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 three months ended September 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 November 13, 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 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 Obotan Gold Project ("Obotan") where a feasibility study has confirmed a financially viable and technically robust mining operation based on a gold price of US$1,300/ounce. In addition to Obotan, the Company owns the Kubi Gold Project ("Kubi") and the Diaso Gold Project (previously Asanko Gold Project) ("Diaso"), both of which are exploration projects with the potential to develop into additional new mining centres.

KEY HIGHLIGHTS

Highlights for the three months ending 30 September 2013 include:

- New President and CEO appointed.
- Program to reduce staff numbers, salary rates and Board fees implemented.
- Environmental Permit and Mine Operating Permit received.
- Comprehensive project review commenced on the Obotan Gold Project to (i) review the geological model and resource model, (ii) reduce forecast capital and operating costs, and (iii) consider alternative funding options.
- Exploration drilling results at Dynamite Hill Prospect continue to confirm the potential of this new discovery.

Structure and Business Description

PMI 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 PMI Gold Kubi (Barbados) Inc (previously 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" and on the Australian Stock Exchange 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:

- progress from being an explorer to a gold producer at Obotan or elsewhere;
- finding, acquiring and developing profitable revenue producing mining assets;
- developing the necessary in-house expertise to guide the Company's exploration, development and operating activities; and
- growing shareholder value.

Operating Activities

The Company's activities during the Quarter focused on continuing its pre-development and exploration programs on its existing Ghana properties. In all, the Company invested approximately $5.9 million in development and exploration during the three months ended September 30, 2013, a decrease of $7.3 million over the prior period spend of $13.2 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 three months ended September 30, 2013 was $1,451,265 compared to a loss of $1,780,323 for the three months ended September 30, 2012.

Capital Stock and Financing

As at September 30, 2013 there were 414,000,084 shares issued and outstanding, together with 600,000 warrants and 15,225,000 options.

During the three months ended September 30, 2013, there were no proceeds received through the exercise of warrants and options. The Company issued 2,000,000 options at $0.57 to an officer of the Company. A total of 1,000,000 options at $0.90 expired due to performance conditions not being met.

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

During the year ended June 30, 2013, PMI issued 136,907,500 new Common Shares at a price of $0.84 per share resulting in total gross proceeds of $115,002,300, a primary offering of 119,050,000 Common Shares for gross proceeds of $100,002,000 and a 15% over-allotment option which was exercised in full for additional gross proceeds of $15,000,300.

Net proceeds of the Offering were to be used to fund the development of Obotan in accordance with its Feasibility Study, for Ghana exploration activities and for general and administrative expenses, as set out below:

	As per Prospectus	Incurred to date
Obotan Gold Project	$90,000,000	$5,007,658
Exploration	4,000,000	$4,000,000
General & administrative expenses	1,000,000	-
Total net of commission	$95,000,000	$9,007,658

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

Corporate Developments

<u>Board and Management Changes</u>

During the Quarter, Mr. Collin Ellison resigned his position as Managing Director and CEO of the Company, and Non-Executive Director Mr. Peter Bradford was appointed as President and CEO, effective September 17, 2013. The Company also appointed Mr. John Ciganek to the position of General Manager Corporate Development on September 9, 2013.

Project Development

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

During the Quarter, the Company commenced a comprehensive project review on Obotan to (i) review the geological model and resource model, (ii) reduce forecast capital and operating costs, and (iii) consider alternative funding options.

The objective of this review is to identify opportunities to develop Obotan that require less project debt and equity capital than previously proposed with the aim of increasing ultimate returns to shareholders. Potential capital cost reductions could come through an ongoing review of capital and operating costs but the greatest opportunity could come from the possibility of deferring some or all of the $82.2 million capital expenditure required to pre-strip the Nkran pit, which may be achieved through the continued assessment of Dynamite Hill, and the exploration of Dynamite Hill lookalikes in close proximity to the proposed processing plant at Obotan, and through the re-engineering of the current pits and the staging of the cutbacks.

Geological and Mineral Resource Model

As part of the project review process, the Company is reviewing and updating the geological model and mineral resource model. The geological modelling work is largely being done in-house in Ghana and the mineral resource modelling work is being carried out in Perth, Australia by Coffey Mining Pty Ltd in collaboration with EGRM Consulting Pty Ltd. The work is expected to be completed in early 2014 and will be done using multiple indicator kriging inside wire frames based on the geological and mineralization models. The previous resource estimate, completed by SRK Consulting, used ordinary kriging inside a Leap Frog envelope at a 0.5 g/t cut-off grade.

The geological and resource modelling work will incorporate a maiden resource estimate for the Dynamite Hill prospect.

Capital and Operating Costs

A process to update and re-price tenders for the Construction Contract and Mining Contract has been commenced and tenders are expected to be received and assessed in the December quarter.

The contracts were previously priced in mid-2012 when the mining sector was more buoyant than now. It is therefore anticipated that current market conditions, as well as significant progress on the detailed engineering that de-risks the project, will lead to improvements in the overall capital cost and operating cost.

In addition, the Company has sought concessionary treatment from the Government of Ghana on certain costs and taxes which materially impact the funding requirements during the proposed Obotan project development. The major element is VAT. Although the mining industry in Ghana is exempt from VAT, in practice, the Company must first pay the VAT and then reclaim from Government once in production. This increases the projected development cost at Obotan by approximately 10%.

Project Funding

Discussions with project lenders have been suspended while the Company carries out its review to optimize Obotan and are unlikely to recommence until early-2014. As a result, previous projections on the proposed start date for development are unlikely to be realized.

Separately, and in parallel to the project optimization work at Obotan, the Company has been considering alternatives to the conventional project debt and equity funding model, including the potential to bring a joint venture partner into the project. Several parties are currently undertaking due diligence on Obotan and this funding model will continue to be assessed in parallel with our broad project review and discussions with potential project lenders.

Project Approvals

PMI has now received the Environmental Permit from the Environmental Protection Agency (EPA) in Ghana and the Mine Operating Permit from the Mines Inspectorate in Ghana. This represents the final major regulatory approval required to enable the project to commence.

As expected the Environmental Permit incorporates the requirement for limited backfilling of the smaller pits, relocation planning for potentially affected dwellings, and installation of a tailings dam liner. These items are all incorporated and allowed for in the current capital cost estimate. A number of elements in the Environmental Permit are unclear and therefore PMI is clarifying these with the EPA. The major elements that are unclear are: (i) bonding mechanism; and (ii) conditional requirement for a cyanide detoxification unit on the process water dam overflow.

Project Timing

The Company expects to complete its review of Obotan in early 2014. Until then, no firm indication of timing can be provided.

Exploration

Exploration programs were significantly reduced on all projects during the September Quarter to conserve cash for the Company's development activities, however exploration in the immediate vicinity of the proposed processing plant at Obotan continued with $1.2 million being invested during the three months ended September 30, 2013.

Going forward, the Company will focus on advanced exploration opportunities which offer the best near term chance for defining NI 43-101/JORC Mineral Resources and Ore Reserves in close proximity to the proposed processing facility at Obotan.

Near-Mine Exploration

Further results were received during the Quarter from the RC drilling program undertaken at the Dynamite Hill Prospect, which is strategically located between the Nkran and Asuadai deposits, 7km northeast of the proposed processing facility at Obotan, within the Adubea Mining Lease.

To date, a total of 81 RC holes have been drilled for 9,634 metres defining a broad gold zone averaging 20 metres wide over a strike extent of 400 metres and down to depths of 190 metres. Current interpretations indicate that this broad zone of mineralization remains open at depth.

A maiden NI 43-101 and JORC Mineral Resource estimate is being prepared as part of the Company's review of the geological modelling and resource modelling for the other four Obotan deposits.

Following the exploration success at Dynamite Hill, the Company has approved a modest, continuing exploration budget at Obotan to assess geochemical and geophysical anomalies within 10 km of the proposed processing plant at Obotan. The objective of this work is to identify additional near surface resources, which could potentially be mined early in the project mine life, resulting in the possible deferment of some or all of the $82.2 million of upfront capital costs that would otherwise be incurred to do the pre-stripping of the Nkran open pit.

Regional Exploration

Exploration elsewhere has been suspended or reduced to the minimum required to satisfy permit conditions.

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.

Expenses for the three months ended September 30, 2013

	2013	2012
Accretion	$ 8,483	$ -
Amortization	14,316	12,941
Professional and consulting fees	388,023	374,579
Non Executive Directors' fees and costs	112,184	84,092
Foreign exchange loss	51,409	71,596
Office and support costs	222,652	326,618
Salaries and benefits	499,353	377,321
Shareholder communications	49,950	78,211
Share-based payments	118,272	248,496
Transfer agent and regulatory fees	54,840	75,895
Travel and promotion	266,223	192,970
Loss from operations	(1,785,705)	(1,842,719)
Interest income	337,261	64,663
Income taxes	(2,821)	(2,267)
Loss for the year	$ (1,451,265)	$ (1,780,323)

The loss for the three months ended September 30, 2013 was $1,451,265 compared to a loss of $1,780,323 for the three months ended September 30, 2012. The major reasons for the decrease in the loss were an increase of $272,598 in interest income due to the Company holding larger cash reserves following the November 2012 equity raising and $130,224 lower expenditure in share based payments as more options vested in the prior period compared to the current period. The decreases in losses was offset by an increase in Director's fees and costs due to a termination payment of $305,281 (including salary and accrued benefits) being made to the outgoing CEO, Mr Collin Ellison, upon his resignation from the Company during the period.

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 September 30, 2013.

$'000	2014	2013				2012		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Net sales or revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Loss before other items and income taxes	(1,788)	(3,348)	(1,446)	(986)	(1,843)	(2,402)	(1,876)	(1,271)
Other Items and income taxes	337	399	(602)	(379)	63	136	423	457
Loss for the period	(1,451)	(2,949)	(2,048)	(1,365)	(1,780)	(2,266)	(1,453)	(814)
Basic and diluted Net Loss per share	(0.00)	(0.01)	(0.00)	(0.00)	(0.01)	(0.01)	(0.01)	(0.00)

During the three months ended September 30, 2013, the Company incurred a loss of approximately $1.451 million which was a decrease from the loss of $2.949 million incurred during the three months ended June 30, 2013. The decrease is mainly a result of a decrease in Share based compensation from $570,234 to $118,272 as the Company granted three million stock options to director of the Company during the prior period with only two million stock options being issued to the General Manager Corporate Development in the current period and salary and benefits decreasing from $664,203 to $220,611 as the Company recorded retention bonuses to the CFO and COO in the prior period, no bonuses were paid in the current period. The decrease was also a result of a foreign exchange loss of $51,409 from a loss of $447,507 in the period.

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.

Treasury Summary

Capital Stock Summary

	Number of shares	Amount	Contributed Surplus
Balance September 30, 2013	414,000,084	$232,112,812	$8,584,466

Warrants Summary

The following share purchase warrants were outstanding at September 30, 2013.

Number of Warrants	Exercise Price
600,000	$1.05

Options Summary

The following options were outstanding at September 30, 2013.

Number of Options	Exercise Price	Maximum Future Proceeds	Number of Options Vested
15,225,000	$0.30 to $2.00	$14,418,550	10,285,000

Liquidity and Capital Resources

As at September 30, 2013, the Company had cash resources of $100,539,475 compared to $107,782,056 at June 30, 2013.

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.

Related Party Transactions

During the three months ended September 30, 2013, the Company:

- Paid or accrued $278,743 (2012 - $135,727) for salary and benefits to the President and CEO of the Company;
- Paid or accrued $81,154 (2012 - $103,223) for salary and benefits to the COO of the Company;
- Paid or accrued $80,131 (2012 - $74,837) for salary and benefits to the CFO of the Company;
- Paid or accrued $20,749 (2012 - $Nil) for salary and benefits to the General Manager Corporate Development of the Company;
- Paid or accrued $112,184 (2012 - $80,339) for directors' fees to non-executive directors of the Company;

- Paid or accrued $Nil (2012 - $35,486) 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 $Nil (2012 - $15,962) 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 September 30, 2013 is $439,770 (June 30, 2012 - $727,781) 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.

Commitments

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 $573,742 as follows:

		September 30, 2013		June 30, 2013
Less than 1 year	$	366,635	$	365,704
Between 1 and 5 years		207,107		273,240
	$	573,742	$	638,944

Bank guarantees have been entered into over the above and equipment purchases amounting to $1.2 million.

Subsequent Events

Subsequent to Quarter end, a contract was entered into with the President and CEO committing to the issue of 1 million performance rights subject to shareholder approval.

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 three months ended September 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 September 30, 2013, the Company had cash and cash equivalents of $100,539,475 to settle liabilities of $7,120,378. Of the Company's liabilities $5,727,445 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:

	September 30, 2013		June 30, 2013	
	Amount in Foreign currency	Amount in CAD dollars	Amount in Foreign currency	Amount in CAD dollars
United States dollars:				
Cash and cash equivalents	$ 377,063	$ 388,827	$ 2,287,968	$ 2,408,315
Receivables	2,000	2,062	-	-
Australian dollars:				
Cash and cash equivalents	2,159,072	2,075,300	4,898,455	4,715,743
Receivables	132,429	127,290	74,065	71,302
Ghanaian Cedis				
Cash and cash equivalents	235,945	110,800	403,644	211,267
Receivables	12,391	5,819	13,150	6,883
Total financial assets		$ 2,710,098		$ 7,413,510

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

	September 30, 2013		June 30, 2013	
	Amount in Foreign currency	Amount in CAD dollars	Amount in Foreign currency	Amount in CAD dollars
United States dollars:				
Accounts payable and accrued liabilities	$ 3,389,669	$ 3,495,429	$ 1,126,711	$ 1,185,976
Australian dollars:				
Accounts payable and accrued liabilities	1,375,099	1,321,745	3,443,948	3,315,489
Ghanaian Cedis				
Accounts payable and accrued liabilities	570,006	267,675	951,973	498,263
British Pounds				
Accounts payable and accrued liabilities	50,858	84,658	951,973	498,263
Total financial liabilities		$ 5,169,505		$ 4,999,728

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 $245,941 for the three months ended September 30, 2013 (June 30, 2013 – $241,378).

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 actual future production and actual future costs may differ materially from the results of the Feasibility Study on Obotan for any number of reasons, including, but not limited to, material changes to the Company's mineral resources and mineral reserves estimates. The estimation is a subjective process and there are numerous uncertainties inherent in estimating mineral resources or mineral reserves, including many factors beyond the Company's control. Reputable consultants have been contracted to prepare these estimates but the figures produced remain estimates. Any material reductions in estimates of mineral resources or mineral reserves, or of the Company's ability to extract these mineral resources or mineral reserves, could have a material adverse effect on the Company's operations and financial condition. There can be no assurance that the Company will be able to complete development of the Obotan Gold Project or other any future development project on time, on budget or at all.

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.

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 September 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 at the end of the period covered by this management discussion and analysis 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 quarter ended September 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 November 13, 2013, the Company has 414,000,084 common shares outstanding. If the Company were to issue 10,885,000 common shares upon the conversion of all of its outstanding vested stock options and warrants, it would raise $8,978,017.

Technical Disclosures

Exploration Results

The information that relates to Exploration Results is based on information compiled by Thomas Amoah, the Company's Vice President – Exploration, ("Mr. Amoah"). 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' ("JORC"). 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 Mr. Amoah qualifies as a "qualified person" as defined under National Instrument 43-101 ("NI43-101"). Mr Amoah is not independent of PMI under NI43-101. Field work was supervised by Mr. Amoah. 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 cut off at Dynamite Hill at the beginning and the end of the intercept and allowing for no more than three consecutive metres of less than 0.5 g/t Au internal dilution. True widths are estimated at from 60% to 70% of the stated core length unless otherwise specified.

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

November 13, 2013

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DIRECTORS & OFFICERS

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Michael Allen	Chief Financial Officer
Michael Gloyne	Chief Operating Officer
John Ciganek	General Manager Corporate Development
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
Marion McGrath	Corporate Secretary
Ian Hobson	Corporate Secretary

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