

## PMI outlines major West African exploration push with +100,000m of drilling planned in Ghana during first half of 2012

*Major exploration drive underway within highly prospective ground holdings which cover 195km strike length of the major gold-bearing shear zones of SW Ghana*

### Highlights:

- Programs of +100,000m of RAB, Aircore, RC and diamond drilling planned for the first half of 2012 are well underway.
- Drilling capacity, flexibility and productivity for mounting a major exploration push has been significantly enhanced with the fleet now comprising two multi-purpose RC/Diamond rigs, two RAB/Aircore rigs, and a dedicated diamond rig.
- Assay turnaround issues have been substantially improved with the installation of an AMS/MinAnalytical sample preparation facility, dedicated for PMI's exclusive use, at Obotan.
- The 2012 exploration strategy on PMI's extensive and broadly mineralised land holdings in SW Ghana comprises three strategic elements to enhance discovery opportunities:
  - Asankrangwa Belt:
    - Evaluate targets for additional sources of open pit oxide and primary feed on the Obotan Project;
    - Explore a series of targets and gold occurrences, including shallow historical drill intersections, on the Asanko tenements covering some 45km of strike extensions south of the Obotan Project; and
  - Kubi:
    - Explore the numerous, recently announced, gold geochemical targets on the Kubi and Ashanti shears as well as extensions to the Kubi Main deposit.

PMI Gold Corporation (TSX-V: PMV) (ASX: PVM) is pleased to provide an update on its 2012 regional exploration strategy and progress on implementing the expanded drilling activities currently underway within the extensive ground holdings at its world-class gold projects in south-west Ghana (Figure 1).

Following the delineation of significant resource extensions at its flagship Obotan Gold Project and the recent completion of a highly successful Pre-Feasibility Study, PMI has positioned itself to implement a vigorous and sustained regional gold exploration program in south-west Ghana, which commenced in the first Quarter of 2012.

This exploration program – which comprises over 100,000m of RAB, RC, Aircore and diamond drilling in the first half of 2012 – will be directed on three project fronts:

- **Obotan Project** – which covers some 20km of strike on three regional shear zones, the Abore shear (which hosts the Abore Deposit plus Keegan Resources 'Esaase' Deposit), the Nkran shear (which hosts the Nkran and Asuadai deposits) and the Fromenda shear (which hosts several gold prospects in the Asanko Project), **providing a total prospective strike of 60km**. Beyond the known deposits only superficial historical drilling has been undertaken and the PMI program will explore for additional oxide and primary mineralization (Figure 2);
- **Asanko Project** (previously referred to as the Asankrangwa and Ashanti II projects) – which is located immediately south of Obotan Project, covering some 45km of additional strike of the gold-bearing Asankrangwa Belt and in particular strike extensions of the Abore, Nkran and Fromenda shears **providing a total prospective strike of 135km**. Asanko is characterized by numerous structural and geochemical targets plus previously drilled gold prospects outlined by 1990s exploration which have yet to be followed up (Figure 2); and
- **Kubi Gold Project** – which is located 15km south of and along strike from AngloGold Ashanti's 60Moz Obuasi Mine and 60km east of the Obotan Project. The Kubi tenements cover the intersection of two major regional geological structures – the north-south trending Ashanti shear zone and the east-west trending structures associated with Perseus Mining's 6.6Moz Ayanfuri deposit, located 12km to the south-west. Announcements have already been made in relation to the delineation of a multiple series of gold in auger anomalies at Kubi and will not be covered here.

Combined, the Obotan and Asanko Projects (Figure 2) represent the largest strategic ground package to have been successfully consolidated by a single company in the Asankrangwa Belt. Since the late 1990s and early 2000s this belt has only undergone limited/superficial exploration in confined areas and has not yet benefited from a sustained exploration effort carried out in a more favourable gold price environment and incorporating new developments in gold exploration knowledge.

The total strike length of PMI's holdings in this belt is 65km and extends over an area of 511km<sup>2</sup>, covering almost 50 per cent of the total length of the belt, which measures some 150km overall.

### **Increased Drilling Capacity and Strategic Efficiencies**

In recent months, PMI has implemented a number of strategic efficiencies to enable it to accelerate its regional gold exploration activities at Obotan, Asanko and Kubi. These include:

- contracting additional drill rigs to address the shortage of drill rigs in Ghana, including a multi-purpose Reverse Circulation Percussion (RCP)/diamond rig and a combined Rotary Air Blast (RAB)/Aircore rig fabricated by Ausdrill Limited of Australia (African Mining Services) at no capital cost to PMI. A further multi-purpose RCP/diamond rig from Drill Lease (Reflex) and a RAB/Aircore rig from PAMiCOR have been added to the exploration drill fleet;
- installation of a portable, containerized sample preparation facility, constructed by Ausdrill (AMS)/MinAnalytical Laboratory Services Australia Limited, to address the slow laboratory turnaround of analytical results which has impacted negatively on the gold exploration industry in Ghana;
- boosting the Company's in-country geological capacity through the recruitment of dedicated regional exploration teams; and
- the development of regional exploration strategies leveraging off the excellent databases provided by previous explorers and independent evaluations of the gold potential by specialist consultants.

PMI Gold's President and CEO, Mr. Collin Ellison, said the additional drilling capacity had increased the Company's drilling fleet to five, enabling it to undertake the most expansive and focused exploration campaign in its history.

*"2012 will be a very busy and formative year in a number respects, with this landmark exploration initiative building on the strong foundations of the recently completed Pre-Feasibility Study at Obotan.*

*"The establishment of a dedicated sample preparation facility at Obotan has shortened the turnaround of assay results, which is providing significant support to our expanded exploration push.*

*"Our target now is to expand our oxide resources within trucking distance of Obotan, discover new standalone gold deposits within the adjoining Asanko (Asankrangwa) concessions plus drill test the multiple targets developed by the 2011 auger drilling program at Kubi."*

## **Asanko Project Details**

### ***Background and Geological Context***

Until recent times, the gold potential of the Asankrangwa Belt was not widely recognised, as previous exploration was undertaken by several junior companies over a relatively short period during the mid-1990's and early 2000's. Notwithstanding strongly positive field results achieved (see below), regional gold exploration was not sustained due to the lower prevailing gold prices (average price of <US\$300/oz), fragmented tenement holdings and funding constraints.

Historical gold exploration results (geochemistry, geophysics and drilling) were strongly positive over a wide geographic area, indicating a high discovery potential for a commercial-size deposit. PMI is well placed to take advantage of these results (Figure 2), which include:

- geological field information and recent ultra-detailed aeromagnetic results show that the belt comprises favourable Birimian rocks and an ideal structural architecture comprising a series of regional northeast trending, strike parallel shear zones and cross-cutting east northeast trending structures, which are known to control significant gold mineralization at Obotan and Esaase, and other major Birimian deposits in Ghana (for example Obuasi 60M pre-mined Au ounces);
- regionally widespread gold anomalous soils (>20 ppb Au) along the entire belt coincidental with the Abore, Nkran and Fromenda Shears (Figure 2). Notwithstanding that a portion of the dataset is affected by alluvial gold, many of the results are possibly indicative of bedrock gold according to historical drilling results (see below); and
- historical shallow and widely spaced RAB, RC and diamond drill hole intersections that have not been followed up in any detail (Figure 2);

The gold endowment of the Asankrangwa Belt has recently been reinforced by the delineation of major mineral resource extensions at Obotan (as reported in previous announcements) and Keegan Resources' Esaase Gold Deposit<sup>1</sup> (Measured Resources of 0.19Moz at a grade of 1.2g/t Au, Indicated Resources of 3.44Moz at a grade of 1.1g/t Au and Inferred Resources of 1.55Moz at a grade of 1.1 g/t Au), located 12.5km north of Obotan on the Abore Shear at the northern end of the Asankrangwa Belt.

---

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

A major strategic review of the gold potential of the Asanko Project was carried out for PMI in 2005 by the international geological consulting group SRK Consulting. SRK's work identified the favourable structural elements of the belt (see above and Figure 2), as well as specific targets for future exploration. In total, some 17 target areas were recommended for detailed follow-up exploration. However, the bulk of this program could not be carried out due to funding limitations at the time.

This extensive body of historical work provides PMI with a valuable database to strategically advance exploration on the Asanko Project.

Priority targets will be those within 15km radius of the Nkran deposit as potential for additional ore feed that could be trucked to a proposed processing plant currently under Feasibility Study.

On behalf of the Board,

*"Collin Ellison"*

Managing Director & CEO

**For further information please contact:**

Investor Relations Canada:

Rebecca Greco, Fig House Communications

P. +1 (416) 822-6483

E. [fighouse@yahoo.com](mailto:fighouse@yahoo.com)

Investor Relations Australia:

Nicholas Read/Paul Armstrong, Read Corporate

P. +61 8 9388 1471

M. +61 419 929 046

PMI Contact Canada:

Marion McGrath, Corporate Secretary

P. +1 (604) 684-6264

Toll-Free: 1 (888) 682-8089

PMI Contact Australia:

Collin Ellison, Managing Director & CEO

P. +61 8 6188 7900

or visit the PMI Gold Corporation website at [www.pmigoldcorp.com](http://www.pmigoldcorp.com)

---

**Competent Person Statement****Obotan Resource Estimate 2012:**

NI-43-101 and JORC Code compliant Mineral Resource estimate: Measured Resource of 15.57Mt grading 2.47g/t Au for 1.23Moz; Indicated Resources of 29.21Mt grading 2.00g/t Au for 1.88Moz; and Inferred Resources of 21.91Mt grading 1.99g/t Au for 1.40Moz.

Information that relates to Mineral Resources at the Obotan Gold Project is based on a resource estimate that has been completed 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 a Qualified Person (by ROPO) 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.

**Exploration Results:**

The information in this announcement that relates to historical Exploration Results is based on information reviewed by Collin Ellison (C.Eng), who is employed by PMI Gold Corporation. Mr Ellison, who is a Member Institute of Material, Minerals and Mining of UK, a 'Recognised Overseas Professional Organisation' (ROPO) included in a list promulgated by the ASX from time to time, has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves'. Mr Ellison is a "qualified person" as defined under National Instrument 43-101. Mr Ellison consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

**Cautionary Note Regarding Forward-looking Statements**

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

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

Figure 1 – PMI Gold Projects in Ghana Location Plan

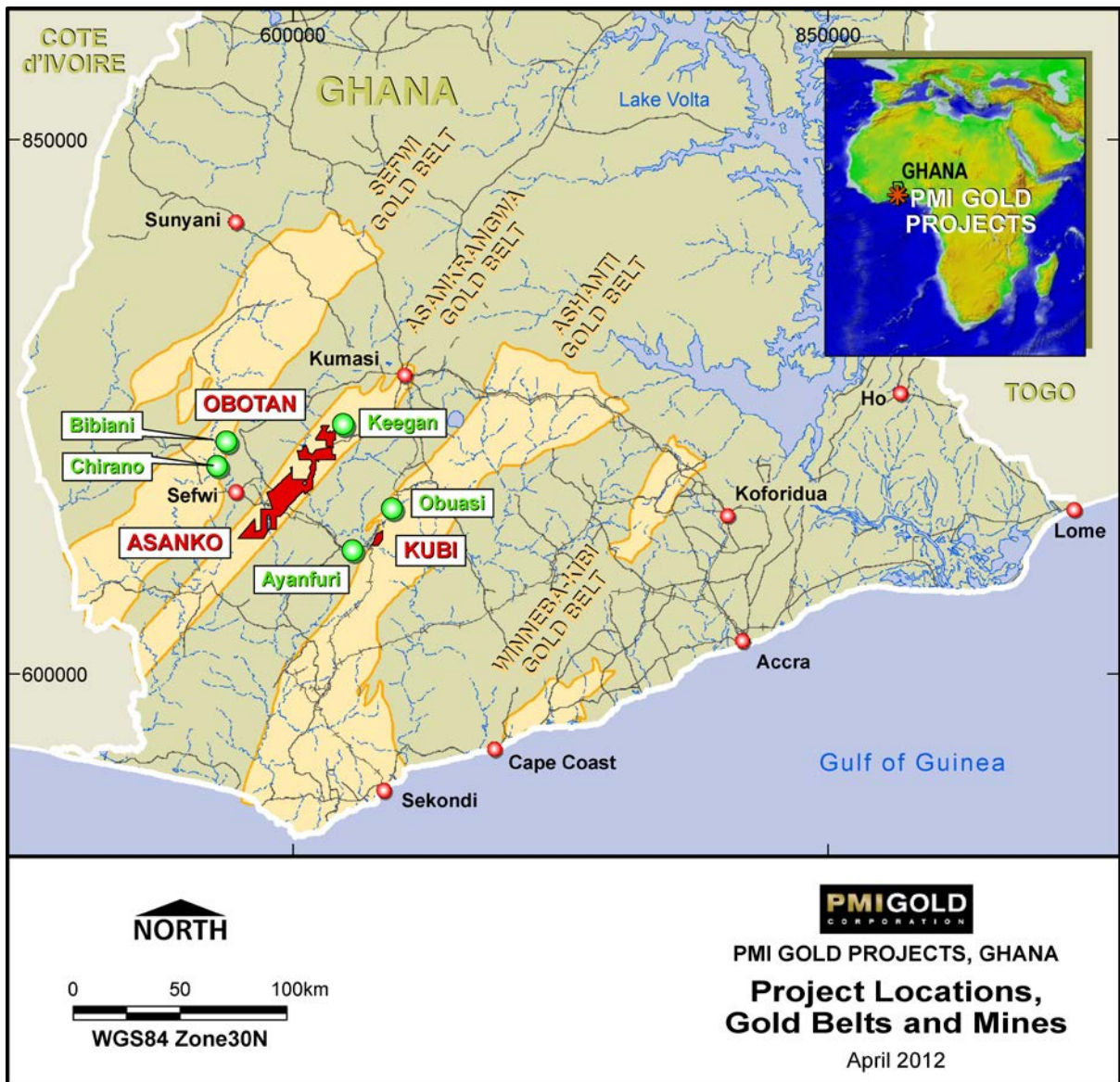


Figure 2: Asanko Project Tenement plan

