# PMI GOLD CORPORATION
# ABN 82 146 885 609

## Annual Financial Report
## For The Year Ended 30 June 2013

# Corporate Directory

## Directors and Officers

| | |
|---|---|
| Peter Bradford | President and CEO |
| Jim Askew | Non-Executive Chairman |
| Hon. Joseph Mensah | Non-Executive Director |
| John Clarke | Non-Executive Director |
| Ross Ashton | Non-Executive Director |
| Michael Price | Non-Executive Director |
| Michael Anderson | Non-Executive Director |
| Marion McGrath | Corporate Secretary (Canada) |
| Ian Hobson | Corporate Secretary (Australia) |
| Michael Allen | Chief Financial Officer |
| Michael Gloyne | Chief Operating Officer |
| John Ciganek | General Manager Corporate Development |

## 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

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F. +1 604 684 6242
E. info@pmigoldcorp.com
W. www.pmigoldcorp.com

## Australian Office

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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
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)

## 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

## Auditor

KPMG LLP
9th Floor, 777 Dunsmuir Street
Vancouver BC, V7Y1K3, Canada
T. +1 604 691-3000
F. +1 604 691-3031

## Stock Exchange Listing

| | |
|---|---|
| Toronto Stock Exchange: | PMV |
| Australian Securities Exchange: | PVM |

## Capitalization

| | |
|---|---|
| Authorized: | Unlimited |
| Issued: | 414,000,084 (at October 30, 2013) |

# Contents



## Annual Disclosure Requirements

This Annual Report is prepared to comply with ASX (Australian Securities Exchange) reporting requirements resulting from the Company's listing on the ASX. The Company has exemptions from a number of ASX reporting requirements and meets other reporting requirements through the preparation of its Canadian MD&A (Management Discussion and Analysis) which is included in this report. There is no Canadian requirement to produce an Annual Report in this format.

In addition to this report, the Company produces an AIF (Annual Information Form) that has been lodged with SEDAR (www.sedar.com) in Canada and the ASX (www.asx.com.au) in Australia which provides additional information about the Company required under Canadian Laws.

## 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 Shareholders,

As a very recent arrival to your Company, I am privileged to write to you for the first time and make some observations on the state of the gold industry and how this suggests we take the Company forward into construction and gold production. Both the failed merger with Keegan Resources Inc. (now renamed Asanko Gold Inc.) and the savage correction in gold company share prices had occurred in the first quarter of 2013, shortly before my tenure commenced.

The world of gold producers and developers is being reshaped by shareholder demands for much greater fiscal discipline, dividends, transparency of total costs to produce an ounce of gold, and delivery against forecasts. With the recent gold price correction and ever more complex global economic and political volatility, the landscape for PMI to proceed down the path of their former strategy of debt financing and potentially a complimentary modest equity issue to round out the total funding for Obotan is likely to be challenging, particularly as the debt portion is likely to require hedging of some production.

Part of this is driven by the combined effect of the merger disengagement, followed by the gold market collapse. The merger disengagement caused some abnormal selling of PMI shares and the subsequent gold price correction triggered further share sales. All this culminated in the PMI share price falling to levels just above cash backing and, as I write, this situation largely remains.

It is appropriate to digress a little from my main theme; much has been made recently of the reasons for not proceeding with the merger. Many of these comments come from sources which use the hindsight of the subsequent market correction. Let me be clear, your Board has moved on.

Subsequent to my appointment as Chairman, the Company's CEO, Collin Ellison, resigned and Peter Bradford was appointed President and CEO. Peter brings a wealth of international mining and corporate experience to PMI along with some 20 years of continuous association with the Ghanaian mining and business community.

PMI is fortunate to have two cornerstone assets at this time. We have a high quality development project of substantial size located in Ghana, where the gold industry is fundamental to the outstanding growth rate of their economy and the administration generally understands this linkage. We also are fortunate to have a healthy cash reserve. The latter is being carefully marshalled to ensure we retain maximum flexibility as to our corporate strategy.

Recognizing the challenge of completing a debt finance and equity package in the current market, the Company, under Peter Bradford's leadership, has commenced a broad review of the Obotan Gold Project to consider opportunities to reduce or defer capital expenditure and to assess alternative opportunities other than project debt and equity, to fund the development of Obotan, including the potential to consider a joint venture.

PMI has been through a period earlier this year of challenge and turmoil, both external and internal. Shareholders through this period saw the value of their stake downgraded. The Board and management have set about restoring the value argument for PMI and we will patiently consider all options which aim to deliver this outcome. Market conditions will play a significant role as to the timing and strategy.

The year also brought changes within the PMI Board with a number of departures. On behalf of the Board, management and staff, I would like to thank Collin Ellison for his efforts and dedication during his 3-year term as CEO and wish him all the best for the future. I would also like to take this opportunity to thank Peter Buck who resigned as Chairman and Non-Executive Director in February 2013, long-standing Executive Director, Thomas Ennison who retired from the Board at the Company's AGM in May 2013, and Joseph Mensah who will not be standing for re-election at the forthcoming AGM, for their valuable contributions to PMI throughout their directorships.

Sincerely,

**Jim Askew**
**Chairman**
30 October 2013

# Board of Directors

The Directors in office at the date of this Annual Report are set out below. Directors were in office for the entire year unless otherwise stated.

### Mr. James Askew, Non-Executive Chairman

Mr. Askew is a mining engineer with over 35 years of broad international experience as a Director and/or Chief Executive Officer for a wide range of Australian and international publicly listed mining, mining finance and other mining related companies. He has had continuous involvement with the Ghanaian gold industry since 1985, and commodity exposure has been primarily base, precious metal and uranium developments and operations, in all major continents of the world. He holds a Bachelor of Mining Engineering (Honours) and a Masters Degree, Engineering Science.

Appointed: April 4, 2013*
Committee Member: None
Current Directorships Held: OceanaGold Corp, Inova Resources (previously Ivanhoe Australia Ltd), Asian Mineral Resources Ltd
Previous Directorships in last 3 Years: Golden Star Resources Ltd (2013), Ausdrill Ltd (2011), Conquest Mining Ltd (now Evolution Mining Ltd) (2011).
*Mr. Askew was not in office for the entire reporting year.

### Mr. Peter Bradford, President & CEO

Mr Bradford is a metallurgist and corporate executive with over 35 years' experience in gold and base metals operations in Africa and Australia. He is a Fellow of the Australasian Institute of Mining and Metallurgy, and a Member of the Society for Mining Metallurgy and Exploration. He is also past president and lifetime member of the Ghana Chamber of Mines. He is the former President and CEO of Copperbelt Resources Limited (2009 – 2013), former President and CEO of Golden Star Resources Limited (1999 to 2007) and has also served on the Board of Kula Gold Limited (Sep 2008 to Jun 2011) and Anvil Mining Limited (Sept 1998 to Nov 2009). Mr. Bradford currently sits on the boards of a number of private companies, as well as ASX listed Ashburton Minerals Ltd (2008 to present). Mr. Bradford was appointed President and CEO on September 17, 2013.

Appointed: May 15, 2013*
Committee Member: Nomination & Compensation, Technical (Chairman)
Current Directorships (Listed Co): None
Previous Directorships in last 3 Years: Anvil Mining Limited (2009), Kula Gold Limited (2011), Ashburton Minerals Limited (2013)
*Mr. Bradford was not in office for the entire reporting year.

### Hon. 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.

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

### Dr. John Clarke, 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 CEO of Nevsun Resources Limited, a mining company which successfully brought the Bisha Mine into production in Eritrea. 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. Dr. Clarke is currently the interim CEO of Banro Corporation (since March 2013).

Appointed: October 28, 2009
Committee Member: Audit, Technical
Current Directorships (Listed Co): Banro Corporation, Mediterranean Resources, Great Quest Metals
Previous Directorships in last 3 Years: None

## PMI GOLD CORPORATION
## Board of Directors

### Mr. Ross Ashton, 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: December 17, 2010
Committee Member: Nomination & Compensation (Chairman), Technical
Current Directorships (Listed Co): None
Previous Directorships in last 3 Years: GB Energy Ltd (2010), Brockman Resources Ltd (2011)

### Dr. Michael Price, Non-Executive Director

Dr. Price has more than 35 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 Cluff Gold plc. He is also a non-executive Director of Eldorado Gold Corporation, Central Asia Metals plc and Forbes & Manhattan Coal Corporation. During his career Dr. Price has held a number of senior investment banking positions in 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 and Executive Director, Head of Resource Banking and Metals Trading for NM Rothschild and Sons Ltd.

Appointed: June 13, 2012
Committee Member: Audit (Chairman)
Current Directorships (Listed Co): Eldorado Gold Corporation, Central Asia Metals plc, Forbes & Manhattan Coal Corp.
Previous Directorships in last 3 Years: Sumatra Copper & Gold plc (2012), Lincoln Mining Corporation (2012), Q Resources plc (2012)

### Dr. Michael Anderson, Non-Executive Director

Dr. Anderson has 20 years' industry experience, largely in southern Africa and Australia. Mr. Anderson is currently a Director of Taurus Funds Management). His career commenced as a geologist with Anglo American, followed by roles in the metallurgical and engineering industries with Mintek, Bateman and Kellogg Brown & Root. He subsequently held senior management positions including Corporate Development Manager at Gallery Gold Limited, and most recently and relevantly as Managing Director at Exco Resources Limited, where he successfully oversaw the funding and development of the White Dam Gold Project and the completion of feasibility studies on the Company's Cloncurry Copper Project prior to its sale to Xstrata. He joined Taurus as a Director in August 2011.

Appointed: May 15, 2013*
Committee Member: Audit, Nomination & Compensation
Current Directorships (Listed Co): Ampella Mining Limited, Base Resources Limited, Hot Chili Limited
Previous Directorships in last 3 Years: Exco Resources Limited (2011)
*Dr. Anderson was not in office for the entire reporting year.

### Board Resignations

Mr. Peter Buck, Non-Executive Chairman (appointed December 17, 2010) resigned from the Board on February 26, 2013.
Mr. Thomas Ennison, Executive Director (appointed August 10, 2007) resigned from the Board on May 15, 2013.
Mr. Collin Ellison, Managing Director & CEO (appointed January 20, 2011) resigned from the Board on September 17, 2013. Mr. Ellison was in office during the entire reporting year.

# Australian Corporate Governance

## Corporate Governance Disclosure Statement

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. | No | 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, and 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 |

| Recommendation | Comply Yes / No | If not, why not |
|---|---|---|
| **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, Mandate of the President and Chief Executive Officer and Mandate of the Individual Directors. 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 Company's Board, as at June 30, 2013, consisted of eight Directors (six independent and two non-independent). The independent Directors were Mr. Jim Askew, Mr. Ross Ashton, Hon. JH Mensah, Dr. Michael Price, Mr. Peter Bradford and Dr. Michael Anderson. Non-independent Directors were Mr. Collin Ellison and Dr. John Clarke.

The Company's Non-Executive Chairman was Mr. Jim Askew and the Managing Director and Chief Executive Officer was Mr. Collin Ellison. Mr. Ellison subsequently resigned on September 17, 2013.

**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 as at June 30, 2013 were Mr. Ross Ashton (Committee Chairman), Mr. Peter Bradford and Dr. Michael Anderson. All were Non-Executive Independent Directors at June 30, 2013.

**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 utilize 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 is outlined on page 4 of this Annual Report.

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 10% shareholder of the Company or an officer of, or otherwise associated directly with, a 10% 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; and
- 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 judgment.

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 Audit 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 including 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.

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.

The Diversity Policy provides a framework for PMI to achieve:
- A diverse and skilled workforce, leading to continuous improvement in service delivery and achievement of corporate goals;
- A workplace culture characterized by inclusive practices and behaviors for the benefit of all staff;
- Improved employment and career development opportunities for women;
- A work environment that values and utilizes 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 Company does not meet ASX Principle 3 Recommendation 3.3 as no measurable objectives have yet been set for reporting within this Annual Report.

**H – Principle 3 Recommendation 3.4**
The Company has a proportion of women (14%) who are employed on full-time, part-time or consultant basis.

| | At June 30, 2013 | % |
|---|---|---|
| Women on the Board | 0 | 0 |
| Women in Senior Management | 0 | 0 |
| Women Employees in Total | 27 | 14% |

**I – Principle 4 Recommendation 4.1, 4.2, 4.3, 4.4, 4.5**
The Board has established an audit committee and an Audit Committee Charter was adopted in September 2011. A feature of this Charter was a change from meeting twice a year to four times per annum. The committee members as at June 30, 2013 were, Dr. Michael Price (Committee Chairman), Hon. JH Mensah and Dr. Michael Anderson, who are all Non-Executive Independent Directors, and Dr. John Clarke who is not independent as he is, or has been, an executive Director within 3 years.

**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 considers strategies for appropriate risk management arrangements. The Board has also established an Audit Committee which addresses the risk of the Company, and a Technical Committee which addresses technical risk

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 as at June 30, 2013 were Mr. Ross Ashton (Committee Chairman), Mr. Peter Bradford and Dr. Michael Anderson. All were Non-Executive Independent Directors at June 30, 2013. 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 Non-Executive Directors. In addition, Directors who act as a Chairperson on the Audit, Nomination and Compensation, and Technical Committees are paid a set fee for their services. Both fees are capped and are subject to shareholder approval.

The Company established a new Technical Committee on May 15, 2013 comprised of three members, Mr. Peter Bradford (Committee Chairman), Mr. Ross Ashton, and Dr. John Clarke. The Technical Committee operates under its own Charter.

The Company established a Special Committee in November 2011, primarily to consider strategic corporate transactions. At inception, the members comprised Dr. John Clarke (Committee Chair), Mr. Ross Ashton, Dr Michael Price and Mr. Peter Buck (now resigned). Independent advice was sought to determine the level of fees payable to members with Board approval required if higher amounts were required. The Special Committee was ceased on May 15, 2013.

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.

# 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 available at www.asx.com.au):

## Place of Incorporation

The Company is a gold exploration and development company trading on the Toronto Stock Exchange (TSX) (under the symbol PMV), on the Australian Securities Exchange (ASX) (under the symbol PVM).

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 formal 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. In addition, 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 Canadian 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 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 offeror 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.

## Substantial Shareholders

The number of shares held by substantial shareholders as at September 26, 2013 was:

| Shareholder | Number of ordinary shares held | Percentage of capital held % |
|---|---|---|
| Macquarie Group Limited | 54,973,036 | 13.28% |
| Taurus Funds Management Pty Ltd | 36,846,637 | 8.90% |
| Perennial Value Management Ltd | 28,571,752 | 6.90% |
| State Street Bank & Trust Co-Custodian | 25,453,059 | 6.15% |
| Commonwealth Bank Group | 22,878,778 | 5.53% |
| Waratah Investments Ltd | 22,687,025 | 5.48% |
| Acorn Capital Ltd | 22,570,134 | 5.45% |
| Sun Valley Gold LLC | 20,719,459 | 5.00% |

## Class of Shares and Voting Rights

At September 26, 2013, there were 855 holders of the ordinary shares of the Company, and 20 holders of unlisted share options. The share options have been granted under the Company's Stock Option Plan (2011) (Amended).

Under the Company's constitution, every member present in person or by representative, proxy or attorney shall have one vote on a show of hands and on a poll have one vote for every ordinary share held.

## Distribution of Equity Security Holders as at September 26, 2013:

| Category | Ordinary Shares | Unlisted Share Options | Performance Rights |
|---|---|---|---|
| 1 – 1,000 | 121 | - | - |
| 1,001 – 5,000 | 172 | - | - |
| 5,001 – 10,000 | 137 | - | - |
| 10,000 – 100,000 | 327 | 2 | - |
| 100,001 and over | 98 | 18 | - |
| **Total** | 855 | 20 | 0 |

The number of shareholders holding less than a marketable parcel at September 26, 2013 was 140.

## Review of Operations

The Company's Canadian MD&A (Management Discussion and Analysis), which is included within this report commencing on page 47, substitutes for the review of operations and activities.

Additional regulatory filings for the Company, including the AIF (Annual Information Form) can be found on the SEDAR website at www.sedar.com or on the ASX website at www.asx.com.au

## Tenement Schedule

The Company holds interests in the concessions summarised below. All concessions carry a 10% free carried Interest and 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 June 30, 2013 | | | |
|---|---|---|---|
| **Obotan Gold Project** | | | |
| Number: | Name: | Area (km$^2$): | Equity Interest (%): |
| 41/2012 | Abore | 28.47 | 90% |
| 34/2013 | Abirem | 47.13 | 90% |
| 40/2012 | Adubea | 13.38 | 90% |
| **Asanko Gold Project** | | | |
| Number | Name: | Area (km$^2$): | Equity Interest (%): |
| PL.6/32 | Datano | 53.78 | 90% |
| PL.6/307 | Kaniago (Adansi) | 25.27 | 90% |
| PL.3/3 | New Obuase | 21.53 | 90% |
| RL.6/32 | Gyagyastreso (Switchback North) | 10.83 | 80% |
| PL.2/461 | Nkronua Atifi (Switchback South) | 17.84 | 80% |
| PL.3/97 | Amuabaka (Switchbank Central) | 24.00 | 80% |
| PL.6/260 | Agyaka-Manso | 40.32 | 90% |
| PL.3/84 | Diaso-Afiefiso | 122.21 | 90% |
| PL.2/10 | Juabo | 59.20 | 75% |
| PL.2/381 | Manhia | 14.78 | 90% |
| **Kubi Gold Project** | | | |
| Number: | Name: | Area (km$^2$): | Equity Interest (%): |
| PL.3/30 | Kubi | 19.16 | 90% |
| PL.3/30 | Kubi Forest Reserve | 0.18 | 90% |
| PL.3/88 | Dunkwa-Gyimigya | 28.26 | 90% |
| PL.6/324 | Gyimigya | 4.566 | 90% |

Consolidated Financial Statements
(Expressed in Canadian dollars)

PMI GOLD
CORPORATION

For the years ended June 30, 2013 and 2012

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

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# 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, 2013 and 2012, the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years ended June 30, 2013 and 2012, 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.

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

KPMG

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the consolidated financial position of PMI Gold Corporation as at June 30, 2013 and 2012, and its consolidated financial performance and its consolidated cash flows for the years ended June 30, 2013 and 2012 in accordance with International Financial Reporting Standards.

KPMG LLP

Chartered Accountants

Vancouver, Canada

September 10, 2013

**PMI GOLD CORPORATION**
**Consolidated Statements Financial Position**
**(Expressed in Canadian Dollars)**

| | June 30, 2013 | June 30, 2012 |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 107,782,056 | $ 40,722,548 |
| Receivables (note 5) | 194,777 | 235,569 |
| Prepaid expenses | 153,241 | 475,601 |
| | 108,130,074 | 41,433,718 |
| Property & equipment (note 6) | 906,007 | 1,015,955 |
| Exploration and evaluation assets (note 7) | 100,863,505 | 64,203,875 |
| | $ 209,899,586 | $ 106,653,548 |
| **Liabilities and Shareholders' Equity** | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities (note 8) | $ 5,520,523 | $ 8,582,163 |
| Provision for reclamation (note 9) | 1,519,508 | - |
| Total liabilities | 7,040,031 | 8,582,163 |
| Shareholders' equity: | | |
| Share capital (note 10) | 232,112,812 | 119,578,794 |
| Reserves (note 10) | 8,430,941 | 8,034,686 |
| Deficit | (37,684,198) | (29,542,095) |
| | 202,859,555 | 98,071,385 |
| | $ 209,899,586 | $ 106,653,548 |

Corporate information (note 1)
Commitments (note 19)

See accompanying notes to the consolidated financial statements.

Approved by the Board:

*Director, President & Chief Executive Officer*

*Director*

## PMI GOLD CORPORATION
## Consolidated Statements of Operations, Loss and Comprehensive Loss
## (Expressed in Canadian Dollars)
## Years Ended June 30, 2013 and 2012

| | | 2013 | | 2012 |
|---|---|---|---|---|
| Expenses: | | | | |
| Accretion (note 9) | $ | 13,834 | $ | - |
| Amortization | | 55,127 | | 53,961 |
| Professional and consulting fees | | 1,572,426 | | 1,253,176 |
| Directors' fees and costs | | 1,288,883 | | 692,842 |
| Foreign exchange (gain) loss | | (654,411) | | 768,961 |
| Office and support costs | | 1,167,834 | | 788,529 |
| Pre-exploration costs | | 249,441 | | - |
| Salaries and benefits | | 1,996,894 | | 648,663 |
| Shareholder communications | | 324,176 | | 224,093 |
| Share-based payments (note 11(b)) | | 481,864 | | 2,158,905 |
| Transfer agent and regulatory fees | | 320,392 | | 143,353 |
| Travel and promotion | | 806,767 | | 751,259 |
| Write-off of exploration and evaluation assets | | - | | 17,379 |
| Loss from operations | | (7,623,227) | | (7,501,121) |
| Other income (expenses): | | | | |
| Transaction costs (note 15) | | (1,489,238) | | - |
| Gain on sale of equipment | | - | | 2,817 |
| Loss on disposal of equipment | | (7,800) | | - |
| Interest and financing costs | | (90,557) | | - |
| Interest income | | 1,092,410 | | 1,169,432 |
| | | (495,185) | | 1,172,249 |
| Loss and comprehensive loss before taxes | | (8,118,412) | | (6,328,872) |
| Income tax expense | | (23,691) | | (40,911) |
| Loss and comprehensive loss for the year | $ | (8,142,103) | $ | (6,369,783) |
| Basic and diluted loss per common share | $ | (0.023) | $ | (0.028) |
| Basic and diluted weighted average number of common shares outstanding | | 361,824,981 | | 225,336,747 |

See accompanying notes to the consolidated financial statements.

## PMI GOLD CORPORATION
## Consolidated Statements of Cash Flows
## (Expressed in Canadian Dollars)
## Years Ended June 30, 2013 and 2012

| | 2013 | 2012 |
|---|---|---|
| Cash provided by (used in): | | |
| Operating activities: | | |
| Loss for the year | $ (8,142,103) | $ (6,369,783) |
| Items not affecting cash: | | |
| Accretion | 13,834 | - |
| Amortization | 55,127 | 53,961 |
| Unrealized foreign exchange on provision | 81,448 | - |
| Gain on sale of equipment | - | (2,817) |
| Loss on disposal of equipment | 7,800 | - |
| Share-based payments | 481,864 | 2,158,905 |
| Write-off of exploration and evaluation assets | - | 17,379 |
| | (7,502,030) | (4,142,355) |
| Changes in non-cash working capital items: | | |
| Receivables | 40,792 | 299,851 |
| Prepaid expenses | 322,360 | (244,618) |
| Accounts payable and accrued liabilities | 150,304 | 486,670 |
| | (6,988,574) | (3,600,452) |
| Investing activities: | | |
| Proceeds from the sale of equipment | - | 11,616 |
| Additions to property & equipment | (331,540) | (841,440) |
| Additions to exploration and evaluation assets | (37,930,595) | (25,592,172) |
| | (38,262,135) | (26,421,996) |
| Financing activities: | | |
| Shares issued for cash | 118,531,800 | 44,269,050 |
| Share issuance costs | (6,221,583) | (2,183,399) |
| | 112,310,217 | 42,085,651 |
| Increase in cash and cash equivalents during the year | 67,059,508 | 12,063,203 |
| Cash and cash equivalents, beginning of year | 40,722,548 | 28,659,345 |
| Cash and cash equivalents, end of year | $ 107,782,056 | $ 40,722,548 |
| Effect of exchange rate fluctuations on cash held | $ 379,126 | $ 218,918 |
| Cash paid during the year for income taxes | 41,189 | 131,155 |
| Cash received during the year for interest | 966,252 | 1,520,701 |

Supplemental disclosure with respect to cash flows (note 12)

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, 2013 and 2012

| | Number of shares | Share capital | Reserves | Deficit | Total |
|---|---|---|---|---|---|
| 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 |
| Loss for the year | - | - | - | (8,142,103) | (8,142,103) |
| Private placement | 136,907,500 | 115,002,300 | - | - | 115,002,300 |
| Share issuance costs | - | (6,221,583) | - | - | (6,221,583) |
| Exercise of options | 967,500 | 328,500 | - | - | 328,500 |
| Exercise of warrants | 13,955,000 | 3,201,000 | - | - | 3,201,000 |
| Reallocation on exercise of options | - | 223,801 | (223,801) | - | - |
| Share-based payments | - | - | 620,056 | - | 620,056 |
| Balance, June 30, 2013 | 414,000,084 | $ 232,112,812 | $ 8,430,941 | $ (37,684,198) | $ 202,859,555 |

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, 2013 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 wholly-owned subsidiaries: Adansi Gold Company Ghana Limited ("Adansi") is incorporated in Ghana and Nevsun Resources (Ghana) Ltd 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, 2013, the Company had net cash inflows of $67,059,508 (2012 - $12,063,203). At June 30, 2013, the Company's cash and cash equivalents balance was $107,782,056 (2012 - $40,722,548) and working capital was $102,609,551 (2012 - $32,851,555).

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. The Company currently has sufficient funds available to fund the Company's operations over the next twelve months.

## 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 (IFRSs), as issued by the International Accounting Standards Board ('IASB').

These consolidated financial statements were authorized for issue by the Board of Directors on September 10, 2013.

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

(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.

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 or 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.

(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.

Transactions in currencies other than the functional currency are translated into Canadian dollars using the exchange rate prevailing on the date of transaction. 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.

**3. Significant accounting policies (continued):**

(b) Cash and cash equivalents:

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and Australian & Canadian guaranteed investment certificates ("GIC's") with a major Australian and Canadian banking institutions with maturities on the date of purchase of 1 year or less. The GIC's are cashable on demand.

(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 apportioned between the outstanding liability and interest expense on the statement of comprehensive loss.

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.

**3. Significant accounting policies (continued):**

(*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 cost using the effective interest method. The Company's financial liabilities consist of accounts payable and accrued liabilities, which is classified as other 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) Materials and supplies inventory:

Materials and supplies inventory consists of consumables used in exploration and evaluation and future development activities, such as explosives, fuel and spare parts which are valued at the lower of cost and net realizable value and, where appropriate, less a provision for obsolescence.

(f) Property & equipment:

(*i*) Recognition and measurement:

On initial recognition, property 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. Property and equipment will include capitalized development expenditures categorized as construction in progress subsequent to the Company making a decision to enter the development state, and will include the cost of plant and mine development.

Property and equipment is subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses, with the exception of land which is not depreciated. No depreciation will be provided for construction in progress during the period of construction.

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 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.

**3. Significant accounting policies (continued):**

(f) Property & equipment (continued):

(*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 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.

(*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.

(g) Exploration and evaluation assets:

(*i*) Pre-exploration costs:

Pre-exploration costs are expensed as incurred.

(*ii*) Exploration and evaluation expenditures:

Exploration and evaluation activities involve the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest.

Exploration and evaluation expenditure is capitalised and carried forward to the extent that:

- rights to tenure of the identifiable area of interest are current; and
- at least one of the following conditions is also met:

**3. Significant accounting policies (continued):**

(g) Exploration and evaluation assets (continued):

(*ii*) Exploration and evaluation expenditures (continued):

(i) the expenditure is expected to be recovered through the successful development of the identifiable area of interest, or alternatively, by its sale; or

(ii) where activities in the identifiable area of interest have at the reporting date reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and activities in, or in relation to, the area of interest.

Exploration and evaluation assets are reviewed by area of interest at each reporting date for indicators of impairment and tested for impairment where such indicators exist. Accumulated costs in relation to an area where the tests are not met or an area that the Company decides that is not commercial are written off in full in profit and loss in the year in which the decision to abandon the area is made.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from exploration and evaluation expenditure to development expenditure.

(h) Reserve estimates:

The Company will be estimating its ore reserves and mineral resources based on information compiled by Qualified Persons as defined in accordance with Canadian Securities Administrators National Instrument 43-101 *Standards for Disclosure of Mineral Project* (NI 43-101). Reserves are used when performing impairment assessments on the Company's mineral properties and for forecasting the timing of payment of mine closure, reclamation and rehabilitation costs.

There are numerous uncertainties inherent in estimating ore reserves, and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecasted prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in the reserves being restated.

(i) 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.

**3. Significant accounting policies (continued):**

(i) Impairment of financial and non-financial assets (continued):

(*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 asset does not generate cash flows that are independent from other assets, the impairment test is carried out on the asset's cash-generating unit ("CGU"), 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.

Where the carrying value of an asset, or CGU exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset or CGU is written down accordingly.

An impairment loss is charged to the statement of operations. Where an impairment loss subsequently reverses, the carrying value of the asset or CGU is increased to its recoverable amount to the extent that the increased carrying amount does not exceed the carrying value that would have been determined had no impairment loss been recognized for the asset or CGU in the prior years. The reversal of impairment loss is recognized immediately in the statement of operations.

(j) 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 relating to all 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.

When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets. In subsequent periods, the liability is adjusted for any changes in the amount, timing and for discounting the underlying future cash flows. Foreign exchange translation differences relating to rehabilitation provisions denominated in a foreign currency are recognized in the statement of operations.

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.

**3. Significant accounting policies (continued):**

(j) Provisions (continued):

(*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 recognized when the obligation occurred and is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

(k) 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, share options 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. Common shares issued for consideration other than cash are valued at the quoted market price on the date the shares are issued.

(l) 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.

**3. Significant accounting policies (continued):**

(l) Share-based payments: (continued)

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.

(m) 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.

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. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted, or substantially enacted by the reporting date.

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. Deferred tax assets and liabilities are offset if there is a legal enforceable right to offset the tax liabilities and assets, and they related to income taxes levied by the same tax authority.

(n) 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. Diluted loss per share equals basic loss per share for the periods presented as all potential shares are anti-dilutive.

**3. Significant accounting policies (continued):**

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

The following accounting standards, which may be relevant to the Company have been introduced or revised by the IASB:

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

IFRS 9 *Financial Instruments* and its amendments replaced guidance in IAS 39 *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets. 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. The Company is currently evaluating the impact the final standard is expected to have on its consolidated financial statements.

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

In May 2011, the IASB issued IFRS 10, *Consolidated Financial Statements* and IFRS 12, *Disclosure of Interests in Other Entities.* IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. This standard defines the principle of control and establishes control as the basis for determining which entities are consolidated in an entity's consolidated financial statements. IFRS 10 sets out three elements of control: a) power over the investee; b) exposure, or right, to variable returns from involvement with the investee; and c) the ability to use power over the investee to affect the amount of the investors return. IFRS 10 sets out the requirement on how to apply the control principle. IFRS 12 outlines the disclosure requirements for interests in subsidiaries and other entities to enable users to evaluate the risks associated with interests in other entities and the effects of those interests on an entity's financial position, financial performance and cash flows. IFRS 10 and IFRS 12 supersede IAS 27, *Consolidated and Separate Financial Statements and SIC-12, Consolidated – Special Purpose Entities.*

IFRS 10 and IFRS 12 are effective for annual periods beginning on or after January 1, 2013. The Company does not anticipate the applications of IFRS 10 and IFRS 12 to have a material impact on its consolidated financial statements and intends to adopt as of July 1, 2013.

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

IFRS 11 describes the accounting for arrangements in which there is joint control which requires joint arrangements to be classified either as point operations or joint ventures based on set criteria. In addition, IFRS 11 requires use of equity accounting as; 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 standard is effective for annual periods beginning on or after January 1, 2013. The Company does not anticipate the adoption of IFRS 11 to have a significant impact on its consolidated financial statements and intends to adopt the standard as of July 1, 2013.

**3. Significant accounting policies (continued):**

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

(*iv*) 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 standard is effective for annual periods beginning on or after January 1, 2013. The Company does not anticipate the application of IFRS 13 to have a significant impact on its consolidated financial statements and intends to adopt the standard as of July 1, 2013.

(*v*) 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:

(a) Economic recoverability and probability of future economic benefits upon future decision to proceed to development:

The decision to proceed with development with respect to Note 3(g) Exploration and evaluation assets 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. 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.  Amounts shown for assets represents costs incurred less any write-downs and recoveries, and are not intended to represent present or future values.

**4. Critical accounting estimates and judgments (continued):**

(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.

(c) Functional currency:

The functional currency for each of the Company's subsidiaries is the currency of the primary economic environment in which the entity operates. It has been determined that the functional currency for the Company and its subsidiaries is the Canadian dollar. Assessment of functional currency involves certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in the events and conditions, which determine the primary economic environment.

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

(a) Estimated exploration rehabilitation provision costs:

The Company's provision for rehabilitation represents management's best estimate of the present value of the future cash outflows required to settle the liability which reflects estimates of future costs, inflation, movements in foreign exchange rates and assumption of risks associated with the future cash outflows. Changes in the above factors can result in a change to the provision recognized by the Company.

Changes to the provision for rehabilitation are recorded with a corresponding change to the carrying amounts of the related exploration and evaluation asset for the period. Adjustments to the carrying amounts of the related exploration asset can result in a change to the future depletion expense.

(b) 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.

(Expressed in Canadian Dollars)

**4. Critical accounting estimates and judgments (continued):**

(c) 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 11.

**5. Receivables:**

The Company's receivables are as follows:

| | June 30, 2013 | June 30, 2012 |
|---|---|---|
| HST/GST receivable | $ 42,750 | $ 163,635 |
| Interest receivable | 134,028 | 7,870 |
| Other receivables | 17,999 | 64,064 |
| | $ 194,777 | $ 235,569 |

**6. Property & equipment:**

| | Field tools & equipment | Vehicles | Furniture & equipment | Computer equipment | Total |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| 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 |
| Additions | 13,292 | 66,724 | 98,881 | 157,153 | 336,050 |
| Disposals | - | - | (16,333) | (24,411) | (40,744) |
| Balance at June 30, 2013 | $ 238,042 | $ 860,670 | $ 330,557 | $ 554,044 | $1,983,313 |
| **Amortization** | | | | | |
| 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 |
| Additions | 53,087 | 171,656 | 41,842 | 171,613 | 438,198 |
| Disposals | - | - | (13,058) | (19,886) | (32,944) |
| Balance at June 30, 2013 | $ 130,159 | $ 404,515 | $ 113,679 | $ 428,953 | $1,077,306 |
| **Carrying amounts** | | | | | |
| Balance at June 30, 2012 | $ 147,678 | $ 561,087 | $ 163,114 | $ 144,076 | $1,015,955 |
| Balance at June 30, 2013 | $ 107,883 | $ 456,155 | $ 216,878 | $ 125,091 | $ 906,007 |

(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, 2013:

| | Obotan | Asanko | Kubi | Total |
|---|---|---|---|---|
| **Acquisition costs:** | | | | |
| Balance, June 30, 2012 | $ 6,531,674 | $ 1,506,965 | $ 5,621,700 | $ 13,660,339 |
| Additions during the year | 7,878,242 | - | - | 7,878,242 |
| Balance, June 30, 2013 | 14,409,916 | 1,506,965 | 5,621,700 | 21,538,581 |
| **Exploration and evaluation expenditures:** | | | | |
| Balance, June 30, 2012 | 35,943,065 | 6,723,869 | 7,876,602 | 50,543,536 |
| Additions during the year: | | | | |
| Feasibility and pre-development costs | 13,659,376 | - | - | 13,659,376 |
| Assaying testing and analysis | 861,302 | 704,268 | 440,298 | 2,005,868 |
| Contract labour | 81,844 | 34,389 | 37,524 | 153,757 |
| Drilling | 2,779,859 | 1,822,966 | 542,852 | 5,145,677 |
| Field office | 296,238 | 213,824 | 207,655 | 717,717 |
| Geology and geophysics | 732,476 | 248,976 | 140,988 | 1,122,440 |
| Lease rental and claims maintenance | 115,660 | 94,184 | 25,241 | 235,085 |
| Legal | 242,882 | 21,945 | 6,169 | 270,996 |
| Project management and related exploration costs | 2,577,917 | 795,180 | 2,004,896 | 5,377,993 |
| Transportation and travel | 59,077 | 24,934 | 8,468 | 92,479 |
| | 21,406,631 | 3,960,666 | 3,414,091 | 28,781,388 |
| Balance, June 30, 2013 | 57,349,696 | 10,684,535 | 11,290,693 | 79,324,924 |
| Total, June 30, 2013 | $ 71,759,612 | $ 12,191,500 | $ 16,912,393 | $ 100,863,505 |

(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, 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 |
| 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 | 2,219,242 | 323,165 | 572,733 | 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 | $ 64,203,875 |

(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. Nevsun Resources (Ghana) holds a 100% interest in the Kubi Mining Leases.

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 (2nd phase) where unless they are small in size, a reduction of 50% of the area is required. The 2nd 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 26.25km2.

(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") that varies between 2% and 3%. PMI is currently disputing certain royalties claimed by a third party on the concessions that constitute the Obotan Gold Project, which is the subject to an ongoing arbitration proceeding. The Company also pays a yearly advance royalty of $50,000 and a quarterly advance royalty of $3,000 for certain licenses within the Obotan and Asanko projects to a related party. The Amuabaka & Nkronua licenses within the Obotan project retain a 10% interest by the original vendor, and the Juabo license within the Asanko project retains a 15% interest by the original vendor. Interests retained by original vendors are free carried up to any decision to mine.

**8. Accounts payable and accrued liabilities:**

Accounts payable and accrued liabilities are as follows:

| | June 30, 2013 | June 30, 2012 |
|---|---|---|
| Trade payables | $ 955,918 | $ 6,789,275 |
| Accrued liabilities | 4,564,605 | 1,792,888 |
| | $ 5,520,523 | $ 8,582,163 |

(Expressed in Canadian Dollars)

**9. Provision for reclamation:**

The Company has estimated the present value of the reclamation obligations which exist in relation to its properties to June 30, 2013 based on the best available information regarding the timing and amount of expected expenditure and recorded a provision of $1,519,508 (2012 - $Nil). The present value of the future reclamation obligation as at June 30, 2013 assumes a year of settlement and anticipated year of close of 2024, a discount rate of 1.75%, and an inflation rate of 1.40%.

| Provision for reclamation | June 30, 2013 | June 30, 2012 |
|---|---|---|
| Balance, beginning of year | $ - | $ - |
| Liabilities incurred during the period | 1,424,226 | - |
| Accretion expense | 13,834 | - |
| Foreign exchange | 81,448 | - |
| | $ 1,519,508 | $ - |

**10. Share capital and reserves:**

Authorized:

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

During the year ended June 30, 2013, the Company:

- Issued 136,907,500 common shares for gross proceeds totaling $115,002,300 pursuant to the completion of a private placement. In conjunction with the issuance of the shares, the Company incurred $6,221,583 in share issuance costs.
- Issued 13,955,000 common shares for gross proceeds totaling $3,201,000 pursuant to the exercise of warrants.
- Issued 967,500 common shares for gross proceeds totaling $328,500 pursuant to the exercise of stock options. As a result of the exercise, the Company reclassified $223,801 from contributed surplus to share capital.

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 reserves 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.

(Expressed in Canadian Dollars)

**11. Stock options and warrants:**

(a) Stock options:

Option plan:

The Company has a stock option plan covering the grant of options to its directors, officers and employees. A limit of 10% of the issued and outstanding common shares base can be issued in stock options without shareholder approval. 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, June 30, 2011 | 15,896,875 | $ 0.68 |
| Granted | 4,040,000 | 1.63 |
| Exercised | (3,862,500) | 0.28 |
| Cancelled | (856,875) | 0.91 |
| Balance, June 30, 2012 | 15,217,500 | 1.03 |
| Granted | 3,000,000 | 0.66 |
| Exercised | (967,500) | 0.34 |
| Cancelled | (3,025,000) | 1.03 |
| Balance, June 30, 2013 | 14,225,000 | $ 1.00 |
| Number of options currently exercisable | 10,013,333 | $ 0.81 |

The weighted average remaining contractual life for the share options outstanding as at June 30, 2013 is 3.07 years (2012 – 3.52 years).

(Expressed in Canadian Dollars)

**11. Stock options and warrants (continued):**

(a) Stock options (continued):

As at June 30, 2013, the Company had outstanding stock options enabling the holders to acquire common shares as follows:

| Number of options | Exercise price | Expiry date |
|---|---|---|
| 400,000 | $ 0.30 | September 9, 2014 |
| 1,000,000 | 1.05 | December 15, 2015 |
| 4,000,000 | 0.90 | January 20, 2016 |
| 500,000 | 0.90 | February 18, 2016 |
| 1,600,000 | 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 18, 2016 |
| 425,000 | 1.75 | November 18, 2016 |
| 250,000 | 1.28 | June 7, 2017 |
| 300,000 | 0.86 | June 12, 2017 |
| 1,000,000 | 0.91 | April 17, 2018 |
| 2,000,000 | 0.54 | June 12, 2018 |
| 14,225,000 | | |

(b) Share-based payments:

During the year ended June 30, 2013, the Company granted 3,000,000 (2012 – 4,040,000) and cancelled 3,025,000 (2012 – 856,875) stock options. Some of these stock options include performance based vesting criteria. The fair value of is the options granted during the year is $579,442 (2012 - $2,564,449), based on the Black-Scholes option pricing model. For the year ended June 30, 2013, the share-based payments recognized was $620,056 (2012 - $2,569,451), of which $138,192 (2012 - $410,546) was capitalized to exploration and evaluation assets.

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

| | 2013 | 2012 |
|---|---|---|
| Risk-free interest rate | 1.43% | 1.36% |
| Expected life of options | 5 years | 4.5 years |
| Annualized volatility | 75% | 88% |
| Dividend rate | 0.00% | 0.00% |
| Forfeiture rate | 0.00% | 0.00% |

(Expressed in Canadian Dollars)

**11. Stock options and warrants (continued):**

(c) Warrants:

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

| | Number of warrants | Weighted average exercise price |
|---|---|---|
| Balance June 30, 2011 | 46,803,000 | $ 0.25 |
| Exercised | (32,373,000) | 0.25 |
| Expired | (375,000) | 0.21 |
| Balance, June 30, 2012 | 14,055,000 | 0.23 |
| Granted | 600,000 | 1.05 |
| Exercised | (13,955,000) | 0.23 |
| Expired | (100,000) | 0.20 |
| Balance, June 30, 2013 | 600,000 | $ 1.05 |

As at June 30, 2013, warrants were outstanding enabling the holders to acquire common shares as follows:

| Number of warrants | Exercise price | Expiry date |
|---|---|---|
| 600,000 | $ 1.05 | September 26, 2015 |

**12. Supplemental disclosure with respect to cash flows:**

During the year ended June 30, 2013, significant non-cash investing and financing activities included:

- incurring $378,561 (2012 - $254,529) of amortization expense capitalized to exploration and evaluation assets;
- incurring exploration and evaluation asset expenditures of $1,424,226 (2012 - $nil) included in the provision for reclamation;
- incurring exploration and evaluation asset expenditures of $4,174,902 (2012 - $7,386,846) included in accounts payable;
- incurring $138,192 (2012 - $410,546) of share-based payment expense capitalized to exploration and evaluation assets; and
- recording of a fair value reversal of $223,801 (2012 - $791,228) out of contributed surplus on the exercise of stock options.

(Expressed in Canadian Dollars)

## 13. Related party transactions:

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

| | June 30, 2013 | June 30, 2012 |
|---|---|---|
| Executive compensation (2) | $ 2,309,065 | $ 1,090,675 |
| Non-executive directors fees (1)(4) | 580,221 | 209,715 |
| Share-based payments (3) | 284,877 | 2,100,839 |
| | $ 3,174,163 | $ 3,401,229 |

(1) Included is $124,543 (2012 - $71,605) in fees paid to a former director of the Company.

(2) Of these, there are $192,125 (2012 - $154,732) for professional fees included in deferred exploration costs paid to a firm controlled by an former executive director of the Company and $63,130 (2012 - $54,020) 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) A total of 3,025,000 options ranging from $0.80 to $1.75 expired due to performance conditions not being met before June 30, 2013.

(4) Of these, there is $nil (2012 – $16,545) for exploration expenses included in deferred exploration costs paid to a director of the Company.

Included in accounts payable and accrued liabilities at June 30, 2013 is $727,781 (June 30, 2012 - $456,228) owing to related parties, all in respect of the above transactions.

## 14. 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, 2013 | June 30, 2012 |
|---|---|---|
| Assets: | | |
| Canada | $ 102,368,776 | $ 34,443,768 |
| Ghana | 102,535,541 | 66,675,729 |
| Australia | 4,995,269 | 5,534,051 |
| | $ 209,899,586 | $ 106,653,548 |

**15. Transaction costs:**

During the year ended June 30, 2013, the Company entered into a definitive agreement with Keegan Resources Inc. to merge and form a new company under the name "Asanko Gold Inc." ("Asanko"). The Company and Keegan terminated the definitive agreement on February 18, 2013 and, as such all cost associated with this transaction is recorded in the statement of operations, loss and comprehensive loss.

**16. 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, receivables from related parties and other accounts receivable represents the Company's maximum exposure to credit risk.

(Expressed in Canadian Dollars)

**16. 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, 2013 | | June 30, 2012 | |
|---|---|---|---|---|
| | Amount in Foreign currency | Amount in CAD dollars | Amount in foreign currency | Amount in CAD dollars |
| United States dollars: | | | | |
| Cash and cash equivalents | $ 2,287,968 | $ 2,408,315 | $ 15,681 | $ 16,070 |
| Australian dollars: | | | | |
| Cash and cash equivalents | 4,898,455 | 4,715,743 | 5,068,571 | 5,276,910 |
| Receivables | 74,065 | 71,302 | 51,376 | 53,488 |
| Ghanaian cedes | | | | |
| Cash and cash equivalents | 403,644 | 211,267 | 2,551,342 | 1,348,129 |
| Receivables | 13,150 | 6,883 | 75,526 | 39,908 |
| Total financial assets | | $ 7,413,510 | | $ 6,734,505 |

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

| | June 30, 2013 | | June 30, 2012 | |
|---|---|---|---|---|
| | Amount in Foreign currency | Amount in CAD dollars | Amount in foreign currency | Amount in CAD dollars |
| United States dollars: | | | | |
| Accounts payable and accrued liabilities | $ 1,126,711 | $ 1,185,976 | $ 6,398,141 | $ 6,556,878 |
| Australian dollars: | | | | |
| Accounts payable and accrued liabilities | 3,443,948 | 3,315,489 | 1,593,295 | 1,658,779 |
| Ghanaian cedes | | | | |
| Accounts payable and accrued liabilities | 951,973 | 498,263 | 356,546 | 187,864 |
| Total financial liabilities | | $ 4,999,728 | | $ 8,403,521 |

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 $241,378 for the year ended June 30, 2013 (2012 –$166,902).

**16. 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, 2013, the Company had cash and cash equivalents of $107,782,056 to settle current liabilities of $5,520,523. The Company has recorded a provision which is described in note 9. 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 19.

**17. 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 exploration and future 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.

(Expressed in Canadian Dollars)

**18. 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:

| | 2013 | 2012 |
|---|---|---|
| Loss and Comprehensive loss for the year before taxes | $ (8,118,412) | $ (6,328,872) |
| Statutory tax rate | 25.25% | 25.75% |
| Expected income tax recovery | $ (2,049,899) | $ (1,629,684) |
| Difference in foreign and deferred tax rates | (292,462) | 47,467 |
| Change in unrecognized deferred tax assets | 3,910,299 | 1,115,219 |
| Stock based compensation | 125,285 | 539,726 |
| Deductible expenses charged to equity | (1,617,612) | (545,850) |
| Other permanent differences | (75,611) | 109,661 |
| Foreign taxes | 23,691 | 40,911 |
| Total income taxes | $ 23,691 | $ 40,911 |

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

| | 2013 | 2012 |
|---|---|---|
| Non-capital losses and other future tax deductions | $ 36,521,348 | $ 22,831,444 |
| Mineral properties, deferred development and capital assets | 148,875 | 85,949 |
| | $ 36,670,223 | $ 22,917,393 |

As at June 30, 2013, the Company had deductible temporary difference for which deferred tax assets have not been recognized because it is not probable that future profit will be available against which the Company can utilize the benefits.

*Non Capital Losses*

| Year of Expiration | PMI | Ghana | Total |
|---|---|---|---|
| 2014 | $ 828,030 | $ - | $ 828,030 |
| 2015 | 731,134 | 79,400 | 810,534 |
| 2016 | - | 72,169 | 72,169 |
| 2017 | - | 137,844 | 137,844 |
| 2018 | - | 325,480 | 325,480 |
| 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 | 5,142,034 | - | 5,142,034 |
| 2033 | 10,533,528 | - | 10,533,528 |
| | $ 28,216,655 | $ 614,893 | $ 28,831,548 |

**19. 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:

| | 2013 | 2012 |
|---|---|---|
| Less than 1 year | $ 365,704 | $ 358,509 |
| Between 1 and 5 years | 273,240 | 611,763 |
| | $ 638,944 | $ 970,272 |

Additional commitments related to the Company's exploration and evaluation assets are disclosed in note 7(b).

## Introduction

The following discussion and analysis of financial position and results of operations ("MD&A") of PMI Gold Corporation ("PMI" or the "Company") for the year ended June 30, 2013 should be read in conjunction with the June 30, 2013 audited consolidated financial statements and related notes for the years ended June 30, 2013, and 2012. The effective date of this report is September 10, 2013. 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 pre-development and exploration programs. The Company continues to progress its flagship Obotan Gold Project where a feasibility study completed during the reporting year has confirmed a financially viable and technically robust mining operation based on a gold price of US$1,300/ounce. Production is targeted for the Obotan Gold Project in H1, 2015. In addition to the Obotan Project, the Company has advanced exploration at the Kubi Gold Project and regional exploration at the Asanko Gold Project, both with potential to develop into additional new mining centres.

**KEY HIGHLIGHTS**

The Company:

- Independent NI 43-101 compliant Feasibility Study confirms a financially and technically robust mining operation at Obotan.
- Substantial progress made towards Obotan development with commencement of an "Early Works" Program.
- Exploration drilling results in Ghana continue to confirm broader gold potential of the Asankrangwa Gold Belt.
- Strengthened the Board with the appointment of experienced mining executives Jim Askew as Chairman and Non-Executive Director, and Peter Bradford and Michael Anderson as Non-Executive Directors.

## 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 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 branch.

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, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Prince Edward Island, Newfoundland and Nova Scotia and trades on the Toronto Stock Exchange under the symbol "PMV". The Company graduated to the main board of the TSX from the TSX Venture Exchange on November 28, 2012. 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. Canadian shares may also be exchanged for CDI's.

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 pre-development and exploration programs on its existing Ghana properties. In all, the Company invested approximately $36.7 million in development and exploration during the year ended June 30, 2013, an increase of $3.9 million over the prior year spend of $32.8 million. The Project Development and Exploration sections below set out in greater detail the development and exploration achievements on the various properties. The loss for the year ended June 30, 2013 was $8,142,103 compared to a loss of $6,369,783 for the year ended June 30, 2012.

## Capital Stock and Financing

Proceeds of $3,529,500 were received during the year ended June 30, 2013 through the exercise of warrants and options. Issued shares increased from 262,170,084 at June 30, 2012 to 414,000,084 at June 30, 2013. As at June 30, 2013, 600,000 warrants and 14,225,000 options were outstanding. Further details of transactions are provided in Note 10 to the Financial Statements.

During the year ended June 30, 2013, 3,000,000 options were issued to directors of the Company. A total of 3,025,000 options with a weighted average exercise price of $1.03 expired due to performance conditions not being met. A total of 600,000 warrants were issued to advisors of the Company during the year ended June 30, 2013, with a share-based compensation expense of $114,583.

<u>November 2012 – Raising Proceeds Used to Date</u>

During the year ended June 30, 2013, PMI entered into an underwriting agreement with a syndicate of underwriters led by Clarus Securities Inc. and RBC Capital Markets as joint bookrunners and co-lead underwriters, and including Canaccord Genuity Corp., Euroz Securities Limited, GMP Securities L.P. and Raymond James Ltd. (collectively, the "Underwriters") to sell 119,050,000 Common Shares of the Company at a price of $0.84 per share for gross proceeds of $100,002,000.

In addition, the Company granted the Underwriters an over-allotment option to purchase up to that number of additional Common Shares equal to 15% of the Common Shares sold pursuant to the Offering, exercisable at any time up to 30 days after the closing of the Offering. The over-allotment option was exercised in full resulting in additional $15,000,300. Additional share issuance costs for the over-allotment of options was $750,000. A total of 136,907,500 new Common Shares being issued and resulting in a total gross proceeds to the Company of $115,002,300.

Net proceeds of the Offering will be used to fund the development of the Company's Obotan Gold Project in accordance with its Feasibility Study, for Ghana exploration activities and for general and administrative expenses.

| | As per Prospectus | Incurred to date |
|---|---|---|
| Obotan Gold Project | $90,000,000 | $1,419,326 |
| Exploration | 4,000,000 | $4,000,000 |
| General & administrative expenses | 1,000,000 | - |
| *Total net of commission* | $95,000,000 | $5,419,326 |

An additional $15m was raised due to the exercise of an over-allotment option.

March 2012 - Raising Proceeds Used to Date

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 | $29,750,000 |
| Exploration | 2,500,000 | 2,500,000 |
| General & administrative expenses | 1,000,000 | 1,000,000 |
| *Total net of commission* | $33,250,000 | $33,250,000 |

## Corporate Developments

Board Changes

Mr Jim Askew was appointed as Non-Executive Chairman on April 4, 2013, following the resignation of Mr Peter Buck on February 26, 2013. Further appointments were made to the Board with the appointment of Mr Peter Bradford and Dr. Michael Anderson as Non-Executive Directors at the Company's Annual General Meeting on May 15, 2013. Long standing Executive Director, Mr Thomas Ennison, retired from the Board at the AGM.

Graduation to TSX

On November 28, 2012, the Company announced its graduation to the main board of the Toronto Stock Exchange from the TSX Venture Exchange. PMI's common shares commenced trading on the TSX main board at market open on November 30, 2012 under its existing ticker symbol of "PMV".

Proposed Merger with Keegan Resources Inc.

On December 5, 2012, the Company and Keegan Resources Inc. ("Keegan") jointly announced that they had entered into a definitive Arrangement Agreement to combine their respective businesses under the name "Asanko Gold Inc." ("Asanko"). The transaction would have taken place by means of a statutory plan of arrangement of PMI. Subsequently on February 18, 2013, PMI and Keegan jointly announced that they had terminated the Arrangement Agreement entered into on December 5, 2012 in accordance with its terms, as a result of the mutual determination that it was unlikely that PMI's shareholders would approve the combination. PMI cancelled its special meeting of shareholders which was to be held on February 20, 2013. The special meeting of Keegan shareholders scheduled for February 19, 2013 was held to permit Keegan to change its name to "Asanko Gold Corp." No termination fee was paid or payable as a result of the mutual termination of the Arrangement Agreement and both PMI and Keegan released each other from all obligations in respect of that agreement.

Receipt of ASX Waiver

On April 15, 2013, the Company announced that it had been granted a waiver from ASX listing rule 7.1 to the extent necessary to permit it to issue securities without security holder approval, subject to certain conditions, including that it remains subject to, has complied with, and continues to comply with, the requirements of TSX with respect to the issue of new securities.

## Project Development

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

Feasibility Study

The Company announced results of its NI43-101 Feasibility Study on the Obotan Project in August 2012. The study confirmed the viability of a substantial new gold mining operation processing some 3.0Mtpa of primary ore and 3.8Mtpa of oxide ore, with forecast production of 221,500oz pa over the first five years at an estimated C1 cash operating cost of US$626/oz. The total estimated capital cost, including plant and infrastructure and pre-strip capital was US$296.6 million.

The Feasibility Study forecast a post-tax NPV for the Obotan Project of US$387 million, and a post-tax IRR of 28% using a gold price of US$1,300/oz and a 5% discount rate, and contract mining scenario.

Key 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 | $953M |
| Life of Mine sustaining mine capital | $56.2M |

*Operating Cost Summary:*

A summary of operating costs to an accuracy of ±10- 15%.

| OPERATING COSTS | US$M | US$/T MINED | US$/T MILLED | US$/OZ. SOLD |
|---|---|---|---|---|
| Mining | 850,401,609 | 3.36 | 24.84 | 376 |
| Process | 473,090,406 | 1.87 | 13.82 | 209 |
| Administration | 90,551,397 | 0.36 | 2.65 | 40 |
| **Sub Total** | **1,414,043,412** | **5.59** | **41.31** | **626** |
| Royalties | 205,603,496 | 0.81 | 6.01 | 91 |
| Bullion & Refining | 12,072,925 | 0.05 | 0.35 | 5 |
| **Sub Total** | **217,676,421** | **0.86** | **6.36** | **96** |
| **TOTAL** | **1,631,719,833** | **6.45** | **47.67** | **722** |

*Capital Cost Summary:*

The capital cost estimate is based upon an Engineering, Procurement, and Construction Management ("EPCM") approach where the owner assumes the contractor's construction risk. As a result, the capital estimate does not include a contractor's margin. The capital cost estimate has been prepared to an accuracy level of ± 10 to 15%.

| COST AREA | CAPITAL COST (US$) |
|---|---|
| Pre-Production Mining & Mining Capital | 102,485,498 |
| Process Plant Direct | 83,652,118 |
| Infrastructure | 49,248,874 |
| Process Plant Indirect | 26,098,686 |
| Spares & First Fills | 8,920,778 |
| Owners Costs | 26,185,706 |
| Total Upfront Capital Expenditure | 296,591,658 |
| Sustaining Capital | 35,613,946 |
| Ongoing Mining Capital | 20,724,988 |
| **Total Capital Expenditure** | **352,930,591** |

*Pre-Production Mining and Mining Capital Breakdown:*

| COST AREA | CAPITAL COST (US$) |
|---|---|
| Pre-Strip | 82,189,014 |
| Mining Establishment | |
| Mining Capital | 17,273,025 |
| Mining Owners Cost | 3,023,459 |
| Total | 20,296,484 |
| **Total Pre-Production Mining & Mining Capital Breakdown** | **102,485,498** |

The following are not included in the capital cost estimate set out above.

- no allowance has been made for escalation of prices;
- no allowance has been made for financing costs or interest;
- no allowance has been made for currency exchange rate variations;
- no allowance has been made for GST or VAT;
- no allowance has been made for sunk costs incurred by Adansi prior to project implementation;
- no allowance has been made for closure costs or any potential revenue from sale of the plant at the end of project life.

A preliminary high-level cashflow based financial evaluation has been undertaken based on a spot gold price of US$1,300/oz, the summary of which is presented below.

*Summary of Financial Outcomes:*

| KEY PROJECT PHYSICALS | | | | |
|---|---|---|---|---|
| Ore Mined | **Mt** | 34.2 | | |
| Average Grade | **g/t** | 2.21 | | |
| Gold Sold | **ounces** | 2,260,000 | | |
| Mine Life | **Yrs** | 11.5 | | |
| **KEY PROJECT FINANCIALS** | | **DOWNSIDE CASE[(1)]** | **BASE CASE** | **UPSIDE CASE[(2)]** |
| Gold Price | **US$/oz.** | 1,040 | 1,300 | 1,560 |
| Net Revenue | **US$M** | 2,173 | 2,719 | 3,265 |
| Operating Cost | **US$M** | | 1,414 | |
| Capital Cost | **US$M** | | 353 | |
| Cashflow before tax | **US$M** | 407 | 953 | 1,500 |
| $NPV_5$ pre-tax ungeared | **US$M** | 217 | 614 | 1,010 |
| IRR pre-tax ungeared | **%** | 17% | 35% | 52% |
| $NPV_5$ post tax ungeared | **US$M** | 126 | 387 | 646 |
| IRR post tax ungeared | **%** | 13% | 28% | 41% |
| Payback | **Years** | 4.8 | 2.9 | 2.0 |

Notes (1) and ( 2) = base case assumption ± 20%

Project revenue based on the selected base case gold price of US$1,300 is estimated to be such that a total of US$336m in corporate taxes and total royalties of US$206m (US$147m government royalties) is paid.

Payback is estimated at 2.9 years for the base case.

Reserve Estimate Update

An updated ore reserve statement was completed during the year 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** | **TONNES (MT)** | **GRADE (G/T AU)** | **CONTAINED GOLD** |
| 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.

Development Status

Following completion of the Feasibility Study for the Obotan Gold Project evaluation, and the filing of the Obotan Technical Report, substantial progress has been made towards the development of the Project, including the commencement of an "Early Works" detailed engineering program. The program was designed to progress the Project by de-risking areas highlighted in the Feasibility Study, and to move forward with the procurement of long lead items that were required for the development. The engineering work was carried out by GR Engineering Services ("GRES") who had previously completed the Prefeasibility and the Feasibility studies.

Critical to the timely advancement of the project was the ordering of the longest lead items for the process plant construction. A tender process commenced for the supply of the SAG and Ball Mills leading to contract award in December 2012. Thyssen Krupp Polysius will fabricate and supply the mills to PMI. The SAG mill is a high aspect ratio mill 8.6m in diameter and 4m in length, the ball mill is 5.8m in diameter and 9.1m in length. Both mills will be supplied with 5.6MW drive motors to simplify the commonality of spares.

With these purchases committed, structure and foundation designs were able to be advanced. Additionally, further geotechnical work was carried out on the plant site and tailings dam wall foundations to confirm ground conditions and enable detailed design.

Detailed earthworks, drainage and foundation design, plant layout and process flow sheets have been completed.

Detailed design and quotation for the pit de-watering system has also commenced to ensure that mining pre-strip operations may proceed on schedule.

Negotiations have also advanced with a Ghanaian company for the supply of 161Kv grid power to the Obotan site.

Work also progressed on the two major contracts required for the commencement of development. Tender prices were received for the EPC/EPCM construction contracts and the mining services contract. PMI has shortlisted a group of project construction engineering contractors and continues to engage with them prior to a Board investment decision. The mining contract is under review and will be re-tendered following PMI revising project mining schedules.

PMI also committed to the refurbishment of the existing Obotan camp facility. The camp was originally built in 1997 by Resolute Resources, and has stood empty since 2003. The main administration office building, camp recreation area and a 64 man single accommodation motel rooms have been repaired, rewired, refurnished, cleaned and painted to a high standard. The kitchen and dining room have also been extended to cater for future occupation of up to 200 people. Further work on the remaining housing will occur once a final decision to proceed is made by the Board of Directors.

Project Approvals

A number of permits are required prior to the commencement of operations. The final permit is the Mining Permit which is provided after the granting of the mining leases and the approval of the Environmental Impact Study by the EPA.

The mining leases were formally granted to PMI in on November 21, 2012, by the Minister of Lands and Natural Resources following the favorable recommendation by the Minerals Commission of Ghana in September 2012. The three mining leases (renewable under the terms of the Minerals and Mining Act, 2006) encompass the four key deposits at Obotan, the main Nkran deposit and the smaller satellite deposits, Abore, Adubiaso and Asuadai.

The Environmental and Social Impact Assessment was completed and lodged in September 2012 to the Environmental Protection Authority ("EPA). An encouraging response was received in December 2012 subject to a number of additional EPA requirements. Negotiations have continued at length, and an agreement has been reached with the EPA on changes required by the EPA. These required a revision to the mine development schedules and phases to minimize additional haulage requirements. For the Nkran pit, PMI has commenced a study on the viability of an aquaculture operation as existed at the end of earlier mining activities.

A revised EIS Scoping Report was submitted in July 2013 and final approval is awaited.

The Company has also received permit approval for the dewatering of the Obotan open pits, allowing PMI to dewater the previously mined voids and discharge of the water into the local river system.

The Project has also been granted a "Bulk Customer Permit" from the Volta River Authority (VRA) to enable power supply contracts to be advanced.

Other permit requirements remain on schedule.

Community Engagement

In addition to the work outlined above, the Company has been working with the community through the Community Consultation Committee ("CCC"). The CCC was established in early 2012 with representatives from local villages, the Ghanaian Government and Adansi, PMI's 100%-owned Ghanaian subsidiary. The intention is to have Adansi meet regularly with the CCC to provide a forum to address community concerns and project proposals. Several meetings have occurred and subcommittees are in place to address the major issues arising such as land and crop compensation, social responsibility contributions, employment opportunities and potential business relationships.

Project Financing

In July 2012, PMI engaged Optimum Capital Pty Ltd ("Optimum Capital") to assist the Company to identify and secure appropriate debt finance for development of the Obotan Gold Project.

Initial proposals received from prospective financiers indicated that the project can support US$150-200 million in project debt. In addition, PMI will require further working capital to be fully funded through the construction and commissioning phase to full production, and have the ability to support a focused exploration program. PMI is currently working to reduce its corporate and non-core exploration activities before establishing its final working capital requirements.

In view of the changing conditions in the gold market, the Company has also been examining both the timing and alternative methods of raising project finance to ensure that the most appropriate financing package is selected. PMI continues to work with Optimum Capital to progress the financing.

## Exploration

Exploration continued on the Company's concessions with $36.7 million being invested during the year ended June 30, 2013.

During the year, exploration continued to focus on targeting additional oxide resources within the 15km radius of Obotan Gold Project, which could provide additional source of ore feed to the Obotan plant. Drilling campaigns were undertaken on high priority target areas, with three rigs operational and drilling of 83,466m, including 42,185m Aircore (AC) drilling (50%), 39,115.5m Reverse Circulation (RC) drilling (47%) and 2,164.5m Diamond (DD) drilling (3%).

**Near-Mine Exploration**

The Company announced a significant new gold discovery on the Obotan tenements after initial results from a first-pass Reverse Circulation (RC) exploration drilling program intersected significant shallow gold mineralization at the Dynamite Hill Prospect, which is strategically located between the Nkran and Asuadai deposits, 7km northeast of the proposed processing facility at Nkran, within the Adubea Mining Lease.

The Dynamite Hill Prospect was discovered through systematic testing of historical geochemical anomalies (>80ppb Au) and identifying favourable geological and structural settings through aeromagnetic interpretation. The soil geochemical anomaly was followed up with surface geological mapping and tested with a series of trenches and an Induced Polarization (IP)/Resistivity ground geophysical survey completed earlier this year. This has enabled drilling to target the most prospective zones of the anomaly.

The initial drilling program of 28 RC holes for 2,796m was drilled to test brittle greywacke and felsic units at the intersection of the Nkran Shear with an interpreted cross-cutting east-northeast striking structure. These cross-cutting structures are considered favourable hosts of gold mineralization in Ghana. Subsequent to the year end, a further 10 RC holes were drilled for 1,352 metres to test the north-east strike extension of mineralization defined in the first phase. Holes were drilled on a 50m to 100m traverse spacing, 25m to 50m apart, to an average depth of 95m (maximum depth of 217m).

Samples were submitted to MinAnalytical Laboratory in Perth, Western Australia, and Performance Laboratory in Bibiani, Ghana, for 50g Fire Assay treatment with Atomic Absorption Spectrometry (AAS) finish.

Assay results have been received for all 38 holes. Significant intercepts >0.5g/t include:

- DYRC13-002 17m @ 1.29g/t Au from 29m and 10m @ 13.65g/t Au from 50m (incl. 1m @ 102.72g/t Au from 55m)
- DYRC13-007 20m @ 2.55g/t Au from 0m (incl. 1m @ 11.00g/t Au from 9m) and 14m @ 1.45g/t Au from 31m
- DYRC13-008 23m @ 4.89g/t Au from 42m (incl. 2m @ 18.91g/t Au from 55m and 3m @ 8.96g/t Au from 60m)
- DYRC13-009 16m @ 2.14g/t Au from 36m (incl. 1m @ 16.91g/t Au from 37m)
- DYRC13-024 5m @ 9.01g/t Au from 68m (incl. 1m @ 42.03g/t Au from 69m) and 9m @ 7.72g/t Au from 79m (incl. 3m @ 15.52g/t Au from 72m)
- DYRC13-025 11m @ 9.19g/t Au from 132m.
- DYRC13-031: 20m @ 1.20g/t Au from 32m and 14m @ 3.20g/t Au from 64m (incl. 1m @ 22.32g/t Au from 65m
- DYRC13-032: 41m @ 1.99g/t Au from 93m
- DYRC13-033: 25m @ 1.63g/t Au from 24m (incl. 2m @ 7.25g/t Au from 28m)
- DYRC13-034: 31m @ 1.21g/t Au from 33m
- DYRC13-035: 24m @ 2.08g/t Au from 101m (incl. 1m @ 9.68g/t Au from 104m and 1m @ 18.48g/t Au from 118m

Full drill hole results are disclosed in PMI's Quarterly Activity Update dated June 30, 2013 available on SEDAR at www.sedar.com.

Drilling has identified a 5m to 20m wide mineralized gold system extending over 600m along strike and to a depth of nearly 180m. Current interpretations indicate mineralization is still open along strike and down dip. A second mineralization zone has also been intersected 300 m to the east. Further RC drilling is planned for the 2013/2014 year to test the veracity of these results, along with testing the strike and depth extents of the known mineralization. Drilling will also be designed to test the second zone of mineralization 300 m to the east of the main mineralized trend.

The discovery of the Dynamite Hill prospect highlights the prospectivity of the area of influence around the Obotan Project for delineating further sources of oxide ore to supplement feed to the mill. Dynamite Hill provides the potential for an oxide resource which is within the Company's existing Mining Lease and within easy trucking distance of the future Obotan processing plant. In addition, it offers the opportunity to provide an alternative ore feed to the Obotan Project, which may assist in deferring some or all of the capitalised pre-stripping required in the early stage of the Project's development.

**Regional Program**

***Asanko Gold Project (Asankrangwa Gold Belt)***

The Company's exploration approach on the Asanko Gold Project is on two fronts, with the concessions split into north and south defined project areas.

*Asanko North Concessions:*

- Focus is on the development of oxide resource targets within a 15km economic trucking distance to the proposed processing facility at Nkran deposit. Termed the Obotan Exploration Area of Influence, these concessions include: Kaniago (Adansi), New Obuasi, Gyagyastreso (Switchback North) and Nkronua-Atifi (Swtichback South), Datano, and the Afiefiso portion of the Diaso-Afiefiso concession.

*Asanko South Concessions:*

- Focus is on the exploration of resource targets within the southern 40km of the Project (and outside of the 15km Obotan Exploration Area Influences zone), with a focus on the establishment of a new stand-alone mining operation. Termed Asanko South Regional Exploration, these concessions include: Diaso portion of the Diaso-Afiefiso concession, Amuabaka, Juabo, Agyaka Manso and Manhia.

The Asanko concessions offer significant exploration upside along the Abore, Nkran and Fromenda shears within the Asankrangwa Gold Belt. Results received to date continue to confirm the broader gold potential of the shears, reinforcing the gold endowment of the Asankrangwa Gold Belt.

**a) Obotan Project Area of Influence**

Fromenda Prospect

PMI completed its first phase of RC drilling at the Fromenda Prospect, located 15km south-west of the Obotan Project, designed to test internal continuity of mineralization, and along strike and down-dip extensions. A total of 68 RC drill holes were completed for 6,775m.

Drilling results have confirmed the internal continuity of known mineralization and extended it to depths in excess of 100m. Mineralization is also open along strike and down-dip offering the potential to be a more extensive system than presently drilled. The Fromenda Prospect is a valuable shallow oxide resource. Significant intercepts >0.5g/t Au include:

- 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)

Full drill hole results are disclosed in PMI's Quarterly Activity Update dated September 30, 2012 available on SEDAR at www.sedar.com.

Kaniago (Adansi) Prospect

A follow-up Reverse Circulation drilling program was undertaken on the Kaniago (Adansi) Prospect designed to test a series of gold anomalies (>0.1g/t Au) defined by previous Aircore drilling undertaken by PMI (133 holes drilled for 7,349m). Gold mineralization is associated with the highly prospective Abore Shear which also hosts Asanko Inc's (formerly Keegan Resources) Esaase Deposit located north of the Obotan Project. A total of 56 RC holes were drilled for 5,143m, confirming mineralization over a strike length of up to 800m to depths of 75m. Significant intercepts 0.5g/t Au include:

- KARC12-001 8m @ 1.32g/t Au from 1m
- KARC12-002 10m @ 1.02g/t Au from 79m
- KARC12-004 17m @ 1.58g/t Au from 20m
- KARC12-005 11m @ 2.10g/t Au from 39m
- KARC12-006A 13m @ 1.10g/t Au from 92m
- KARC12-006A 13m @ 1.10g/t Au from 92m

Full drill hole results are disclosed in PMI's Quarterly Activity Update dated December 31, 2012 available on SEDAR at www.sedar.com.

Afiefiso Prospect

Extensive drilling was undertaken at the Afiefiso Prospect during the reporting year, another successful discovery for PMI. A first pass regional Aircore drilling program of 145 holes for 10,018m was designed to a strong (>100ppb) gold-in-soil anomaly, defined by previous explorers, with co-inciding favourable east-north-easterly cross-cutting structures from the Fromenda Shear. Significant intercepts >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)

Full Aircore drill hole results are disclosed in PMI's Quarterly Activity Update dated September 30, 2012 available on SEDAR at www.sedar.com.
Further RC drilling was undertaken with a total of 39 holes drilled for 3,374.5m, primarily testing the southern extents of the prospect and also following up on high grade intersections on the western margin of the Fromenda Shear. Drilling was undertaken on a nominal spacing of 100m x 50m. Drilling confirmed multiple zones of shallow gold mineralization over a strike length of up to 400m and down to depths of 70m. Mineralization remains open both along strike and at depth, offering valuable exploration targets for further follow-up. Significant intercepts >0.5g/t Au are shown in Table 3. Highlights include:

- AFRC12-004 7m @ 1.86 g/t Au from 42m (incl. 1m @ 7.59 g/t Au from 45m)
- AFRC12-008 11m @ 1.42 g/t Au from 34m
- AFRC12-009 6m @ 1.32 g/t Au from 28m (incl. 1m @ 4.91 g/t Au from 29m) and 14m @ 1.37 g/t Au from 39m
- AFRC12-019 9m @ 1.34 g/t Au from 87m (incl. 1m @ 7.51 g/t Au from 95m)
- AFRC12-032 4m @ 3.09 g/t Au from 89m (incl. 1m @ 11.31 g/t Au from 89m)
- AFRC12-035 2m @ 4.37 g/t Au from 94m

Full RC drill hole results are disclosed in PMI's Quarterly Activity Update dated March 31, 2013 available on SEDAR at www.sedar.com.

**b) Asanko South Regional Exploration Project**

Diaso Prospect

PMI completed an exploration RC drilling program at the Diaso Prospect, located within the Diaso-Afiefiso Concession during the December 2012 Quarter, with results reported early in the March 2013 Quarter.

A total of 222 holes for 19,675m were drilled to test three separate target areas highlighted as “Block A”, “Block B” and “Block C”. These areas were targeted due to coinciding favourable structural settings, identified from airborne geophysics, with historical gold in soil anomalies. Blocks A and B are located on the Fromenda Shear which also hosts the Fromenda Prospect located directly north of Block A. A total strike length of approximately 12km between Fromenda and Block B has been tested to date. Block C is located on the Nkran Shear which hosts the Nkran and Asuadai Deposits within the Obotan Project.

Samples were submitted to MinAnalytical Laboratory in Perth, Western Australia, for 50g Fire Assay treatment with AAS finish. All assay results have been received and are discussed below.

Full drill hole results are disclosed in PMI's Quarterly Activity Update dated March 31, 2013 available on SEDAR at www.sedar.com.

***Block A***

A total of 147 holes were drilled for 12,560m into Block A. Drilling was undertaken on a nominal spacing of 400m x 50m and designed to test the intersection of an interpreted east-west structure with the Fromenda Shear, considered a favourable structural setting for hosting gold mineralization in the district, as well as following up high grade historical drilling results. Anomalous intercepts >0.5g/t Au include:

- DARC12-057 17m @ 0.75g/t Au from 70m
- DARC12-058 12m @ 2.06g/t Au from 8m (incl. 2m @ 5.02g/t Au from 14m)
- DIRC12-022 11m @ 0.77g/t Au from 106m
- DIRC12-033 5m @ 1.06g/t Au from 20m
- DIRC12-046 3m @ 16.43g/t Au from 55m (incl. 1m @ 48.41g/t Au from 55m)

Drilling has intersected a zone of steeply dipping gold mineralization, up to 10m in true thickness, over a strike length of 800m. Gold mineralization is associated with a stock work of quartz veins hosted within an intercalated sequence of metavolcanic and sedimentary rocks, similar to the geological setting of the Fromenda Prospect. Numerous other zones of discreet mineralization have also been intersected, providing valuable targets for further follow up drilling.

***Block B***

A total of 54 holes were drilled for 4,697m into Block B. Drilling was undertaken on a nominal spacing of 400m x 50m and, as with Block A, designed to test the intersection of an interpreted east-west structure with the Fromenda Shear. Anomalous intercepts >0.5g/t Au include:

- DARC12-092 3m @ 32.89g/t Au from 27m (incl. 1m @ 73.14g/t Au from 27m)
- DARC12-094 2m @ 4.89g/t Au from 27m
- DARC12-112 1m @ 5.58g/t Au from 60m

Drilling has intercepted a series of discrete, steeply dipping zones of anomalous gold mineralization over the 2km strike length of the target area. Gold mineralization is associated with a stock work of quartz veins hosted within an intercalated sequence of metavolcanic and sedimentary rocks, similar to the geological setting of the Fromenda Prospect.

***Block C***

A total of 21 holes were drilled for 2,418m into Block C. This represents the first phase of drilling to be completed in the target area. Drilling was undertaken on nominal 100m x 50m spacing and designed to test coinciding favourable intersecting structures with an anomalous gold in soil geochemical anomaly and adjacent to artisanal workings. Anomalous intercepts >0.5g/t Au include:

- DIRC12-089 20m @ 1.40g/t Au from 46m
- DIRC12-092 7m @ 2.53g/t Au from 140m
- DIRC12-093 23m @ 1.26g/t Au from 120m
- DIRC12-101 11m @ 4.35g/t Au from 133m (incl. 2m @ 16.87g/t Au from 133m)
- DIRC12-107 3m @ 1.90g/t Au from 96m

Drilling has intercepted a zone of steeply dipping gold mineralization up to 16m thick in true thickness which continues 600m along strike and remains open down dip. In comparison with Blocks A & B, gold mineralization is interpreted to be associated with an east-northeast striking felsic intrusion.

The results of the exploration program at Diaso indicate the high prospectivity of the Asankrangwa Gold Belt to host significant economic mineralization within the Asanko Project area. Further follow-up drilling is planned for 2013 to test known mineralization along strike and at depth, as well as testing new and known target areas.

**Tenement Acquisition**

On July 9, 2012, the Company entered into 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, in-filling a gap in PMI's tenement coverage of the gold mineralized structures.

Adansi received formal notification from the Ghanaian Minister of Lands, Forestry and Mines, that he had approved the assignment of the Datano-Manso Mining Lease from Midras to Adansi on August 16, 2012. This cleared the way for the acquisition to be completed, with settlement completed at the end of August 2012.

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.

***Kubi Gold Project (Ashanti Gold Belt)***

Kubi South

During the reporting year, a program of 12 diamond drill holes for 2,164.5m was undertaken at Kubi South Prospect, located 1.5km south of the Kubi Main Deposit. The holes were drilled on a nominal 100m line spacing 25m apart, and 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 both the north and south, and also down dip. Significant intercepts include:

| | |
|---|---|
| KV12-540 | 5m @ 3.33 g/t Au from 103m (incl. 2m @ 5.3 g/t Au from 103m) |
| KV12-546 | 2m @ 2.40 g/t Au from 120m (incl. 1m @ 4.1 g/t from 121m) |
| 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) |

Full drill hole results are disclosed in PMI's Quarterly Activity Update dated September 30, 2012 available on SEDAR at www.sedar.com.

Kubi Regional

An extensive regional Air Core drilling program was undertaken at Kubi during the last Quarter, aimed at generating new prospects by testing high priority targets along the length of the Ashanti and Kubi Shears identified from historical drill intercepts; favourable structural settings interpreted from airborne and ground geophysical surveys; and gold anomalism delineated from auger drilling. The Ashanti and Kubi Shears are the bounding structures of the Ashanti Shear Zone, which extend for the length of the Project.

A total of 549 Air Core holes were drilled for 24,818m, broadly testing a 10km strike of the Ashanti Shear and 2km strike of the Kubi Shear. Holes were drilled on a variable traverse spacing, 20m apart to a maximum depth of 81m. Samples were submitted to MinAnalytical Laboratory in Perth, Western Australia, for 50g Fire Assay treatment with AAS finish.

Preliminary interpretations of the results indicate shallow anomalous gold (>0.3g/t Au) is extensively distributed along the length of the Ashanti and Kubi Shears tested within the Project area, providing valuable exploration targets for further follow-up RC drilling planned for 2013. The drilling has been divided into 4 Blocks (Block 1, 2, 3 & 4).

Full drill hole results are disclosed in PMI's Quarterly Activity Update dated March 31, 2013 available on SEDAR at www.sedar.com.

***Block 1***

Shallow anomalous gold has been intersected consistently over a strike length of 900m, trending parallel to the Ashanti Shear. Intercepts >0.3g/t Au include:

- KUAC12-008 7m @ 0.70g/t Au from 10m (incl. 1m @ 2.30g/t Au from 16m)
- KUAC12-071 2m @ 5.43g/t Au from 18m
- KUAC12-093 3m @ 1.57g/t Au from 12m and 11m @ 1.19g/t Au from 21m
- KUAC12-180 5m @ 1.24g/t Au from 5m (incl. 1m @ 4.27g/t Au from 9m)
- KUAC12-219 14m @ 0.50g/t Au from 8m

***Block 2***

To the east of the Ashanti Shear, a significant intercept in KUAC12-138 is sited along the same trend as the 513 Prospect, 500m north of the collar location. Further anomalous gold values have also been intercepted south along strike of this trend over the 2km tested. This trend along strike of the 513 Prospect remains largely untested. Intercepts >0.3g/t Au include:

- KUAC12-118 14m @ 0.64g/t Au from 23m
- KUAC12-133 5m @ 1.05g/t Au from 5m (including 1m @ 3.43g/t Au from 9m)
- KUAC12-138 10m @ 3.42g/t Au from 9m (including 2m @ 11.91g/t Au from 12m)
- KUAC 12-282 15m @ 0.48g/t Au from 20m

***Block 3***

Shallow anomalous gold has been intercepted along strike north of historical drilling intercepts. Much of this trend remains untested. Intercepts >0.3g/t Au include:

- DGAC12-002 3m @ 0.84g/t Au from 4m
- DGAC12-009 6m @ 0.44g/t Au from 6m
- DGAC12-230 2m @ 1.34g/t Au from 22m and 3m @ 0.73g/t Au from 29m
- DGAC12-233 1m @ 7.97g/t Au from 42m

***Block 4***

Nearly 2km of strike of the Ashanti Shear was tested by a series of traverses on 50m spacing. Multiple zones of anomalous gold mineralization were consistently intercepted along each traverse over the strike length. Intercepts >0.3g/t Au include:

- DGAC12-038 2m @ 2.30g/t Au from 23m
- DGAC12-061 24m @ 1.87g/t Au from 0m (incl. 1m @ 13.8g/t from 12m)
- DGAC12-065 5m @ 1.12g/t Au from 7m
- DGAC12-202 5m @ 1.36g/t Au from 11m

## 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:

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| Loss for the year | $ (8,142,103) | $ (6,369,783) | $ (4,933,516) |
| Loss per share | $ (0.023) | $ (0.028) | $ (0.030) |
| Weighted average number of common shares | 361,824,981 | 225,366,747 | 166,198,713 |
| **Balance sheet data:** | | | |
| Working capital | $ 102,609,551 | $ 32,851,555 | $ 27,940,884 |
| Total assets | $ 209,899,586 | $ 106,653,548 | $ 61,270,929 |

## Expenses for the year ended June 30, 2013

| | 2013 | 2012 |
|---|---|---|
| Accretion | $ 13,834 | $ - |
| Amortization | 55,127 | 53,961 |
| Professional and consulting fees | 1,572,426 | 1,253,176 |
| Directors' fees and costs | 1,288,883 | 692,842 |
| Foreign exchange (gain) loss | (654,411) | 768,961 |
| Office and support costs | 1,167,834 | 788,529 |
| Pre-exploration costs | 249,441 | - |
| Salaries and benefits | 1,996,894 | 648,663 |
| Shareholder communications | 324,176 | 224,093 |
| Share-based payments | 481,864 | 2,158,905 |
| Transfer agent and regulatory fees | 320,392 | 143,353 |
| Travel and promotion | 806,767 | 751,259 |
| Write-off of exploration and evaluation assets | - | 17,379 |
| Loss from operations | (7,623,227) | (7,501,121) |
| Transaction costs | (1,489,238) | - |
| Gain on sale of equipment | - | 2,817 |
| Loss on disposal of equipment | (7,800) | - |
| Interest and financing costs | (90,557) | - |
| Interest income | 1,092,410 | 1,169,432 |
| Income taxes | (23,691) | (40,911) |
| Loss for the year | $ (8,142,103) | $ (6,369,783) |

The loss for year ended June 30, 2013 was $8,142,103 compared to a loss of $6,369,783 for the year ended June 30, 2012. Directors' fees and costs increased by $596,041 as a result of bonuses and increase in the CEO's salary, increases for non-executive directors' fees and additional committee fee payments as a result of the additional work required for the discontinued merger with Keegan. Salaries and benefits increased by $1,348,231 due to the recruitment of additional staff, increases in salaries and bonuses paid to the CFO and COO of the Company during the period and the COO only being employed for a portion of the prior year. Transactions costs of $1,489,238 were incurred in the current year with no costs incurred in the prior year. The transaction costs related to the discontinued merger with Keegan. Foreign exchange gains increased by $1,423,372 over the comparative prior year gain due to the fluctuation in exchange rates during the period. Share-based payments decreased by $1,677,041 over the prior year reflecting the decrease in value of the award of options to incoming directors and the vesting/cancellation of previous options.

## 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, 2013.

| $'000 | 2013 | | | | 2012 | | | |
|---|---|---|---|---|---|---|---|---|
| | 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 | (3,348) | (1,446) | (986) | (1,843) | (2,402) | (1,876) | (1,271) | (1,952) |
| Other Items and income taxes | 399 | (602) | (379) | 63 | 136 | 423 | 457 | 115 |
| Loss for the period | (2,949) | (2,048) | (1,365) | (1,780) | (2,266) | (1,453) | (814) | (1,837) |
| Basic and diluted Net Loss per share | (0.01) | (0.00) | (0.00) | (0.01) | (0.01) | (0.01) | (0.00) | (0.01) |

During the three months ended June 30, 2013, the Company incurred a loss of approximately $2.949 million which was an increase from the loss of $2.048 million during the three months ended March 31, 2013. The increase was mainly a result of an increase in share-based compensation expense to $570,234 from $234,146 as the Company granted three million stock options to directors of the Company during the three months ended June 30, 2013, and no options granted in the prior period. The increase was also a result of a foreign exchange loss of $447,507 from a gain of $381,391. The increase in foreign exchange loss was primarily a result of the weakening of the Australian dollar against the Canadian dollar.

During the three months ended March 31, 2013, the Company incurred a loss of approximately $2.048 million which was an increase from a loss of $1.365 million during the three months ended December 31, 2012. The increase was mainly a result of an increase in transaction costs to $996,295 from $549,602 as the remaining costs of the discontinued Keegan merger were incurred, pre-exploration costs of $249,441 compared to $nil, a decrease in foreign exchange gain to $381,391 from a gain of $792,123 as a result of the fluctuation in exchange rates during the period and an increase in share-based payments expense to $234,146 from a recovery of $571,012. These increases in costs are partially offset by a decrease in professional and consulting fees to $52,779 from $592,146, a decrease in directors' fees and costs to $228,156 from $412,577, a decrease in salaries and benefits to $460,508 from $630,589 and an increase in interest income to $402,976 from $249,951. The increase in interest income was a result of the Company earning more interest on its cash accounts during the period. Professional and consulting fees decreased as a result of the company focusing on its properties and the merger in the current period.

During the three months ended December 31, 2012, the Company incurred a loss of approximately $1.365 million which was a decrease from a loss of $1.780 million during the three months ended September 30, 2012. The decrease was mainly a result of a decrease in share-based payments to a recovery of $571,012 from an expense of $248,496, and a foreign exchange gain of $792,123 from a loss of $71,596 in the prior period. The share-based payment recovery was a result of certain options being cancelled due to performance conditions not being achieved, whereas the foreign exchange gain was mainly a result of a portion of the private placement funds being received in Australian dollars. The recovery and foreign exchange gain was offset by an increase in Merger costs to $549,602 from $Nil as a result of the Company entering into an agreement to merge with Keegan Resources during the current period, as well as an increase in Directors' fees and costs to $412,577 from $219,819, and an increase in salaries and benefits to $630,589 from $241,496. The increase in Directors' fees was a result of an increase in special committee fees, mainly as a result of the work required for the proposed Keegan merger. The increase in salaries and benefits was due to bonuses and pay rises given to employees during the period.

During the three months ended September 30, 2012, the Company incurred a loss of approximately $1.780 million which was a decrease from a loss of $2.266 million during the three months ended June 30, 2012. The decrease was mainly a result of a decrease in share-based payments to $248,496 from $704,669 during the three months ended June 30, 2012 reflecting non-vesting of options.

During the three months ended June 30, 2012, the Company incurred a loss of approximately $2.266 million which was an increase from a loss of $1.453 million during the three months ended March 31, 2012. The increase was mainly a result of a foreign exchange loss of $598,983 compared to a gain of $23,497 for the three months ended March 31, 2012 arising from changes in foreign exchange rates applying to foreign currency cash balances. The increase was also a result of an increase in share-based payments to $704,669 from $323,501 arising from option vesting. These increases in expenses were partially offset by a decrease in consulting fees to $62,361 from $409,309 for the three months ended March 31, 2012.

During the three months ended March 31, 2012, the Company incurred a loss of approximately $1.453 million which was an increase from a loss of $0.814 million during the three months ended December 31, 2011. The increase was mainly a result of an increase in consulting fees to $409,309 from $116,731 due to the fact the Company brought on additional consultants for strategic planning and advice. There was also a decrease in the foreign exchange gain of $23,497 from a gain of $330,356 as a result of movements in foreign exchange rates.

During the three months ended December 31, 2011, the Company incurred a loss of approximately $0.814 million which was a decrease from a loss of $1.837 million during the three months ended September 30, 2011. The decrease was mainly a result of a foreign exchange gain of $330,356 compared to a loss of $523,831 during the three months ended September 30, 2011 due to favorable foreign exchange rate movement affecting the cash balances. The decrease in the loss was also a result of an increase in interest income to $454,419 from $115,069 as a result of an increase in interest earning cash accounts held by the Company at December 31, 2011 compared to September 30, 2011.

During the three months ended September 30, 2011, the Company incurred a loss of approximately $1.837 million which was an increase from a loss of $0.672 million during the three months ended June 30, 2011. The increase was mainly a result of a foreign exchange loss of $523,831, compared to a gain of $101,604 during the three months ended June 30, 2011 due to unfavorable exchange changes affecting cash balances. The increase was also a result of an increase in share-based payments to $560,110 from $410,813 during the three months ended June 30, 2011 arising from options granted during the three months ended September 30, 2011.

## For the Three months ended June 30, 2013

| | 2013 | 2012 |
|---|---|---|
| Accretion | 13,834 | - |
| Amortization | 15,290 | 14,796 |
| Professional and consulting fees | 552,922 | 281,210 |
| Directors’ fees and costs | 428,331 | 231,268 |
| Foreign exchange (gain) loss | 447,507 | 598,983 |
| Office and support costs | 321,549 | (24,589) |
| Salaries and benefits | 664,203 | 236,604 |
| Shareholder communications | 69,046 | 64,266 |
| Share-based payments | 570,234 | 704,669 |
| Transfer agent and regulatory fees | 30,751 | 29,802 |
| Travel and promotion | 254,826 | 259,792 |
| Write-off of exploration and evaluation assets | - | 3,983 |
| Transaction costs | (56,659) | - |
| Loss on disposal of equipment | 7,800 | - |
| Interest income | (374,820) | (163,511) |
| Income taxes | 3,730 | 28,226 |
| Loss for the period | $ 2,948,544 | $ 2,265,499 |

Loss for the three months ended June 30, 2013 was $2,948,544 as compared to a loss of $2,265,499 for the three months ended June 30, 2012. The major reasons for the increase in loss were the increase in professional and consulting fees, directors' fees and costs, office and support costs, and salaries and benefits, partially offset by an increase in interest income and a reduction in costs of share based payments.

Professional and consulting fees increased as the Company entered into arbitration in the current period, with no such issue taking place in 2012. Directors' fees and costs increased as the Company paid bonuses to the CEO in the current period. Office and support costs increased as the Company is paying increased rent for a larger office its associated costs. Salaries and benefits increased as the Company recruited addition staff and paid bonuses to the COO and CFO in the current period.

## Treasury Summary

### Capital Stock Summary

| | Number of shares | Amount | Contributed Surplus |
|---|---|---|---|
| Balance June 30, 2013 | 414,000,084 | $232,112,812 | $8,430,941 |

### Warrants Summary

The following share purchase warrants were outstanding at June 30, 2013

| Number of Warrants | Exercise Price |
|---|---|
| 600,000 | $1.05 |

### Options Summary

The following options were outstanding at June 30, 2013.

| Number of Options | Exercise Price | Maximum Future Proceeds | Number of Options Vested |
|---|---|---|---|
| 14,225,000 | $0.30 to $2.00 | $14,178,550 | 10,013,333 |

## Liquidity and Capital Resources

As at June 30, 2013, the Company had cash resources of $107,782,056 compared to $40,722,548 at June 30, 2012.

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 Ghana and Australia. The total commitment over the next five fiscal years relating to these leases totals $638,944 as follows:

| | | June 30, 2013 | | June 30, 2012 |
|---|---|---|---|---|
| Less than 1 year | $ | 365,704 | $ | 358,509 |
| Between 1 and 5 years | | 273,240 | | 611,763 |
| | $ | 638,944 | $ | 970,272 |

## Related Party Transactions

During the year ended June 30, 2013, the Company:

- Paid or accrued $812,176 (2012 - $419,809) for salary and benefits to the President and CEO of the Company;
- Paid or accrued $682,996 (2012 - $140,053) for salaries and benefits to the COO of the Company;
- Paid or accrued $693,638 (2012 - $322,061) for salaries and benefits to the CFO of the Company;
- Paid or accrued $517,716 (2012 - $212,715) for directors' fees to non-executive directors of the Company;
- Paid or accrued $181,325 (2012 - $154,732) for professional fees included in exploration and evaluation assets to a firm controlled by a director of the Company's Ghanaian subsidiary; and
- Paid or accrued $63,130 (2012 - $54,020) for property option and sustaining payments included in deferred exploration costs to firms controlled by a director and former director respectively of the Company's Ghanaian subsidiary.

Included in accounts payable and accrued liabilities at June 30, 2013 is $727,781 (2012- $456,228) owing to related parties, all in respect of and to the above transactions.

Amounts due from and to related parties are unsecured, non-interest bearing with no specific terms of repayment.

## Off-Balance Sheet Arrangements

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

## Critical accounting estimates and judgments

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:

(a) Economic recoverability and probability of future economic benefits upon future decision to proceed to development:

The decision to proceed with development with respect to Note 3(g) Exploration and evaluation assets 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. 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. Amounts shown for assets represents costs incurred less any write-downs and recoveries, and are not intended to represent present or future values.

(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.

(c) Functional currency:

The functional currency for each of the Company's subsidiaries is the currency of the primary economic environment in which the entity operates. It has been determined that the functional currency for the Company and its subsidiaries is the Canadian dollar. Assessment of functional currency involves certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in the events and conditions, which determine the primary economic environment.

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

(a) Estimated exploration rehabilitation provision costs:

The Company's provision for rehabilitation represents management's best estimate of the present value of the future cash outflows required to settle the liability which reflects estimates of future costs, inflation, movements in foreign exchange rates and assumption of risks associated with the future cash outflows. Changes in the above factors can result in a change to the provision recognized by the Company.

Changes to the provision for rehabilitation are recorded with a corresponding change to the carrying amounts of the related exploration and evaluation asset for the period. Adjustments to the carrying amounts of the related exploration asset can result in a change to the future depletion expense.

(b) 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.

(c) 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 11 of 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, 2013.

## 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 substantially 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 to employees, 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 that 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, 2013, the Company had cash and cash equivalents of $107,782,056 to settle liabilities of $7,040,031. Of the Company's liabilities $5,520,523 are currently due. The Company's exploration expenditure commitments, pursuant to option agreements related to its mineral properties, are described in Note 7 of the Financial Statements, and other commitments are described above.

**Interest rate risk**

Interest rate risk is the risk that the fair value of 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 Cedis (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, 2013 | | June 30, 2012 | |
|---|---|---|---|---|
| | Amount in Foreign currency | Amount in CAD dollars | Amount in foreign currency | Amount in CAD dollars |
| United States dollars: | | | | |
| Cash and cash equivalents | $ 2,287,968 | $ 2,408,315 | $ 15,681 | $ 16,070 |
| Australian dollars: | | | | |
| Cash and cash equivalents | 4,898,455 | 4,715,743 | 5,068,571 | 5,276,910 |
| Receivables | 74,065 | 71,302 | 51,376 | 53,488 |
| Ghanaian Cedis | | | | |
| Cash and cash equivalents | 403,644 | 211,267 | 2,551,342 | 1,348,129 |
| Receivables | 13,150 | 6,883 | 75,526 | 39,908 |
| Total financial assets | | $ 7,413,510 | | $ 6,734,505 |

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

| | June 30, 2013 | | June 30, 2012 | |
|---|---|---|---|---|
| | Amount in Foreign currency | Amount in CAD dollars | Amount in foreign currency | Amount in CAD dollars |
| United States dollars: | | | | |
| Accounts payable and accrued liabilities | $ 1,126,711 | $ 1,185,976 | $ 6,398,141 | $ 6,556,878 |
| Australian dollars: | | | | |
| Accounts payable and accrued liabilities | 3,443,948 | 3,315,489 | 1,593,295 | 1,658,779 |
| Ghanaian Cedis | | | | |
| Accounts payable and accrued liabilities | 951,973 | 498,263 | 356,546 | 187,864 |
| Total financial liabilities | | $ 4,999,728 | | $ 8,403,521 |

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 $241,378 for the year ended June 30, 2013 (2012 – $166,902).

## 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.

Please see Annual Information Form filed on SEDAR for a full listing of the Company's risk and uncertainties.

## Investor Relations

Investor relations are largely managed "in-house" through face to face investor and shareholder meetings, conferences, 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 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, 2013 | June 30, 2012 |
|---|---|---|
| Assets: | | |
| Canada | $ 102,368,776 | $ 34,443,768 |
| Ghana | 102,535,541 | 66,675,729 |
| Australia | 4,995,269 | 5,534,051 |
| | $ 209,899,586 | $ 106,653,548 |

## Disclosure Controls

### Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by the Company under Canadian Securities laws is recorded, processed, summarized and reported within the time periods specified under those laws and include controls and procedures designed to ensure such information is accumulated and communicated to management, including the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), to allow timely decisions regarding required disclosure.

Management, with the participation of the Chief Executive Officer and the Chief Financial Officer has evaluated the design and effectiveness of the Company's disclosure controls and procedures as of June 30, 2013 and based upon this evaluation, the CEO and the CFO have concluded that these disclosure controls and procedures, as defined by National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings, are effective for the purposes set out above.

### Internal Controls over Financial Reporting

Management is responsible for the establishment, maintenance and testing of adequate internal controls over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The Company's management and the board of directors do not expect that its disclosure controls and procedures or internal controls over financial reporting will prevent all errors or all instances of fraud. A control system, no matter how well designed and operated, can provide only reasonable (not absolute) assurance that the control system's objectives will be met.

Further, the design, maintenance and testing of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs.

Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control gaps and instances of fraud have been detected. These inherent limitations include the reality that judgment in decision-making can be faulty, and that simple errors or mistakes can occur. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design, maintenance and testing of any system of controls is based in part upon certain assumptions about the likelihood of future events, and any control system may not succeed in achieving its stated goals under all potential future conditions.

Management, with the participation of the Chief Executive Officer and the Chief Financial Officer, has conducted an evaluation of the design and the effectiveness of the Company's internal control over financial reporting as of June 30, 2013 based on Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on that evaluation, management concluded that the Company's internal control over financial reporting, as defined by National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings, is effective to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS.

There has been no change in our internal controls over financial reporting during the year ended June 30, 2013 that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

## Other MD&A Requirements

As at September 10, 2013, the Company has 414,000,084 common shares outstanding. If the Company were to issue 10,013,333 common shares upon the conversion of all of its outstanding vested stock options, it would raise $8,137,167.

## Technical Disclosures

**Exploration Results:**

The information that relates to Exploration Results is based on information compiled by the Vice President – Exploration (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. Mr Amoah is not independent of PMI under NI43-101. Field work was supervised by Mr. Amoah (VP-Exploration West Africa). 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, and Performance Laboratory in Bibiani, Ghana in regard to drilling at the Dynamite Hill Prospect. 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 0.5 g/t Au (Afiefiso Prospect, Kaniago (Adansi), Fromenda Prospect, Diaso Prospect, Dynamite Hill and Kubi South), or 0.1g/t Au (Afiefiso Prospect), or 0.3 g/t Au (Kubi Project) cut off at the beginning and the end of the intercept and allowing for no more than three consecutive metres of less than 0.5 g/t Au (Afiefiso Prospect, Kaniago (Adansi), Fromenda Prospect, Diaso Prospect, Dynamite Hill and Kubi South), or 0.1g/t (Afiefiso Prospect) or 0.3 g/t Au (Kubi Project) internal dilution. True widths are estimated at from 60% to 70% of the stated core length unless otherwise specified.

**Obotan Gold Project**

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). Mr Cheyne 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 consent to and approve the inclusion of matters based on information in the form and context in which it appears.

The Mineral Reserve estimate has 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 filed 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 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, IMO3, 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.

## 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 10, 2013**

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## DIRECTORS & OFFICERS

| | |
|---|---|
| Collin Ellison | President, CEO & Director |
| Michael Allen | Chief Financial Officer |
| Michael Gloyne | Chief Operating Officer |
| Jim Askew | 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 Independent Director |
| Dr. Michael Anderson | Non-Executive Independent Director |
| Peter Bradford | Non-Executive Independent Director |
| Marion McGrath | Corporate Secretary |
| Ian Hobson | Corporate Secretary |

## INVESTOR CONTACTS

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## CAPITALIZATION

Authorized: Unlimited
Issued 414,000,084

## LISTING

TSX Exchange “PMV”
Australian Securities Exchange “PVM”