

# PMIGOLD

C O R P O R A T I O N

ARBN 146 885 609  
(Incorporated in British Columbia under  
the Business Corporations Act)



# 2010 PROSPECTUS

For the offer of up to 39,285,714 Shares at an issue price of \$0.70 per share  
to raise up to \$27.5 million (before expenses)

BROKER TO THE OFFER  
AFSL 230057



#### IMPORTANT INFORMATION

This is an important document that should be read in its entirety.  
If you do not understand it you should consult your professional advisers without delay.  
The Shares offered by this Prospectus should be considered speculative.

## IMPORTANT NOTICE

This Prospectus is dated 5 November 2010 and was lodged with the ASIC on that date. The ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which the Prospectus relates.

The expiry date of this Prospectus is 5.00pm WST on that date which is 13 months after this Prospectus is lodged with the ASIC (**Expiry Date**). No securities may be issued on the basis of this Prospectus after the Expiry Date.

Application will be made to the ASX within seven days after the date of this Prospectus for Official Quotation of the Shares the subject of this Prospectus.

This Prospectus has not been filed with the Canadian Securities Commissions and may not be offered or sold within Canada or for the account of any Canadian residents. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The securities the subject of this Prospectus should be considered speculative.

## ELECTRONIC PROSPECTUS

The Corporations Act prohibits any person passing onto another person an application form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company.

## EXPOSURE PERIOD

This Prospectus will be circulated during the Exposure Period. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. Potential investors should be aware that this examination may result in the identification of deficiencies in the Prospectus and, in those circumstances, any application that has been received may need to be dealt with in accordance with Section 724 of the Corporations Act.

Applications for securities under this Prospectus will not be accepted by the Company until after the expiry of the Exposure Period. No preference will be conferred on persons who lodge applications prior to the expiry of the Exposure Period.

## REPORTING ON EXPLORATION RESULTS

The information in the Independent Geologist's Report and this Prospectus that relates to Exploration Results, Mineral Resources or Ore Reserves in relation to the Obotan Gold Project and all statements made, referring to or derived from such information in the Prospectus is based on information compiled by Rob Spiers, who is a Member of the Australian Institute of Geoscientists. Rob Spiers is employed by Hellman and Schofield. Rob Spiers has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Rob Spiers consents to the inclusion in the Independent Geologist's Report and this Prospectus of the matters based on his information in the form and context in which it appears.

The information in the Independent Geologist's Report that relates to Exploration Results, Mineral Resources or Ore Reserves in relation to the Kubi Gold Project is based on information compiled by David Farrow, who is a Member of South African Council for Natural Scientists – a registered Professional Natural Scientist (Earth Sciences) (PrSciNat), a 'Recognised Overseas Professional Organisation' included in a list promulgated by the ASX from time to time. David Farrow was formerly employed by Golder Associates Ltd.

David Farrow has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. David Farrow consents to the inclusion in the Independent Geologist’s Report of the matters based on his information in the form and context in which it appears.

Other than as set out above and except where expressly or impliedly indicated otherwise, the information in the Independent Geologist’s Report and this Prospectus that relates to Exploration Results, Mineral Resources and Ore Reserves is based on information compiled by Douglas MacQuarrie, who is a Member of the Association of Professional Engineers and Geoscientists of BC, a ‘Recognised Overseas Professional Organisation’ included in a list promulgated by the ASX from time to time. Douglas MacQuarrie is the President and CEO of the Company.

Douglas MacQuarrie has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the “Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves”. Douglas MacQuarrie consents to the inclusion in the Independent Geologist’s Report and Prospectus of the matters based on his information in the form and context in which it appears.

## **FORWARD LOOKING STATEMENTS**

This Prospectus contains forward looking statements. While assumptions upon which such statements are based are considered appropriate at the time of preparing this Prospectus, you should appreciate that there are many factors that may affect the results and performance of PMI Gold which are outside the control of PMI Gold and the Directors which may not be capable of being foreseen or accurately predicted. Accordingly, actual results and performance may vary materially from these forward looking statements.

All forward looking statements in this Prospectus are subject to various risk factors that could cause PMI Gold’s actual results and performance to differ materially from the results or performance expressed or anticipated in these statements. These risk factors are set out in Section 13.

## **DEFINED TERMS AND OTHER MATTERS**

Certain terms and abbreviations used in this Prospectus have defined meanings which are explained in the Glossary.

Figures disclosed in this Prospectus are exclusive of goods and services tax, unless otherwise disclosed.

Unless otherwise stated, items shown in this Prospectus are not assets of the Company.

## **CDIs**

Shares in the Company will trade on ASX in the form of CHESS Depository Interests (CDIs). Each CDI will represent one underlying Share. The Shares offered under this Prospectus will be issued to investors in the form of CDIs so that investors may trade the Shares on ASX and settle transactions through CHESS. Successful Applicants will be issued CDIs rather than Shares, where each CDI represents one Share. Any reference to Shares being allotted, issued or offered under this Prospectus is to be construed subject to above. Further information about CDIs is set out in Sections 6.7 and 15.2 of this Prospectus.



# CORPORATE DIRECTORY

PMI**GOLD** Corporation

## DIRECTORS

### Mr Peter Buck

Non-Executive Chairman  
*(appointment subject to ASX listing)*

### Mr Douglas MacQuarrie

President & CEO

### Mr Thomas Ennison

Executive Director

### Dr. John Clarke

Executive Director

### Mr Ross Ashton

Non-Executive Director  
*(appointment subject to ASX listing)*

### Honourable J.H. Mensah

Non-Executive Director

### Mr Len Dennis

Non-Executive Director  
*(to resign on ASX listing)*

## COMPANY SECRETARY

### Ms Dianne Szigety

## REGISTERED AND PRINCIPAL OFFICE

### CANADA:

Suite 511  
475 Howe Street  
Vancouver, BC  
Canada V6C 2B3

**Tel:** +1 604 682 8089

**Fax:** +1 604 682 8094

### HEAD OFFICE - GHANA:

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Roman Ridge  
Private Mail Bag CT471  
Cantonments, Accra  
Ghana

**Tel:** +233 (0)302 780818

### AUSTRALIA:

Suite 2, 35-37 Havelock St  
West Perth WA 6005  
PO Box 389 West Perth 6872

**Tel:** +61 8 9322 2700

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**Website:** [www.pmigoldcorp.com](http://www.pmigoldcorp.com)

**Email:** [info@pmigoldcorp.com](mailto:info@pmigoldcorp.com)

## SOLICITORS

### AUSTRALIAN

#### Steinepreis Paganin

Lawyers & Consultants  
Level 4, The Read Buildings  
16 Milligan Street  
Perth WA 6000

### CANADIAN

#### DuMoulin Black LLP

10th Floor  
595 Howe Street  
Vancouver British Columbia V6C 2T5

### GHANAIAN

E. Kwasi Mensah  
Abrafi Chambers  
D.799/4 Carnarvon/Granville Avenue  
Accra, Ghana

## INVESTIGATING ACCOUNTANT

### KPMG Transaction Services (Australia) Pty Ltd

235 St Georges Terrace  
Perth WA 6000

## CANADIAN AUDITORS

### KPMG

777 Dunsmuir Street  
Vancouver BC V7Y 1K3

## CORPORATE ADVISOR AND LEAD BROKER TO THE OFFER

### Hartleys Limited

Level 6  
141 St Georges Terrace  
Perth WA 6000

**Tel:** +61 8 9268 2888

**Fax:** +61 8 9268 2800

## MINING CONSULTANTS

### Hellman and Schofield

102 Colin Street  
West Perth WA 6005

## SHARE REGISTRY

### CANADA

#### Computershare Investor Services Inc

2nd Floor  
510 Burrard Street  
Vancouver BC  
Canada V6C 3B9

### AUSTRALIA

#### Computershare Investor Services Pty Ltd

Level 2, Reserve Bank Building  
45 St Georges Terrace  
Perth WA 6000

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# 1. PRESIDENT AND CHIEF EXECUTIVE OFFICER'S LETTER

## DEAR INVESTOR

On behalf of my fellow Directors, I am pleased to present you with the opportunity to become a shareholder in PMI Gold Corporation (**PMI Gold** or the **Company**). PMI Gold is a West African focused gold exploration company, which is progressing its projects in Ghana towards development.

West Africa will soon become the world's second largest gold producing region, after China. Ghana is the largest gold producer in West Africa and PMI Gold owns the tenements upon which four mines previously operated on 85 kilometres of Ghana's major gold belts, located near the centre of an area which has nearly 200 million ounces of historical production and current gold resources.

In relation to PMI Gold's Obotan Gold Project (**Obotan**), where previous mining to 2003 yielded 730,000 ounces at a grade of circa 2.2 g/t Au, the Company recently announced a maiden 1.2 million ounce gold Mineral Resource comprising an Indicated Mineral Resource of 3.06 million tonnes with a grade of 1.59g/t gold for 156,000 oz and an Inferred Mineral Resource of 15.64 million tonnes with a grade of 2.1g/t gold for 1,053,000 oz.

PMI Gold is currently undertaking a 16,000 metre drilling program at Obotan (to be upgraded to 40,000 metres following completion of the Offer) with the object of upgrading and expanding the existing Mineral Resource and targeting gold mineralisation down-dip of previous mining.

PMI Gold's Kubi Gold Project (**Kubi**) adjoins the AngloGold Ashanti Obuasi mine, which is the largest underground mine in West Africa with a 113 year continuous mining history. PMI Gold is currently undertaking a 4,000 metre drilling program at Kubi to target a number of exploration targets close to the Company's 919,000 ounce gold Mineral Resource (comprising an Indicated Mineral Resource of 5.13 million tonnes with a grade of 3.66g/t gold for 604,000 oz and an Inferred Mineral Resource of 5.38 million tonnes with a grade of 1.88g/t gold for 315,000 oz).

PMI Gold is seeking to raise up to \$27.5 million pursuant to the Offer (before expenses), to accelerate the progress of drilling, resource upgrade and discovery, feasibility studies at its Obotan and Kubi gold projects and to fast-track regional gold exploration and to become listed on the ASX. The ASX listing will provide PMI Gold with the opportunity to service its Australasian shareholders better and provide increased access to capital in the region.

On behalf of the Board of Directors, I thank you for your interest and look forward to welcoming you as a shareholder to grow with us as we seek to progress from an exploration company to a developer. As you will see in the Prospectus, we believe our Ghana based mineral assets are exceptional and their development will contribute to the betterment of the local communities and our shareholders.

Yours sincerely



Douglas R MacQuarrie  
**President & Chief Executive Officer**

PMI Gold Corporation

## 2. CHAIRMAN'S LETTER

### DEAR INVESTOR

On behalf of the Directors of PMI Gold Corporation, it is with pleasure that I present this Prospectus to you supporting the Company's initial public offering and invite you to invest at this exciting stage of our development as a West African gold company.

I personally became attracted to PMI Gold in mid-2010 after becoming aware of the strategic location of its project areas and Mineral Resources which are located on two of Ghana's major gold trends, including the Ashanti trend. I was impressed with the quality of the Company's assets, which I believe compare favourably with some of the more successful of its peers operating in West Africa. On completion of the Offer, I look forward to the opportunity to progress the more advanced projects towards development and to explore comprehensively the gold potential of the tenements.

The Company has the strategic advantage of owning two former mines, Obotan and Kubi, which closed prematurely in the mid-2000s at a time when gold prices were much lower than today. As a consequence, depth extensions delineated by drilling beneath these mines, particularly at Obotan which already contains an Indicated Mineral Resource of 3.06 million tonnes with a grade of 1.59g/t gold for 156,000 oz and an Inferred Mineral Resource of 15.64 million tonnes with a grade of 2.1g/t for 1,053,000 oz of gold, offer exciting new mine development potential. The previous production histories of these mines provide a key advantage to guide the Company's future evaluations of the Obotan and Kubi gold projects.

Due to insufficient funds, the Company's regional exploration progressed at only modest rates in recent years and the Company was not able to capitalise on the progressive increases in the gold price. While PMI Gold's geologists interpret previous exploration to have been superficial in a number of areas, it was successful in delineating widely distributed, near-surface gold anomalous areas and a series of structural targets. Many of these areas lack adequate drilling and offer potential for further discoveries.

Funds raised under this Offer will provide PMI Gold, for the first time, with sufficient financial reserves to evaluate fully its advanced projects and progress them towards development decisions and at the same time explore its regional tenements more vigorously for new deposits. The Company will also have the financial resources to significantly strengthen its human capital, including the recruitment of experienced mining professionals, to complete feasibility studies on its advanced projects and to initiate a significant escalation of its regional exploration activities targeting new deposits.

By increasing development and exploration activities in the current high gold price environment, the Company will seek to be well positioned to secure a re-rating of its assets in line with its peers operating in West Africa.

As a part of its listing on the ASX, the Company will strengthen its Board with my appointment as Non Executive Chairman and the appointment of Ross Ashton as a Non-Executive Director. I was previously Director of Exploration and Geology for the successful international mining group LionOre Mining International and Managing Director of ASX-listed resource company Breakaway Resources Limited. Ross was previously Managing Director of the successful West African gold company, Red Back Mining Limited. We bring extensive experience in relation to the exploration and development of new mineral deposits to the Company.

In order to make your investment decision, I urge you to read this Prospectus carefully and seek professional advice where required.

I thank you for your interest and look forward to welcoming you as a shareholder to share with us in this exciting opportunity to develop the Company's assets and fulfil the potential of becoming an international gold producer.

Yours sincerely

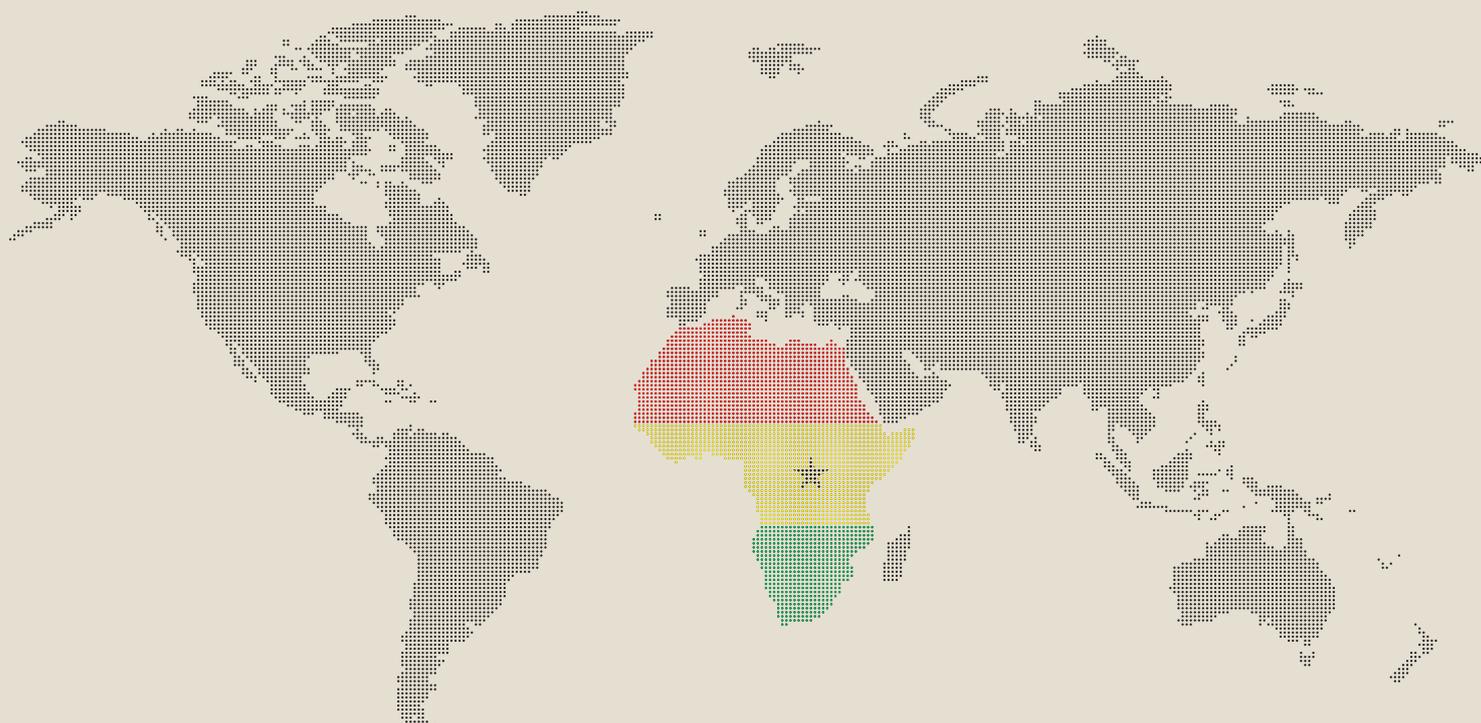


Peter Buck  
**Non Executive Chairman (subject to ASX listing)**

PMI Gold Corporation

# 3. INVESTMENT HIGHLIGHTS

## PMIGOLD CORPORATION



- Experienced West African gold explorer with advanced gold projects located within Ghana's Golden Triangle, one of the world's most significant gold mining areas.
- Two projects, containing 2.1 million ounces of gold Mineral Resources comprised of Indicated Mineral Resources of 761,000 ounces of gold and Inferred Mineral Resources of 1,368,000 ounces of gold beneath the former Obotan and Kubi mines which ceased mining operations between 2002 and 2005.
- Project development advantages with its deposits located in brownfields sites which were successfully mined at much lower gold prices.
- Obotan and Kubi gold projects offer near-term potential production opportunities to be evaluated by the Company during 2011 and 2012.
- Experienced Board and management team, to be supplemented subject to and following the Offer and admission on to the Official List by the appointment of Peter Buck as Non-Executive Chairman and Ross Ashton as a Non-Executive Director.
- Macquarie Bank Limited is a substantial and supportive shareholder of the Company.
- Significant newsflow is expected following the Offer and admission on to the Official List, with drilling already underway at Obotan and Kubi utilising multiple rigs, and with funds raised pursuant to the Offer to be used to accelerate the progress of drilling, resource discovery and feasibility studies and to progress regional gold exploration.

# 3. INVESTMENT HIGHLIGHTS

## OBOTAN:

- Offers both open cut and underground production opportunities with apparent upside for resource extensions.
- Production possibilities to be investigated by a pre-feasibility study for completion by December 2011, followed by a bankable feasibility study. As part of the pre-feasibility study, drilling has commenced and it is intended that the Company expand its drilling program up to 40,000 metres following completion of the Offer.
- A planned mining project will significantly benefit from the previous mining history at Obotan.

## KUBI:

- Adjoins AngloGold Ashanti's Obuasi mine, the largest and deepest underground mine in West Africa.
- An Indicated Mineral Resource estimate of 5.13 million tonnes at 3.66 g/t Au for 604,000 contained ounces of gold and an Inferred Mineral Resource of 5.38 million tonnes at 1.88 g/t Au for 315,000 contained ounces of gold, beneath the former Ashanti Goldfields Kubi pit which produced 59,000 ounces of gold at 3.65g/t at a gold price of below \$500 per ounce.
- Offers high grade underground potential as a possible satellite mining operation to provide additional feed of up to 50,000 ounces of gold per year to Obotan.
- PMI Gold will update a Golder Associates 2008 scoping/pre-feasibility study to a full feasibility standard during 2011.
- Open at depth with additional exploration targets located along 25 km of two major shear zones – the Ashanti & Kubi trends.

## REGIONAL OBOTAN & KUBI:

- The regional exploration program will be substantially escalated on the Company's extensive holdings along strike of Obotan (70 strike km) & Kubi.
- The Obotan and Kubi gold projects encompass key extensions to global scale controlling structures.
- Numerous gold targets, including areas of historical and current artisanal mining have been identified and require drilling.

The information set out above should be read in conjunction with the more detailed information further contained in the Prospectus. The Prospectus should be read in its entirety and, in particular, investors should consider the risk factors that could affect the financial and operating performance of the Company.



## 4. INVESTMENT RISKS

Prospective investors should read this Prospectus in its entirety and, in particular, before deciding on whether to apply for Shares under this Prospectus, consider the risk factors set out in Section 13, which include:

No guarantee of future exploration success.

No guarantee that the Company will commence profitable gold mining operations.

Exploration, operating and development risks. Mineral exploration is highly speculative in nature.

Resource, production and yield estimates are imprecise and may prove to be inaccurate.

Commodity price volatility and exchange rate risks.

Economic conditions as well as general share market volatility may affect the Company's performance regardless of the Company's operating performance.

Necessary governmental approvals and grants of permits, leases and licences and extensions and renewals of permits, leases and licences are not guaranteed. The Abore Abirem and Adubea licences are currently in the process of being upgraded to mining leases and several of the Company's mining properties are subject to applications for extension.

The Company's ability to undertake mining and exploration activities is dependent on its ability to source and acquire appropriate equipment which is not always available or affordable.

Ghana is considered to be a developing country and, as such, subject to increased sovereign risk. All mining property interests held by the Company are subject to a net smelter returns royalty (**NSR**) and a 10% carried net profits interest in right of the Government of Ghana. The current NSR royalty rate is 3%, however the Government of Ghana has announced its intention to raise the royalty up to 6% (although this has not yet been enacted in law).

Risk as to future title and standing in relation to the tenements in which the Company has or may earn an interest.

Ability of the Company to comply with environmental guidelines and policies. In some instances, previous owners or operators of the Company's mining properties have not completed all environmental work required to be carried out, including at the Abore-Abirem, Juabo, Kubi, Kubi Forest Reserve and New Obuase mining properties.

Certain sections of the Kubi and Juabo tenements are within forest reserves, and the further development of these sections may be subject to delays associated with obtaining access to these tenements.

The artisanal mining sector in Ghana may interfere with and potentially cause delays to the Company's exploration and mineral development activities.

# 5. INVESTMENT OVERVIEW

## 5.1 IMPORTANT NOTICE

This section is not intended to provide full information for investors intending to apply for Shares offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety.

## 5.2 OBJECTIVES

The Company's strategic objective is to become a gold producer, initially by mining at its Obotan and Kubi gold projects. To achieve this objective the Company is focussed, in the near term (2011-2012), on the following:

- continued infill and extensional drilling on the Obotan Gold Project to delineate and evaluate the mineralisation further with a view to completing a pre-feasibility study by December 2011 for reactivating a mining and processing operation which was formerly mined by a subsidiary of Resolute Mining Limited (see section 7)
- continued pre-feasibility engineering and exploration drilling at the Kubi Gold Project to identify additional resources with a view to completing a pre-feasibility study during 2011; and
- aggressively exploring the Company's extensive tenement holdings to locate new economic gold deposits along the strike of Obotan and Kubi.

	2010	2011	2011	2011	2011
	Q4	Q1	Q2	Q3	Q4
Resource definition drilling					
Resource upgrade					
Finalise resource estimate					
Exploration drilling					
Metallurgical testwork					
Confirm process flowsheet and recoveries					
CIL plant preliminary concept					
Re-optimize open pits					
Preliminary pit design					
Mine production schedule					
Gold production schedule					
Estimate operating cost estimates					
Estimate capital cost estimates					
Environmental assessment					
Social and community assessment					
Preliminary economic study					
Document PFS					

On completion of the Offer, the Board believes the Company will have sufficient working capital to achieve these objectives. Ultimately, PMI Gold aims to be a significant West African gold producer.

# 5. INVESTMENT OVERVIEW

## 5.3 INDICATIVE TIMETABLE\*

Lodgement of Prospectus with the ASIC	5 November 2010
Opening Date	12 November 2010
Closing Date (5:00pm WST)	29 November 2010
Despatch of holding statements	6 December 2010
Expected date for listing on ASX	10 December 2010

\* These dates are determined based upon the current expectations of the Directors and may be changed without prior notice.



## 5. INVESTMENT OVERVIEW

### 5.4 PURPOSE OF THE OFFER AND USE OF PROCEEDS

The table below sets out how the funds from the Offer are intended to be applied under minimum and full subscription.

ITEM	MINIMUM SUBSCRIPTION \$20 MILLION		MAXIMUM SUBSCRIPTION \$27.5 MILLION	
	Yr1	Yr2	Yr1	Yr2
<b>Obotan</b>	<b>Million\$</b>		<b>Million\$</b>	
<b>Pre-Feasibility</b>				
Drilling - resource upgrade and definition	\$5.00	\$3.00	\$5.00	\$3.00
Permitting, Land costs, Surface, Infrastructure, Environmental	\$0.40	\$0.40	\$0.40	\$0.40
Mine Engineering, Geotech, Metallurgy, Hydrology	\$1.00	\$1.00	\$1.00	\$1.00
Exploration geophysics, geology, geochem, auger drilling	\$0.10	\$0.10	\$0.10	\$0.10
Social Programs	\$0.10	\$0.20	\$0.10	\$0.20
<b>Nkran deep drilling</b>	\$1.00	\$1.00	\$1.00	\$1.00
<b>Bankable feasibility study</b>				
Geotechnical, metallurgical testwork, engineering studies	\$0.50	\$0.50	\$1.00	\$2.00
<b>Obotan subtotal</b>	<b>\$8.10</b>	<b>\$6.20</b>	<b>\$8.60</b>	<b>\$7.70</b>
<b>Kubi</b>				
Drilling - resource review, upgrade and definition	\$0.20	\$0.20	\$0.30	\$0.20
Permitting, land costs, bond, surface and infrastructure	\$0.20	\$0.20	\$0.20	\$1.00
Mining Engineering, Geotech, Pre-Feasibility and Feasibility	\$0.30	\$0.30	\$0.30	\$0.30
Exploration geophysics, geology, geochem, auger drilling	\$0.10	\$0.10	\$0.20	\$0.20
Social Programs	\$0.10	\$0.10	\$0.10	\$0.10
<b>Kubi subtotal</b>	<b>\$0.90</b>	<b>\$0.90</b>	<b>\$1.10</b>	<b>\$1.80</b>
<b>Regional Exploration</b>				
Drilling - new discoveries	\$1.00	\$0.80	\$5.00	\$0.65
Permitting, land costs, Surface and Infrastructure	\$0.20	\$0.20	\$0.30	\$0.30
Mining Engineering	\$0.20	\$0.20	\$0.20	\$0.20
Exploration geophysics, geology, geochem, auger drilling	\$0.30	\$0.30	\$0.40	\$0.30
Social Programs	\$0.10	\$0.10	\$0.20	\$0.20
<b>Regional Exploration Subtotal</b>	<b>\$1.80</b>	<b>\$1.60</b>	<b>\$6.10</b>	<b>\$1.65</b>
<b>Grand Total</b>	<b>\$10.80</b>	<b>\$8.70</b>	<b>\$15.80</b>	<b>\$11.15</b>
Group Administration	\$1.50	\$1.50	\$1.85	\$1.85
Offer Expenses	\$1.90	\$0.00	\$2.35	\$0.00
<b>Total Expenditure YR1 YR2</b>	<b>\$14.20</b>	<b>\$10.20</b>	<b>\$20.00</b>	<b>\$13.00</b>
<b>Total Expenditure</b>	\$24.40		\$33.00	
Cash on Hand	\$5.50		\$5.50	
Unallocated	\$11.30	\$1.10	\$13.00	\$0.00

## 5. INVESTMENT OVERVIEW

The minimum subscription for the Offer is \$20,000,000. The above table is a statement of current intentions as of the date of lodgement of this Prospectus with the ASIC. As with any budget, intervening events (including exploration success or failure) and new circumstances have the potential to affect the ultimate way funds will be applied. The Board reserves the right to alter the way funds are applied on this basis.

If less than full subscription but greater than the minimum subscription to the Offer is achieved, the Company intends to prioritise funds on a 55:10:35 proportional basis between Obotan, Kubi and regional exploration.

### 5.5 CAPITAL STRUCTURE

The capital structure of the Company following completion of the Offer is summarised below:<sup>1</sup>

	MINIMUM SUBSCRIPTION	FULL SUBSCRIPTION
<b>Shares</b>		
Existing Shares on issue at date of Prospectus	142,282,044	142,282,044
Shares to be issued to Hartleys Limited following completion of the Offer	500,000	500,000
Shares to be issued upon exercise of warrants pursuant to November Canadian Placement <sup>2</sup>	-	10,715,000
Shares underlying the CDIs to be offered under this Prospectus	28,571,429	39,285,714
<b>Total Shares on issue at completion of the Offer</b>	<b>171,353,473</b>	<b>192,782,758</b>
<b>Options and Warrants</b>		
Options and Warrants	54,435,188	54,435,188
Options to be issued to Hartleys Limited following completion of the Offer	2,500,000	2,500,000
Options to be issued to Peter Buck following completion of the Offer	1,000,000	1,000,000
Options to be issued to Ross Ashton following completion of the Offer	1,000,000	1,000,000

**Notes:**

1. The terms of the Options and Warrants referred to above are set out in Section 15.3.
2. Refer to Section 5.6 for further information in relation to the proposed November Canadian Placement.

### RESTRICTED SECURITIES

The ASX may classify certain securities as being subject to the restricted securities provisions of the Listing Rules. Accordingly, a portion of such securities may be required to be held in escrow. None of the Shares offered under this Prospectus will be treated as restricted securities on the ASX and will be freely transferable on the ASX from their date of allotment.

### 5.6 CANADIAN OFFERING

On 27 October 2010, the Company entered into an agreement with Cormark Securities Inc. (**Cormark**) whereby Cormark will provide the Company corporate advice and capital raising services in Canada, including acting as lead agent and book runner to the offering of approximately C\$7.5 million of special warrants (**warrants**) of the Company on a best efforts basis (**November Canadian Placement**). Each warrant issued under the November Canadian Placement will entitle the holder to receive, without payment of any further consideration, one common share of the Company. The offering price per warrant is C\$0.70.

The Company will use its reasonable best efforts to file a preliminary short form prospectus and obtain a receipt for a final short form prospectus by 22 December 2010 for the purpose of qualifying the shares issuable upon exercise of the warrants for distribution to the public with the applicable regulatory authorities in each of the provinces in Canada where warrants are sold. If such receipt for a final short form prospectus is not obtained by 22 December 2010 the warrants will be exercisable into 1.1 shares instead of 1 share, subject to this price adjustment not being in breach of the ASX Listing Rules.

## 5. INVESTMENT OVERVIEW

PMI Gold has entered into a subscription agreement with Cormack dated 28 October 2010 to place 10,715,000 warrants exercisable into shares under the November Canadian Placement to raise C\$7.5 million. This number will increase to 11,786,500 if the price adjustment outlined above occurs. The offering is being led by Cormack on behalf of a syndicate of underwriters including Haywood Securities Inc, Salman Partners Inc. and M Partners Inc. (collectively the **Underwriters**). Completion and underwriting of the November Canadian Placement is conditional upon:

- a) conditional approval of the TSX-V for the listing of the shares underlying the warrants being granted;
- b) closing of the Offer for gross proceeds of not less than \$27,500,000;
- c) PMI Gold and the Underwriters having entered into an underwriting agreement in respect of the November Canadian Placement, subject to various terms and conditions;
- d) all necessary regulatory approvals to complete the November Canadian Placement having been obtained; and
- e) Cormack, on its own behalf and on behalf of the other Underwriters, not having terminated their engagement.

The November Canadian Placement is anticipated to occur on or about 29 November 2010. The Company intends to use the funds raised from the November Canadian Placement for general corporate expenses and the continued exploration and development of the Company's Obotan and Kubi gold projects in Ghana. There is no guarantee that any, or all, of the amount proposed to be raised by the Company will be raised. The potential financial impact of the November Canadian Placement is disclosed in Section 10.

### 5.7 MAXIMUM RAISING

The Company will raise a combined total maximum of \$35 million under this Offer and the November Canadian Placement.



# 6. DETAILS OF THE OFFER

## 6.1 THE OFFER

By this Prospectus, the Company offers for subscription up to 39,285,714 Shares at an issue price of \$0.70 each to raise up to \$27,500,000 (before expenses).

The Shares offered under this Prospectus will rank equally with the existing shares on issue.

## 6.2 APPLICATIONS

Applications for Shares under the Offer must be made using the Application Form.

Payment for the Shares must be made in full at the issue price of \$0.70 per Share. Applications for Shares must be for a minimum of 2,858 Shares representing an investment of \$2,000 and thereafter in multiples of 500 Shares. Completed Application Forms and accompanying cheques must be mailed or delivered to:

### BY MAIL TO:

#### Computershare Investor Services

PMI Gold Corporation – IPO A/C  
GPO Box D182  
Perth WA 6840

### BY HAND TO:

#### Computershare Investor Services

Level 2, Reserve Bank Building  
45 St Georges Terrace  
Perth WA 6000

Cheques should be made payable to “PMI Gold Corporation – IPO A/C” and crossed “Not Negotiable”. Completed application forms in respect of the Offer must reach one of the above addresses by no later than the Closing Date.

The Company reserves the right to close the Offer early.

## 6.3 ALLOCATION AND ALLOTMENT OF SHARES AND CDIS

As the Company is incorporated in Canada, which does not recognise the CHESS system of holding securities or electronic transfer of legal title to Shares, successful Applicants will be issued CDIs rather than Shares, where each CDI represents one Share. Any reference to Shares being allotted, issued or offered under this Prospectus is to be construed subject to above.

The Company reserves the right, in consultation with the Lead Broker, to allocate CDIs in full for any application, or to allocate any lesser number, or to decline any application. Allotment of Shares and the issue of CDIs will be made as soon as possible after the Closing Date. Where the number of Shares allotted is less than the number applied for, or where no allotment is made, the surplus application monies will be returned by cheque to the applicant within seven days of the allotment date.

Subject to ASX granting conditional approval for the Company to be admitted to the Official List, allotment of Shares offered by this Prospectus will take place as soon as practicable after the Closing Date. Prior to allotment, all application monies shall be held by the Company on trust. The Company, irrespective of whether the allotment of Shares takes place, will retain any interest earned on the application monies.

Further information about CDIs is contained in Section 6.7.

## 6.4 MINIMUM SUBSCRIPTION

The minimum subscription to be raised pursuant to this Prospectus is \$20,000,000.

If the minimum subscription has not been raised within four months after the date of this Prospectus, all applications will be dealt with in accordance with the Corporations Act.

## 6.5 MAXIMUM RAISING

The Company will raise a combined total maximum of \$35 million under this Offer and the November Canadian Placement.

# 6. DETAILS OF THE OFFER

## 6.6 ASX LISTING AND TRADING ON TSX-V

The Company will apply to ASX within seven days after the date of this Prospectus for admission to the Official List and for official quotation of the Shares offered under this Prospectus. If ASX does not grant permission for official quotation of the Shares within three months after the date of this Prospectus, or such longer period as is permitted by the Corporations Act, all applications will be dealt with in accordance with the Corporations Act.

All CDIs issued pursuant to this Prospectus will be tradeable on the ASX upon PMI Gold being admitted to the official list, however Canadian securities laws restrict the trading of Shares in Canada for a period of four months and one day from the date of their issue. Accordingly, conversion of CDIs tradeable on ASX to Shares tradeable on TSX-V will be restricted for a period of four months and a day from the date of issuance. The Company's share registry will enforce the following restriction: unless permitted under Canadian securities legislation, the holder of the CDIs will not be permitted to convert CDIs to Shares before the date which is four months and one day from the date of their issue. All CDIs issued under this Prospectus will be subject to this restriction. Application will be made to the TSX-V for all of the CDIs offered under this Prospectus to be admitted to trading on the TSX-V effective subsequent to the expiry of the restriction period. After expiry of the restriction period, in order to trade on the TSX-V, Applicants will need to convert their CDIs tradeable on the ASX to Shares tradeable on the TSX-V.

## 6.7 APPLICANTS OUTSIDE AUSTRALIA

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. This Prospectus has not been filed with Canadian Securities Commissions and may not be offered or sold within Canada or for the account of any Canadian residents. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

No action has been taken to register or qualify the Shares, or the Offer, or otherwise to permit a public offering of the Shares, in any jurisdiction outside Australia.

It is the responsibility of applicants outside Australia to obtain all necessary approvals for the allotment and issue of Shares under this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by the applicant that all relevant approvals have been obtained.

### a) Electronic Prospectus

The Offer pursuant to an electronic Prospectus is only available to persons receiving an electronic version of this Prospectus within Australia.

### b) Registers

The Company will operate a certificated Canadian central securities register maintained by Computershare Trust Company of Canada, an uncertificated issuer sponsored sub-register of CDIs maintained by Computershare Investor Services Pty Limited in Australia, and an uncertificated CHESS sub-register of CDIs in Australia. The two uncertificated CDI sub-registers combined will make up the register of beneficial title to the Shares underlying the CDIs.

### c) Holding statements

The Company will not issue certificates to CDI holders. Instead, as soon as practicable after issue, successful Applicants will receive a holding statement which sets out the number of CDIs issued.

A holding statement will also provide details of a security holder's Holder Identification Number (**HIN**) (in the case of a holding on the CHESS sub-register) or Shareholder Reference Number (**SRN**) (in the case of a holding on the issuer-sponsored sub-register). Following distribution of these initial holding statements, an updated holding statement will only be provided at the end of any month during which changes occur to the number of Shares held. CDI holders may also request statements at any other time (although the Company may charge an administration fee).

## 6. DETAILS OF THE OFFER

### d) **Conversion of CDIs to Shares**

Holders of CDIs can choose to have their CDIs converted to a direct holding of Shares. However, if they do so, they will no longer be able to trade their CDIs (without converting their resultant Shares back to CDIs). Canadian securities laws restrict the trading of Shares in Canada for a period of four months and one day from the date of their issue. Accordingly, conversion of CDIs tradeable on ASX to Shares tradeable on TSX-V will be restricted for a period of four months and a day from the date of issuance. The Company's share registry will enforce the following restriction: unless permitted under Canadian securities legislation, the holder of the CDIs will not be permitted to convert CDIs to Shares before the date which is four months and one day from the date of their issue. All CDIs issued under this Prospectus will be subject to this restriction. Application will be made to the TSX-V for all of the CDIs offered under this Prospectus to be admitted to trading on the TSX-V effective subsequent to the expiry of the restriction period. After expiry of the restriction period, in order to trade on the TSX-V, Applicants will need to convert their CDIs tradeable on the ASX to Shares tradeable on the TSX-V.

CDI holders wishing to convert their CDIs to Shares may do so in one of the following ways:

- for CDIs held through the issuer-sponsored sub-register, contacting Computershare Investor Services Pty Limited directly to obtain the applicable conversion request form; or
- for CDIs held on the CHESSE-sponsored sub-register, by contacting their controlling participant (who will usually be a stockbroker) who will liaise with Computershare Investor Services Pty Limited. Upon receipt of the conversion request the relevant number of CDIs will be cancelled and the Shares underlying the CDIs will be transferred from CDN to the Shareholder or to a market participant electronically in the Canadian Depository for Securities Limited. The Shares will be tradeable on TSX-V but not on ASX. The Directors expect that this conversion process will be completed on the day on which a valid conversion request is received.

The ASTC Settlement Rules require the conversion process to be completed within three business days of receipt of the conversion request.

### e) **Conversion of Shares to CDIs**

Shareholders may convert their Shares to CDIs by contacting Computershare Trust Company of Canada or their stockbroker (or applicable controlling participant). In this case, the Shares will be transferred from the Shareholder's name into the name of CDN and a holding statement will be issued for the CDIs. Upon conversion to CDIs, the CDIs will be tradeable on ASX but not on TSX-V. Canadian securities laws restrict the trading of Shares in Canada for a period of four months and one day from their date of issue. In order to comply with Canadian securities laws, the conversion of shares tradeable on TSX-V to CDIs tradeable on ASX will be restricted for a period of four months plus one day from the date of their issue. The Company and its share registry may take any action necessary to enforce this restriction.

The ASTC Settlement Rules require the conversion process to be completed within three business days of receipt of the conversion request.

### f) **Trading of CDIs**

Trading of CDIs occurs on the same trading platform on ASX as the trading of shares.

## 6.8 UNDERWRITER

The Offer is not underwritten.

## 6.9 CHESSE AND CDIs

The Company will apply to participate in the Clearing House Electronic Subregister System (**CHESSE**). CHESSE is a computerised system for the electronic transfer of uncertificated securities through ASX's wholly owned subsidiary, ASX Settlement and Transfer Corporation Pty Ltd (**ASTC**).

The Company is incorporated in British Columbia, Canada, which does not recognise the CHESSE system of holding securities or electronic transfer of legal title to Shares. Therefore to facilitate trading on ASX, the Company's securities will trade in the form of CDIs on ASX. CDIs are traded in a manner similar to Shares. The Company's securities will continue to trade on TSX-V as shares.

CDI holders cannot trade their CDIs on TSX-V without converting the CDIs into Shares, and Shareholders cannot trade their Shares on ASX without converting the Shares into CDIs.

## 6. DETAILS OF THE OFFER

CDIs will be held in uncertificated form and settled/transferred through CHESS. No share certificates will be issued to CDI holders. CDIs are units of beneficial ownership in foreign securities held by an Australian depository entity. The Company will use CHESS Depository Nominees Pty Ltd (**CDN**) as the depository entity for the Company's Shares. CDN is a subsidiary of ASX.

Each CDI represents one underlying share. The main difference between holding CDIs and shares is that CDI holders hold the beneficial ownership in the shares instead of legal title. CDN holds the legal title to the underlying shares. The shares underlying the CDIs will be registered in the name of CDN and will be held on behalf of and for the benefit of the CDI holder. CDIs will be CHESS-approved from the date of official quotation on ASX in accordance with the ASX Listing Rules and the ASTC Settlement Rules.

The rights attaching to Shares and CDIs are summarised below and in Section 15.

### 6.10 RISK FACTORS

Prospective investors in the Company should be aware that subscribing for securities the subject of this Prospectus involves a number of risks. These risks are set out in Section 13 of this Prospectus and investors are urged to consider those risks carefully (and if necessary, consult their professional adviser) before deciding whether to invest in the Company).

The risk factors set out in Section 13, and other general risks applicable to all investments in listed securities not specifically referred to, may in the future affect the value of the Shares. Accordingly, an investment in the Company should be considered speculative.

### 6.11 PRIVACY STATEMENT

If you complete an application for Shares, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASTC Settlement Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

### 6.12 FINANCIAL FORECASTS

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.



# 7. OVERVIEW OF THE COMPANY AND ITS PROJECTS

## 7.1 INTRODUCTION – CORPORATE INFORMATION

PMI Gold Corporation is a gold exploration company trading on the TSX-V (under the symbol PMV) and on the Frankfurt Stock Exchange (under the symbol A1C7LH).

The Company was incorporated in Vancouver, British Columbia on 31 March 1978 under the Business Corporations Act (British Columbia) as a public company limited by shares with registered number 173,196.

The Company is registered as a foreign company in Australia pursuant to the provisions of the Corporations Act. The Company's ARBN is 146 885 609.

The corporate structure showing the key entities in the Group is set out below:



PMI Gold is headquartered in Accra, Ghana and has two branch offices located in Vancouver and in Perth. The Company's CEO, an Executive Director, a Non-Executive Director and Corporate Secretary, and bookkeeping, compliance, legal and audit functions are all located in the Company's Vancouver office. An Executive Director, a Non-Executive Director and a General Manager of the Company reside in Accra, Ghana and two Non-Executive Directors (subject to ASX listing) and technical mining consultants reside in Western Australia.

The Company has two wholly owned subsidiaries: Adansi Gold Company (GH) Limited (**Adansi**) which holds all of the group's property interests with the exception of the Kubi mining leases; and Nevsun Resources (Ghana) Ltd. (**NRGL** or **Nevsun Resources**), a Barbados registered company that holds the two Kubi mining leases. NRGL is registered as a foreign company in Ghana. NRGL also holds a 100% interest in Kubi Gold Company Limited, a Ghana registered company which will ultimately hold the Kubi mining leases after official transfer from NRGL.

Adansi is headquartered in Accra, Ghana and is the administrative centre for all Ghanaian operations. Head office staff includes a full time expatriate Country Manager, local Office Manager, geologists, geophysicist, accounting, secretarial and support staff. Additional consultants, both expatriate and local, are employed as required at the various operational sites: Nkran exploration camp (Obotan); Dunkwa exploration camp (Kubi); and Sefwi exploration camp (Regional exploration properties). All sites have combined office, canteen and housing facilities with diesel generator backup power generators.

# 7. OVERVIEW OF THE COMPANY

## 7.2 NATURE OF BUSINESS

PMI Gold, formerly operating as PMI Ventures Ltd., commenced operations in Ghana in November 2002 by entering into an option agreement with a private Ghanaian corporation, Goknet Mining Company Limited of Accra (**Goknet**), on a series of prospecting licences it controlled on the Asankrangwa gold belt. A principal, founder and current director of Goknet, Douglas MacQuarrie, is the President and CEO of PMI Gold. Thomas Ennison is also a director of both the Company and Goknet.

Ghana is one of the world's leading gold producing regions. There are several advantages to operating in Ghana including that it has a stable democratic government based on a British model and is an English speaking country. Ghana's accessibility, infrastructure and support for exploration and mining, while not to first world standards is among the best in Africa. Due to Ghana's long mining history, qualified persons trained in mining, engineering, geophysics and geology are locally available.

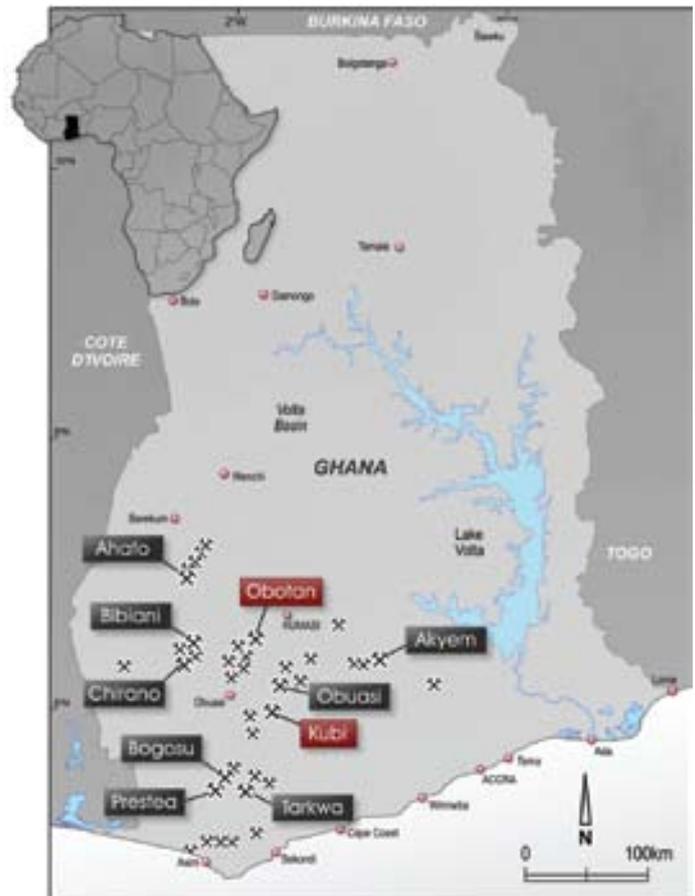
All mining property interests held by the Company are subject to a net smelter returns royalty (**NSR**) and a 10% carried net profits interest in right of the Government of Ghana. The current NSR royalty rate is 3%, however the Government of Ghana has announced its intention to raise the royalty up to 6% (although this has not yet been enacted in law).

There are three levels of mineral tenure in Ghana:

- a) *Reconnaissance Licenses* allow the holder to search for minerals using geophysical, geochemical and geological means. This does not necessarily include drilling and physical excavation, except where specifically allowed. A Reconnaissance License is granted for a period of 12 months and is renewable;
- b) *Prospecting Licenses* allow the holder to explore for minerals and determine their extent and economic value. This permit is granted for a period of 2 years and is generally renewable although the government may request a reduction (shed of 50%) of the permitted area. This permit allows for drilling, excavation and other activities. When the holder of a Prospecting License has determined an economically viable project through an completed a feasibility study, it applies to the Minister for a mining lease;
- c) *Mining Leases* are granted for a period of up to 30 years, usually for an area not exceeding 5,000 hectares and are renewable. An Environmental Impact Statement is required.

The Company and its subsidiaries' property interests are primarily held under prospecting licenses. The Afore Abirem and Adubea licenses are currently in the process of being upgraded to mining leases. The Kubi assets are held in two 20 year, renewable, mining leases, with approximately 18 years remaining.

PMI Gold has a strategy of acquiring former open pit gold producing mines in Ghana and exploring for additional surface mineable resources and high-grade gold deposits at depth, which could be amenable to new expanded open pit production and underground extraction. PMI Gold's President and CEO, Douglas MacQuarrie has been working in Ghana since 1993 and has been involved in the undertaking of various geological work in relation to PMI Gold's key tenements since 1998.



Ghana location map

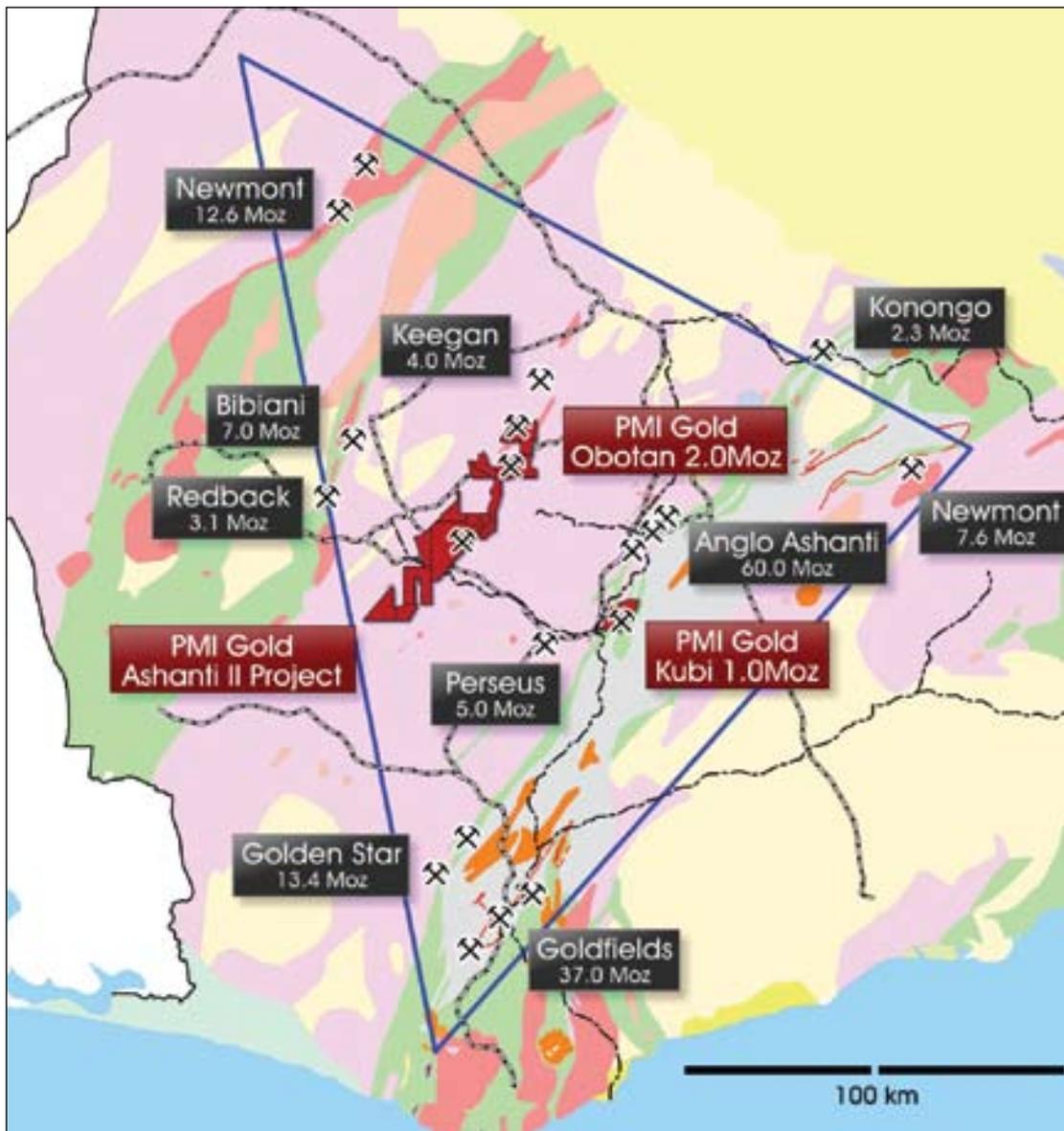
# 7. OVERVIEW OF THE COMPANY

## 7.3 REGIONAL SETTING

Ghana lies on the eastern margin of the Pre Cambrian Man Shield which forms part of the West African Craton. The regional geology is characterised by a series of Birimian age NE-SW trending linear metavolcanic belts and intervening metasedimentary basins overlain by younger Tarkwaian age sediments. Major Proterozoic age gold deposits are principally associated with the development of N-S and NE-SW structures, metamorphism and intrusion of post tectonic granitoids.

PMI Gold's Obotan and Kubi gold projects lie within Ghana's Golden Triangle, one of the world's great gold mining regions with pre-mining gold resources, estimated up to 186 million ounces.

The Obotan project comprises a dominant tenement position covering the major gold bearing structures cutting basin metasediments and granitoids belonging to the Asankrangwa belt. The Kubi project is located immediately south of AngloGold Ashanti's Obuasi mine mill complex (pre-mining resources of some 60 million ounces) within the parallel metavolcanic Ashanti belt some 40km to the east of Obotan. This belt is dominated by many multi-million ounce gold deposits.



Ghana's golden triangle; approximate historic production plus current resources

# 7. OVERVIEW OF THE COMPANY

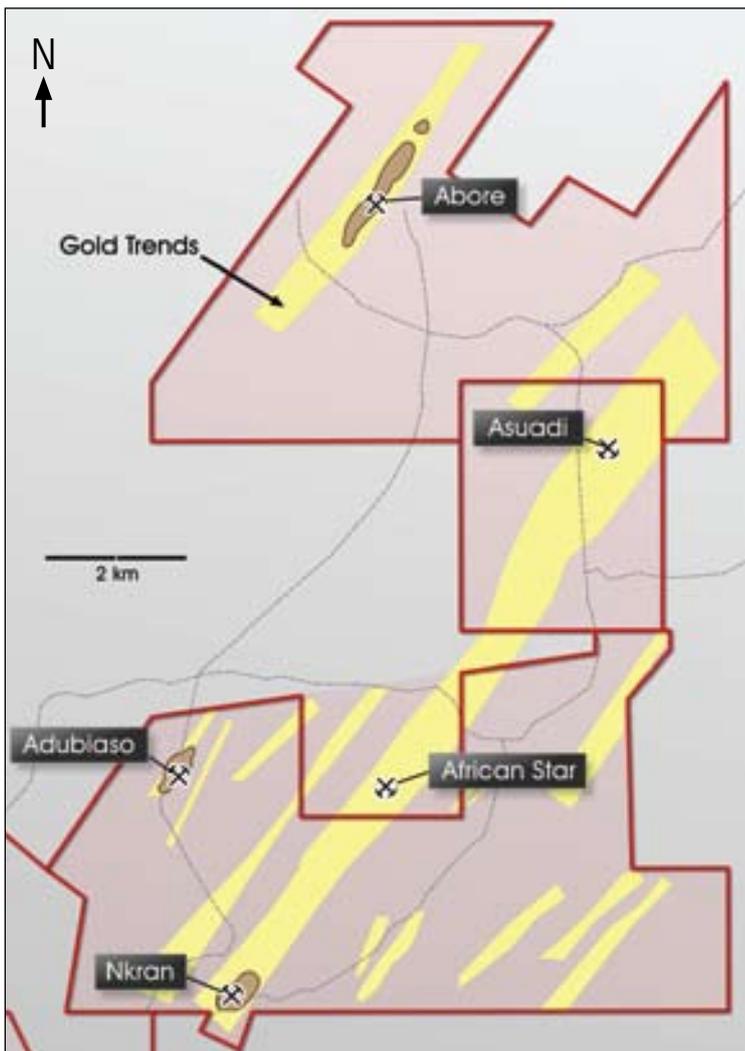
## 7.4 STRATEGIC OBJECTIVES

The Company's strategic objective is to become a gold producer, initially by mining at its Obotan and Kubi gold projects. To achieve this objective the Company is focussed in the near term (2011-2012), on the following:

- a) continued infill and extensional drilling on the Obotan Gold Project to delineate and evaluate the mineralisation further with a view to completing pre-feasibility study by December 2011 for reactivating a mining and processing operation which was formerly mined by a subsidiary of Resolute Mining Limited (see section 7)
- b) continued pre-feasibility engineering and exploration drilling at the Kubi Gold Project to identify additional resources with a view to completing a pre-feasibility study during 2011; and
- c) aggressively exploring the Company's extensive tenement holdings to locate new economic gold deposits along strike of Obotan and Kubi.

## 7.5 THE OBOTAN GOLD PROJECT

In late 2006, PMI Gold acquired Obotan by direct application to the Ghana Government. Prior to 2003, the property produced approximately 730,000 ounces of gold at a grade of circa 2.2 g/t primarily from the Nkran pit, with smaller contributions from the Abore and Adubiaso pits, before shutting down when the gold price was below US\$350.



Obotan Gold Project

## 7. OVERVIEW OF THE COMPANY

The Obotan Project came into production for Resolute Amansie Pty Ltd, a subsidiary of Resolute Mining Limited (**Resolute**), an ASX listed gold mining company, in May 1997. The plant was designed and constructed by the Lycopodium Group of Western Australia. The capital cost was reported at approximately US\$32 million for an operation with an annual plant throughput of approximately 1.4 Mtpa and annual gold production of approximately 120,000 ounces. These costs included plant, infrastructure and pre-mining costs but excluded mining equipment, which was provided by a mining contractor. The plant was later expanded to approximately 1.8 Mtpa.

A total of approximately 591,000 ounces of gold were produced from the Nkran pit, and a further approximately 139,000 ounces from the smaller satellite pits for a total of approximately 730,000 ounces at a recovered grade of approximately 2.2 g/t.

Mining ceased in December 2002, when gold prices were much lower than today.

Deep drilling by Resolute at Nkran indicated that the gold mineralisation continued down plunge. Several assessments were made on the economics of an underground mine, all of which required a higher gold price (approximately US\$350 per ounce).

The mill processing equipment was subsequently sold, disassembled and shipped off site. The property reclamation was completed, and the tenements returned to the Ghana Government in 2006.

Hellman and Schofield of Melbourne Australia have confirmed a maiden Mineral Resource estimate, reported in accordance with the JORC code, for five nearby gold deposits at Obotan (see table below). Of this resource estimate, circa 800,000 Indicated and Inferred ounces of gold occur beneath the former Nkran pit (at approximately 2,000 ounces per vertical metre). Please refer to the table below for specific details of this estimate. The remainder occur in the Abore, Adubiaso and Asuadi deposits. The Mineral Resource estimate was based on 1,642 holes for 146,085 metres drilled by Resolute and others, and included 70 confirmation and resource development diamond drill holes drilled by PMI Gold.

The technical parameters applied in the Mineral Resource estimate are presented in the Independent Geologist Report at Section 9 in this Prospectus. Current plans are to continue drilling with the objective of upgrading the current resources and to identify additional resources with a view to completing a pre-feasibility study for reactivating a mining and processing operation which was formerly mined by a subsidiary of Resolute Mining Limited with initial open pit production based on gold resources located within 300 metres of the surface.

PROJECT AREA	INDICATED			INFERRED			TOTAL		
	TONNES	AUG/T	OUNCES	TONNES	AUG/T	OUNCES	TONNES	AUG/T	OUNCES
Abore	1,020,000	1.51	49,000	2,235,000	1.4	98,000	3,254,000	1.4	147,000
Adubiaso	1,033,000	1.58	53,000	2,667,000	1.3	113,000	3,700,000	1.4	166,000
Asuadai	390,000	1.29	16,000	1,131,000	1.3	48,000	1,521,000	1.3	65,000
Nkran OC	539,000	1.58	27,000	5,946,000	2.0	385,000	6,485,000	2.0	412,000
Nkran UG	82,000	4.12	11,000	3,658,000	3.5	409,000	3,740,000	3.5	420,000
Total - All Areas	3,064,000	1.59	156,000	15,637,000	2.1	1,053,000	18,701,000	2.0	1,209,000

\* Hellman and Schofield, Perth, Resource estimate complies with JORC reporting guidelines. Nkran OC is for <250 metres below the natural surface; and Nkran UG > 250 metres below natural surface. All projects are reported at a 0.5g/t Au cut-off grade with exception of Nkran OC (Open Cut) which is reported at a 0.9g/t Au cut-off grade and Nkran UG (Underground) which is reported at a 1.5g/t Au off grade.

PMI Gold believes there is potential for an additional 1-2 million ounces above 3.0 g/t in extensions of the mineralisation below the Nkran pit, based on drilling by PMI Gold and on a series of 55 holes drilled by the former operator Resolute.

The Obotan gold deposits are located within lower Birimian meta-sediments which form part of the Asankrangwa – Manso Nkwanta gold belt, a +200 km long northeast trending structural corridor. In the northern part of this belt, mineralisation has been outlined at the Nkran, Abore, Adubiaso, Asuadi, and Fromenda deposits which are on tenements controlled by PMI Gold, and at the African Star deposit (small scale miner area reserved for Ghanaian nationals).

At Nkran, the open pit is approximately 850 metres in length along the northeast trending strike length of the deposit. At its widest point, the pit measures 450 metres across strike. The pit was mined to a final elevation of 4951 RL below a surface elevation of 5124 RL. Currently the pit is 2/3 filled with water.

The main rock types at Nkran consist of greywacke, phyllite, carbonaceous phyllite/schists and sandstone. The phyllites are generally thinly bedded while the greywacke is thickly bedded. At the northern end of the open pit, the sequence is intruded by a tonalitic body.

# 7. OVERVIEW OF THE COMPANY

The metamorphic grade appears to be lower greenschist facies and the depth of oxidation is typically from approximately 50 to 70 metres below the surface.

The gold mineralisation is associated with vein quartz within a shear zone. In the open pit, the shear zone is bounded by two mineralised vein sets known as the Eastern Vein and the Galamsey Vein. These two major vein sets are vertically continuous and bound the western and eastern margins of the intrusive tonalite at depth. Between the Eastern and Galamsey vein lodes, near the centre of the pit, quartz stockwork gold mineralisation is hosted within massive greywacke.

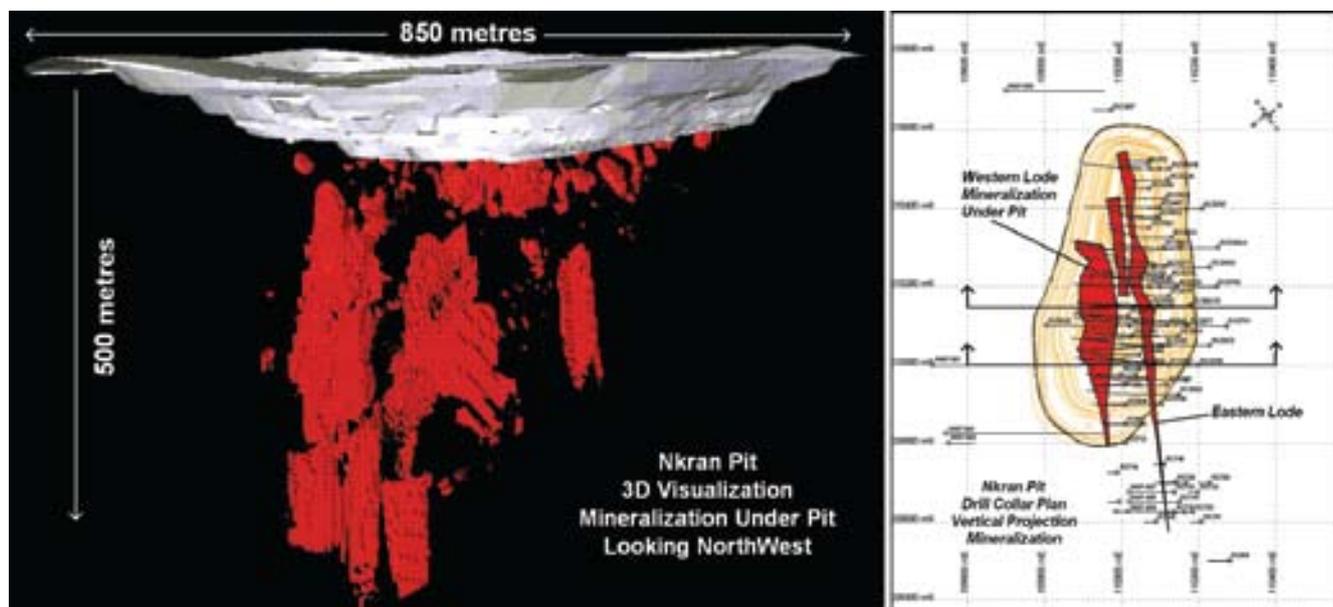
The Eastern vein consists of sheared black (carbonaceous) phyllite containing quartz lenses. The lenses contain free gold in laminated quartz and brecciated wallrock cemented by quartz albite. Within the open pit, it extends for 750 metres along the eastern margin of the intrusive tonalite and is open at depth. In the area where the Eastern vein merges with the central stockwork veins, the deposit is approximately 75 metres thick.

The mineralised zone is characterised by the presence of shallow to moderately dipping arrays of quartz veins and ankerite, chlorite, albite alteration and post-foliation arsenopyrite alteration in the primary zone. The gold grade appears to depend on the intensity of thin horizontal quartz veins crosscutting the greywacke meta-sediment.

The Galamsey vein consists of well laminated quartz and plunges steeply towards the south. It is an approximately 4-6m thick zone and has a strike length of approximately 400 metres in the pit along the western margin of the intrusive tonalite. The Galamsey vein commonly has higher gold grades than the eastern vein with visible gold commonly observed.

Higher gold grades in the ore zone are commonly associated with the following:

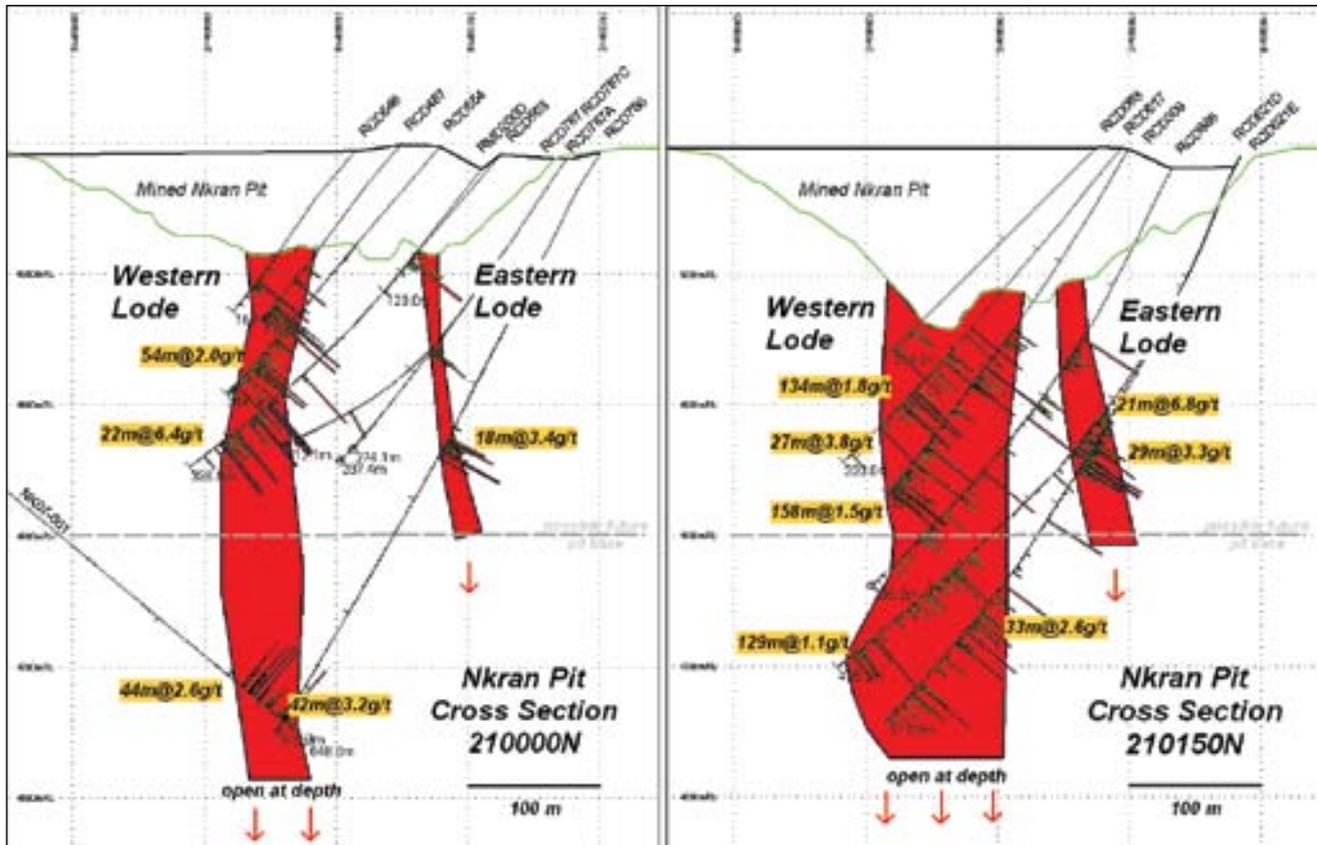
- a) laminated quartz veins;
- b) larger amounts of arsenopyrite;
- c) coarser grained arsenopyrite;
- d) intense ankerite alteration; and
- e) margins of quartz veins, rather than the interiors.



OPEN AT DEPTH

3D blockmodel of the Nkran Pit and Nkran depth extensions and a Plan map of Nkran Pit Collars and Vertical Projection of gold mineralisation

# 7. OVERVIEW OF THE COMPANY

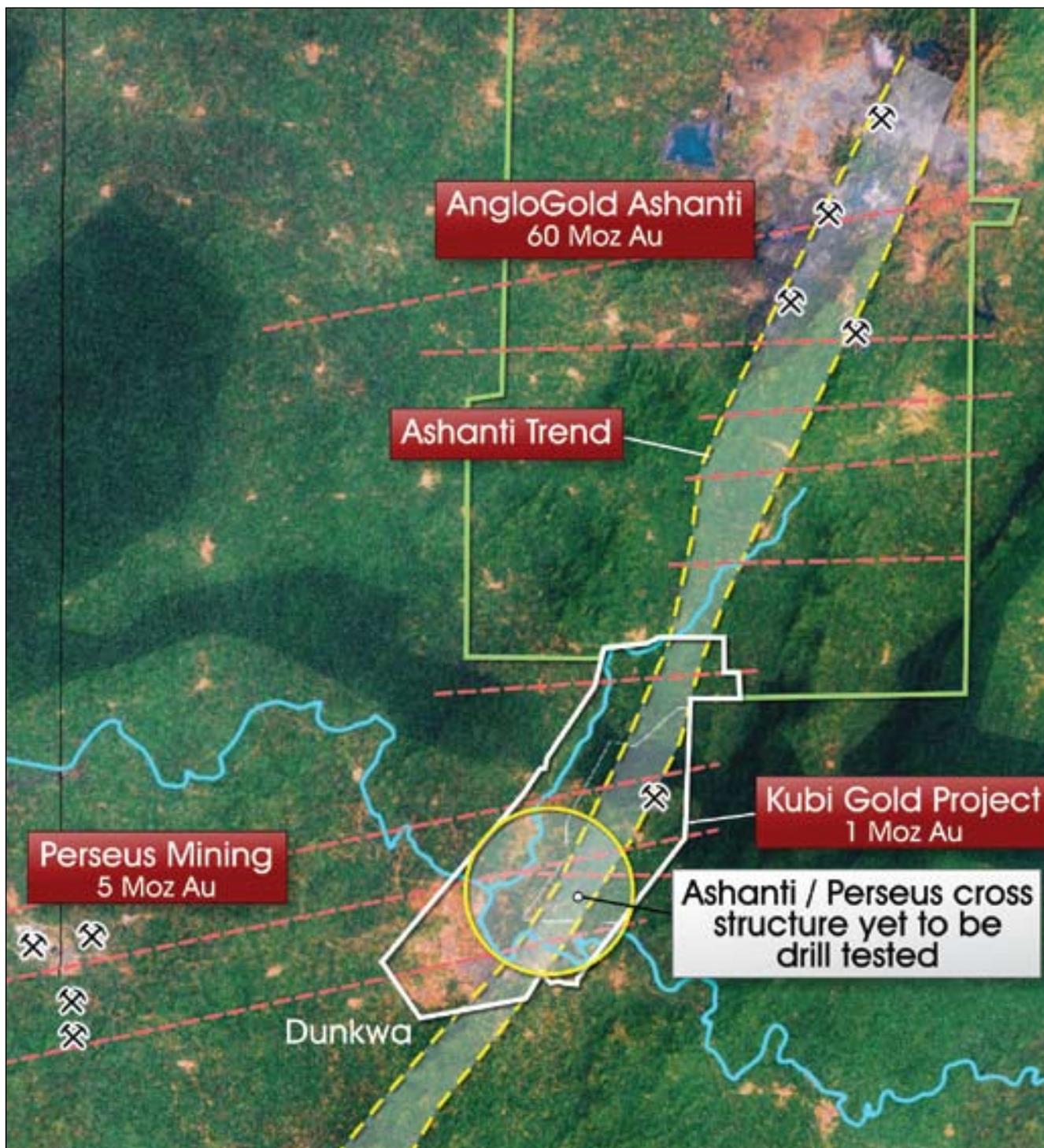


Nkran Pit Cross Sections 210,000N and 210,150N

## 7.6 THE KUBI GOLD PROJECT

The Kubi Gold Project is located immediately south of AngloGold Ashanti's Obuasi mine, the largest underground gold mine in West Africa.

## 7. OVERVIEW OF THE COMPANY



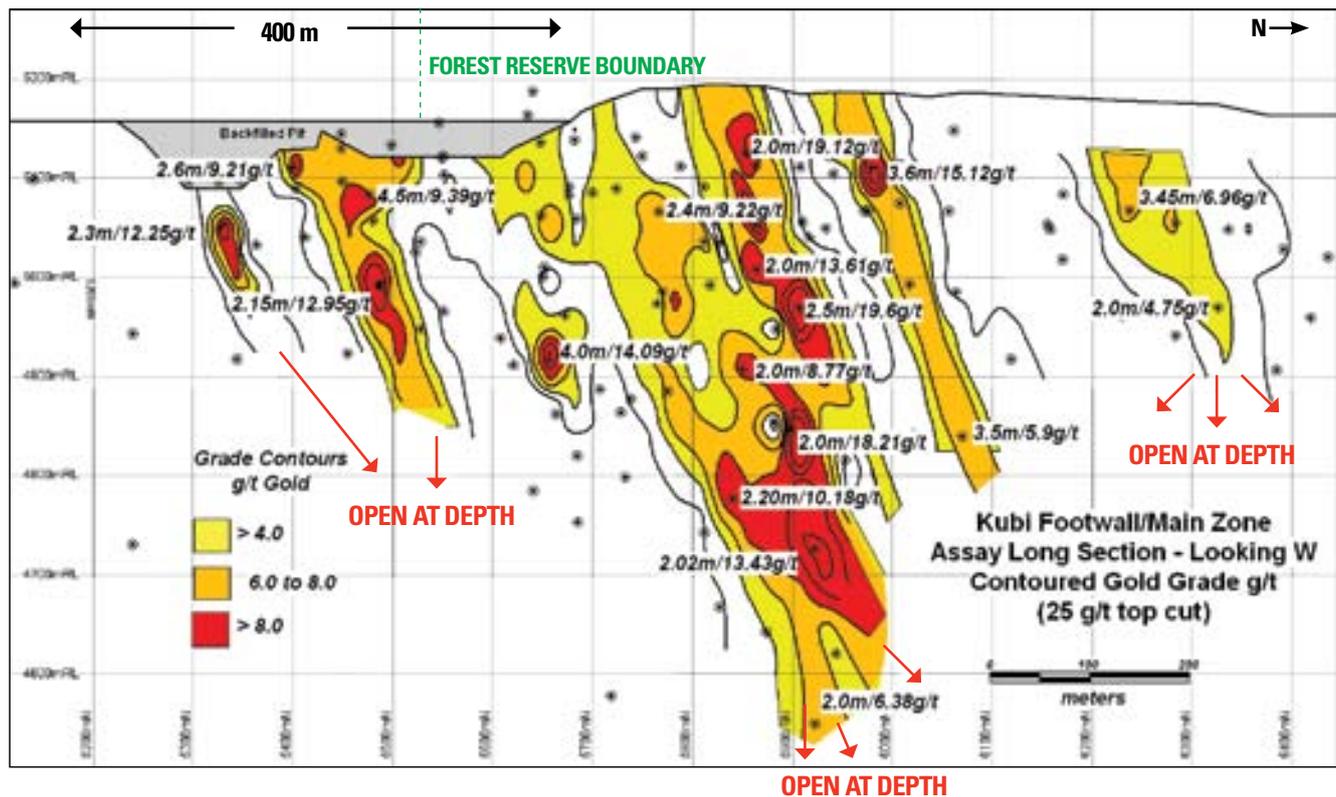
Location Map – Kubi Gold Project; Ashanti and Kubi Shear/Cross Structures; approximate historic production plus current resources

# 7. OVERVIEW OF THE COMPANY

The Kubi deposit was first developed by local artisanal miners, with 8 adits being driven in the 1920s. In 1988, BHP (now BHP Billiton) outlined strong gold anomalies near the old workings and completed a program of ground geophysics and drilling. Through the late 1990s, Nevsun Resources completed exploration totalling over \$20 million and defined gold mineralisation in a near vertical 1.0 to 15.0 metre thick gold, garnet, and sulfide rich horizon. Extensive drilling has defined the mineralised zone over a 1,800 metre strike length and to a maximum depth of 700 metres within a northeast trending shear zone at the contact between Birimian and Tarkwaian metasediments. Between 1999 and 2006 the property was leased to AngloGold Ashanti which mined the ore from two small open pits and trucked to its nearby Obuasi processing plant, recovering approximately 59,000 ounces of gold from surface oxide ore grading approximately 3.65 g/t gold. The Government of Ghana retains a 10% free carried interest and Royal Gold of Denver holds a 3% net-proceeds of production royalty interest.

At Kubi, Golder Associates Africa (Pty) Ltd (**Golder**) estimated a total Mineral Resource of 919,000 ounces of gold, consisting of an Indicated Mineral Resource of 604,000 ounces of gold in 5.13 million tonnes with a grade of 3.66 g/t gold and an Inferred Mineral Resource of 315,000 ounces of gold in 5.38 million tonnes with a grade of 1.88g/t gold.

Golder reported the Mineral Resources in accordance with the JORC code and reconciled that estimate to the CIMM code in a report prepared to comply with Canadian National Instrument N143-101. Golder also completed a Preliminary Assessment Study in May 2008, which recommended that PMI Gold proceed to a full feasibility for developing a 50,000 ounce per year mine and mill complex. Local infrastructure including town site, electrical power and roads are currently in place which would assist early mine development of Kubi.



Kubi – Long Section Gold Grade Contours, looking NW

## 7. OVERVIEW OF THE COMPANY

At Kubi a total of 237 diamond drill holes for 70,565 metres: 19 PMI holes for 2,142 metres; 229 RC holes for 19,274 metres; and 499 RAB holes for 14,296 metres have been completed.

The Kubi Main Deposit is approximately 1800 metres in strike length, has a strike of 020°, dips of 75-85° to the west and has an average true width of about 2.6 metres. The deposit plunges steeply to the north and is open at depth. The deposit is situated adjacent to the main Birimian – Tarkwaian contact. Mineralisation at the Kubi Main Zone has been noted in:

- a) Main Garnet Zone;
- b) Birimian – Tarkwaian contact; and
- c) Hangingwall and Footwall Shears.

The Garnet Zone constitutes approximately 85% of the Kubi Main Resource. It is a distinct, laterally persistent unit located within the major boundary shear zone and is characterised by dense garnet (to 20%) and amphibole development, pyrrhotite and free gold within quartz veins. Gold mineralised garnet zone equivalents have been intersected in boreholes drilled at Kubi South, and at the 513 Zone discovery, up to a few kilometres to the south and south west respectively.

Gold occurs in native form and is hosted within quartz veins and microfractures in the host sulphides or alteration minerals and is free milling and non-refractory. Previous metallurgical tests had recoveries of more than 85%. Additional metallurgical tests are currently underway. PMI Gold believes that there is significant potential to optimise recoveries.

Future work by PMI Gold will comprise a total re-evaluation of previous work and investigate options for integrating potential Kubi production as a satellite mine to Obotan. As part of this process PMI Gold will undertake work recommended in order to increase the confidence levels in the project.



Nkran Pit 2005

# 7. OVERVIEW OF THE COMPANY

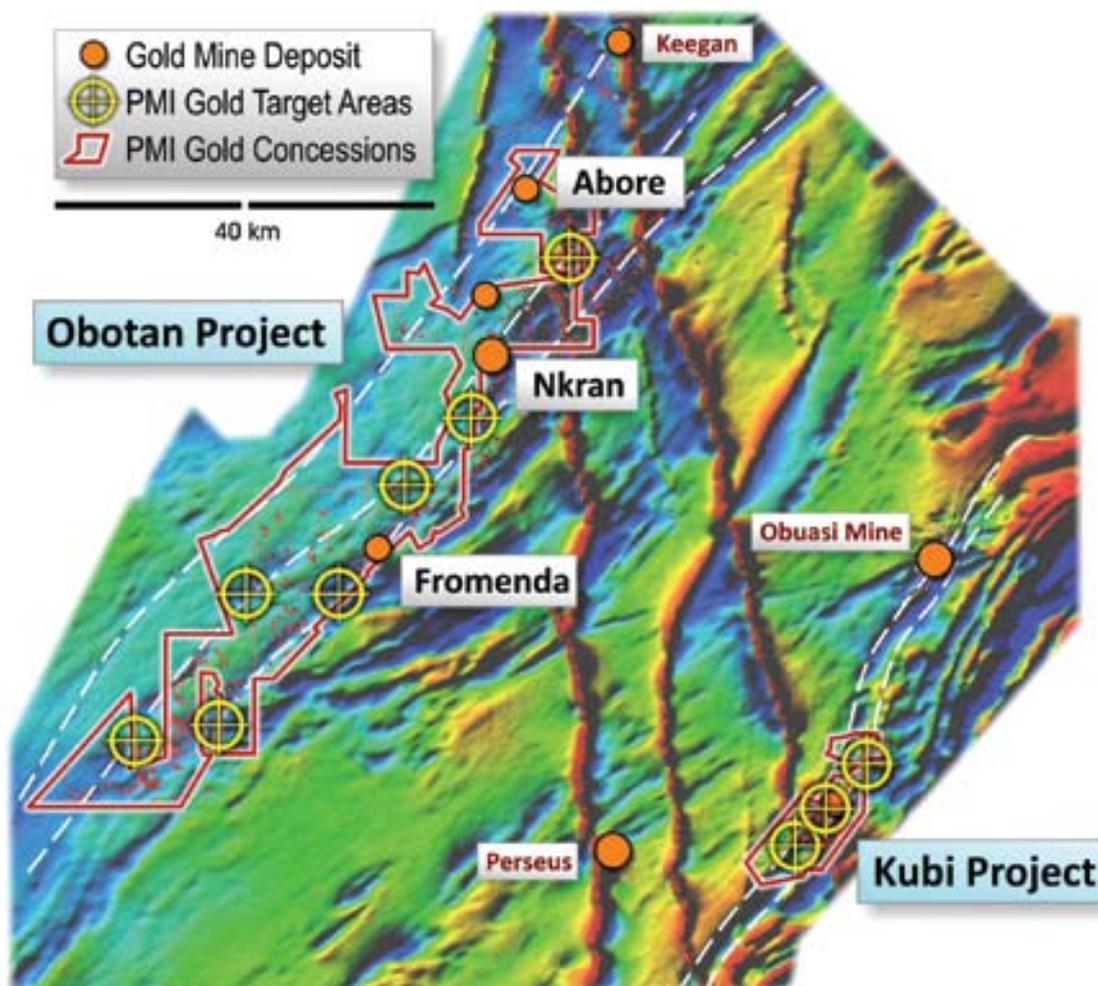
## 7.7 REGIONAL EXPLORATION POTENTIAL FOR NEW GOLD DISCOVERIES

The majority of the funds raised from the Offer are for the purpose of funding resource drilling of the Obotan and Kubi deposits to progress them through feasibility studies to development decisions, and to fund an aggressive regional exploration program.

Regional exploration on the Company's extensive tenement holdings will be escalated in 2011 to evaluate the potential of the tenements for additional discoveries that could positively impact on the development decisions regarding putting both the Obotan and Kubi gold projects back into production. Numerous historical occurrences and previous "discovery" drill intersections of gold mineralisation, ground geochemical data, as well as conceptual structural targets interpreted from recent high resolution airborne surveys will be used for targeting.

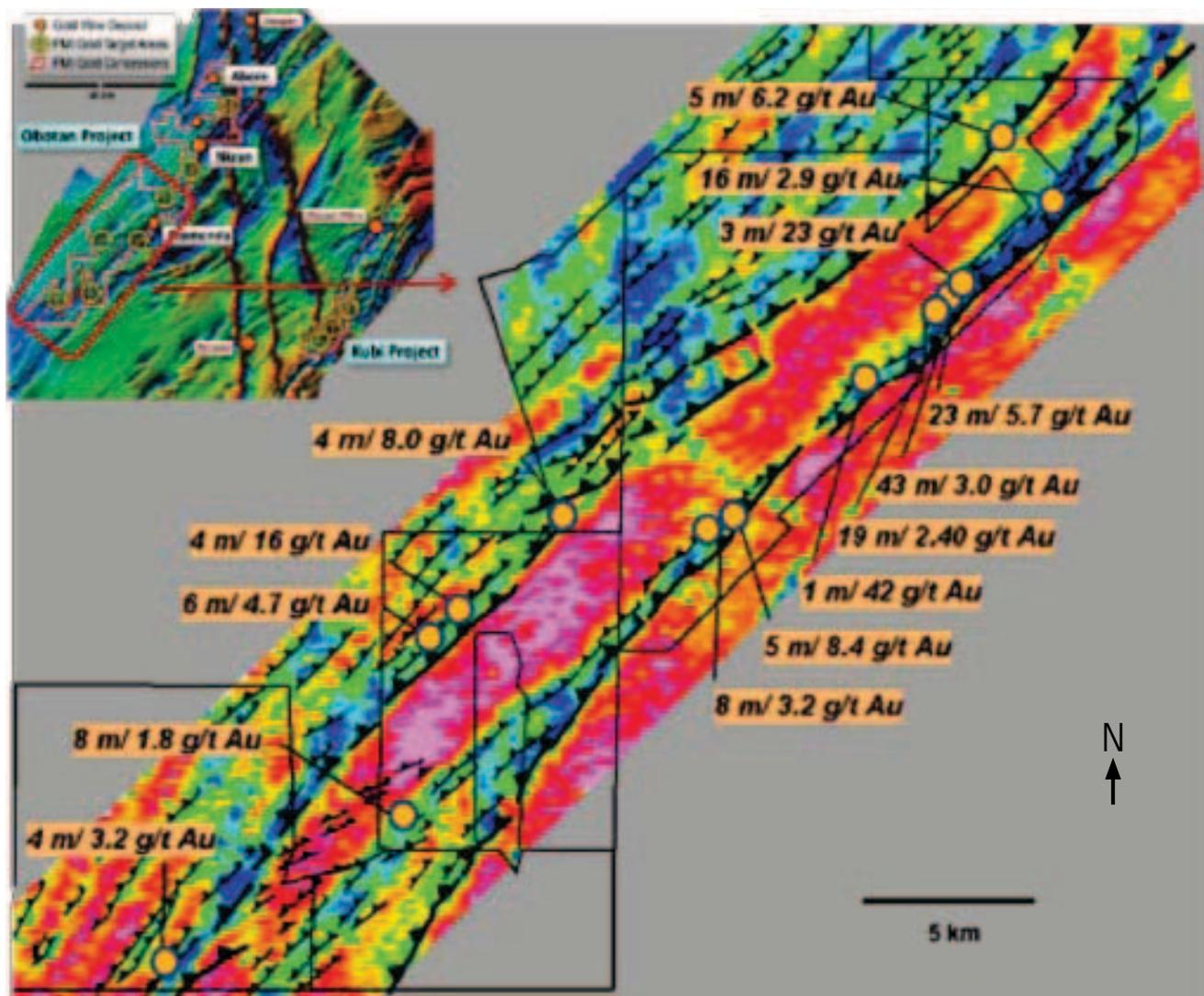
At Obotan, the tenements cover a 70km strike length, of major structural features, and have, with the exception of the currently outlined mineralisation, only been superficially explored with limited drilling to shallow depths. Widespread artisanal mining activities however confirm the potential for additional discoveries.

At Kubi, only 9 km of 25 km of Ashanti and Kubi shear zones have been effectively drill tested. The Company will initially focus on the intersection of the Ashanti/Kubi shear zone with the interpreted 'Perseus' cross structures – in particular in the area of the Dunkwa alluvial gold occurrences.



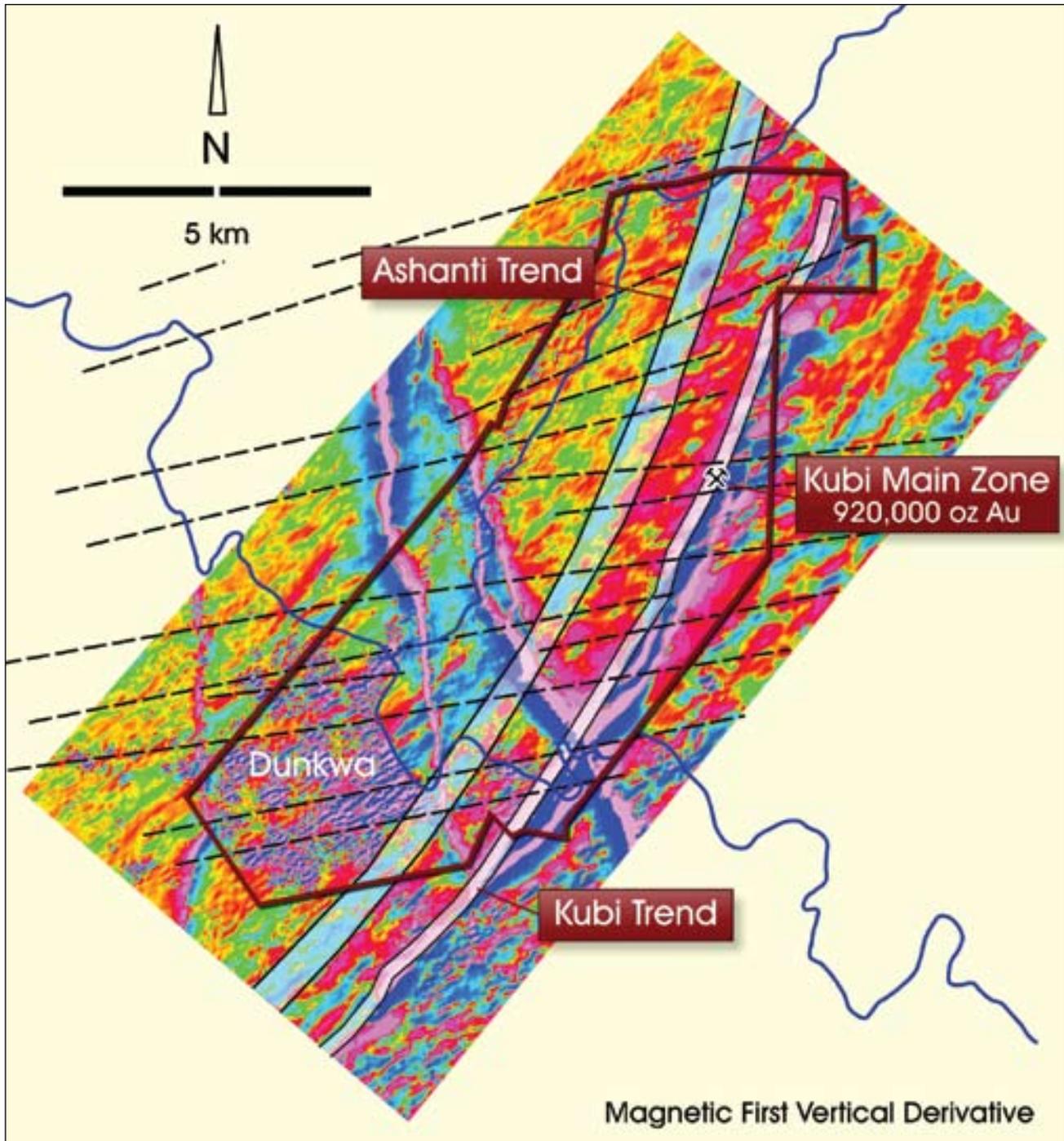
Regional Targets and Defined Resources, on Airborne Magnetics (Courtesy Aerodat)

# 7. OVERVIEW OF THE COMPANY



Southern Part of Regional Exploration Targets – Best Drill Intersections, on Fugro Resistivity Colour Image

## 7. OVERVIEW OF THE COMPANY



Trace of Ashanti and Kubi Shear Zones/Cross structures on 1st Vertical derivative Magnetic map (New Resolution Geophysics (NRG))

The exploration programs of the Company may need to be modified depending on several variables including progress and results of its exploration activities and changes in the Company's strategy and objectives. Expenditure may be reallocated amongst existing or new projects in accordance with exploration priorities.

The Mining Consultant has stated that the programs and budgets proposed for the projects are appropriate (see Section 9 for the Independent Geologist's Report). It is not possible to determine the outcome accurately of exploration and considerable variation to the proposed exploration programs and budgets may be required as new data becomes available.

# 8. DIRECTORS AND MANAGEMENT

## 8.1 THE COMPANY'S BOARD MEMBERS AND SENIOR MANAGEMENT

### Mr Peter Buck M.Sc (Geology)

#### NON EXECUTIVE CHAIRMAN (APPOINTMENT SUBJECT TO ASX LISTING)

Mr Buck is a geologist with 35 years of international exploration and production experience, principally in nickel, base metals and gold. During his career he has been associated with the discovery and development of a number of mineral deposits in Australia and Brazil.

Mr Buck worked with WMC Resources for 23 years in a variety of senior exploration and production roles both in Australia and Brazil before joining Forrester Gold Limited as Exploration Manager in 1994. Forrester Gold Limited was subsequently acquired by LionOre Mining International Limited (**LionOre**) with whom he was the Director of Exploration & Geology until mid-2006. Mr Buck managed the highly successful exploration team that delineated the Maggie Hays nickel deposit and discovered the Emily Ann, Waterloo and Amoral nickel deposits and the two million ounce Thunderbox gold deposit in Western Australia. Mr Buck played a key senior management role in progressing these deposits through feasibility studies to production. Mr Buck also played key senior advisory roles in indigenous relations in Australia and in LionOre African operations and new business development. During this period Mr Buck was also a Non-Executive Director with Gallery Resources Limited and Breakaway Resources Limited (**Breakaway**).

In 2006, Mr Buck played a key role in managing the divestment of a large portion of LionOre's nickel exploration portfolio into Breakaway Resources. Following this transaction, Mr Buck became the Managing Director and Chief Executive Officer of Breakaway and led the team that discovered extensions to a series of nickel and base deposits in WA and Queensland. In 2009, Mr Buck left Breakaway to pursue other professional and personal interests.

Mr Buck is currently Vice President of The Association of Mining and Exploration Companies (**AMEC**) and a Board Member of the Centre for Exploration Targeting established at the University of Western Australia and Curtin University.

Mr Buck's appointment to the Board is conditional upon completion of the Offer and the Company being admitted to the Official List.

### Mr Douglas MacQuarrie B.Sc., P.Geo Association of Professional Engineers and Geoscientists of British Columbia

#### PRESIDENT AND CHIEF EXECUTIVE OFFICER

Mr. MacQuarrie is a geologist/geophysicist specialising in gold exploration. He received a combined Honours degree in Geology and Geophysics from the University of British Columbia in 1975. Since that time, Mr MacQuarrie has worked continuously in mineral exploration, and in the last 17 years his work has focussed on exploring new gold deposits in West Africa with a focus on Ghana. He also has extensive public company experience and has been involved in the discovery of several significant gold deposits, including the ABO deposit in British Columbia, and the Adansi Asassi and Fromenda deposits in Ghana. Mr MacQuarrie is a director of the Company (and its wholly owned subsidiaries), and of Goknet and Switchback Mining Company Limited (**Switchback**).

### Mr Thomas Ennison LLM Harvard, LLB (Honours) Hull

#### EXECUTIVE DIRECTOR

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

## 8. DIRECTORS AND MANAGEMENT

### Dr. John Clarke MBA, Ph.D (Metallurgy)

#### EXECUTIVE DIRECTOR

Dr. Clarke brings considerable experience in mineral exploration, corporate acquisition and development in the gold mining sector in Africa. Dr. Clarke has held roles as Vice-Chairman and CEO of Nevsun Resources and, prior to joining Nevsun, he was Executive Director of Ashanti Goldfields Company Limited of Ghana responsible for strategic planning and business development. Dr. Clarke holds a B.Sc. in metallurgy from University College Cardiff, a Ph.D. in metallurgy from Cambridge University and an MBA from the University of Middlesex. He joined Ashanti in 1982 and contributed to establishing Ashanti's gold exploration program throughout sub-Saharan Africa. Dr. Clarke is currently a Director of Banro Corporation, Mediterranean Resources Ltd and Great Quest Metals Ltd.

### Mr Ross Ashton B.Sc (Geol), M.A.I.M.M.

#### NON-EXECUTIVE DIRECTOR (APPOINTMENT SUBJECT TO ASX LISTING)

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 (**Red Back**), 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 Chief Executive Officer, management and board. In 2005, Mr Ashton resigned as Red Back Chair. In September 2010 Red Back, as a greater than 340,000 ounce per annum gold producer, was the subject of a merger with Kinross Gold Corporation which valued the Company at US\$7.1B.

Mr Ashton is a Non-Executive Director of Brockman Resources Limited, an ASX listed iron ore explorer/developer with a market cap of approximately \$500 million.

Mr Ashton's appointment to the Board is conditional upon completion of the Offer and the Company being admitted to the Official List.

### Honourable J.H Mensah – Economist

#### NON-EXECUTIVE DIRECTOR

Hon. Mr. Mensah is the former Chairman of the National Development Planning Commission of Ghana, an advisory board that reports directly to the President of Ghana and to Parliament. He is also the former Member of Parliament for the riding of Sunyani East.

Trained as an Economist, Hon. 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. Hon. Mr. Mensah also recently retired as an Independent Director of AngloGold Ashanti Limited.

### Mr Len Dennis Business Certificate, Douglas College

#### NON-EXECUTIVE DIRECTOR (TO RETIRE UPON ASX LISTING)

Mr. Dennis holds the position of Manager, Aircraft Lease Agreements & Contracts at CHC Global Operations and has been with CHC since 1975. Mr. Dennis has also served as a senior officer and director to several resource based public companies since 1989. Duties have included corporate restructuring, financing and investor relations.

### Mr Philip Gibbs B.Compt, MBA, CMA

#### CHIEF FINANCIAL OFFICER

Mr. Gibbs is a Chartered Management Accountant and has extensive financial management experience in large corporate environments in the manufacturing and retail sectors, both in North America and in Africa.

Mr. Gibbs has provided long term planning and strategic analysis capabilities in those industries, including a focus on maximising their operational efficiency and capital resources. His experience in systems implementations and development of cost control and management information systems will provide a significant contribution in the growth of PMI Gold.

# 8. DIRECTORS AND MANAGEMENT

## 8.2 CORPORATE GOVERNANCE

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

- a) drive Shareholder value;
- b) assure a prudential and ethical base to the Company's conduct and activities; and
- c) ensure compliance with the Company's legal and regulatory obligations.

Consistent with these goals, the Board assumes the following primary responsibilities:

- a) formulation and approval of the strategic direction, objectives and goals of the Company;
- b) monitoring the financial performance of the Company, including approval of the Company's financial statements;
- c) ensuring that adequate internal control systems and procedures exist and that compliance with these systems and procedures is maintained;
- d) the identification of significant business risks and ensuring that such risks are adequately managed;
- e) the review of performance and remuneration of Executive Directors; and
- f) the establishment and maintenance of appropriate ethical standards.

Subject to the exceptions outlined below, the Company has adopted the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations. 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.

NO.	RECOMMENDATION	DEPARTURE & EXPLANATION FOR DEPARTURE
1.1	Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.	The Board is responsible for corporate governance and for determining the strategic direction of the Company. Management is responsible for executing strategy and for day-to-day operations. The Board's responsibilities are disclosed in this prospectus (refer to Section 8.2).
1.2	Companies should disclose the process for evaluating the performance of senior executives.	The Board expects senior executives to act with the utmost integrity and objectivity in their business dealings.  At this stage the Board has informal procedures in place for evaluating the performance of senior executives. However, as the Company's activities develop in size, nature and scope, the implementation of additional corporate governance structures will be given further consideration.
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1 in their Annual Report.	N/A
2.1	A majority of the Board should be independent Directors.	Currently the Board comprises 2 independent Directors and 3 non-independent Directors. Upon being admitted to the Official List, the Board will comprise 3 independent and 3 non-independent Directors. The Board considers that the Company is not currently of a size, nor are its affairs of such complexity, to justify the expense of an appointment of a majority of independent directors. However, the Board believes that each of the Directors can make, and do make, quality and independent judgements in the best interests of the Company.  Any Director who has a conflict of interest in relation to a particular item of business must declare their conflict and abstain from voting or participating in Board deliberations to which a conflict of interest relates.

## 8. DIRECTORS AND MANAGEMENT

NO.	RECOMMENDATION	DEPARTURE & EXPLANATION FOR DEPARTURE
2.2	The Chair should be an independent Director.	The Company does not currently have a Chairman. However, the Company will appoint one upon the Company being admitted to the Official List.
2.3	The roles of Chair and Chief Executive Officer should not be exercised by the same individual.	The Company does not currently have a Chairman. However, the Company will appoint one upon the Company being admitted to the Official List.
2.4	The Board should establish a nomination committee.	The Board does not at present have a nomination committee. The Board considers that the Company is not currently of a size, nor are its affairs of such complexity, to justify the expense of a nomination committee. However, as the Company's activities develop in size, nature and scope, the implementation of additional corporate governance structures will be given further consideration.
2.5	Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors.	The Board has an informal process for evaluating the performance of the Board, its committees and individual Directors. The Board considers that the Company is not currently of a size, nor are its affairs of such complexity, to require a formal process for evaluating the performance of the Board, its committee and individual Directors. However, as the Company's activities develop in size, nature and scope, the implementation of additional corporate governance structures will be given further consideration.
2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2 in their Annual Report.	N/A
3.1	<p>Companies should establish a code of conduct and disclose the code or a summary of the code as to:</p> <ul style="list-style-type: none"> <li>• the practices necessary to maintain confidence in the company's integrity;</li> <li>• the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and</li> <li>• the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.</li> </ul>	<p>The Board does not at present comply with recommendation 3.1 of the ASX Corporate Governance Principles and Recommendations. However, the Board intends to maintain a reputation for integrity and the Company's Officers, employees and consultants are required to act in accordance with the law and with the highest ethical standards while engaged by the Company.</p> <p>As the Company's activities develop in size, nature and scope, the implementation of additional corporate governance structures will be given further consideration.</p>
3.2	Companies should establish a policy concerning trading in company securities by Directors, senior executives and employees, and disclose the policy or a summary of that policy.	<p>The Board does not at present have a policy concerning trading in Company securities by Directors, senior executives and employees. However, Directors and insiders are bound by the TSX Venture Exchange policy regarding insider trading.</p> <p>The Board considers that the Company is not currently of a size, nor are its affairs of such complexity, to require a formal policy in this regard. However, as the Company's activities develop in size, nature and scope, the implementation of additional corporate governance structures will be given further consideration.</p>
3.3	Companies should provide the information indicated in the Guide to reporting on Principle 3 in their Annual Report.	N/A

## 8. DIRECTORS AND MANAGEMENT

NO.	RECOMMENDATION	DEPARTURE & EXPLANATION FOR DEPARTURE
4.1	The Board should establish an audit committee	The Board has established an audit committee.
4.2	The audit committee should be structured so that it: <ul style="list-style-type: none"> <li>• consists only of Non-Executive Directors;</li> <li>• consists of a majority of independent Directors;</li> <li>• is chaired by an independent Chair, who is not chair of the Board; and</li> <li>• has at least three members.</li> </ul>	<p>The audit committee comprises Len Dennis, JH Mensah and Douglas MacQuarrie.</p> <p>The audit committee:</p> <ul style="list-style-type: none"> <li>• consists of a majority of independent Directors;</li> <li>• is chaired by an independent chair, who is not the Chair of the Board; and</li> <li>• does have at least three members.</li> </ul> <p>The audit committee does not consist only of Non-Executive Directors. Therefore the Company has not complied with each of the requirements of recommendation 4.2 of the ASX Corporate Governance Principles and Recommendations.</p> <p>Given the relevant skills and experience of the audit committee, the Board believes the structure and process to be adequate. The Board will monitor the composition of the audit committee and the roles and responsibilities of the members to ensure they are appropriate.</p>
4.3	The audit committee should have a formal charter.	<p>The Board does not at present have a formal charter for its audit committee.</p> <p>The Board considers that the Company is not currently of a size, nor are its affairs of such complexity, to require a formal charter. However, as the Company's activities develop in size, nature and scope, the implementation of additional corporate governance structures will be given further consideration.</p>
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4 in their Annual Report.	N/A
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.	The Board will ensure that all price sensitive information is disclosed to ASX in accordance with the continuous disclosure requirements of the Corporations Act and the ASX Listing Rules. The Company has no written policies to publicly disclose and therefore has not complied with recommendation 5.1 of the ASX Corporation Governance Principles and Recommendations. However, given the size and nature of the Company, the Board does not consider public disclosure policies to be necessary. The Board takes ultimate responsibility for these matters.
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5 in their Annual Report.	N/A

## 8. DIRECTORS AND MANAGEMENT

NO.	RECOMMENDATION	DEPARTURE & EXPLANATION FOR DEPARTURE
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.	<p>The Board has not complied with recommendation 6.1 of the ASX Corporate Governance Principles and Recommendations. However, the Company places a high priority on communication with Shareholders and is aware of the obligations it will have, once listed, under the Corporations Act and the Listing Rules to keep the market fully informed of information which is not generally available and which may have a material effect on the price or value of the Company's securities.</p> <p>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 and will be communicated to Shareholders through:</p> <ul style="list-style-type: none"> <li>• annual, half-yearly and quarterly financial reports;</li> <li>• annual and other general meetings convened for Shareholder review and approval of Board proposals;</li> <li>• continuous disclosure to material changes to ASX for open access to the public; and</li> <li>• the Company's website, <a href="http://www.pmigoldcorp.com">www.pmigoldcorp.com</a>, where all announcements, notices and financial reports are published.</li> </ul>
6.2	Companies should provide the information indicated in the Guide to reporting on Principle in their Annual Report.	N/A
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	<p>The Board monitors and if necessary, receives advice on, areas of operational and financial risk and considers strategies for appropriate risk management arrangements.</p> <p>The Board has also established an audit committee which addresses the risk of the Company.</p> <p>The Board will minimise risk by reviewing and monitoring the parameters under which risk will be managed, and reviewing Management accounts at Board meetings;</p> <p>The Board has not publicly disclosed a policy for the oversight and management of material business risks and therefore has not complied with recommendation 7.1 of the ASX Corporate Governance Principles and Recommendations. The Board takes ultimate responsibility for these matters and does not consider the disclosure of a risk management policy to be appropriate at this stage.</p>
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.	<p>Please refer to explanation in relation to recommendation 7.1 of the ASX Corporate Governance Principles and Recommendations.</p> <p>The Board monitors and if necessary receives advice on areas of operational and financial risk, and considers strategies for appropriate risk management arrangements.</p>

## 8. DIRECTORS AND MANAGEMENT

NO.	RECOMMENDATION	DEPARTURE & EXPLANATION FOR DEPARTURE
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.	The Board intends to comply with recommendation 7.3 of the ASX Corporate Governance Principles and Recommendations.
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7 in their Annual Report.	N/A
8.1	The Board should establish a remuneration committee.	A remuneration committee has not been established. The Board considers that the Company is not currently of a size, nor are its affairs of such complexity, to justify the formation of a remuneration committee.  The Board as a whole is responsible for the remuneration arrangements for Directors and executives of the Company and sets aside time each year to address matters that would ordinarily fall to a remuneration committee. The Company has adopted corporate governance policies common with other public listed companies of similar size and business.
8.2	Companies should clearly distinguish the structure of Non-Executive Directors' remuneration from that of Executive Directors and senior executives.	This information has been disclosed in this Prospectus (refer to Section 15.7).
8.3	Companies should provide the information indicated in the Guide to reporting on Principle 8 in their Annual Report.	N/A



# 9. INDEPENDENT GEOLOGIST'S REPORT OBOTAN AND KUBI PROJECTS, GHANA WEST AFRICA

Prepared for PMI Gold Corporation by

**HELLMAN & SCHOFIELD PTY. LTD**

**(AUTHOR: R SPIERS, B SC (HONS) MAIG)**

The contents of this report are confidential and proprietary. The report may not be released to any third party without the written consent of both Hellman & Schofield and PMI Gold Corporation

November 2010

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# 9. INDEPENDENT GEOLOGIST'S REPORT

5 November 2010

## The Directors

PMI Gold Corporation  
Suite 511- 475 Howe Street  
Vancouver, B.C., Canada, V6C2B3

**Tel:** +16046828089  
**Fax:** +16046828094  
**Mobile:** +1 604 710 8442

Dear Sirs,

## **INDEPENDENT GEOLOGIST'S REPORT ON THE OBOTAN, KUBI AND REGIONAL PROJECTS**

By way of letter dated the second of November 2009, Hellman & Schofield Pty Ltd ("H&S") has been commissioned by PMI Gold Corporation ("PMI") to provide an Independent Geologist's Report on the exploration projects that are the subject of PMI's Prospectus to be dated on or about 5 November 2010.

The objective of the report is to present for each project, a geological description, an outline of previous exploration work, and an opinion on PMI's proposed exploration programmes for the first two years of operations. The properties are exploration status and advance development projects with currently defined Mineral Resources. H&S was requested to undertake Mineral Resource Estimates for the Obotan projects only.

This report has been compiled based on information provided by the title holders along with technical reports by consultants, previous tenement holders and other relevant published and unpublished data for the areas. Regarding this information, H&S has endeavoured by making all reasonable enquiries, to confirm the authenticity, accuracy and completeness of the technical data upon which this report is based.

H&S has based its review on information provided by PMI, technical reports by previous tenement holders and site visits to both properties. Information provided by PMI has been verified by reference to publicly available reports. H&S has based its findings upon information known to us as at June 23rd 2010, and believes that all material information in the possession of PMI has been fully disclosed to H&S. A listing of documents referenced is provided at the end of the report. PMI has stated that none of the information provided is regarded as confidential and has given permission for inclusion in the report.

PMI has agreed to indemnify H&S from any liability arising from its reliance upon information provided or from information not provided. A draft version of the report was provided to the directors of PMI for comment in respect of omission and factual accuracy.

H&S has prepared this report on the understanding that all granted tenements within the project areas are currently in good standing and that there is no cause to doubt the eventual granting of any tenement renewal or extension. H&S has not attempted to establish the legal status of tenements within each project area with respect to potential environmental and access restrictions. H&S has not independently verified ownership and current standing of the tenements and is not qualified to make legal representations in this regard. It is our understanding that the current ownership status and standing of the tenements is dealt with in a separate Solicitors Report within this Prospectus.

The project areas have been subjected to varying degrees of mineral exploration through to the advanced mining stage, which has included identification of some advanced exploration areas, allowing PMI to plan appropriate exploration activities. The exploration programmes proposed by PMI are consistent with PMI's exploration objectives and are appropriate for investigating the mineral prospectivity of each project area as identified by previous exploration activities. The project areas are subject to the risk inherent in exploration and development projects, and as such there can be no assurance that future exploration will confirm the presence of mineralisation, or that any mineralisation identified will prove to be economic to mine.

# 9. INDEPENDENT GEOLOGIST'S REPORT

The Independent Geologist's Report has been prepared in accordance with the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Export Reports ("The VALMIN Code"), which is binding upon members of the Australian Institute of Mining and Metallurgy and Australian Institute of Geoscientists and applies to all relevant reports issued from 2005. During 2009, PMI engaged H&S to undertake an investigation with the end result being Mineral Resource Estimates in relation to Obotan projects consistent with the JORC guidelines and JORC compliant reporting and in-line with NI43-101 reporting requirements. The classification of resources in relation to the Company's Obotan projects in this report are consistent with the Australasian Guidelines and Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (Revised December 2007).

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves in relation to the Company's Obotan projects is based on information compiled by Rob Spiers, who is a Member of the Australian Institute of Geoscientists. Rob Spiers is employed by H&S. Rob Spiers has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Rob Spiers consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Pursuant to the acquisition of Nevsun Resources (Ghana) Ltd (NRGL) by PMI in 2007, PMI contracted Golder Associates Africa (Pty) Ltd (**Golder Associates**) (Farrow, 2007) to prepare an updated independent assessment of the insitu resources at the Company's Kubi Main Zone deposit. Mineral Resources and Ore Reserves were reported in compliance with the JORC Code and reconciled to the CIMM Code:

In this report, statements by, or statements based on statements by Golder Associates are based on statements in these reports.

In relation to the Company's Kubi projects, this report has been compiled based on information provided by the title holders along with technical reports by consultants, previous tenement holders and other relevant published and unpublished data for the areas. Regarding this information, Douglas MacQuarrie has endeavoured by making all reasonable enquiries, to confirm the authenticity, accuracy and completeness of the technical data upon which this report is based.

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves in relation to the Kubi projects is based on information compiled by David Farrow, who is a Member of South African Council for Natural Scientists – a registered Professional Natural Scientist (Earth Sciences) (PrSciNat), a 'Recognised Overseas Professional Organisation' (**ROPO**) included in a list promulgated by the ASX from time to time. David Farrow was formerly employed by Golder Associates Ltd.

David Farrow has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". David Farrow consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

In relation to any publication relied upon by Rob Spiers or David Farrow which is published in this report, all necessary consents for the use and publication of that information has been obtained.

Neither H&S nor Golder Associates have or have previously had any material interest in PMI or the exploration projects in which PMI has an interest. H&S' relationship with PMI is solely one of professional association between client and independent consultant. This report was prepared in return for professional fees based upon agreed commercial rates and the payment of these fees is in no way contingent on the results of the report.

H&S is a mineral resource evaluation consulting firm which was formed in 1998. This report has been prepared by Robert Spiers, who is a professional geologist with in excess of 16 years experience in the evaluation of mineral resources.

The sole purpose of this report is for the inclusion in PMI's prospectus dated on or about 5 November 2010 relating to the proposed equity raising of up to \$27,500,000 by the issue of up to 39,285,714 fully paid ordinary shares at a price of \$0.70 per share and should not be relied upon for any other purpose. Neither the whole nor part of this report nor any reference thereto may be included in or attached to any document or used for any other purpose, without H&S's written consent to the form and context in which it appears.

## 9. INDEPENDENT GEOLOGIST'S REPORT

H&S have given consent in writing to the inclusion of this Independent Geologist's Report in the Prospectus to be issued by PMI in the form and context in which it appears and has not withdrawn consent prior to issue. Except for this Independent Geologist's Report, H&S:

- a) has not authorised or caused the issue of the prospectus;
- b) is not responsible for any matter included or omitted from this Prospectus;
- c) makes no representation or warranty, either express or implied, with respect to the accuracy or completeness of the information contained in the Prospectus; and
- d) to the maximum extent permitted by law, disclaims liability to any persons in respect of any statement included or omitted from the Prospectus.

Yours Sincerely,



Robert Spiers  
**Hellman & Schofield Pty Ltd**

# 9. INDEPENDENT GEOLOGIST'S REPORT

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# 9. INDEPENDENT GEOLOGIST'S REPORT

## 1. Executive Summary

PMI Gold Corporation ("PMI" or "the company") is currently listed on the TSX Venture Exchange in Canada and has a full interest in 2 project areas located on the Asankrangwa Gold Belt of Ghana (Obotan), and the Ashanti Gold Belt (Kubi) in West Africa, (Figure 1).

The primary focus of this report will be on the Obotan and Kubi projects. The projects have been previously explored and mined for gold. A variety of drilling has been undertaken over the main project areas including substantial rotary air blast "RAB", reverse circulation "RC" and diamond drilling "DD" to varying depths contingent on the stage of development. PMI proposes to utilise an array of exploration techniques and applications to strategically target the expansion of existing resources and the untested potential identified by previous explorers.

The **Obotan Project** area consists of a group of contiguous concessions which span a strike length of 70km, is prospective for several styles of gold mineralisation and contains a number of small historic mines that produced substantial amounts of gold from high grade ore. The Obotan Project is situated 45km west of Dunkwa. The Obotan Project concessions are held by Adansi Gold Company (GH) Limited (Adansi) a 100% owned subsidiary of PMI.

The **Kubi and Kubi Forest Reserve** Mining Leases are held by Nevsun Resources (Ghana) Limited, (NRGL), a 100% owned Barbados subsidiary (and its Ghana Branch) of PMI. The concessions are prospective for gold and occupy an area of 19.16km<sup>2</sup> and 0.18km<sup>2</sup> respectively in the Ashanti Gold belt in the Ashanti Region of Ghana.



Figure 1. Location of Obotan And Kubi Concessions.

The **Advanced exploration Project** area consists of a number of semi contiguous concessions which span a strike length of approximately 70km, are prospective for several styles of gold mineralisation and contain a number of small historic alluvial excavations that produced a modest amount of gold.

# 9. INDEPENDENT GEOLOGIST'S REPORT

The Project areas are located in and around the Obotan area and stretch some 52km (inclusive) to the south and 18km to the north of the Nkran pit area. The Obotan tenement packages under review by PMI include: Agyaka-Manso, Diaso – Afiefiso, Juabo, Kaniago (Adansi), Manhia (EJT), New Obuase, Amuabaka, Nkronua Atifi, Gyagyatreso, Afore – Abirem and Adubea.

All of the aforementioned property interests are subject to a 3% royalty in right of the Government of Ghana (who have announced their intention to raise the royalty to 6%, although this has not yet been enacted in law) and a 2% royalty in right of Goknet Mining Company Limited or other original vendors, and all information relating to the concessions is supplied to H&S by PMI whom take full responsibility for the content of this information.

## 2. Introduction

The PMI Gold Corporation (PMI) projects lie extensively within or adjacent to the Asankrangwa Gold Belt in the Kumasi Basin of the West Africa Craton, (Figure 1).

The geology of Southwest Ghana is dominated by the Birimian Supergroup (Upper Birimian) metasedimentary and (Lower Birimian) metavolcanic rocks, along with sedimentary rocks of the Tarkwaian Group, and various granitoid intrusions (Figure 4).

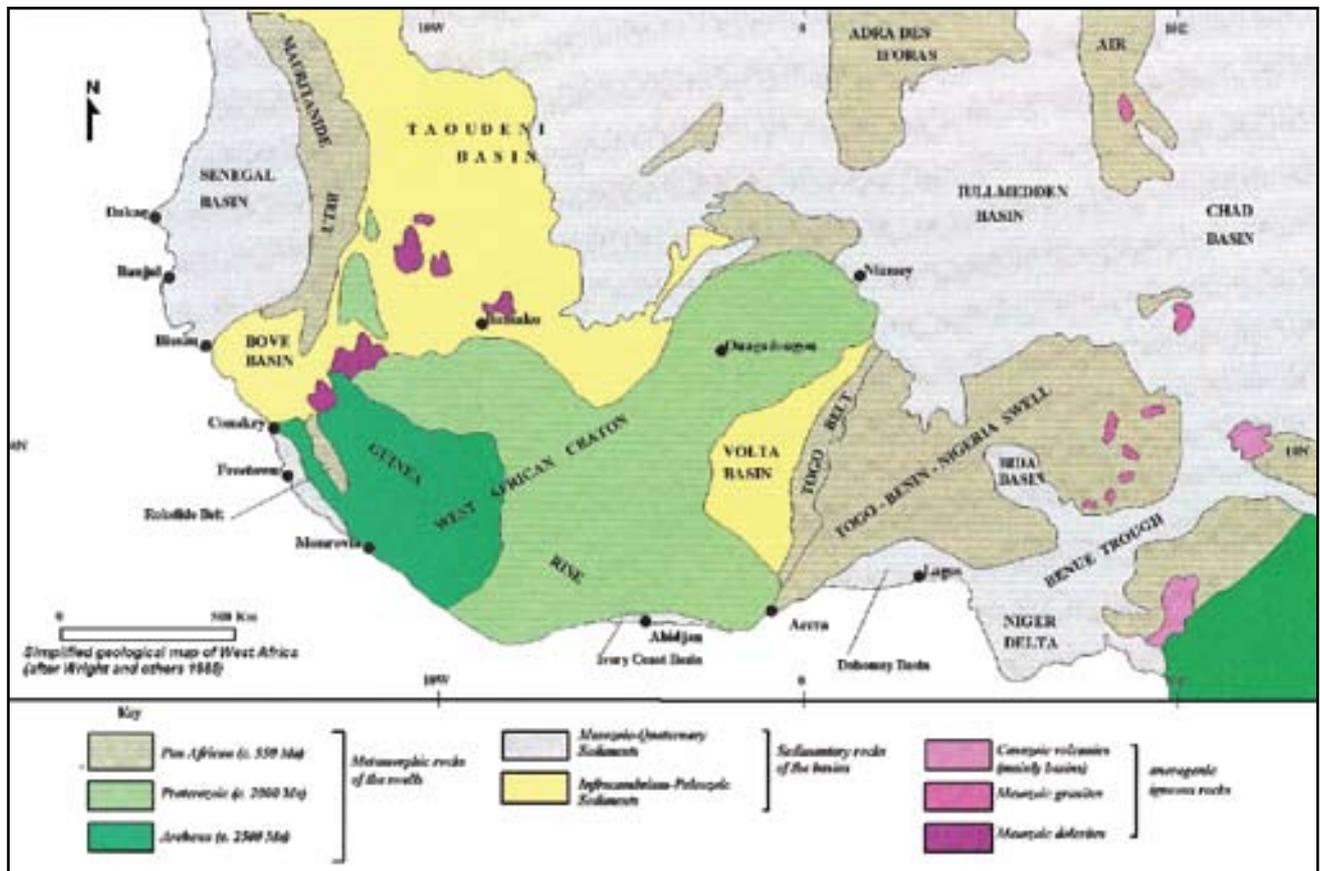


Figure 2. Simplified geology – West Africa 1985.

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Granitoid intrusions are subdivided into two types: belt type (Dixcove) granitoids and basin type (Cape Coast) granitoids. Belt granitoids (ca. 2180 Ma, Allibone et al. 2002b) possess a metaluminous character, are often tonalites and are confined to Birimian metavolcanic belts (Hirdes and Leube 1989). Basin granitoids (~2116- 2088 Ma., Allibone et al. 2002a) have a peraluminous character and higher K and Rb relative to belt granitoids, are mainly granodiorites, and associated with the central portions of Birimian metasedimentary basins (Hirdes and Leube 1989).

Gold mineralisation in the area is hosted in Birimian metasediments and basin type granites (see Figure 4) and is associated with major northeast striking, 5-40m wide graphite-chlorite-sericite fault zones. In particular, gold mineralisation is developed where the northeast fault zones intersect major east-northeast striking fault zones, and especially where they are recognised to have influenced granite emplacement, alteration and Au geochemical trends.

## 3. Obotan Project

### 3.1 INTRODUCTION

The Obotan Concessions are in the Amansie West District, of the Ashanti Region of Ghana ~250km northwest of the capital Accra. They form an integral part of Adansi's property and are situated in the northern part of the Asankrangwa Gold Belt.

The Obotan Projects (Abore-Abirem and Abudea), comprising Exploration Licenses PL6/303 and PL6/310, cover 102.59sq km of the Kumasi basin region of Ghana, West Africa.

The properties and prospects are virtually all contiguous and lie along the 150km long northeast-southwest trending Asankrangwa Gold Belt, centred by the town of Diaso. Diaso is approximately 20km east of one of PMI's local base of operations and staging point at Sefwi-Bekwai.

The Obotan project areas are accessed from the town of Obuasi, northward towards Kumasi on the Kumasi-Dunkwa highway to the Anwian-kwanta junction. One then travels approximately 20km west from this junction through Poano and Antoakrom on a tarred road onto a laterite road for approximately 30km through Manso Akropon, Manso Atwere, Manso Nkwanta, Suntreso, Gyadukurom to Abore (in Area A, Figure 3). At Abore, the road branches north-west to Akuntam, then north-east to Nkasu. At Gyadukurum, the road branches off south to Asuadai and Adubea.

At Adubea, the road continues south to Kampese and westward to Abirem (Area B, Figure 3), to Besease, then north to Mmooho. At Kampese, the road branches south to Akwasiso, south-west to Konuase and to Nkran, and by footpath to Kwankyiabo.

The western side of the concessions are accessible from Awaso north-eastward through Asawinso to Mansi, Mmrwa, onto the Bibiani-Manso-Nkwanta main road at Aboabo and onto Dwusaso, Kaniago, Kobinaso through to Adubiaso. Areas of interest within the concession are reached via a combination of secondary roads, four wheel drive tracks, logging roads, and farmer/hunter footpaths.

The concession area generally displays moderate relief with an average of 150m above mean sea level. The perennial River Offin and its tributaries, rivers Subin, Dwiri, Kesu, Ayesua, Kasa, Tiatia, Asamoawura, Asuntum, Wurakese among others drain the property.

The relative humidity is usually high and two rainy seasons are experienced in the area – that is a major one from April to July, then a minor one from September to October. The annual rainfall is in the range of 1500 – 2000mm. The minimum and maximum temperatures are about 22°C and 36°C, respectively, with the average annual temperature being about 29°C. During the dry season, particularly December to February, the harmattan winds blow from the north-east bringing dust and sand particles from the Sahara and giving lower humidity.

### 3.2 TENEMENTS

Tenement status is discussed in detail in the Solicitors Report within this prospectus. The Obotan tenement group comprises 2 prospecting licences, PL6/303 and PL6/310 as listed in Table 1.

PMI signed a purchase of sale agreement with Goknet Mining Company Ltd. (Goknet). The Agreement completed the purchase of Goknet's interest in concessions formerly under option between PMI, Goknet and, in some cases, certain third parties. Goknet and other original vendors retain up to a 2% Net Smelters Return Royalty ("NSR") on the Ashanti II Project located on the Asankrangwa gold belt, and all concessions carry a 10% carried Net Profits Interest Royalty ("NPI") to the Ghanaian Government. Certain concessions carry other small royalties to original related and non-related parties of which details can be found in the aforementioned solicitors report within this report. Under Ghanaian Government and EPA Regulations after concession licences are obtained and under normal circumstances; the owners must obtain EPA Permits every 2 years, Mines Department Permits every year, Annual Ground Rental Payments and District Assemblies permits every year.

# 9. INDEPENDENT GEOLOGIST'S REPORT

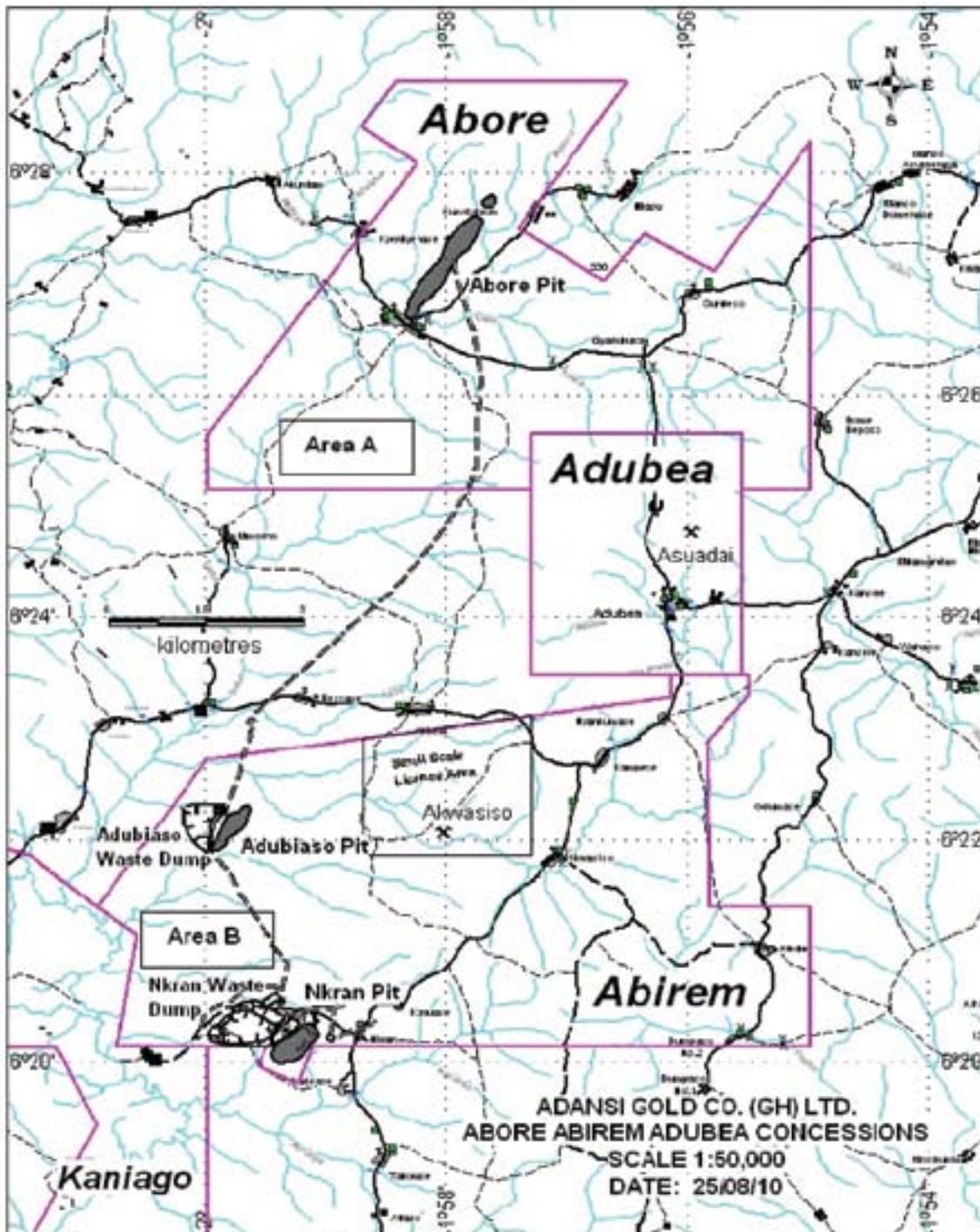


Figure 3. Obotan concessions (pink), (Abore, Adubea and Abirem) – Ghana, West Africa.

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On advice from PMI, the company currently has all permitting up to date and accounted for within the aforementioned governmental Permitting structure.

Table 1. PMI – Obotan concession details.

NO.	COMPANY REGISTERED UNDER	IDENTIFYING CONCESSION NAME	GHANA TOPO-GRAPHICAL FIELD SHEET LOCATED ON	AREA IN SQUARE KM	TYPE OF MINERAL TENURE	GEO-GRAPHIC LOCATION	HOW PROPERTIES BOUNDARIES WERE LOCATED	MINERALS COMMISSION #	LAND VALIDATION #	DEED REGISTRY #	LICENCE EXPIRING DATE	STATUS OF LICENCE	ALL ENVIRONMENTAL LIABILITIES	LOCATION OF ALL KNOWN MINERALIZED ZONES ETC
1	Adansi Gold Company (Gh)Ltd.	Abore-Abirem	0602C1	89.64	Prospecting Licence	Supplied	On Minerals Commission Master Minerals Concession Map of Ghana	PL6/303	LVB6575/07	LR#14/2007	12/10/10	One Year Extension	None	1) Abore 3) Adubiaso 4) Nkran
2	Adansi Gold Company (Gh)Ltd.	Adubea	06062C1	12.95	Prospecting Licence	Supplied	On Minerals Commission Master Minerals Concession Map of Ghana	PL6/310	LVB22722/08	LR#5520/09	10/09/10	Two Year Licence	None	1) Asuadai

## 3.3 PROJECT GEOLOGY

Most of Ghana's gold occurrences and mineable gold deposits are aligned along NE trending sheared thrust-faults, at or near the boundaries between meta-sediments and meta-volcanics of the "Belts" and meta-sediments & mafic-volcanics of the "Basins". Thus far there appears to be two exceptions to this rule; 1) ore-grade disseminated gold deposits in Tarkwaian conglomerates; and, 2) gold in sheared granites and granitoid selvages, within the Ashanti, Bibiani and Asankrangwa belts. The former occurs as a north-trending splay off the Ashanti Belt and the latter (e.g. Obotan/Abore), approximately midway between the Ashanti and the Sefwi Belts, lies well within the Kumasi Basin (Figure 1).

Within the Birimian and Tarkwaian rock systems of Ghana there are three major types of gold mineralisation:

- Reef, Vein or Lode Gold deposits,
- Auriferous Quartz-pebble Conglomerates and,
- Recent Placer Gold deposits.

The Obotan deposits are considered to be type 1 (Reef, Vein, Lode or shear hosted Gold deposits cross cutting granitoids) mineralisation and are located at the north end of the Manso Nkwanta-Asankrangwa gold belt, which is more or less in the central portion of the broad Kumasi Basin.

The Manso Nkwanta district appears to feature fairly widespread meta-volcaniclastic units (Griffis, 1998) and some intermediate granitoids of possible belt affiliation (tonalites) as well as some quite late-stage felsic intrusives, rich in radiometric potassium. The highland area north of the town of Manso Nkwanta is notable because of the presence of fairly coarse clastic metasediments also with a strong radiometric potassium signature. Hirdes and others (1993) who mapped portions of the area described the district as an embryonic volcanic belt, which simply never reached maturity. Within this NE trending belt, there appear to be several major, parallel NE structures with which most of the known gold prospects in the area are associated and some of the intermediate granitoid and the younger felsic plugs and stocks may have intruded along these same structures. According to published information, there may be up to eight NE trending fracture systems within the general Obotan concession area along which the many indications of historical artisanal mining on bedrock prospects are located.

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The Obotan project areas are situated within Birimian metasediments, but the granitoid and mineralisation both occur at contacts between greywacke and carbonaceous phyllite units. The Obotan deposit is dominated by D2 regional reverse faulting, and generally contains quartz vein hosted free-milling gold lodes (Figure 4).

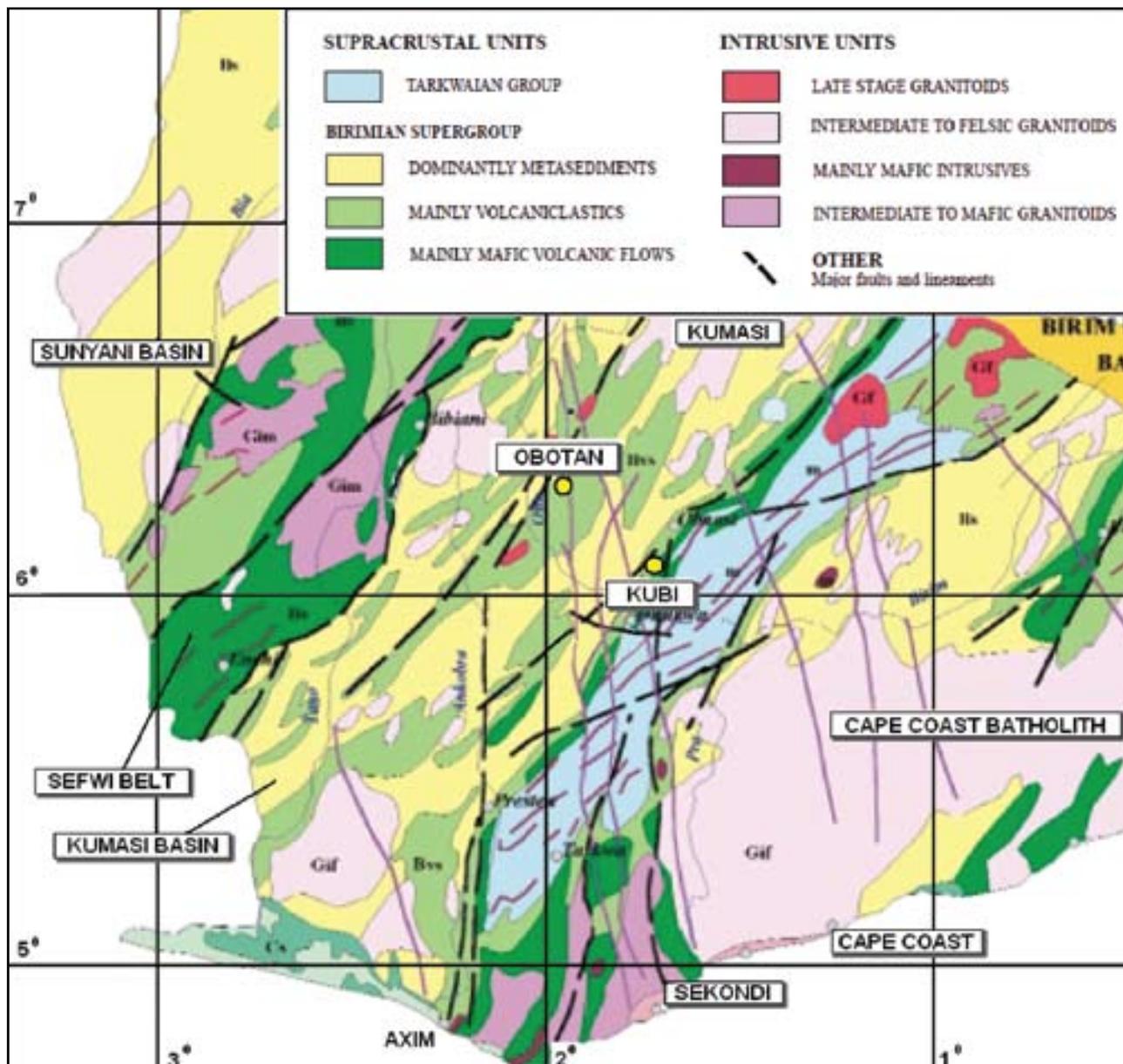


Figure 4. Obotan Regional Geology with indicated faults and lineaments (Abore, Adubea and Abirem).

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## 3.4 PREVIOUS EXPLORATION

### 3.4.1 SUMMARY

Since the commencement of modern exploration for gold began in 1988, the project area has been explored, developed and mined by a number of companies. Exploration to date includes magnetic, radiometric and electromagnetic geophysical surveys, geochemical sampling and shallow RAB combined with more recent reverse circulation and diamond drilling over all Obotan project areas inclusive of Abore, Adubiaso, Asuadai and Nkran.

Table 2. Obotan exploration summary activities.

COMPANY	PERIOD	EXPLORATION ACTIVITIES
AGF/KIR	Early 1990's	Geochemical soil sampling
Leo Shield	1996 to 1998	Geochemical soil sampling, resource development drilling over Abore and Adubea
Resolute	1996 to 1999	Resource development drilling over Nkran, Adubiaso and Abore and Asuadai, ground magnetic survey
PMI	2003 to 2010	IP, VLF / chargeability and VTEM, magnetic and radiometric surveys, diamond drilling over Nkran, underground investigation over Nkran, base line water quality survey, confirmation drilling over Abore, Adubiaso, Asuadai and Nkran

### 3.4.2 EXPLORATION BY OTHERS (PRIOR TO PMI)

#### 3.4.2.1 AGF / KIR - NKCRAN

In the late 1980s, a minor amount of prospecting was carried out in the early stages. Some attention was paid to the alluvial gold potential because of the extensive gold in the nearby Offin River (previously actively mined by the State Gold Mining Company in the 1960's and later held by Dunkwa Continental Goldfields) as well as the alluvial gold project being developed at the time, a little further north in the Bonte area. In the early 1990s, the Obotan concession was examined by American consultant Al Perry who was working on behalf of two related Australian juniors, Associated Gold Fields and Kiwi International Resources. Perry negotiated an option on the concession and proceeded to focus on the known prospects at Nkran Hill (formerly known as Jabokassie) and to carry out a regional soil geochemical survey that identified numerous anomalies around Nkran Hill (Figure 5).

Table 3. AGF / KIR - Obotan exploration summary activities.

COMPANY	ACTIVITY	DETAILS
AGF/KIR	Geochemical Soil Sampling	Defined regional extent of mineralisation extending from Obotan through to Asuadai

A deal was completed by May 1996 whereby the combined interests of Kiwi and Associated Gold Fields were bought out by Resolute Limited who immediately reviewed and expanded the scope of the project with a ground magnetic survey. This was followed up mainly by conducting further RC diamond drilling to a depth of 150m at Nkran Hill and to further assess the potential of the known mineralisation at nearby Adubiaso.

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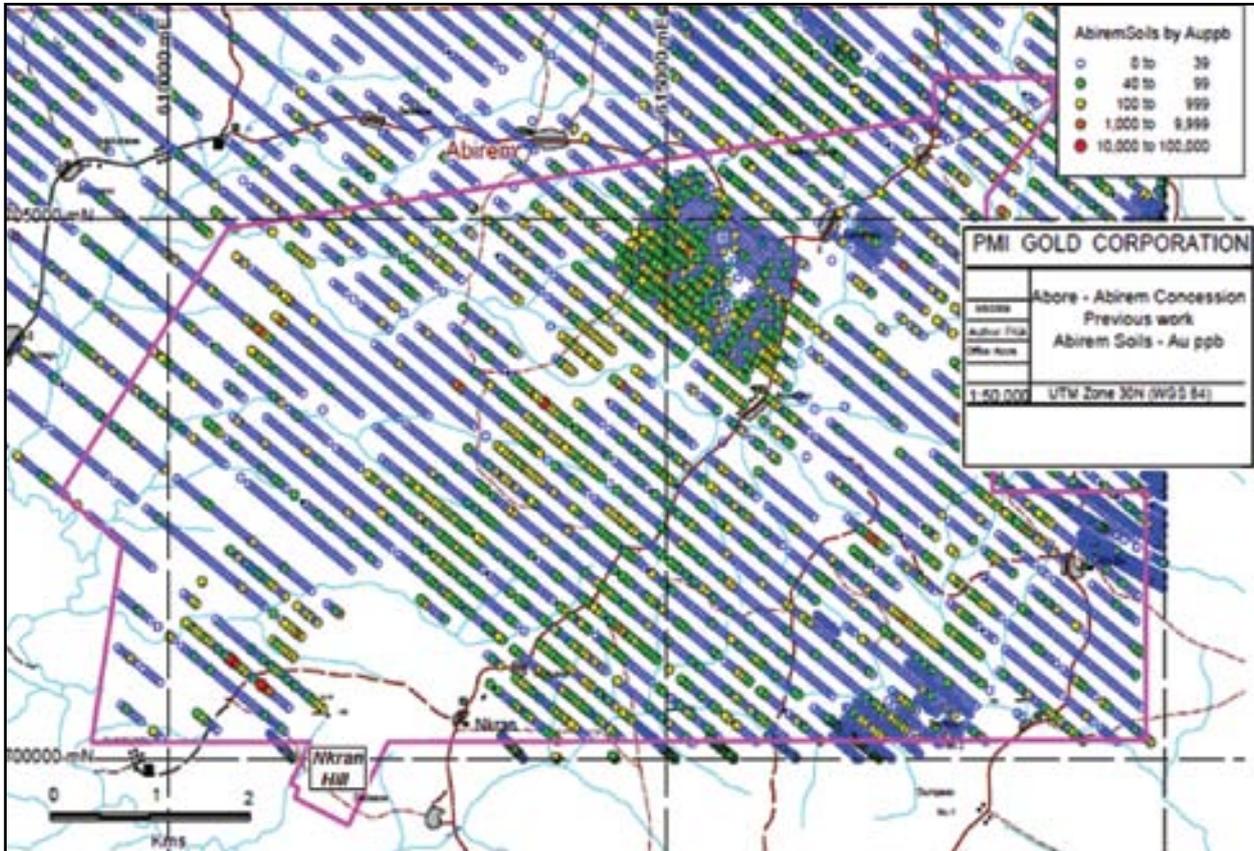


Figure 5. Abirem – Soil sampling indicated by coloured points – AGF and KIR. Abore - Abirem concession marked with pink line.

## 3.4.2.2 RESOLUTE - OBOTAN

Table 4. Resolute - Obotan exploration summary activities.

COMPANY	ACTIVITY	DETAILS
Resolute	Ground magnetic survey Resource development drilling	Magnetic survey to define potential extensions to mineralisation in and around Nkran Hill and Adubiaso Follow up drilling from ground magnetic survey, a total of 800 (various) holes for 73044m drilling - resource development

Throughout the aforementioned period 1988 to 1998 significant drilling was undertaken by various companies over the Nkran project area, where WB and MB are water bore and monitoring bore respectively, RC is reverse circulation and DD is diamond drilling. KIT is unspecified open hole drilling method.

Table 5. Resolute – Mineralisation development drilling over Nkran - 1996 to 1998,

		WB	MB	KIT	RC	DD	TOTAL
Total	Holes	5	574	3	26	192	800
	Metres	376	29103	144	1377	42044	73044

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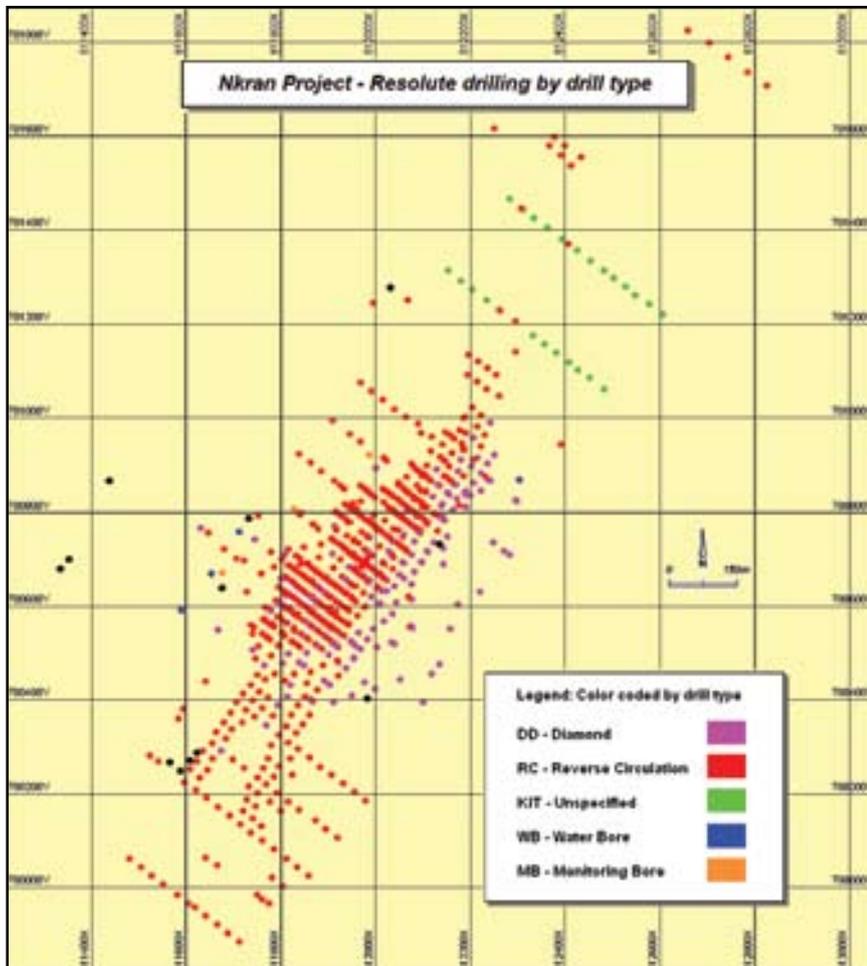


Figure 6. Nkran – Resolute drilling by drill type.

There are numerous other prospects in the immediate vicinity of the existing Nkran open pit that may eventually be developed further by PMI which include the Adubiaso, Asuadai and Abore prospects.

During the late 1990's, the Nkran Hill plant started to process oxide ores from the Adubiaso gold deposit, located about 7.5km NNW of Nkran Hill. At Adubiaso, there is a steep dipping (approximately 65°E) quartz vein system cutting across Birimian metasediments, which themselves dip steeply (approximately 75°) to the west. The vein system appears to be related to a NE fracture system (distinct from the Nkran Hill structure) along the contact zone between dominantly phyllitic units on the east and coarser greywackes on the west, which host most of the gold bearing veins. The central part of the vein system is 15-20m wide but it tapers to about 10m at both ends; the vein system has a strike length of about 700m although the main area of economic significance is the central 300m of the zone.

As at Nkran Hill, there are narrow granitoids running generally parallel to the Adubiaso orebody in the pit area but these are unmineralised. It is also noteworthy that, at Adubiaso, the gold mineralisation is restricted to the quartz veins and the meta-sedimentary host rocks are essentially barren whereas at Nkran Hill, the gold values extend well into the host rocks.

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Table 6. Resolute – Mineralisation development drilling over Adubasio - 1996 to 1998.

		RAB	RC	DD	TOTAL
Resolute (March 1996 to May 1996)	Holes	0	31	18	49
	Metres	0	2611	3285	5896
Resolute (January 1998 to October 1998)	Holes	0	14	5	19
	Metres	0	1480	1071	2551
Resolute (Unspecified date)	Holes	0	147	26	173
	Metres	0	10568	3770	14338
Total	Holes	0	192	49	49
	Metres	0	14659	8126	8126

Drill testing is dominated by RC drilling accounting for 80% of the total drilling dataset which was under-taken predominantly by Resolute during the period March 1996 to October 1998 and other drilling of unspecified date (Figure 7).

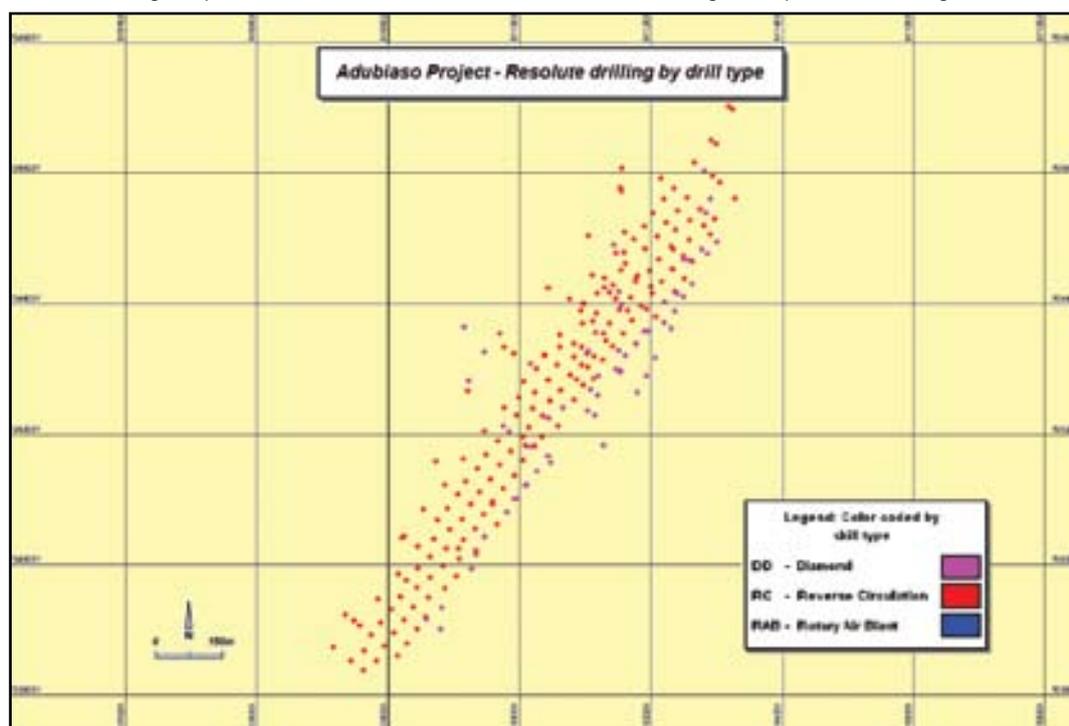


Figure 7. Adubasio - Resolute drilling by drill type.

During the period 1996 to 1998 Leo Shield undertook drill testing over the Asuadai area by utilising predominantly reverse circulation (RC) and diamond (DD) drilling of which a summary of holes drilled are contained in table 7 below.

The Asuadai mineralisation is about 8km NE of Nkran Hill. Asuadai prospect feature a massive intermediate (tonalite) granitoid hosting a quartz stock-work system. Local galamesy have undertaken minor pitting in the region down to 5 to 10m through the oxide material to expose these stock-work vein sets.

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Table 7. Leo Shield – Mineralisation development drilling over Asuadai - 1996 to 1998.

	RAB	RC	DD	TOTAL	
Leo Shield	Holes	0	77	3	80
	Metres	0	5341	294	5635

Drilling depths range from a minimum depth of 23m in drill-hole RC147 by Resolute to a maximum depth of 348.2m in drill-hole RCD946 completed by Resolute. The average drill-hole depth is 97.8m.

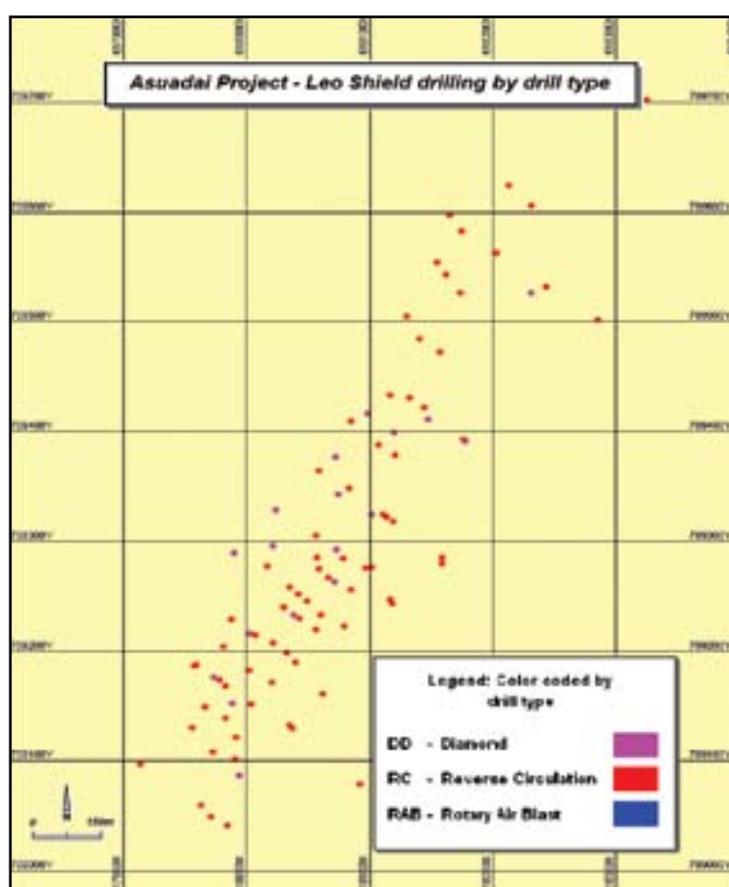


Figure 8. Asuadai - Leo Shield drilling colour coded by drill type.

### 3.4.2.3 LEO SHIELD - ABORE.

In the mid-1990s, Mutual Resources of Vancouver, Canada, in partnership with Leo Shield Exploration of Perth, Australia, completed a joint venture with the Oda River group and commenced a regional exploration program on the concession (covering approximately 73km<sup>2</sup>).

Table 8. Leo Shield - Abores exploration summary activities.

COMPANY	ACTIVITY	DETAIL
Leo Shield	Geochemical soil sampling	Defined regional extent of mineralisation in and around Abores project area
	Resource development drilling	Follow up drilling to soils, a total of 451 (various) holes for 33463m drilling - resource development

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Soil geochemistry revealed a NNE trending gold anomaly over the area of artisanal mining (bedrock areas); the anomaly was several hundred metres wide and traceable along strike for about 3km, well beyond the area of old workings (Figure 9).

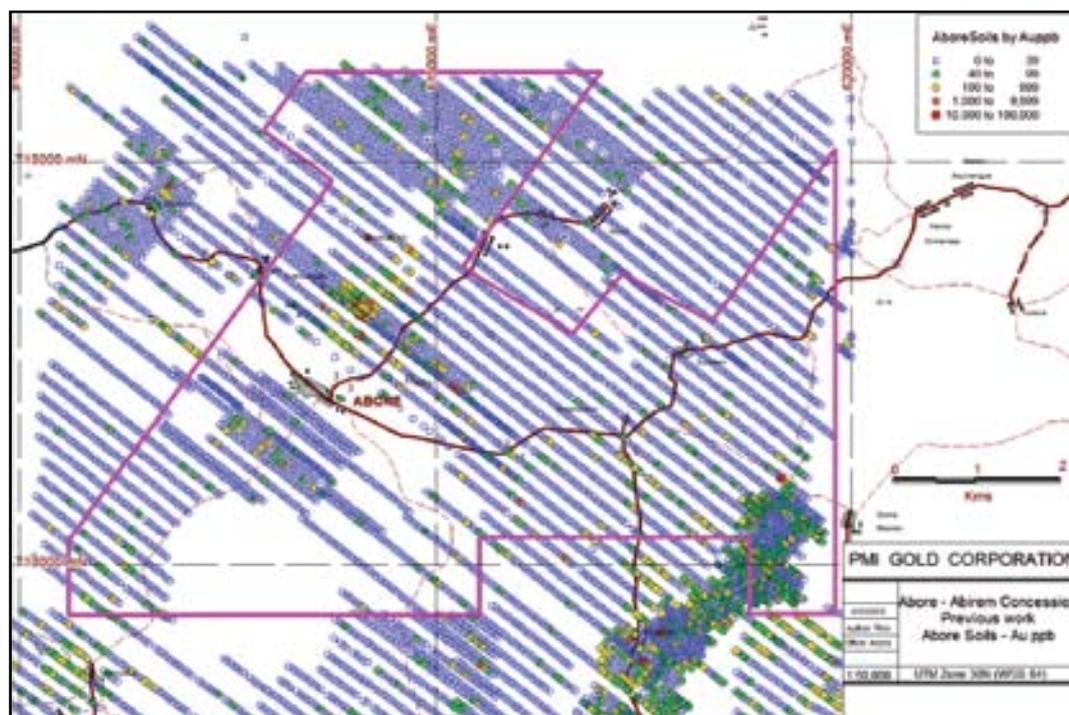


Figure 9. Afore – Regional soil sampling with locations indicated by coloured points – Leo Shield.

Extensive trenching in the area confirmed continuous bedrock mineralisation over a distance of at least 1000m with widths in the range 50-100m. The mineralisation consists of a broad quartz stockwork system hosted mainly by a NNE trending intermediate granitoid intrusion. The early artisanal pitting was focused mainly on narrow quartz veins associated with the stockwork system.

Drilling in the area (mainly RC but considerable diamond drilling as well) outlined mineralisation (now known as the Afore, Adubiaso, Asuadai and Akwasiso prospects).

Table 9. Leo Shield – Mineralisation development drilling over Afore - 1996 to 1998.

		<b>RAB</b>	<b>RC</b>	<b>DD</b>	<b>TOTAL</b>
Leo Shield	Holes	31	409	11	451
	Metres	712	31526	1225	33463

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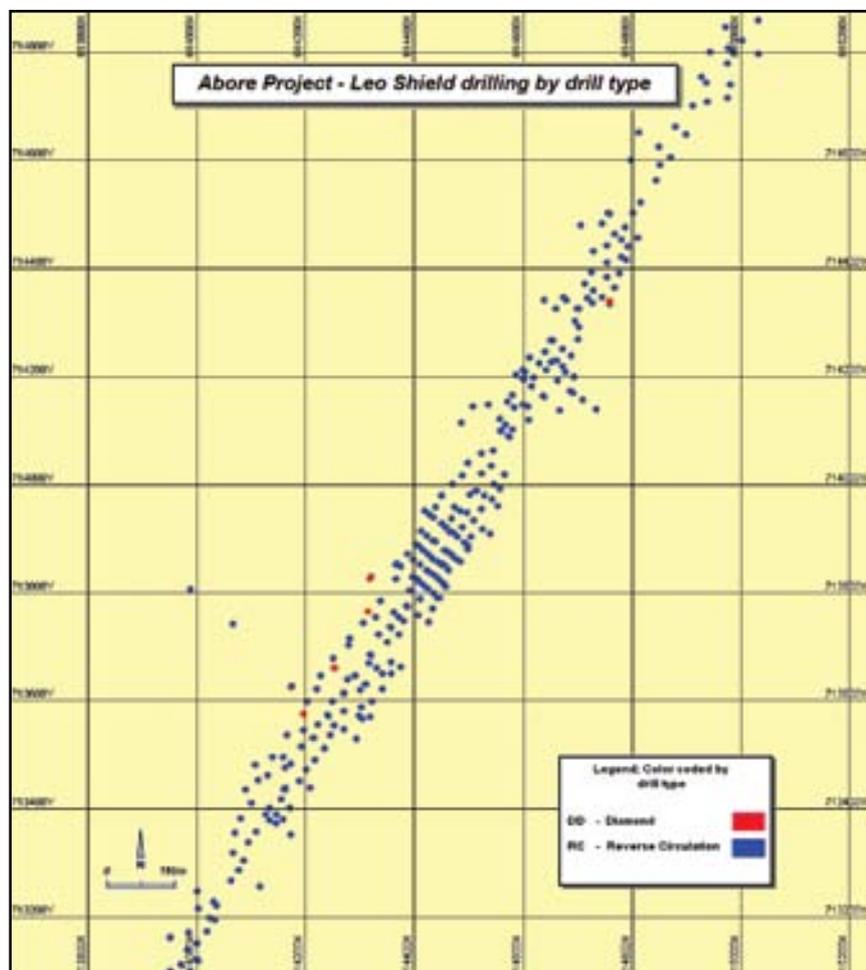


Figure 10. Abore – Leo Shield drilling colour coded by drill type.

### 3.4.3 PMI – OBOTAN

Table 10. PMI - Obotan exploration summary activities.

COMPANY	ACTIVITY	DETAILS
PMI	IP, VLF and VTEM surveys	A 5km square area was covered to map subsurface features - defined structural and lithographical conductive features for follow up
	Diamond Drilling	A total of 8 diamond holes for 2540.1m and 722 samples were completed - intersected mineralised zone at depths beyond 500m below surface
	Underground Investigation	RSG Global/Coffey mining was engaged - a preliminary conceptual scoping study of the underground mining of the known Nkran mineralisation
	Base line water quality survey	Water from four pits; Nkran, Adubeaso, Abore North and Abore South Pits were sampled - water in the four pits are bacteriologically unsafe
	Confirmation DD Drilling	A total of 62 DD holes were completed for 9273m - drilling confirmed the mineralisation continually in all projects, Nkran, Abore, Adubiaso and Asuadai

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## 3.4.3.1 GEOPHYSICS – INDUCED POTENTIAL (IP) NKCRAN SURVEY

A five square kilometre Induced Potential (“IP”) ground geophysical survey was carried out in the Nkrans pit area to determine its usefulness as an exploration tool in this environment, to help resolve and map the subsurface. A total of 12,640m (12.64km) of baseline were cut and picketed by local crews, and 76,240m (76.24km) of cross-lines were cut, picketed, and GPS surveyed. As can be seen in Figure 11, the contoured apparent resistivity results at interpreted 119m depth slice, after inverting the data with the UBC 2D inversion programme outline the Nkrans structural trends.

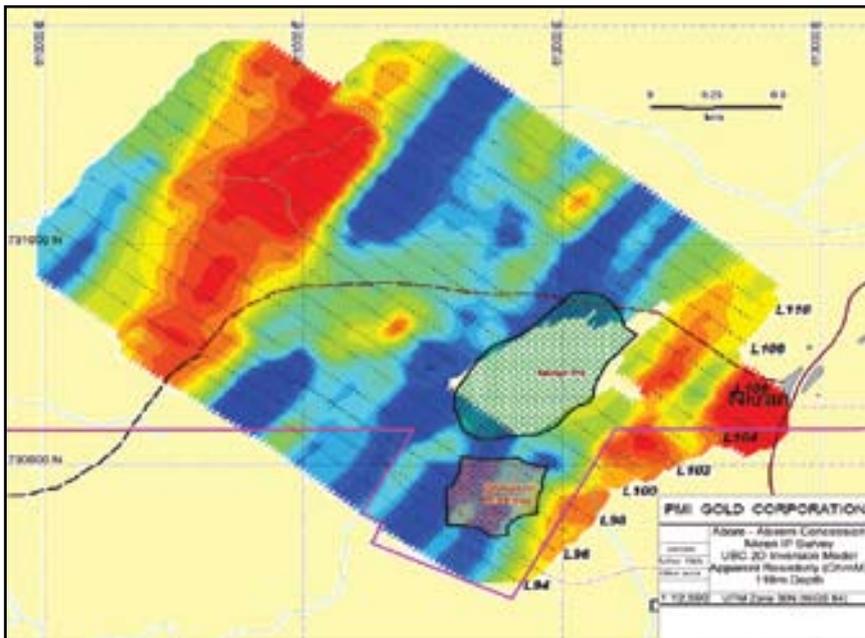


Figure 11. Obotan - Regional IP inverted Resistivity contours.

## 3.4.3.2 PMI - GEOPHYSICS – LOCAL SOURCE VLF EM SURVEY

The company purchased a local source VLF (Very Low Frequency) transmitter and rented two analogue receivers to conduct conductivity surveys over target areas outlined by geochemical surveys (soil and stream sediment) and by structures from airborne resistivity surveys.



Figure 12. Obotan - Regional VLF field strength % contours.

# 9. INDEPENDENT GEOLOGIST'S REPORT

It was determined that the technique was useful in picking out narrow conductivity features. The Nkran survey was carried out at 100m cross-line spacing. A contoured map of field strengths % was constructed and is presented in Figure 12. A 5.1km antenna line was cut and 42 line kilometres on 42 lines were surveyed.

### 3.4.3.3 PMI - GEOTECH HELIPORTED VTEM NKCRAN SURVEY.

Condor Consulting, Inc. has completed the processing and analysis of a VTEM EM and magnetic survey flown for PMI by Geotech Airborne Ltd. and centered over the Nkran Pit within their Obotan Project in Ghana, (Figure 8). The primary purpose of the current program of work was to test to 400m depths the VTEM response over the Nkran deposit and to assist in the identification of gold targets in close proximity to the Nkran mine through an interpretation of conductive and magnetic features.

The outcome of this work has been to identify a number of Target Zones based on the recognition of discrete conductive features and a structural analysis of the conductivity and magnetic outcomes.

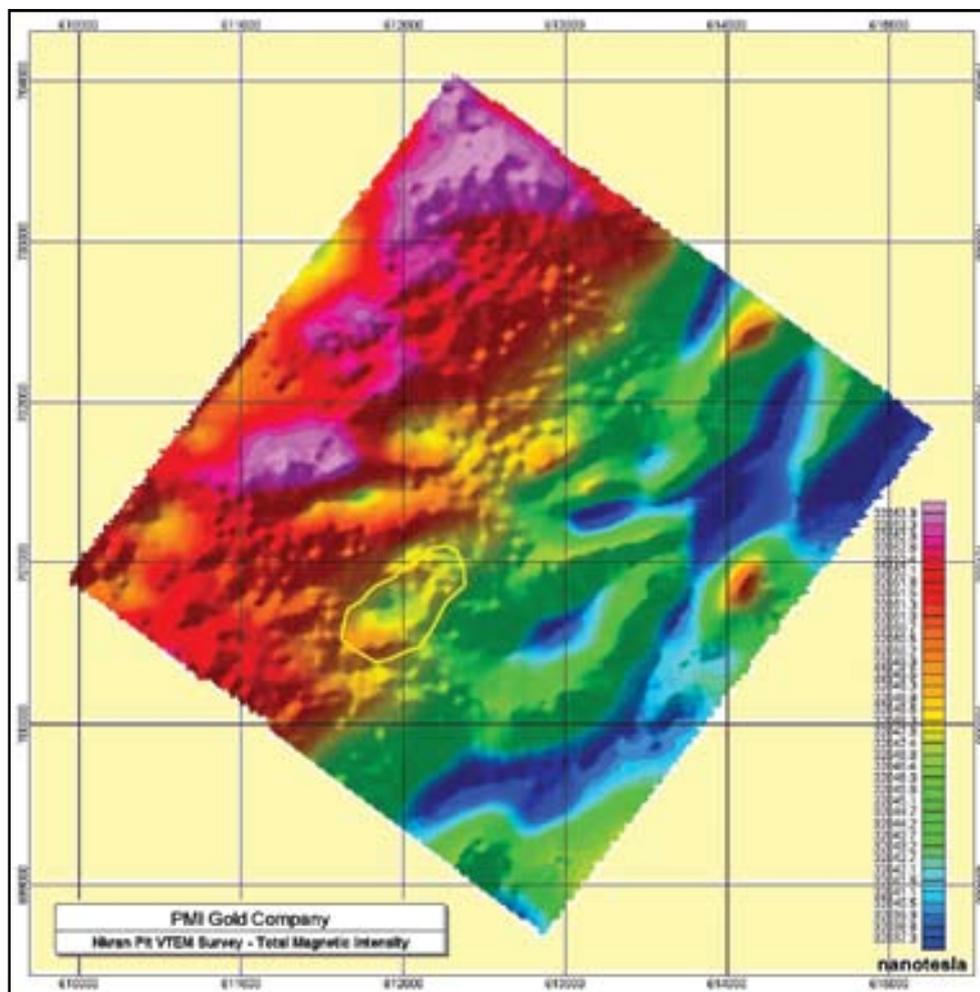


Figure 13. Obotan – Image of TMI, VTEM survey, Nkran pit marked with yellow string.

Two high priority Target Zones, based on magnetic and EM data have been identified (Figure 14); designated TZ-9 and TZ-11. TZ-9 is located under the Pit, presumably an extension of the mined ore; TZ-11 is located along the same thrust fault, but further to the southwest. Four medium priority Target Zones, TZ-5, TZ-7, TZ-8, and TZ-10 have been identified. These Target Zones are possible locations for the proposed Nkran style gold mineralisation system.

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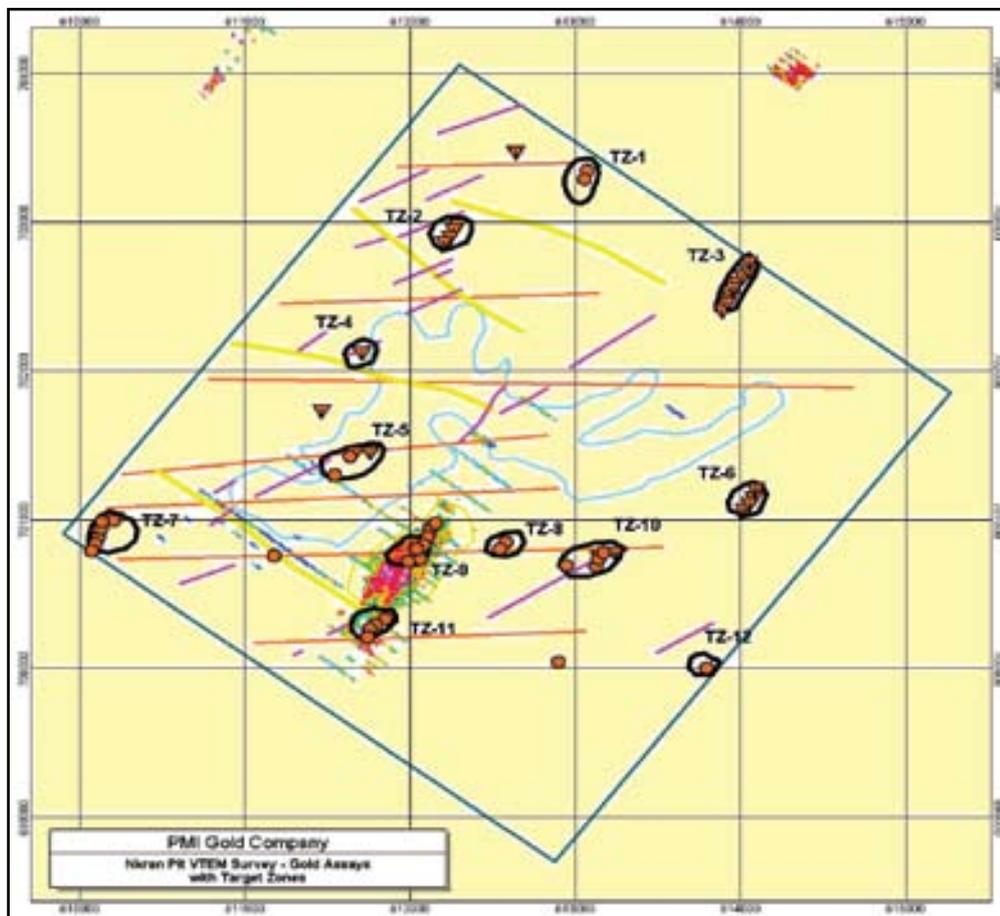


Figure 14. Obotan –Target zones with indicated gold values from exploration techniques.

### 3.4.3.4 PMI - DIAMOND DRILLING - NKARAN.

A total of 2540.81m in eight diamond holes were drilled in the Nkran area, one delineation / due-diligence hole on section 10,000N (Resolute "mine" Local Grid) and seven exploration holes in the vicinity of the pit examining targets and structures suggested by the ground geophysical surveys. A total of 722 samples were sent for analysis for gold by 50g fire assay with atomic absorption finish (50g FA-AA).

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Table 11 lists the collar locations and relevant statistics.

HOLE ID	GRIDE	GRIDE	WGS84E	WGS84N	RL(MINEGRID)	AZ	GRIDAZ	DIP	DEPTH	LENGTH
NK07-001	9510	10000	611441	700861	5088	133	90	-50	648.00	417
NK07-002	9550	9800	611336	700677	5083	133	90	-50	104.60	67
NK07-003	9545	9825	611350	700699	5083	133	90	-50	637.03	409
NK07-004	10018	9625	611585	700244	5079	133	90	-50	199.95	129
NK07-005	9986	9625	611561	700264	5079	133	90	-50	212.14	136
NK07-006	10020	9650	611604	700267	5080	133	90	-50	169.47	109
NK07-007	10020	9675	611620	700286	5083	133	90	-50	169.47	109
NK07-008	9700	10700	612028	701272	5090	133	90	-50	398.07	256
									2538.73	

NK07-001 was drilled on Section 10,000N Mine / Local grid and was aimed between RCD707A and RCD756, and assayed 44.5m at 2.61 g/t Au at a depth of 330m below the base of the pit. Drilling was accomplished with a Longyear 38, NQ in diameter, by Eagle Drilling, based in Dunkwa, Figure 15 illustrates the extent of deeper drilling.

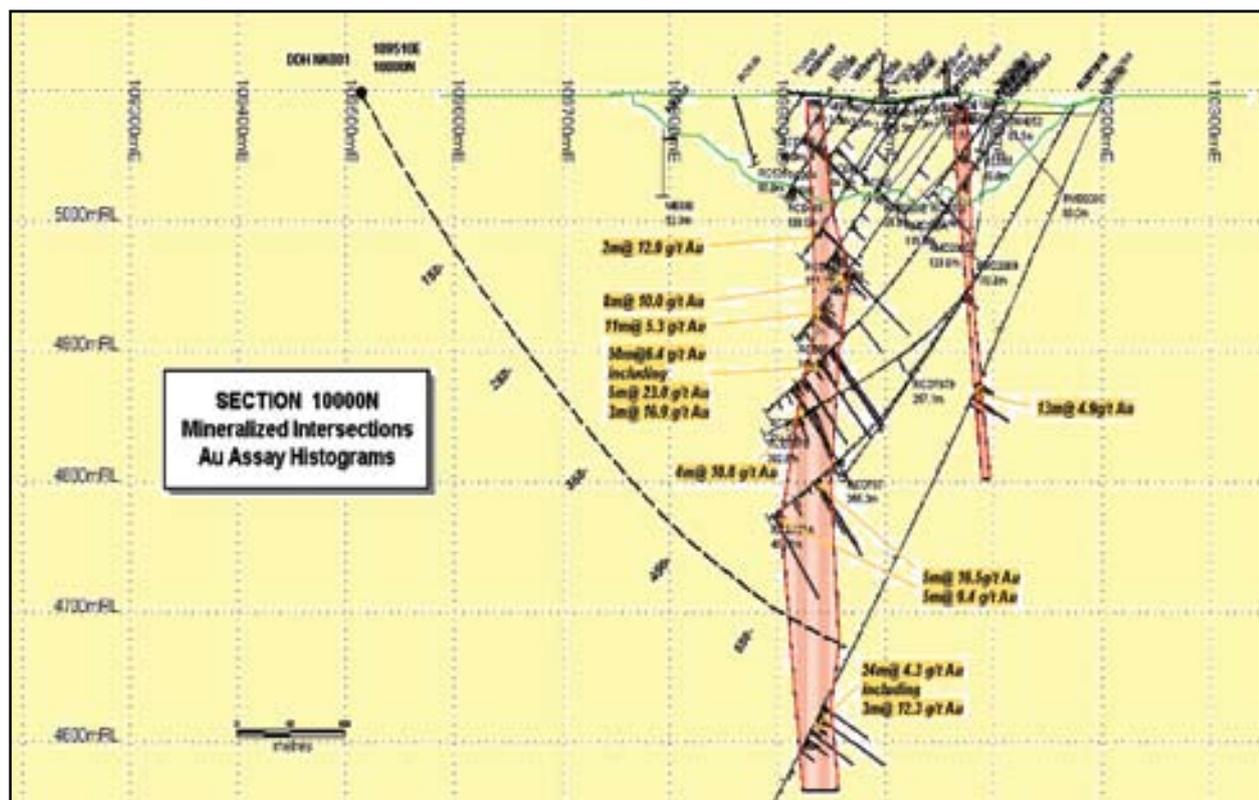


Figure 15: NK001 Section 10,000N, planned trace and significant intercepts.

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### 3.4.3.5 SCOPING STUDY – RSG GLOBAL / COFFEY MINING – EVALUATION OF UNDERGROUND MINING POTENTIAL OF THE NKRAN DEPOSIT.

Coffey Mining (formerly RSG Global) was engaged in January 2007 to produce a preliminary conceptual scoping study regarding the underground mining of the known Nkran mineralisation below the pit.

Findings suggested that a pre-feasibility study and program including delineation (from underground), tightening up on the drilling at depth, and including a few deeper probes would have positive conclusions regarding the potential viability for an underground operation at Nkran.

### 3.4.3.6 BASELINE WATER QUALITY SURVEY.

Water from four open pits; Nkran, Adubeaso, Abore North and Abore South pits were sampled. The sampling was done on the 4th March, 2008. Three preconditioned 1.5litre plastic water sample bottles per sampling point were used for the sampling. The pre-treatment was done at Water Research Institute Water Chemistry Lab in Accra.

The results of the analyses show that, water in the four pits, likely due to surface run off from local communities, are bacteriologically unsafe and must be pre-treated before discharging into the environment.

### 3.4.3.7 OBOTAN PROJECTS - CONFIRMATION DRILLING AND RESOURCE ESTIMATION BY H&S.

During 2009, PMI engaged H&S to undertake an investigation with the end result being Mineral Resource Estimates consistent with the JORC guidelines and JORC compliant reporting and in-line with NI43-101 reporting requirements. H&S requested that PMI undertake confirmation drilling to lend confidence to the existing historical database. In total 62 confirmation and mineralisation development diamond drill-holes were completed over the Obotan project areas for a total of 9273m as per Table 12 below, figures 16 to 23 illustrate the drill hole locations (by company) and three dimensional representations of mineralised continuity. The drill core was cut in half, geologically logged and sampled by geological interval and subsequently dispatched to Tarkwa SGS laboratories for gold analysis.

Table 12. PMI – confirmation diamond drilling.

PROJECT AREA	HOLES	METRES
Abore	32	5227
Adubiaso	13	2056
Asuadai	15	1740
Nkran	2	250
Total	62	9273

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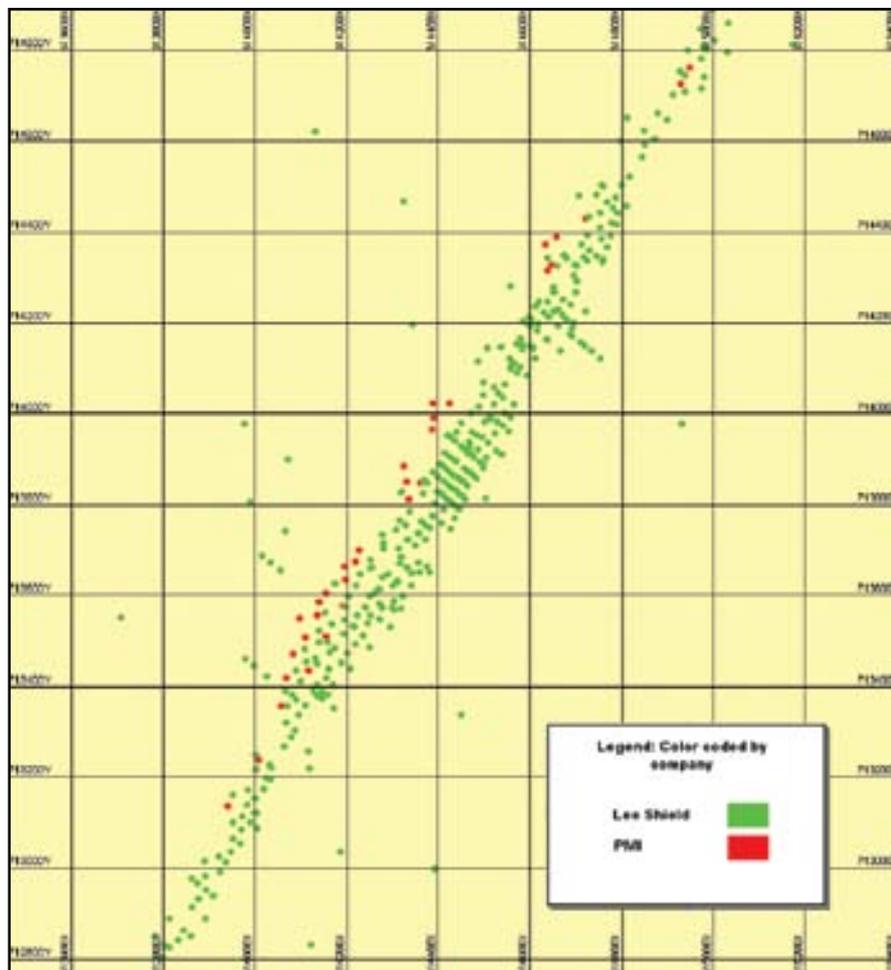


Figure 16. Plot of Abore drill collars colour coded by company. Green points represent predominantly Leo Shield drilling and other.

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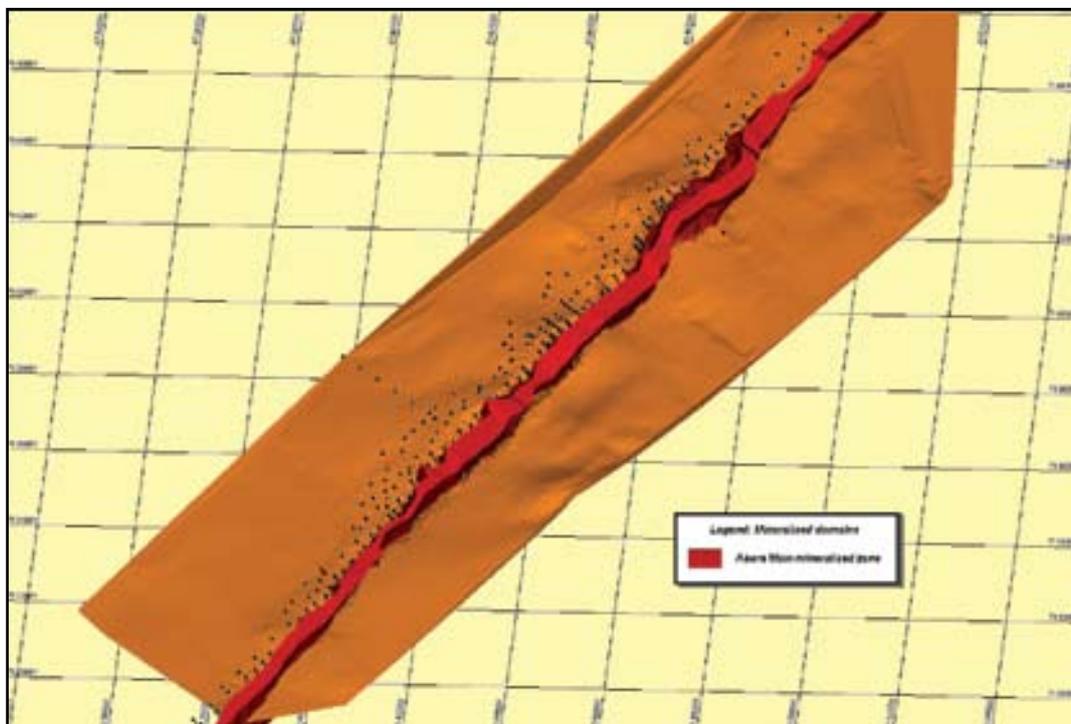


Figure 17. 3D schematic of mineralised domain (red), pit solid (brown surface) and drill traces (black points and lines) for Abore project.

Some of the PMI diamond drill-holes over the Abore project area have been drilled but assay results were pending at the time of writing this report.

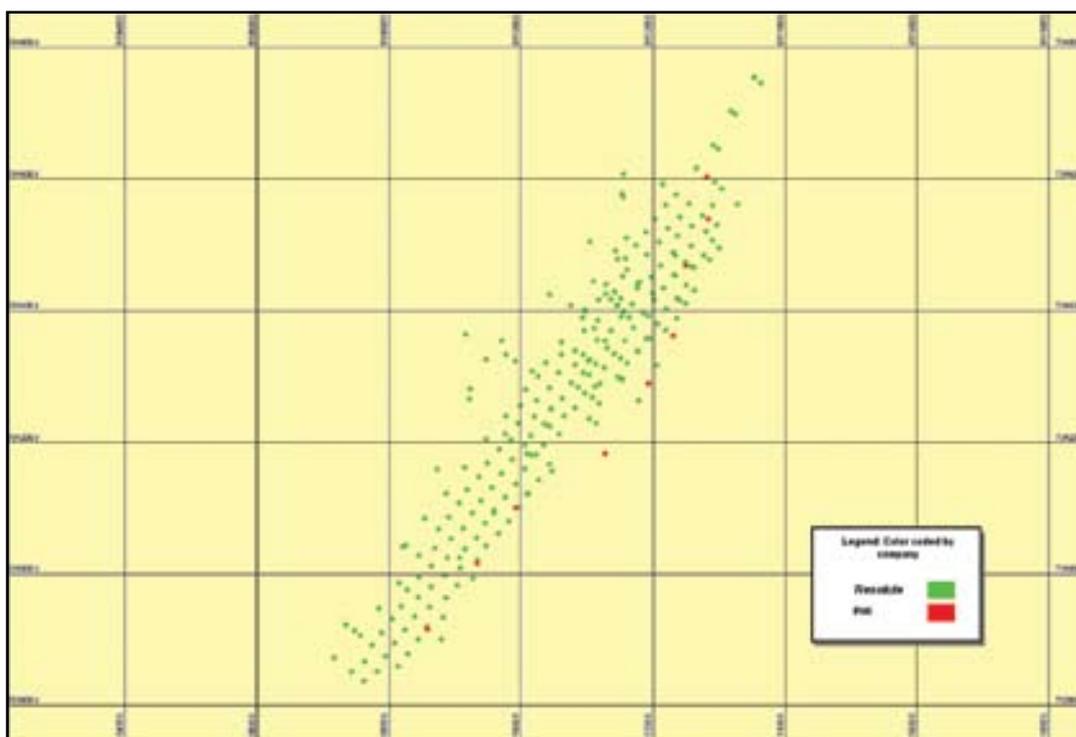


Figure 18. Plot of Adubiaso drill collars colour coded by company. Green points represent predominantly Resolute drilling and other.

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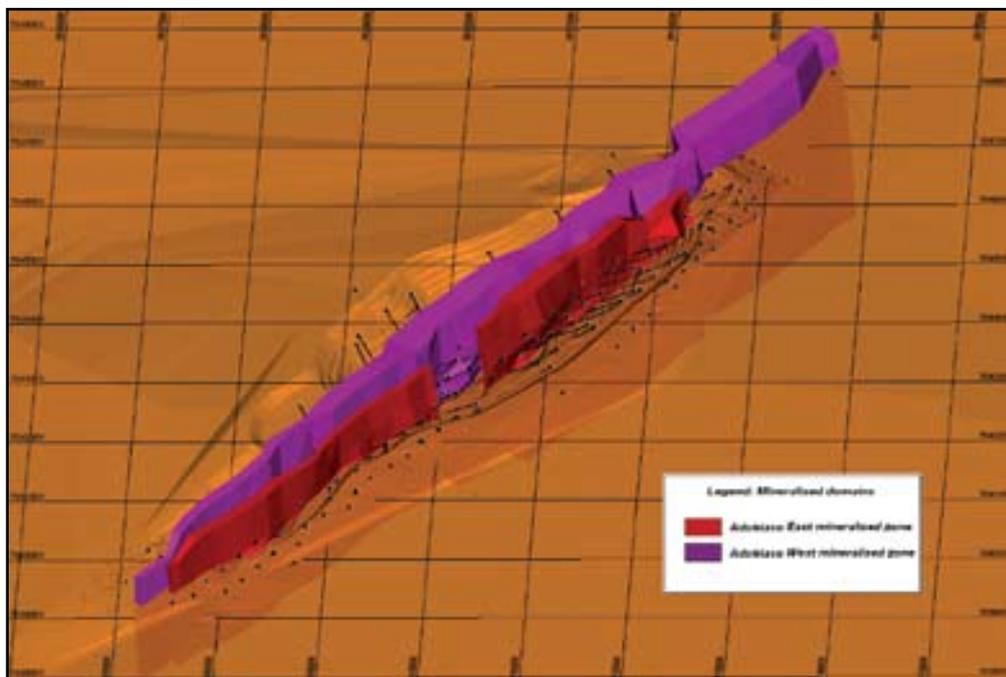


Figure 19. 3D schematic of mineralised domains (pink and red), pit solid (brown surface) and drill traces (black points and lines) for Adubaso project.

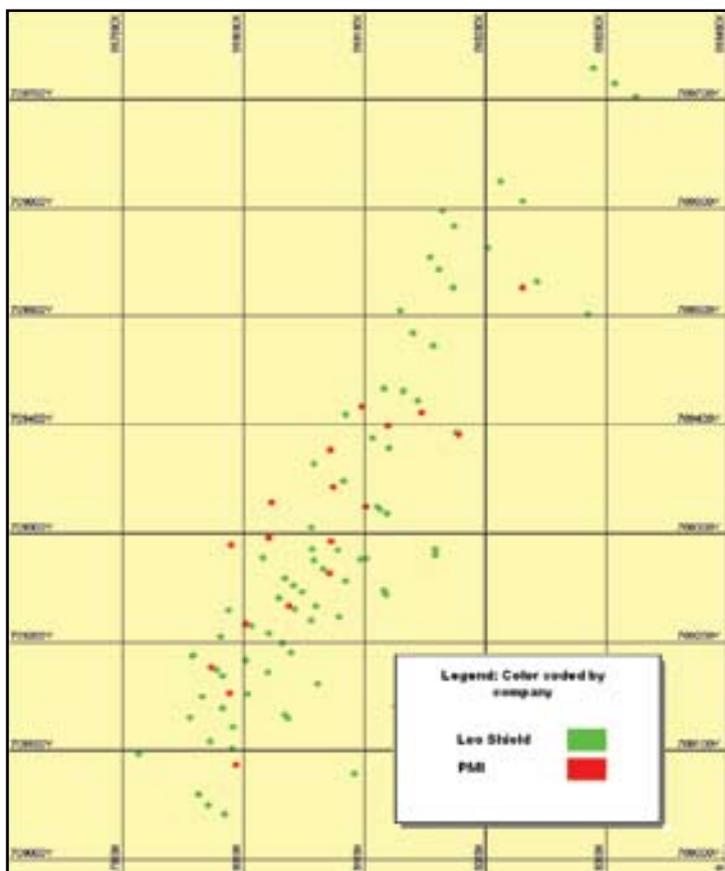


Figure 20. Plot of Asuadai drill collars colour coded by company. Green points represent predominantly Leo Shield drilling and other.

# 9. INDEPENDENT GEOLOGIST'S REPORT

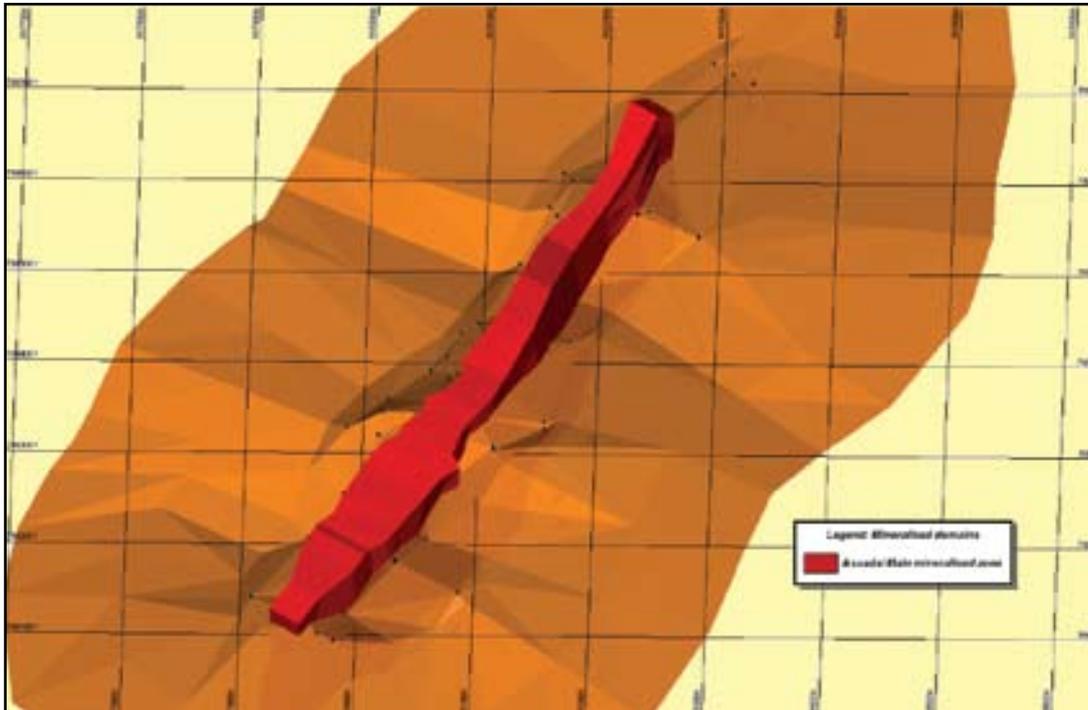


Figure 21. 3D schematic of mineralised domains at 1g/t Au and 5g/t Au, surface solid and drill traces for Asuadai project.

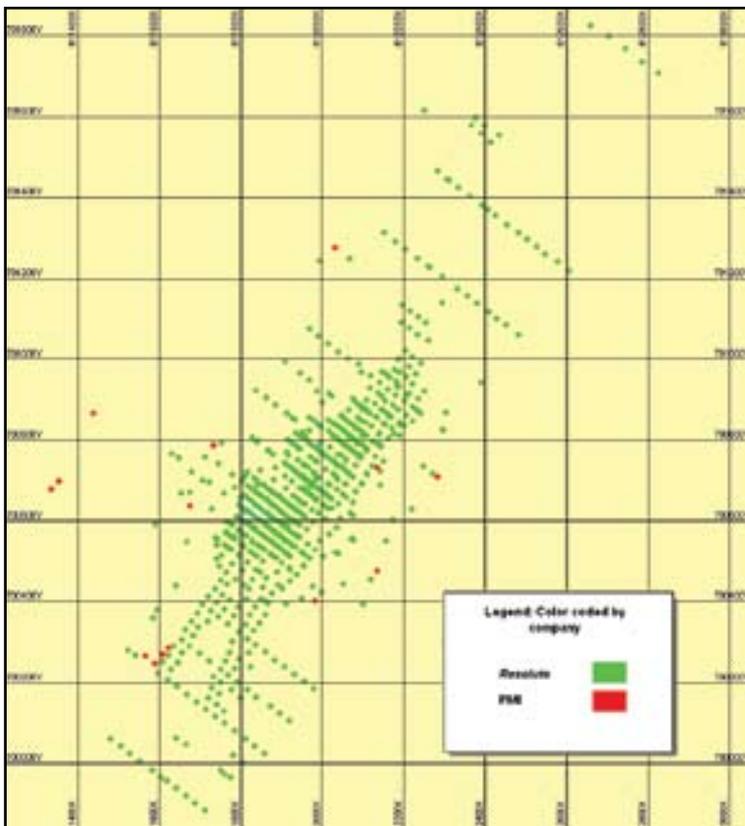


Figure 22. Plot of Nkran drill collars colour coded by company. Green points represent predominantly Resolute drilling and other.

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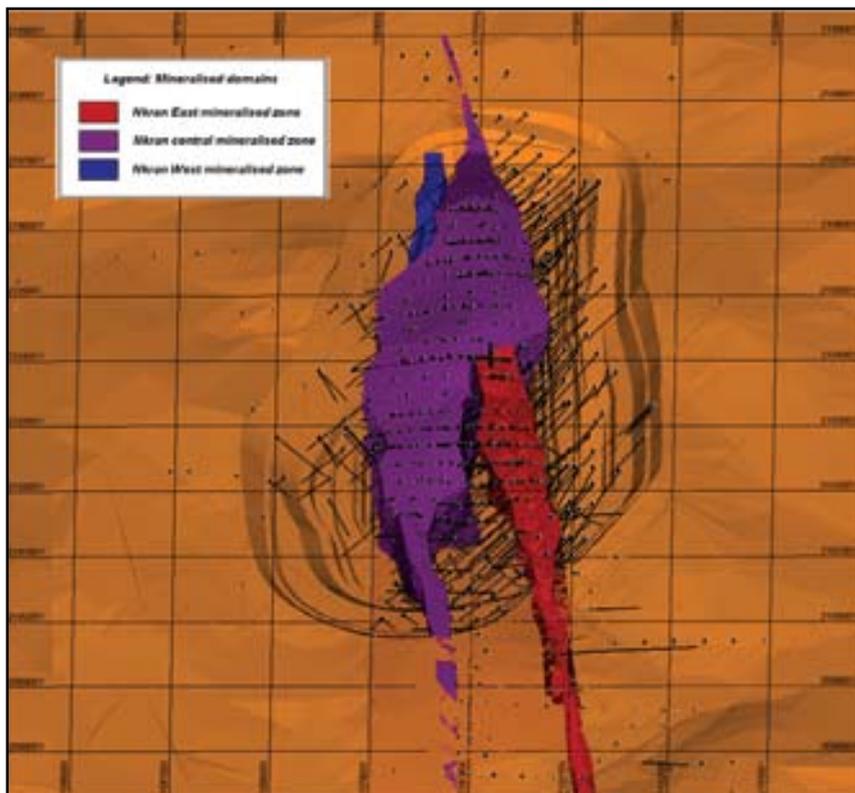


Figure 23. 3D schematic of mineralised domains (pink, red and blue), pit solid (brown surface) and drill traces (black points and lines) for Nkran project.

In total 2 of the PMI planned diamond drill-holes over the Nkran project area have been drilled. Significant intercepts for the Obotan project areas (Tables 13 to 16) were compiled, with a minimum interval width 2m (based on interval width not true width), minimum grade for final composite 1g/t Au, trigger value of 1g/t Au, maximum total length of waste 1m, maximum consecutive length of waste 1m and maximum gap 1m. True width calculation assumes that the mineralisation geometry is grossly vertical over all of the project areas and that drilling is on average angled at 50°. (deg) the results tabled in this section of the report refer to length weighted average outcomes.

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Table 13. PMI – confirmation diamond drilling significant intercepts – Abore project.

HOLE ID#	FROM	TO	INT WIDTH	TRUE WIDTH	AUG/T
ABP 10-001	49	51	2	1.70	1.28
	69	71.5	2.5	2.13	2.33
	93	95	2	1.70	1.50
ABP 10-002	63.6	66	2.4	2.04	1.62
ABP 10-003	84.8	86.87	2.07	1.76	2.38
ABP 10-005	118	120	2	1.70	1.88
ABP 10-007	86	88	2	1.70	1.58
	97	99	2	1.70	1.27
	101	103	2	1.70	2.21
	112	114	2	1.70	1.18
	118	120	2	1.70	1.19
	122	124	2	1.70	1.77
ABP 10-008	127	130	3	2.55	4.51
	82	84	2	1.70	3.51
ABP 10-009	101	103	2	1.70	1.62
	125	127	2	1.70	1.85
ABP 10-010	76.85	79	2.15	1.83	1.16
	96	98	2	1.70	7.52
ABP 10-011	71.5	74.5	3	2.55	1.14
ABP 10-012	99	102	3	2.55	1.46
	105	107	2	1.70	1.30
ABP 10-013	91	93	2	1.70	9.77
ABP 10-015	127	129	2	1.70	2.36
ABP 10-016	108	110	2	1.70	1.24
	113	116.5	3.5	2.98	1.80
	120	122	2	1.70	1.18

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Table 14. PMI – confirmation diamond drilling significant intercepts – Adubiaso project.

HOLE IDQ	FROM	TO	INT WIDTH	TRUE WIDTH	AUG/T
ADP09-001	116.59	120.09	3.5	2.98	1.94
ADP09-002	111.5	113.50	2	1.70	1.09
ADP09-005	68.58	71.10	2.52	2.14	1.43
ADP09-005	104.5	108	3.5	2.98	6.89
ADP09-004	219.36	222.06	2.7	2.30	14.68
	230	233	3	2.55	2.47
	240	242	2	1.70	1.53
ADP09-007	66.18	68.2	2.02	1.72	1.18
ADP09-008	207.57	210.39	2.82	2.40	2.17
	211.03	214.48	3.45	2.94	1.92
	218.53	221.5	2.97	2.53	3.03
	230.50	233.11	2.61	2.22	1.18
ADP09-009	106.20	108.2	2	1.70	1.91
	120.50	122.5	2	1.70	1.19
	130.74	136	5.26	4.48	4.72

Table 15. PMI – confirmation / mineralisation development diamond drilling significant intercepts – Asuadai project.

HOLE IDQ	FROM	TO	INT WIDTH	TRUE WIDTH	AUG/T
ASP 10-001	42	44.25	2.25	1.91	12.51
ASP 10-002	57	59	2	1.70	1.34
	72	74.3	2.3	1.96	1.14
	77	79	2	1.70	1.09
ASP 10-003	28.35	31.18	2.83	2.41	3.28
	33.53	38.3	4.77	4.06	1.21
	39	41	2	1.70	1.46
ASP 10-004	3.05	10.14	7.09	6.03	2.32
	10.67	16.24	5.57	4.74	4.94
	19	23.56	4.56	3.88	5.28
	32	34.53	2.53	2.15	1.50
ASP 10-005	7.62	10.14	2.52	2.14	1.14
	19.72	24.38	4.66	3.97	4.01
	27.05	30.48	3.43	2.92	1.88
	56	58	2	1.70	2.68
	61.65	64	2.35	2.00	2.08
ASP 10-006	43	45	2	1.70	2.51
	45	47	2	1.70	1.18

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HOLE IDQ	FROM	TO	INT WIDTH	TRUE WIDTH	AUG/T
	50	55.05	5.05	4.30	1.99
ASP 10-008	9.67	19	9.33	7.94	1.88
	22.25	26.91	4.66	3.97	1.96
	32.53	37.9	5.37	4.57	4.08
	39.62	42.15	2.53	2.15	1.43

Table 16. PMI – confirmation / mineralisation development diamond drilling significant intercepts – Nkran project.

HOLE IDQ	FROM	TO	INT WIDTH	AUG/T
NKC 10-010	314	328	14.00	1.86
NKC 10-010	451	456	5.00	1.67
NKC 10-010	457	463.11	6.11	12.48
NKC 10-010	464	470	6.00	2.71
NKC 10-010	477	482.22	5.22	2.78
NKC 10-010	501	506.28	5.28	3.87
NKC 10-010	532	537	5.00	1.68
NKC 10-010	546	552.5	6.50	2.38

### 3.5 PREVIOUS MINING

The Nkran Hill project came on stream for Resolute in May 1997, under budget and at least one month ahead of schedule. The plant was designed and constructed by the Lycopodium group of Western Australia. The capital cost was USD 32 million for an operation with an annual plant throughput of 1.4Mtpa and gold production of about 120,000 ozs/yr at a grade of circa 2.2g/t gold. These costs include mainly plant, infrastructure and pre-mining costs but exclude the mining equipment, which was provided by the mining contractor.

Following the completion of deep drilling in 1997, a mining reserve of circa 9.2 million tonnes of ore at 2.81g/t Au was outlined. At a proposed mining rate of 1.8 - 2.0mtpa, the Nkran pit was projected to have a mine life of about 5 years.

The pit design went through a number of changes over the life of the pit as a result of increased drilling early in the pit life and then as a result of improved geological knowledge as mining progressed. A major redesign was conducted in late 1999 and early 2000 as a result of the falling gold price, down from \$380/oz at the time of commencing operations to around \$260/oz in mid to late 1999. At this time ore hardness was increasing as the pit entered the transition and fresh zones, which reduced mill throughput. Without additional crushing capacity a revised pit design reduced the tonnage and strip ratio, but maintained the grade in order to maintain profitability.

The pit was mined in two stages, with a stage 1 pit mined to 5023mRL in order to even out strip ratios and to study the geotechnical properties of the rock formations in order to review the wall angles prior to commencing the final wall cutback.

All mining was conducted under contract by PW Ghana Limited. Drill and blast was subcontracted to RDS Ghana Limited and explosive supply subcontracted to UEE Explosives Ghana Limited. Mining at Nkran pit was completed between February 1997 and July 2001 (Table 17 illustrates first three years of production). A total of 16,108,059 BCM of material was excavated from Nkran open pit at a strip ratio of 3.88:1. The final pit depth was 4951mRL, 171m below the top of the original hill at 5122mRL.

Ounces produced were 99.4% of reserve based on the final pit pickup, 590,743 ounces compared to 593,053 ounces. Average mill head grade was lower at 89% of reserve at 2.35g/t compared to 2.64g/t expected from the model, but tonnage milled was up 112% at 7,820,296 tonnes compared to 6,993,579 tonnes expected. Reconciliation differences were accounted for by an underestimation of the galamsey mining activities in the upper levels and on density variations between the model and actual densities.

# 9. INDEPENDENT GEOLOGIST'S REPORT

Table 17. Obotan historical processed ore by date

	1997	1998	1999
Processed Ore (Mtpa)	0.664	2.285	2.023
Gold Production (ozs)	39,903	173,975	136,000
Recovered Grade (g/t)	1.87	2.37	2.09

Two aspects of the initial geological interpretation with respect to the hindsight of mining were noted. Firstly, the central stockworks had been initially interpreted to be a continuous and steeply dipping orebody just like the Eastern and Galamsey veins along the length of the deposit. Field evidence recorded during mapping indicated it to be much more discontinuous and found to be dipping shallowly towards the east. Secondly, below the weathering zone, the ore zones tend to break into discrete zones as opposed to the thickly bedded zones.

Drilling indicated that the orebody continued to depth beneath the pit with several assessments made on the potential of an underground mine. Various studies showed a possible mining resource of 813,554 tonnes at 4.40g/t for long-hole stoping methods. Operating costs were estimated at the time to be in the range of US\$290-\$335 per ounce assuming the mill was fully utilised. These two factors effectively ruled out an underground operation, with costs above the existing gold price and the ability to maintain the mill at full throughput without further ore sources available from open pits over the expected life of an underground mine. The pit filled with ground water at a recharge rate of 860 m<sup>3</sup> per day. Initial water quality sampling confirmed that the water was suitable for fish farm purposes and a fish farm was established as part of the final reclamation work.

Subsequently, Resolute completed arrangements with Shield Resources to mine the open-pit resources at the Abore North prospect and to truck the ore to the Nkran Hill plant. The Obotan mining operations produced a total of 730,000 ounces of gold at circa 2.2g/t gold up to their closing in December 2002. The mill processing equipment was sold and disassembled in 2004 and the property reclaimed. It was returned to the Ghana government in 2006. The mining village was gifted to the Anglican Church to be used for a future University.

## 3.6 HISTORICAL MINERALISATION POTENTIAL

The first mineralisation potential assessment for the Obotan area was over the Nkran Hill ore body and was undertaken by the Kiwi/Associated Gold Fields joint venture in early 1995 which was based on 4100m of RC drilling and an additional 1750m of diamond drilling.

The mineralisation potential did not distinguish between oxide and primary (sulphide) material since both were free milling. It was noted at the time (1995) that there did appear to have been a near surface enrichment and mushrooming of the ore body close to surface and it was likely that the majority of the materials were within the oxide zone. The mineralisation potential was taken to depths of about 100m below surface.

When Resolute took over, it became an immediate priority to expand the potential mineralised material in order to justify a large open-pit operation. This was achieved by defining mineralisation potential at Nkran Hill to a depth of 150m and by adding modest mineralisation continuity from the nearby Adubiaso prospect.

This was the basis for a bankable feasibility study by the Lycopodium group with the view to processing. Ongoing exploration drilling expanded the mineralisation potential after the mine started production in the second quarter of 1997.

The main differences in the mineralisation potential over these years is that whilst the overall mineralisation potential remained quite high, the potential mineable material dropped considerably and were not being replaced, primarily as a result of the then low gold price.

# 9. INDEPENDENT GEOLOGIST'S REPORT

## 3.7 CURRENT RESOURCE ESTIMATES – H&S JUNE 2010

Hellman and Schofield (H&S) have undertaken Resource Estimates for the Obotan Project areas utilising analytical data made available to H&S up to the close of the data set on the 23rd of June 2010.

Geological models for the areas of focus were formulated by PMI representatives in conjunction with input from H&S and form the basis for defining the subsequent domaining strategy employed during the coding of datasets and estimation process. Based on the geology and geometry of the confining units, geometry and statistical distribution of the mineralisation and density and coverage of the drill hole information made available to H&S, Multiple Indicator Kriging (MIK) estimation was employed with a direct lognormal change of support to account for volume variance effects, information effects and future potential mining selectivity.

In-line with NI43-101 requirements H&S undertook a comprehensive assessment of all available historical and recent confirmation analytical data utilised in the estimation, this included but was not limited to standard analysis, duplicate, blank and repeat analysis, nearest neighbour analysis, recovery analysis, lithology verses grade analysis, internal laboratory analysis and inter-laboratory analysis.

In accordance with the National Instrument 43-101, Standard of Disclosure for Mineral Projects (the instrument), the summarised Resource estimates observed in Table 18 has been compiled as of the 23rd of June 2010 close of database by H&S. The classification of the Resource Estimates into Measured, Indicated and Inferred Resources is a function of the confidence in the historical data, recent confirmation data and data analysis, geological interpretation, mineralisation geometry and geological context within which the estimation has taken place.

The classification of resources in table 18 complies 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 Institute of Geoscientists and Mineral Council of Australia (JORC).

Table 18. Summary of Obotan Resources, PMI.

PROJECT AREA	INDICATED			INFERRED			TOTAL		
	TONNES	AUG/T	OUNCES	TONNES	AUG/T	OUNCES	TONNES	AUG/T	OUNCES
Abore	1,020,000	1.51	49,000	2,235,000	1.4	98,000	3,254,000	1.4	147,000
Adubiaso	1,033,000	1.58	53,000	2,667,000	1.3	113,000	3,700,000	1.4	166,000
Asuadai	390,000	1.29	16,000	1,131,000	1.3	48,000	1,521,000	1.3	65,000
Nkran OC	539,000	1.58	27,000	5,946,000	2.0	385,000	6,485,000	2.0	412,000
Nkran UG	82,000	4.12	11,000	3,658,000	3.5	409,000	3,740,000	3.5	420,000
Total - All Areas	3,064,000	1.59	156,000	15,637,000	2.1	1,053,000	18,701,000	2.0	1,209,000

Local miners have removed ore down some 10 to 15m, and therefore the above noted resources, with the exception of Nkran, have been reduced by 10%. Nkran was not reduced on the basis that no significant local miner activity was observed or has occurred in the area of the resource as the pit filled with water subsequent to the end of mining. An assumed oxidation surface was utilised in the designation of SG to oxidation profile and subsequent block model during estimation. Significant figure do not imply added level of precision. All projects are reported at a 0.5g/t Au cut-off grade with exception of Nkran OC (Open Cut) which is reported at a 0.9g/t Au cut-off grade and Nkran UG (Underground) which is reported at a 1.5g/t Au off grade.

# 9. INDEPENDENT GEOLOGIST'S REPORT

## 3.8 PROPOSED EXPLORATION

Subject to successful listing on the Australian Securities Exchange, PMI proposes to develop the Obotan Project by focussing on a period of intensive mineralisation development diamond drilling to better define the geometry of the existing mineralisation and further develop the resource base over the Obotan project areas.

During the first two years of development, PMI proposes to conduct two stages of drilling totalling up to approximately 40,000m. Drill-hole locations will be finalised by detailed review of existing information including three dimensional modelling and engineering relative to existing resource base and stages of project development. The drilling focus will primarily be a two pronged approach whereby surface mineralisation development and underground mineralisation development drilling will be undertaken sequentially in order to fast track project developments toward mine production.

The deep drilling programme, budgeted at \$2 million over 2 years, is proposed to test for extensions of the mineralisation under the NKRAN pits to a depth of +1000m.

In line with the aforementioned developments PMI will push on with surface improvements to infrastructure in line with a focus on production from both open cut and potential underground resources and engage with engineers to facilitate the aforementioned processes. In addition and as a result of annual Ghanaian regulations; permitting will be reviewed and addressed on an on-going basis over the first two year period with a view to attaining mining status. In conjunction with exploration programmes, PMI will be conducting advanced social programmes to keep the local communities informed and serviced (where applicable).

As is the proposal for the Kubi and regional projects, geophysical surveying is proposed over the Obotan area during the first 2 year to evaluate those parts of the tenement not yet adequately tested. This may lead to drilling programmes in addition to those previously described. The geophysical surveys and project mineralisation development are planned to be followed up and progressed by strategically targeted RC and diamond drilling of up to 4000m to 8000m of additional drilling (extent of drilling is dependent on drill costs / metre). The locations, distribution and extent of planned follow-up drilling is dependent on geophysical survey success, the drilling cost / meter and the local infrastructure.

The proposed drilling and geophysical testing will be accompanied by continued systematic geological interpretation to develop a model of the local structural framework. The PMI Obotan project area development and mineralisation development budget for an up to \$27.5 million raising for the next two year period is summarised in Table 19.

# 9. INDEPENDENT GEOLOGIST'S REPORT

Table 19. Summary of Obotan potential expenditure, PMI

ITEM	MINIMUM SUBSCRIPTION \$20 MILLION		MAXIMUM SUBSCRIPTION \$27.5 MILLION	
	Yr1	Yr2	Yr1	Yr2
	Million\$		Million\$	
<b>Obotan</b>				
<b>Pre-Feasibility</b>				
Drilling - resource upgrade and definition	\$5.00	\$3.00	\$5.00	\$3.00
Permitting, Land costs, Surface, Infrastructure, Environmental	\$0.40	\$0.40	\$0.40	\$0.40
Mine Engineering, Geotech, Metallurgy, Hydrology	\$1.00	\$1.00	\$1.00	\$1.00
Exploration geophysics, geology, geochem, auger drilling	\$0.10	\$0.10	\$0.10	\$0.10
Social Programs	\$0.10	\$0.20	\$0.10	\$0.20
<b>Nkran deep drilling</b>	\$1.00	\$1.00	\$1.00	\$1.00
<b>Bankable feasibility study</b>				
Geotechnical, metallurgical testwork, engineering studies	\$0.50	\$0.50	\$1.00	\$2.00
<b>Obotan subtotal</b>	<b>\$8.10</b>	<b>\$6.20</b>	<b>\$8.60</b>	<b>\$7.70</b>
<b>Kubi</b>				
Drilling - resource review, upgrade and definition	\$0.20	\$0.20	\$0.30	\$0.20
Permitting, land costs, bond, surface and infrastructure	\$0.20	\$0.20	\$0.20	\$1.00
Mining Engineering, Geotech, Pre-Feasibility and Feasibility	\$0.30	\$0.30	\$0.30	\$0.30
Exploration geophysics, geology, geochem, auger drilling	\$0.10	\$0.10	\$0.20	\$0.20
Social Programs	\$0.10	\$0.10	\$0.10	\$0.10
<b>Kubi subtotal</b>	<b>\$0.90</b>	<b>\$0.90</b>	<b>\$1.10</b>	<b>\$1.80</b>
<b>Regional Exploration</b>				
Drilling - new discoveries	\$1.00	\$0.80	\$5.00	\$0.65
Permitting, land costs, Surface and Infrastructure	\$0.20	\$0.20	\$0.30	\$0.30
Mining Engineering	\$0.20	\$0.20	\$0.20	\$0.20
Exploration geophysics, geology, geochem, auger drilling	\$0.30	\$0.30	\$0.40	\$0.30
Social Programs	\$0.10	\$0.10	\$0.20	\$0.20
<b>Regional Exploration Subtotal</b>	<b>\$1.80</b>	<b>\$1.60</b>	<b>\$6.10</b>	<b>\$1.65</b>
<b>Grand Total</b>	<b>\$10.80</b>	<b>\$8.70</b>	<b>\$15.80</b>	<b>\$11.15</b>
Group Administration	\$1.50	\$1.50	\$1.85	\$1.85
Offer Expenses	\$1.90	\$0.00	\$2.35	\$0.00
<b>Total Expenditure YR1 YR2</b>	<b>\$14.20</b>	<b>\$10.20</b>	<b>\$20.00</b>	<b>\$13.00</b>
<b>Total Expenditure</b>	\$24.40		\$33.00	
Cash on Hand	\$5.50		\$5.50	
Unallocated	\$11.30	\$1.10	\$13.00	\$0.00

# 9. INDEPENDENT GEOLOGIST'S REPORT

PMI have indicated that during the next two year period they will continue to push forward with exploration over the Obotan concessions to further support the resource base for a production decision. Activities are planned to include (but are not limited to) geophysical surveys, surface geochemical sampling, auger, RC and diamond drilling, and are contingent on outcomes of earlier exploration success. Outcomes will be assessed and geological interpretations compiled and ground truthed to better target the penetrative phase of the exploration.

PMI's proposed Obotan project and mineralisation development programmes and aforementioned budget are consistent with the scale of the project to date and the resource estimates recently identified by H&S (August 2010) .

H&S believe that the proposed drilling is sufficient to effectively complete the initial stages of mineralisation development and further define the resource base of the Obotan project. The budget significantly exceeds the tenement's minimum statutory expenditure requirements.

## 4. Kubi Project

### 4.1 INTRODUCTION

The Kubi Project comprises the Kubi Mining Leases that encompass an area of (19.16km<sup>2</sup> – Kubi and Kubi Forest Reserve – 0.18km<sup>2</sup>) and the Dunkwa Gyimigya prospecting license, both located in the Adansi South and Upper Denkyira Districts of the Ashanti and Central Regions of Ghana (Figure 1 in section 1, and Figure 11). Kubi is located 30km south, by road, of the township of Obuasi, 6km north of the town of Dunkwa, and 170km, 4.5 hours by road, northwest of the capital city of Accra.

The centre of the Kubi project is located at approximately 6° 00' N Latitude and 1° 45' W longitude. The property is bordered by AngloGold Ashanti's Obuasi concession to the North, and Golden Star's Birim Goldfields concession to the South. Villages are located at Kubi, Kubi Nkwanta, Jimiludo, and Nyamebekyere. Dunkwa is the closest major town to the project area.

Major access to the property is good. The western boundary is adjacent to the main surfaced trunk road linking the regional capital, Kumasi in the north, through Obuasi, 30km south, to Dunkwa and a further 173km south to the coastal port at Takoradi. The Kubi Main gold deposit is 4km on laterite road, east of the main Dunkwa to Obuasi highway junction.

The Jimiludo and Kubi prospects are accessible by vehicle via the paved Dunkwa-Obuasi Highway and then by an upgraded dirt road which passes through the Jimiludo and Kubi Nkwanta villages. Another route from Kubi Main through the Forest Reserve to the South of Lagos village and on to Jimiludo is also available for heavy equipment to access the Gyimigya concession south of the Gymini river.

The main Ghana Rail line from Kumasi to Obuasi to Takoradi passes along the western margin of the concession and stops at the station in Dunkwa. The section from Dunkwa to Obuasi is not serviceable. Movement of materials or equipment from the port to Dunkwa by rail would be straight forward.

The tenement area falls within the wet semi-equatorial climatic zone of Ghana. It is characterised by an annual double maximum rainfall pattern occurring in the months of May to July and from September to October.

The description of the rainfall pattern and amounts within the project area is based on data obtained from the weather stations at Dunkwa and Obuasi. The mean annual rainfall for the Kubi area is estimated to be in the region of 1487mm. This may vary significantly from year to year as suggested by the data obtained for Dunkwa and Obuasi. (Dunkwa, from 1981 to 1998 recorded 1071mm to 1932mm; Obuasi, from 1995 to 1997 recorded 1436.4mm to 1666.3mm).

The main rainy season occurs between March and July (peaks in May/June) and the minor season from September to November. The dry season is between December and March and a short dry spell in July/August.

Maximum temperatures occur between January and April ranging between 25°C and 35°C and minimum temperatures between May and December when values ranging between 18°C to 24°C.

The Kubi tenements lie in the Adansi South and Upper Denkyira Districts of the Ashanti and Central Regions of Ghana. It is administered from the Municipal town of New Edubiase. The district is bounded to the west and north by the Amansie East district, to the east by the Adansi East district and to the south by the Upper Denkyira District Assembly.

The southern boundary coincides with the regional boundary of the Ashanti Region with the Offin River, separating it from the Central Region. The district covers a land area of about 950 square kilometres with an estimated population exceeding 250,000.

# 9. INDEPENDENT GEOLOGIST'S REPORT

The Kubi tenement area is bounded to the north and east by the Lower Gymini sub-basin and to the south the Lower Offin sub-basin. The Gymini is a perennial river which flows south from its source 60km northeast of Kubi, through Obuasi to join with the Offin immediately northwest of Dunkwa. The path of the Gymini demarcates the western boundary of the concession. It was previously mined for alluvial gold, pre-WWII, by State Gold Mining Company (SGMC) under license to Ashanti Goldfields.

The Offin is a primary order perennial river which meanders eastward from the confluence demarcating the southern boundary of the concession. It receives all flows which originate on the property. About 25km to the east, it joins with the major Pra River which flows southward directly into the Atlantic Ocean.

Relief within the Kubi tenements is characterised by two major, linear, SW-NE striking ridge forms. In the west of the property the Ashanti trend is dominated by a regionally continuous and dissected range of steep to moderate sloping hills of the Southern Bekansi Range. These hills rise on slopes of sometimes  $>30^\circ$  (deg) to a maximum of 300m.

## 4.2 TENEMENTS

Tenement status is discussed in detail in the Solicitors Report within this prospectus. The Kubi tenement group comprises 2 mining leases and a prospecting license as listed in Table 20.

In August 1999 a mining lease was issued to Ashanti by the Government of Ghana to permit the mining of the Kubi Concession. As per the April 1999 agreement, the Kubi property was being managed by Ashanti's Obuasi Mine. Ashanti commenced mining on the property in September 1999. Mining was conducted at the Kubi pit up to the boundary with a designated forest reserve area. The current pit depth is 112m which is also the ultimate pit bottom (prior to any subsequent back fill).

PMI in 2008 purchased the Kubi assets held by Nevsun Africa (Barbados) Limited of Bridgetown, Barbados, by purchasing all of the shares of their wholly owned subsidiary Nevsun Resources (Ghana) Limited (NRGL).

NRGL had previously entered into contractual agreements with Ashanti Goldfields Company Limited, a subsidiary of Anglo Gold Ashanti (Ghana) Limited, dated 25 January 1999 and August 2004, wherein NRGL assigned its property and mining rights to Ashanti in return for certain cash and royalty interests. Ashanti completed their mining of the surface oxide reserves pursuant to the August 2004 agreement and returned their Property interests to NRGL. They also committed to complete the environmental rehabilitation of the areas affected by their mining operations per the terms of the Mining Lease and EPA permit. The Mining leases were renewed in 2008 for 20 years, expiring 17 September 2028 unless further extended under the terms of the leases.

Under Ghanaian Government and EPA Regulations after concession licences are obtained and under normal circumstances: the owners must obtain EPA Permits every 2 years; Mines Department Permits every year; and Annual Ground Rental Payments and District Assemblies permits every year.

# 9. INDEPENDENT GEOLOGIST'S REPORT

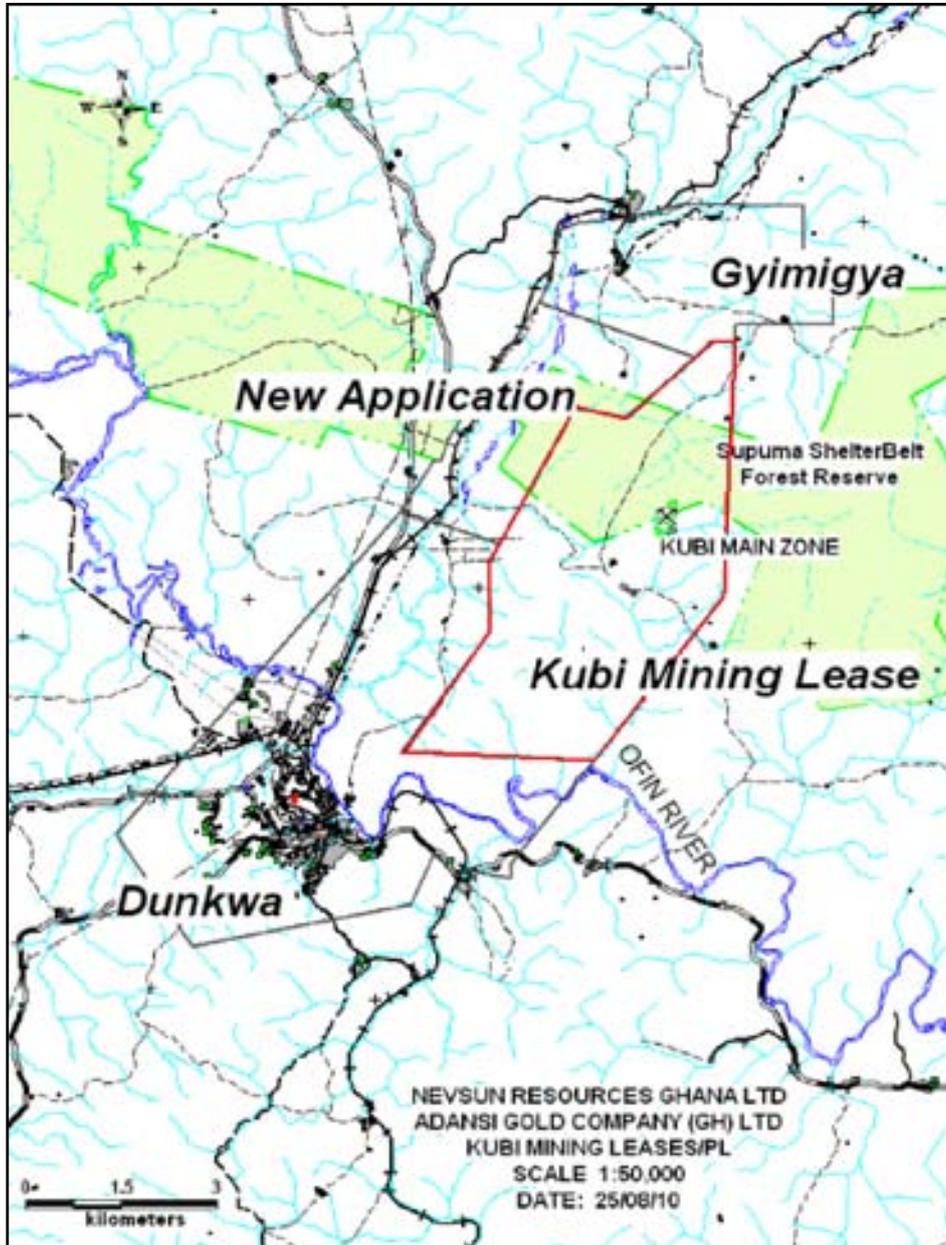


Figure 24. Kubi concession (marked in red) – Ghana, West Africa.

On advice from PMI, the company currently have all permitting up to date and accounted for within the aforementioned governmental Permitting structure.

The Kubi property interests are subject to a 3% royalty in right of the Government of Ghana (who have announced their intention to raise the royalty to 6%, although this has not yet been enacted in law) and the Kubi Mining Leases to a 3% Net Proceeds of Production royalty to Royal Gold of Denver (assigned from BHP).

# 9. INDEPENDENT GEOLOGIST'S REPORT

Table 20. PMI – Kubi concession details.

IDENTIFYING CONCESSION NAME	GHANA TOPOGRAPHICAL FIELD SHEET LOCATED ON	AREA IN SQUARE KM	TYPE OF MINERAL TENURE	GEOGRAPHIC LOCATION	HOW PROPERTIES BOUNDARIES WERE LOCATED	MINERALS COMMISSION #	LAND VALUATION #	DEED REGISTRY #	LICENCE EXPIRY DATE	STATUS OF LICENCE	THE NATURE AND EXTENT OF ISSUER'S TITLE TO, OR INTEREST IN, THE PROPERTY INCLUDING SURFACE RIGHTS	ALL ENVIRONMENTAL LIABILITIES
Kubi	0502A1 & 0602C3	19.16	Mining Leases	supplied	On Minerals Commission master Minerals Concession Map of Ghana	PL.3/30/Vol.3	LVB 22723/08	LR#70/2008	17/09/2028	20 years extension of mining lease		Yes - AngloGold Ashanti rehab not signed off by EPA Liability for AngloGold
Kubi Forest Reserve	0502A1 & 0602C3	0.18	Mining Leases	supplied					17/09/2028	20 years extension of mining lease		Yes - AngloGold Ashanti rehab not signed off by EPA Liability for AngloGold
Dunkwa-Gyimigya	0502A1, 0502A2, 0602C3, 0602C4.	39.17	Prospecting Licence	supplied	On Minerals Commission master Minerals Concession Map of Ghana	PL.3/88	LVB8919/09	LR#54/2009	Two year licence			
Gyimigya New app	0602C3 0602C4.		Prospecting Licence	supplied	On Minerals Commission master Minerals Concession Map of Ghana	PL.6/324	LVB8919/09	# not yet given	# not yet given			

## 4.3 PROJECT GEOLOGY

The Kubi Main gold deposit is situated at the intersection of the main NE-SW trending Birimian–Tarkwaian thrust contact and a major N-S trending basement fault and it strikes 1.8km (Figure 25).

As part of its exploration program NRGL completed detailed geological and structural mapping and logging of trenches, access roads and drill pads, adits and oriented drill core to evaluate the geological complexity of the deposit and to develop an understanding of the three dimensional controls to gold mineralisation within the deposit.

Observations made in the adit mapping indicate that most of the minor fold hinges have been transposed and that rarely does a simple fold pair occur. Further, where kink folds are observed the eastern limb is always shorter than the west, indicating that fold vergence is to the east.

The data would tend to indicate that the Kubi Main deposit was formed within the core, or hinge zone, of an anti-formal fold. Faults and shears, as the major dislocation features and obvious structures which will control mineralisation, exhibit two distinct orientation sets: a primary strike parallel set striking azimuth 000° – 020°, dipping 85° to the west; and a conjugate E-W set which strike 275° and dip 79° to the north. The primary set correlate well with the primary foliation orientation, and strike of the ore body.

Within the three dimensional model of the Kubi geology, a brittle, non-graphitic fault is consistently observed on, or close to, the western contact of the 'Garnet Zone'. It can be traced the length of the deposit (W. Nielsen, 2002).

# 9. INDEPENDENT GEOLOGIST'S REPORT

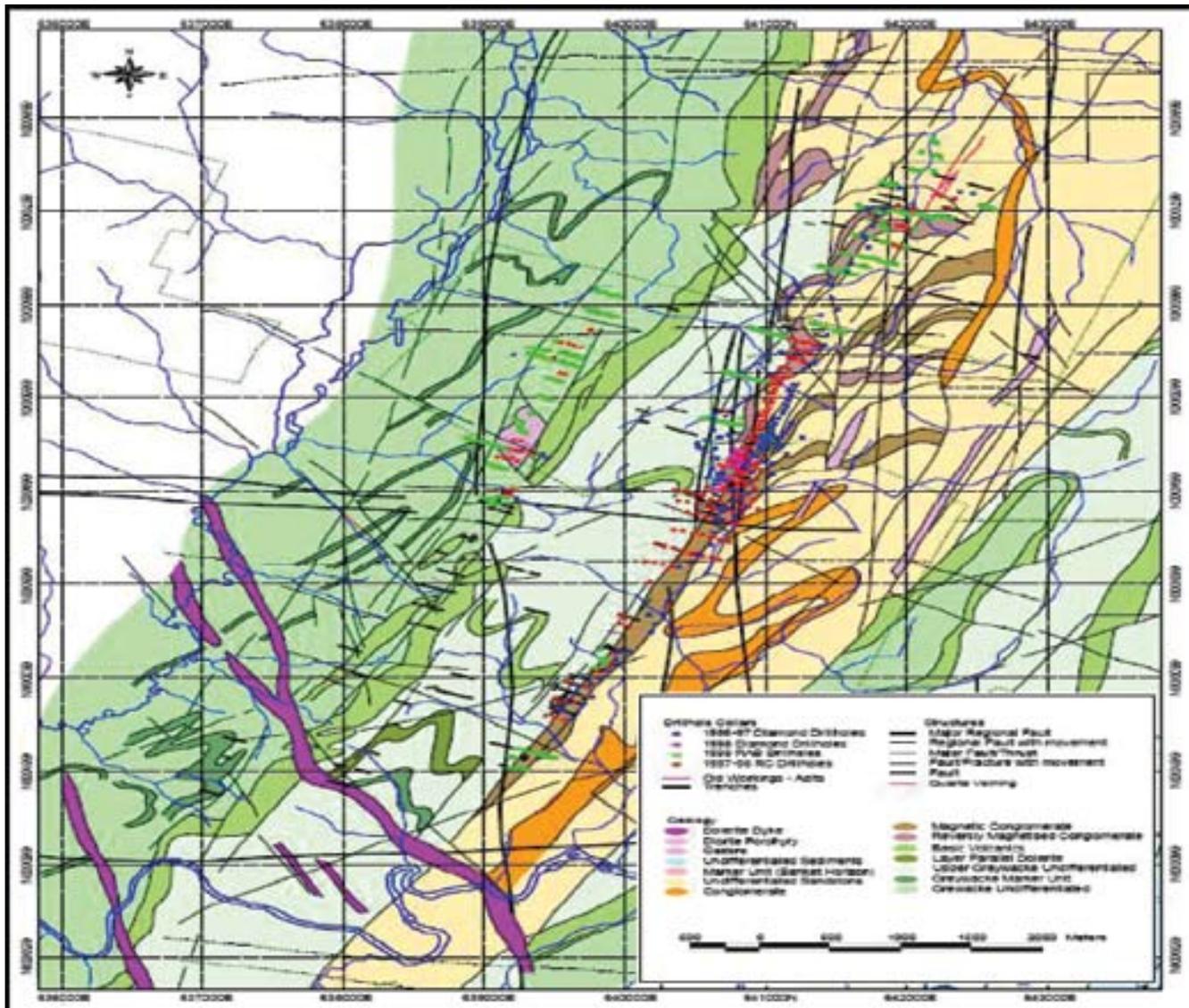


Figure 25. Kubi Geology and historical drilling – Ghana, West Africa.

Slickensides observed in the core indicate that the last phase of movement was strike-slip. Kinematic Indicators, such as vein offsets and sense of shear on minor thrusts observed in the adits and trenches, indicate that the sense of movement was sinistral. The secondary set probably represents the E–W transfer faults which clearly displace the Birimian-Tarkwaian contact.

Quartz vein data was compiled to determine the primary fabrics of high grade gold bearing structures. The rose diagram shows a spread of strike orientations between  $330^{\circ}$  to  $020^{\circ}$ , with the bulk between  $350^{\circ}$  to  $020^{\circ}$ . Pole concentrations observed on the stereonet indicate three preferred orientation vein sets are developed within Kubi Main.

A primary strike parallel set striking  $000^{\circ}$  and dipping vertical. A secondary vein set strikes approximately  $338^{\circ}$  and dips  $55^{\circ}$  to the southwest. A third set strikes  $017^{\circ}$ , dipping  $77^{\circ}$  to the east. There is close correlation between the primary and tertiary vein sets and the primary fault orientation (W Neilsen, 2002).

# 9. INDEPENDENT GEOLOGIST'S REPORT

## 4.4 MINERALISATION

The Kubi Main deposit gold mineralisation is contained within a north-northeast trending shear zone close to the Birimian-Tarkwaian contact. The mineralisation occurs in a 1.0 to 15.0m thick garnetiferous horizon within Birimian metasediments.

This garnetiferous horizon contains fine grained gold associated with minor (5-15%) pyrite, pyrrhotite and arsenopyrite as well as some coarser gold which is associated with relatively narrow quartz veins and silica flooding. Some mineralisation occurs in quartz veins and veinlets that crosscut the Birimian - Tarkwaian contact, outside of the main garnetiferous horizon.

The deposit is situated at the intersection of the main NE-SW trending Birimian-Tarkwaian thrust and a major north/south trending basement fault. Structurally, it appears that the prominent foliation strikes at approximately 20° (deg) and dips steeply to the east while the mineralised zone has a similar strike but dips steeply to the west away from the Birimian-Tarkwaian contact, (W. Nielsen, 2002).

The Kubi Main deposit is situated adjacent to the main Birimian – Tarkwaian contact. Seven mineralised zones have been defined within three major generative corridors:

- (i) Main Garnet Zone
- (ii) Birimian – Tarkwaian contact
- (iii) Hangingwall and Footwall Shears.

The 'Garnet Zone' constitutes 85% of the Kubi Main Resource. A distinct, laterally persistent rock unit located within the major boundary shear zone and characterised by dense garnet and amphibole development, pyrrhotite and free gold within quartz veins.

At Kubi Main, it can be traced for two kilometres along a consistent 020° strike, and with a shallow dip westerly of 85° - 75°. It is still open at a depth of 700m. A 'Garnet Zone' equivalent has been intersected with associated grade in boreholes drilled at Kubi South, (W. Nielsen, 2002).

Overall it can be observed that quartz veins straddle and cross-cut the 'Garnet Zone', feathering into the surrounding host rock. Although higher gold grades are often associated with quartz veins and zones of appreciable silica flooding, gold mineralisation within the host selvage proximal to the fracturing is also of economic tenor.

## 4.5 PREVIOUS EXPLORATION

### 4.5.1 SUMMARY

Exploration of the project area for gold primarily began in 1988 and was undertaken in three distinct phases which included the range of activities summarised in Table 21 below with details in Tables 22 to 25. Exploration to date includes airborne and ground magnetic and electromagnetic geophysical surveys, airborne radiometric, soil geochemical sampling, trenching, adit mapping and sampling and shallow auger, RAB and RC and Diamond drilling.

Table 21. Kubi exploration summary activities.

COMPANY	PERIOD	EXPLORATION ACTIVITIES
BHP	1988 to 1994	Geophysical and geochemical surveys, trenching and adit sampling. Two phases of Diamond drilling
CME	1994 to 1998	Geophysics and drilling
Nevsun	1994 to 1998	Soils sampling, ground magnetics, dipole-dipole IP, radiometrics, trenching of adits and shafts, RAB, RC and diamond drilling
PMI	2008 to 2010	Geophysical surveys and diamond drilling

# 9. INDEPENDENT GEOLOGIST'S REPORT

## 4.5.2 BHP PTY LTD (1988 TO 1994)

Table 22. Kubi – BHP exploration summary activities, 1988 to 1994.

COMPANY	ACTIVITY	DETAILS
BHP	Geochemical survey	40km area covered, lines 1km apart, samples every 100m - 3 anomolous zones defined
	Diamond drilling	12 holes for 1695m - best intercept 2.4m @ 18.8g/t Au
	Metallurgy	Sample testing on oxide and primary material of 1kg samples - recoveries of Au at between 60 and 100%

BHP carried the above activities over the period 1988 to 1994 with mixed success, defining 3 anomalous zones in the region.

## 4.5.3 CME LIMITED (1994 TO 1997)

Table 23. Kubi – CME exploration summary activities, 1994 to 1997.

COMPANY	ACTIVITY	DETAILS
CME	Geophysics	Dipole-dipole IP survey - defined Kubi main zone of mineralisation
	Geochemical sampling	Lines defined at 100m intervals, samples every 50m - 3 anomolous zones defined
	Drilling	199 holes for 66,196.76m - defined extensions to existing Kubi mineralisation
	Metallurgy	Ore samples total material 76.8kg which gave 60 samples - composites gave an average grade of 4.29g/t Au

CME carried out the above activities between 1994 and 1997 and further defined the Kubi Main zone mineralisation.

## 4.5.4 NEVSUN RESOURCES LIMITED (1995 TO 1998)

In 1994, upon the recommendation from consultants CME and Company, Nevsun of Vancouver acquired the concession and conducted a Phase I reconnaissance exploration program involving geological mapping, soil sampling and a ground magnetic survey. A range of exploration and development activities were undertaken by Nevsun during the course of the 1995 to 1998 field seasons:

Table 24. Kubi – Nevsun exploration summary activities, 1995 to 1998.

COMPANY	ACTIVITY	DETAILS
Nevsun	Soils	Lines covered 143.6km and produced 574 samples- assisted in defining target zones
	Geophysics	Ground magnetics covering 179.8km at 10m stations - defined lithological contrasts
	Dipole-dipole IP	IP and resistivity covering 110.9km at 50m stations - defined lithological contrasts
	Radiometrics	Covering 37.5km at 10m stations - defined lithological contrasts
	Trenching	Lines covered 13.75km for 137 trenches for 9163 samples - to follow up soils
	Adit and shaft sampling	Lines defined at 100m intervals, samples every 50m - 3 anomolous zones defined
	RAB drilling	A total of 499 RAB holes were drilled for 14296m samples - defined extension to potential mineralisation
	RC drilling	A total of 229 RC holes were drilled for 19274m samples - to define oxide potential near pit
	Diamond drilling	A total of 19DD holes were drilled for 2142m samples - defined mineralisation continuity in Kubi main zone

# 9. INDEPENDENT GEOLOGIST'S REPORT

## 4.5.5 NEVSUN LIMITED TRANSFER OF SURFACE RIGHTS TO ASHANTI / ANGLOGOLD (AGC), (1999)

AGC acquired the Kubi property from Nevsun Resources in order to sustain production beyond 2000 at the Sansu oxide treatment plant. By late 2005 Ashanti had mined 500,000 tonnes in two small oxide pits, producing 58,696 ounces of gold at an average grade of 3.65g/t.

## 4.6 PREVIOUS MINING

Ashanti / AngloGold, took ownership of the Kubi prospect in late 1999 and undertook a further exploration phase.

Drilling on the Kubi property outlined gold mineralisation over a strike length of about 1800m and to a vertical depth of 600m.

Ashanti Goldfields carried out a feasibility study on the Kubi prospect. Mineable open-pit reserves at the Kubi prospect were estimated at 535,000 tonnes grading 4.0g/t with contained gold amounting to about 69,000 ounces. The initial establishment of a single open-pit to mine and treat the 535,000 tonnes of ore over a period of 11 months was put in place. The pit was excavated to a maximum depth of 100m and occupied an area of 400m in length by approximately 150m in width and incorporated approximately 3.3 acres along the edge of the Supuma Shelterbelt Forest Reserve.

Mining generated 3.3 million tonnes of waste at a stripping ratio of 6.2:1. The ore was hauled in 30 tonne trucks from the Kubi pit to the Sansu Oxide Treatment plant for processing. Monthly production was approximately 20,000 to 50,000 tonnes with a yield of 2055 to 5946 ounces. Mining of the surficial oxide deposits progressed, producing 58,696 ounces of gold from 500,230 tonnes of ore.

The mine ceased operation in 2005 and has been undergoing rehabilitation. The site has been rehabilitated by backfilling the pits to a common level ground, and planting grasses, leaving about one third of the North face of the northern pit cut into Kubi Hill. The Mining Leases were returned to NRGL in 2008. Road and bridge improvements for the AngloGold Ashanti mining operation will be utilized in any potential future mining operation.

## 4.7 HISTORICAL MINERALISATION POTENTIAL - KUBI PROJECT

A significant amount of the Kubi gold resources lie within the Supuma Shelterbelt Forest Reserve. PMI anticipates accessing these underground resources from a decline located outside of the Forest Reserve. Newmont, AngloGold Ashanti and other companies have in the recent past successfully permitted surface mining operations in Forest Reserve areas.

In 1996, BHP undertook an assessment of the mineralisation potential over the oxide, transition and fresh material defined by the historical drill testing to a depth of 100m below the oxide layer.

In March 1997 Pearson Hoffman and Associates Ltd were retained by Nevsun to complete an assessment of the Kubi project mineralisation potential. Using a lower cut off grade of 3.0g/t Au they reported an indicated resource of 1.66 million tonnes grading 7.52g/t Au containing 400,700 ounces. Total indicated and inferred resources amounted to 2.83 million tonnes grading 8.28g/t Au containing 753,300 ounces of gold. An indicated and inferred oxide resource using a 0.5g/t Au lower cut off of 1.89 million tonnes grading 2.45g/t Au is included in the above total resource estimation.

Nevsun again retained PHA to re-assess the in situ resource of the Kubi prospect which is summarised in a report entitled "Kubi Project, Ghana, Africa, Evaluation of In Situ Resources" dated August 1998. The methodology used to prepare this resource estimate included the creation of an assay database, preparation of a geologic solids model of mineralised zones and a block model for grade estimation.

An indicated oxide resource over the Kubi prospect was estimated at 1,627,000 tonnes grading 1.64g/t Au. This included all information from trenching (198), sampling of adits (9), reverse circulation drilling (229) and diamond drilling (230). Using a 0.5g/t Au lower cut-off grade, the block model reported an indicated oxide resource of 881,000 tonnes grading 2.95g/t Au containing 84,000 ounces of gold.

For the primary zone (unoxidized), the grade estimation was performed using inverse distance methods (Inverse distance cubed). High assay values were cut to the 98th percentile of the population, which corresponds to 25g/t Au. The indicated resource estimation August 1998, uncut (i.e. no lower cut) of the primary zone yielded 4.3 million tonnes grading 3.63g/t Au containing 15.6 tonnes or 503,000 ounces of gold. Using a lower cut-off grade of 3.0g/t Au the indicated primary resource is 2.0 million tonnes grading 6.15g/t Au, containing 12.5 tonnes or 401,000 ounces of gold. An additional 2.66 million tonnes at 4.03g/t was inferred (uncut) or 1.46 million inferred tonnes at 6.01g/t with a 3.00g/t lower cut.

Pursuant to the acquisition of NRGL by PMI in 2007, PMI contracted Golder Associates Africa (Pty) Ltd, (Farrow, 2007) to prepare an updated independent assessment of the insitu resources at the Kubi Main Zone deposit. Mineral Resources and Ore Reserves were reported in compliance with the JORC Code and reconciled to the CIMM Code. Mineral Resources were estimated, using a geological cut-off defined by the limits of the mineralisation as shown in Table 25.

# 9. INDEPENDENT GEOLOGIST'S REPORT

In this report, statements by, or statements based on statements by Golder Associates are based on statements in these reports.

Table 25. Summary of Kubi Resources - Golder Associates, PMI.

DEPOSIT	CATEGORY	TONNAGE (T)	GRADE (G/T AU)	CONTAINED GOLD (OZ)
Totals by category	Indicated	5,133,652	3.66	604,085
	Inferred	5,380,392	1.88	315,079

The Inferred category is low grade, as represented by the current sampling. Geological continuity suggests that additional representative sampling could raise the grade of this category to be comparable with the Indicated category.

H&S has not done sufficient work to classify the Kubi Main zone historical estimate as current mineral resources or mineral reserves and as such the historical estimates should not be relied upon. H&S of this report has not verified the veracity of the Kubi resources and reserves but merely tables the results here for the purpose of identifying the potential of an existing resource by others.

H&S do not make any further judgement regarding the appropriateness of the aforementioned resources and reserves and sole responsibility lies with PMI representatives.

## 4.8 PROPOSED EXPLORATION

### 4.8.1 PROPOSED ACTIVITIES

Subject to successful listing on the Australian Securities Exchange, PMI propose to continue to advance the Kubi Main Zone deposit towards production at up to 750 tpd and 50,000 oz of gold per year. Initial development, based on the scoping/pre-feasibility study completed by Golder Associates for PMI in 2008, and modified by PMI to give earlier cash flow, will consist of emplacing a portal within the existing Kubi pit and developing a 4m x 4m decline down to the 150m level. This will be followed by a period of intensive, underground development drilling to better define the geometry of the existing mineralisation and further development of the decline to lower levels.

Additional metallurgical test work is currently underway in order to better define the mill process flow sheet and allow for the preparation of a comprehensive pre-feasibility study. This work is being undertaken by Minelogix, Perth based mine design, construction and commissioning consultants, under contract to PMI.

Long lead time Environmental Impact Statement (EIS) and social issue studies have also been commenced utilizing local Ghana based consultants.

This pre-feasibility study will be completed in conjunction with the ongoing development of the Obotan project to determine the optimal development path for Kubi as a satellite ore source for a central processing plant located at Obotan or as a stand-alone operation.

Additional drill testing of outlined geophysical, geochemical and geological targets is proposed over the first 2 years to evaluate those parts of the Kubi tenements not yet adequately tested. Current plans call for a program of 4,375m of RC and diamond drilling (extent of drilling is dependent on final funding and drill costs / metre).

The proposed drilling and geophysical testing will be accompanied by systematic geological interpretation to develop a model of the local structural framework. In conjunction with exploration programmes, PMI will be conducting advanced social programmes to keep the local communities informed and serviced (where applicable). The PMI Kubi underground project area development and mineralisation development budget of between a \$20M and \$27.5M raising for the next two year period is summarised in Table 26.

# 9. INDEPENDENT GEOLOGIST'S REPORT

Table 26. Summary of Kubi potential expenditure, PMI.

ITEM	MINIMUM SUBSCRIPTION \$20 MILLION		MAXIMUM SUBSCRIPTION \$27.5 MILLION	
	Yr1	Yr2	Yr1	Yr2
<b>Obotan</b>	<b>Million\$</b>		<b>Million\$</b>	
<b>Pre-Feasibility</b>				
Drilling - resource upgrade and definition	\$5.00	\$3.00	\$5.00	\$3.00
Permitting, Land costs, Surface, Infrastructure, Environmental	\$0.40	\$0.40	\$0.40	\$0.40
Mine Engineering, Geotech, Metallurgy, Hydrology	\$1.00	\$1.00	\$1.00	\$1.00
Exploration geophysics, geology, geochem, auger drilling	\$0.10	\$0.10	\$0.10	\$0.10
Social Programs	\$0.10	\$0.20	\$0.10	\$0.20
<b>Nkran deep drilling</b>	\$1.00	\$1.00	\$1.00	\$1.00
<b>Bankable feasibility study</b>				
Geotechnical, metallurgical testwork, engineering studies	\$0.50	\$0.50	\$1.00	\$2.00
<b>Obotan subtotal</b>	<b>\$8.10</b>	<b>\$6.20</b>	<b>\$8.60</b>	<b>\$7.70</b>
<b>Kubi</b>				
Drilling - resource review, upgrade and definition	\$0.20	\$0.20	\$0.30	\$0.20
Permitting, land costs, bond, surface and infrastructure	\$0.20	\$0.20	\$0.20	\$1.00
Mining Engineering, Geotech, Pre-Feasibility and Feasibility	\$0.30	\$0.30	\$0.30	\$0.30
Exploration geophysics, geology, geochem, auger drilling	\$0.10	\$0.10	\$0.20	\$0.20
Social Programs	\$0.10	\$0.10	\$0.10	\$0.10
<b>Kubi subtotal</b>	<b>\$0.90</b>	<b>\$0.90</b>	<b>\$1.10</b>	<b>\$1.80</b>
<b>Regional Exploration</b>				
Drilling - new discoveries	\$1.00	\$0.80	\$5.00	\$0.65
Permitting, land costs, Surface and Infrastructure	\$0.20	\$0.20	\$0.30	\$0.30
Mining Engineering	\$0.20	\$0.20	\$0.20	\$0.20
Exploration geophysics, geology, geochem, auger drilling	\$0.30	\$0.30	\$0.40	\$0.30
Social Programs	\$0.10	\$0.10	\$0.20	\$0.20
<b>Regional Exploration Subtotal</b>	<b>\$1.80</b>	<b>\$1.60</b>	<b>\$6.10</b>	<b>\$1.65</b>
<b>Grand Total</b>	<b>\$10.80</b>	<b>\$8.70</b>	<b>\$15.80</b>	<b>\$11.15</b>
Group Administration	\$1.50	\$1.50	\$1.85	\$1.85
Offer Expenses	\$1.90	\$0.00	\$2.35	\$0.00
<b>Total Expenditure YR1 YR2</b>	<b>\$14.20</b>	<b>\$10.20</b>	<b>\$20.00</b>	<b>\$13.00</b>
<b>Total Expenditure</b>	\$24.40		\$33.00	
Cash on Hand	\$5.50		\$5.50	
Unallocated	\$11.30	\$1.10	\$13.00	\$0.00

# 9. INDEPENDENT GEOLOGIST'S REPORT

PMI have indicated that during the next two year period they will continue with exploration over the Dunkwa-Gymigya-Kubi concessions to further support the resource base for the project region. Activities are planned to include (but are not limited to) geophysical surveys, surface geochemical sampling, auger, RC and diamond drilling contingent on outcomes of earlier exploration success. Outcomes will be assessed in conjunction with local geological interpretations and ground truthing to better target the further drilling phases of the exploration.

PMI's proposed Kubi underground development and mineralisation development programmes and budget are consistent with the scale of the project to date and the proposed underground resources and reserves by others.

H&S believe that the proposed drilling is sufficient to effectively complete the initial stages of underground development and further define the resource base of the Kubi tenements. The budget significantly exceeds the tenement's minimum statutory expenditure requirements.

## 5. Advanced exploration areas

### 5.1 INTRODUCTION

PMI currently have a number of concessions and options on the Asankrangwa gold belt which are at various stages of development, and which include the following:

- Switchback – (Amuabaka, Nkronua Atifi, Gyagyatreso)
- New Obuase - Fromenda
- Diaso-Afiefiso
- Agyaka-Manso
- Manhia (EJT)
- Gemap (Juabo)
- Kaniago (Adansi)

All of the above property interests are subject to a 3% royalty in right of the Government of Ghana (who have announced their intention to raise the royalty to 6%, although this has not yet been enacted in law) and a 2% royalty to Goknet or other underlying vendors.

The properties and prospects are virtually all contiguous and lie along the 150km long northeast-southwest trending Asankrangwa Gold Belt, centred by the town of Diaso. Diaso is approximately 20km east of PMI's local base of operations and staging point at Sefwi-Bekwai, approximately 250km northwest of Accra. The PMI exploration properties lie within the Asankrangwa Gold Belt in south-western Ghana, geographically, between 2°00" to 2°15" west longitude and 6°00" to 6°30" north latitude. The properties consist of seven (7) Prospecting Licenses, covering a total area of 376sq km, located along the central part of the Asankrangwa Gold Belt

PMI's Asankrangwa project area is accessible by asphalt-based highways from Accra (225km); and, locally, via secondary all-weather tarred or gravel-surfaced roads between towns and villages and to and from the regional capital of Dunkwa or via Bibiani, the latter by way of Sefwi-Bekwai.

The elevation of the regional concessions varies from 150m to 200m above sea level. The exploration project area is characteristically gently rolling and cut by meandering streams. The latter tend to flow southwest, east or south-eastward all eventually into the Atlantic Ocean.

H&S have not visited or been invited to visit (by the owners) the aforementioned properties due to timing difficulties and the general condition of local infrastructure at the time of previous in country visits and as such this section of the Independent Geologists report serves purely as a summary from others. H&S do not make any further judgement regarding the appropriateness of the aforementioned properties and sole responsibility for all information contained within this section of the report lies with the PMI representatives.

# 9. INDEPENDENT GEOLOGIST'S REPORT

## 5.2 TENEMENTS

Tenement status is discussed in detail in the Solicitors Report within this prospectus. The regional tenement group comprises 7 prospecting Licences as listed in Table 27.

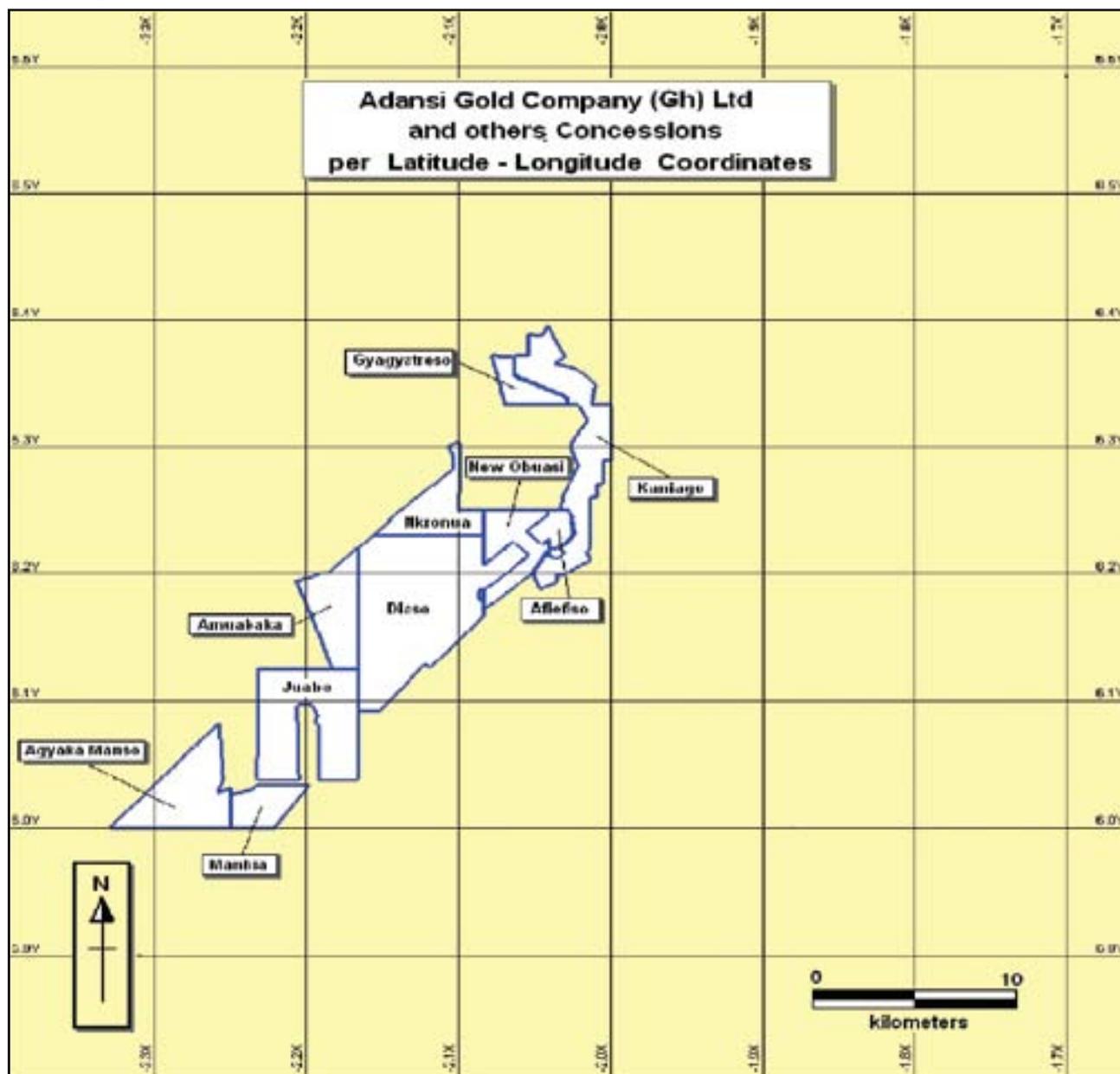


Figure 26. Advanced regional project concession – Ghana, West Africa.

# 9. INDEPENDENT GEOLOGIST'S REPORT

On advice from PMI, the company currently have all permitting up to date and accounted for within the aforementioned governmental Permitting structure.

Table 27. PMI – Regional concession details.

IDENTIFYING CONCESSION NAME	GHANA TOPOGRAPHICAL FIELD SHEET LOCATED ON	AREA IN SQUARE KM	TYPE OF MINERAL TENURE	GEO-GRAPHIC LOCATION	HOW PROPERTIES BOUNDRIES WERE LOCATED	MINERALS COMMISSION #	LAND VALUATION #	DEED REGISTRY #	LICENCE EXPIRING DATE	STATUS OF LICENCE
Aggaka-Manso	0603D3	40.00	Prospecting Licence	supplied	On Minerals Commission master Minerals Concession Map of Ghana	PL.6/260	LVB10330/03	LR#1900/2003	Awaiting Ministers signature (change of Gov)	Two year renewal - 50% shed
Diaso - Afiefiso	0603D4	122.21	Prospecting Licence	supplied	On Minerals Commission master Minerals Concession Map of Ghana	PL.3/84	LVB11901/04	LR#1161/2005	12/07/2011	One year Extension without shed
Juabo	0603D4	59.2	Prospecting Licence	supplied	On Minerals Commission master Minerals Concession Map of Ghana	PL.2/10	unknown	unknown	12/07/2011	One year extension
Kaniago (Adansi)	0603D2 & 0603D4	53.5	Prospecting Licence	supplied	On Minerals Commission master Minerals Concession Map of Ghana	PL.6/307	LVB22721/08	LR#56/2009	10/08/2010	
Manhia (EJT)	0603D4	14.78	Prospecting Licence	supplied	On Minerals Commission master Minerals Concession Map of Ghana	PL.2/381	LVB7407/05	WR.1183/2005	17/09/2011	Two year renewal - 50% shed
New Obuase	0603D4	21.53	Prospecting Licence	supplied	On Minerals Commission master Minerals Concession Map of Ghana	PL.3/3R/Vol.2	LVB5907/88		12/01/2011	One year Extension
Amuabaka (SWB South), Nkronua Atifi (SWB Central), Ggagatreso (SWB North) (28.86: 24.37: 10.35 sq km)	0603D2:0603D4	64.78	Prospecting Licence	supplied	On Minerals Commission master Minerals Concession Map of Ghana		LVB 5792/04	LR#2278/2004	1/09/2010	One Year Extension

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## 5.3 PROJECT GEOLOGY

The Asankrangwa Gold Belt is centrally located in the Kumasi Basin, midway between the Ashanti and Sefwi belts. This, like the more famous Ashanti gold belt, is also a complex north-easterly trending shear system, bearing quartz reefs and granitic intrusives, and all within a shear zone 15km wide and traceable over a NE-SW distance of some 150km. Host rocks are Birimian phyllites and greywackes, intruded in places by mafic intrusions, Dixcove granite and Cape Coast porphyries. At least three sub parallel shears have been noted, the strongest known as the Fromenda B – Adeade - Nkran – Adubea trend; the Agyaka Manso – Kukunapi – Fromenda A trend; and the Ntom – Mpasem – Gyagyatreso – Abore – Esaase trend. To date, production along this belt has been principally derived from three open pits at the Obotan Mine, toward the northern end of the belt. Some twenty prospects and many areas of historical and still active galamsey workings are located along this gold-bearing belt.

Thus far, the Asankrangwa quartz veins and reefs tend to be less sheared, less metasomatized, narrower, less persistent and lower in average grade than AngloGold Ashanti's nearby Obuasi mine; however, this could also have been said of the veins and reefs in the west Sefwi Belt, which is now known to contain the Bibiani and Chirano mines.

## 5.4 MINERALISATION

To date the highest percentage of Ghana's gold occurrences, and the Country's most productive mines, have been found within and surrounding the Kumasi Basin; concentrated along the northwest flank of the Ashanti Belt and the southeast flank of the Sefwi Belt. Lesser production has come from the Asankrangwa Belt, central to the Kumasi Basin.

Apart from the Tarkwaian conglomeratic gold deposits, most of Ghana's gold is found within, or adjacent to silicified sheared fault zones. Quartz veins and/or reefs are common and gold occurs in free form (VG) or in arsenic sulfide zones, associated with pyrite, graphite, Ca/Mg/Fe carbonates and manganese. The latter appear to be related to metamorphism and pre-date the VG gold-quartz veins. Within the Ghanaian gold belts most of the meta-volcanics are of basaltic composition. These mafic flows and/or sills are inter-layered with volcanoclastic sediments the latter having originated in varying proportions as pyroclastics and lava. The Ashanti belt has a high pyroclastic to lava (p/l) ratio and the Sefwi Belt a low p/l ratio. Until recently the Asankrangwa belt has been assumed to contain little mafic pyroclastics or lava. Recently, drill core in the Fromenda section has identified greywackes and phyllitic maficvolcanics, within the Belt.

Compositionally, Birimian lavas are derived from tholeiitic magmas, whilst the pyroclastics are approximately 50/50 tholeiitic and calc-alkaline rocks. Birimian meta-sediments are primarily volcanoclastics, greywackes, argillites and chemical precipitates. Formational boundaries are gradational and grain size, composition and texture are reminiscent of reworked pyroclastics.

Volcanoclastic sediments are only minor constituents of the "Belt" rocks but predominate in the "Basin" sediments. Metamorphic grade of these volcanoclastics and sediments lies within the lower green-schist facies. Birimian gold mineralisation in Ghana is of two dominant types namely, "sulfide ores and quartz-vein ores". The quartz-vein-type is generally structurally controlled, whereas the sulfide-type tends to be disseminated and litho-facies related. Mineralogically, the quartz-vein type deposits tend to carry free gold whilst the sulfide-type contains gold as sub-microscopic inclusions, within sulfide mineral crystals. Minor amounts of galena occur in the quartz-vein ores and a variety of base metal sulfides accompany arsenopyrite, in the sulfide ores. Iron, manganese and titanium are anomalous in the sulfide ores.

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## 5.5 PREVIOUS EXPLORATION

A summary of the previous exploration is presented in Table 28 for all regional project areas.

Table 28. Regional projects exploration summary activities.

CONCESSION	COMPANY	PERIOD	EXPLORATION ACTIVITIES
Switchback (Amuabaka, Nkronua - Atifi, Gyagyaytreso)	Tri-Star Gold	1999	stream sediment sampling, channel sampling, quartz reef sampling and soil geochemistry sampling
	Goknet	2002 to 2003	compilation of regional data, geological and structural mapping interpretation of magnetic survey
	Adansi	2003 to 2009	stream sediment sampling, geological mapping, trenching, MAG/EM survey structural review, IP survey and limited follow-up diamond drilling
New Obuase - Fromenda	TEMCO	1994	Alluvial pits
	IGR	1994 to 1996	Soil sampling, trenching and mapping
	Leo Shields	1997	Soil sampling, BLEG and silt sampling, trenching and RC drilling
	IGR & LSX	1997 to 1998	reconnaissance drilling and trenching
	Tri - Star Gold	1999	IP survey, RAB and RC drilling
Diaso - Afiefiso	Adansi	2004 to 2005	trenching, RC and diamond drilling, dipole-dipole IP survey and 3D-IP survey
	Tri-Star Gold	1995 to 1999	silt sampling, soil sampling, trenching, air magnetic survey and radiometrics, VLF/ EM survey, reconnaissance IP, RAB and RC drilling
Gemap - Juabo	Adansi	2005	IP survey and follow-up diamond drilling
	Nevsun	1993 to 1999	Soil sampling, trenching and mapping, ground and air IP survey, radiometrics and magnetics, satellite imagery and air photo interpretation, RAB and RC drilling
Manhyia ( EJT)	Gemap/ Nevsun	early 2000's	soil sampling, trenching and mapping with follow-up RAB drilling
	Adansi	2005	soil sampling and IP survey
Goknet#1 - Agyaka - Manso	Golden Rule	1996 to 1997	Soil sampling, trenching and mapping and unspecified drilling
	Adansi	2003 to 2004	MAG/EM survey, ground IP magnetics and radiometrics and unspecified drilling
Kaniago	Adansi	-	surface reconnaissance

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## 5.6 PROPOSED EXPLORATION

### 5.6.1 PROPOSED ACTIVITIES

Subject to successful listing on the Australian Securities Exchange, PMI propose to develop the regional projects with continued and sustained exploration incorporating geophysical surveys, geochemical soil sampling and where applicable follow up auger, RC and diamond drilling.

During the first two years of development, PMI proposes to conduct follow up drilling in the order of 40,000m which would be contingent on prior exploration success. Where applicable the drilling will take up the balance of metres not utilised over the Obotan and Kubi projects. Drill-hole locations will be finalised by detailed review of existing information.

The proposed drilling and geophysical testing will be accompanied by systematic geological interpretation to develop a model of the local structural framework. In conjunction with exploration programmes, PMI will be conducting advanced social programmes to keep the local communities informed and serviced (where applicable). The PMI regional project concessions development and resource development budget for a \$20M to \$27.5M raising for the next two year period is summarised in Table 29.

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Table 29. Summary of Regional Concessions potential expenditure, PMI.

ITEM	MINIMUM SUBSCRIPTION \$20 MILLION		MAXIMUM SUBSCRIPTION \$27.5 MILLION	
	Yr1	Yr2	Yr1	Yr2
<b>Obotan</b>	<b>Million\$</b>		<b>Million\$</b>	
<b>Pre-Feasibility</b>				
Drilling - resource upgrade and definition	\$5.00	\$3.00	\$5.00	\$3.00
Permitting, Land costs, Surface, Infrastructure, Environmental	\$0.40	\$0.40	\$0.40	\$0.40
Mine Engineering, Geotech, Metallurgy, Hydrology	\$1.00	\$1.00	\$1.00	\$1.00
Exploration geophysics, geology, geochem, auger drilling	\$0.10	\$0.10	\$0.10	\$0.10
Social Programs	\$0.10	\$0.20	\$0.10	\$0.20
<b>Nkran deep drilling</b>	\$1.00	\$1.00	\$1.00	\$1.00
<b>Bankable feasibility study</b>				
Geotechnical, metallurgical testwork, engineering studies	\$0.50	\$0.50	\$1.00	\$2.00
<b>Obotan subtotal</b>	<b>\$8.10</b>	<b>\$6.20</b>	<b>\$8.60</b>	<b>\$7.70</b>
<b>Kubi</b>				
Drilling - resource review, upgrade and definition	\$0.20	\$0.20	\$0.30	\$0.20
Permitting, land costs, bond, surface and infrastructure	\$0.20	\$0.20	\$0.20	\$1.00
Mining Engineering, Geotech, Pre-Feasibility and Feasibility	\$0.30	\$0.30	\$0.30	\$0.30
Exploration geophysics, geology, geochem, auger drilling	\$0.10	\$0.10	\$0.20	\$0.20
Social Programs	\$0.10	\$0.10	\$0.10	\$0.10
<b>Kubi subtotal</b>	<b>\$0.90</b>	<b>\$0.90</b>	<b>\$1.10</b>	<b>\$1.80</b>
<b>Regional Exploration</b>				
Drilling - new discoveries	\$1.00	\$0.80	\$5.00	\$0.65
Permitting, land costs, Surface and Infrastructure	\$0.20	\$0.20	\$0.30	\$0.30
Mining Engineering	\$0.20	\$0.20	\$0.20	\$0.20
Exploration geophysics, geology, geochem, auger drilling	\$0.30	\$0.30	\$0.40	\$0.30
Social Programs	\$0.10	\$0.10	\$0.20	\$0.20
<b>Regional Exploration Subtotal</b>	<b>\$1.80</b>	<b>\$1.60</b>	<b>\$6.10</b>	<b>\$1.65</b>
<b>Grand Total</b>	<b>\$10.80</b>	<b>\$8.70</b>	<b>\$15.80</b>	<b>\$11.15</b>
Group Administration	\$1.50	\$1.50	\$1.85	\$1.85
Offer Expenses	\$1.90	\$0.00	\$2.35	\$0.00
<b>Total Expenditure YR1 YR2</b>	<b>\$14.20</b>	<b>\$10.20</b>	<b>\$20.00</b>	<b>\$13.00</b>
<b>Total Expenditure</b>	\$24.40		\$33.00	
Cash on Hand	\$5.50		\$5.50	
Unallocated	\$11.30	\$1.10	\$13.00	\$0.00

# 9. INDEPENDENT GEOLOGIST'S REPORT

## 6. PROJECTS DISCUSSION

The substantial amount of exploration by previous tenement holders has provided PMI with a strong basis for planning future work. The previously identified exploration targets, which include several advanced exploration targets will allow PMI to focus their drill programmes on prospective areas, giving a greater chance of short term success than, would be the case for a less advanced grass roots exploration project. This is further supported by the recent ground activities undertaken by PMI where by geophysical survey techniques have been employed with great success.

PMI's exploration proposal is consistent with exploring for their targets of discrete high grade mineralisation, and is appropriately focused on targeting previously identified advanced exploration projects. The budget significantly exceeds the tenement group's minimum statutory expenditure requirements.

H&S believes that PMI's proposed exploration strategy for the Obotan, Kubi and Regional concessions is a cost effective, broad ranging approach to identifying prospective local targets and further developing a substantial resource base.

The Obotan project areas are open along strike and at depths; which with today's gold prices would present an opportunity to advance the projects toward production by open cut mining methodologies to a substantial added depth.

The Kubi project is currently defined as a moderately continuous high grade shear/vein system which under the current company costing structure has the potential to be mined underground as a stand alone project. The Kubi Main Zone is open at depth and has the potential for further strike extension.

In all the PMI concession holdings are a coherent package of diverse geological terrains which come together to present a considerable number of potential future projects.

# 9. INDEPENDENT GEOLOGIST'S REPORT

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# 9. INDEPENDENT GEOLOGIST'S REPORT

## 8. GLOSSARY OF GEOLOGICAL TERMS

<b>Aeromagnetic</b>	Measurement of the earth's magnetic field from a surveying aircraft, for the purpose of recording magnetic characteristics of rocks.
<b>Alluvium</b>	Slit, sand and gravel material, transported and deposited by a river.
<b>Altered</b>	Change in mineralogical composition of a rock, commonly brought about by reactions with hydrothermal fluids.
<b>Diamond drilling</b>	A method of drilling with a diamond impregnated bit, giving a cylindrical core of rock.
<b>Dip</b>	The angle at which a rock stratum or structure is inclined from the horizontal.
<b>Dyke</b>	Thin, sheet like intrusion of intrusive igneous rock.
<b>Electromagnetic Survey</b>	Electromagnetic geophysical surveying method technique involving measurement of magnetic fields generated by applying an electrical current.
<b>g/t</b>	Grams per tonne, equivalent to ppm.
<b>Granite</b>	A coarse-grained intrusive rock, containing mainly quartz and feldspar with subordinate micas.
<b>Granitoid</b>	Coarse-grained felsic igneous rock, resembling granite.
<b>Igneous</b>	Rocks that have solidified from magma.
<b>Intermediate</b>	Igneous rocks with 52 to 63% silica
<b>Mafic</b>	Igneous rocks of low silica content, generally between 45 and 62%
<b>ppb</b>	Measurement of concentration in parts per billion.
<b>ppm</b>	Measurement of concentration in parts per million.
<b>Pyrite</b>	An iron sulphide mineral.
<b>Quartz</b>	A mineral composed of silicon dioxide (SiO <sub>2</sub> ).
<b>RAB drilling</b>	Rotary Air Blast drilling method, with an air driven hammering drill bit, and sample is forced to surface outside the drill rods.
<b>RC Drilling</b>	Reverse circulation drilling method, with an air driven hammering drill bit, and sample is forced to surface within the drill rods.
<b>Saprolite</b>	Rock that has been partially decomposed by the chemical and physical processes of oxidation and weathering.
<b>Stratigraphy</b>	Depositional layering of sedimentary or igneous rocks.
<b>Strike</b>	Horizontal direction or trend of a geological structure.
<b>Supergene</b>	Mineral enrichment produced by chemical remobilisation in an oxidised or transitional environment.
<b>Vein</b>	Thin sheet like body of mineral intruded into joints or fissures.

# 10. FINANCIAL INFORMATION

## 10.1 INTRODUCTION

PMI Gold is a junior resource exploration company which, through its wholly owned subsidiaries, holds exploration and mining leases in the Ashanti and Asankrangwa gold belts of Ghana. The Company's properties and projects are discussed in greater detail in Section 7.

This Section sets out the Historical and Adjusted Historical Financial information and Pro Forma Historical Balance Sheet pertaining to the Company and its subsidiaries (**Group**) as outlined in Section 7.1. PMI Gold is resident in Canada for tax purposes and prepares its annual report in accordance with Canadian Generally Accepted Accounting Principles (**Canadian GAAP** or **CAD GAAP**). Financial information is presented in the functional currency, C\$. The functional currency of operations in the Ghanaian subsidiary is C\$. For the purposes of inclusion in this Prospectus, Adjusted Historical Financial Information for the periods ended 30 June 2010 and 30 June 2009 has been prepared which restate PMI Gold's statutory financial information to conform with International Financial Reporting Standards (**IFRS**) and presented in A\$.

In addition a Pro Forma Historical Balance Sheet has been prepared to show the impact of the Canadian placement made on 12 October 2010 (**October Canadian Placement**), the proposed contemporaneous November 2010 Canadian placement as set out in Section 5.6 and the Offer as if they had occurred at 30 June 2010.

The financial information has been prepared by PMI Gold's management and adopted by the Directors, who are responsible for the inclusion of all Historical and Adjusted Historical Financial Information and the Pro Forma Historical Balance Sheet in this Prospectus. This financial information should be read in conjunction with the summary of significant accounting policies (Section 10.10), the risk factors (Section 13) and other information contained within this Prospectus.

KPMG Transaction Services has prepared an Investigating Accountant's Report in respect of the Adjusted Historical Financial Information and the Pro Forma Historical Balance Sheet. A copy of this report is set out in Section 11.

## 10.2 BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL AND ADJUSTED HISTORICAL FINANCIAL INFORMATION AND THE PRO FORMA HISTORICAL BALANCE SHEET

The Historical Financial Information has been extracted from the audited annual financial statements for the years ended 30 June 2010 and 30 June 2009 presented in C\$ and which were audited in accordance with Canadian Generally Accepted Auditing Standards.

The Historical Financial Information comprises:

- a) the Historical Income Statement of PMI Gold for the years ended 30 June 2009 and 2010 (**Historical Income Statement**);
- b) the Historical Statement of Cash Flow of PMI Gold for the years ended 30 June 2009 and 2010 (**Historical Statement of Cash Flow**); and
- c) the Historical Balance Sheet of PMI Gold as at 30 June 2009 and 30 June 2010 (**Historical Balance Sheet**).

The Adjusted Historical Financial Information comprises:

- a) the Historical Balance Sheet as at 30 June 2009 and 30 June 2010, after adjusting for the IFRS and A\$ conversion adjustments (**Adjusted Historical Balance Sheet**); and
- b) the Historical Income Statement and Historical Statement of Cash Flow for the years ended 30 June 2009 and 30 June 2010, after adjusting for the IFRS and A\$ conversion adjustments (**Adjusted Historical Statement of Comprehensive Income and Adjusted Historical Statement of Cash Flow**).

The Pro Forma Historical Balance Sheet consists of the Adjusted Historical Balance Sheet as at 30 June 2010, after adjusting for the 12 October 2010 Canadian placement adjustments (**October Canadian Placement Adjustments**), the proposed November Canadian placement adjustments (**November Canadian Placement Adjustments**) and the offer related adjustments (**Offer Adjustments**), together the Pro Forma Adjustments (**Pro Forma Adjustments**), as if they had occurred at that date.

The Historical and Adjusted Historical Financial Information and the Pro Forma Historical Balance Sheet are set out in abbreviated form and do not include all the disclosure notes required in an annual financial report prepared in accordance with Australian Accounting Standards Board's (**AASB**) and the Corporations Act. It does not, and cannot be expected to, provide as full an understanding of the financial performance, financial position and financing and investing activities of PMI Gold as the full consolidated financial statements. Copies of PMI Gold's 2010 and 2009 Annual Financial Statements, including the consolidated financial statements and independent auditor's reports, are available on PMI Gold's website [www.pmigoldcorp.com](http://www.pmigoldcorp.com) and also on [www.sedar.com](http://www.sedar.com), the website for reporting entities of the Toronto Stock Exchange where PMI Gold is listed on the Venture Exchange under the symbol PMV. Information on PMI Gold's website does not constitute a part of this prospectus.

# 10. FINANCIAL INFORMATION

## 10.3 IFRS AND A\$ CONVERSION ADJUSTMENTS TO PRESENT ADJUSTED HISTORICAL FINANCIAL INFORMATION

The following adjustments (**IFRS and A\$ Conversion Adjustments**) have been made to the Historical Financial Information of PMI Gold.

### 10.3.1 ACCOUNTING POLICY ADJUSTMENT

PMI Gold's Historical Financial Information was prepared in accordance with Canadian GAAP, which differs in certain material respects from IFRS. In preparing the PMI Gold Adjusted Historical Financial Information, a review was undertaken to identify the accounting policy and financial statement presentation differences between Canadian GAAP and IFRS where the impact was potentially material and could be reasonably estimated. These differences form the basis for the accounting policy adjustments explained below. Further accounting policy differences may be identified as PMI Gold transitions to full IFRS reporting in its financial years commencing after 1 January 2011.

The significant accounting policy differences identified were those relating to:

- a) The recording of share based compensation

Under IFRS each tranche of an award with different vesting dates is considered a separate grant for the calculation of fair value, and the resulting fair value is amortized over the vesting period of the respective tranches. Forfeiture estimates are recognized in the period they are estimated, and are revised for actual forfeitures in subsequent periods. The Company has estimated a forfeiture percentage of 0% based on expected future results.

Under Canadian GAAP, the Company's policy is to calculate fair value of stock-based awards with graded vesting as one grant and the resulting fair value is recognized on a straight-line basis over the vesting period, and forfeiture of awards are recognized as they occur.

- b) The recognition of deferred tax liability

Under Canadian GAAP, the circular methodology is used to calculate deferred tax liabilities arising from differences in timing relating to temporary difference between accounting basis and tax basis for the Kubi property on initial acquisition as well as any subsequent expenditures made in Canada on the Ghana property. However, IFRS has an initial recognition exemption whereby a Company is exempt from recognizing a deferred tax asset or liability that arises from the initial recognition of an asset or liability in a transaction that is not a business combination, if at the time of the transaction it affects neither accounting profit nor taxable profit. When this exemption applies and no deferred tax is recognised initially, then no deferred tax is recognised subsequently as the carrying amount of the asset changes.

### 10.3.2 CONVERSION TO A\$ PRESENTATION CURRENCY

Conversion to an A\$ presentation currency has been made on the following basis:

- a) items of income and expense and cash inflows and cash outflows have been converted based on the average exchange rate for the relevant period;
- b) assets and liabilities have been converted based on the closing exchange rates at 30 June 2009 and 30 June 2010; and
- c) resulting exchange rate differences are recorded in equity.

The following foreign exchange rates have been applied:

	1 C\$	EQUIVALENT A\$
Average for year ended 30 June 2009:	1	1.16441
Average for year ended 30 June 2010:	1	1.07566
At 30 June 2009	1	1.07580
At 30 June 2010	1	1.1142

# 10. FINANCIAL INFORMATION

## 10.4 HISTORICAL AND ADJUSTED HISTORICAL CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Set out below are the summary consolidated historical and adjusted historical statements of comprehensive income for the Group:

	YEAR ENDED 30 JUNE 2009			YEAR ENDED 30 JUNE 2010		
	Historical	Adjusted Historical	Adjusted Historical	Historical	Adjusted Historical	Adjusted Historical
	<b>CAD GAAP</b>	<b>IFRS</b>	<b>IFRS</b>	<b>CAD GAAP</b>	<b>IFRS</b>	<b>IFRS</b>
	C\$'000	C\$'000	A\$'000	C\$'000	C\$'000	A\$'000
	(Audited)	(Unaudited)	(Unaudited)	(Audited)	(Unaudited)	(Unaudited)
<i>Revenue</i>	-	-	-	-	-	-
<b>Expenses</b>						
General and Administrative	(1,298)	(1,298)	(1,511)	(1,555)	(1,555)	(1,673)
Stock based compensation	(102)	(93)	(108)	(790)	(962)	(1,035)
Write-off of mineral properties	-	-	-	(509)	(509)	(547)
Operating Loss	(1,400)	(1,391)	(1,619)	(2,854)	(3,026)	(3,255)
<b>Other income (expense)</b>						
Foreign Exchange gain (loss)	123	(60)	(70)	183	124	134
Interest and financing costs	(1,825)	(1,825)	(2,125)	(104)	(104)	(112)
Loss on extinguishment of debt	(188)	(188)	(219)	-	-	-
Gain (Loss) on disposal of assets	(17)	(17)	(20)	-	-	-
Net Loss before taxes	(3,307)	(3,481)	(4,053)	(2,775)	(3,006)	(3,233)
Income taxes	-	-	-	-	-	-
Net Loss for the period	(3,307)	(3,481)	(4,053)	(2,775)	(3,006)	(3,233)
Exchange differences on translation	-	-	606	-	-	707
Comprehensive loss for the period	(3,307)	(3,481)	(3,447)	(2,775)	(3,006)	(2,526)

# 10. FINANCIAL INFORMATION

## 10.5 HISTORICAL AND ADJUSTED HISTORICAL STATEMENTS OF CASH FLOWS

Set out below are the summary historical and adjusted historical statements of cash flows for the Group:

	YEAR ENDED 30 JUNE 2009			YEAR ENDED 30 JUNE 2010		
	Historical CAD GAAP C\$'000 (Audited)	Adjusted Historical IFRS C\$'000 (Unaudited)	Adjusted Historical IFRS A\$'000 (Unaudited)	Historical CAD GAAP C\$'000 (Audited)	Adjusted Historical IFRS C\$'000 (Unaudited)	Adjusted Historical IFRS A\$'000 (Unaudited)
Net loss from operations	(3,307)	(3,481)	(4,053)	(2,775)	(3,006)	(3,233)
Non-cash items	866	1,040	1,211	1,243	1,474	1,586
Working capital movements	1,452	1,452	1,691	(1,664)	(1,664)	(1,790)
<b>Cash flow from operations</b>	<b>(989)</b>	<b>(989)</b>	<b>(1,151)</b>	<b>(3,196)</b>	<b>(3,196)</b>	<b>(3,437)</b>
Net Proceeds from Share issuances	2,642	2,642	3,076	12,781	12,781	13,748
Other financing	(437)	(437)	(509)	(3,144)	(3,144)	(3,382)
Equipment	66	66	76	(167)	(167)	(180)
Exploration expenditures	(1,167)	(1,167)	(1,359)	(3,574)	(3,574)	(3,844)
Effect of currency movement	-	-	(8)	-	-	110
<b>Increase/ (decrease) in cash</b>	<b>115</b>	<b>115</b>	<b>125</b>	<b>2,700</b>	<b>2,700</b>	<b>3,015</b>

## 10.6 MANAGEMENT DISCUSSION AND ANALYSIS OF HISTORICAL FINANCIAL RESULTS

PMI Gold is a junior resource company with gold exploration and development tenements in Ghana's Golden Triangle. The Company has no producing asset, but is currently engaged in an extensive drilling program for further resource updating and expansion of its projects at Obotan and Kubi. Investment in exploration during the 2010 financial year increased by A\$2.4 million over the prior year's spend of A\$1.4 million to a total of A\$3.8 million.

The Company has been successful in raising A\$13.7 million in equity issues during the 2010 financial year, enabling it to eliminate all debt and provide funding for its exploration plan. The proposed co-listing in Australia with an IPO planned for late 2010 will complement its existing listings on the Toronto Venture Exchange and the Frankfurt and Berlin Exchanges.

Operational results reflect costs incurred for mineral property acquisitions and associated exploration expenses as well as other regulatory expenses incurred in Ghana, and to maintain the administrative infrastructure required to operate in Ghana, Canada and Barbados. Operating expenses include investor relations, professional legal and auditing services, staffing costs and non-cash stock based compensation. Losses will be recorded until such time as a revenue producing project is on stream.

The elimination of a debt burden in the form of bridge and debenture loans early in the year provided the opportunity to concentrate on enhancing the value of the Company and on strategic development. Interest and financing costs reflect a decrease of A\$2 million compared with the 2009 financial year. This favorable movement was partly offset by a charge of A\$547,000 to write off the cost of mineral property expenditures on properties in which the Company has no further economic interest, and by an increase in stock based compensation charges of A\$927,000 over the prior year, arising from option awards. The net loss for the year ended June 30, 2010 was A\$3.2 million compared to a net loss of A\$4.1 million for the year ended June 30, 2009.

# 10. FINANCIAL INFORMATION

The Company currently has no debt obligations, and has sufficient working capital to carry out its current drill program. Plans to press ahead into production on its Obotan and Kubi Projects, however, are contingent upon obtaining suitable financing to support the proposal.

## 10.7 HISTORICAL AND ADJUSTED HISTORICAL BALANCE SHEET

Set out below are the summary consolidated historical and adjusted historical balance sheets for the Group:

	30 JUNE 2009	30 JUNE 2009	30 JUNE 2009	30 JUNE 2010	30 JUNE 2010	30 JUNE 2010
	Historical	Adjusted Historical	Adjusted Historical	Historical	Adjusted Historical	Adjusted Historical
	<b>CAD GAAP</b>	<b>IFRS</b>	<b>IFRS</b>	<b>CAD GAAP</b>	<b>IFRS</b>	<b>IFRS</b>
	C\$'000	C\$'000	A\$'000	C\$'000	C\$'000	A\$'000
	(Audited)	(Unaudited)	(Unaudited)	(Audited)	(Unaudited)	(Unaudited)
<b>ASSETS</b>						
<b>Current</b>						
Cash and cash equivalents	162	162	174	2,862	2,862	3,189
Receivables	10	10	11	5	5	6
Prepaid expenses	103	103	111	115	115	128
<b>Total current assets</b>	<b>275</b>	<b>275</b>	<b>296</b>	<b>2,982</b>	<b>2,982</b>	<b>3,323</b>
Exploration and development expenditure	19,507	18,038	19,405	23,328	21,102	23,513
Equipment	39	39	42	204	204	227
<b>Total assets</b>	<b>19,821</b>	<b>18,352</b>	<b>19,743</b>	<b>26,514</b>	<b>24,288</b>	<b>27,063</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>						
<b>Current</b>						
Accounts payable and accrued liabilities	1,585	1,585	1,705	366	366	407
Due to related parties	439	439	472	-	-	-
Due to Trafalgar	3,144	3,144	3,382	-	-	-
<b>Total current liabilities</b>	<b>5,168</b>	<b>5,168</b>	<b>5,558</b>	<b>366</b>	<b>366</b>	<b>407</b>
Future income tax liability	1,142	-	-	1,841	-	-
<b>Stockholders' equity</b>						
Common stock	25,812	25,812	28,735	38,803	38,803	42,693
Additional paid-in capital	2,572	2,562	2,847	3,152	3,315	3,886
Accumulated deficit	(14,873)	(15,190)	(16,852)	(17,648)	(18,196)	(20,085)
Foreign currency translation reserve	-	-	(545)	-	-	162
<b>Total stockholders' equity</b>	<b>13,511</b>	<b>13,184</b>	<b>14,185</b>	<b>24,307</b>	<b>23,922</b>	<b>26,655</b>
<b>Total liabilities and stockholders' equity</b>	<b>19,821</b>	<b>18,352</b>	<b>19,744</b>	<b>26,514</b>	<b>24,288</b>	<b>27,063</b>

# 10. FINANCIAL INFORMATION

## 10.8 PRO FORMA HISTORICAL BALANCE SHEET

The Pro Forma Historical Balance Sheet reflects the Adjusted Historical Balance Sheet of PMI Gold Corporation as at 30 June 2010, after adjusting for the October Canadian Placement Adjustments, the November Canadian Placement Adjustments and the Offer related adjustments, together the Pro Forma Adjustments, as if they had occurred at that date.

As noted in section 5.6 PMI is undertaking two contemporaneous capital raisings, this Offer and the November Canadian Placement. The minimum and maximum subscriptions for the Offer are A\$20.0 million and A\$27.5 million respectively.

The November Canadian Placement has no minimum subscription and a C\$7.5 million maximum subscription. Notwithstanding the maximum subscription of both offers, the combined total of the Offer and the November Canadian Placement will be capped at A\$35.0 million.

For the purposes of demonstrating the impact of the Offer on PMI Gold's Pro Forma Historical Balance Sheet as at 30 June 2010, the minimum and maximum subscriptions raised under the Offer are presented.

### 10.8.1 PRO FORMA ADJUSTMENTS TO PRESENT THE PRO FORMA HISTORICAL BALANCE SHEET

#### a) October Canadian Placement Adjustments

On 12 October 2010, PMI Gold completed a C\$5.0 million private placement for the issuance of 27,777,778 shares at a price of C\$0.18 per share. Associated costs amounted to C\$0.2 million for net cash proceeds of C\$4.8 million (A\$4.8 million based on the 12 October 2010 exchange rate of 1C\$ to equivalent A\$0.99720).

#### b) November Canadian Placement Adjustments

As set out in Section 5.6, on 27 October 2010 PMI Gold entered into an agreement with Cormark to act as lead agent and bookrunner for the proposed private placement offering of approximately C\$7.5 million for the issuance of approximately 10,715,000 special warrants at a price of \$0.70 per special warrant. Associated costs amount to C\$0.7 million for net cash proceeds of C\$6.8 million (A\$6.8 million based on the 29 October 2010 exchange rate of 1C\$ to equivalent A\$1.00058)

The November Canadian Placement is being underwritten on a 'best endeavours' basis. To the extent that the placement is not taken up the cash and share capital adjustments and Pro Forma Historical Balance Sheets will be lower.

#### c) Offer Adjustments

Offer Adjustments have been calculated to show the impact of the Offer at both minimum and maximum subscriptions. The Offer Adjustments at the minimum subscription level are as follows:

- i) the issue of 28.5 million Shares at \$0.70 per Share pursuant to this Prospectus raising cash totalling A\$20.0 million;
- ii) the issue of 500,000 Shares to the Lead Broker, valued at A\$350,000;
- iii) the issue of 2,500,000 options to the Lead Broker, valued at A\$1.6 million;
- iv) the issue of 2,000,000 options to Directors assuming office upon the IPO, valued at A\$1.3 million
- v) expenses in relation to the Offer totalling A\$1.9 million are payable in cash and have been offset against share capital.

In the event that the Maximum Subscription of approximately 39.3 million Shares at \$0.70 per Share is raised pursuant to this Prospectus, cash totalling approximately A\$27.5 million would be received with a payment of cash costs relating to the Offer totalling A\$2.3 million offset against share capital. The Lead Broker and Directors will be awarded the same shares and options under the minimum subscription as under the maximum subscription.

# 10. FINANCIAL INFORMATION

	PRO FORMA ADJUSTMENTS					PRO FORMA HISTORICAL BALANCE SHEET UNDER THE OFFER	
Adjusted Historical Balance Sheet 30 June 2010 IFRS Unaudited	October Canadian Placement Adjustments	November Canadian Placement Adjustments	Offer Adjustments At Minimum Subscription	Offer Adjustments At Maximum Subscription	At Minimum Subscription	At Maximum Subscription	
A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	
<b>ASSETS</b>							
<b>Current</b>							
Cash and cash equivalents	3,189	4,787	6,779	18,130	25,180	32,884	39,934
Receivables	6	-	-	-	-	6	6
Prepaid expenses	128	-	-	-	-	128	128
<b>Total current assets</b>	<b>3,323</b>	<b>4,787</b>	<b>6,779</b>	<b>18,130</b>	<b>25,180</b>	<b>33,018</b>	<b>40,068</b>
Exploration and development expenditure	23,513	-	-	-	-	23,513	23,513
Equipment	227	-	-	-	-	227	227
<b>Total assets</b>	<b>27,063</b>	<b>4,787</b>	<b>6,779</b>	<b>18,130</b>	<b>25,180</b>	<b>56,758</b>	<b>63,808</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>							
<b>Current</b>							
Accounts payable and accrued liabilities	407	-	-	-	-	407	407
<b>Total current liabilities</b>	<b>407</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>407</b>	<b>407</b>
<b>Stockholders' equity</b>	<b>26,656</b>	<b>4,787</b>	<b>6,779</b>	<b>18,130</b>	<b>25,180</b>	<b>56,351</b>	<b>63,401</b>
<b>Total liabilities and stockholders' equity</b>	<b>27,063</b>	<b>4,787</b>	<b>6,779</b>	<b>18,130</b>	<b>25,180</b>	<b>56,758</b>	<b>63,808</b>

# 10. FINANCIAL INFORMATION

## 10.9 DIVIDEND POLICY

PMI Gold anticipates that for the foreseeable future it will retain future earnings and other cash resources for the operation and development of its business. Payment of any future dividends will be at the discretion of the Board of Directors after taking into account many factors, including the Company's earnings, operating results, financial condition, current and anticipated cash needs, and restrictions in financing agreements.

## 10.10 SIGNIFICANT ACCOUNTING POLICIES

### 10.10.1 STATEMENT OF COMPLIANCE

The Adjusted Historical Financial Information and the Pro Forma Historical Balance Sheet have been prepared in accordance with the IFRS and its interpretations adopted by the International Accounting Standards Board (**IASB**).

### 10.10.2 BASIS OF PREPARATION

The Adjusted Historical Financial Information and the Pro Forma Historical Balance Sheet is presented in Australian Dollars. The functional currency of the Company is the Canadian dollar. Statements are prepared on the historical cost basis, except where the accounting policies disclosed below require a fair value determination.

### 10.10.3 USE OF ESTIMATES AND JUDGEMENTS

The preparation of Adjusted Historical Financial Information and the Pro Forma Historical Balance Sheet which conforms with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods of the revision affects both current and future periods.

The accounting policies set out below have been applied consistently to all periods presented in the Adjusted Historical Financial Information and the Pro Forma Historical Balance Sheet and the accounting policies have all been applied consistently by Group entities.

### 10.10.4 BASIS OF CONSOLIDATION

#### a) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The Group subsidiaries are all wholly owned.

#### b) Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing consolidated financial statements.

# 10. FINANCIAL INFORMATION

## 10.10.5 EXPLORATION AND EVALUATION EXPENDITURE

Exploration and evaluation expenditures are expenditures incurred in connection with the exploration for and evaluation of Mineral Resources before technical feasibility and commercial viability has been established. Costs incurred prior to the securing of legal rights to explore are expensed as incurred. Once a license to explore a property has been secured, expenditures related to acquisition, exploration and evaluation of mineral properties are capitalised to mineral properties and are accounted for by property.

If economically recoverable Ore Reserves are developed, capitalized costs of the related property are reclassified as Development Assets. Mineral properties are subject to an annual impairment review, or whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. Such events include:

- a) Expiry or expiry in the near future of exploration licences, and renewal is not expected.
- b) Exploration and evaluation has not led to the discovery of commercially viable resources, with a resultant decision to discontinue exploration on the property.
- c) Further expenditure on exploration and evaluation is not budgeted or planned.
- d) The carrying amount of exploration and evaluation is unlikely to be recovered in full from a successful development of the asset.

If, after management review, it is determined that the carrying amount of a mineral property is impaired, that property is written down to its estimated net realizable value. When a property is abandoned, all related costs are written off to operations. The amounts shown for mineral properties do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete their development and future profitable production or proceeds from the disposition thereof.

## 10.10.6 PROPERTY, PLANT AND EQUIPMENT

- a) Depreciation of assets

Depreciation is recognised in profit or loss so as to write off the depreciable amount of the relevant assets over their estimated useful lives, using a method that reflects the pattern in which the asset's future economic benefits are expected to be consumed by the entity. Where significant parts of an item have different useful lives to the item itself, these parts are depreciated over their estimated useful lives.

Depreciation is determined to give a fair and systematic charge in the income statement taking into account the nature of a particular class of asset, and is recorded at the following rates:

- i) Vehicles – 30%; and
  - ii) Furniture and equipment – 20%.
- b) Impairment - financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. A financial asset is assessed at each reporting date. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in profit or loss.

- c) Impairment - non-financial assets

The carrying amounts of the Group's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit or loss. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

# 10. FINANCIAL INFORMATION

## 10.10.7 SHARE BASED COMPENSATION

The Company has a stock option plan. The Company uses the fair value method for measuring share-based compensation. The Company estimates the fair value at the date of grant using the Black-Scholes option pricing model. Each tranche of an award with different vesting dates is considered a separate grant for the calculation of fair value. Any consideration paid by the option holders to purchase shares is credited to capital stock. Under the fair value based method, stock-based payments to non-employees are measured at the fair value of the consideration received, or the fair value of the equity instruments issued, or liabilities incurred, whichever is more reliably measurable. The fair value of share-based payments to non-employees is periodically re-measured until counterparty performance is complete, and any change therein is recognized over the period and in the same manner as if the Company had paid cash instead of paying with or using equity instruments. The cost of share-based payments to non-employees that are fully vested and non-forfeitable at the grant date is measured and recognized at that date.

## 10.10.8 INCOMETAX

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred taxes are recorded using the asset and liability method whereby future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs. To the extent that the Company does not consider it more likely than not that a deferred tax asset will be recovered, it provides a valuation allowance against the excess.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

## 10.10.9 FINANCIAL INSTRUMENTS

Financial instruments are measured and classified as follows:

- a) Cash is designated as financial assets at fair value through profit or loss and are initially recognised at fair value with changes in fair value recorded through the statement of operations. Interest income is recorded in the statement of operations.
- b) Receivables are classified as loans and receivables, and accounts payable and accrued liabilities, due to related parties and debt components are classified as other financial liabilities, all of which are initially measured at fair value and subsequently measured at amortized cost using the effective interest method, less any impairment. Transaction costs are expensed as incurred.
- c) Derivatives embedded in other financial instruments or non-financial contracts (the "host instrument") are treated as separate derivatives with fair value changes recognized in the statement of comprehensive income when their economic characteristics and risks are not clearly and closely related to those of the host instrument, and the combined instrument or contract is not held for trading. The Company identified certain embedded derivatives to be separately accounted for at 30 June 2009.

## 10.10.10 COMPREHENSIVE INCOME

Comprehensive income is the change in shareholders equity during a period from transactions and other events from non-owner sources. These gains and losses are transferred into net earnings when it is considered appropriate.

## 10.10.11 FINANCIAL LIABILITIES

Financial liabilities are initially measured at fair value less transaction costs that are directly attributable to the raising of the funds, and are subsequently measured at amortised cost using the effective interest method. Any difference between the proceeds, net of transactions and the redemption value is recognised in the income statement over the period of borrowings.

## 10.10.12 EQUITY - SHARES

Shares are classified as equity. Incremental costs directly attributable to issue of shares and share options are recognised as a deduction from equity, net of any tax effects.

# 10. FINANCIAL INFORMATION

## 10.10.13 PROVISIONS

Provisions are recognised when the Group has a present obligation, whether legal or constructive, as a result of a past event for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the increases specific to the liability.

### d) Decommissioning Provision

The provision for decommissioning represents the estimated cost that will rise from rectifying damage caused before production commenced.

Decommissioning costs are provided for at the present value of the expenditures expected to settle the obligation, using estimated future cash flows based on current prices. When this provision gives access to future economic benefits, an asset is recognised and included within mining infrastructure. The unwinding of the decommissioning obligation is included in the income statement. The estimated future costs of decommissioning obligations are regularly reviewed and adjusted as appropriate for new circumstances or changes in law or technology. The estimates are discounted at a pre-tax rate that reflects current market assessments of the time value of money.

Gains from the expected disposal of assets are not taken into account when determining the provision.

### b) Restoration Costs

The provision for restoration represents the cost of restoring the site damage after the commencement of production. Increases in the provision are charged to the income statement as a cost of production.

Gross restoration costs are estimated at the present value of the expenditures expected to settle obligations, using estimated future cash flows based on current prices. The estimates are discounted at a pre-tax rate that reflects current market assessments of the time value of money.

Expenditure on ongoing restoration costs is expensed as incurred.

## 10.10.14 FINANCE INCOME AND EXPENSES

Finance income comprises interest income on funds invested and dividend income. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions and impairment losses recognised on financial assets. All borrowing costs are recognised in profit and loss.

## 10.10.15 LEASED ASSETS

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased assets is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

## 10.10.16 FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies have been translated into the functional currency, Canadian dollars, on the following basis:

- a) revenue and expense items at the rate of exchange in effect on the dates they occur;
- b) non-monetary assets and liabilities at historical exchange rates;
- c) monetary assets and liabilities at the exchange rate at the balance sheet date; and
- d) exchange gains and losses are recorded as foreign exchange gains (losses) in the period in which they occur.

Assets and liabilities of foreign operations are translated at exchange rates at the reporting date, and the income and expenses of foreign operations are translated at the dates of the transactions.

# 11. INVESTIGATING ACCOUNTANT'S REPORT



**KPMG Transaction Services (Australia) Pty Limited**  
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GPO Box A29  
Perth WA 6837  
Australia

## **Private and confidential**

The Directors  
PMI Gold Corporation  
Suite 511, 475 Howe Street  
Vancouver, BC V6C 2B3  
CANADA

5 November 2010

Dear Directors

## **Investigating Accountants Report**

### **Introduction**

KPMG Transaction Services (Australia) Pty Limited ("KPMG Transaction Services") has been engaged by PMI Gold Corporation ("PMI") to prepare this report for inclusion in the prospectus to be dated 5 November 2010 ("Prospectus"), and to be issued by PMI, in respect of the proposed issue of up to 39.3 million Shares in PMI at \$0.70 per share.

Expressions defined in the Prospectus have the same meaning in this report.

### **Scope**

KPMG Transaction Services has been requested to prepare a report covering the Adjusted Historical Financial Information and Pro Forma Historical Balance Sheet described below and disclosed in the Prospectus.

The Adjusted Historical Financial Information and Pro Forma Historical Balance Sheet are presented in an abbreviated form in the Prospectus insofar as they do not include all of the disclosures required by the Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act 2001.

### ***Review of Adjusted Historical Financial Information***

The Adjusted Historical Financial Information, as set out in the tables in sections 10.4, 10.5 and 10.7 of the Prospectus, comprises the Adjusted Historical Statements of Comprehensive Income and Cash Flows of PMI for the two years ended 30 June 2010 and the Adjusted Historical Balance Sheet of PMI as at 30 June 2009 and 30 June 2010.

The Adjusted Historical Financial Information has been derived from the Historical Financial Information, extracted from the audited financial statements of PMI for the years ended 30 June

# 11. INVESTIGATING ACCOUNTANT'S REPORT



*PMI Gold Corporation  
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5 November 2010*

2009 and 30 June 2010, after adjusting for the IFRS and A\$ Conversion Adjustments described in section 10.3 of the Prospectus.

The financial statements of PMI for the years ended 30 June 2009 and 30 June 2010 were prepared under Canadian generally accepted accounting principles and were audited by KPMG LLP (Canada) in accordance with Canadian Auditing Standards. The audit opinions issued to the members of PMI relating to those financial statements were unqualified.

For the purposes of preparing this report we have reviewed the Adjusted Historical Financial Information in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the Adjusted Historical Financial Information is not prepared or presented fairly, in all material respects, on the basis of the IFRS and A\$ Conversion Adjustments described in section 10.3 of the Prospectus, and in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards (including the Australian Accounting Interpretations), and accounting policies adopted by PMI disclosed in section 10.10 of the Prospectus.

We have conducted our review in accordance with Australian Auditing Standards applicable to review engagements. We made such enquiries and performed such procedures as we, in our professional judgement, considered reasonable in the circumstances, including:

- a review of the extraction of Historical Financial Information of PMI from the audited financial statements of PMI for the years ended 30 June 2009 and 30 June 2010;
- analytical procedures on the Adjusted Historical Financial Information of PMI;
- a review of the IFRS and A\$ Conversion Adjustments made to the Historical Financial Information of PMI;
- a review of PMI's work papers, accounting records and other documents;
- a comparison of consistency in application of the recognition and measurement principles in Australian Accounting Standards (including the Australian Accounting Interpretations), and the accounting policies adopted by PMI disclosed in section 10.10 of the Prospectus; and
- enquiry of directors, management and others in relation to the Adjusted Historical Financial Information.

The procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Our review has not been carried out in accordance with auditing or other standards and practices generally accepted in Canada and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

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## ***Review of Pro Forma Historical Balance Sheet***

The Pro Forma Historical Balance Sheet, as set out in the table in section 10.8 of the Prospectus, comprises the unaudited pro forma balance sheet of PMI as at 30 June 2010.

The Pro Forma Historical Balance Sheet has been derived from the Adjusted Historical Balance Sheet of PMI as at 30 June 2010, as set out in the table in section 10.7 of the Prospectus, after adjusting for the Pro Forma Adjustments described in section 10.8.1 of the Prospectus.

For the purposes of preparing this report we have reviewed the Pro Forma Historical Balance Sheet in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the Pro Forma Historical Balance Sheet is not prepared or presented fairly, in all material respects, on the basis of the Pro Forma Adjustments described in section 10.8.1 of the Prospectus, and in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards (including the Australian Accounting Interpretations), and accounting policies adopted by PMI disclosed in section 10.10 of the Prospectus.

We have conducted our review in accordance with Australian Auditing Standards applicable to review engagements. We made such enquiries and performed such procedures as we, in our professional judgement, considered reasonable in the circumstances, including:

- a review of the Pro Forma Adjustments made to the Adjusted Historical Balance Sheet of PMI as at 30 June 2010;
- a review of PMI's work papers, accounting records and other documents;
- a comparison of consistency in application of the recognition and measurement principles in Australian Accounting Standards (including the Australian Accounting Interpretations), and the accounting policies adopted by PMI disclosed in section 10.10 of the Prospectus; and
- enquiry of directors, management and others, in relation to the Pro Forma Historical Balance Sheet.

The procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Our review has not been carried out in accordance with auditing or other standards and practices generally accepted in Canada and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

# 11. INVESTIGATING ACCOUNTANT'S REPORT



*PMI Gold Corporation  
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5 November 2010*

## **Directors' responsibilities**

The directors of PMI are responsible for the preparation and presentation of:

- the Historical Financial Information;
- the Adjusted Historical Financial Information, including the determination of the IFRS and A\$ Conversion Adjustments; and
- the Pro Forma Historical Balance Sheet, including the determination of the Pro Forma Adjustments.

The directors' responsibility includes establishing and maintaining internal controls relevant to the preparation of the financial information in the Prospectus that is free from material misstatement, whether due to fraud or error.

## **Review statement**

### ***Review statement on the Adjusted Historical Financial Information***

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Adjusted Historical Financial Information, as set out in the tables in sections 10.4, 10.5 and 10.7 of the Prospectus are not prepared or presented fairly, in all material respects, on the basis of the IFRS and A\$ Conversion Adjustments described in section 10.3 of the Prospectus, and in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards (including the Australian Accounting Interpretations), and accounting policies adopted by PMI disclosed in section 10.10 of the Prospectus.

### ***Review statement on the Pro Forma Historical Balance Sheet***

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Balance Sheet, as set out in the table in section 10.8 of the Prospectus, is not prepared or presented fairly, in all material respects, on the basis of the Pro Forma Adjustments described in section 10.8.1 of the Prospectus, and in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards (including the Australian Accounting Interpretations), and accounting policies adopted by PMI disclosed in section 10.10 of the Prospectus.

## **Independence**

KPMG Transaction Services does not have any interest in the outcome of this issue, other than in connection with the preparation of this report and participation in due diligence procedures for which normal professional fees will be received. KPMG LLP (Canada) is the auditor of PMI and from time to time, KPMG also provides PMI with certain other professional services for which normal professional fees are received.

# 11. INVESTIGATING ACCOUNTANT'S REPORT



*PMI Gold Corporation*  
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*5 November 2010*

## **General advice warning**

This report has been prepared, and included in the Prospectus, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to take the place of professional advice and investors should not make specific investment decisions in reliance on the information contained in this report. Before acting or relying on any information, an investor should consider whether it is appropriate for their circumstances having regard to their objectives, financial situation or needs.

KPMG Transaction Services has consented to the inclusion of this Investigating Accountant's Report in the Prospectus in the form and context in which it is so included, but has not authorised the issue of the Prospectus. Accordingly, KPMG Transaction Services makes no representation regarding, and takes no responsibility for, any other statements, or material in, or omissions from, the Prospectus.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Matt Kelly'.

Matt Kelly  
Director

# 11. INVESTIGATING ACCOUNTANT'S REPORT



**KPMG Transaction Services (Australia) Pty Limited**  
Australian Financial Services Licence No. 245402  
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GPO Box A29  
Perth WA 6837  
Australia

## Financial Services Guide

Dated 5 November 2010

**KPMG Transaction Services (Australia) Pty Limited**  
**ABN 65 003 891 718**, Australian Financial Services Licence Number 245402 (**KPMG** or **we** or **us** or **our** as appropriate) has been engaged by PMI Gold Corporation (**Company**) to provide an Investigating Accountant's Report (**Report**) in relation to the proposed initial public offering (**Transaction**) for inclusion in the Prospectus dated 5 November 2010 (**Document**) prepared by the Company.

### Purpose of this Guide

This Guide is designed to help retail clients to decide how to use our Report. It includes information about:

- who we are and how we can be contacted
- the services we are authorised to provide under our licence
- how we and our staff are paid
- any relevant associations or relationships we have
- how complaints are dealt with; and
- the compensation arrangements we have in place.

The Document contains information about significant benefits, risks, fees and other charges and other information about the Transaction.

### Financial services we are licensed to provide

We hold an Australian Financial Services Licence, which authorises us to provide financial product advice in relation to:

- Interests in managed investments schemes (excluding investor directed portfolio services)
- Securities (such as shares and debentures).

### Our responsibility to you

We provide financial product advice when engaged to prepare a report in relation to a transaction relating to one of these types of financial products. You have not engaged us directly but have received a copy of the Report because of your connection to the Transaction.

We are responsible and accountable to you for ensuring that there is a reasonable basis for the conclusions in our Report.

### General Advice

Our report only contains general advice, because it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of the general advice in our Report having regard to your circumstances before you act on our Report.

You should also consider the other parts of the Document before making any decision in relation to the Transaction.

### Fees we may receive

We charge fees for preparing reports. These fees will usually be agreed with, and paid by, the financial product issuer. Fees are agreed on either a fixed fee or a time cost basis. In this instance, PMI has agreed to pay us A\$70,000 for preparing the Report and KPMG Canada C\$75,000 for other services relating to the transaction.

KPMG and its officers, employees, representatives, related entities and associates will not receive any other fee or benefit in connection with the provision of the Report.

# 11. INVESTIGATING ACCOUNTANT'S REPORT

*PMI Gold Corporation*

*Investigating Accountant's Report and Financial Services Guide*

*5 November 2010*

## **Referrals**

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

## **Associations and relationships**

Through a variety of corporate and trust structures KPMG is controlled by and operates as part of KPMG's Australian professional advisory and accounting practice (the **KPMG Partnership**). Our directors may be partners in the KPMG Partnership.

From time to time KPMG, the KPMG Partnership and related entities (**KPMG entities**) may provide professional services, including audit, tax and financial advisory services, to companies and issuers of financial products in the ordinary course of their businesses.

KPMG entities have, over the past two years, provided a range of audit and advisory services to PMI for which professional fees have been received. None of those services have related to the Transaction or alternatives to the Transaction. No KPMG entity has any interest in the Company or any other interested party to the Transaction.

## **Remuneration or other benefits received by our representatives**

KPMG officers, employees and representatives receive a salary or a partnership distribution from the KPMG Partnership. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report.

## **Complaints resolution**

### Internal complaints resolution process

If you have a complaint, please let us know. Formal complaints should be sent in writing to The Complaints Officer, KPMG, PO Box H67, Australia Square, Sydney NSW 1213.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 5

practical, and not more than **45 days** after receiving the written complaint, we will advise you in writing of our response to your complaint.

### External complaints resolution process

If we cannot resolve your complaint to your satisfaction within 45 days, you can refer the matter to the Financial Ombudsman Service (**FOS**) of which we are a member. FOS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOS are available at the FOS website [www.fos.org.au](http://www.fos.org.au) or by contacting them directly at:

Address: Financial Ombudsman Service Limited, GPO

Box 3, Melbourne Victoria 3001

Telephone: 1300 78 08 08

Facsimile: (03) 9613 6399

Email: [info@fos.org.au](mailto:info@fos.org.au).

The Australian Securities and Investment Commission also has a freecall infoline on 1300 300 630 which you may use to obtain information about your rights.

### Compensation arrangements

KPMG has professional indemnity insurance cover as required by the Corporations Act.

## **Contact details**

You may contact us using the contact details set out at the top of the letterhead on the first page of this Guide.

# 12. TENEMENT REPORT

Tenement Report on the mining rights held under the laws of Ghana  
by PMI Gold Corporation

Dated the 28 October 2010

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# 12. TENEMENT REPORT

## 1.0 INTRODUCTION

- 1.1 PMI Gold Corporation (“PMI”), a Canadian incorporated company listed on the Toronto Venture Exchange, and the Berlin and Frankfurt Exchanges; intends to undertake a listing and capital raising on the Australian Securities Exchange and is in the process of preparing a prospectus for that purpose (“Prospectus”).
- 1.2 In anticipation of such listing, E. Kwasi Mensah, Barrister and Solicitor, has been instructed by PMI to provide a Tenement Report relating to the Prospecting Licenses and the Mining Leases held by PMI Gold Corporation through its subsidiary companies, Adansi Gold Company (Gh) Limited (“Adansi”) and Nevsun Resources (Ghana) Limited (“NRGL”), and on the various option agreements between PMI and Goknet Mining Company Limited (“Goknet”), and which Tenement Report will form part of the preparation process for the intended listing.
- 1.3 This Tenement Report sets out the results of our investigations into the corporate standing of Adansi and NRGL as well as investigations into the holding and tenure of the Prospecting License(s) and Mining Leases that are held by Adansi, NRGL, and Goknet.
- 1.4 In so far as we have been able to gain access to the same, we have viewed and reported on:
  - 1.4.1 Public documents filed and kept at the following government registries:
    - 1.4.1.1 Administration of Stool Lands, Deeds Registry
    - 1.4.1.2 Minerals Commission
    - 1.4.1.3 Ministry of Lands and Natural Resources
    - 1.4.1.4 Mines Department
    - 1.4.1.5 Environment Protection Agency
  - 1.4.2 The relevant statutes and the regulations issued in relation thereto including but not limited to:
    - 1.4.2.1 Minerals and Mining Act, 2006,(Act 703)
    - 1.4.2.2 Company’s code 1963 (Act 179)
    - 1.4.2.3 Water Resources Commission Act 1996 (Act 552)
    - 1.4.2.4 Office of the Administrator of Stool Lands, 1994, (Act 481)
    - 1.4.2.5 Arbitration Act, 1961, (Act 38)
    - 1.4.2.6 Environmental Protection Act 1994, (Act 490)
    - 1.4.2.7 Environmental Assessment Regulation Li 1652,1999
    - 1.4.2.8 Exploration Guidelines for Forest Reserves

## 2.0 CORPORATE STANDING

- 2.1 We have reviewed the corporate records of Adansi , and NRGL at the REGISTRAR OF COMPANIES, P.O.Box118 Accra and set out our findings below:

# 12. TENEMENT REPORT

- 2.1.1 Adansi is a private company duly incorporated and registered under the laws of Ghana. NRGL is a duly registered Branch Office of Nevsun Resources (Ghana) Limited a Barbados Company. Adansi is a validly existing company and NRGL is a validly existing Branch Office; both entities have full corporate power and authority to own property and other assets and to carry on business, under the laws of Ghana and have the capacity to sue and be sued in their own names;
- 2.1.2 Adansi has an authorized share capital of GHS 10,000,000 divided into 10,000,000 shares. As a Branch Office of Nevsun Resources (Ghana) Limited, a Barbados company, NRGL does not have a share structure in Ghana.
- 2.1.3 PMI in effect, wholly owns Adansi, and holds 9,999,999 shares out of its total issued shares while Thomas Ennison holds 1 share.
- 2.1.4 Adansi is up to date with filing their Annual Returns having duly filed the same for its financial years ending 30 June 2008 and 30 June 2009 respectively;
- 2.1.5 The officers of Adansi (which includes directors, corporate secretary or executive officer of a body corporate) are:
- Douglas MacQuarrie, Managing Director  
Thomas Ennison, Director and Secretary
- 2.1.6 To the best of our knowledge and belief, and as far as we are able to ascertain, and after undertaking the inquiries set out above, there are no:
- 2.1.6.1 actions, suits, proceedings, claims; or
- 2.1.6.2 arbitration or other alternate dispute resolution processes, or
- 2.1.6.3 administrative or other proceedings by or before any governmental entity pending against or threatened against Adansi or NRGL;
- 2.1.7 To the best of our knowledge and belief, no proceedings are pending for the winding-up or dissolution of Adansi or NRGL;
- 2.1.8 To the best of our knowledge there are no impediments or encumbrances against the assets of Adansi or NRGL;
- 2.1.9 To the best of our knowledge and belief, Adansi and NRGL are compliant with the corporate requirements as provided in the Companies Act.
- 2.2 The above information was obtained from information contained in records at the Registrar General's Registry Office as at July 22, 2010 and from a duly stamped and filed copy of the Adansi's Annual Returns for the financial year end 30 June 2009 and filed on 24/05/10.

# 12. TENEMENT REPORT

## 3.0 REVIEW OF MINING TENEMENTS

3.1 For the purpose of this report, we have conducted our investigations based on documentation made available to us by the Minerals Commission.

3.2 Our investigations have been conducted on the following tenements:

- 3.2.1 Abore-Abirem (Adansi)
- 3.2.2 Adubea (Adansi)
- 3.2.3 Agyaka-Manso (Goknet)
- 3.2.4 Diaso-Afiefiso (Adansi)
- 3.2.5 Dunkwa-Gyimigya (Adansi)
- 3.2.6 Juabo (Adansi)
- 3.2.7 Kaniago (Adansi)
- 3.2.8 Kubi (NRGL)
- 3.2.9 Kubi Forest Reserve (NRGL)
- 3.2.10 Manhia (EJT – Goknet)
- 3.2.11 New Obuase (Formerly Fromenda, Adansi)
- 3.2.12 Switchback (Amuabaka, Nkronua Atifi, Gyagyatreso) (Goknet)
- 3.2.13 Gyimigya (new application, Adansi)

Table 1 summarizes the tenement status and the appended map shows each concession name and location.

It is important to emphasize at this point that Reconnaissance and Prospecting Licences, as well as Mining Leases, all come under the collective term of 'a Mining Right', which is granted by the State as represented by the President in whom title to all minerals in Ghana are vested on behalf of the people of Ghana. (S1 Act 703 Minerals and Mining Act 2006) Possession of a mineral right which passes for a tenement is therefore a sine qua non for the commencement of any type of mining activity in Ghana.

But before Ghana's Independence in 1957, there existed leases of land which were granted (by private persons, families and Stools) for mining purposes under the Common Law, reinforced by a "Certificate of Validity" granted by the then Colonial Administration. Some of these leases still do exist, and indeed the Adubea Concession which appears here as 3.2.2 is one of such leases which was given in 1931 for ninety nine years.

All of the following property interests are subject to a net smelter returns royalty (NSR) and a 10% carried net profits interest in right of the Government of Ghana. The current NSR royalty rate is 3%, however the Government of Ghana has announced their intention to raise the royalty up to 6% (although this has not yet been enacted in law).

A prospecting license is for a 2 year period, after which an extension for 1 year may be granted per the Company's exploration activities and conduct. On expiration of the license, the following must be submitted to the Minerals Commission:

- A. three copies of a comprehensive terminal report, with logs of pits, trenches etc, assay results etc. ;
- B. Detailed financial report;
- C. Evidence of annual ground rent payments; and

# 12. TENEMENT REPORT

- D. An Environmental Permit from the EPA, prior to an extension for one year or renewal for 2 years (renewal involves shedding 50% of the property size). The initial consideration fee payable to the Minerals Commission for the grant of a PL is US\$15,000.00 for 2 years for foreign owned Companies.

Permits that must be acquired after a License is obtained:

- 1) EPA Permit - normally every two years;
- 2) Mines Department Permit - yearly;
- 3) Annual Ground Rent Payment; and
- 4) District Assemblies Permit - yearly

3.3 **Abore-Abirem** is a Prospecting License for gold in an area of 89.64 km<sup>2</sup> along the Asankrangwa Gold belt in the Ashanti Region of Ghana. The Land Registry File Number is 14/2007. The one year extension of the License expires on October 13, 2010. An application for renewal of the prospecting license has been filed at the Minerals Commission as per paragraph 13 of the prospecting license. Such a renewal is expected to be granted. This is a normal business procedure, pursuant to the usual Minerals Commission regulations and practices. Adansi has 100% interest in the concession, subject to Goknet's underlying 2% NSR. We have given notice to the Minerals Commission that we are applying for a mining lease.

3.3.1 Previously a series of open pit mines, the previous mining environmental liabilities were grandfathered prior to Adansi being issued a License.

3.3.2 To the best of my knowledge, apart from the 2% royalty stated above, there is no other encumbrance on the Abore-Abirem concession.

3.4 **Adubea** is a Prospecting License for gold in an area of 12.95 km<sup>2</sup> along the Asankrangwa Gold belt in the Ashanti Region of Ghana. The Land Registry File Number is 55/2009. Original title secured by purchasing 99 year lease from Biney family (10 January 1931) by deed of Assignment to Adansi dated 10 January 2007 by the payment of US\$200,000 in installments (paid) and the reservation of a 0.5% NSR in right of the Biney family. The initial 2 year Prospecting License expired on September 10, 2010. An application for extension of the prospecting license has been filed at the Minerals Commission as per paragraph 13 of the prospecting license. Such extension is expected to be granted. This is a normal business procedure, pursuant to the usual Minerals Commission regulations and practices. Considering work accomplished a one year extension of the license should be routine. Adansi has 100% interest in the Concession, subject to Goknet's underlying 2% NSR and the vendor's 0.5% NSR interest. We have given notice to the Minerals Commission that we are applying for a mining lease.

3.4.1 To the best of my knowledge there are no environmental liabilities on the Adubea concession.

3.4.2 Again, apart from the 2% and 0.5% mentioned above to Goknet and the Vendor (Biney Family) respectively, there are no other encumbrances on the Adubea concession.

3.5 **Agyaka-Manso** is a Prospecting License for gold in an area of 40 km<sup>2</sup> along the Asankrangwa Gold belt in the Western Region of Ghana. The Land Registry File Number

# 12. TENEMENT REPORT

is 1900/2003. Application for renewal has been filed and the offer letter for a two year renewal received on July 22, 2010. Adansi has 100% interest in the Concession, subject to Goknet's underlying 2% NSR.

3.5.1 To the best of my knowledge there are no environmental liabilities on the Agyakaa-Manso concession.

3.5.2 To the best of my knowledge, apart from the Goknet royalty above mentioned, there is no other encumbrance on the Agyakaa-Manso concession.

3.6 **Diaso-Afiefiso** is a Prospecting License for gold in an area of 122.21 km<sup>2</sup> in the Asankrangwa Gold belt in the Central Region of Ghana. The Land Registry File Number is WR 1161/2005. A one year extension has been granted, which will expire on July 12, 2011. The property is 100% owned by Adansi. PMI through Adansi has the right to earn a 100% interest in the property pursuant to the November 2002 Goknet agreement and amendments, which when completed, will be subject to a 2%NSR payable to MIA Investments Ltd., a private Canadian Corporation controlled by Douglas MacQuarrie.

3.6.1 To the best of my knowledge there are no environmental liabilities on the Diaso-Afiefiso concession.

3.6.2 Apart from the said 2% royalty to MIA Investments Ltd, there are no other encumbrances on the Diaso-Afiefiso concession.

3.7 **Dunkwa-Gyimigya** is a Prospecting License for gold in an area of 39.17km<sup>2</sup> in the Ashanti Gold belt in the Central and Ashanti Regions of Ghana. The Land Registry File Number is 54/2009. The License will expire on the October 9, 2010. An application for extension of the prospecting license has been filed at the Minerals Commission as per paragraph 13 of the prospecting license. Such extension is expected to be granted. This is a normal business procedure, pursuant to the usual Minerals Commission regulations and practices. The property consists of two areas under one prospecting license; Gyimigya 8.20 sq km and Dunkwa 20.06 sq km. These concessions were granted provided Adansi allowed Small Scale License applications. Adansi owns all rights except where Small Scale licenses are taken out with Adansi retaining the deep rights. Adansi has 100% interest in the Concession.

3.7.1 To the best of my knowledge there are no environmental liabilities on the Dunkwa-Gyimigya concession.

3.7.2 To the best of my knowledge there are no encumbrances on the Dunkwa-Gyimigya concession.

3.8 **Juabo** is a Prospecting License for gold in an area of 59.20 km<sup>2</sup> along the Asankrangwa Gold belt in the Western Region of Ghana. The Minerals Commission File Number is PL.2/10. The License has been extended for one year and will expire on the July 12, 2011. The property is 100% owned by Adansi. Property is subject to 15% carried interest retained by the original vendor (Gemap Mining Company Ltd) and a 2%NSR payable to Goknet per the November 2002 agreement and amendments. Gemap Company Ltd's 15% carried interest is carried up to the decision to mine. Per Deed of

# 12. TENEMENT REPORT

Assignment dated 30th April 2004 the Juabo Concession was assigned by NRGL to Adansi upon the Minister of Mines' (GH) consent on 25th March 2004.

3.8.1 With regard to environmental liabilities, some previous trenching was not back filled by the previous operator.

3.8.2 Apart from the pecuniary interest of the original vendor (Gemap) and Goknet as stated above, there are no other encumbrances on the Juabo concession.

3.9 **Kaniago** is a Prospecting License for gold in an area of 53.5 km<sup>2</sup> along the Asankrangwa Gold belt in the Ashanti and Central Regions of Ghana. The Land Registry File Number is 56/2009. The initial 2 year License expired on August 10, 2010. An application for extension of the prospecting license has been filed at the Minerals Commission as per paragraph 13 of the prospecting license. Such extension is expected to be granted. This is a normal business procedure, pursuant to the usual Minerals Commission regulations and practices. These concessions were granted provided Adansi allowed Small Scale License applications. Adansi owns all rights except where Small Scale licenses are taken out in which case Adansi holds the deep rights. The concession is also subject to Goknet's underlying 2% NSR. The concession is part of the former land which was held by the Dunkwa Consolidated Goldfields - dredging operations.

3.9.1 To the best of my knowledge there are no environmental liabilities on the Kaniago concession.

3.9.2 Apart from the 2% Goknet royalty, there are no encumbrances on the Kaniago concession.

3.10 **Kubi** is a Mining Lease held by Nevsun Resources (Ghana) Limited, Ghana Branch, for gold in an area of 19.16 km<sup>2</sup> in the Ashanti Gold belt in the Ashanti Region of Ghana. The Land Registry File Number is 70/2008. The License will expire on the 17th of September 2028 which represents a twenty (20) year extension of the Mining Lease. Royal Gold, Inc. of Denver has a 3% NPP (net proceeds of production royalty interest).

3.10.1 Regarding environmental liabilities, AngloGold Ashanti rehabilitation has not yet been signed off by the EPA. Liability falls to AngloGold Ashanti.

3.10.2 Apart from the Royal Gold Inc 3% NPP, there are no other encumbrances on the Kubi Mining Lease.

3.11 **Kubi Forest Reserve** is a Mining Lease held by Nevsun Resources (Ghana) Limited, Ghana Branch, for gold in an area of 0.18 km<sup>2</sup> along the Ashanti Gold belt in the Ashanti Region of Ghana. The Land Registry File Number is 70/2008 (Area B). The License will expire on 17/Sept/2028 which represents a twenty (20) year extension of the Mining Lease. Royal Gold, Inc. of Denver has a 3% NPP (net proceeds of production royalty interest).

3.11.1 Regarding environmental liabilities, AngloGold Ashanti rehabilitation has not yet been signed off by the EPA. Liability falls to AngloGold Ashanti.

3.11.2 There are no other encumbrances apart from the 3% Net Proceeds of Production royalty.

# 12. TENEMENT REPORT

3.12 **Manhia** is a Prospecting License for gold in an area of 14.78 km<sup>2</sup> along the Asankrangwa Gold belt in the Western Region of Ghana. The Land Registry File Number is WR.1183/2005. The two year renewal expires on September 17, 2011. Goknet had the right to earn 100% interest in the Manhia property and has exercised its right under its agreement with EJT. PMI has the right to earn 100% of Goknet's interest in the concession pursuant to the November 2002 agreement and amendments which when completed will be subject only to a 2% NSR payable to Goknet.

3.12.1 To the best of my knowledge there are no environmental liabilities on the Manhia concession.

3.12.2 To the best of my knowledge apart from 2% NSR payable to Goknet, there are no other encumbrances on the Manhia concession.

3.13 **New Obuase** (Formerly known as and commonly referred to as Fromenda) is a Prospecting License for gold in an area of 21.53 km<sup>2</sup> along the Asankrangwa Gold belt in the Central Region of Ghana. The Land Registry File Number is 2732/1988. The License has been extended for one year and will expire on 12/01/2011. The property is 100% owned by Adansi as per Deed of Assignment from Fromenda Limited dated 30th April 2004. PMI through Adansi has the right to earn a 100% interest in the concession pursuant to the November 2002 Goknet agreement and amendments; which when completed, will be subject only to a 2% NSR payable to Goknet.

3.13.1 With regard to environmental liabilities, some previous trenching was not back filled by the previous owners.

3.13.2 Apart from the 2% royalty to Goknet, there are no other encumbrances on the New Obuase concession.

3.14 **Switchback** is a Prospecting License for gold in a total area of 64.78 km<sup>2</sup> (Concession in three parts: Amuabaka, Nkronua Atifi, and Gyagyatreso 28.86; 24.97; 10.95 sq km) along the Asankrangwa Gold belt in the Central Region of Ghana. The Land Registry File Number is 2278/2004. The one year extension of the License expired on September 1, 2010. An application for renewal of the prospecting license has been filed at the Minerals Commission as per paragraph 13 of the prospecting license. Such a renewal is expected to be granted. This is a normal business procedure, pursuant to the usual Minerals Commission regulations and practices. The property is an Option/JV agreement with Switchback dated 07 January 2002. Goknet has earned 100% subject to 10% carried interest to the vendor, PMI has the right to earn 100% of Goknet's interest in the concession pursuant to the November 2002 agreement and amendments. PMI is to pay Switchback US\$3000 per quarter until it delivers a positive feasibility and a mining lease is issued; thereafter a 2% NSR in favour of Switchback. Switchback Mining Company Ltd's 10% carried interest is carried up to the decision to mine.

3.14.1 To the best of my knowledge there are no environmental liabilities on the Switchback concession.

3.14.2 Apart from the 2% NSR there are no other encumbrances on the Switchback concession.

# 12. TENEMENT REPORT

- 3.15 **Gyimigya** is a New Prospecting License Application by Adansi for gold covering 4.566 km<sup>2</sup> in the Ashanti Gold belt in the Ashanti Region of Ghana. The Minerals Commission File Number is PL.6/324 and the License is pending approvals. This new application is adjacent to and south of Gyimigya and west of the Dunkwa-Gyimigya concession.
- 3.15.1 To the best of my knowledge there are no environmental liabilities on the Gyimigya concession.
- 3.15.2 To the best of my knowledge there are no encumbrances on the Gyimigya concession.
- 3.16 The contents of this section of the report were obtained from and rely on information contained in the documentation provided to us by the Minerals Commission, 12 Switchback Road Cantonments, P.O. Box M 248 Accra.
- 3.17 Adansi and NRGL have taken all necessary steps to obtain and maintain appropriate registrations for the Prospecting Licenses and the Mining Leases they currently hold. This has been verified by records held at the Minerals Commission. The records held at said Registry are to the effect that the Prospecting Licenses and Mining Leases held by Adansi and NRGL are all in good standing and we have not found any instances of non-compliance with the Act.
- 3.18 Additional enquiries at the Minerals Commission have revealed that Quarterly Reports in respect of the Prospecting Licences and Mining Leases have been filed in a timely manner.
- 3.19 The Minerals and Mining Act does not enforce any regulations or restrictions relating to native title.
- 3.20 Having considered these tenements, I am of the view that this report is up to date regarding the status of each tenement and status of any application/grant of extension.

## 4.0 LITIGATION

- 4.1 We conducted searches at the Registrar General in Accra on July 22 2010 to establish whether any Litigation (including bankruptcy or insolvency proceedings) was pending or threatened against Adansi, or NRGL. Our searches have revealed that no such proceedings are pending.

## 5.0 CONCLUSION

- 5.1 Based on the assumptions and subject to the qualifications set out herein we are of the opinion that Adansi Gold Company (Gh) Limited and Nevsun Resources (Ghana) Limited are each duly registered and validly existing under the Laws of the Country of Ghana and are capable of suing and being sued in its corporate name. To the best of our knowledge and belief, there are no litigation matters or insolvency proceedings pending against either Company and they are both generally compliant with the provisions of the Companies Code, 1963 (Act 179) of the Laws of Ghana.

# 12. TENEMENT REPORT

- 5.2 Based on the assumptions and subject to the qualifications set out herein, Adansi and NRGL have respectively maintained their Prospecting Licences and Mining Leases in good standing pursuant to the provisions of the Minerals and Mining Act 2006, (Act 703) of the Laws of Ghana and we are of the view that each Company is in good standing with the Ministry of Justice and Attorney general.

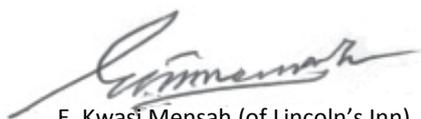
## 6.0 RELIANCE

- 6.1 This report is prepared for the use of our Client, PMI Gold Corporation for the inclusion in the Prospectus and should not be reproduced in whole or part, apart from use within the Prospectus, or relied upon by any other party, other than an investor in making a decision whether to invest in PMI Gold Corporation pursuant to the Prospectus, without the express written authority of E. Kwasi Mensah. Therefore, no responsibility, liability or culpability shall be accepted, which may arise from the unauthorized use, duplication, disclosure or publication of its contents by any unauthorized party or in relation to any other matter or issue arising directly or indirectly or otherwise from the preparation of this Report.

## 7.0 RELATIONSHIP TO PMI DIRECTOR HON. J.H. MENSAH

Mr. E. Kwasi Mensah has no relationship to PMI Director, Hon. J.H. Mensah except that they are namesakes who bear a common surname "Mensah" of the Akan tribe, the biggest ethnic group in Ghana. Hon. J.H. Mensah hails from Brong-Ahafo Region while Lawyer E.K. Mensah hails from Ashanti Region. The people of Brong-Ahafo and Ashanti Regions belong to the same ethnic group namely the "Akans".

Yours faithfully,



E. Kwasi Mensah (of Lincoln's Inn), LLB, LLM  
Barrister and Solicitor  
Admitted in England, Wales and Ghana

# 12. TENEMENT REPORT

**TABLE1: TENEMENT STATUS**

TENEMENT NAME(S)	ABORE-ABIREM	ADUBEA	AGYAKA MANSO	DIASO - AFIEFISO	DUNKWA-GYIMIGYA
Tenement Number (Minerals Commission Number)	PL.6/303	PL.6/310	PL.6/260	PL.3/84	PL.3/88
Area -square kilometers	89.64	12.95	40.00	122.21	28.26
Land Registry File Number	14//2007	55/2009	1900/2003	WR1161/2005	54/2009
Licensee	Adansi Gold Co. (Gh) Ltd.	Adansi Gold Co. (Gh) Ltd.	Goknet Mining Co. Ltd.	Adansi Gold Co. (Gh) Ltd.	Adansi Gold Co. (Gh) Ltd.
Original Grant Date	March 14, 2007	September 11, 2008	June 25, 2003	October 5, 2004	October 10, 2008
Last Extension/ Renewal Date	August 04, 2009	none	Yet to be known	July 13, 2010	none
Expiry Date	August 03, 2010	September 10, 2010	Yet to be known	July 12, 2011	October 9, 2010
Extension or Renewal Comments	We have given notice to the Minerals Commission that we will be applying for a mining lease.	We have given notice to the Minerals Commission that we will be applying for a mining lease.	Minerals Commission has recommended that a renewal be granted, awaiting Ministerial signature.	1 year extension	Application for one year extension has been made.
Royalties	1) Ghana Government 10% free carried interest and royalty	1) Ghana Government 10% free carried interest and royalty	1) Ghana Government 10% free carried interest and royalty	1) Ghana Government 10% free carried interest and royalty	1) Ghana Government 10% free carried interest and royalty
	2) Goknet underlying 2% NSR	2) Goknet underlying 2% NSR	2) Goknet underlying 2% NSR		
Third Party Interests	None	0.5% NSR to Biney Family	none	2% NSR to MIA Investments Ltd.	none
Small Scale Licenses	None	none	none	none	The Ghana Government retains the right to give surface small scale licenses while Adansi retains the deep/ hard rock rights.

Note

# 12. TENEMENT REPORT

**CONT'D... TABLE1: TENEMENT STATUS**

<b>TENEMENT NAME(S)</b>	<b>JUABO</b>	<b>KANIAGO (ADAN-SI)</b>	<b>KUBI</b>	<b>KUBI FOREST RESERVE</b>
Tenement Number (Minerals Commission Number)	PL.2/10	PL.6/307	PL.3/30/Vol.3	PL.3/30/Vol.3
Area -square kilometers		53.5	19.16	0.18
Land Registry File Number		56/2009	70/2008	70/2008
Licensee	Adansi Gold Co. (Gh) Ltd.	Adansi Gold Co. (Gh) Ltd.	Nevsun Resources (Gh) Ltd.	Nevsun Resources (Gh) Ltd.
Original Grant Date	March 25, 2004	August 11, 2008	September 18, 2008	September 18, 2008
Last Extension/ Renewal Date	July 12, 2010	none		
Expiry Date	July 11, 2011	August 10, 2010	September 17, 2028	September 17, 2028
Extension or Renewal Comments	one year extension	Application for one year extension has been made.		
Royalties	1) Ghana Government 10% free carried interest and royalty 2) Goknet underlying 2% NSR	1) Ghana Government 10% free carried interest and royalty 2) Goknet underlying 2% NSR	1) Ghana Government 10% free carried interest and royalty	1) Ghana Government 10% free carried interest and royalty
Third Party Interests	Gemap - 15% carried interest up to the decision to mine.	none	Royal Gold, Inc of Denver - 3% NPP	Royal Gold, Inc of Denver - 3% NPP
Small Scale Licenses	none	The Ghana Government retains the right to give surface small scale licenses while Adansi retains the deep/hard rock rights.		

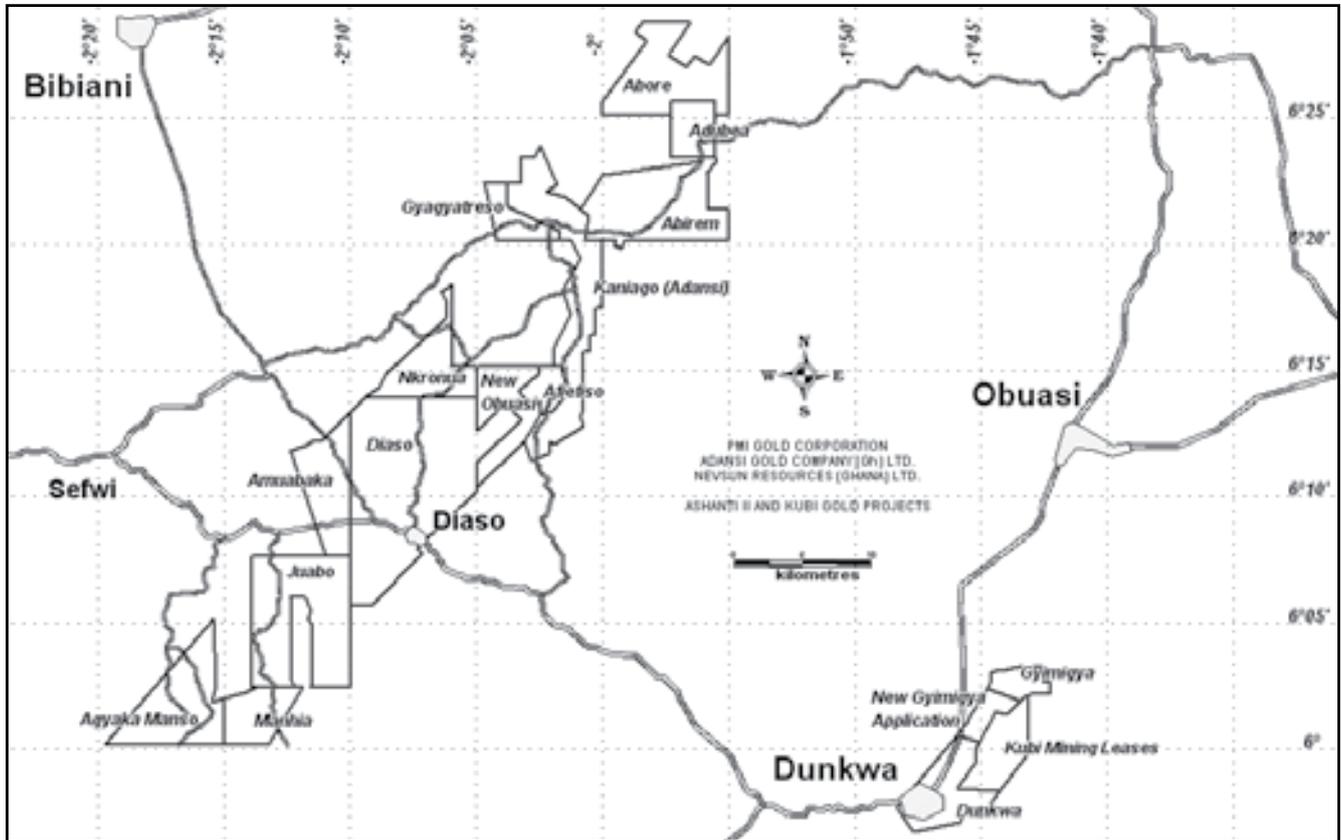
Note

# 12. TENEMENT REPORT

**CONT'D...TABLE1: TENEMENT STATUS**

TENEMENT NAME(S)	AMUABAKA, NKRONUA ATIFI & GYAGYATRESO			
	MANHIA	NEW OBUASE	AMUABAKA, NKRONUA ATIFI & GYAGYATRESO	GYIMIGYA
Tenement Number (Minerals Commission Number)	PL.2/381	PL.3/3	RL.6/32	PL.6/324
Area -square kilometers	14.78	21.53	64.78	4.566
Land Registry File Number	WR1183/2005	2732/1988	2278/2004	New Application
Licensee	EJT Exploration Ltd	Fromenda Ltd.	Swichback Mining Co. Ltd.	Adansi Gold Co. (Gh.) Ltd
Original Grant Date	June 20, 2006	December 1, 1988	March 19, 2004	New Application
Last Extension/ Renewal Date	September 18, 2009	January 13, 2010	September 2, 2009	Not applicable
Expiry Date	September 17, 2011	January 12, 2011	September 1, 2010	New Application
Extension or Renewal Comments	The Manhia concession was renewed in the name of Goknet Mining Ltd. pursuant to grant of EJT/Goknet assignment by the Minister dated November 25, 2005	The New Obuase concession was renewed in the name of Adansi Gold Co. (Gh) Ltd. pursuant to Deed of Assignment from Fromenda dated April 30, 2004.	Application for two years renewal with 50% of the property shed per Ghana Minerals and Mining Law, Act 2006 has been made.	Not applicable
Royalties	1) Ghana Government 10% free carried interest and royalty 2) Goknet underlying 2% NSR	1) Ghana Government 10% free carried interest and royalty 2) Goknet underlying 2% NSR	1) Ghana Government 10% free carried interest and royalty 2) Switchback underlying 2% NSR	
Third Party Interests		none	Swichback - 10% carried interest up to the decision to mine.	
Small Scale Licenses	none	none	none	
Note				Offer letter has been received and the Consideration Fee of \$15,000 has been paid, in due process.

# 12. TENEMENT REPORT



# 13. RISK FACTORS

Potential investors in the Company should be aware that subscribing for Shares involves a number of risks. The risk factors outlined in this section and elsewhere in this Prospectus should be carefully considered by investors when evaluating an investment in the Company. In addition, investors should appreciate that the value of Shares may rise or fall depending on a range of factors beyond the control of the Company.

Any of the factors set out in this section or any other factors identified in this Prospectus may materially affect the financial performance of the Company and the market price of the Shares. To that extent the Shares carry no guarantee with respect to the payment of dividends, return on capital or the price at which Shares or the CDIs underlying the Shares will trade on ASX.

While the Company plans to take prudent measures to safeguard from, or mitigate its exposure to these risks, many of the risks are outside the Company's control.

There are a number of risk factors that investors should consider before deciding whether or not to invest in the offers made pursuant to this Prospectus. The principal risk factors include, but are not limited to, the following:

## **13.1 COMPANY SPECIFIC RISKS**

The Company's operations are subject to the normal risks associated with exploration, project development and mining, and its profits are subject to numerous factors beyond the Company's control. Certain of these risk factors are discussed below.

## **13.2 OPERATING AND DEVELOPMENT RISKS**

The Company's ability to achieve production, development, operating cost and capital expenditure estimates on a timely basis cannot be assured. The business of gold mining involves many risks and may be impacted by factors including ore tonnes, yield, input prices (some of which are unpredictable and outside the control of the Company), overall availability of free cash to fund continuing development activities, labour force disruptions, cost overruns, changes in the regulatory environment and other unforeseen contingencies. Other risks also exist such as environmental hazards (including discharge of pollutants or hazardous chemicals), industrial accidents and occupational and health hazards. Such occurrences could result in damage to, or destruction of, production facilities, personal injury or death, environmental damage, delays in mining, increased production costs and other monetary losses and possible legal liability to the owner or operator of the mine. The Company may become subject to liability for pollution or other hazards against which it has not insured or cannot insure, including those in respect of past mining activities for which it was not responsible.

In addition the Company's profitability could be adversely affected if for any reason its production and processing of gold or mine development is unexpectedly interrupted or slowed. Examples of events which could have such an impact include unscheduled plant shutdowns or other processing problems, mechanical failures, the unavailability of materials and equipment, pit slope failures, unusual or unexpected rock formations, poor or unexpected geological or metallurgical conditions, poor or inadequate ventilation, failure of mine communication systems, poor water condition, interruptions to gas and electricity supplies, human error and adverse weather conditions.

The risks outlined above also mean that there can be no assurances as to the future development of a mining operation in relation to any of the Company's projects described in this Prospectus or which the Company may acquire in the future.

## **13.3 GOLD PRICE VOLATILITY**

If the Obotan and Kubi gold projects achieve exploration success leading to commencement of commercial mining operations, it is anticipated that any revenues from mining will primarily be derived from the sale of gold. Consequently, any future earnings are likely to be closely related to the price of gold. Gold prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include low barriers to entry, transparency of market structure, history of uncontrolled production programs and the majority of production occurring in countries with strong political influences on mining and production programs.

## **13.4 RESOURCE AND RESERVE ESTIMATION RISK**

Resource and reserve estimates are expressions of judgement based on knowledge, experience and industry practice. As such, resource and reserve estimates are inherently imprecise and rely to some extent on interpretations made.

Additionally, estimates may change over time as new information becomes available. If the Company encounters mineralisation or geological formations different from those predicted by past drilling, sampling and interpretations, any estimates may need to be altered in a way that could adversely affect the Company's operations or proposed operations.

# 13. RISK FACTORS

## 13.5 PRODUCTION ESTIMATES AND YIELD

The Company is currently an explorer and developer of the Obotan and Kubi gold projects. The Company prepares estimates of future production for its proposed operations. The Company cannot give any assurance that it will achieve its production estimates. The failure of the Company to achieve its production estimates could have a material and adverse effect on any or all of its future cash flows, results of operations and financial condition. These production estimates are dependent on, among other things, the accuracy of resource estimates, the accuracy of assumptions regarding gold composition and yields, ground conditions and physical characteristics of ores, such as hardness and the presence or absence of particular metallurgical characteristics and the accuracy of estimated rates and costs of mining and processing.

The Company's actual production may also vary from its estimates for a variety of reasons, including, adverse operating conditions (such as unexpected geological conditions, fire, weather, accidents), compliance with governmental requirements, labour and safety issues, delays in installing or repairing plant and equipment, inability to complete, or lack of success of, capital development and exploration drilling. Problems may also arise due to interruptions to essential services (such as power, water, fuel, equipment or transport capacity) or technical support which results in a failure to achieve expected target dates for production.

Depending on the price of gold, the Company may determine that it is impractical to commence or, if commenced, to continue commercial production at a particular site.

The inability of the Directors to estimate gold specifications correctly may have an adverse effect on its production estimates.

## 13.6 MINE DEVELOPMENT

Possible future development of a mining operation at any of the Company's projects is dependent on a number of factors including, but not limited to, the acquisition and/or delineation of economically recoverable mineralisation, favourable geological conditions, receiving the necessary approvals from all relevant authorities and parties, seasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, access to the required level of funding and contracting risk from third parties providing essential services.

If the Company commences production, its operations may be disrupted by a variety of risks and hazards which are beyond its control, including environmental hazards, industrial accidents, technical failures, labour disputes, unusual or unexpected rock formations, flooding and extended interruptions due to inclement of hazardous weather conditions and fires, explosions or accidents. No assurance can be given that the Company will achieve commercial viability through the development or mining of its projects and treatment of ore.

## 13.7 FORESTRY RESERVE

Certain sections of the Kubi and Juabo tenements are within forest reserves. The further development of these sections may be subject to delays associated with the Company obtaining permission to access the sections of the Kubi and Juabo tenements that are within forest reserves.

## 13.8 ARTISANAL MINING

The artisanal mining sector in Ghana may interfere with and potentially cause delays to the Company's exploration and mineralisation development activities.

## 13.9 EXPLORATION RISKS

Mineral exploration is highly speculative in nature. The Company's exploration projects involve many risks and success in exploration is dependent upon a number of factors including, but not limited to, quality of management, quality and availability of geological expertise and availability of exploration capital. The Company cannot give any assurance that its future exploration efforts will result in the discovery of an Ore Reserve or Mineral Resource, or that its current and future exploration programs will result in the expansion or replacement of current production with new resources and reserves. The Company cannot give assurance that its exploration programs will be able to extend the life of its existing mines or result in the discovery of new producing mines.

## 13.10 EQUIPMENT AND AVAILABILITY

The Company's ability to undertake mining and exploration activities is dependent upon its ability to source and acquire appropriate mining equipment. Equipment is not always available and the market for mining equipment experiences fluctuations in supply and demand. If the Company is unable to source appropriate equipment economically or at all then this would have a material adverse effect on the Company's financial or trading position.

# 13. RISK FACTORS

## **13.11 TENEMENT APPLICATIONS AND LICENSE RENEWAL**

The Company cannot guarantee applications for tenements made by the Company will ultimately be granted, in whole or in part. Further the Company cannot guarantee that renewals of valid tenements will be granted on a timely basis, or at all. With the exception of the Kubi Mining Leases, PMI Gold has yet to receive regulatory and environmental approval to convert its exploration licences into production concessions. There is a risk that these approvals may not be obtained. Several of the Company's mining properties are subject to applications for extension (see the Tenement Report for further details).

## **13.12 ENVIRONMENTAL RISKS**

Inherent in mining and exploration operations is a real environmental risk. The legal framework governing this area is constantly developing. Thus the Company is unable to fully ascertain any future liability that may arise from any new laws or regulations.

Mineral exploration and production can be environmentally sensitive activities which can give rise to substantial costs for environmental rehabilitation, damage, control and losses. Further, if there are environmental rehabilitation conditions attached to the tenements, failure to meet such conditions could lead to forfeiture of these tenements.

The Ministry of Lands Forestry and Mines of Ghana from time to time reviews the environmental bonds that are placed on tenements in Ghana. The Directors are not in a position to state whether a review in respect of any of the projects is imminent or whether the outcome of such a review would be detrimental to the funding needs of the Company.

In some instances, previous owners or operators of the Company's mining properties have not completed all environmental work required to be carried out (see the Tenement Report for further details).

## **13.13 EXPLORATION COSTS**

The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

## **13.14 THE COMPANY MAY BE UNABLE TO OBTAIN ENVIRONMENTAL/GOVERNMENT APPROVALS**

The Company's exploration programs will, in general, be subject to approval by the Ministry of Lands Forestry and Mines of Ghana. Development of any of the Company's properties will be dependent on the project meeting environmental guidelines set by the Ghanaian Environmental Protection Agency and, where required, being approved by governmental authorities.

## **13.15 ACCESS TO LAND MAY BE STOPPED**

Interests in tenements in Ghana are governed under the Minerals and Mining Act by the Ministry of Lands Forestry and Mines and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance.

Consequently, the Company could lose title to or its interest in tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

Reference should be made to the relevant section of the Tenement Report set out in Section 12 of this Prospectus for information on the issue of title.

## **13.16 GOVERNMENT REGULATIONS**

The Company's future operations will be regulated by the national, state and local authorities in Ghana. Numerous governmental permits, approvals and licences will be required for the Company's future operations. The costs, liabilities and regulations applicable to the Company or to comply with changes to these laws and regulations or the manner in which they are applied may be substantial and time-consuming and may delay the commencement or continuation of exploration, mining or production activities.

Failure to comply with these laws or regulation or to obtain or renew the permits, approvals and licences required may have a material adverse effect on the results of the operations and financial condition of the Company.

# 13. RISK FACTORS

All mining property interests held by the Company are subject to a net smelter returns royalty (**NSR**) and a 10% carried net profits interest in right of the Government of Ghana. The current NSR royalty rate is 3%, however the Government of Ghana has announced their intention to raise the royalty up to 6% (although this has not yet been enacted in law).

## 13.17 SOVEREIGN RISK

The Company's underlying business interests are located and carried out in foreign jurisdictions, in particular in Ghana. As a result, the Company is subject to significant political and other uncertainties, including but not limited to, changes in politics or the personnel administering them, nationalisation or expropriation of property, cancellation or modification of contractual rights, foreign exchange restrictions, currency fluctuations, royalty and tax increases and other risks arising out of foreign governmental sovereignty over the areas in which the Company's investments are conducted.

## 13.18 KEY PERSONNEL AND MANAGEMENT RISKS

The Company's business depends on its ability to attract and retain the services of key personnel who are qualified and experienced. The success of the Company is, and will continue to be to a significant extent, dependent on the expertise and experience of the Directors and senior management. While the Company has contracts of service or employment with its key personnel and in respect of key resources, the retention of their services cannot be guaranteed. The resources industry is largely driven by fluctuations in commodity prices which, when high, can lead to a large number of projects being developed which in turn increases the demand for skilled personnel, contractors, material and supplies. Accordingly, there is a risk to the Company of losing or being unable to secure enough suitable key personnel or key resources and, as a result, being exposed to increased capital and operating costs and delays, which may in turn adversely affect the development of new and existing projects, the expansion of existing operations, the results of those operations and the Company's financial condition and prospects.

There can be no assurance that the Company will be able to manage effectively the expansion of its operations or that the Company's current personnel, systems, procedures and controls will be adequate to support the Company's operations. Any failure of management to manage effectively the Company's growth and development could have a material adverse effect on the Company's business, financial condition and results of operations.

## 13.19 REGULATORY RISK

The Company's proposed mining operations and exploration and development activities are subject to extensive laws and regulations relating to numerous matters including resource licence consent conditions including environmental compliance and rehabilitation, taxation, employee relations, health and worker safety, waste disposal, protection of the environment, native title and heritage matters, protection of endangered and protected species and other matters. The Company generally requires permits from regulatory authorities to authorise the Company's operations. These permits relate to exploration, development, production and rehabilitation activities.

Obtaining necessary permits can be a time consuming process and there is a risk that Company will not obtain these permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could materially delay or restrict the Company from proceeding with the development of a project or the operation or further development of a mine. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in material fines, penalties or other liabilities. In extreme cases, failure could result in suspension of the Company's activities or forfeiture of one or more of the mining tenements.

## 13.20 FUNDING RISK

The Company's ability to effectively implement its business and operations plans in the future, to take advantage of opportunities for acquisitions, joint ventures or other business opportunities and to meet any unanticipated liabilities or expenses which the Company may incur may depend in part on its ability to raise additional funds. The Company may seek to raise further funds through equity or debt financing, joint ventures, production sharing arrangements or other means. Failure to obtain sufficient financing for the Company's activities and future projects may result in delay and indefinite postponement of exploration, development or production on the Company's properties or even loss of a property interest. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Company and might involve substantial dilution to Shareholders.

Further, the Company, in the ordinary course of its operations and developments, is required to issue financial assurances, particularly insurances and bond/bank guarantee instruments to secure statutory and environmental performance undertakings and commercial arrangements.

# 13. RISK FACTORS

The Company's ability to provide such assurances is subject to external financial and credit market assessments, and its own financial position.

Loan agreements and other financing rearrangements such as debt facilities, convertible note issue and finance leases (and any related guarantee and security) that may be entered into by the Company may contain covenants, undertakings and other provisions which, if breached, may entitle lenders to accelerate repayment of loans and there is no assurance that the Company would be able to repay such loans in the event of an acceleration. Enforcement of any security granted by the Company or default under a finance lease could also result in the loss of assets.

The Company is exposed to risks associated with its financial instruments (consisting of cash, receivables, accounts payable and accrued liabilities due to third parties from time to time). This includes the risk that a third party to a financial instrument fails to meet its contractual obligations; the risk that the Company will not be able to meet its financial obligations as they fall due; and the risk that market prices may vary which will affect the Company's income.

## **13.21 CURRENCY RISK AND EXCHANGE RATE RISK**

The Company's main business undertakings will be in Ghana, and as a result revenues, cash flows, expenses, capital expenditure and commitments are primarily denominated in Ghanaian cedi or US dollars. This results in the income, expenditure and cash flows of the entities being exposed to fluctuations and volatilities in exchange rates, as determined in international markets.

The amount of revenue generated by the Company in Canadian dollars to pay dividends and operating costs will fluctuate with changes in exchange rates. Changes in exchange rate are outside the Company's control.

## **13.22 LITIGATION RISK**

Litigation risks to the Company may include, but are not limited to, contesting development or regulatory approvals, traditional title claims, land tenure disputes, environmental claims, and occupational health and safety claims.

## **13.23 GENERAL RISKS**

The activities of the Company are also subject to the usual commercial risks and factors such as competition and economic conditions may generally affect the Company's ability to generate income or achieve its objectives.

## **13.24 GENERAL ECONOMIC CONDITIONS**

Changes in both Ghanaian and global economic conditions may affect the financial performance of the Company. These factors over which the Company has no control include general market, political and economic conditions, including inflation rates, interest rates and foreign currency exchange rates, changes in market valuations of listed stocks in general and gold, structural changes to the global mining industry, supply and demand conditions for gold, and fluctuations in the gold price.

In addition factors such as political movements, stock market trends, commodity prices, industrial disruption, environmental and adverse weather impacts, taxation changes and legislative or regulatory changes, may all have an adverse impact on the Company's operating costs, profit margins and share price. These factors are beyond the control of the Company and the Company cannot, to any degree of certainty, predict how they will impact on the Company. Some of these factors are discussed further below.

## **13.25 GENERAL RESOURCE SECTOR RISK**

In common with other entities undertaking business in the natural resources sector, certain risks are substantially outside the control of the Company. These risks include abnormal stoppages in production or delivery due to factors such as industrial disruption, major equipment failure, accident, power failure or supply disruption, unforeseen adverse geological or mining conditions and/or changes to predicted ore or mineral quality, the state of supply and demand for gold in Ghana and overseas markets and the effect of the gold price, changes in government regulations (including environmental regulations) and government imposts such as royalties, rail freight charges and taxes and risks to land titles, mining titles and the use thereof as a result of traditional title claim.

## **13.26 INSURANCE RISK**

The Company does not take out indemnity insurance to protect its assets. However, any insurance coverage may prove inadequate to satisfy potential claims and losses. Further, the Company may become subject to liabilities that cannot be insured against or against which it may elect not to be insured fully or at all because of high premium costs.

# 13. RISK FACTORS

## **13.27 TAXATION RISK**

Any change in the Company's tax status or the tax applicable to holding Shares or in taxation legislation or its interpretation, could affect the value of the investments held by the Company, affect the Company's ability to provide returns to Shareholders and/or alter the post-tax returns to Shareholders.

## **13.28 JOINT VENTURES, ACQUISITIONS OR OTHER STRATEGIC INVESTMENTS**

The Company may make strategic investments in complementary businesses, or enter into strategic partnerships or alliances with third parties in order to enhance its business. At the date of this Prospectus, the Company is not aware of the occurrence or likely occurrence of any such risks which would have a material adverse effect on the Company or its subsidiaries.

## **13.29 TAKEOVER PROTECTION**

As a company incorporated in Victoria, British Columbia, the rights of Shareholders are governed by Canadian law. The rights of shareholders under Canadian law differ in some respects from the rights of shareholders of companies incorporated in Australia.

As the Company is incorporated in Victoria, British Columbia, the takeover provisions in the Corporations Act do not apply to the Company. In Canada, the British Columbia Securities Act, Rules and Policies (Canadian Legislation) regulates takeovers and substantial shareholders. As a result, any takeover offer for the Company or consolidation of control in the Company will not be regulated by the Corporations Act, but the takeovers regime as stipulated in the Canadian Legislation.

## **13.30 FORCE MAJEURE**

The Company's projects now or in the future may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

## **13.31 INVESTMENT SPECULATIVE**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus. Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities.

Potential investors should consider that an investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

Set out below is a summary of the contracts to which the Company is a party and which may be material in terms of this Prospectus.

To fully understand all the rights and obligations of a material contract it would be necessary to review each contract in full and the summaries should be read in that light.

# 14. MATERIAL CONTRACTS

## 14.1 LEAD BROKER MANDATE

On 24 February 2010, the Company entered into an agreement with Hartleys Limited (**Hartleys**) whereby Hartleys will exclusively provide the Company corporate advice and capital raising services, including:

- a) acting as lead broker to the proposed initial public offering (**IPO**) of securities of the Company in conjunction with listing on ASX (**Corporate Mandate**);
- b) meeting the Company's funding requirements;
- c) progressing the development of the Company's projects; and
- d) achieving other goals of the Company as they arise from time to time.

Hartleys will be paid the following fees under the Corporate Mandate:

- a) (**Advisory Fee**) \$10,000 (plus GST) per month for a period of 12 months following completion of the IPO;
- b) (**Initial Placement**) 6% (plus GST) of the amount subscribed by clients of Hartleys pursuant to an initial placement undertaken by the Company;
- c) (**Distribution Fee**) a distribution fee of 6% (plus GST) of the amount subscribed pursuant to the IPO. Hartleys will pay all sub-underwriting and distribution fees for the IPO; and
- d) (**Success Fee**) If the IPO completes, a success fee of:
  - i) \$100,000 (plus GST);
  - ii) 500,000 Shares (with a deemed issue price equal to the issue price of Shares under the IPO); and
  - iii) 2,500,000 options in the Company exercisable at \$0.60 each at any time over a 3 year period from the date of issue and otherwise on standard terms and conditions.

The Corporate Mandate commenced on 24 February 2010 (**Execution Date**), and will come to an end 12 months following the completion of the IPO. In the event that the PMI Gold does not complete its IPO before 31 December 2010, the Corporate Mandate will automatically terminate, however it may be extended by mutual agreement between the Company and Hartleys. Hartleys has a first right of refusal to act as lead broker in respect of all capital raising initiatives and as adviser to the Company in respect of any other corporate transaction undertaken by the Company during the term of the Corporate Mandate.

The Corporate Mandate also contains a number of terms and indemnities, representations and warranties from the Company to Hartleys that are considered standard for an agreement of this type. The Corporate Mandate is governed by the laws of Western Australia.

## 14.2 PURCHASE AGREEMENT - ASHANTI II PROJECT, GHANA

The Company (under its former name PMI Ventures Ltd) entered into a Purchase Agreement with Goknet, dated 12 May 2006. Goknet and the Company have common directors, Mr Ennison and Mr MacQuarrie. The agreement completed the purchase by PMI of Goknet's remaining 15% interest in the Ashanti II Project (**Project**). The Project is comprised of 8 concessions that were formerly under option between PMI, Goknet and various third parties.

The 8 concessions are:

- a) the Gyagyatreso, Nkronua and Amuabaka concessions held by Switchback and under option to Goknet. Switchback and the Company have two common directors, Mr MacQuarrie and Mr Ennison;
- b) the New Obuase (Fromenda), Diaso Afiefiso and Juabo (Gemap) concessions held by Adansi and for which registration of title has been completed;
- c) the Manhia concession held by EJT Exploration Ltd. and under option to Goknet; and
- d) the Agyaka Manso concession held by Goknet.

Goknet retains a 2% net smelter returns royalty (**NSR**) on each of the concessions except Switchback and Diaso, where a 2% NSR is payable to Switchback (a company with two common directors, Mr Ennison and Mr MacQuarrie) and 2% to MIA Investments Ltd respectively, plus an additional pro-rata NSR relative to the working interest acquired in any additional concessions or licences located within 5kms of the Project. All concessions carry a 10% net profits interest (**NPI**) royalty and a 3% (**NSR**) to the Ghanaian government. Certain concessions carry small royalties to other non-related parties.

# 14. MATERIAL CONTRACTS

Mr MacQuarrie holds 45% of the issued share capital of Switchback and MIA Investments Ltd (a company controlled by Douglas MacQuarrie) (**MIA**) holds 21.5% of the issued share capital of Goknet. Mr Ennison holds 14% of the issued share capital of Switchback through Tennison Chambers and 11.3% of the issued share capital of Goknet personally. As consideration under the Purchase Agreement, PMI Gold paid:

- a) US\$100,000 to Goknet;
- b) issued 3,000,000 Shares in the Company to Goknet; and
- c) advance NSR payments of US\$50,000 per year commencing on 15 December 2007 to Goknet.

If PMI Gold is in default in performing a requirement under the agreement and does not remedy the default within 30 days of Goknet giving PMI written notice of the default, Goknet is entitled to terminate the agreement and seek any remedy it may have against the default. The agreement is governed by the laws of the Province of British Columbia, Canada.

## 14.3 DRILLING AGREEMENT

Adansi entered into an agreement with Burwash 2009 Ghana Limited (**Burwash**) dated 6 October 2010, whereby Burwash will provide drilling services and drilling equipment to the Adansi at the Kubi and Obotan properties in Ghana and the Adansi guarantees a minimum of 20,000 metres of diamond drilling to Burwash.

In consideration of the services to be performed by Burwash, Adansi will pay to Burwash:

- a) between US\$93 and US\$98 per metre, depending on the size of core, for holes that are up to 200 metres in depth and US\$98 per metre for holes between 200 metres and 400 metres in depth, plus an additional charge of US\$116 per metre for penetrating overburden, plus fuel costs; and
- b) US\$150 as an operating hourly rate for direct labour and supervision.

Adansi is also responsible for paying various other costs, including for the following:

- a) lost equipment, unless the equipment is lost due to the fault of Burwash or its employees;
- b) transportation costs associated with moving equipment;
- c) transportation of Burwash employees; and
- d) standby equipment charges, in the event that the Adansi terminates the drilling work.

Under the agreement, Burwash must provide drilling services 7 days per week in 10 hour shifts. Burwash must deliver daily reports to Adansi as to the progress of the drilling, depth of each hold and shut down times. The agreement is governed by the laws of British Columbia, Canada.

## 14.4 ROYALTY AGREEMENT

On 15 August 1997, NRGL, now a subsidiary of the Company, and Nevsun Africa (Barbados) Ltd (**Nevsun Africa**) (an affiliated company of Nevsun Resources of Canada) entered into a Royalty Agreement with BHP Minerals Ghana, Inc. (**BHP**). On 31 March 2005, BHP assigned its interest under the agreement to International Royalty Corporation (**IRC**) (**Royalty Assignment Agreement**).

On 22 February 2010, International Royalty merged and became a wholly owned subsidiary of Royal Gold, Inc of Denver.

Having performed its obligations under an option agreement with BHP dated 1 December 1993, NRGL was entitled to purchase BHP's interest in a license covering an area of approximately 21 square kilometres around Kubi Village in Ghana (**License**) and, with the consent of the Minister of Mines and Energy, assign the license to Nevsun Africa, pursuant to the agreement and Royalty Assignment Agreement.

As consideration for the interest in the License, NRGL will pay IRC a 3% net proceeds of production royalty (**Royalty**) on all ore, concentrate, dore, bullion or other first saleable products produced on the License area. PMI Gold is entitled to purchase the Royalty for US\$2,000,000 within 6 months of completion of a bankable feasibility study on the License area. If NRGL elects to exercise this right, then IRC's interest in the License and the Royalty Agreement will come to an end. The Royalty Agreement is governed by the laws of the State of California.

# 14. MATERIAL CONTRACTS

## 14.5 CONSULTING AGREEMENT - MIA INVESTMENTS LTD.

On 1 August 2010, the Company entered into a consulting agreement with MIA pursuant to which MIA would employ Douglas MacQuarrie to act as Chief Executive Officer to the Company. The agreement does not require that MIA provide its services exclusively to the Company.

Under the agreement, MIA will receive:

- a) C\$12,000 per month;
- b) cash bonuses reflecting MIA's performance, determined at least annually by the Company's compensation committee or board of directors (if no compensation committee exists);
- c) extraordinary bonuses of:
  - i) C\$500,000 if one of the Company's current projects is brought into commercial production and an independent engineer's report confirms the Company's equity gold reserves plus resources exceed 3,000,000 ounces of gold; and
  - ii) C\$1,000,000 if two of the Company's current projects are brought into commercial production and an independent engineer's report confirms the Company's equity gold reserves plus resources exceed 5,000,000 ounces of gold;
- d) reimbursement for out of pocket expenses, subject to reasonable restrictions imposed by the Company, incurred in performance of the services upon receipt of evidence of those expenses; and
- e) incentive stock options, which entitle the holder to purchase common shares of the Company at such prices and for such terms as many be acceptable to the TSX-V and the Company, in such amounts as may be reasonably commensurate with the services provided under the agreement,

(together, **Total Remuneration**)

The term of the agreement is 24 months and will be automatically renewed for a period of 24 months commencing upon 31 July 2012 (unless terminated prior). If the Company does not renew the agreement, or if there is an event of default by the Company or if the Company terminates the agreement for any reason other than an event of default of MIA, then the Company must pay MIA 12 months remuneration, any bonuses due, any expenses due and any incentive stock options outstanding will be extended and exercisable for one year following expiry of the term of the agreement.

If the agreement is terminated subsequent to a change in control the Company and the termination is not due to an event of default by MIA, the Company must pay MIA the following amounts within 15 days of the termination:

- a) any Total Remuneration owing up to the date of termination; and
- b) an amount equal to two years of the Total Remuneration paid in the month preceding the month in which the termination occurs.

The agreement may be terminated by the:

- a) Company if prior written notice is given following an event of default by the Consultant; and
- b) Consultant if:
  - i) 60 days prior written notice is given; or
  - ii) there is an event of default by the Company.

## 14.6 CONSULTING AGREEMENT - TENNISON CHAMBERS

On 1 August 2010, the Company entered into a consulting agreement with Tennison Chambers (**Tennison**) pursuant to which Tennison would employ Thomas Ennison to act as Legal Counsel to the Company's Ghana Branch and subsidiaries. The agreement does not require that Tennison provide its services exclusively to the Company.

Under the agreement, Tennison will receive:

- a) C\$10,000 per month;
- b) cash bonuses reflecting Tennison's performance, determined at least annually by the Company's compensation committee or board of directors (if no compensation committee exists);
- c) extraordinary bonuses of:
  - i) C\$300,000 if one of the Company's current projects is brought into commercial production and an independent engineer's report confirms the Company's equity gold reserves plus resources exceed 3,000,000 ounces of gold; and

# 14. MATERIAL CONTRACTS

- ii) C\$700,000 if two of the Company's current projects are brought into commercial production and an independent engineer's report confirms the Company's equity gold reserves plus resources exceed 5,000,000 ounces of gold;
- d) reimbursement for out of pocket expenses, subject to reasonable restrictions imposed by the Company, incurred in performance of the services upon receipt of evidence of those expenses; and
- e) incentive stock options, which entitle the holder to purchase common shares of the Company at such prices and for such terms as many be acceptable to the TSX-V and the Company, in such amounts as may be reasonably commensurate with the services provided under the agreement,

(together, **Total Remuneration**)

The term of the agreement is 24 months and will be automatically renewed for a period of 24 months commencing upon 31 July 2012 (unless terminated prior). If the Company does not renew the agreement, or if there is an event of default by the Company or if the Company terminates the agreement for any reason other than an event of default of Tennison, then the Company must pay Tennison 12 months remuneration, any bonuses due, any expenses due and any incentive stock options outstanding will be extended and exercisable for one year following expiry of the term of the agreement.

If the agreement is terminated subsequent to a change in control the Company and the termination is not due to an event of default by Tennison, the Company must pay Tennison the following amounts within 15 days of the termination:

- a) any Total Remuneration owing up to the date of termination; and
- b) an amount equal to two years of the Total Remuneration paid in the month preceding the month in which the termination occurs.

The agreement may be terminated by the:

- a) Company if prior written notice is given following an event of default by the Consultant; and
- b) Consultant if:
  - i) 60 days prior written notice is given; or
  - ii) there is an event of default by the Company.

## 14.7 CONSULTING AGREEMENT - JOHN CLARKE

On 1 August 2010, the Company entered into a consulting agreement with John Clarke pursuant to which John Clarke would be engaged to act as an Executive Director to the Company. The agreement does not require that John Clarke provide its services exclusively to the Company.

Under the agreement, John Clarke will receive:

- a) C\$8,000 per month;
- b) cash bonuses reflecting John Clarke's performance, determined at least annually by the Company's compensation committee or board of directors (if no compensation committee exists);
- c) extraordinary bonuses of:
  - i) C\$200,000 if one of the Company's current projects is brought into commercial production and an independent engineer's report confirms the Company's equity gold reserves plus resources exceed 3,000,000 ounces of gold; and
  - ii) C\$500,000 if two of the Company's current projects are brought into commercial production and an independent engineer's report confirms the Company's equity gold reserves plus resources exceed 5,000,000 ounces of gold;
- d) reimbursement for out of pocket expenses, subject to reasonable restrictions imposed by the Company, incurred in performance of the services upon receipt of evidence of those expenses; and
- e) incentive stock options, which entitle the holder to purchase common shares of the Company at such prices and for such terms as many be acceptable to the TSX-V and the Company, in such amounts as may be reasonably commensurate with the services provided under the agreement,

(together, **Total Remuneration**)

The term of the agreement is 36 months and will be automatically renewed for a period of 36 months commencing upon expiry of the initial 36 month term (unless terminated prior). If the Company does not renew the agreement, or if there is an event of default by the Company or if the Company terminates the agreement for any reason other than an event of default of John Clarke, then the Company

# 14. MATERIAL CONTRACTS

must pay John Clarke 12 months remuneration, any bonuses due, any expenses due and any incentive stock options outstanding will be extended and exercisable for one year following expiry of the term of the agreement.

If the agreement is terminated subsequent to a change in control the Company and the termination is not due to an event of default by John Clarke, the Company must pay John Clarke the following amounts within 15 days of the termination:

- a) any Total Remuneration owing up to the date of termination; and
- b) an amount equal to two years of the Total Remuneration paid in the month preceding the month in which the termination occurs.

The agreement may be terminated by the:

- a) Company if prior written notice is given following an event of default by the Consultant; and
- b) Consultant if:
  - i) 60 days prior written notice is given; or
  - ii) there is an event of default by the Company.

## 14.8 CORMARK MANDATE

On 27 October 2010, the Company entered into an agreement with Cormark Securities Inc. (**Cormark**) whereby Cormark will provide the Company corporate advice and capital raising services in Canada including:

- a) acting as lead agent and book runner to the proposed offering of approximately C\$7.5 million of special warrants of the Company on a best efforts basis (**November Canadian Placement**);
- b) assisting the Company and its advisers in developing roadshow materials to be used for the November Canadian Placement;
- c) forming and managing agents for the November Canadian Placement; and
- d) advising on suitable pricing, timing and deal size for the November Canadian Placement.

As lead agent, Cormark will be entitled to a minimum 50% of the aggregate syndicate position of the November Canadian Placement.

Cormark will be a lead agent to a syndicate of investment dealers including Haywood Securities Inc., Salman Partners Inc. and M Partners Inc. (**Agents**). The Agents and the Company will enter into an Agency Agreement, which reflects the terms of the Cormark Mandate. Under the proposed Agency Agreement, the Agents will receive cash commission of 6% of the gross proceeds from the November Canadian Placement. A finder's fee equal to 3% of the gross proceeds of the November Canadian Placement is also payable to JNS Capital Corp.

The Company will be responsible for all expenses relating to the November Canadian Placement, whether or not the November Canadian Placement is completed (up to a maximum of C\$120,000 plus taxes).

The Cormark Mandate commenced on 27 October 2010 (**Execution Date**) and will continue until:

- a) superseded by the Agency Agreement;
- b) the November Canadian Placement is completed; or
- c) the Cormark Mandate is terminated by Cormark or the Company, upon 30 days written notice.

The Cormark Mandate contains a number of terms and indemnities, representations and warranties from the Company to Cormack that are considered standard for an agreement of this type. The Cormark Mandate is governed by the laws of the Province of British Columbia.

Further details of the November Canadian Placement and subscription agreement entered into between Cormack and the Company are set out in Section 5.6.

## 14.9 OTHER NOTABLE AGREEMENTS

For further information about agreements that the Company is a party to, please refer to the Company's Annual Report for the year ending 30 June 2010 (available on the Company's website) or the TSX-V website <http://www.tmxmoney.com/en/index.html>.

# 15. ADDITIONAL INFORMATION

## 15.1 RIGHTS ATTACHING TO SHARES

There is only one class of shares on issue in the Company being fully paid common shares. The rights attaching to Shares in the Company will be governed by the Notice of Articles and Articles of Association of the Company, applicable Canadian statutes regarding companies including the Business Corporations Act (British Columbia) (**BCA**), in certain circumstances the Corporations Act, the Listing Rules, TSXV Rules, the ASTC Settlement Rules, ACH Clearing Rules and general law.

The following is a summary of the principal rights of the holders of shares in the Company. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. Investors should note that they will be issued with CDIs for Shares under this Prospectus. Please see section 6.7 for more information about CDIs. CDI holders have the same rights as holders of Shares which are legally registered in their own name; however, as set out in Section 15.2 the arrangements for voting are different for CDIs.

### ISSUES OF SHARES AND OTHER SECURITIES

Subject to the BCA, TSX-V and the rights of the holders of issued shares of the Company, the Company may issue, allot, sell or otherwise dispose of the unissued shares, and issued shares held by the Company, at the times, to the persons, including directors, in the manner, on the terms and conditions and for the issue prices that the directors may determine.

### TAKEOVER PROVISIONS

The Canadian Legislation governs takeover provisions of shares and British Columbia reporting issues.

### VOTING RIGHTS

Subject to any special rights or restrictions attached to any shares:

- a) on a vote by show of hands, every person present who is a Shareholder or proxy holder and entitled to vote on the matter has one vote; and
- b) on a poll, every Shareholder entitled to vote on the matter has one vote in respect of each share entitled to be voted on the matter and held by that Shareholder and may exercise that vote either in person or by proxy.

### DIVIDENDS

Subject to the rights, if any, of Shareholders holding shares with special rights as to dividends and subject to the BCA, the directors may from time to time declare and authorise payment of such dividends as they may deem advisable. The Company has no intention of paying any dividends at this time.

### WINDING UP

On winding up all shares will rank equally.

### VARIATION OF RIGHTS

The Company may vary the rights of the shares by special resolution of the Shareholders.

### CALLS ON SHARES

There is no call on the shares.

### PURCHASE BY THE COMPANY OF ITS OWN SHARES

Subject to Canadian Legislation policies of the TSX-V, the Company may, if authorised by resolution of the Directors, purchase, redeem or otherwise acquire any of its Shares at the price and upon the terms specified in such resolution so long as:

- a) the Company is not insolvent; or
- b) making the payment or providing the consideration would not render the Company insolvent.

### GENERAL MEETINGS

The Company is required to hold an annual general meeting at least once in each calendar year.

The directors may, whenever they think fit, call a meeting of Shareholders.

# 15. ADDITIONAL INFORMATION

## **INDEMNITIES**

The Company indemnifies:

- a) Its directors and officers, former directors and officers and alternate Directors and their respective heirs and personal and other legal representatives; and
- b) subject to any restrictions in the BCA, any other person.

## **ASX LISTING RULES**

If the Company is admitted to the Official List of ASX, then despite anything in the Articles, if the Listing Rules prohibit an act being done, the act must not be done. Nothing in the Articles prevents an act being done that the listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the Listing Rules require the Articles to contain a provision and it does not contain such a provision, the Articles are deemed to contain that provision.

If the Listing Rules require the articles not to contain a provision and it contains such a provision, the Articles are deemed not to contain that provision. If a provision of the Articles is inconsistent with the Listing Rules, the Articles are deemed not to contain that provision to the extent of the inconsistency.

## **15.2 RIGHTS ATTACHING TO CDIS**

The ASTC Settlement Rules contain provisions designed to ensure that holders of CDIs have all the direct economic benefits of holding shares. With the exception of voting arrangements, CDI holders have all the same rights as Shareholders whose shares are registered in their name, that is who hold shares rather than CDIs. Further details regarding the rights of CDI holders are set out below.

### a) Voting

As holders of CDIs do not appear on the Company's share register, they are not entitled to vote personally at Shareholder meetings. However the ASTC Settlement Rules require the Company to send notices of Shareholder meetings to each CDI holder at the address recorded on the CDI register if any Shareholder meeting is convened. This notice must include a form permitting the CDI holder to direct CDN to cast proxy votes according to the wishes of the CDI holder for whom it holds Shares. The Company is obliged to collect and process these directions. CDN is required to vote in accordance with the instructions it receives from CDI holders.

If a CDI holder wishes to vote in person at a meeting of Shareholders (whether on a show of hands or on a poll), he will first need to convert his CDIs into Shares.

### b) Dividends and other entitlements

The ASTC Settlement Rules ensure that CDI holders have the right to receive dividends, rights issues and bonus issues as Shareholders. Where a dividend or any other cash distribution is made in a currency other than Australian dollars, the Company's Australian registry (acting as CDN's agent) will convert the dividend or distribution into Australian dollars. The payment will then be made to CDI holders in Australian dollars in accordance with each CDI holder's entitlement.

### c) Takeovers

If any takeover bid is made in respect of any of the Shares of which CDN is the registered holder, CDN is prohibited from accepting the offer made under the takeover bid except to the extent that acceptance is authorised by the CDI holders in accordance with the ASTC Settlement Rules. CDN must accept a takeover offer if a holder of CDIs instructs it to do so in respect of the Shares underlying those CDIs.

# 15. ADDITIONAL INFORMATION

## 15.3 OPTION AND WARRANT TERMS

### WARRANT TERMS

The Company has issued warrants in the Company (**Warrants**) as follows:

WARRANTS	NUMBER
Exercisable at C\$0.10 on or before Mar 30, 2012	10,000,000
Exercisable at C\$0.20 on or before Mar 30, 2012	650,000
Exercisable at C\$0.10 on or before May 14, 2012	1,837,500
Exercisable at C\$0.20 on or before May 14, 2012	2,062,500
Exercisable at C\$0.20 on or before July 16, 2012	13,773,000
Exercisable at C\$0.30 on or before Oct 16, 2011	17,240,000
Exercisable at C\$0.50 on or before Oct 12, 2012	2,000,000
<b>TOTAL:</b>	<b>47,563,000</b>

The Warrants are governed by the terms and conditions set forth in the certificates representing the Warrants (**Warrant Certificates**). The summary below of terms and conditions attaching to the Warrants does not purport to be complete and is qualified in its entirety by reference to the provisions of the Warrant Certificates.

The Warrants are transferable and rank *pari passu*, notwithstanding the actual date of issuance. The Warrants do not entitle the holder to any rights as a Shareholder, including, without limitation, voting rights or attendance at annual general or special meetings.

The Warrants may be exercised in whole or in part from time to time. The exercise price and the number of shares issuable upon exercise of the Warrants will both be subject to adjustment if, prior to the exercise of any of the rights of the Warrant holder there is a reorganisation of the authorised capital of the Company by way of consolidation, merger, subdivision, amalgamation, reclassification or otherwise, or the payment of any stock dividends (subject to the consent of the TSX-V) in either or both the number of shares of the Company which may be purchased pursuant to a Warrant Certificate or the price at which such shares may be purchased, by corresponding amounts, so that the rights evidenced by the Warrant Certificate shall thereafter be as reasonably as possible equivalent to those originally granted hereby.

The Warrants and any shares issued on exercise of the Warrants, have not been registered under the U.S. Securities Act or the securities laws of any state, and the Warrants may not be exercised in the United States by or on behalf of a U.S. person unless an exemption from registration is available.

On 27 October 2010, the Company entered into an agreement with Cormark Securities Inc. (**Cormark**) whereby Cormark will provide the Company corporate advice and capital raising services in Canada, including acting as lead agent and book runner to the offering of approximately C\$7.5 million of special warrants (**warrants**) of the Company on a best efforts basis (**November Canadian Placement**). Each warrant issued under the November Canadian Placement will entitle the holder to receive, without payment of any further consideration, one common share of the Company. The offering price per warrant is C\$0.70.

The Company will use its reasonable best efforts to file a preliminary short form prospectus and obtain a receipt for a final short form prospectus by 22 December 2010 for the purpose of qualifying the shares issuable upon exercise of the warrants for distribution to the public with the applicable regulatory authorities in each of the provinces in Canada where warrants are sold. If such receipt for a final short form prospectus is not obtained by 22 December 2010 the warrants will be exercisable into 1.1 shares instead of 1 Share, subject to this price adjustment not being in breach of the ASX Listing Rules.

PMI Gold has entered into a subscription agreement with Cormack dated 28 October 2010 to place 10,715,000 warrants exercisable into shares under the November Canadian Placement to raise C\$7.5 million. This number will increase to 11,786,500 if the price adjustment outlined above occurs. The offering is being led by Cormack on behalf of a syndicate of underwriters including Haywood Securities Inc, Salman Partners Inc. And M Partners Inc. (collectively the **Underwriters**). Completion and underwriting of the November Canadian Placement is conditional upon:

- conditional approval of the TSX-V for the listing of the shares underlying the warrants being granted;

# 15. ADDITIONAL INFORMATION

- b) closing of the Offer for gross proceeds of not less than \$27,500,000;
- c) PMI Gold and the Underwriters having entered into an underwriting agreement in respect of the November Canadian Placement, subject to various terms and conditions;
- d) all necessary regulatory approvals to complete the November Canadian Placement having been obtained; and
- e) Cormack, on its own behalf and on behalf of the other Underwriters, not having terminated their engagement.

The November Canadian Placement is anticipated to occur on or about 29 November 2010. The Company intends to use the funds raised from the November Canadian Placement for general corporate expenses and the continued exploration and development of the Company's Obotan and Kubi gold projects in Ghana.

There is no guarantee that any, or all, of the amount proposed to be raised by the Company will be raised. The potential financial impact of the November Canadian Placement is disclosed in Section 10.

## OPTION TERMS

The Company has granted the following Options over Shares:

OPTIONS	NUMBER
Exercisable at C\$0.20 on or before Jan 12, 2011	62,500
Exercisable at C\$0.20 on or before Dec 13, 2011	425,000
Exercisable at C\$0.20 on or before Jun 26, 2012	125,000
Exercisable at C\$0.20 on or before Sept 21, 2012	50,000
Exercisable at C\$0.20 on or before Mar 25, 2013	375,000
Exercisable at C\$0.20 on or before Sept 15, 2013	50,000
Exercisable at C\$0.30 on or before Sept 9, 2014	4,209,687
Exercisable at C\$0.40 on or before Oct 28, 2014	500,000
Exercisable at C\$0.50 on or before May 13, 2015	650,000
Exercisable at C\$0.47 on or before Aug 18, 2013	425,000
<b>TOTAL:</b>	<b>6,872,187</b>

The maximum number of Shares which may be issuable pursuant to Options granted under the PMI Gold Corporation Stock Option Plan (**Plan**) is 18,744,470 Shares (subject to AXS approval as set out in section 13.4 of this prospectus) or such additional amount as may be approved from time to time by Shareholders. The number of Shares reserved for issuance under the Plan and all of the Company's other previously established or proposed share compensation arrangements:

- a) in aggregate shall not exceed 20% of the total number of issued and outstanding Shares on a non-diluted basis. The Board of Directors has, notwithstanding the above, resolved to limit the total number of options to 10% of the total number of issued and outstanding Shares on a non-diluted basis; and
- b) to any one optionee within a 12 month period shall not exceed 5% of the total number of issued and outstanding Shares on a non-diluted basis.

The number of Shares which may be issuable under the Plan and all of the Company's other previously established or proposed share compensation arrangements, within a one-year period:

- a) to any one optionee, shall not exceed 5% of the total number of issued and outstanding Shares on the grant date on a non-diluted basis; and
- b) to any one consultant shall not exceed 2% in the aggregate of the total number of issued and outstanding Shares on the grant date on a non-diluted basis; and

# 15. ADDITIONAL INFORMATION

- c) all eligible persons who undertake investor relations activities shall not exceed 2% in the aggregate of the total number of issued and outstanding Shares on the grant date on a non-diluted basis.

If the Plan, together with all of the Company's previously established and outstanding stock option plans or grants, could result:

- a) at any time in the grant to insiders, within a 12 month period, of a number of Options exceeding 10% of the issued Shares; or
- b) at any time in the number of Shares reserved for issuance under Options granted to insiders exceeding 10% of the issued Shares,

then the Company must obtain disinterested shareholder approval for the Plan and the grant of any such Options.

The Directors, subject to the policies of the TSX-V, may determine and impose terms upon which each Option shall become Vested in respect of Shares to be issued upon exercise of Options. Minimum vesting requirements are currently 25% of the Options granted upon the date of grant and 12.5% every quarter thereafter.

Whenever there is:

- a) a reclassification of outstanding Shares, a change of Shares into other shares or securities, or any other capital reorganisation of the Company;
- b) a consolidation, merger or amalgamation of the Company with or into another corporation resulting in a reclassification of outstanding Shares into other shares or securities or a change of Shares into other shares or securities; or
- c) a transaction whereby all or substantially all of the Company's undertaking and assets become the property of another corporation;

(any such event being herein called a **Corporate Reorganisation**) the optionee will have an option to purchase (at the times, for the consideration, and subject to the terms and conditions set out in the Plan) and will accept on the exercise of such option, in lieu of the unissued Shares pertaining to Options granted which he would otherwise have been entitled to purchase (**Unissued Option Shares**), the kind and amount of Shares or other securities or property that he would have been entitled to receive as a result of the Corporate Reorganisation if, on the effective date thereof, he had been the holder of all Unissued Option Shares or if appropriate, as otherwise determined by the Directors.

The holder of an unexercised Option is not entitled to any rights as a Shareholder, including, without limitation, voting rights or attendance at annual general or special meetings.

The Board of Directors has, notwithstanding the above, resolved to limit the total number of options to 10% of the total number of issued and outstanding Shares on a non-diluted basis.

## 15.4 ASX WAIVER

In accordance with a waiver granted by ASX in relation to ASX listing rules 6.16, 6.19, 6.21 and 6.22:

- a) the Company may not:
  - i) issue any further Options under the Company's stock option plan; or
  - ii) issue any further Warrants on the existing terms of those Warrants; and
- b) the Company must:
  - i) obtain ASX approval for any future employee or director option or share plans; and
  - ii) obtain ASX approval for any proposed amendments to the terms of the stock option plan or the Warrant terms.

Future issues of Options and Warrants must be consistent with the Listing Rules.

# 15. ADDITIONAL INFORMATION

## 15.5 INVESTING IN A CANADIAN COMPANY LISTED ON TSX-V

The Company is incorporated under the laws of British Columbia, Canada. This section contains a summary of certain Canadian and Australian corporate laws to assist in understanding the regulatory regime which the Company is currently, and will be, subject to. The comparison below is only an overview and should not be viewed as an exhaustive statement of either the relevant Canadian or Australian laws.

### CANADIAN POSITION

### AUSTRALIAN POSITION

#### Share issues

The Company must comply with both the Canadian and Australian positions.

Neither the Business Corporations Act (British Columbia) (**BCA**) nor the British Columbia Securities Act (**Securities Act**) impose restrictions on the issue of shares (subject to compliance with the prospectus requirements or exemptions from such requirements available under the Securities Act), but in the event of issuance of more than 50% of the issued capital of the Company in combination with a change in control, such share issuance will be deemed a reverse takeover under the TSX-V Policies and the TSX-V Policies may require shareholder approval to issue the shares. The Articles do not contain any requirement for an offer of new shares to be made to existing shareholders prior to making an offer to persons who are not currently shareholders of the Company.

The Listing Rules permit the Directors to issue equity securities without shareholder approval up to a maximum number in any 12 month period equivalent to 15% of the issued capital of the Company prior to the date of issue. The Listing Rules do not contain any requirement for an offer of new shares to be made to existing shareholders prior to making an offer to persons who are not currently shareholders of the Company.

#### Substantial shareholders

Shareholders need only comply with the Canadian position.

National Instrument 55-104 provides that a shareholder is an 'insider' (as defined therein) if that person has a relevant interest in 10% or more of the voting shares in the Company. National Instrument 55-104 requires a shareholder who is an insider in a reporting company to file insider reports in the prescribed form with the Securities Commission of each jurisdiction in which the Company is a reporting issuer. In addition, within two days after the person becomes aware that they have become an insider, an early warning report in the prescribed form must be filed with such Securities Commission.

Similar notification requirements apply in the event that a shareholder's substantial holding increases by more than 2% of the total votes in a company.

The Corporations Act provides that a shareholder has a 'substantial holding' if that person's (and that person's associates) have a relevant interest in 5% or more of the voting shares in the company. The Corporations Act requires a shareholder who is a substantial shareholder in a listed company to give written notice in the prescribed form to the company and ASX within two business days or, if there is a takeover bid for the company, by 9.30am on the next trading day of the ASX, after the person becomes aware that they have become a substantial shareholder.

Similar notification requirements apply in the event that a shareholder's substantial holding increases or decreases by more than 1% of the total votes in a company or where a person ceases to have a substantial holding.

# 15. ADDITIONAL INFORMATION

## CANADIAN POSITION

### Takeovers

Shareholders need only comply with the Canadian position.

The Securities Act governs takeovers of reporting issuers in Canada. The acquisition of more than 20% of a company's issued capital is considered to be a takeover bid.

The Securities Act set out certain exceptions which apply to these rules, such as where securities are acquired from less than five holders.

Takeover bids must treat all shareholders alike and must not involve collateral benefits. Various restrictions on conditional offers apply and there are also substantial restrictions on the ability of an offeror to withdraw or suspend a takeover offer. The British Columbia Corporations Act and Securities Act also permit compulsory acquisition by 90% holders.

## AUSTRALIAN POSITION

The Corporations Act governs a takeover of certain listed and unlisted companies registered in Australia. The Corporations Act provides generally that a person must not acquire a 'relevant interest' in voting shares in a company, if because of the transaction a person's voting power in the company:

- increases from 20% or below to above 20%; or
- increases from a starting point which is above 20% but less than 90%.

The Corporations Act set out certain exceptions which apply to these rules, such as acquisitions of relevant interests in shares where that acquisition is a creeping acquisition of not more than 3% in any six month period.

Takeover bids must treat all shareholders alike and must not involve collateral benefits. Various restrictions on conditional offers apply and there are also substantial restrictions on the ability of an offeror to withdraw or suspend a takeover offer.

The Corporations Act also permits compulsory acquisition of outstanding securities by 90% holders.

## 15.6 INTERESTS OF DIRECTORS

Other than as set out below or elsewhere in this Prospectus, no Director or proposed Director holds at the date of this Prospectus, or held at any time during the last two (2) years before the date of lodgement of this Prospectus with ASIC, any interest in:

- a) the formation or promotion of the Company; or
- b) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Company or the Offer; or
- c) the Offer;

and no amounts have been paid or agreed to be paid by any person and no benefits have been given or agreed to be given by any person:

- d) to a Director or proposed Director to induce him or her to become, or to qualify as, a Director; or
- e) for services provided by a Director or proposed Director in connection with the formation or promotion of the Company or the Offer.

# 15. ADDITIONAL INFORMATION

## 15.7 DISCLOSURE OF DIRECTORS' INTERESTS

Directors are not required under the Articles to hold any securities. The relevant interests of the Directors in securities as at the date of this Prospectus and to be issued to the Directors are as follows:

DIRECTOR	SHARES	WARRANTS	OPTIONS
Peter Buck <sup>1</sup>	277,778	-	1,000,000 <sup>2</sup>
Douglas MacQuarrie	173,750	365,445	2,087,500
Thomas Ennison	245,060	41,190	950,000 <sup>4</sup>
Joseph Mensah	25,000	-	250,000
Len Dennis <sup>3</sup>	51,250	165,000	200,000
John Clarke	500,000	-	500,000
Ross Ashton <sup>1</sup>	2,540,000	-	1,000,000 <sup>2</sup>

1. Subject to the Company being admitted to the official list
2. To be issued upon the Company being admitted to the Official List.
3. To resign upon the Company being admitted to the Official List.
4. Thomas Ennison also holds 400,000 Options on trust for Adansi staff.

The Directors may subscribe for Shares under this Prospectus. Ross Ashton's family member, Miles Ashton, holds 150,000 Shares in the Company. 2,540,000 Shares are held by the Ashton Family Trust and the Ashton Superannuation Fund, to which Ross Ashton is a director and joint shareholder of both. The following securities in the Company are held by Douglas MacQuarrie's family members:

- a) Roberta MacQuarrie, holds 75,500 Shares;
- b) Francesca MacQuarrie holds 94,000 Shares; and
- c) Catherine MacQuarrie holds 100,000 Shares.

Douglas MacQuarrie and Thomas Ennison are directors of the Company and of Switchback. Douglas MacQuarrie holds 45% of the issued share capital of Switchback. Mr Ennison holds 14% of the issued share capital of Switchback through Tennison Chambers, a company controlled by Mr Ennison.

The MacQuarrie Family Trust owns 100% of MIA. The trustees of the MacQuarrie Family Trust are Douglas MacQuarrie and Roberta MacQuarrie. Douglas MacQuarrie is president and a director of MIA. MIA owns 1,495,260 Shares and 365,445 warrants in the Company. MIA owns a 2% NSR in the Diaso-Afiefiso concession held by Adansi, a subsidiary of PMI.

MIA holds 21.5% of the issued share capital of Goknet and Goknet owns 2,325,000 Shares in the Company. Douglas MacQuarrie and Thomas Ennison are directors of the Company and of Goknet. Mr Thomas Ennison holds 11.3% of the issued share capital of Goknet. Goknet holds a 2% NSR in some concessions that are controlled by the Company.

### REMUNERATION OF DIRECTORS

The remuneration of Executive Directors will be fixed by the Directors and may be paid by way of fixed salary or consultancy fee.

The annual remuneration (inclusive of superannuation) payable to each of the Directors as the date of this Prospectus is as follows:

# 15. ADDITIONAL INFORMATION

DIRECTOR	FEES/SALARY	OTHER REMUNERATION	TOTAL REMUNERATION
Peter Buck <sup>1</sup>	A\$65,000	A\$5,850	A\$70,850
Douglas MacQuarrie	C\$144,000	Nil	C\$144,000
Thomas Ennison	C\$120,000	Nil	C\$120,000
Hon J.H. Mensah	C\$12,000	Nil	C\$12,000
John Clarke	C\$96,000	Nil	C\$96,000
Len Dennis <sup>2</sup>	C\$12,000	Nil	C\$12,000
Ross Ashton <sup>1</sup>	A\$35,000	A\$3,150	A\$38,150

1. Subject to the Company being admitted to the Official List
2. To resign upon the Company being admitted to the Official List

## 15.8 INTERESTS OF EXPERTS AND ADVISORS

Except as disclosed in this Prospectus, no promoter or other person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus, holds, or during the last two years has held, any interest in:

- a) the formation or promotion of the Company;
- b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- c) the Offer.

Except as disclosed in this Prospectus, no amounts of any kind (whether in cash, securities or otherwise) have been paid or agreed to be paid and no value or other benefit has been given or agreed to be given to a promoter or any person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus (or an entity in which he or she is a partner or director) for services rendered by that person in connection with the formation or promotion of the Company or the Offer.

Steinepreis Paganin has acted as Australian solicitors to the Offer and in that capacity have been involved in providing legal advice to the Company in relation to the Offer. The Company will pay approximately \$230,000 exclusive of GST and disbursements to Steinepreis Paganin for these services. Subsequently fees will be paid in accordance with normal hourly rates. Steinepreis Paganin has not received any other payments from the Company in the last two years.

Hartleys has acted as Lead Broker to the Offer. The terms of the Lead Broker agreement and the fees to be paid to Hartleys is summarised in Section 14.1. Hartleys has received fees totalling \$362,991 from the Company in the last two years for the provision of capital raising services.

KPMG Transaction Services (Australia) Pty Ltd (**KPMG Transaction Services**) has acted as the Investigating Accountant in relation to the Offer and has prepared the Investigating Accountant's Report in Section 11. The Company will pay approximately A\$70,000 exclusive of GST and disbursements to KPMG Transaction Services for these services and approximately C\$75,000 for services performed by KPMG Canada. KPMG Transaction Services has not received any other payments from the Company in the last two years. KPMG Canada is the appointed auditor of PMI Gold and has received fees totalling C\$205,000 for these services in the previous 2 years.

Hellman and Schofield has prepared the Independent Geologist's Report included in this Prospectus. In respect of this work the Company paid approximately \$20,000 for these services. Hellman Schofield has received other fees for services from the Company in the last two years totalling C\$160,154.

DuMoulin Black LLP has acted as the Canadian solicitors to the Offer and in that capacity have been involved in providing legal advice to the Company. In respect of this work, the Company paid approximately C\$60,000. DuMoulin Black LLP has received other fees for services to the Company in the last two years totalling C\$197,370.

E. Kwasi Mensah has prepared the Tenement Report which has been included in Section 12 of this Prospectus. In respect of this work, the Company paid approximately \$10,000. E. Kwasi Mensah has received other fees for services to the Company in the last two years totalling \$4,000.

The amounts disclosed above are exclusive of any amount of goods and services tax payable by the Company in respect of those amounts.

# 15. ADDITIONAL INFORMATION

## 15.9 CONSENTS

Each of the parties referred to in this Section 15.9:

- a) do not make, or purport to make, any statement in this Prospectus or on which a statement made in the Prospectus is based other than as specified in this Section;
- b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section, and
- c) has not caused or authorised the issue of this Prospectus.

Hellman and Schofield has given its written consent to the inclusion in this Prospectus of its Independent Geologist's Report, and all statements made, referring to or derived from that report in the Prospectus in the form and context in which they are included and has not withdrawn such consent before lodgement of this Prospectus with the ASIC.

Golder Associates has given its written consent to the inclusion in this Prospectus and the Independent Geologist's Report of statements by, or said in the Prospectus and Independent Geologist's Report to be based on statements by, Golder Associates, in the form and in the context in which they are included, and has not withdrawn such consent before lodgement of this Prospectus with the ASIC.

KPMG Transaction Services has given its written consent to the inclusion in Section 11 of this Prospectus of its Investigating Accountant's Report in the form and context in which it is included and has not withdrawn such consent before lodgment of this Prospectus with ASIC.

E. Kwasi Mensah has given its written consent to the inclusion in this Prospectus of its Tenement Report and all statements referring to that report or matters derived from that report in the Prospectus in the form and context in which they are included and has not withdrawn such consent before lodgement of this Prospectus with the ASIC.

Each of the following has consented to being named in the Prospectus in the capacity as noted below and have not withdrawn such consent prior to the lodgement of this Prospectus with the ASIC:

- a) KPMG as auditor to the Company;
- b) KPMG Transaction Services as Investigating Accountant to the Company;
- c) Steinepreis Paganin as Australian solicitors to the Company;
- d) DuMoulin Black LLP as Canadian solicitors to the Company;
- e) E. Kwasi Mensah as Ghanaian solicitor to the Company;
- f) Hellman and Schofield as Mining Consultants;
- g) Golder Associates;
- h) Hartleys as corporate advisor and Lead Broker to the Offer;
- i) Computershare Investor Services Inc as the Company's Canadian share registry;
- j) Computershare Investor Services Pty Ltd as the Company's Australian share registry;
- k) Rob Spiers;
- l) David Farrow; and
- m) Douglas MacQuarrie.

## 15.10 RESTRICTED SECURITIES

The ASX may classify certain securities as being subject to the restricted securities provisions of the Listing Rules. Accordingly, a portion of such securities may be required to be held in escrow. None of the Shares offered under this Prospectus will be treated as restricted securities on the ASX and will be freely transferable on the ASX from their date of allotment.

# 15. ADDITIONAL INFORMATION

## 15.11 EXPENSES OF THE OFFER

Assuming the maximum subscription amount of \$27,500,000 is raised under the Offer, the total expenses of the Offer are estimated to be approximately \$2,322,068 and are expected to be applied towards the items set out in the table below:

ITEM OF EXPENDITURE	AMOUNT (\$)
ASIC Fees	2,068
ASX and TSX-V Fees	95,000
Advisor's fees and other expenses	460,000
Broker Fees	1,750,000
Printing and distribution	15,000
<b>TOTAL</b>	<b>\$2,322,068</b>

<sup>1</sup> Options will be issued to the Lead Broker under the Offer. See Section 10 for further details.

## 15.12 LITIGATION

As at the date of this Prospectus, the Company is not involved in any material legal proceedings and the Directors are not aware of any material legal proceedings pending or threatened against the Company.

## 15.13 ELECTRONIC PROSPECTUS

Pursuant to Class Order 00/044 ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus on the basis of a paper prospectus lodged with ASIC and the issue of securities in response to an electronic application form, subject to compliance with certain provisions.

If you have received this Prospectus as an electronic Prospectus please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please email the Company at [info@pmigoldcorp.com](mailto:info@pmigoldcorp.com) and the Company will send to you, for free, either a hard copy or a further electronic copy of the Prospectus or both. Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered. In such a case, the Application moneys received will be dealt with in accordance with Section 722 of the Corporations Act.

## 15.14 TAXATION

The acquisition and disposal of Shares in the Company will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

## 15.15 FORECASTS

The Company is an exploration company with the intention to become a producer in the medium term.

Given the speculative nature of exploration, mineral development and production, there are significant uncertainties associated with forecasting future revenue. On this basis, the Directors believe that reliable forecasts cannot be prepared and accordingly have not included forecasts in this Prospectus.

# 16. DIRECTORS' AUTHORISATION

The Directors state that they have made all reasonable enquiries and on that basis have reasonable grounds to believe that any statements made by the Directors in this Prospectus are not misleading or deceptive and that in respect to any other statements made in the Prospectus by persons other than Directors, the Directors have made reasonable enquiries and on that basis have reasonable grounds to believe that persons making the statement or statements were competent to make such statements, those persons have given their consent to the statements being included in this Prospectus in the form and context in which they are included and have not withdrawn that consent before lodgement of this Prospectus with ASIC, or to the Directors knowledge, before any issue of Shares pursuant to this Prospectus.

The Prospectus is prepared on the basis that certain matters may be reasonably expected to be known to likely investors or their professional advisers.

Each Director has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent before the date of lodgement.



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Douglas MacQuarrie  
**President & CEO**  
For and on behalf of  
PMI GOLD CORPORATION

# 17. GLOSSARY

Where the following terms are used in this Prospectus they have the following meanings:

**Adansi** means Adansi Gold Company (GH) Limited.

**Adjusted Historical Balance Sheet** means the Historical Balance Sheet as at 30 June 2009 and 30 June 2010, after adjusting for the IFRS and A\$ Conversion adjustments.

**Adjusted Historical Financial Information** means the Adjusted Historical Statement of Comprehensive Income for the years ended 30 June 2009 and 30 June 2010, the Adjusted Historical Statement of Cash Flow for the years ended 30 June 2009 and 30 June 2010 and the Adjusted Historical Balance Sheet as at 30 June 2009 and 30 June 2010.

**Adjusted Historical Statement of Comprehensive Income** means the Historical Income Statement for the years ended 30 June 2009 and 30 June 2010, after adjusting for the IFRS and A\$ Conversion adjustments.

**Adjusted Historical Statement of Cash Flow** means the Historical Statement of Cash Flow for the years ended 30 June 2009 and 30 June 2010, after adjusting for the IFRS and A\$ Conversion adjustments.

**Agents** means a syndicate of investment dealers, including Haywood Securities Inc., Salman Partners Inc. and M Partners Inc.

**Applicant** means a person who submits a valid Application Form pursuant to this Prospectus.

**Application** means a valid application made on an Application Form to subscribe for Shares pursuant to this Prospectus.

**Application Form** means the application form attached to this Prospectus.

**Articles** means the Notice of Articles and Articles of Association of PMI Gold Corporation as adopted by special resolution passed on 29 June 2005.

**ASIC** means the Australian Securities & Investments Commission.

**ASTC** means ASX Settlement and Transfer Corporation Pty Ltd (ACN 008 504 532).

**ASTC Settlement Rules** means the operating rules of ASTC for the settlement processing facility for ASX's markets.

**ASX** means the ASX Limited ACN 008 624 691.

**BCA** means Business Corporations Act (British Columbia).

**Board** means the Board of Directors of PMI Gold Corporation.

**Burwash** means Burwash 2009 Ghana Limited.

**Canadian GAAP** or **CAD GAAP** means Canadian Generally Accepted Accounting Principles.

**Canadian Legislation** means British Columbia Securities Act, Rules and Policies.

**CDI** means CHESS Depository Interest representing a unit of beneficial ownership in the Shares registered in the name of CDN.

**CDN** means CHESS Depository Nominees Pty Ltd.

**CHESS** means Clearing House Electronic Subregister System.

**Closing Date** means the closing date for receipt of Application Forms under this Prospectus, estimated to be 5.00pm WST on 29 November 2010 or an amended time as set by the Board.

**Company** or **PMI Gold** or **PMI** means PMI Gold Corporation ARBN 146 885 609 or PMI Gold Corporation and its Related Bodies Corporate, as the context requires.

**Cormark** means Cormark Securities Inc.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Director** means a director of the Company.

**Exposure Period** means the 7 day period after the date of lodgement of this Prospectus, unless extended by ASIC under Section 727 of the Corporations Act.

**Goknet** means Goknet Mining Company Limited of Accra.

**Golder** or **Golder Associates** means Golder Associates Africa (Pty) Ltd.

**Group** means the Company and its subsidiaries.

**Historical Balance Sheet** means the Historical Balance Sheet of PMI Gold as at 30 June 2009 and 30 June 2010 prepared in accordance with Canadian GAAP and presented in C\$.

# 17. GLOSSARY

**Historical Income Statement** means the Historical Income Statement of PMI Gold for the years ended 30 June 2009 and 2010 prepared in accordance with Canadian GAAP and presented in C\$.

**Historical Statement of Cash Flow** means the Historical Statement of Cash Flow of PMI Gold for the years ended 30 June 2009 and 2010 prepared in accordance with Canadian GAAP and presented in C\$.

**Independent Geologist's Report** means the report prepared by Hellman Schofield, the Consulting Engineers, as set out in Section 9.

**IASB** means International Accounting Standards Board.

**JORC Code** means the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia.

**Kubi** or **Kubi Gold Project** means the Kubi Gold Project held by the Company located in Ghana as described in Section 7.6.

**Lead Broker** means Hartleys Limited

**Listing Rules** means the listing rules of the ASX.

**MIA** means MIA Investments Ltd.

**Mineral Resource** means has the meaning given in the JORC Code.

**Mining Consultant** means Robert Spiers, who is a Fellow of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a competent person as defined in the December 2004 edition of the JORC Code.

**November Canadian Placement** means the proposed issue of special warrants by the Company to raise approximately C\$7.5 million on a best efforts basis in November 2010.

**NPI** means net profits interest.

**NRGL** or **Nevsun Resources** means Nevsun Resources (Ghana) Ltd.

**NSR** means net smelter returns royalty.

**Obotan** or **Obotan Gold Project** means the Obotan gold project held by the Company located in Ghana as described in Section 7.5.

**October Canadian Placement** means the C\$5 million private placement for the issuance of 27,777,778 Shares at a price of C\$0.18 per Share on 12 October 2010.

**Offer** means an invitation made in this Prospectus to subscribe for Shares.

**Official List** means the official list of the ASX.

**Option** means an option to subscribe for a Share.

**Ore Reserve** the meaning given in the JORC Code.

**Plan** means the PMI Gold Corporation Stock Option Plan.

**Pro Forma Adjustments** means the October Canadian Placement Adjustments, the November Canadian Placement Adjustments and the Offer Adjustments.

**Prospectus** means this Prospectus and includes the electronic prospectus.

**Related Bodies Corporate** has the same meaning as in the Corporations Act.

**Resolute** means Resolute Mining Limited.

**Share** means a fully paid share in the Company.

**Shareholder** means the registered holder of Shares in the Company.

**Switchback** means Switchback Mining Company Limited.

**Tenement Report** means the report on the Company's mining properties Tenements prepared by E. Kwasi Mensah, as set out in Section 12.

**Tennison** means Tennison Chambers.

**TSXV** or **TSX-V** means TSX Venture Exchange.

**WST** means Australian Western Standard Time.

**\$** or **A\$** or **A dollars** or **AUD** means Australian dollars.

**C\$** or **C dollars** or **CAD** means Canadian dollars.

**US\$** or **US dollars** means United States dollars.

# APPLICATION FORM



# APPLICATION FORM



**PMI Gold Corporation**  
ARBN 146 885 609

Registry Use Only

## Application Form

This Application Form is important. If you are in doubt as to how to deal with it, please contact your stockbroker or professional adviser without delay. You should read the entire prospectus carefully before completing this form. To meet the requirements of the Corporations Act, this Application Form must not be distributed unless included in, or accompanied by, the prospectus.

Broker Code

Adviser Code

**A** I/we apply for

Number of CDIs in PMI Gold Corporation at \$0.70 per CDI or such lesser number of CDIs which may be allocated to me/us

**B** I/we lodge full Application Money

**C** Individual/Joint applications - refer to naming standards overleaf for correct forms of registrable title(s)

Title or Company Name	Given Name(s)	Surname
<input type="text"/>	<input type="text"/>	<input type="text"/>

Joint Applicant 2 or Account Designation

<input type="text"/>	<input type="text"/>	<input type="text"/>
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Joint Applicant 3 or Account Designation

<input type="text"/>	<input type="text"/>	<input type="text"/>
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**D** Enter your postal address - Include State and Postcode

Unit	Street Number	Street Name or PO Box /Other Information
<input type="text"/>	<input type="text"/>	<input type="text"/>

<input type="text"/>	<input type="text"/>	<input type="text"/>
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City / Suburb / Town

State

Postcode

<input type="text"/>	<input type="text"/>	<input type="text"/>
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**E** Enter your contact details

Contact Name	Telephone Number - Business Hours / After Hours
<input type="text"/>	<input type="text"/>

**F** CHESS Participant

Holder Identification Number (HIN)	Please note that if you supply a CHESS HIN but the name and address details on your form do not correspond exactly with the registration details held at CHESS, your application will be deemed to be made without the CHESS HIN, and any securities issued as a result of the Offer will be held on the Issuer Sponsored subregister.
<input type="text"/>	

**Payment details – Please note that funds are unable to be directly debited from your bank account**

G	Drawer	Cheque Number	BSB Number	Account Number	Amount of cheque
	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	A\$ <input type="text"/>

**Make your cheque or bank draft payable to PMI Gold Corporation - IPO A/C**

By submitting this Application Form, I/we declare that this application is completed and lodged according to the Prospectus and the declarations/statements on the reverse of this Application Form and I/we declare that all details and statements made by me/us (including the declaration on the reverse of this Application Form) are complete and accurate. I/we agree to be bound by the Notice of Articles and Articles of Association of the Company.

# APPLICATION FORM

## How to complete this form

<p><b>A CDI's/Securities Applied for</b> Enter the number of CDIs you wish to apply for. The application must be for a minimum of 2,858 CDIs. Applications for greater than 2,858 CDIs must be in multiples of 500 CDIs.</p> <p><b>B Application Monies</b> Enter the amount of Application Monies. To calculate the amount, multiply the number of CDIs by the price per CDI.</p> <p><b>C Applicant Name(s)</b> Enter the full name you wish to appear on the statement of share holding. This must be either your own name or the name of a company. Up to 3 joint Applicants may register. You should refer to the table below for the correct forms of registrable title. Applications using the wrong form of names may be rejected. Clearing House Electronic Subregister System (CHES) participants should complete their name identically to that presently registered in the CHES system.</p> <p><b>D Postal Address</b> Enter your postal address for all correspondence. All communications to you from the Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.</p> <p><b>E Contact Details</b> Enter your contact details. These are not compulsory but will assist us if we need to contact you.</p>	<p><b>F CHES</b> PMI Gold Corporation (the Company) will apply to the ASX to participate in CHES, operated by ASX Settlement and Transfer Corporation Pty Ltd, a wholly owned subsidiary of Australian Securities Exchange Limited. In CHES, the Company will operate an electronic CHES Subregister of security holdings and an electronic Issuer Sponsored Subregister of security holdings. Together the two Subregisters will make up the Company's principal register of securities. The Company will not be issuing certificates to applicants in respect of CDIs allotted. If you are a CHES participant (or are sponsored by a CHES participant) and you wish to hold CDIs allotted to you under this Application on the CHES Subregister, enter your CHES HIN. Otherwise, leave this section blank and on allotment, you will be sponsored by the Company and allocated a Securityholder Reference Number (SRN).</p> <p><b>G Payment</b> Make your cheque or bank draft payable to PMI Gold Corporation IPO A/C in Australian currency and cross it Not Negotiable. Your cheque or bank draft must be drawn on an Australian Bank.  Complete the cheque details in the boxes provided. The total amount must agree with the amount shown in box B. <b>Please note that funds are unable to be directly debited from your bank account.</b>  <b>Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your Application being rejected. Paperclip (do not staple) your cheque(s) to the Application Form where indicated. Cash will not be accepted. Receipt for payment will not be forwarded.</b></p>
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Before completing the Application Form the applicant(s) should read this prospectus to which this application relates. By lodging the Application Form, the applicant agrees that this application for CDIs in PMI Gold Corporation is upon and subject to the terms of the Prospectus and the Notice of Articles and Articles of Association of PMI Gold Corporation, agrees to take any number of CDIs that may be allotted to the Applicant(s) pursuant to the prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.

### Lodgement of Application

Application Forms must be received by Computershare Investor Services Pty Limited, Perth by no later than 5pm WST on 29 November 2010 (Closing Date). You should allow sufficient time for this to occur. Return the Application Form with cheque(s) attached to:

<p>By Mail Computershare Investor Services Pty Limited GPO Box D182 PERTH WA 6840</p>	OR	<p>By Hand Computershare Investor Service Pty Limited Level 2 Reserve Bank Building 45 St Georges Terrace PERTH WA 6000</p>
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Neither Computershare Investor Services Pty Limited nor the Company accepts any responsibility if you lodge the Application Form at any other address or by any other means.

### Privacy Statement

Personal information is collected on this form by Computershare Investor Services Pty Limited ("CIS"), as registrar for securities issuers ("the issuer"), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by CIS, or you would like to correct information that is inaccurate, incorrect or out of date, please contact CIS. In accordance with the Corporations Act 2001, you may be sent material (including marketing material) approved by the issuer in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS. You can contact CIS using the details provided on the front of this form or e-mail [privacy@computershare.com.au](mailto:privacy@computershare.com.au)

If you have any enquiries concerning your application, please contact the Computershare Investor Services Pty Limited on 1300 850 505.

### Correct forms of registrable title(s)

Note that ONLY legal entities are allowed to hold CDIs. Applications must be made in the name(s) of natural persons, companies or other legal entities in accordance with the Corporations Act. At least one full given name and the surname is required for each natural person. The name of the beneficial owner or any other registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms of registrable title(s) below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual - Use given name(s) in full, not initials	Mr John Alfred Smith	J.A Smith
Joint - Use given name(s) in full, not initials	Mr John Alfred Smith & Mrs Janet Marie Smith	John Alfred & Janet Marie Smith
Company - Use company title, not abbreviations	ABC Pty Ltd	ABC P/L ABC Co
Trusts - Use trustee(s) personal name(s) - Do not use the name of the trust	Ms Penny Smith <Penny Smith Family A/C>	Penny Smith Family Trust
Deceased Estates - Use executor(s) personal name(s) - Do not use the name of the deceased	Mr Michael Smith <Est John Smith A/C>	Estate of Late John Smith
Minor (a person under the age of 18) - Use the name of a responsible adult with an appropriate designation	Mr John Alfred Smith <Peter Smith A/C>	Peter Smith
Partnerships - Use partners personal name(s) - Do not use the name of the partnership	Mr John Smith & Mr Michael Smith <John Smith & Son A/C>	John Smith & Son
Clubs/Unincorporated Bodies/Business Names - Use office bearer(s) personal name(s) - Do not use the name of the club etc	Mrs Janet Smith <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds - Use the name of trustee of the fund - Do not use the name of the fund	John Smith Pty Ltd <Super Fund A/C>	John Smith Pty Ltd Superannuation Fund

IPO

PMGA

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## **PMI GOLD Corporation**

ARBN 146 885 609

Suite 511 - 475 Howe Street  
Vancouver, BC Canada V6C 2B3

**Telephone:** 604-682-8089

**Fax:** 604-682-8094

**Toll Free:** 1-888-682-8089

**Email:** [douglasmq@pmigoldcorp.com](mailto:douglasmq@pmigoldcorp.com)

**[www.pmigoldcorp.com](http://www.pmigoldcorp.com)**