Introduction

The following discussion and analysis of financial position and results of operations ("MD&A") is prepared as at September 21, 2012 and should be read in conjunction with the June 30, 2012 audited consolidated financial statements and related notes for the years ended June 30, 2012 and 2011 of PMI Gold Corporation ("PMI" or the "Company"). 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 in January 2012. A feasibility study is in progress and on target for completion in Q3, 2012, upon which a development decision to advance the Project will be made. 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.

Structure and Business Description

PMI Gold Corporation is incorporated under the laws of British Columbia. The Company has two wholly owned subsidiaries, Adansi Gold Company (Gh) Limited ("Adansi) incorporated under the laws of Ghana, West Africa, and Nevsun Resources (Ghana) Ltd ("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 CHESS Depository 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 also 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 $32.4 million in development and exploration during the year ended June 30, 2012, an increase of $22.1 million over the prior year spend of $10.3 million. The Exploration section below sets out in greater detail the development and exploration achievements on the various properties. The loss for the year ended June 30, 2012 was $6,780,329 compared to a loss of $4,933,516 for the year ended June 30, 2011.

Capital Stock and Financing

During the year ended June 30, 2012, the Company entered into an agreement with a syndicate of underwriters co-led by Clarus Securities Inc. and RBC Capital Markets and including GMP Securities L.P. and Raymond James Ltd. (the "Underwriters") under which the Underwriters agreed to buy 28,000,000 Common Shares from the Company on a bought-deal underwritten basis and sell them to the public at a price of $1.25 per Common Share to raise gross proceeds of $35,000,000. Proceeds from the offer have been used to fund the feasibility study and development of the Obotan Gold Project and for general corporate purposes. In conjunction with the private placement, the Company incurred $2,183,399 in share issuance costs.

The table below describes how the proceeds have been used to date, against how the proceeds were expected to be used as disclosed in the final prospectus dated March 9, 2012.

	As per prospectus	Incurred to date
Obotan Gold Project	$29,750,000	$5,135,001
Exploration	2,500,000	-
General & administrative expenses	1,000,000	448,589
Total	$33,250,000	$6,345,431

The Company intends to incur the outstanding expenditures as indicated in the prospectus. These expenditures will be incurred over the course of the next 12 months.

A further breakdown of the expenditures currently incurred on the Obotan Gold Project is as follows:

	As per prospectus	Incurred to date
Feasibility Study Costs	$7,060,000	$4,623,076
Land Access Agreement	4,500,000	511,925
Equipment Purchases	4,460,000	-
Development Costs	13,730,000	-
Total	$29,750,000	$5,135,001

Proceeds of $9,269,050 were received from the exercise of warrants and options during the year. Issued shares increased from 197,934,584 at July 1, 2011, to 262,170,084 at June 30, 2012. As at June 30, 2012, 14,055,000 share purchase warrants and 15,217,500 options were outstanding. Further details of transactions are provided in note 9 to the annual audited consolidated financial statements for the year ended June 30, 2012.

During the Quarter to June 30, 2012, 1,050,000 options were issued to employees and to directors of the Company as per the terms and conditions of the Company's Stock Option Plan.

Corporate Developments

There were no significant corporate developments during the year ended June 30, 2012.

The Company strengthened its project and management team during the reporting year with the appointment of the following key positions:

Mr Michael Gloyne, Chief Operating Officer
Mr Charles Amoah, General Manager-Obotan Operations
Mr John Gyedu, Exploration Manager
Mr Eric Darko, Community Relations and Environment Manager
Mr Thomas Amoah, Vice President Exploration-West Africa (promotion from Exploration Manager).

On a corporate level, PMI Gold appointed new joint Corporate Secretaries in Canada and Australia to effectively address corporate regulatory obligations in both jurisdictions, and Ms. Rebecca Greco was appointed to manage investor relations and shareholder communications for the Company.

In addition to the above key appointments, the PMI Board was also further enhanced with the appointment of experienced mining finance executive Dr. Michael Price as a new London-based Non-Executive Director on June 13, 2012.

The registered and records office of the Company changed during the year to 408 – 837 West Hastings Street, Vancouver BC V6C 3N6, Canada, and the Australian registered office changed during the year to Level 3, 680 Murray Street, West Perth WA 6005.

Project Development

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

Background

PMI Gold Corporation acquired the Obotan Project prospecting licenses in late 2006 and commenced a program of resource definition drilling in 2007 that was designed to confirm the resources established by previous owner, Resolute Mining Limited, and to evaluate the potential for development of new resources.

Resolute Mining Limited had commenced mining at Nkran in 1997 and ceased operations in 2002 due to depressed gold prices. During this period the Nkran open pit was mined to an average depth of 150 vertical metres. Prior to the cessation of operations Resolute had delineated extensions of the Nkran resource down to approximately 450 vertical metres.

In mid-2010 PMI commenced a new infill drilling program that was focused on establishing the internal continuity and extent of the gold mineralization of the Obotan deposits (Nkran, Adubiaso, Abore and Asuadai) and hence upgrading the resource inventory. The drilling was also designed to delineate resource extensions along strike and down-dip of the previous Resolute pits at Nkran, Adubiaso and Abore for the purpose of expanding the resource inventory. The Asuadai deposit had not previously been mined therefore its drill program has been designed to expand and delineate the resource potential.

2011/ 2012 Project Review

<u>Resource Definition Drilling</u>

The Company continued its resource extension and infill drilling program at Obotan, with an emphasis on the Nkran Deposit, as part of an ongoing circa 40,000m drilling campaign designed to upgrade and further expand the gold resource inventory at Obotan.

Results indicated multiple zones of mineralization intersected from two parallel shears (the Western and Eastern Lodes) and the broad central stockwork zone within the Nkran Deposit, confirming the internal integrity of the deposit and indicating the occurrence of higher grade zones within a broad, continuous, lower grade envelope, as well as the potential for both depth and strike extensions to the south.

Updated Resource Estimate – October 2011

In June 2011, PMI retained SRK Consulting of Perth, Western Australia to complete an independent estimation of the Obotan mineral resources on the four gold deposits (Nkran, Adubiaso, Abore and Asuadai), to be included as part of a JORC/NI43-101 compliant pre-feasibility study.

The updated resources estimate reported in October 2011 represented a significant 270% increase from the previous estimate by Hellman & Schofield in 2010.

OBOTAN GOLD PROJECT INTERIM MINERAL RESOURCES ESTIMATE – OCTOBER 2011

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 interim estimate included the Hellman & Schofield dataset, plus drilling by PMI (70 diamond holes for 26,505m) up to June 2010, but also incorporated a further 85 holes for 26,605m of diamond drilling undertaken by PMI from June 2010 to mid-August 2011.

Perth-based Optiro Pty Ltd was also contracted by PMI to complete an independent review of SRK's resource estimate as part of the Company's technical quality assessment and control, with Optiro confirming that SRK's resource estimate results were consistent and acceptable for the style of the deposit.

Further detailed information on the resource estimate is reported in the NI 43-101 technical report titled "Technical Report - Obotan Gold Project Mineral Resource Estimation by SRK Consulting (Australia)" prepared by Peter Gleeson of SRK Consulting, effective date October 13, 2011 and lodged with SEDAR on November 28, 2011 (www.sedar.com).

This interim resource was of an order of confidence to form the basis for a pre-feasibility study.

Pre-Feasibility Study

PMI released its results of the NI43-101 compliant Pre-Feasibility Study for Obotan Gold Project on January 12, 2012. The pre-feasibility study 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 pre-feasibility study 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 Piesold Consulting, and the baseline environmental and sociological evaluation completed by Bizgeo Company (Ghana).

The study showed life-of-mine production at 2.10 million recovered ounces of gold over a period of 11.2 years (inclusive of 1 year pre-strip operations).

Annual gold production was 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 was 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 was 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 was at 42% and the post-tax IRR at 31% with a capital payback of 2.9 years from commencement of first gold production.

Maiden Reserve Estimate (January 2012)

Based on the positive outcome of the pre-feasibility study, a portion of the Mineral Resource was upgraded to Mineral Reserves. The reported NI43/101/JORC compliant maiden Reserve estimate is shown in the following table:

OBOTAN GOLD PROJECT MAIDEN MINERAL RESERVE ESTIMATE – JANUARY 2012

NI43-101/JORC Code Compliant: Pre-Feasibility Study Obotan Ore Reserve			
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 filed 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 on SEDAR on February 15, 2012 (www.sedar.com).

Further Resource Estimate Update – March 2012

A further update to the interim resource estimate (completed by SRK Consulting of Perth) was reported on the four gold deposits (Nkran, Adubiaso, Abore and Asuadai) The revised resource estimate incorporated a further 110 holes for 28,835m of predominantly infill and some extensional diamond drilling, resulting in improved geological understanding of the deposits and further confirmation of internal grade continuity within the deposits, particularly at the Nkran Deposit which forms the larger part of the total resource base, and is the backbone of the Project. Nkran resources are 2.35 million ounces being 75% of the combined measured and indicated ounces and 32.15 million tonnes for 72% of the ore tonnes, with a high average resource grade of 2.28g/t.

OBOTAN GOLD PROJECT MINERAL RESOURCES ESTIMATE – MARCH 2012

SRK March 2012 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)*	*Oz (millions)*	*Tonnes (millions)*	*Grade (g/t Au)*	*Oz (millions)*	*Tonnes (millions)*	*Grade (g/t Au)*	*Oz (millions)*
Nkran	11.74	2.55	0.96	20.41	2.12	1.39	32.15	2.28	2.35
Adubiaso	1.50	2.98	0.14	2.67	2.41	0.21	4.17	2.59	0.35
Abore	2.33	1.78	0.13	3.70	1.53	0.18	6.03	1.60	0.31
Asuadai	N/A	N/A	N/A	2.44	1.28	0.10	2.44	1.28	0.10
TOTAL	**15.57**	**2.47**	**1.23**	**29.21**	**2.00**	**1.88**	**44.79**	**2.16**	**3.11**

DEPOSIT	**INFERRED**		
	Tonnes (millions)	*Grade (g/t Au)*	*Ozs (millions)*
Nkran	14.74	2.21	1.05
Adubiaso	1.25	1.91	0.08
Abore	3.92	1.50	0.19
Asuadai	2.00	1.33	0.08
TOTAL	**21.91**	**1.99**	**1.40**

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

Further detailed information on this resource estimate is reported in the NI 43-101 technical report titled "Technical Report - Obotan Gold Project Mineral Resource Estimation Update March 2012 by SRK Consulting (Australia)" prepared by Peter Gleeson of SRK Consulting, effective date March 15, 2012, and lodged with SEDAR on May 25, 2012 (www.sedar.com).

This estimate update will be included in the JORC/NI43-101 feasibility study due for completion in Q3 2012.

Feasibility Study

Work commenced in Q1 2012 on the feasibility study with completion targeted in Q3 2012. Based on results, a decision to advance the project into development is expected from the Board of Directors in Q4 2012, with project finance arrangements to follow and a subsequent Financial Investment Decision (FID).

GR Engineering Services were appointed to continue their project management role, responsible for the overall study delivery and management of sub-consultancy groups including SRK, Orelogy, Knight Piesold and AERC. Based on the pre-feasibility study findings, the feasibility scope of work was to deliver a report detailing a 3.0Mtpa process operation with a mine life of +10 years, and capital and operating costs refined to an accuracy level of +/- 15%.

In conjunction with the technical feasibility study work, the Company held discussions with the local community regarding the move from exploration to project development, commenced preparation of the necessary permits and project approvals required for development activities, including an Environmental Impact Study (EIS) due to be presented to the Environment Protection Authority with approval expected in Q4 2012, and reviewed various options for financing of the Obotan Gold Project.

Optimum Capital Pty Ltd was engaged to assist PMI identify and secure appropriate finance. Optimum Capital is a well-known and independent advisory house based in Australia that focuses on the mid-tier mining sector, who provides commercial, financial and technical skills and experience aimed at assisting clients to optimize their funding outcomes. The full range of available financing alternatives is being explored in order to ensure the best result for Shareholders. To date PMI Gold has received expressions of interest to provide project finance for the Obotan Gold Project from 12 international banks. Optimum Capital has reduced these to a short list of potential funders to provide project finance. Each of the shortlisted banks has a strong global reputation and demonstrated experience in financing mining projects in Ghana.

Subsequent to year end, the Company announced results from its NI43-101 feasibility study on the Obotan Gold Project on August 28, 2012. The feasibility study indicates a financially and technically robust mining operation based on a gold price of US$1,300/ounce with the following key outcomes:

- Pre-Tax NPV of US$614M and Post-tax NPV of US$387M, assuming a US$1,300/oz gold price, 5% discount rate and contract mining scenario (consistent with January 2012 Pre-feasibility Study)
    - *Pre-tax IRR of 35% and post-tax IRR of 28%*
    - *Capital payback period of 2.9 years*
- At current prices of $1,600/ounce,
    - *Pre-tax NPV rises to US$1.07B and post-tax NPV to US$686M*
    - *Pre-tax IRR of 54% and post-tax IRR of 43%*
    - *Capital payback period of 2.0 years*
- Average production of 221,500 oz Au pa over the first five years
- Total production of 2.26 million recovered oz Au over the 11.5 year mine life
- Life-of-mine Project Revenue of US$2.9 billion
- Estimated average life-of-mine cash operating costs of US$626/oz
- Increased Proven and Probable Ore Reserves of 34.2Mt at 2.21g/t for 2.43Moz of gold across four deposits. This is a rise of 170,000 oz from the January 2012 Pre-feasibility Study.
- Capital cost estimate of US$296.6M including a pre-strip mining cost of US$82.2M

Further details of the Feasibility Study are outlined below:

Key Project Parameters:

ITEM	DESCRIPTION / ESTIMATE
Mining method	Open Pit Mining
Processing rate	3Mtpa primary ore, 3.8Mtpa oxide ore
Metallurgical recovery	92.8% average
Total recovered gold	2.26 million oz
Mine Production Life	11.5 years
Cash operating costs	$626/ oz
Pre-Production Capital Cost	$296.6M
Pre-tax operating cashflow ($1,300/oz Au)	$953M
Life of Mine sustaining mine capital	$56.2M
Construction commencement*	1st Quarter 2013
First production*	End of 1st Quarter 2014

*Subject to Financial Investment Decision (FID) timing

Capital Cost Breakdown:

COST AREA	US$ MILLION
Process Plant Direct	$ 83.6
Infrastructure	$ 49.2
Indirect	$ 26.1
Spares and First Fills	$ 8.9
Owners Costs	$ 26.2
Pre-Strip	$ 82.2
Mining Establishment	$ 20.3
Initial Capital	**$ 296.6**
Deferred & Sustaining Life of Mine Capital	$ 35.6
Ongoing Mining Capital	$ 20.6

Operating Cost Breakdown:

COSTS	TOTAL COST US$ MILLION	US$/T MILLED	US$/OZ AU RECOVERED
Mining	$ 850.4	$ 24.84	$ 376.5
Processing	$ 473.1	$ 13.82	$ 209.4
General & Administration	$ 90.6	$ 2.65	$ 40.1
Sub Total Cash Costs	**$ 1414.0**	**$ 41.31**	**$ 626.0**
Bullion and Refining	$ 12.1	$ 0.35	$ 5.3
Royalties	$ 205.6	$ 6.01	$ 91.0
Total Operating Cost	**$ 1631.7**	**$ 47.67**	**$ 722.3**

Financial Evaluation:

	@ U$1300 / OUNCE	@ U$1600 / OUNCE
Project revenue	$ 2.9 B	$ 3.61 B
Project pre-tax cash flow	$ 953 M	$ 1.58 B
Project pre-tax NPV (5% discount rate)	$ 614 M	$ 1.07 B
Project pre-tax NPV (8% discount rate)	$ 472 M	$ 856 M
Project pre-tax IRR	35%	54%

Project Implementation:

Subject to the Board of Directors' Financial Investment Decision (FID), key project milestones comprise:

KEY PROJECT IMPLEMENTATION MILESTONES - TARGETED DATES						
	CY2012		**CY2013**		**CY2014**	
	1H	**2H**	**1H**	**2H**	**1H**	**2H**
Completion of Feasibility Study		☑				
Project Finance		☑				
Commencement of Construction			☑			
Mining Pre-strip			☑			
First Production					☑	

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 the Feasibility Study, which will be available on www.sedar.com within 45 days of the date of the press release.

Further Reserve Estimate Update – August 2012

Following completion of mine optimization and planning, an updated Ore Reserve statement has been completed by Orelogy Mining Consultants, as outlined below:

OBOTAN GOLD PROJECT MINERAL RESERVE ESTIMATE – AUGUST 2012

NI43-101/JORC Code Compliant: Feasibility Study Obotan Ore Reserve			
RESERVE CLASSIFICATION	**TONNES (MT)**	**GRADE (G/T AU)**	**CONTAINED GOLD (MOZ)**
Proven	14.8	2.39	1.14
Probable	19.4	2.08	1.30
Total	**34.2**	**2.21**	**2.43**

1. *The Orelogy Mineral Reserve was estimated by construction of a block model within constraining wireframes based on Measured and Indicated resources.*
2. *The Reserve is reported at lower a cut-off grade of 0.5g/t Au, which defines the continuous/semi-continuous mineralized zone potentially amenable to the low grade, bulk tonnage mining scenario currently being considered by PMI.*
3. *The grades and Reserve tonnes have been modified by an average ore loss and mining dilution of 4.8% with a mining dilution grade of 0.0g/t gold*
4. *An average metallurgical recovery of 92.8% was used in defining the optimal pit shell*
5. *The Mineral Reserves are based on the March 2012 Mineral resource reports for the Nkran, Adubiaso, Abore and Asuadai deposits*
6. *All tonnes reported are dry tonnes*
7. *The base case pit optimization utilized a US$1,300/oz gold price*
8. *Mineral Reserves are reported in accordance with the NI 43-101 & JORC.*

The increase in Proven and Probable reserves represents a 13% increase in tonnage and 8% increase in contained gold compared with the maiden Proven and Probable Ore Reserve in the January 2012 Pre-feasibility Study. A 4.7% reduction in grade has been offset by the conversion of additional Inferred Resources to Indicated Resources then into reserves as a result of successful in-fill drilling programs. There are additional Inferred Resources within the open pit which have not been included in the Ore Reserve but which may be converted in future.

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 Abore-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.

Tenement Acquisition

Subsequent to year end, the Company announced an agreement with Midras Mining Company Ltd to acquire the Datano Mining Lease which is contiguous with the southern boundary of PMI's Obotan Gold Project, infilling a major gap in PMI's tenement coverage of the gold mineralized structures. The parties agreed to a purchase price of US$6 million for PMI to acquire 100% of the project area, contingent upon obtaining the approval of the sale and transfer of the Mining Lease to Adansi by the Ghana Minerals Commission and Minister of Lands, Forestry and Mines.

The concession covers an area of 50km^2 and sits strategically south of the Nkran deposit providing PMI access to additional southern extensions of the mineralized Nkran and Fromenda structures and the opportunity to develop additional oxide resource targets close to the Obotan Project. The lease area also provides greater flexibility in the design of infrastructure within the Obotan Project Feasibility Study design. At time of writing, PMI had received Ministerial approval for the sale and transfer of the mining lease to proceed.

Exploration

Exploration continued on the Company's concessions, with $32.4 million being invested during the year ended June 30, 2012.

Regional Program

With the completion of the Obotan resource definition and infill drilling in early 2012, the exploration focus shifted from Obotan to PMI Gold's extensive tenement portfolio within the Asankrangwa and Ashanti Gold Belts to delineate new resources to further consolidate the future growth of the Company. The key objectives of the regional exploration program are threefold:

- To identify additional oxide resources within trucking distance of Obotan;
- To discover new standalone gold deposits within the adjoining (to Obotan) Asanko concessions, within the Asankrangwa Gold Belt; and
- To drill test multiple gold targets delineated by airborne magnetic and near-surface geochemical sampling undertaken last year at Kubi.

To accelerate the regional exploration strategy, the Company implemented a number of measures during the year including contracting of additional rigs; the installation of a sample preparation facility on site to address assay turnaround times; and the recruitment of dedicated regional exploration teams.

An extensive exploration push aimed at completing +100,000 metres of Aircore, RC and Diamond drilling within the first half of 2012 was undertaken at all projects. Approximately 80% of the exploration program was completed by June 30, 2012, with the remainder to be drilled during Q3 2012. Circa 24,000 assays were outstanding as at June 30, 2012.

a) Obotan Project Area of Influence (Asankrangwa Gold Belt)

Target areas within 15km of the Nkran Deposit, termed the Obotan Area of Influence, was the main focus of the regional exploration with first drilling campaigns by PMI commenced on the Kaniago (Adansi) Prospect (7km west), the Fromenda Prospect (15km south-west) and the Afiefiso Prospect (12km south-west), all located within an economic haulage distance of a proposed processing facility at Nkran Deposit. Drilling was also undertaken at Diaso Prospect during the reporting period for which assays are still outstanding.

Target areas within the Area of Influence are located along three regional shear zones (Abore, Nkran and Fromenda Shears) that host the Obotan deposits.

<u>Kaniago (Adansi) Prospect</u>

The Kaniago (Adansi) Prospect represents one of a series of exploration targets along the Abore Shear generated by geological mapping and a low-level detailed airborne magnetic survey previously undertaken by PMI. A total of 133 Aircore holes were drilled for 7,349 metres. Drilling commenced in January 2012, with the assay results being received during the June Quarter. Encouraging intersections (>0.1g/t Au) are reported in Table 1.

Drilling targeted a brittle greywacke unit where the north-east trending Abore Shear zone intersects with cross-cutting east-northeast striking structures, which are interpreted to be the main structural control for gold mineralisation at Obotan (PMI) and Esaase (Keegan Resources Inc.).

A series of eight narrow, sub-parallel, north-east trending gold anomalies of greater than 0.1g/t Au have been delineated from the drilling. The strike lengths of individual anomalies range from 400m to 1,200m and all are open along strike and down dip, increasing the ongoing exploration potential of the area. The results clearly confirm the broader gold potential of the Abore, Nkran and Fromenda Shears to host significant gold mineralization and provide a focal point for planned target drilling due to commence in the latter half of 2012.

Table 1: Kaniago (Adansi) Prospect – Significant Gold Intercepts (>0.1g/t Au)

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

Hole ID	Easting (UTM)	Northing (UTM)	RL (UTM)	Dip	Azimuth	Depth From (m)	Depth To (m)	Interval (m)	Weighted Avg. Grade (g/t)
KAAC12-001	605632.7	702396.9	181.9	-50	135	22	26	4	1.25
KAAC12-003	605557.5	702463.9	190.3	-50	135	8	15	7	0.73
KAAC12-004	605523.1	702513.9	193.2	-50	135	23	26	3	0.26
KAAC12-005	605498.3	702554.4	186.1	-50	135	3	8	5	0.27
						37	39	2	0.28
KAAC12-006	605446.6	702593.0	181.9	-50	135	48	51	3	0.13
KAAC12-007	605410.9	702620.4	181.6	-50	135	5	19	14	0.61
KAAC12-008	605565.8	702301.5	176.4	-50	135	30	44	14	0.32
KAAC12-009	605519.1	702210.3	175.8	-50	135	21	30	9	1.24
KAAC12-012	605573.6	701916.1	178.0	-50	135	1	28	27	0.95
						37	43	6	0.85
KAAC12-015	605534.4	701831.5	187.3	-50	135	0	9	9	0.39
						30	32	2	0.53
KAAC12-016	605482.9	701832.6	189.2	-50	135	48	50	2	0.92
						55	71	16	0.51
KAAC12-024	605340.9	702052.3	189.9	-54	135	28	32	4	0.13
						47	51	4	0.42
KAAC12-026	605331.5	702135.6	201.5	-50	135	8	11	3	0.24
KAAC12-027	605288.2	702162.8	211.7	-50	135	15	19	4	1.02
						24	31	7	0.18
KAAC12-028	605206	702200.8	182.9	-50	135	10	18	8	0.16
						33	38	5	0.32
KAAC12-030	605162.6	702284.4	173.3	-50	135	44	48	4	0.13
KAAC12-035	605355.0	701667.6	185.8	-50	135	0	3	3	0.21
						6	13	7	0.37
						36	38	2	0.56
						52	58	6	1.22
KAAC12-036	605375.3	701608.0	183.8	-50	135	0	5	5	0.22
KAAC12-040	605812.0	702801.8	153.0	-50	135	19	24	5	0.1
KAAC12-042	605901.7	702717.9	150.6	-50	135	10	20	10	0.95
KAAC12-044	606013.5	702604.3	149.5	-50	135	1	3	2	0.13
KAAC12-046	606187.4	702612.8	169.1	-50	135	31	33	2	0.16
KAAC12-059	606135.1	702638.7	160.8	-50	135	21	31	10	0.24
KAAC12-069	605568.6	702400.1	183.1	-50	135	39	41	2	0.18
KAAC12-071	605531.0	702260.4	176.7	-50	135	36	38	2	0.34
KAAC12-075	606310.6	701854.8	162.7	-50	135	21	23	2	0.15
KAAC12-080	606145.6	702030.1	165.7	-50	135	11	15	4	0.82
KAAC12-088	605846.6	702282.2	173.0	-50	135	28	31	3	0.3
						34	44	10	0.79
						47	49	2	0.36
KAAC12-089	605810.4	702319.0	175.0	-50	135	0	5	5	0.16
						36	42	6	0.79
KAAC12-108	606864.5	701360.9	162.7	-50	135	12	14	2	0.13
KAAC12-114	607073.0	701144.2	147.3	-50	135	56	58	2	0.2
KAAC12-119	607251.3	700975.0	151.6	-50	135	4	5	1	26.71
KAAC12-126	607516.9	700750.4	172.1	-50	135	61	62	1	0.79
						73	74	1	1.35

Fromenda Prospect

The Fromenda Prospect is located on the north-east striking Fromenda Shear, which is interpreted from geophysical data to form the eastern margin of a regional north-east trending structural corridor. Based on historical exploration results the Fromenda Shear, and in particular the Fromenda Prospect, is considered by PMI to represent a high priority exploration target.

Drilling commenced at the prospect in February 2012, to evaluate the broader extent of the mineralised system at shallow depth, with some infilling of the historical drill pattern over a previously delineated 500m long gold in soil anomaly. A total of 68 RC drill holes have been completed for a total of 6,775m of drilling with all results received during and subsequent to the reporting period. Significant intercepts (>0.5g/t Au) listed in Table 2.

Drilling results have confirmed the internal continuity of known mineralization and extended it to depths in excess of 100m. It has also shown that the gold mineralization is open along strike to both the north and south, and is open down-dip offering the potential to be a more extensive system than presently drilled.

Table 2: Fromenda Prospect - Significant Gold Intercepts (>0.5 g/t Au)

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

Hole ID	Easting (UTM)	Northing (UTM)	RL (UTM)	Dip	Azimuth	Depth From (m)	Depth To (m)	Interval (m)	Weighted Avg. Grade (g/t)
NBRC12-001	602553.9	684827.1	215.4	-55	135	35	38	3	1.35
						67	90	23	1.17
Including						***81***	***85***	***4***	***3.39***
NBRC12-002	602542.1	684837.3	215.9	-50	135	0	21	21	2.28
Including						***3***	***5***	***2***	***13.65***
NBRC12-002	602542.1	684837.3	215.9	-50	135	45	54	9	4.56
						45	48	3	10.22
						92	98	6	0.7
						109	111	2	1.11
NBRC12-003	602290.3	684503.4	154.3	-50	135	50	51	1	2.06
						58	66	8	0.8
						76	81	5	1.03
NBRC12-004	602309.3	684477.3	155.8	-50	135	0	7	7	0.51
						31	53	22	1.22
Including						***45***	***46***	***1***	***12.5***
NBRC12-004	602309.3	684477.3	155.8	-50	135	78	80	2	0.75
NBRC12-005	602391.6	684399.4	162.7	-50	135	26	28	2	1.08
NBRC12-006	602356.8	684447.2	163.3	-50	135	NSR			
NBRC12-007	602146.5	684710.5	162.5	-50	135	NSR			
NBRC12-008	602176.1	684678.2	157.2	-50	135	21	23	2	1.23
NBRC12-009	602219.2	684648.1	152.4	-50	135	NSR			
NBRC12-010	602249.4	684611.6	152.7	-50	135	NSR			
NBRC12-011	602282.3	684582.9	155.7	-50	135	NSR			
NBRC12-012	602460.6	684398.1	165.4	-50	135	NSR			
NBRC12-013	602431.8	684430.3	167.7	-50	135	8	9	1	1.33
NBRC12-014	602400.1	684467.1	170.8	-50	135	4	6	2	0.55
NBRC12-015	602326.6	684543.1	170.7	-50	135	1	3	2	27.35
						24	40	16	1.08
						52	76	24	1.48
Including						***66***	***68***	***2***	***8.92***

Hole ID	Easting (UTM)	Northing (UTM)	RL (UTM)	Dip	Azimuth	Depth From (m)	Depth To (m)	Interval (m)	Weighted Avg. Grade (g/t)
NBRC12-015	602326.6	684543.1	170.7	-50	135	106	108	2	0.99
						120	123	3	2.81
						134	139	5	0.56
NBRC12-016	602213.4	684790.5	152.1	-50	135	2	3	1	0.90
						47	48	1	0.98
NBRC12-017	602251.6	684753.7	159.5	-50	131	78	80	2	0.56
NBRC12-018	602285.5	684723.0	164.3	-50	135	No Significant Result			
NBRC12-019	602321.2	684681.9	172.0	-50	135	5	6	1	1.04
						43	46	3	0.77
NBRC12-020	602367.8	684642.9	192.3	-50	135	No Significant Result			
NBRC12-021	602394.7	684608.3	198.7	-50	135	36	41	5	1.33
NBRC12-022	602421.7	684572.8	192.6	-50	135	23	24	1	3.68
						27	28	1	0.96
						43	46	3	1.61
						72	74	2	1.14
NBRC12-023	602458.3	684543.7	188.2	-50	135	58	62	4	1.86
NBRC12-024	602526.0	684473.1	171.6	-50	135	No Significant Result			
NBRC12-025	602493.9	684506.0	176.4	-50	135	48	49	1	1.30
NBRC12-026	602545.0	684619.7	206.7	-50	136	No Significant Result			
NBRC12-027	602578.8	684585.2	198.2	-50	135	No Significant Result			
NBRC12-028	602607.5	684553.0	191.1	-50	135	No Significant Result			
NBRC12-029	602476.2	684695.4	210.3	-50	135	No Significant Result			
NBRC12-030	602799.3	684914.7	150.9	-50	135	0	2	2	0.87
						21	23	2	3.94
NBRC12-031	602830.4	684878.7	151.5	-50	135	48	49	1	1.11
NBRC12-032	602865.8	684845.1	155.2	-50	135	No Significant Result			
NBRC12-033	602673.1	684851.9	190.5	-60	135	12	16	4	0.80
						53	57	4	0.61
NBRC12-034	602683.9	684891.4	194.7	-60	135	16	17	1	1.75
						24	27	3	2.21
						58	59	1	1.18
						72	73	1	1.97
						117	118	1	1.52
NBRC12-035	602610.1	684882.8	206.0	-60	135	16	17	1	1.29
						82	108	26	1.74
including						***86***	***87***	***1***	***11.78***
NBRC12-036	602640.1	684889.0	201.5	-60	135	116	119	3	2.07
NBRC12-037	602630.0	684864.9	202.3	-60	135	57	61	4	0.61
						73	75	2	3.19
NBRC12-038	602599.5	684852.7	207.6	-60	135	55	95	40	2.06
						128	131	3	0.93
NBRC12-039	602569.9	684870.7	210.3	-60	135	30	31	1	2.02
						88	96	8	0.73
						133	134	1	1.02
NBRC12-040	602367.6	684792.7	168.1	-50	135	76	81	5	1.60
NBRC12-041	602392.0	684763.3	174.3	-50	135	9	11	2	0.95
NBRC12-042	602424.0	684715.7	191.7	-50	135	No Significant Result			
NBRC12-043	602512.2	684886.4	197.3	-60	135	No Significant Result			

Hole ID	Easting (UTM)	Northing (UTM)	RL (UTM)	Dip	Azimuth	Depth From (m)	Depth To (m)	Interval (m)	Weighted Avg. Grade (g/t)
NBRC12-044	602690.9	684944.8	185.3	-60	135	35	36	1	1.8
						69	72	3	1.86
NBRC12-045	602533.3	684882.8	202.3	-60	135	No Significant Result			
NBRC12-046	602143.3	684364.5	164.5	-50	135	No Significant Result			
NBRC12-047	602185.2	684347.5	175.7	-61	139	No Significant Result			
NBRC12-048	602247.8	684260.1	236.7	-50	135	No Significant Result			
NBRC12-049	602214.3	684297.4	180.8	-50	135	No Significant Result			
NBRC12-050	602309.2	684339.7	156.4	-50	135	No Significant Result			
NBRC12-051	602234.9	684406.6	163.0	-50	135	No Significant Result			
NBRC12-052	602272.1	684369.7	227.3	-55	135	15	18	3	0.99
						61	62	1	1.29
						84	88	4	0.57
NBRC12-053	602207.1	684445.5	166.1	-50	135	No Significant Result			
NBRC12-054	602640.5	684854.1	197.7	-60	135	8	9	1	3.57
						18	26	8	6.8
including						***25***	***26***	***1***	***38.18***
NBRC12-054	602640.5	684854.1	197.7	-60	135	56	57	1	2.19
						83	84	1	1.34
NBRC12-055	602617.0	684821.3	198.2	-55	135	4	21	17	4.28
including						***12***	***15***	***3***	***15.58***
NBRC12-056	602782.9	684949.0	152.0	-50	135	49	50	1	2.98
NBRC12-057	602747.6	684993.1	154.0	-55	135	49	51	2	0.63
NBRC12-058	602694.8	685020.9	151.8	-50	135	No Significant Result			
NBRC12-059	603006.8	684843.5	156.4	-50	135	No Significant Result			
NBRC12-060	602974.2	684877.6	154.7	-60	135	No Significant Result			
NBRC12-061	602936.1	684916.6	152.5	-50	135	No Significant Result			
NBRC12-062B	602907.1	684941.9	213.7	-50	135	No Significant Result			
NBRC12-063	602868.3	684995.5	149.9	-50	135	27	28	1	3.02
NBRC12-064	602841.8	685035.9	148.9	-50	135	47	48	1	0.86
NBRC12-065	602764.6	685095.2	148.6	-50	135	No Significant Result			
NBRC12-066	602803.1	685064.2	148.8	-50	135	No Significant Result			
NBRC12-067	601937.4	683865.5	153.4	-60	135	3	4	1	0.79
NBRC12-068	602639.8	684945.3	186.1	-60	135	132	133	1	6.77

Afiefiso Prospect

Subsequent to year end, PMI announced results from the Afiefiso Prospect, a new discovery strategically located 12km southwest of the Obotan Gold. The reconnaissance aircore drilling program (145 holes on four traverses at 200-800m intervals, for 10,018m) represents the first exploration campaign by PMI at Afiefiso and was designed as a first-pass test of a strong (>100ppb) gold in soil geochemical anomaly, defined by previous explorers, which extends over a length of 2km striking north-east and is 200-500m wide. The soil anomaly is situated in a similar geological setting to the Obotan gold deposits, at the junction of the regional, north-east trending Fromenda Shear and interpreted east-northeasterly cross-cutting structures within a sequence of meta-sedimentary rocks.

The recent reconnaissance aircore drilling program carried out at Afiefiso prospect intersected multiple zones of anomalous gold at shallow depths (<100m), striking parallel to the Fromenda Shear over a length of up to 1,600m and downhole widths of 2-12m. All assay results have been received for the 145 holes from MinAnalytical Laboratory in Perth, Australia and encouraging shallow gold intersections recorded include:

- AFAC12-001 16m @ 1.73 g/t Au from 11m (including 3m @ 7.58 g/t Au from 19m)
- AFAC12-003 6m @ 0.72 g/t Au from 21m
- AFAC12-011 15m @ 1.16 g/t Au from 44m (including 2m @ 4.99 g/t Au from 48m)
- AFAC12-016 9m @ 0.97 g/t Au from 49m (including 2m @ 2.76 g/t Au from 50m)
- AFAC12-073 3m @ 13.64 g/t Au from 12m (including 1m @ 40.57 g/t Au from 12m)

Along with drilling results from the Fromenda Prospect, the recent results from Afiefiso further highlight the potential of the Fromenda Shear to host gold mineralization, and the success of utilising the historical soil geochemical data notwithstanding the obscuring effects of alluvial and cultural processes.

b) Asanko Gold Project (Asankrangwa Gold Belt)

The Asanko Gold Project includes all tenements south of the Obotan Area of Influence within the Asankrangwa Gold Belt. The three regionally prospective structures (Abore, Nkran and Fromenda shears) that also host the Obotan deposits continue on PMI's Asanko Project for an additional 135km of structural strike. A number of mineralized and structural targets along the shears will be a priority for future exploration.

c) Kubi Gold Project (Ashanti Gold Belt)

The Kubi Gold Project is located 15km south of and along strike from AngloGold Ashanti's (60Moz pre-mined) high grade Obuasi Mine and 60km east of PMI's Obotan Project. The Kubi tenements cover the intersections of two structural trends: the major sub-parallel, northeast trending Ashanti and Kubi Shear Zones and a series of the east-northeast trending structures that are interpreted to be associated with Perseus Mining's 6.6Moz Ayanfuri deposit (Edikan Gold Mine), located 12km to the south-west.

Previous exploration at Kubi principally focused on the Kubi Main Deposit (NI43-101/JORC compliant Measured Resource of 0.66 million tonnes at 5.30 g/t Au for 112,000oz; Indicated Resource of 0.66 million tonnes at 5.65g/t Au for 121,000oz; Inferred Resource of 0.67 million tonnes at 5.31 g/t Au for 115,000oz) on the Kubi Shear and on geophysical anomalies. Deeper drilling has only been carried out at isolated locations and much of the Ashanti and Kubi Shear Zones remain untested by drilling.

A 10,000m auger geochemical sampling program undertaken by PMI during 2011-2012 delineated a series of near-surface gold anomalies which has confirmed and enhanced the integrity from historical soil sampling results. Follow-up drill testing of the gold anomalies by PMI during the reporting year was mainly focussed on the 513 Prospect, located 1.2km south-west of the Kubi Main Deposit. Further drilling was also undertaken at Kubi South, where results are reported below, and at Gyimigya and Dunkwa-Gyimigya from which assays are still outstanding.

513 Prospect

The mineralization at the 513 Prospect is hosted within a garnetized metagabbro, near the contact of a sequence of meta-sedimentary rocks, and strikes north-east parallel to the Ashanti and Kubi Shears. A series of cross-cutting east-northeast structures have been identified from airborne and ground geophysical surveys in association with the auger geochemical anomalism. The host rock alteration mineralogy is identical to the Kubi Main Deposit, supporting the wider potential for this style of mineralization along the Ashanti and Kubi Shear zones.

Diamond drilling at the 513 Prospect was designed to more broadly evaluate the 500m strike length of anomalous gold values intersected in auger and diamond drill holes completed by PMI in late 2009 and 2010, and to also test the down-dip continuation of previous drill hole intercepts.

A total of 17 diamond drill holes were drilled for 2,311m on a nominal 100m spacing 25m apart. Significant intercepts (>0.5g/t) are provided in Table 3.

Drilling results confirm the broader extent of gold mineralization in the project area and indicate the occurrence of a higher grade zone within a broad, continuous, lower grade envelope at the southern extent of the prospect. Many of the larger gold deposits in Ghana have a short strike extent with substantial steep plunging deep roots. The presence of this higher grade shoot provides another valuable exploration target in the Kubi Project.

Table 3: 513 Prospect - Significant Gold Intercepts (>0.5g/t Au)

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

Hole ID	Easting (UTM)	Northing (UTM)	RL (UTM)	Dip	Azimuth	Depth From (m)	Depth To (m)	Interval (m)	Weighted Avg. Grade (g/t)
KV12-523	639204.8	663064.5	163.4	-50	290	78.0	87.0	9.0	1.79
Including						**83.0**	**86.0**	**3.0**	**3.22**
KV12-524	639165.8	663073.5	182.0	-50	290	28.5	31.5	3.0	1.09
Including						48.0	51.0	3.0	4.59
KV12-525	639187.2	663121.8	189.0	-50	290	43.5	46.5	3.0	0.96
KV12-526	639205.8	663179.2	188.2	-50	290	25.5	42.0	16.5	0.70
Including						**25.5**	**28.5**	**3.0**	**1.68**
						74.0	81.0	7.0	0.80
KV12-527	639327.4	663545.0	130.9	-50	290	NSR			
KV12-528	639379.4	663525.4	140.7	-50	290	107.0	109.0	2.0	1.33
						116.0	119.0	3.0	1.62
KV12-529	639344.7	663419.7	154.4	-50	290	138.0	140.0	2.0	2.68
KV12-530	639325.9	663426.9	156.7	-50	290	121.0	123.0	2.0	0.51
						125.0	127.0	2.0	0.37
KV12-531	639290.4	663491.1	145.8	-50	290	NSR			
KV12-532	639308.4	663484.3	144.7	-50	290	NSR			
KV12-533	639260.7	663328.7	133.1	-50	290	77.0	79.0	2.0	0.84
						81.0	82.0	1.0	0.70
						87.0	89.0	2.0	0.53
KV12-533A	639260.7	663328.7	133.1	-50	290	NSR			
KV12-534	639249.1	663210.7	158.4	-50	290	121.0	125.0	4.0	0.41
KV12-535	639227.0	663217.8	163.7	-50	290	39.0	40.5	1.5	1.50
KV12-536	639206.7	663222.8	168.0	-50	290	NSR			
KV12-537	639186.7	663185.6	191.2	-50	290	45.0	50.0	5.0	0.5
Including						**47.0**	**48.0**	**1.0**	**1.85**
KV12-538	639221.4	663109.4	172.9	-50	290	78.0	80.0	2.0	2.50
						85.0	97.0	12.0	2.40
Including						**85.0**	**88.0**	**3.0**	**5.00**
KV12-539	639283.8	663320.3	132.3	-50	290	104.0	106.0	2.0	0.84

Kubi South Prospect

Subsequent to year end, PMI announced assay results from a diamond drilling program undertaken at the Kubi South Prospect located 1.5km south of the Kubi Main Deposit. The program of 12 diamond drill holes for 2,164.5m, drilled on a nominal 100m line spacing 25m apart, was designed to follow up historical mineralized intercepts and test the continuity of known mineralisation along strike and down dip. Drilling intersected multiple zones of significant gold mineralization ranging in strike length from 150m to 300m, open along strike to both the north and south, and also down dip. Significant intercepts are shown in Table 4.

Table 4: Kubi South Prospect - Significant Gold Intercepts (>0.5g/t Au)

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

Hole ID	Easting (UTM)	Northing (UTM)	RL (UTM)	Dip	Azimuth	Depth From (m)	Depth To (m)	Interval (m)	Weighted Avg. Grade (g/t)
KV12-540	639952	662280	132	-50	290	103.0	108.0	5.0	3.33
including						**103.0**	**105.0**	**2.0**	**5.30**
KV12-541	639932	662287	135	-50	290	74.0	78.0	4.0	0.68
						138.0	140.0	2.0	1.00
KV12-542	639969	662274	130	-50	290	128.0	129.0	1.0	1.51
						136.0	138.0	2.0	1.50
KV12-543	640002	662367	149	-50	290	123.0	133.0	10.0	0.67
KV12-544	640067	662553	140	-50	290	130.0	131.0	1.0	2.72
						136.0	137.0	1.0	1.96
KV12-545	640046	662561	147	-50	290	59.0	60.0	1.0	1.38
KV12-546	640030	662567	149	-50	290	120.0	122.0	2.0	2.42
including						**121.0**	**122.0**	**1.0**	**4.10**
KV12-547	640017	662466	157	-50	290	133.0	136.0	3.0	1.01
						140.0	142.0	2.0	0.64
KV12-548	640031	662460	152	-50	290	NSR			
KV12-549	639998	662473	164	-50	290	116.0	124.0	8.0	1.39
including						**119.0**	**121.0**	**2.0**	**2.56**
KV12-550	639964	662380	162	-50	290	NSR			
KV12-551	639983	662374	157	-50	290	101.0	102.0	1.0	5.23

Results of Operations

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

Revenues

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

Selected Annual Information

The following are highlights of financial data of the Company for the three most recently completed financial years:

	2012	2011	2010
Loss for the year	$ (6,369,783)	$ (4,933,516)	$ (2,774,567)
Loss per share	$ (0.029)	$ (0.030)	$(0.029)
Weighted average number of common shares	225,366,747	166,198,713	96,760,157
Balance sheet data:			
Working capital (deficiency)	$ 32,851,555	$ 27,940,884	$ 2,161,027
Total assets	$ 106,653,548	$ 61,270,929	$ 24,284,416

Expenses for the year ended June 30, 2012

	2012	2011
Amortization	$ 53,961	$ 2,154
Foreign exchange loss/(gain)	768,961	(619,137)
Write-off of mineral properties	17,379	88,325
Directors' and Management fees	784,433	325,437
Consulting fees	622,503	181,188
Office and miscellaneous	788,529	267,004
Professional fees	932,504	775,441
Salaries and benefits	255,241	25,359
Shareholder communications	224,093	462,207
Stock based compensation	2,158,905	3,073,643
Transfer agent and regulatory fees	143,353	157,884
Travel and promotion	751,259	602,464
Loss before other items	(7,501,121)	(5,341,969)
Gain on disposal of equipment	2,817	-
Interest and financing	-	(6,043)
Interest income	1,169,432	522,238
Income taxes	(40,911)	(107,742)
Loss for the year	$ (6,369,783)	$ (4,933,516)

The loss for year ended June 30, 2012 was $6,780,329 compared to a loss of $4,933,516 for the year ended June 30, 2011. Foreign exchange loss increased by $1,388,098 over the comparative prior year gain due to movements between Australian dollars, Ghana Cedis, Canadian dollars, and US dollars. Stock-based compensation expense decreased by $914,738 over the prior year reflecting the decrease in value of the award of options to incoming directors and senior management and the vesting of previous awards and the capitalization of $410,546 to exploration and evaluation assets. Transfer agent and regulatory fees decreased by $14,531 due to share issuances, and shareholder communications expenditures decreased by $238,114, reflecting the decreased level of activity surrounding the raising of capital.

Directors' and management fees increased by $458,996, including the appointment of a new COO. Professional fees increased by $157,063 on legal and audit expenditures, whilst travel and promotion expenditures rose by $148,795 due to increased activity and the need to bring technical consultants to Ghana as the Company resumed greater activity.

For the year ended June 30, 2012, losses increased by $1,846,813, largely reflecting the foreign exchange loss due to the weakened US dollar, Ghana Cedis and strengthened Canadian dollar against the Australian dollar, and the establishment of a presence in Australia, offset by interest income earned on significantly increased cash balances.

Summary of Quarterly Results

The following table sets out selected consolidated quarterly information for the current quarter and historically for the preceding eight quarters ending June 30, 2012.

$'000	2012				2011			
	Q4	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Net sales or revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Loss before other items and income taxes	(2,402)	(1,876)	(1,271)	(1,952)	(1,009)	(1,676)	(1,680)	(839)
Other Items and income taxes	136	423	457	115	(336)	61	12	(21)
Loss for the period	(2,266)	(1,453)	(814)	(1,837)	(672)	(1,615)	(1,668)	(840)
Basic and diluted Net Loss per share	(0.01)	(0.01)	(0.00)	(0.01)	(0.00)	(0.01)	(0.01)	(0.01)

For the Three months ended June 30, 2012

	2012	2011
Amortization	14,796	496
Foreign exchange loss/(gain)	598,983	(101,604)
Consulting fees	62,361	181,188
Directors' and management fees	298,964	(112,971)
Office & Miscellaneous	(78,176)	119,411
Professional Fees	186,103	218,529
Salaries and benefits	255,241	25,359
Shareholder communications	64,266	(5,686)
Share-based payments	704,669	410,813
Transfer agent and regulatory fees	29,802	(7,611)
Travel and promotion	259,792	192,392
Write of mineral properties	3,983	88,325
Financing	-	1,662
Interest income	(163,511)	(445,935)
Income taxes	28,226	107,742
Loss for the period	2,265,499	$ 672,110

Loss for the three months ended June 30, 2012 was $2,265,499 as compared to a loss of $672,110 for the three months ended June 30, 2011. The major reasons for the increase in loss were the increase in share-based payments, and the foreign exchange loss during the period.

Stock-based compensation expense is calculated at $704,669 for the three months ended June 30, 2012 as compared to $410,813 for the three months ended June 30, 2011. During the quarter, $3,983 (2011: $88,325) was expensed arising from the write-off of costs spent on properties. 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 June 30,2012	262,170,084	$119,578,794	$8,034,686

Warrants Summary

The following share purchase warrants were outstanding at June 30, 2012.

Number of Warrants	Exercise Price
14,055,000	$0.20 to $0.62

Options Summary

The following options were outstanding at June 30, 2012.

Number of Options	Exercise Price	Maximum Future Proceeds	Number of Options Vested
15,217,500	$0.20 to $2.00	$15,645,800	7,073,833

Liquidity and Capital Resources

As at June 30, 2012, the Company had cash resources of $40,722,548 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 $684,000 as follows:

	2012	2011	July 1, 2010
Less than 1 year	$ 358,509	$ 263,271	$ 130,155
Between 1 and 5 years	611,763	588,552	257,258
	$ 970,272	$ 851,823	$ 387,413

The Company also has an operating lease agreement for a mobile laboratory stationed in Ghana. The total commitment remaining relating to this lease is $112,524 (US$109,800). 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 US$1.6 million.

The Company also has agreed to pay US$4.5 million to the Anglican Church by September 2012 relating to a land access agreement including the original mine administration and village buildings that the Company entered into during the current year.

Related Party Transactions

During the year ended June 30, 2012, the Company:

- Paid or accrued $373,192 (2011 - $103,110) for management fees and $46,617 (2011 - $Nil) in benefits to Collin Ellison, the President and CEO of the Company;
- Paid or accrued $126,295 (2011 - $Nil) for management fees and $13,758 (2011 - $Nil) in benefits to Michael Gloyne, the COO of the Company;
- Paid or accrued $301,831 (2011 - $25,119 for professional fees and $20,230 (2011 - $Nil) in benefits to Michael Allen, the CFO of the Company;
- Paid or accrued $41,875 (2011 - $8,750) for directors' fees and $Nil (2011 - $59,000) for consulting fees to Dr. John Clarke, a director of the Company;
- Paid or accrued $35,310 (2011 - $26,453) for directors' fees and $16,545 (2011 - $Nil) capitalized to exploration and evaluation assets to J.H. Mensah, a director of the Company;
- Paid or accrued $71,605 (2011 - $33,898) to Peter Buck for directors' fees;
- Paid or accrued $44,380 (2011 - $18,657) to Ross Ashton for directors' fees;
- Paid or accrued $3,000 (2011 - $Nil) to Len Dennis, a former director of the Company;
- Paid or accrued $154,732 (2011 - $126,418) for professional fees included in exploration and evaluation assets to a firm controlled by Thomas Ennison, a director of the Company's Ghanaian subsidiary; and
- Paid or accrued $54,020 (2011 - $59,754) for property option and sustaining payments included in deferred exploration costs to firms controlled by Thomas Ennison and Douglas Macquarie, a director and former director respectively of the Company's Ghanaian subsidiary.
- Included in accounts payable and accrued liabilities at June 30, 2012 is $456,228 (2011 - $164,995) owing to related parties, all in respect of and to the above transactions.

Off-Balance Sheet Arrangements

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

Critical Accounting Policies and 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.

Transition to and Initial Adoption of International Financial Reporting Standards ("IFRS")

The consolidated financial statements have been prepared in accordance with IFRS, including IFRS 1, First-Time Adoption of IFRS ("IFRS 1").

Previously, the Company prepared its interim and annual consolidated financial statements in accordance with Canadian generally accepted accounting principles ("GAAP"). The adoption of IFRS resulted in changes to the accounting policies as compared with the most recent annual consolidated financial statements prepared under Canadian GAAP. The accounting policies as set out in note 3 of the consolidated financial statements have been applied consistently to all periods presented in these consolidated financial statements. Comparative information as at July 1, 2010 (transition date) and June 30, 2011 has also been adjusted from amounts previously reported under GAAP.

Impact of IFRS on Our Organization

The conversion to IFRS impacts the way the Company presents its financial results. The Company has fully prepared and trained its employees and directors to ensure an appropriate understanding of IFRS during the transition process. The impact of the conversion to IFRS on the Company's accounting systems has been minimal as the Company is still in the exploration phase. The Company has assessed the impacts of adopting IFRS on our contractual arrangements, and has not identified any material compliance issues. The Company has considered the impacts that the transition will have on our internal planning process and compensation arrangements and has not identified any significant impacts.

First Time Adoption of IFRS

IFRS 1 generally requires that first-time adopters retrospectively apply all effective IFRS standards and interpretations in effect as at the reporting date. IFRS 1 also provides for certain optional exemptions and certain mandatory exceptions to this general principle. The Company has elected to apply the following optional exemptions:

(*i*) Business combinations:

The Company elected not to retrospectively apply IFRS 3 Business Combinations to any business combinations that may have occurred prior to its Transition Date and such business combinations have not been restated.

(*ii*) Share-based payment transactions:

The Company has elected not to retrospectively apply IFRS 2 to equity instruments that were granted and had vested before the Transition Date. As a result of applying this exemption, the Company applied the provisions of IFRS 2 only to all outstanding equity instruments that are unvested as at the Transition Date to IFRS.

(*iii*) Compound financial instruments:

The Company has elected not to retrospectively separate the liability and equity components of compound instruments for which the liability component is no longer outstanding at the date of transition to IFRS.

(*iv*) Borrowing costs:

The Company has elected to apply the transitional provisions of IAS 23 *Borrowing Costs*, which permits prospective capitalization of borrowing costs on qualifying assets from the Transition Date.

(*v*) Extinguishing financial liabilities with equity instruments:

The Company has elected to apply the transitional provisions of IFRIC 19 *Extinguishing financial liabilities with equity instruments*, which requires its application only from the beginning of the earliest comparative period presented, i.e. the Transition Date.

Adjustments on Transition to IFRS

An explanation of how the transition from previous Canadian GAAP to IFRS has affected the Company's financial position, financial performance and cash flows is set out in note 19 of the consolidated financial statements and also discussed below:

(a) Share-based payments

Pre-changeover Canadian GAAP allows the Company to calculate the fair value of the share-based compensation on awards granted and recognizes the expense from the date of grant over the vesting period using the graded vesting methodology. The Company determined the fair value of stock options granted using the Black-Scholes option-pricing model.

IFRS 2 requires each tranche in an award with graded vesting features to be treated as a separate grant with a different vesting date and fair value. Each grant is accounted for on that basis. IFRS 2 also requires estimates to be made of forfeiture and a consequent reduction of share compensation expense and contributed surplus.

Prior to Transition to IFRS, non-employee options under pre-changeover Canadian GAAP were measured at the share price on the vesting date. Under IFRS, these are measured at grant date. The adjustments required at July 1, 2010 and June 30, 2011 are detailed in note 19 of the consolidated financial statements.

(b) Income taxes

IFRS prohibits the recognition of a deferred tax asset or liability arising on initial recognition where the transaction is not a business combination and at the time of transaction, there is no impact on accounting profit or taxable profit. Accordingly, as at July 1, 2010, the Company reversed the deferred tax liability recognized under Canadian GAAP related to mineral property interests acquired. The adjustments required at July 1, 2010 and June 30, 2011 are detailed in note 19 of the consolidated financial statements.

New Standards Not Yet Adopted

Standards and interpretations issued but not yet effective applicable to the Company:

- IFRS 9, Financial Instruments
- IFRS 10, Consolidated Financial Statements
- IFRS 11, Joint Arrangements
- IFRS 12, Disclosures of Interest in Other Entities
- IFRS 13, Fair Value Measurement
- IFRIC 20, Stripping Costs in the Production Phase of a Surface Mine

Refer to the consolidated financial statements for a description of these standards. The Company is evaluating the impact that these standards will have on the financial statements.

Accounting Policies including Subsidiaries and Initial Adoption

The accounting policies and methods of application are disclosed in the notes to the Company's consolidated financial statements for the year ended June 30, 2012.

Financial Instruments and Management of Capital

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash and cash equivalents, receivables and accounts payable and accrued liabilities.

The Company classifies financial instruments in accordance with a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described below:

- Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
- Level 2: Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantively the full term of the asset or liability.
- Level 3: Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The Company does not have any financial instruments recognized at fair value. The carrying values of cash and cash equivalents, receivables, and accounts payable and accrued liabilities approximate their fair values because of their short terms to maturity.

(a) Financial instrument risk exposure and risk management:

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes. The type of risk exposure and the way in which such exposure is managed is provided below:

Credit risk

Credit risk is the risk of potential loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets, including cash and cash equivalents, advances from employee, receivable from related parties and other accounts receivable. The Company limits the exposure to credit risk by only investing its cash and cash equivalents with high credit quality financial institutions in business and saving accounts, and guaranteed investment certificates, which are available on demand by the Company. The carrying amount of cash and cash equivalents, advances to employees, receivables from related parties and other accounts receivable represents the Company's maximum exposure to credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company ensures, as far as reasonably possible, it will have sufficient capital in order to meet short term business requirements, after taking into account cash flows from operations and the Company's holdings of cash and cash equivalents. The Company's cash and cash equivalents are currently invested in business accounts which are available on demand by the Company for its programs. As at June 30, 2012, the Company had cash and cash equivalents of $40,722,548 to settle liabilities of $8,582,163. All of the Company's liabilities are due currently. The Company's exploration expenditure commitments, pursuant to its option agreement related to its mineral properties, are described in note 7, and other commitments are described in note 17 to the financial statements.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's interest bearing financial assets are comprised of cash and cash equivalents, which bear interest at fixed or variable rates. The Company is not exposed to material interest rate risk.

Foreign currency

The Company is exposed to foreign currency risk as some of its cash and cash equivalents, receivables and accounts payable and accrued liabilities are held in Ghanaian Cedes (GHS), US Dollars (USD), and Australian Dollars (AUD). The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

The exposure of the Company's cash and cash equivalents and receivables is as follows:

	June 30, 2012 Amount in Foreign currency	June 30, 2012 Amount in CAD dollars	June 30, 2011 Amount in foreign currency	June 30, 2011 Amount in CAD dollars
United States dollars:				
Cash and cash equivalents	$ 15,681	$ 16,070	$ 44,108	$ 43,071
Australian dollars:				
Cash and cash equivalents	5,068,571	5,276,910	25,717,200	26,606,816
Receivables	51,376	53,488	391,231	378,144
Ghanaian cedes				
Cash and cash equivalents	2,551,342	1,348,129	115,806	74,475
Receivables	75,526	39,908	101,143	65,045
Total financial assets		$ 6,734,505		$ 27,167,551

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

	June 30, 2012 Amount in Foreign currency	June 30, 2012 Amount in CAD dollars	June 30, 2011 Amount in foreign currency	June 30, 2011 Amount in CAD dollars
United States dollars:				
Accounts payable and accrued liabilities	$ 6,398,141	$ 6,556,878	$ 714,371	$ 697,569
Australian dollars:				
Accounts payable and accrued liabilities	1,593,295	1,658,779	454,644	470,370
Ghanaian cedes				
Accounts payable and accrued liabilities	356,546	187,862	173,583	111,631
Total financial liabilities		$ 8,403,521		$ 1,279,570

Based on the above net exposures and assuming that all other variables remain constant, a 10% change of the CAD dollar against the various currencies would result in a change in net loss of approximately $166,902 for the year ended June 30, 2012 (2011 – gain $2,588,798).

Risks and Uncertainties

Investment Risk

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

Issuer Risk

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

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

Operating Risk

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

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

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

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

Commodity Price Risk

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

Industry Risk

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

Penalties, Sanctions and Bankruptcy

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

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 advertising campaigns have been undertaken in Australia, Europe, Africa, China and Canada to increase the Company's exposure to new investors.

Segmented Information

The Company 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:

		2012		2011
Canada	$	34,443,768	$	2,395,363
Ghana		66,675,729	$	31,909,610
Australia		5,534,051	$	26,965,956
	$	106,653,548	$	61,270,929

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 year ended June 30, 2012 that have materially affected, or are reasonably likely to materially affect, ICFR.

Subsequent Events

Subsequent to June 30, 2012, the following events occurred:

- The Company announced an agreement on July 9, 2012 with Midras Mining Company Ltd ("Midras") to acquire the Datano Mining Lease, contiguous with the southern boundary of PMI's Obotan Gold Project, infilling a major gap in PMI's tenement coverage of the gold mineralized structures. The parties agreed to a purchase price of US$6 million for PMI to acquire 100% of the project area, contingent upon obtaining the approval of the sale and transfer of the Mining Lease to Adansi by the Ghana Minerals Commission and Minister of Lands, Forestry and Mines. Ministerial approval was received on August 16, 2012.
- The Company announced on August 22, 2012 assay results received from 12 diamond drill holes for 2,164.5m at the Kubi South Prospect which intersected significant gold mineralisation.
- Further assays results (remaining 55 holes from 68 drill holes for 6,775 metres RC drilling program) at the Fromenda Prospect were announced by the Company on August 22, 2012.
- On August 28, 2012 the Company announced the key outcomes of its NI43-101 Feasibility study at the Obotan Gold Project in Ghana. The Feasibility study indicates a financially and technically robust mining operation based on a gold price of US$1300/ounce. An updated reserves estimate has also been calculated with Proven and Probable Reserves increasing to 34.2Mt at 2.21g/t Au for 2.43Moz of contained gold. 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 the Feasibility Study, which will be available on www.sedar.com within 45 days of the date of the press release.
- The Company issued 12,955,000 common shares pursuant to the exercise of share purchase warrants at 20 cents expiring July 16, 2012 for proceeds of $2,591,000. A total of 100,000 warrants went unexercised by July 16, 2012 and subsequently expired.

More detailed information on subsequent events is provided within this MD&A under Project Development and Exploration.

Other MD&A Requirements

As at September 21, 2012, the Company has 275,505,084 common shares outstanding. If the Company were to issue 1,000,000 common shares upon the conversion of all of its outstanding warrants and 8,184,167 common shares upon the conversion of all of its outstanding vested stock options, it would raise $7,572,833.

Technical Disclosures

Exploration Results:

The information in this Report that relates to Exploration Results is based on information compiled by Thomas Amoah, who is employed by Adansi Gold Company (Gh) Ltd, a wholly owned subsidiary of PMI Gold Corporation. Mr Amoah, who is a Member of the Australian Institute of Geoscientists (MAIG), has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves'. Mr Amoah consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Scientific and technical information contained in this news release has been reviewed and approved by Thomas Amoah, MAIG, MSEG. a "qualified person" as defined under National Instrument 43-101. Field work was supervised by Mr Amoah (VP-Exploration). Drill cuttings were logged and sampled on site, with 3kg samples sent to the MinAnalytical prep laboratory on site, and analyzed for gold by fire assay-AA on a 50 gram sample charge or by screened metallics AA finish in MinAnalytical laboratory in Perth. Internal QC consisted of inserting both blanks and standards into the sample stream and multiple re-assays of selected anomalous samples. Where multiple assays were received for an interval, the final value reported was the screened metallic assay if available, or in lieu of that the average of the other results for the interval. Results from the QC program suggest that the reported results are accurate. Intercepts were calculated using either a minimum 0.1 g/t Au (Kaniago (Adansi) Prospect, Afiefiso Prospect and 513 Prospect) or 0.5 g/t Au (Fromenda Prospect) cut off at the beginning and the end of the intercept and allowing for no more than three consecutive metres of less than 0.1 g/t Au (Kaniago (Adansi) Prospect, Afiefiso Prospect and 513 Prospect) or 0.5 g/t Au (Fromenda Prospect) internal dilution. True widths are estimated at from 60% to 70% of the stated core length.

Obotan Gold Project

Feasibility Study Mineral Resources (March 2012) and Reserves Estimate (August 2012):

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, a full time employee of SRK Consulting, Australia. Mr Gleeson is a Member of the Australian Institute of Geoscientists (MAIG). Information that relates to Mineral Reserves at the Obotan Gold Project is based on a reserve estimate that has been carried out by Mr Ross Cheyne, a full time employee of Orelogy Mining Consultants. Mr Cheyne is a Fellow of the Australasian Institute of Mining and Metallurgy (FAusIMM). Both have sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity undertaken to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC), and as a Qualified Person (by ROPO) as defined in terms of NI43-101 standards for resource estimate of gold. Mr Gleeson and Mr Cheyne have more than 5 years' experience in the field of exploration results and of resource/reserve estimation and consent to and approve the inclusion of matters based on information in the form and context in which it appears.

The Mineral 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).

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 the Feasibility Study to be made available on www.sedar.com within 45 days of the date of the press release.

Obotan Gold Project (Continued)

Maiden Mineral Reserves Estimate (January 2012):

Information that relates to Pre-feasibility study Mineral Reserves as previously reported at the Obotan Gold Project is based on a reserve estimate that has been carried out by Mr Duncan Pratt, a full time employee of SRK Consulting, Australia. Mr Pratt (CP Mining) is a Member of the Australasian Institute of Mining and Metallurgy (MAusIMM) and has sufficient experience which is relevant to the style of mineralization 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. Mr Pratt consents to and approves the inclusion of matters based on information in the form and context in which it appears. The Mineral Reserve estimate was 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).

Pre-Feasibility Study NI43-101/JORC Compliant Technical Report:

PMI filed a NI43-101 compliant technical report on the Obotan Project outlining the Mineral Resources and Reserves Estimate and the result of a Pre-Feasibility Study on February 15, 2012. The NI43-101 technical report was authored by Peter Gleeson B.Sc. (Hons), M.Sc, MAIG, MGSA Principal Consultant Geology for SRK Consulting; Duncan Pratt BEng (Hons), MAusIMM, (CP) Senior Consultant Mining for SRK; Kobus de Plooy BSc (Geology), GDE Mining Engineering (Rock Mechanics), Principal Consultant Geotechnical Engineering for SRK Consulting and Bill Gosling BEng (Extractive Metallurgy), MBA, FAusIMM, Senior Process Engineer for GR Engineering Services. Each of these persons is a Qualified Person under NI43-101, are independent of PMI and have verified the data in the report which is included in this MD&A. Collin Ellison, President & CEO, BSc Mining, MIMMM, C.Eng, a “qualified person” within the definition of that term in NI43-101, has supervised the preparation of the technical information regarding the Company’s mineral projects which is not covered by the filed NI43-101 technical report on the Obotan Project. The NI43-101 technical report and the associated certificates and consents are available on the SEDAR website at www.sedar.com.

Kubi Gold Project Resources Estimate:

The information in this report that relates to Mineral Resources at the Kubi Main Deposit, Ghana, is based on a resource estimate that has been audited by Simon Meadows Smith, who is a full time employee of SEMS Exploration Services Ltd, Ghana. Simon Meadows Smith is a Member of the Institute of Materials, Minerals and Mining (IMO3), London and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, and under NI43-101. Simon Meadows Smith consents to the inclusion in the presentation of the matters based on information in the form and context in which it appears.

Forward-Looking Statements

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

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September 21, 2012

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Ross Ashton	Non-Executive Independent Director
Hon J.H. Mensah	Non-Executive Independent Director
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