



## SECURITIES TRADING POLICY

### 1. INTRODUCTION

#### 1.1 PURPOSE

The purpose of this policy is to:

- (a) provide a brief summary of the law on insider trading, and other relevant laws;
- (b) set out the restrictions on dealing in securities by people who work for or are associated with PMI Gold Corporation and its subsidiary companies (**PMI or the Company**);
- (c) assist in maintaining market confidence in the integrity of dealings in PMI Gold Corporation securities.

**If you do not understand any part of this policy or how it applies to you, you should discuss the matter with the Company Secretary before dealing or trading in any PMI Gold Corporation securities.**

#### 1.2 STATEMENT OF POLICY

Whenever you have inside information which may affect the value of securities, or knowledge of a material fact or material change which is not generally disclosed, you must not:

- (a) deal or trade in the securities; or
- (b) communicate the information to anyone else, except in the necessary course of business.

This prohibition applies regardless of how you learned the information. It applies not only to PMI Gold Corporation securities, but also to securities of other companies as defined in section 2.2 below.

The concepts of “**inside information**”, “**securities**”, “**dealings**”, “**material facts**”, “**material changes**”, “**generally disclosed**” and “**communicating information**” are explained below.

**In this Policy, where only one of the terms “inside information”, “material facts” or “material changes” is used, the term that is used must be read as including all three terms.**

### 2. APPLICATION

#### 2.1 WHO IS COVERED BY THIS POLICY?

This policy applies to all:

- (a) directors;
- (b) officers;
- (c) full-time, part-time and casual employees; and
- (d) contractors and consultants

of PMI Gold Corporation and PMI Gold Corporation group companies (“**PMI Personnel**”).

To avoid any doubts, any reference in this policy to a director includes an alternate director.

## **2.2 WHAT SECURITIES ARE COVERED BY THIS POLICY?**

This policy applies to the following securities:

- (a)** PMI Gold Corporation shares;
- (b)** any other securities which may be issued by PMI Gold Corporation such as options, performance rights and convertible notes;
- (c)** derivatives (such as exchange-traded options and warrants) and other financial products issued by third parties in relation to PMI Gold Corporation shares and options; and
- (d)** securities of any other company or entity that may be affected by inside information (such as a PMI Gold Corporation joint venture partner, another party proposing or involved in business with or a corporate transaction involving, PMI Gold Corporation or a PMI Gold Corporation contractor or shareholder).

## **2.3 WHAT IS DEALING OR TRADING?**

For the purposes of this policy, dealing or trading in securities includes:

- (a)** trading in securities (i.e. subscribing for, buying, selling or entering into an agreement to do any of those things);
- (b)** advising, procuring or encouraging another person (such as a family member, friend, associate, colleague, broker, financial planner, investment adviser, family company or family trust) to trade or deal in securities; and
- (c)** any other act, solicitation, conduct or negotiation directly or indirectly in furtherance of (a) or (b) above.

## **2.4 WHAT IS COMMUNICATING INFORMATION?**

Communicating information includes passing it on to another person (such as, but not limited to, a family member, friend, associate, colleague, broker, investment professional, financial planner, investment adviser, family company or family trust).

## **3. PROHIBITED CONDUCT**

### **3.1 WHAT IS INSIDER TRADING?**

In broad terms, you will commit insider trading if you:

- (a)** deal or trade in PMI Gold Corporation securities or securities of another entity while you have inside information or knowledge of a material fact or material change that has not been generally disclosed; or
- (b)** communicate inside information to another person knowing (or where you should have reasonably known) that the other person would, or would be likely to use that information to deal in, or procure someone else to deal in, securities. This is commonly known as “tipping”.

Under Canadian law, if you communicate inside information to another person outside the necessary course of business, you will commit the offence of “tipping”. It is not an element of the offence in Canada that you know or should have reasonably known that the other person would use that information to deal or trade in securities.

Inside information is not “generally disclosed” until it has been disclosed in a manner calculated to disseminate the information widely to the public (such as an announcement) and at least one (1) trading day has elapsed from the time of such dissemination.

Individuals who contravene the insider trading provisions are violating the Corporations Act, relevant Canadian securities laws, and the *Criminal Code* of Canada, and are liable to prosecution or to civil penalty action by the Australian Securities and Investments Commission, any relevant Canadian securities commission, and any federal or provincial police force in Canada. In all cases, the offender may be ordered to pay compensation to anyone who suffered loss as a result of the insider trading, and in Canada, this compensation may be equal to up to 3 times the profit you made or the loss you avoided and/or up to 10 years imprisonment.

Separately, someone who engages in insider trading may be sued by another party or by PMI Gold Corporation in a civil action, for any loss suffered as a result of the insider trading.

### **3.2 WHAT IS INSIDE INFORMATION?**

Inside information is information that:

- (a) is not generally available to people who commonly invest in securities; and
- (b) if it was generally available, it would (or would be likely to) influence experienced investors in deciding whether or not to subscribe for, purchase or sell PMI Gold Corporation securities or securities of another entity.

For purposes of Canadian securities laws, a “material change” is any change in the business, operations or capital of PMI that would reasonably be expected to have a significant effect on the price or value of its securities, while a “material fact” is any fact, that would have that effect.

It does not matter how you obtain the inside information – for example, whether you learn it in the course of carrying out your responsibilities, or in passing in the corridor, or in the lift or at a dinner party.

The financial impact of the information is important, but strategic and other implications can be equally important in determining what amounts to inside information. The definition of “information” is broad enough to include rumours, matters of supposition, intentions of a person (including PMI Gold Corporation) and information which is not definite enough to warrant public disclosure.

### **3.3 EXAMPLES OF INSIDE INFORMATION**

The following list is illustrative only. Inside information about PMI Gold Corporation could include:

- (a) information relating to PMI Gold Corporation’s drilling and exploration results or resource or reserve statements;
- (b) information on the outcome of any economic studies, such as Pre-Feasibility Studies and Definitive Feasibility Studies;
- (c) information on changes in production or production forecasts;
- (d) information relating to PMI Gold Corporation’s financial results or forecast results;
- (e) a possible sale or acquisition of assets by PMI Gold Corporation;
- (f) a possible change in PMI Gold Corporation’s capital structure (for example, a new issue of capital/equity to raise monies or a buy-back of shares);
- (g) a proposed dividend or change in dividend policy;
- (h) board or senior management changes;

- (i) an event which could have a material impact (either positively or negatively) on production or profits (for example, disconnection or shut-in of production, or a significant safety or environmental incident);
- (j) a proposed change in the nature of PMI Gold Corporation's business;
- (k) a proposed takeover or merger involving PMI Gold Corporation;
- (l) a notification to ASX of a substantial shareholding in PMI Gold Corporation;
- (m) any information required to be disclosed to ASX under its continuous disclosure rules; and
- (n) any possible claim against PMI Gold Corporation or other unexpected liability.

### 3.4 SECURITIES OF OTHER COMPANIES

The prohibition on insider trading is not restricted to information affecting PMI Gold Corporation securities. If you possess inside information in relation to securities of another listed or public company or entity, you must not deal in the securities of that company. In the course of your duties as an employee, director, adviser, consultant or contactor of PMI Gold Corporation, you may obtain inside information in relation to another company. For example:

- (a) in the course of negotiating a transaction with PMI Gold Corporation, another company might provide confidential information about itself;
- (b) in the course of negotiating a transaction with PMI Gold Corporation, another company might provide confidential information about a third party; or
- (c) information concerning a proposed transaction or other action by PMI Gold Corporation might have a material effect on a third party.

## 4. OTHER PROHIBITED CONDUCT

### 4.1 SHORT TERM DEALING

You must not engage in short term or speculative dealing in PMI Gold Corporation securities.

### 4.2 HEDGING

If you are a director, officer or employee of PMI Gold Corporation who participates in a PMI Gold Corporation equity-based incentive plan (for example, a share or option plan), you must not enter into any transaction which would have the effect of hedging or otherwise transferring to any other person the risk of any fluctuation in the value of any unvested entitlement in PMI Gold Corporation securities. An unvested entitlement is a PMI Gold Corporation share or option which is still subject to time and/or performance hurdles.

### 4.3 MARGIN LOANS

You are not permitted to enter into a margin loan or other financing arrangement where there is a risk that PMI Gold Corporation securities will be traded pursuant to the terms of the margin loan or financing arrangement (together a **Margin Loan**), unless you have obtained prior written consent of the Chairman to enter into the Margin Loan and disclose to the Chairman the following information regarding the Margin Loan (**Loan Information**):

- (a) key terms;
- (b) number of PMI Gold Corporation securities involved;
- (c) the trigger points;

- (d) the right of the lender to sell the securities unilaterally; and
- (e) any other material details.

If you are the Chairman of PMI Gold Corporation and you intend to enter into a Margin Loan, you must obtain the prior written consent of the Chairman of the Audit Committee to enter into the Margin Loan and disclose to the Chairman of the Audit Committee the Loan Information.

#### **4.4 BLACKOUT PERIODS**

Unless otherwise approved by the Board in exceptional circumstances (for example, exceptional circumstances, refer 4.5 below), you are not permitted to deal in PMI Gold Corporation securities during the following blackout periods:

- (a) one week before, until the conclusion of, one business day following the release of the half year financial statements;
- (b) one week before, until the conclusion of one business day following, the release of the later of the March quarter activities report and the March quarter financial statements;
- (c) one week before, until one business day following, the release of the full year financial statements;
- (d) one week before, until one business day following, the release of the later of the September quarter activities report and the September quarter financial statements; and
- (e) such other periods advised by the Board and/or Chief Executive Officer (such as prior to the announcement to ASX or TSX-V of a significant matter or event).

PMI Gold Corporation Personnel wishing to trade during a blackout period may seek written approval from the Chairman. The Chairman, in his or her ultimate discretion, will decide whether exceptional circumstances exist and his or her decision will be final.

All requests to trade during a blackout period must be accompanied by a Securities Trading Request Notice and must contain adequate details of the exceptional circumstances for consideration by the Chairman. Requests to trade during a blackout period may be directed to the Chairman via the Company Secretary. Any trading approved by the Chairman during a blackout period is valid for five (5) clear business days from the date of written clearance. Written clearance in the form of email is acceptable.

#### **4.5 EXCEPTIONAL CIRCUMSTANCES**

In exceptional circumstances, where it is the only reasonable course available to a director, officer, employee, consultant or contactor, clearance may be given to sell (but not to purchase) PMI Gold Corporation securities when such PMI Gold Corporation Personnel would otherwise be prohibited from doing so by this policy, but not while there exists any matter which constitutes inside information. Such clearance may be obtained by following the steps set out in section 5 below.

Examples of the type of circumstances which may be considered exceptional for these purposes are:

- (a) severe financial hardship;
- (b) in order to comply with an undertaking given to, or an order by, a court; or
- (c) such other exceptional circumstances as may from time to time be determined by the Chairman or, in his absence, the Chairman of the Audit Committee or the Chief Executive Officer.

Where clearance is given in exceptional circumstances, the responsibility and potential liability of the director, officer, employee, consultant or contractor under insider trading rules, is solely the responsibility of such person.

## **5. PERMITTED CONDUCT**

### **5.1 WHEN IS DEALING OR TRADING PERMITTED IF YOU ARE AN OFFICER, EMPLOYEE, CONTRACTOR OR CONSULTANT?**

If you are an officer, employee, contractor or consultant of PMI Gold Corporation, the following rules apply:

- (a)** subject to the rules of any applicable PMI Gold Corporation equity-based plan (for example, a share or option plan) you can deal or trade in PMI Gold Corporation securities at any time provided:
  - (i)** you obtain the prior written consent of the Chief Executive Officer (Refer to Annexure 1 – “Securities Trading Request Notice”);
  - (ii)** you confirm to the Chief Executive Officer that you do not have inside information;
  - (iii)** the dealing does not occur during a blackout period (refer to 4.4 above);
  - (iv)** you are not involved in short term or speculative dealing;
  - (v)** you are not hedging the risk of any fluctuation in value of any unvested entitlement in PMI Gold Corporation securities; and
  - (vi)** if applicable, one of the exceptions to the policy in 5.3 below applies;
- (b)** if you subsequently deal in those securities – you must confirm the dealing in writing to the Chief Executive Officer and Company Secretary within two business days after the dealing. The confirmation must include:
  - (i)** your name;
  - (ii)** the name of any person who dealt on your behalf;
  - (iii)** details of your interest (direct or indirect) in the PMI Gold Corporation securities the subject of the dealing;
  - (iv)** the date of the dealing;
  - (v)** the number of PMI Gold Corporation securities subscribed for, bought or sold;
  - (vi)** the amount paid or received for those securities; and
  - (vii)** the number of PMI Gold Corporation securities held by you (directly or indirectly) before and after the dealing.

### **5.2 WHEN IS DEALING OR TRADING PERMITTED IF YOU ARE A DIRECTOR?**

If you are a director of PMI Gold Corporation, the following rules apply:

- (a)** you can only deal or trade in PMI Gold Corporation securities (or financial products issued by third parties in relation to PMI Gold Corporation securities which operate to limit the economic risk of a vested holding in PMI Gold Corporation securities) provided:
  - (i)** you obtain the prior written consent of the Chairman (or the Chairman of the Audit Committee if you are the Chairman) (Refer to Annexure 1 – “Securities Trading Request Notice”);

- (ii) you confirm that you are not in possession of any inside information;
  - (iii) the dealing does not occur during a blackout period (refer to 4.4 above);
  - (iv) you are not involved in short term or speculative dealing; and
  - (v) you are not hedging the risk of any fluctuation in value of any unvested entitlement in PMI Gold Corporation securities; and
  - (vi) if applicable, one of the exceptions to the policy in 5.3 below applies;
- (b) if you subsequently deal in those securities – you must confirm the dealing in writing to the person to whom your prior notice was given and the Company Secretary within two business days after the dealing. The confirmation must include:
- (i) your name;
  - (ii) the name of any person who dealt on your behalf;
  - (iii) details of your relevant interest (direct or indirect) in the PMI Gold Corporation securities the subject of the dealing;
  - (iv) the date of the dealing
  - (v) the number of PMI Gold Corporation securities subscribed for, bought or sold;
  - (vi) the amount paid or received for those securities;
  - (vii) the number of PMI Gold Corporation securities held by you (directly or indirectly) before and after the dealing, including where the securities are held indirectly, the names of the holder of securities on the Company's share register and the name of any underlying beneficiary; and
  - (viii) sufficient information to enable PMI Gold Corporation to comply with the requirements to notify a change of interests to ASX.

### 5.3 EXCEPTIONS TO THE POLICY

PMI Gold Corporation personnel may at any time:

- (a) acquire ordinary shares in the Company from treasury by conversion of securities giving a right of conversion to ordinary shares where they are not in possession of inside information (but may not sell all or any of the shares received upon exercise of the options other than in accordance with this policy);
- (b) acquire PMI Gold Corporation securities under a distribution made to all holders of securities of the same class;
- (c) acquire PMI Gold Corporation securities under an automatic dividend reinvestment plan or a share purchase plan, or rights issue, that is available to all holders of securities of the same class;
- (d) acquire, or agree to acquire, options under a Company share option plan;
- (e) exercise options acquired under a Company share option plan (but may not sell all or any of the shares received upon exercise of the options other than in accordance with this policy);
- (f) transfer the PMI Gold Corporation securities already held into a superannuation fund or other saving scheme in which the relevant PMI Gold Corporation person is the sole

beneficiary, subject to ensuring the transfer does not contravene the laws prohibiting insider trading;

- (g) invest in, or trade units of, a fund or other scheme where the assets of the fund or other scheme are invested at the discretion of a third party; or
- (h) provide undertakings to accept, or accept, a takeover offer.

#### **5.4 DO I HAVE ANY OTHER OBLIGATIONS TO PMI GOLD CORPORATION?**

In addition to the insider trading and other restrictions in this policy, you also owe a duty of confidentiality to PMI Gold Corporation. You must not reveal any confidential information concerning PMI Gold Corporation; use that information in any way which may injure or cause loss to PMI Gold Corporation, or use that information to gain an advantage for yourself.

Under the Corporations Act, breach of these duties may result in:

- (a) liability for a civil penalty;
- (b) criminal liability, if recklessness or dishonesty is involved; and/or
- (c) liability to compensate PMI Gold Corporation for any damage it suffers as a result of the disclosure.

#### **5.5 DO I HAVE ANY OTHER OBLIGATIONS?**

If you are a “reporting insider”, which is generally a director or officer, under Canadian securities laws you are required to report every trade in securities of PMI within five (5) calendar days of the trade. Reporting is made through the System for Electronic Disclosure by Insiders (**SEDI**) at [www.sedi.ca](http://www.sedi.ca). This obligation is yours and not that of PMI.

### **6. CONSEQUENCES OF BREACH**

#### **6.1 WHAT IF I BREACH THIS POLICY?**

Strict compliance with this policy is mandatory for all PMI Gold Corporation Personnel covered by this policy.

Contravention of this policy may mean that you have contravened Canadian securities laws, the British Columbia *Business Corporations Act*, the Corporations Act or the *Criminal Code of Canada*. These are serious matters which may result in criminal or civil liability.

In addition, breaches of this policy may damage PMI Gold Corporation’s reputation in the investment community and undermine confidence in the market for PMI Gold Corporation securities. Accordingly, breaches will be taken very seriously by PMI Gold Corporation and will be subject to disciplinary action, including possible termination of a person’s employment or appointment.

### **7. PUBLICATION**

#### **7.1 WHERE CAN I FIND THIS POLICY?**

A copy of this policy will be made available on the PMI Gold Corporation website.

#### **7.2 WILL I RECEIVE ANY TRAINING ON THIS POLICY?**

If you do not understand this policy or wish to receive training on how to comply with this policy, please contact the Company Secretary.



## 8. REVIEW

This policy will be reviewed periodically to ensure that it continues to comply with applicable laws and good corporate governance practices.

## 9. EXPLANATION OF TERMS

For the purposes of this policy:

“**ASX**” means Australian Securities Exchange.

“**deal in securities**” means buy or sell shares, options or other securities, or enter into transactions in relation to shares, options or other securities, either directly or through a family trust, superannuation fund, company or in any other manner.

“**director**” means a director of PMI Gold Corporation and includes any related party of the director.

“**Insider Trading**” includes:

- dealing in securities whilst in possession of inside information; or
- communicating inside information to another person knowing that the other person would, or would be likely to, use that information to deal in or procure someone else to deal in securities (known as “tipping”).

“**TSX-V**” means the TSX Venture Exchange.

**Approved by the Board of PMI Gold Corporation – May 2012**



**ANNEXURE 1  
SECURITIES TRADING REQUEST NOTICE**

Date: \_\_\_\_\_

The Board of Directors

**BUYING/SELLING OF SHARES IN PMI GOLD CORPORATION**

This notice seeks approval for the named PMI Gold Corporation personnel/director below to trade in the securities of PMI Gold Corporation in accordance with the Company's Securities Trading Policy.

I confirm that:

- I am not in possession of, or aware of, any information that may be considered "inside information" as defined in the policy;
- I am not involved in any short term or speculative trading in PMI Gold Corporation securities;
- I am not hedging the risk of any fluctuation in value of any unvested entitlement in PMI Gold Corporation securities; and
- I will not deal in the securities during any blackout period.

I acknowledge that this approval to trade is valid for only five (5) clear business days from the date indicated below, unless otherwise revoked earlier by notice in writing.

\_\_\_\_\_  
Estimated number \*shares/options to be \* purchased/sold

\_\_\_\_\_  
Name and Signature of Employee / Director

**Approved:**

\_\_\_\_\_  
Chief Executive Officer / Chairman

Date: \_\_\_\_\_



**ANNEXURE 2  
TRADE NOTIFICATION FORM**

If you have traded in PMI securities, you must confirm the dealing in writing within one business day after the dealing.

Date: \_\_\_\_\_

To: Corporate Secretary                      E: mmcgrath@iocorporate.com                      Fax: +1 604 684 6242  
Canada Office

And: Managing Director/CEO                      E: kirsten.barlow@pmigoldcorp.com                      Fax: +61 8 9321 8881  
Perth Office

**NOTIFICATION OF BUYING/SELLING OF SHARES IN PMI GOLD CORPORATION**

(i) Your name: \_\_\_\_\_

(ii) Name of person who dealt on your behalf: \_\_\_\_\_

(iii) Details of your relevant interest  
Please clearly list what is a direct and indirect holding: \_\_\_\_\_

(iv) Date of dealing: \_\_\_\_\_

(v) Number of securities bought or sold:                      Bought:                      Sold: \_\_\_\_\_

(vi) Price of securities + amount paid or received.                      Price per Share:                      Amount paid or received:  
State                      currency  
denomination: \_\_\_\_\_

(vii) The number of PMI securities held by you (directly or indirectly) before and after the dealing, including where the securities are held indirectly, the names of the holder of securities on the Company's share register and the name of any underlying beneficiary:	Before:	After:

(viii) Additional information to enable PMI to comply with notification of change of interests: \_\_\_\_\_