

PMI GOLD

C O R P O R A T I O N

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PMI Secures US\$30m Standby Funding Facility Decision to Apply for Listing on Toronto Stock Exchange

PMI Gold Corporation (“PMI”) is pleased to announce that it has entered into a committed letter offer for a US\$30 million standby funding facility from Macquarie Bank Limited while it completes the full funding package for development of its flagship 100%-owned Obotan Gold Project in Ghana.

While PMI remains in a strong financial position with \$30 million in cash at the end of August 2012, the standby funding facility gives the Company additional flexibility, if required, to draw down on the additional funding to undertake key pre-development activities including engineering design, environmental studies and other statutory approvals.

This additional flexibility will put the Company in the strongest possible position while it finalises an appropriate funding package for Obotan. PMI is currently in advanced discussions with a number of parties to fully fund the Project and looks forward to advising the market when those arrangements are finalised.

The Board is pleased to obtain the support of Macquarie, PMI’s largest shareholder and an experienced Project Finance provider for projects in West Africa, and views this arrangement as a positive endorsement of the Company and the Project. Some of the key terms of the Macquarie Facility include:

- Maturity date is the earlier of 30 June 2014 or the first draw-down under a project financing/equity funding of the Project;
- Interest rate of 6% over LIBOR;
- Associated warrant issue terms are as follows:
 - 600,000 facility fee warrants;
 - Draw-down warrants: being 50% of drawn down funds divided by the exercise price; and
 - All warrants expiring 3 years from date of issue at an exercise price at a premium to VWAP in CAD;
- Cancellable in whole or in part at the discretion of the borrower;
- Security and general commercial terms standard for this type of facility; and
- This facility and the project finance facility are non-related.

In addition, the Board has resolved to apply for quotation of its securities on the main board of the Toronto Stock Exchange (TSX), which is expected to raise the profile of the Company as well as make investment in PMI available to a broader shareholder base as it moves towards production at Obotan.

Commenting on the recent developments, PMI Gold’s Managing Director and CEO, Collin Ellison, said:

“With the Obotan Feasibility Study now behind us, we are moving quickly towards the development of a substantial new gold mine in West Africa. As such, it is important that we have maximum financial flexibility to continue our pre-development activities and build on the momentum gained through the feasibility study to progress the Obotan Project rapidly towards a production decision.”

“This standby financing facility will give us the capability, if required, to draw down on additional funds over and above our cash reserves, to undertake key pre-development activities in the intervening period while we finalise the main project funding package. We are pleased to have received the support of our largest shareholder, Macquarie, in providing this standby facility which can be drawn down, or cancelled, totally at our discretion.”

“The Company has also announced that it intends to apply for a listing on the Main Board of the Toronto Stock Exchange, a decision which reflects our continued rapid progress towards making the all-important transition to producer status. A Main Board listing will help to broaden our investor base and make PMI more appealing to major institutional investors globally.”

Collin Ellison
On behalf of the Board,
Managing Director & CEO

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Forward-Looking Statements

This news release includes forward-looking statements or information. Forward-looking statements or information involve risks, uncertainties and other factors that could cause actual results, performances, prospects and opportunities to differ materially from those expressed or implied by such forward-looking statement. All statements other than statements of historical fact included in this release, including, without limitation, statements regarding future gold production; initial mine life; average annual gold production; forecast life of mine cash cost; initial capital cost; forecast operating parameters including ore mined, mill feed and recoveries; determination of a development decision for the Obotan Project; full production; and financial outcomes of the FS, including NPV, are forward-looking statements of information. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements or information. Important factors that could cause actual results to differ materially from the Company's plans or expectations include the actual results of current exploration activities; changes in gold prices; changes in exchange rates; possibility of equipment breakdowns, delays and availability; changes in mine plans; exploration cost overruns; unexpected increases in costs of equipment, steel, cement and consumables such as diesel and fuel oil; unexpected environmental liabilities or social charges; the unknown impact of the 10% windfall profit tax announced by the Government of Ghana; title defects; the failure of contract parties to perform the unavailability of capital and financing; adverse general economic, market or business conditions; regulatory changes; failure to receive necessary government or regulatory approvals; and other risks and factors detailed herein and from time to time in the filings made by the Company with securities regulators and stock exchanges, including in the section entitled "Risk Factors" in the Company's Annual Information Form dated September 25, 2012.

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.