



MANAGEMENT DISCUSSION & ANALYSIS

FOR THE THREE AND SIX MONTHS ENDED DECEMBER 31, 2011

Introduction

The following discussion and analysis of financial position and results of operations ("MD&A") of the PMI Gold Corporation ("PMI" or the "Company") for the six months ended December 31, 2011 should be read in conjunction with the June 30, 2011 Audited Consolidated Financial Statements and related notes for the year ended June 30, 2011. The effective date of this report is February 14, 2012. All dollar amounts included therein and in the following MD&A, unless otherwise indicated, are expressed in Canadian dollars.

This discussion contains forward-looking statements that involve risks and uncertainties. Such information, although considered to be reasonable by the Company's management at the time of preparation, may prove to be inaccurate and actual results may differ materially from those anticipated in the statements made. The Company's website can be found at www.pmigoldcorp.com. Additional regulatory filings for the Company can be found on the SEDAR website at www.sedar.com.

Executive Summary

PMI Gold Corporation is a junior resource company with gold exploration properties in Ghana, West Africa. Currently, the Company has no productive asset, and is engaged in development and exploration programs. The Company continues to progress its flagship Obotan Gold Project where a Pre-feasibility has been completed. A final Feasibility and development decision is scheduled for mid-2012, with first gold production targeted in late 2013. In addition to the Obotan Project, the Company has advanced exploration at the Kubi Project and regional exploration at the Asanko Project, both with potential to develop into additional new mining centres.

KEY HIGHLIGHTS

The Company:

- Completed its Pre-feasibility study on the Obotan project in December of 2011 and released the results on January 12, 2012.
- Completed a new NI43-101 report
- Strengthened its resources in Ghana

Structure and Business Description

PMI Gold Corporation is incorporated under the laws of British Columbia. The Company has three wholly owned subsidiaries, Adansi Gold Company Ghana Limited ("Adansi"), Kubi Gold Company Limited ("Kubi"), incorporated under the laws of Ghana, West Africa, and Nevsun Resources (Ghana) Ltd. ("NRGL") incorporated under the laws of Barbados.

The Company's registered and records office is located at 408 – 837 West Hastings Street, Vancouver BC V6C 3N6, Canada with offices located at 10 Quarcoo Lane, Roman Ridge, PMB CT471 Cantonments, Accra, Ghana, West Africa, and 680 Murray Street, West Perth, Australia. PMI Gold Corporation is registered in Australia as a foreign company.

The Company is a junior mining exploration company engaged in the acquisition, exploration, and development of mineral concessions in Ghana, West Africa. The Company is a reporting issuer in British Columbia and Alberta and trades on the TSX Venture Exchange under the symbol "PMV". The Company was admitted to the Australian Stock Exchange on December 17, 2010, under the symbol "PVM", trading CHES Depositary Instruments (CDI's) which may be exchanged for shares tradable on the TSX-V. Canadian shares may also be exchanged for CDI's.

The Company is listed on the Berlin and Frankfurt Exchanges under the symbol "PN3N".

Long-term goals for the Company include:

- growing and strengthening core operations in gold exploration and development;
- finding, acquiring and developing profitable revenue producing assets;
- growing market capitalization.

Operating Activities

The Company's activities focused on continuing its development and exploration programs on its existing Ghana properties. In all, the Company invested approximately \$10.2 million and \$16.9 million in development and exploration during the three and six months ended December 31, 2011, an increase of \$7.9 million and \$13.1 million over the comparable prior year spends of \$2.3 million and \$3.8 million, respectively. The Exploration section below sets out in greater detail the development and exploration achievements on the various properties. The loss for the three months ended December 31, 2011 was \$814,566 (2010 - \$1,668,061) and for the six months ended December 31, 2011, the loss was \$2,651,282 (2010 - \$2,646,241).

Capital Stock and Financing

There were no major capital raisings/placements or restructuring undertaken during the six months ended December 31, 2011. Proceeds of \$5,908,100 were received during the period through the exercise of warrants and options. Issued shares increased from 197,934,584 as at July 1, 2011 to 221,370,084 at December 31, 2011. As at December 31, 2011, there were 26,105,000 warrants and 13,492,500 options outstanding. Further details of transactions are provided in Note 9 to the Financial Statements.

There were 990,000 options issued during the six months ended December 31, 2011 to an officer and to consultants of the Company. A total of 531,875 options at \$0.50 and 75,000 options at \$0.20 were cancelled as per the terms and conditions of the Company's Stock Option Plan.

Corporate Developments

There were no significant corporate developments during the six months ended December 31, 2011.

There were no changes to the Board of Directors, however a number of key appointments were made to strengthen the in-country management team in Ghana.

Mr. Thomas Amoah, who was appointed in early 2011 as Exploration Manager of the Company's wholly-owned operating subsidiary, Adansi Gold Company, was promoted to the position of Vice President Exploration – West Africa. In this new role, Mr. Amoah has overall responsibility for PMI's rapidly expanding West African exploration activities, including ongoing resource drilling activities at Obotan and regional exploration at Obotan, Kubi and the Asanko gold projects, as well as development of the Company's exploration strategy and the evaluation and development of new business opportunities within Ghana and West Africa. The Company granted an additional 250,000 options to Mr. Amoah in his new role.

PMI has recruited a highly experienced Ghanaian geologist and senior exploration executive, Mr. John Nketia Gyedu, as Exploration Manager, to replace Mr Amoah following his promotion. Mr. Gyedu has 15 years of experience in gold exploration and mining in Ghana and Algeria, including most recently as Geology Manager and Senior Mine Geologist with GMA Resources in Algeria and, prior to that, as Chief Mine Geologist, Senior Mine Geologist, Pit Supervisor and Senior Pit Geologist with Goldfields Ghana Limited. He commenced his career with Ranger Minerals (Abosso Goldfields Limited) in Ghana.

The Company has also appointed Mr. Eric Darko as Community Relations and Environment Manager, also based in Ghana. Mr. Darko has 14 years' experience working in similar roles within Ghana, most recently with Chirano Gold Mine Limited where he was Community and Public Relations Manager and Local Communications Officer from 2005 to 2011. Mr. Darko will be responsible for the design and implementation of appropriate community relations programs, the development of environmental management programs, the organisation and provision of logistics support, and management of the Company's community relations team in Ghana. Subsequent to Quarter end, the Company appointed Mr. Ian Hobson as joint

Corporate Secretary on 19 January 2012. Based in Perth, Western Australia, Mr. Hobson's appointment complements the services already provided by the current corporate secretary Ms Marion McGrath in meeting PMI's corporate regulatory obligations primarily within Australia. Mr. Hobson is a Fellow Chartered Accountant and Chartered Secretary with over 25 years' experience in Australia, Canada and the UK.

During the Quarter, the Ghanaian Ministry of Finance and Economic Planning announced proposed changes to the tax regime for the country's mining industry by raising corporate taxes on mining companies to 35% from 25%, and the proposed introduction of a 10% windfall tax. PMI has no further information to provide to shareholders at this stage on the proposed tax regime, however the increase in tax from 25% to 35% has been incorporated into the economics of its Pre-Feasibility Study on the Obotan Gold Project, together with the proposed new depreciation rates of 20% per annum. The proposed 10% windfall profit tax has not been included as the basis for any such tax is not known.

Exploration

Exploration continued on the Company's concessions, with \$10.2 million and \$16.9 million being invested during the three and six month periods ending December 31, 2011 to advance exploration and development of the Obotan, Kubi and regional exploration projects.

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

Resource Estimate Upgrade

On 13 October 2011, the Company announced a significant increase in the NI43-101 and JORC code compliant gold resources at the Obotan Gold Project to Measured 1.22 million ounces, Indicated 2.00 million ounces and Inferred 1.29 million ounces. The NI43-101 resource estimate report was subsequently filed on SEDAR on 28 November 2011.

Table 1. SRK October 2011 Resource Estimate

SRK October 2011 Resource Estimate (based on a 0.5 g/t Au lower cut-off grade)									
DEPOSIT	MEASURED			INDICATED			MEASURED + INDICATED		
	Tonnes (millions)	Grade (g/t Au)	Ozs (millions)	Tonnes (millions)	Grade (g/t Au)	Ozs (millions)	Tonnes (millions)	Grade (g/t Au)	Ozs (millions)
Nkran	11.10	2.76	0.98	19.70	2.42	1.52	30.80	2.54	2.50
Adubiaso	1.07	2.78	0.09	2.60	2.30	0.19	3.67	2.44	0.28
Abore	2.50	1.88	0.15	3.99	1.80	0.23	6.49	1.83	0.38
Asuadai	n/a	n/a	n/a	1.21	1.71	0.06	1.21	1.71	0.06
TOTAL	14.67	2.66	1.22	27.5	2.32	2.00	42.17	2.40	3.22

DEPOSIT	INFERRED		
	Tonnes (millions)	Grade (g/t Au)	Ozs (millions)
Nkran	12.60	2.54	1.02
Adubiaso	0.87	2.06	0.05
Abore	3.40	1.72	0.18
Asuadai	0.67	1.95	0.04
TOTAL	17.54	2.35	1.29

(All resource numbers are rounded to 2 decimal places- 10,000 tonnes.)

The resource estimate was undertaken by SRK Consulting of Perth, Australia and forms part of the Pre-Feasibility Study. SRK's resource estimate was independently reviewed by Optiro Pty Ltd, as part of PMI's technical quality assessment and control, with Optiro confirming results were consistent and acceptable for the style of the deposit.

Resource Definition Drilling Results

The Obotan resources remain open at depth and offer potential for strike extension which are being tested by ongoing infill and extensional drilling program. Results received from further infill drilling will be incorporated into an updated new resource estimate due in Q1, 2012 for the Feasibility Study.

During the Quarter, the Company reported additional assays from 59 diamond drillholes from the Obotan Project (as shown in Table 2). These results continue to reinforce the resource estimate and block model for the project's four deposits.

Table 2 – Significant Gold Intercepts (>5.00 g/t Au metres):

Note: True widths are approximately 60% to 70% of the length of the stated intersection lengths.

NKRAN									
Hole ID	East	North	RL	Dip	Azimuth	Depth From (m)	Depth To (m)	Interval (m)	Weighted Avg. Grade (g/t)
NKR11-053	612033.7642	701059.1694	167.0691	-46	127	147.42	153.00	5.58	4.03
NKR11-053	612033.7642	701059.1694	167.0691	-46	127	220.00	240.00	20.00	1.17
NKR11-063	611686.6302	700726.2818	159.4796	-45	127	200.00	230.00	30.00	3.47
Including						200.00	202.00	2.00	10.83
Including						207.00	209.00	2.00	8.07
Including						215.00	219.00	4.00	11.35
NKR11-063	611686.6302	700726.2818	159.4796	-45	127	236.00	258.00	22.00	3.28
Including						241.00	243.00	2.00	24.68
NKR11-063	611686.6302	700726.2818	159.4796	-45	127	262.00	278.00	16.00	3.41
NKR11-063	611686.6302	700726.2818	159.4796	-45	127	307.00	315.00	8.00	1.89
NKR11-064	611748.9411	700831.9067	170.9302	-45	130	64.50	72.00	7.50	0.56
NKR11-064	611748.9411	700831.9067	170.9302	-45	130	198.00	201.00	3.00	3.25
Including						199.00	200.00	1.00	8.70
NKR11-064	611748.9411	700831.9067	170.9302	-45	130	235.00	237.00	2.00	1.74
NKR11-064	611748.9411	700831.9067	170.9302	-45	130	243.00	252.00	9.00	16.11
Including						250.00	252.00	2.00	67.68
NKR11-064	611748.9411	700831.9067	170.9302	-45	130	282.00	283.00	1.00	5.76
NKR11-064	611748.9411	700831.9067	170.9302	-45	130	329.00	332.00	3.00	2.12
NKR11-064	611748.9411	700831.9067	170.9302	-45	130	367.00	369.00	2.00	7.38
NKR11-064	611748.9411	700831.9067	170.9302	-45	130	401.00	405.00	4.00	1.43
NKR11-064	611748.9411	700831.9067	170.9302	-45	130	410.00	433.00	23.00	1.70
Including						412.00	417.00	5.00	3.14
Including						429.00	433.00	4.00	3.45
NKR11-067	611789.702	700110.1309	166.6476	-50	307	44.00	45.00	1.00	15.05
NKR11-067	611789.702	700110.1309	166.6476	-50	307	173.00	176.00	3.00	6.30
Including						173.00	174.00	1.00	11.80
NKR11-071	611647.3541	700817.3754	176.4475	-50	127	331.00	348.00	17.00	1.61
Including						343.00	344.00	1.00	11.55
NKR11-071	611647.3541	700817.3754	176.4475	-50	127	356.00	368.00	12.00	3.75
NKR11-071	611647.3541	700817.3754	176.4475	-50	127	383.00	391.00	8.00	51.17
Including						384.00	387.00	3.00	127.98
NKR11-071	611647.3541	700817.3754	176.4475	-50	127	414.00	418.00	4.00	6.02
Including						414.00	417.00	3.00	7.69
NKR11-072	612302.9202	700785.0762	168.5549	-60	307	NSR			
NKR11-074	611551.3052	700760.7311	173.0769	-48	127	379.00	382.00	3.00	6.58
Including						381.00	382.00	1.00	17.30
NKR11-074	611551.3052	700760.7311	173.0769	-48	127	390.00	425.00	35.00	3.11
Including						395.00	397.00	2.00	7.63
Including						400.00	405.00	5.00	8.23
Including						414.00	417.00	3.00	8.04
NKR11-074				-48	127	432.00	435.00	3.00	1.50
NKR11-075	611522.3688	700725.359	172.766	-45	127	379.00	382.00	3.00	2.12
NKR11-075	611522.3688	700725.359	172.766	-45	127	388.00	403.00	15.00	1.38
NKR11-075	611522.3688	700725.359	172.766	-45	127	407.00	410.00	3.00	1.79
NKR11-076	611477.387	700694.8091	169.597	-45	127	426.00	431.00	5.00	3.44
NKR11-076						442.00	468.00	16.00	7.45

NKRAN									
Hole ID	East	North	RL	Dip	Azimuth	Depth From (m)	Depth To (m)	Interval (m)	Weighted Avg. Grade (g/t)
Including						442.00	449.00	7.00	13.12
NKR11-077	611957.1923	700391.0554	171.1515	-65	305	485.00	488.00	3.00	10.51
NKR11-077						501.00	538.00	37.00	3.08
Including						501.00	508.00	7.00	4.57
Including						532.00	538.00	6.00	8.58
NKR11-078	612188.931	700467.31	174.509	-55	307	524.00	533.00	9.00	2.04
NKR11-079	612075.687	700488.86	165.072	-55	307	274.00	294.00	20.00	1.29
Including						276.00	280.00	4.00	3.21
NKR11-079						555.00	623.00	68.00	1.88
Including						555.00	558.00	3.00	8.69
Including						574.00	586.00	12.00	2.15
Including						604.00	623.00	19.00	2.26

ADUBIASO									
Hole ID	Easting_UTM	Northing_UTM	RL_UTM	Dip	Azimuth	Depth From (m)	Depth To (m)	Interval (m)	Weighted Avg. Grade (g/t)
ADP11-011	610870.3272	704316.8861	168.1252	-45	127	166.00	168.00	2.00	0.79
ADP11-012	610778.6956	703819.6086	159.993	-45	307	232.00	235.00	3.00	0.76
ADP11-012	610778.6956	703819.6086	159.993	-45	307	261.00	265.00	4.00	3.47
Including						262.00	263.00	1.00	11.08
ADP11-013	611107.4419	704169.4131	170.358	-45	307	230.00	236.70	6.70	0.85
ADP-11-014	611240.3352	704383.327	172.8779	-45	307	203.00	210.00	7.00	1.11
ADP11-018	611169.1327	704248.138	170.8902	-50	307	NSR			
ADP11-019	610793.1063	703841.4959	161.0452	-45	307	NSR			
ADP11-021	610975.4594	704045.2191	168.4171	-45	307	142.00	145.00	3.00	47.79
Including						142.00	143.00	1.00	133.50
ADP11-022	611266.4276	704458.1525	163.2073	-50	307	170.00	172.00	2.00	1.20
ADP11-023	611243.416	704758.264	149.723	-50	127	79.00	87.00	8.00	2.69
Including						85.00	87.00	2.00	5.54
ADP11-023	611243.416	704758.264	149.723	-50	127	130.00	132.90	2.90	0.78
ADP11-025	610846.7793	704245.516	171.6168	-50	127	164.00	168.00	4.00	2.08
ADP11-025	610846.7793	704245.516	171.6168	-50	127	173.00	178.00	5.00	0.72
ADP11-025	610846.7793	704245.516	171.6168	-50	127	207.00	212.00	5.00	3.76
ADP11-026	610971.5025	704465.2684	167.2093	-45	127	166.00	169.00	3.00	1.95
ADP11-026	610971.5025	704465.2684	167.2093	-45	127	172.00	175.00	3.00	1.25
ADP11-026	610971.5025	704465.2684	167.2093	-45	127	182.00	186.00	4.00	1.94
ADP11-026	610971.5025	704465.2684	167.2093	-45	127	188.00	190.00	2.00	6.74
ADP11-029	611176.6603	704652.3302	150.785	-45	127	NSR			

ABORE									
Hole ID	East	North	RL	Dip	Azimuth	Depth From (m)	Depth To (m)	Interval (m)	Weighted Avg. Grade (g/t)
ABP11-035	614079.30	713530.00	185.597	-45	127	149.00	151.00	2.00	2.46
ABP11-035				-45	127	158.00	173.00	15.00	3.10
Including						158.00	163.00	5.00	6.92
ABP11-035				-45	127	180.00	182.00	2.00	2.71
ABP11-036	614284.009	713787.3569	200.8806	-45	127	NSR			
ABP11-037	614345.0469	713900.2492	204.4194	-45	127	125.00	133.00	8.00	1.60
ABP11-037				-45	127	142.00	147.00	5.00	1.04
ABP11-037				-45	127	162.00	163.00	1.00	5.08
ABP11-038	614388.0787	714049.8293	197.6523	-45	127	191.00	214.00	23.00	5.40
Including						191.00	195.00	4.00	22.91
Including						199.00	202.00	3.00	5.20
ABP11-039	614444.8428	714075.3833	199.011	-45	127	153.00	186.00	33.00	1.55
Including						162.00	164.00	2.00	7.72
Including						177.00	179.00	2.00	5.18
ABP11-040	614470.934	714168.8118	203.3185	-45	127	NSR			
ABP11-041	614502.3697	714170.9428	202.953	-45	127	112.55	120.00	7.45	2.74
Including						112.55	114.00	1.45	7.66
ABP11-041	614502.3697	714170.9428	202.953			142.00	148.00	6.00	1.04

ABORE									
Hole ID	East	North	RL	Dip	Azimuth	Depth From (m)	Depth To (m)	Interval (m)	Weighted Avg. Grade (g/t)
ABP11-042	614489.824	714214.1078	206.3959	-45	127	152.00	168.00	16.00	1.07
ABP11-042				-45	127	190.00	192.00	2.00	5.83
ABP11-044	614597.999	714397.429	196.5717	-45	127	147.00	151.00	4.00	1.26
ABP11-044	614597.999	714397.429	196.5717	-45	127	175.00	177.00	2.00	6.55
ABP11-044	614597.999	714397.429	196.5717	-45	127	190.00	192.00	2.00	1.38
ABP11-044	614597.999	714397.429	196.5717	-45	127	200.00	205.58	5.58	0.62
ABP11-045	614654.2359	714417.2568	190.1387	-45	127	90.00	96.00	6.00	0.94
ABP11-045	614654.2359	714417.2568	190.1387	-45	127	109.00	111.00	2.00	1.54
ABP11-045	614654.2359	714417.2568	190.1387	-45	127	133.00	139.00	6.00	0.91
ABP11-046	614522.083	714221.8738	210.1389	-45	127	126.00	148.00	22.00	1.62
Including						131.00	134.00	3.00	5.5
ABP11-046	614522.083	714221.8738	210.1389	-45	127	166.00	172.00	6.00	0.72
ABP11-046	614522.083	714221.8738	210.1389	-45	127	184.00	186.00	2.00	0.78
ABP11-048	614531.3859	714244.6045	209.5948	-45	127	125.00	130.00	5.00	1.12
ABP11-048						139.00	151.00	12.00	1.00
ABP11-050	614553.0727	714268.8196	206.5079	-45	127	119.24	130.55	11.31	0.76
ABP11-050						156.00	181.00	24.00	1.49
Including						164.00	168.00	4.00	3.77
Including						170.00	173.00	3.00	4.02
ABP11-053	614724.649	714519.178	195.831	-45	127	NSR			
ABP11-054	614767.11	714673.767	218.4	-45	127	160.00	164.00	4.00	1.32
ABP11-054						185.00	206.00	21.00	1.84
Including						197.00	206.00	9.00	3.55
ABP11-055	614881.112	714727.029	212.863	-45	127	115.00	119.00	4.00	1.88
ABP11-056	614473.1618	714197.3222	203.9509	-45	127	168.00	173.00	5.00	20.27
Including						168.00	169.00	1.00	53.33
Including						172.00	173.00	1.00	45.00
ABP11-056						191.00	197.00	6.00	1.14

ASUADAI									
Hole ID	Easting_ UTM	Northing_ UTM	RL_ UTM	Dip	Azimuth	Depth From (m)	Depth To (m)	Interval (m)	Weighted Avg. Grade (g/t)
ASP11-009	617927.0032	709143.6364	272.2603	-45	127	NSR			
ASP11-011	617907.1833	709187.2445	265.7263	-45	127	67.00	73.00	6.00	2.13
ASP11-012	617972.8078	709201.8545	261.5882	-45	127	32.00	39.00	7.00	1.21
ASP11-012	617972.8078	709201.8545	261.5882	-45	127	60.00	72.00	12.00	0.81
ASP11-014	617946.3756	709253.9994	260.3967	-45	127	108.00	132.00	24.00	2.32
Including						130.00	132.00	2.00	15.74
ASP11-014						140.00	145.00	5.00	1.19
ASP11-015	618032.1598	709257.7906	297.3301	-45	127	53.00	59.00	6.00	1.18
ASP11-015	618032.1598	709257.7906	297.3301	-45	127	64.00	71.00	7.00	3.38
Including						69.00	71.00	2.00	7.14
ASP11-019	618072.1059	709316.6959	306.2097	-45	127	22.50	25.50	3.00	1.28
ASP11-019	618072.1059	709316.6959	306.2097	-45	127	28.50	53.34	24.84	0.82
ASP11-019	618072.1059	709316.6959	306.2097	-45	127	67.06	80.00	12.94	1.18
ASP11-024	618027.7497	709377.749	262.0105	-45	129	126.00	128.00	2.00	1.09
ASP11-024	618027.7497	709377.749	262.0105	-45	129	133.00	135.00	2.00	1.5
ASP11-027	618133.4061	709450.9383	254.1916	-45	127	NSR			
ASP11-028	618093.2455	709457.7176	250.0353	-45	127	NSR			
ASP11-029	618152.9017	709507.2599	253.3955	-45	127	NSR			
ASP11-030	618171.3118	709557.3817	268.2191	-45	127	NSR			
ASP11-031	618126.5354	709584.2764	246.4569	-45	127	105.00	108.00	3.00	1.62
ASP11-032	618195.3898	709601.068	261.7703	-45	127	48.77	65.00	16.23	0.97
ASP11-034	618180.7586	709637.2941	238.653	-45	127	NSR			
ASP11-036	617951.2453	709184.3997	258.506	-60	127	66.00	71.00	5.00	1.97
ASP11-036	617951.2453	709184.3997	258.506	-60	127	94.00	103.00	9.00	1.11
ASP11-037	617963.6387	709210.18	301.0367	-55	127	77.00	104.00	27.00	1.36
including						80.00	82.00	2.00	4.34

ASUADAI									
Hole ID	Easting_UTM	Northing_UTM	RL_UTM	Dip	Azimuth	Depth From (m)	Depth To (m)	Interval (m)	Weighted Avg. Grade (g/t)
ASP11-039	617945.7561	709254.5713	260.5535	-45	127	131.00	140.70	9.70	2.17
ASP11-039	617945.7561	709254.5713	260.5535	-45	127	155.00	168.00	13.00	1.24
ASP11-040	618162.2039	709624.6615	240.2583	-45	127	80.00	85.00	5.00	0.96
ASP11-040	618162.2039	709624.6615	240.2583	-45	127	90.00	101.00	11.00	4.33
<i>including</i>						<i>90.00</i>	<i>91.00</i>	<i>1.00</i>	<i>41.67</i>

Geotechnical Drilling Program

Resource expansion drilling was ceased towards the end of the Quarter to focus on completion of a geotechnical drilling and logging program at Nkran, Adubiaso, Asuadai and Aboe. As at December 31, 2011, a total of 3,881 metres out of a proposed 4,665 metres program had been completed, with three drill holes outstanding at Asuadai. This work will supplement a large geotechnical database that has been accumulated by the previous operators (Resolute Mining) and will be used in the Feasibility Study.

Nkran West Drilling Program

Exploration test drilling continued at the Nkran West area during the Quarter in order to test geological structures that parallel the Nkran deposit. Nine holes have been drilled for 4,760 metres out of a proposed 6,450 metres initial program. Results are awaited.

Switchback North Drilling Program

Exploration diamond drilling commenced during the Quarter at Gyagyatreso, which forms part of the Switchback leases, as a follow up of historical holes with significant gold intercepts. A total of 982 metres from seven diamond drillholes has been drilled out of a proposed 1,500 metres, ten drillhole program. Results are awaited. This program represents the first drilling campaign to be undertaken by PMI on the Switchback leases in 2011, as the focus to date has been on the main Obotan Project leases.

Key Land Access Agreement at Obotan

On December 20, 2011, the Company announced that it has completed a land access agreement with the Anglican University College of Technology for the acquisition of property within the Aboe-Abirem licence, which lies within the Obotan Project area.

After the return of the leases (formally held by Resolute Mining Limited) to the Ghanaian government, an area was set aside by the Government for the Anglican Church to set up a University. This property, which is located adjacent to but outside of the Nkran deposit and open pit, includes former administration and accommodation buildings. The facilities will provide the basis for the future mine accommodation as well as the immediate accommodation for the ongoing exploration activities. The acquisition of these facilities should also simplify the EPA approval process for PMI's mining lease application.

The access agreement terms are for PMI to provide an initial US\$500,000 payment which will allow PMI immediate access to all facilities and a later payment of US\$4.5 million to be paid at the time of the raising of the capital for the Obotan mining operations, or September 30, 2012, whichever is the earlier.

The Pre-feasibility Study capital cost estimate will incorporate an amount of \$4.5 million for the final settlement for the cost of the future mine village and administration buildings.

Pre-Feasibility Study Results Released

Subsequent to Quarter end, PMI released on January 12, 2012 its results of the NI43-101 compliant Pre-Feasibility Study (PFS) for Obotan Gold Project. The PFS was independently compiled by GR Engineering Services (GRES), a leading experienced engineering company of Perth, Western Australia, based on work completed by four leading industry consultants.

The PFS summarizes the geology, mining and mine production schedule completed by SRK Consulting; metallurgy, process plant, design, infrastructure design, capital and operating cost estimates and financial

modeling completed by GR Engineering; the tailings storage facility design completed by Knight Piésold Consulting, and the baseline environmental and sociological evaluation completed by Bizgeo Company (Ghana).

Life-of-mine production is 2.10 million recovered ounces of gold over a period of 11.2 years (inclusive of 1 year pre-strip operations).

Annual gold production is forecast at 205,600oz at an estimated life-of-mine total cash operating cost of US\$657.6 per oz including royalties and refining costs.

The estimated production profile is based on processing 3Mtpa of ore for 10 years with a total of 30.3Mt of ore mined. Initial capital costs are estimated at US\$251.8 million, including mining pre-strip and a contingency of US\$23.2 million. Deferred and sustaining capital is estimated at US\$21.9 million.

The PFS is based on a gold price of US\$1,300 per ounce, 5% discount rate and contract mining scenario, with the Project generating a pre-tax NPV of US\$680.5 million and post-tax NPV of US\$416.4 million. The pre-tax IRR is 42% and the post-tax IRR is 31% with a capital payback of 2.9 years from commencement of first gold production.

The PFS results provide a strong foundation for the definitive Feasibility Study (FS) on the Obotan Project, which is already underway and targeted for completion by the end of June 2012, paving the way for a development decision in the September 2012 Quarter.

Post completion of the FS, the financing, construction and development of the Obotan Project can proceed. This will be PMI's first gold operation in West Africa and, contingent on the outcomes of the FS, Project development is planned to proceed in Q3, calendar 2012, with initial mine development activities scheduled to commence in Q1, calendar 2013 and targeting full production for calendar 2014.

Maiden Reserve

Based on the positive outcome of the PFS, a portion of the Mineral Resource has been upgraded to Mineral Reserves. The reported NI43/101/JORC compliant maiden Reserve estimate is shown in the following table:

Reserve Classification	Tonnes (Millions)	Au (g/t)	Au ozs (Millions)
Proven	14.0	2.36	1.06
Probable	16.3	2.28	1.20
Total Proven + Probable	30.3	2.32	2.26

1. The SRK Mineral Reserve was estimated by construction of a block model within constraining wireframes based on Measured and Indicated resources.
2. The Reserve is reported at a lower cut-off grade of 0.5g/t Au, which defines the continuous/semi-continuous mineralized zone potentially amenable to the low grade, bulk tonnage mining scenario currently being considered by PMI.
3. The Reserve grades and Reserve tonnes have been modified by a 95% mining recovery and a 5% allowance for mining dilution at 0.0g/t gold.
4. At 93% metallurgical recovery for Oxide and Transitional material and 94.5% metallurgical recovery for Fresh material was used in defining the optimal pit shell
5. The Mineral Reserves are based on the October 2011 Mineral resource reports for the Nkran, Adubiaso, Abore and Asuadai deposits
6. All tonnes reported are dry tonnes
7. The base case pit optimization utilized a US\$1,300/oz gold price
8. Mineral Reserves are reported in accordance with the NI 43-101 & JORC.

PMI will file a NI 43-101 compliant technical report on the Obotan Project outlining the Mineral Resources and Reserves Estimate and the result of a Pre-Feasibility Study. The report will be available on www.sedar.com within 45 days of the date of the press release (January 12, 2012).

Asanko Regional Exploration Project (Asankrangwa Belt)

Due to work priorities at Obotan Project and the Pre-feasibility Study, no major exploration field activities were undertaken in the December Quarter at the Asanko Regional Exploration Project, however preparation is underway for an exploration program to commence in early 2012 to commence testing 17 targets areas recommended for detailed follow-up exploration from a strategic review by SRK in 2005. This work has not previously been undertaken due to insufficient funds, however PMI is now well funded to aggressively ramp-up exploration efforts across the entire tenement package during 2012. Additionally, PMI is prioritizing the targeting of known oxide gold anomalies contained within PMI's Obotan and Asanko concessions that lie within 20km of the Nkran deposit.

Kubi Project - Exploration

As at the time of writing, further results are awaited from the second phase of a 10,000 metre in total auger drilling program. To date the program has proved to be successful in delineating a series of gold anomalies coincident with the NE trends of the structural corridor bounded by the Ashanti and Kubi shears. These anomalies will be followed up in 2012 by aircore/RAB and RC drilling, once all results of the auger drilling are received. Deeper historical drilling into the bedrock has only been carried out at isolated locations and much of the Ashanti and Kubi shear zones remain untested by drilling. Whilst the majority of work focused on the Obotan Project during the Quarter, the exploration team has been finalising drill targets at Kubi and reviewing the proposed exploration drilling program, pending receipt of final auger results. Surface mapping was also carried out on the Kubi and Dunkwa-Gyimgya concessions.

Results of Operations

The Company is currently engaged in mineral exploration and development, and does not have revenues from its operations. Costs related to the acquisition and exploration of mineral properties are capitalized by property, whilst regulatory and other expenditures incurred to maintain the administrative infrastructure required to operate in Canada, Australia and Barbados are expensed.

Revenues

The Company has not yet embarked on mining production activity and consequently does not have revenue from its operations. Operations are currently limited to mineral property acquisition, exploration and development.

Summary of Quarterly Results

The following table sets out selected consolidated quarterly information for the current quarter and historically for the preceding eight quarters ending December 31, 2011.

\$'000	IFRS						Canadian GAAP*	
	2012		2011				2010	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Net sales or revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Gain/(Loss) before other items	(1,271)	(1,952)	(1,116)	(1,582)	(1,818)	(814)	(1,268)	(348)
Other Items	457	115	444	(33)	12	(26)	(23)	(8)
Loss for the period	(814)	(1,837)	(672)	(1,615)	(1,806)	(840)	(1,291)	(356)
Basic and diluted Net Loss per share	(0.00)	(0.00)	(0.00)	(0.01)	(0.01)	(0.01)	(0.01)	(0.00)

*This financial data has been prepared in accordance with Canadian generally accepted accounting principles.

For the Three and Six months ended December 31, 2011

	Three months ended December 31		Six months ended December 31	
	2011	2010	2011	2010
Amortization	\$ 9,474	\$ 525	\$ 17,686	\$ 1,128
Foreign exchange	(330,356)	(330,043)	193,475	(158,058)
Management fees	55,718	66,000	155,640	143,275
Consulting fees	116,731	-	150,833	-
Directors' fees	40,853	12,138	87,476	42,307
Office & miscellaneous	307,560	38,376	577,384	29,434
Professional fees	300,378	51,257	497,268	299,556
Shareholder communications	20,272	139,677	95,330	295,540
Share-based payments	570,625	1,461,280	1,130,735	1,659,865
Transfer agent and regulatory fees	15,439	67,265	66,299	105,182
Travel and promotion	165,209	173,445	238,165	238,799
Write-off mineral properties	-	-	13,396	-
Interest and financing costs	-	1,782	-	2,854
Gain on disposal of equipment	2,817	-	2,817	-
Interest income	(454,519)	(13,641)	(569,587)	(13,641)
Loss for the period	\$ 814,566	\$ 1,668,061	\$ 2,651,282	\$ 2,646,241

The loss for the three months ended December 31, 2011 was \$814,566 as compared to a loss of \$1,668,061 for the three months ended December 31, 2010. The major reasons for the decrease in the loss were the unrealized foreign exchange gain on Australian dollar deposits and interest income earned on those same deposits.

Share-based payment expense is calculated at \$570,625 for the three months ended December 31, 2011 as compared to \$1,461,280 for the three months ended December 31, 2010. During the quarter, a gain of \$2,817 was calculated from the sale of Equipment. Favorable exchange loss movements were recorded arising from movements between Canadian dollars, US dollars, Australian dollars and Ghana cedis.

The loss for the six months ended December 31, 2011 was \$2,651,282 as compared to a loss of \$2,646,241 for the six months ended December 31, 2010. The major reason for the increase in the loss was the unrealized foreign exchange loss on Australian dollar deposits.

Share-based payment expense is calculated at \$1,130,735 for the six months ended December 31, 2011 as compared to \$1,659,865 for the six months ended December 31, 2010. During the quarter, a gain of \$2,817 was calculated from the sale of equipment. Favorable exchange loss movements were recorded arising from movements between Canadian dollars, US dollars, Australian dollars and Ghana cedis.

Treasury Summary**Capital Stock Summary**

	Number of shares	Amount	Contributed Surplus
Balance December 31, 2011	221,370,084	\$82,941,699	\$7,054,873

Warrants Summary

The following share purchase warrants were outstanding at December 31, 2011

Number of Warrants	Exercise Price
26,105,000	\$0.10 to \$0.60

Options Summary

The following options were outstanding at December 31, 2011

Number of Options Outstanding	Exercise Price	Maximum Future Proceeds	Number of Options Vested
13,492,500	\$0.20 to \$1.75	\$11,232,800	7,757,500

Liquidity and Capital Resources

As at December 31, 2011, the Company had cash resources of \$20,227,419 compared to \$28,659,345 at June 30, 2011.

As a mineral exploration and development company with no current production or revenue from mining operations, the Company's cash flows consist of cash outflows for administrative expenses, salaries, property acquisition and evaluation, exploration, development, and expenditures for depreciable equipment. Financing activities, such as share issuances and shareholder loans, result in cash inflows to the Company. Since its inception, the Company has relied on capital markets (and in particular, equity markets) to fund its exploration and development activities as well as its investments in machinery and equipment. The longer term continuation of the Company as a going concern necessitates the creation of a revenue stream from its mineral assets.

The Company currently has operating lease agreements for office premises in Canada, Ghana and Australia. The total commitment over the next five fiscal years relating to these leases totals approximately \$795,000 as follows:

2012	\$	102,702
2013		184,792
2014		164,622
2015		169,041
2016		173,732

The Company also has an operating lease agreement for a mobile laboratory stationed in Ghana. The total commitment remaining relating to this lease is \$279,770 (US\$274,500). The lease was entered into on October 27, 2011 and is for a period of twelve months, therefore the commitment will be completed by November 2012.

The Company has current exploration commitments to the Minerals Commission of Ghana totaling approximately \$4,200,000.

The Company also has agreed to pay US\$4,500,000 to the Anglican Church by September 2012 relating to a land access agreement the Company entered into during the current period.

Related Party Transactions

During the six months ended December 31, 2011, the Company:

- Paid or accrued \$155,640 (2010 - \$Nil) for management fees to the president of the Company;
- Paid or accrued \$150,981 (2010 - \$Nil) for professional fees to the CFO of the Company;
- Paid or accrued \$87,476 (2010 - \$66,307) for directors' fees to directors of the Company and \$3,000 (2010 - \$Nil) to a former director of the Company;
- Paid or accrued \$77,603 (2010 - \$60,000) for professional fees included in exploration and evaluation assets to a firm controlled by a director of the Company's Ghanaian subsidiary; and
- Paid or accrued \$22,029 (2010 - \$Nil) for property option and sustaining payments included in deferred exploration costs to firms controlled by two directors of the Company's Ghanaian subsidiary.

Included in accounts payable and accrued liabilities at December 31, 2011 is \$296,150 (2010 - \$3,784) owing to related parties, all in respect of to the above transactions.

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

Off-Balance Sheet Arrangements

The Company has not entered into any off-balance sheet arrangements.

Critical Accounting Estimates

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the condensed interim financial statements within the next financial year are discussed below:

Exploration and evaluation expenditure:

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

Title to mineral property interests:

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mining properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge; title to all of its properties is in good standing.

Income taxes:

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

Share-based payment transactions:

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in the financial statements at Note 10.

Accounting Policies including Subsidiaries and Initial Adoption

The accounting policies and methods of application are disclosed in the notes to the Company's unaudited consolidated financial statements for the period ended December 31, 2011. Certain policies may differ from those previously reported under pre-changeover Canadian GAAP as a result of the transition to IFRS. The accounting policies used are those intended to be used in the current year annual financial statements. The impact of conversion to IFRS is disclosed in note 13 of the condensed consolidated interim financial statements.

Financial Instruments**Fair Value**

The Company's financial instruments include cash, receivables, accounts payable and accrued liabilities. The carrying value of these financial instruments approximates fair value due to their short-term to maturity and the normal market conditions they entail.

Financial Risk

Financial risk is risk arising from changes in interest rates and foreign currency exchange rates. The Company does not use any derivative instruments to reduce its exposure to fluctuations in interest rates and foreign currency exchange rates. The Company is exposed to financial risk arising from fluctuations in foreign exchange rates and the degree of volatility of these rates. Total net assets denominated in foreign currencies at December 31, 2011 had a Canadian dollar equivalent of \$16,109,125 and a 10% movement in the Canadian dollar would result in increase/decrease to net income of \$1,610,913. Management manages its capital by maintaining the bulk of its cash in Canada and Australia.

Credit Risk

Credit risk is the unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Financial instruments which potentially subject the Company to concentrations of credit risk consist primarily of accounts receivable, which are generally negligible, and it is management's opinion that the Company is not exposed to any significant credit risk from financial instruments.

Liquidity Risk

The existing financial resources are not sufficient to bring any of the Company's properties into commercial production. The Company will need to obtain additional financing from external sources in order to fund the development of the Kubi or Obotan properties. There is no assurance that the Company will be able to obtain financing on favorable terms, which could result in a delay or postponement of further exploration and development plans.

Failure to meet its obligations and commitments would require the Company to restate its assets and liabilities on a liquidation basis, which amounts would differ materially from the going concern basis.

Risks and Uncertainties**Investment Risk**

It is not expected that the Company's mineral properties will create positive cash flow for the Company in the near future, as this is dependent upon bringing a mine to production.

Issuer Risk

The Company does not have an established record of earnings and financial performance against which its operations can be easily evaluated.

The Company intends to retain future earnings to finance growth and expand operations and does not anticipate paying any dividends until it has sustainable, profitable production.

Operating Risk

Exploration and development involves significant capital investment. While a recommended work program has been identified for the Company's Ghanaian concessions, there is no assurance that financing will be adequate to complete the recommended work program. Additional financing may be required and there is no assurance that the Company will be able to raise the additional funds required.

Title to mining properties involves certain inherent risks. The Company has investigated title to all of its mineral properties and, to the best of its knowledge title to all of its properties is in good standing. The properties in which the Company has committed to earn an interest are located in Ghana, West Africa and the Company is therefore relying on title opinion by legal counsel who is basing such opinions on the laws of Ghana.

The success of the Company will depend on management and key personnel, particularly those individuals with mineral exploration and development expertise. Loss of such management or personnel could adversely affect the success of the business operations and prospects of the Company. The Company currently does not have key man insurance in place.

Certain directors of the Company or its subsidiaries are associated with other natural resource companies which could give rise to conflicts of interest. In addition, some of the directors and officers of the Company have either full time employment or other business or time restrictions placed on them and accordingly, these directors and officers will not devote their whole time to the affairs of the Company.

Foreign Operations and Political risk

The Company is operating in a country that currently has varied political and economic environments. As such, the Company is subject to certain risks, including currency fluctuations and possible political or economic instability which may result in the impairment or loss of mineral concessions or other mineral rights, opposition from environment or other non-governmental organizations, and mineral exploration and mining activities may be affected in varying degrees by political stability and government regulations relating to the mining industry. Any changes in regulations or shifts in political attitudes are beyond the control of the Company and may adversely affect its business. Exploration and development may be affected in varying degrees by government regulations with respect to restrictions on future exploitation and productions, price controls, export controls, foreign exchange controls, income taxes, expropriation of property, environmental legislation and mine and/or site safety.

Commodity Price Risk

Longer term plans as a gold producer are dependent upon sustained gold commodity prices at a level which permits profitable exploitation of the Company's resources. A substantial decline in the price of gold on world markets could conceivably result in a re-evaluation of project viability.

Industry Risk

Mineral exploration involves significant risk and the mining industry is highly speculative. Areas of uncertainty include the size and nature of the mineral resource, environmental issues associated with exploitation and the activity of competitors. Shareholders of the Company should therefore be willing to risk their entire investment.

Environmental Risks

Inherent in mining and exploration operations is a real environmental risk. The legal framework governing this area is constantly developing. Accordingly, 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 of the Company are not in a position to state whether a review in respect of any of the Company's projects is imminent or whether the outcome of such a review would be detrimental to the funding needs of the Company.

Risks Associated with Acquiring "Social License"

Advancing a mineral deposit to commercial production involves the acceptance of local communities many of whom own the surface rights overlying the deposit or mineral rights which the Company controls and upon which the Company is performing feasibility studies. "Social license" is a broad term used to describe community acceptance of the proposed development project, a condition that is commonly required for the issuance of final permits and project financing. The Company dedicates considerable efforts towards community relations, providing information, labour opportunities, and open forums for discussion. While the Company believes that it currently has strong community support for its Obotan and Kubi Projects, there is no certainty that the permitting process and field work required for engineering studies will not be delayed or suspended due to a change in attitude by the communities, their authorities, or outside influence.

Penalties, Sanctions and Bankruptcy

No penalties, sanctions, declarations of bankruptcy, voluntary assignments in bankruptcy, proposals under any bankruptcy or insolvency legislation, proceedings, arrangements or compromises with creditors or appointment of a receivers, receiver managers, or trustees to hold assets in effect in the last 10 years was levied against any director, senior officer or control person of the Issuer or any issuer of which any of the above persons was a director, senior officer or control person at the time.

Investor Relations

Investor relations are largely managed "in-house" through telephone and email contact with investors in addition to providing web site information and regular news releases. In addition selected marketing campaigns have been undertaken in Australia, Europe, Asia and Canada to increase the Company's exposure to new investors.

Segmented Information

The Company primarily operates in one reportable operating segment, being the acquisition, exploration and development of mineral properties in Ghana. The Company's total assets, arranged geographically, are as follows:

	December 31, 2011	June 30, 2011	July 1, 2011
Assets			
Canada	\$ 3,213,160	\$ 2,395,363	\$ 2,591,776
Ghana	50,568,044	31,909,610	21,692,640
Australia	16,930,687	26,965,956	-
	\$ 70,711,891	\$ 61,270,929	\$ 24,284,416

Disclosure Controls**Internal Controls Over Financial Reporting**

Internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of financial statements in compliance with Canadian general accepted accounting principles ("GAAP"). Any system of internal control over financial reporting ("ICFR"), no matter how well-designed, has inherent limitations. Therefore, even well-designed systems of internal control can provide only reasonable assurance with respect to financial statement preparation and presentation.

In accordance with the requirements of National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*, the Company's management, including the Chief Executive Officer and Chief Financial Officer, acknowledges responsibility for the design and operation of disclosure controls and procedures ("DC&P") and ICFR, and the requirement to evaluate the effectiveness of these controls on an annual basis.

There have been no changes in the Company's ICFR for the six months ended December 31, 2011 that have materially affected, or are reasonably likely to materially affect, ICFR.

Subsequent Events

Subsequent to December 31, 2011, the Company issued 2,995,000 shares for proceeds of \$587,000 from the exercise of 2,995,000 warrants.

Other MD&A Requirements

As at February 14, 2012, the Company has 224,365,084 common shares outstanding, 23,110,000 warrants and 13,492,500 stock options outstanding. If the Company were to issue 23,110,000 common shares upon the conversion of all of its outstanding warrants and 7,757,500 common shares upon the conversion of all of its outstanding vested stock options, it would raise \$11,439,500.

Technical Disclosures**Obotan Mineral Resource and Reserve Estimate:**

Information that relates to Mineral Resources at the Obotan Gold Project is based on a resource estimate that has been carried out by Mr Peter Gleeson, and information that relates to Mineral Reserves at the Obotan Gold Project is based on a reserve estimate that has been carried out by Mr Duncan Pratt, both full time employees of SRK Consulting, Australia. Mr Gleeson is a Member of the Australian Institute of Geoscientists (MAIG) and Mr Pratt (CP Mining), is a Member of the Australasian Institute of Mining and Metallurgy (MAusIMM). Both have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activities undertaken to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore

Reserves (JORC), and as a Qualified Person in terms of NI43-101. The Mineral Resource and Mineral Reserve estimates have been prepared in accordance with the 2010 Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Definition Standards for Mineral Resources and Mineral Reserve as incorporated by reference in National Instrument 43-101 of the Canadian Securities Administrators, and is consistent with the Australasian Guidelines and Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (Revised December 2007) as prepared by the Joint Ore Reserves Committee of the AusIMM, AIG and MCA (JORC). Both Mr Gleeson and Mr Pratt consent to and approve the inclusion of matters based on information in the form and context in which it appears.

Exploration:

The information that relates to Exploration Results is based on information compiled by Collin Ellison, who is employed by PMI Gold Corporation. Mr. Ellison 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 Exploration Results, Mineral Resources and Ore Reserves'. Mr. Ellison consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Scientific and technical information contained in this report has been reviewed and approved by Collin Ellison, C.Eng. a "qualified person" as defined under National Instrument 43-101. Field work was supervised by Thomas Amoah (VP-Exploration). HQ and NQ core was logged, sawn and sampled on site, with half samples sent to SGS Laboratory in Tarkwa, and analyzed for gold by fire assay-AA on a 50 gram sample charge or by screened metallics AA finish. Internal QC consisted of inserting both blanks and standards into the sample stream and multiple re-assays of selected anomalous samples. Where multiple assays were received for an interval, the final value reported was the screened metallic assay if available, or in lieu of that the average of the other results for the interval. Results from the QC program suggest that the reported results are accurate. Intercepts were calculated with a minimum 1.0 g/t Au cut off at the beginning and the end of the intercept and allowing for no more than ten consecutive metres of less than 0.5 g/t Au internal dilution. Intercepts above 5.0 g/t Au metres are reported separately. Grade x Width intercepts of less than 5.0 g/t Au metres were not reported. True widths are estimated at from 60% to 70% of the stated core length.

Forward-Looking Statements

This release includes forward-looking statements or information. Forward-looking statements or information involve risks, uncertainties and other factors that could cause actual results, performances, prospects and opportunities to differ materially from those expressed or implied by such forward-looking statement. All statements other than statements of historical fact included in this release, including, without limitation, statements regarding future gold production of 2.10Moz over an initial 10.2 year mine life; average annual gold production of 205,600oz pa; forecast life of mine cash cost of US\$690/oz; initial capital cost of US\$183.5M; completion of a further JORC/NI 43-101 resource update in February 2012; forecast operating parameters including ore mined, mill feed and recoveries; determination of a development decision for the Obotan Project in the September 2012 Quarter; full production in 2014; and financial outcomes of the PFS, including NPV, are forward-looking statements of information. Statements relating to the potential mineralization and geological merits of the Obotan, Kubi and Asanko projects and the plans, objectives or expectations of the Company with respect to the advancement of these projects and completion of scoping and pre-feasibility studies, are forward-looking statements that involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements or information. Important factors that could cause actual results to differ materially from the Company's plans or expectations include the actual results of current exploration activities; changes in gold prices; changes in exchange rates; possibility of equipment breakdowns, delays and availability; changes in mine plans; exploration cost overruns; unexpected increases in costs of equipment, steel, cement and consumables such as diesel and fuel oil; unexpected environmental liabilities or social charges; the unknown impact of the 10% windfall profit tax announced by the Government of Ghana; title defects; the failure of contract parties to perform the unavailability of capital and financing; adverse general economic, market or business conditions; regulatory changes; failure to receive necessary

government or regulatory approvals; and other risks and factors detailed herein and from time to time in the filings made by the Company with securities regulators and stock exchanges, including in the section entitled "Risk Factors" in the Company's Annual Information Form dated September 20, 2011.

Any forward-looking statement or information only speaks as of the date on which it was made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or otherwise. Although the Company believes that the assumptions inherent in the forward-looking statements are reasonable, forward-looking statements are not guarantees of future performance and accordingly undue reliance should not be put on such.



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February 14, 2012

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CAPITALIZATION

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