

January 12, 2010

Dear Shareholder: Update #1, 2010

As we start a New Year, the Board felt this an appropriate time to issue an update with our plans for the next 2 quarters. In particular, we want to 'get the message out' on how we intend to address the current mismatch between the value of the Company's considerable gold assets in Ghana, and its present market capitalization (please see the recent valuation update report by Fundamental Research at: <http://www.pmigoldcorp.com/i/pdf/PMVUpdateDec2009.pdf>).

To accomplish this, our first task is to move the Company into positive working capital. This will give us the financial horsepower we need to effectively execute this plan. Towards that end, the Board has approved the issuance of up to an additional 20 million common shares at a minimum price of \$0.15 per share to raise a minimum of \$3.0 million. This offering will be to accredited private and institutional investors. We received many expressions of interest from funding sources before the holiday break and will work to close this financing, on the best possible terms.

Once this funding is secured we will accelerate our QC drilling campaign currently underway at our Obotan Gold project to allow for an earlier completion of a maiden NI 43-101 resource report (please see our recent Adubiaso drill results at: <http://www.pmigoldcorp.com/s/News.asp?ReportID=378514>). We will also commence a follow up drilling program at our Kubi Gold Project based on the recent positive auger soil drilling program results and gold drill intersections which were recently reported for the new 513 Zone discovery (please see: <http://www.pmigoldcorp.com/s/News.asp?ReportID=379335>).



Auger drilling crew, Kubi Gold Project, December 2009

We anticipate strong results from these drill programs and that this news flow, in a major gold bull market, will generate considerable interest in the Company's shares. West African based, near production, junior gold companies are currently valued by the market at approximately US\$80.00 per resource ounce. On this basis an upward revision in our market capitalization is logical using only the published NI 43-101 Indicated gold resource at Kubi of 604,085 ounces. This does not include any valuation for our new Kubi 513 Zone discovery, or for our various Obotan deposits...including the Adubiaso, Abore, African Star, Edubia and Nkran Deeps, or for our Fromenda project area, nor for the major exploration upside on over 70 km of the Asankrangwa Gold Belt.

In order to increase the retail and institutional interest in PMI Gold, the Company will apply to co-list it's common shares on the Australian Securities Exchange (ASX). The ASX is currently one of the best performing, natural resource based, stock exchanges in the World. Initial indications are that PMI Gold will receive considerable interest from Australian investors whom are quite familiar with Ghana and in particular with our Obotan assets that previously produced +/-100,000 oz of gold per year for Australia based Resolute Mining. Australia's geographic position close to the Chinese resource and financial colossus, suggests their markets will continue to outperform North American based resource markets for the foreseeable future.

Based on the investor demand at the time of the Australian co-listing, the Company may also complete a full prospectus to raise up to \$20 million to fund Obotan and/or Kubi into commercial production using our low capital, contract mining/trucking/and toll milling business plan. Key to this capital raise will be the completion of a toll milling arrangement with one of the two major nearby, currently under utilized, mill facilities. Further developments on this will be reported as they occur.

In the mid 15th Century Portuguese explorers Fernão Gomes and Pêro Escobar were granted a contract from the King of Portugal, for a 5 year monopoly over trade in part of the Gulf of Guinea. In 1471 they discovered Elmina in Ghana, where a castle and the city of Cape Coast were later built around the trade in gold. Since then, Ghana has produced over 100 million ounces of gold, and currently has resources of an additional 100 million ounces. (below, view of Elmina Castle, Cape Coast, Ghana)



In the 540 years since the Portuguese explorers first landed in Ghana and for some 4,500 years before, gold was money. This ended only in 1971 when President Nixon closed the convertibility of the US\$, the defacto World reserve currency, to gold and set the stage for the World's money to be backed by nothing but state promises. This short 40 year monetary experiment has now resulted in a proliferation of paper and digital dollars that must eventually be revalued lower by high rates of inflation.

In this environment, the gold price is now firming to retest its recent highs at plus US\$1,100 per ounce. It is our opinion, that gold will move much higher over the coming years, as the World economy thrashes out a new frame of reference for International trade that is not solely based on fiat currencies. Gold will likely be a key player in this transformation, and we are focused on obtaining production at the earliest opportunity, hopefully by the end of 2010, to take advantage of these higher prices.

We also continue to receive the full support of our two major shareholders - Mr. A.J. Miller from Denver and Waratah Investments of Ghana (controlled by Nick Taylor from Perth), each of whom hold near 21% of our issued shares (23% and 26% on a fully diluted basis). This support was critical to our advances over the last year, and we look forward to working closely with them, and all our shareholders, through 2010.

Yours very truly,
PMI GOLD CORPORATION



Douglas R. MacQuarrie, President and CEO



View looking north, AngloGold Ashanti mining at Kubi in 2006

This update presentation contains forward-looking statements which involve known and unknown risks, delays and uncertainties not under the Company's control which may cause actual results, performance or achievements of the Company to be materially different from the results, performance or expectations implied by these forward-looking statements. Product names that appear within this presentation are registered trademarks of their respective owner. We seek safe harbour.