounting principles ("GAAP"). The adoption of IFRS resulted in changes to the accounting policies as compared with the most recent annual consolidated financial statements prepared under Canadian GAAP. The accounting policies as set out in note 3 of the consolidated financial statements have been applied consistently to all periods presented in these consolidated financial statements. Comparative information as at July 1, 2010 (transition date) and June 30, 2011 has also been adjusted from amounts previously reported under GAAP.

Impact of IFRS on Our Organization

The conversion to IFRS impacts the way the Company presents its financial results. The Company has fully prepared and trained its employees and directors to ensure an appropriate understanding of IFRS during the transition process. The impact of the conversion to IFRS on the Company's accounting systems has been minimal as the Company is still in the exploration phase. The Company has assessed the impacts of adopting IFRS on our contractual arrangements, and has not identified any material compliance issues. The Company has considered the impacts that the transition will have on our internal planning process and compensation arrangements and has not identified any significant impacts.

First Time Adoption of IFRS

IFRS 1 generally requires that first-time adopters retrospectively apply all effective IFRS standards and interpretations in effect as at the reporting date. IFRS 1 also provides for certain optional exemptions and certain mandatory exceptions to this general principle. The Company has elected to apply the following optional exemptions:

(*i*) Business combinations:

The Company elected not to retrospectively apply IFRS 3 Business Combinations to any business combinations that may have occurred prior to its Transition Date and such business combinations have not been restated.

(*ii*) Share-based payment transactions:

The Company has elected not to retrospectively apply IFRS 2 to equity instruments that were granted and had vested before the Transition Date. As a result of applying this exemption, the Company applied the provisions of IFRS 2 only to all outstanding equity instruments that are unvested as at the Transition Date to IFRS.

(*iii*) Compound financial instruments:

The Company has elected not to retrospectively separate the liability and equity components of compound instruments for which the liability component is no longer outstanding at the date of transition to IFRS.

(*iv*) Borrowing costs:

The Company has elected to apply the transitional provisions of IAS 23 *Borrowing Costs*, which permits prospective capitalization of borrowing costs on qualifying assets from the Transition Date.

(*v*) Extinguishing financial liabilities with equity instruments:

The Company has elected to apply the transitional provisions of IFRIC 19 *Extinguishing financial liabilities with equity instruments*, which requires its application only from the beginning of the earliest comparative period presented, i.e. the Transition Date.

Adjustments on Transition to IFRS

An explanation of how the transition from previous Canadian GAAP to IFRS has affected the Company's financial position, financial performance and cash flows is set out in note 19 of the consolidated financial statements and also discussed below:

(a) Share-based payments

Pre-changeover Canadian GAAP allows the Company to calculate the fair value of the share-based compensation on awards granted and recognizes the expense from the date of grant over the vesting period using the graded vesting methodology. The Company determined the fair value of stock options granted using the Black-Scholes option-pricing model.

IFRS 2 requires each tranche in an award with graded vesting features to be treated as a separate grant with a different vesting date and fair value. Each grant is accounted for on that basis. IFRS 2 also requires estimates to be made of forfeiture and a consequent reduction of share compensation expense and contributed surplus.

Prior to Transition to IFRS, non-employee options under pre-changeover Canadian GAAP were measured at the share price on the vesting date. Under IFRS, these are measured at grant date. The adjustments required at July 1, 2010 and June 30, 2011 are detailed in note 19 of the consolidated financial statements.

(b) Income taxes

IFRS prohibits the recognition of a deferred tax asset or liability arising on initial recognition where the transaction is not a business combination and at the time of transaction, there is no impact on accounting profit or taxable profit. Accordingly, as at July 1, 2010, the Company reversed the deferred tax liability recognized under Canadian GAAP related to mineral property interests acquired. The adjustments required at July 1, 2010 and June 30, 2011 are detailed in note 19 of the consolidated financial statements.

New Standards Not Yet Adopted

Standards and interpretations issued but not yet effective applicable to the Company:

- IFRS 9, Financial Instruments
- IFRS 10, Consolidated Financial Statements
- IFRS 11, Joint Arrangements
- IFRS 12, Disclosures of Interest in Other Entities
- IFRS 13, Fair Value Measurement
- IFRIC 20, Stripping Costs in the Production Phase of a Surface Mine

Refer to the consolidated financial statements for a description of these standards. The Company is evaluating the impact that these standards will have on the financial statements.

Accounting Policies including Subsidiaries and Initial Adoption

The accounting policies and methods of application are disclosed in the notes to the Company's consolidated financial statements for the year ended June 30, 2012.

Financial Instruments and Management of Capital

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash and cash equivalents, receivables and accounts payable and accrued liabilities.

The Company classifies financial instruments in accordance with a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described below:

- Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
- Level 2: Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantively the full term of the asset or liability.
- Level 3: Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The Company does not have any financial instruments recognized at fair value. The carrying values of cash and cash equivalents, receivables, and accounts payable and accrued liabilities approximate their fair values because of their short terms to maturity.

(a) Financial instrument risk exposure and risk management:

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes. The type of risk exposure and the way in which such exposure is managed is provided below:

Credit risk

Credit risk is the risk of potential loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets, including cash and cash equivalents, advances from employee, receivable from related parties and other accounts receivable. The Company limits the exposure to credit risk by only investing its cash and cash equivalents with high credit quality financial institutions in business and saving accounts, and guaranteed investment certificates, which are available on demand by the Company. The carrying amount of cash and cash equivalents, advances to employees, receivables from related parties and other accounts receivable represents the Company's maximum exposure to credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company ensures, as far as reasonably possible, it will have sufficient capital in order to meet short term business requirements, after taking into account cash flows from operations and the Company's holdings of cash and cash equivalents. The Company's cash and cash equivalents are currently invested in business accounts which are available on demand by the Company for its programs. As at June 30, 2012, the Company had cash and cash equivalents of $40,722,548 to settle liabilities of $8,582,163. All of the Company's liabilities are due currently. The Company's exploration expenditure commitments, pursuant to its option agreement related to its mineral properties, are described in note 7, and other commitments are described in note 17 to the financial statements.

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 Company's interest bearing financial assets are comprised of cash and cash equivalents, which bear interest at fixed or variable rates. The Company is not exposed to material interest rate risk.

Foreign currency

The Company is exposed to foreign currency risk as some of its cash and cash equivalents, receivables and accounts payable and accrued liabilities are held in Ghanaian Cedes (GHS), US Dollars (USD), and Australian Dollars (AUD). The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

The exposure of the Company's cash and cash equivalents and receivables is as follows:

	June 30, 2012		June 30, 2011	
	Amount in Foreign currency	Amount in CAD dollars	Amount in foreign currency	Amount in CAD dollars
United States dollars:				
Cash and cash equivalents	$ 15,681	$ 16,070	$ 44,108	$ 43,071
Australian dollars:				
Cash and cash equivalents	5,068,571	5,276,910	25,717,200	26,606,816
Receivables	51,376	53,488	391,231	378,144
Ghanaian cedes				
Cash and cash equivalents	2,551,342	1,348,129	115,806	74,475
Receivables	75,526	39,908	101,143	65,045
Total financial assets		$ 6,734,505		$ 27,167,551

The exposure of the Company's accounts payable and accrued liabilities is as follows:

	June 30, 2012		June 30, 2011	
	Amount in Foreign currency	Amount in CAD dollars	Amount in foreign currency	Amount in CAD dollars
United States dollars:				
Accounts payable and accrued liabilities	$ 6,398,141	$ 6,556,878	$ 714,371	$ 697,569
Australian dollars:				
Accounts payable and accrued liabilities	1,593,295	1,658,779	454,644	470,370
Ghanaian cedes				
Accounts payable and accrued liabilities	356,546	187,862	173,583	111,631
Total financial liabilities		$ 8,403,521		$ 1,279,570

Based on the above net exposures and assuming that all other variables remain constant, a 10% change of the CAD dollar against the various currencies would result in a change in net loss of approximately $166,902 for the year ended June 30, 2012 (2011 – gain $2,588,798).

Risks and Uncertainties

Investment Risk

It is not expected that the Company's mineral properties will create positive cash flow for the Company in the near future, as this is dependent upon bringing a mine to production.

Issuer Risk

The Company does not have an established record of earnings and financial performance against which its operations can be easily evaluated.

The Company intends to retain future earnings to finance growth and expand operations and does not anticipate paying any dividends until it has sustainable, profitable production.

Operating Risk

Exploration and development involves significant capital investment. While a recommended work program has been identified for the Company's Ghanaian concessions, there is no assurance that financing will be adequate to complete the recommended work program. Additional financing may be required and there is no assurance that the Company will be able to raise the additional funds required.

Title to mining properties involves certain inherent risks. The Company has investigated title to all of its mineral properties and, to the best of its knowledge title to all of its properties is in good standing. The properties in which the Company has committed to earn an interest are located in Ghana, West Africa and the Company is therefore relying on title opinion by legal counsel who is basing such opinions on the laws of Ghana.

The success of the Company will depend on management and key personnel, particularly those individuals with mineral exploration and development expertise. Loss of such management or personnel could adversely affect the success of the business operations and prospects of the Company. The Company currently does not have key man insurance in place.

Certain directors of the Company or its subsidiaries are associated with other natural resource companies which could give rise to conflicts of interest. In addition, some of the directors and officers of the Company have either full time employment or other business or time restrictions placed on them and accordingly, these directors and officers will not devote their whole time to the affairs of the Company.

Commodity Price Risk

Longer term plans as a gold producer are dependent upon sustained gold commodity prices at a level which permits profitable exploitation of the Company's resources. A substantial decline in the price of gold on world markets could conceivably result in a re-evaluation of project viability.

Industry Risk

Mineral exploration involves significant risk and the mining industry is highly speculative. Areas of uncertainty include the size and nature of the mineral resource, environmental issues associated with exploitation and the activity of competitors. Shareholders of the Company should therefore be willing to risk their entire investment.

Penalties, Sanctions and Bankruptcy

No penalties, sanctions, declarations of bankruptcy, voluntary assignments in bankruptcy, proposals under any bankruptcy or insolvency legislation, proceedings, arrangements or compromises with creditors or appointment of a receivers, receiver managers, or trustees to hold assets in effect in the last 10 years was levied against any director, senior officer or control person of the Issuer or any issuer of which any of the above persons was a director, senior officer or control person at the time.

Investor Relations

Investor relations are largely managed "in-house" through telephone and email contact with investors in addition to providing web site information and regular news releases. In addition selected advertising campaigns have been undertaken in Australia, Europe, Africa, China and Canada to increase the Company's exposure to new investors.

Segmented Information

The Company primarily operates in one reportable operating segment, being the acquisition, exploration and development of mineral properties in Ghana. The Company's total assets, arranged geographically, are as follows:

		2012		2011
Canada	$	34,443,768	$	2,395,363
Ghana		66,675,729	$	31,909,610
Australia		5,534,051	$	26,965,956
	$	106,653,548	$	61,270,929

Disclosure Controls

Internal Controls Over Financial Reporting

Internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of financial statements in compliance with Canadian general accepted accounting principles ("GAAP"). Any system of internal control over financial reporting ("ICFR"), no matter how well-designed, has inherent limitations. Therefore, even well-designed systems of internal control can provide only reasonable assurance with respect to financial statement preparation and presentation.

In accordance with the requirements of National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*, the Company's management, including the Chief Executive Officer and Chief Financial Officer, acknowledges responsibility for the design and operation of disclosure controls and procedures ("DC&P") and ICFR, and the requirement to evaluate the effectiveness of these controls on an annual basis.

There have been no changes in the Company's ICFR for the year ended June 30, 2012 that have materially affected, or are reasonably likely to materially affect, ICFR.

Subsequent Events

Subsequent to June 30, 2012, the following events occurred:

- The Company announced an agreement on July 9, 2012 with Midras Mining Company Ltd ("Midras") to acquire the Datano Mining Lease, contiguous with the southern boundary of PMI's Obotan Gold Project, infilling a major gap in PMI's tenement coverage of the gold mineralized structures. The parties agreed to a purchase price of US$6 million for PMI to acquire 100% of the project area, contingent upon obtaining the approval of the sale and transfer of the Mining Lease to Adansi by the Ghana Minerals Commission and Minister of Lands, Forestry and Mines. Ministerial approval was received on August 16, 2012.
- The Company announced on August 22, 2012 assay results received from 12 diamond drill holes for 2,164.5m at the Kubi South Prospect which intersected significant gold mineralisation.
- Further assays results (remaining 55 holes from 68 drill holes for 6,775 metres RC drilling program) at the Fromenda Prospect were announced by the Company on August 22, 2012.
- On August 28, 2012 the Company announced the key outcomes of its NI43-101 Feasibility study at the Obotan Gold Project in Ghana. The Feasibility study indicates a financially and technically robust mining operation based on a gold price of US$1300/ounce. An updated reserves estimate has also been calculated with Proven and Probable Reserves increasing to 34.2Mt at 2.21g/t Au for 2.43Moz of contained gold. PMI will file a NI 43-101 compliant technical report on the Obotan Project outlining the Mineral Resources and Reserves Estimate and the result of the Feasibility Study, which will be available on www.sedar.com within 45 days of the date of the press release.
- The Company issued 12,955,000 common shares pursuant to the exercise of share purchase warrants at 20 cents expiring July 16, 2012 for proceeds of $2,591,000. A total of 100,000 warrants went unexercised by July 16, 2012 and subsequently expired.

More detailed information on subsequent events is provided within this MD&A under Project Development and Exploration.

Other MD&A Requirements

As at September 21, 2012, the Company has 275,505,084 common shares outstanding. If the Company were to issue 1,000,000 common shares upon the conversion of all of its outstanding warrants and 8,184,167 common shares upon the conversion of all of its outstanding vested stock options, it would raise $7,572,833.

Technical Disclosures

Exploration Results:

The information in this Report that relates to Exploration Results is based on information compiled by Thomas Amoah, who is employed by Adansi Gold Company (Gh) Ltd, a wholly owned subsidiary of PMI Gold Corporation. Mr Amoah, who is a Member of the Australian Institute of Geoscientists (MAIG), 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 Amoah 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 Thomas Amoah, MAIG, MSEG. a "qualified person" as defined under National Instrument 43-101. Field work was supervised by Mr 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 using either a minimum 0.1 g/t Au (Kaniago (Adansi) Prospect, Afiefiso Prospect and 513 Prospect) or 0.5 g/t Au (Fromenda Prospect) cut off at the beginning and the end of the intercept and allowing for no more than three consecutive metres of less than 0.1 g/t Au (Kaniago (Adansi) Prospect, Afiefiso Prospect and 513 Prospect) or 0.5 g/t Au (Fromenda Prospect) internal dilution. True widths are estimated at from 60% to 70% of the stated core length.

Obotan Gold Project

Feasibility Study Mineral Resources (March 2012) and Reserves Estimate (August 2012):

Information that relates to Mineral Resources at the Obotan Gold Project is based on a resource estimate that has been carried out by Mr Peter Gleeson, a full time employee of SRK Consulting, Australia. Mr Gleeson is a Member of the Australian Institute of Geoscientists (MAIG). Information that relates to Mineral Reserves at the Obotan Gold Project is based on a reserve estimate that has been carried out by Mr Ross Cheyne, a full time employee of Orelogy Mining Consultants. Mr Cheyne is a Fellow of the Australasian Institute of Mining and Metallurgy (FAusIMM). Both have sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity undertaken to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC), and as a Qualified Person (by ROPO) as defined in terms of NI43-101 standards for resource estimate of gold. Mr Gleeson and Mr Cheyne have more than 5 years' experience in the field of exploration results and of resource/reserve estimation and consent to and approve the inclusion of matters based on information in the form and context in which it appears.

The Mineral Resource and Mineral Reserve estimates have been prepared in accordance with the 2010 Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Definition Standards for Mineral Resources and Mineral Reserve as incorporated by reference in National Instrument 43-101 of the Canadian Securities Administrators, and is consistent with the Australasian Guidelines and Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (Revised December 2007) as prepared by the Joint Ore Reserves Committee of the AusIMM, AIG and MCA (JORC).

PMI will file a NI 43-101 compliant technical report on the Obotan Project outlining the Mineral Resources and Reserves Estimate and the result of the Feasibility Study to be made available on www.sedar.com within 45 days of the date of the press release.

Obotan Gold Project (Continued)

Maiden Mineral Reserves Estimate (January 2012):

Information that relates to Pre-feasibility study Mineral Reserves as previously reported at the Obotan Gold Project is based on a reserve estimate that has been carried out by Mr Duncan Pratt, a full time employee of SRK Consulting, Australia. Mr Pratt (CP Mining) is a Member of the Australasian Institute of Mining and Metallurgy (MAusIMM) and has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activities undertaken to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC), and as a Qualified Person in terms of NI43-101. Mr Pratt consents to and approves the inclusion of matters based on information in the form and context in which it appears. The Mineral Reserve estimate was prepared in accordance with the 2010 Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Definition Standards for Mineral Resources and Mineral Reserve as incorporated by reference in National Instrument 43-101 of the Canadian Securities Administrators, and is consistent with the Australasian Guidelines and Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (Revised December 2007) as prepared by the Joint Ore Reserves Committee of the AusIMM, AIG and MCA (JORC).

Pre-Feasibility Study NI43-101/JORC Compliant Technical Report:

PMI filed a NI43-101 compliant technical report on the Obotan Project outlining the Mineral Resources and Reserves Estimate and the result of a Pre-Feasibility Study on February 15, 2012. The NI43-101 technical report was authored by Peter Gleeson B.Sc. (Hons), M.Sc, MAIG, MGSA Principal Consultant Geology for SRK Consulting; Duncan Pratt BEng (Hons), MAusIMM, (CP) Senior Consultant Mining for SRK; Kobus de Plooy BSc (Geology), GDE Mining Engineering (Rock Mechanics), Principal Consultant Geotechnical Engineering for SRK Consulting and Bill Gosling BEng (Extractive Metallurgy), MBA, FAusIMM, Senior Process Engineer for GR Engineering Services. Each of these persons is a Qualified Person under NI43-101, are independent of PMI and have verified the data in the report which is included in this MD&A. Collin Ellison, President & CEO, BSc Mining, MIMMM, C.Eng, a “qualified person” within the definition of that term in NI43-101, has supervised the preparation of the technical information regarding the Company’s mineral projects which is not covered by the filed NI43-101 technical report on the Obotan Project. The NI43-101 technical report and the associated certificates and consents are available on the SEDAR website at www.sedar.com.

Kubi Gold Project Resources Estimate:

The information in this report that relates to Mineral Resources at the Kubi Main Deposit, Ghana, is based on a resource estimate that has been audited by Simon Meadows Smith, who is a full time employee of SEMS Exploration Services Ltd, Ghana. Simon Meadows Smith is a Member of the Institute of Materials, Minerals and Mining (IMO3), London and has sufficient experience which is relevant to the style of mineralisation 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 of Exploration Results, Mineral Resources and Ore Reserves, and under NI43-101. Simon Meadows Smith consents to the inclusion in the presentation of the matters based on information in the form and context in which it appears.

Forward-Looking Statements

Any forward-looking statement or information only speaks as of the date on which it was made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or otherwise. Although the Company believes that the assumptions inherent in the forward-looking statements are reasonable, forward-looking statements are not guarantees of future performance and accordingly undue reliance should not be put on such.

CORPORATE DATA

September 21, 2012

REGISTERED OFFICE
408 – 837 West Hastings Street
Vancouver BC, V6C 3N6
Canada
Tel: +1 (604) 684 6264
Fax: +1 (604) 684 6242
Email: info@pmigoldcorp.com
Web: www.pmigoldcorp.com

AUSTRALIAN OFFICE
Level 3, 680 Murray Street
West Perth WA 6005
Tel: +61 (0)8 6188 7900
Fax: +61 (0)8 9321 8881

GHANAIAN OFFICE
10 Quarcoo Lane, Roman Ridge
Accra, Ghana West Africa

REGISTRAR & TRANSFER AGENT
Computershare Trust Company
3rd Floor, 510 Burrard Street
Vancouver, BC V6C 3B9
Tel: +1 (604) 661 9400
Fax: +1 (604) 683 3694

Computershare Investor Services Pty Limited
Level 2, 45 St Georges Terrace
Perth WA 6000
Tel: +61 (0)8 9323 2052
Fax: +61 (0)8 9323 2033

SOLICITOR
Stikeman Elliott
5300 Commerce Court West
1 Bay Street
Toronto, Canada, ON M5L 1B9
Tel: +1 (416) 869 5217
Fax: +1 (416) 947 0866

AUDITORS
KPMG LLP
9th Floor, 777 Dunsmuir Street
PO Box 10426 Pacific Centre
Vancouver, BC V7Y 1K3
Tel: +1 (604) 691 3000
Fax: +1 (604) 691 3031

DIRECTORS & OFFICERS

Collin Ellison	President, CEO & Director
Michael Allen	Chief Financial Officer
Michael Gloyne	Chief Operating Officer
Thomas Ennison	Executive Director
Peter Buck	Non-Executive (Chairman) Independent Director
Ross Ashton	Non-Executive Independent Director
Hon J.H. Mensah	Non-Executive Independent Director
Dr. John Clarke	Non-Executive Director
Dr. Michael Price	Non-Executive Director
Marion McGrath	Corporate Secretary
Ian Hobson	Corporate Secretary

INVESTOR CONTACTS
Australia
Collin Ellison: +61 (0)4 0188 8232
Peter Buck: +61 (0)4 1155 4099

Canada
Marion McGrath +1 (604) 684 6264

CAPITALIZATION
Authorized: Unlimited
Issued 275,505,084

LISTING
TSX Venture Exchange “PMV”
Frankfurt/Berlin “PN3N”
Australian Securities Exchange “PVM”