

Consolidated Financial Statements of

PMIGOLD
C O R P O R A T I O N

For the Three Months ended September 30, 2009

Notice of No Auditor Review of Interim Financial Statements

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements; they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying un-audited interim financial statements of the Company have been prepared by, and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of the financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of financial statements by an entity's auditor.

PMI GOLD CORPORATION

Consolidated Balance Sheets

	September 30 2009	June 30 2009
Assets		
Current assets:		
Cash	\$ 20,572	\$ 161,698
Receivables		10,400
Prepaid expenses	19,049	102,820
	<u>39,621</u>	<u>274,918</u>
Mineral properties (note 4)	19,904,027	19,507,068
Equipment (note 5)	26,668	39,181
	<u>\$ 19,970,316</u>	<u>\$ 19,821,167</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,912,678	\$ 1,784,441
Due to related parties (note 6)	247,667	439,434
Advance subscriptions	110,000	177,500
Due to Trafalgar (note 9)	2,203,907	3,143,920
	<u>4,474,252</u>	<u>5,545,295</u>
Future income tax liability (note 9)	1,142,877	1,142,877
Shareholders' equity:		
Capital stock (note 7)	26,936,185	25,446,185
Contributed surplus (note 7)	2,804,581	2,572,075
Equity component of convertible debenture	187,887	187,887
Deficit	(15,575,466)	(15,073,152)
	<u>14,353,187</u>	<u>13,132,995</u>
Nature of operations and going concern (note 1)		
Commitments (notes 4 and 12)		
Subsequent events (note 15)		
	<u>\$ 19,970,316</u>	<u>\$ 19,821,167</u>

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board:

"Douglas MacQuarrie"
President & Chief Executive Officer

"Philip Gibbs"
Chief Financial Officer

PMI GOLD CORPORATION

Consolidated Statements of Operations, Comprehensive Loss and Deficit

For the Three Months ended September 30, 2009 & 2008 (unaudited)

	2009	2008
Expenses:		
Amortization	\$ 776	\$ 884
Foreign exchange loss (gain)	(40,087)	(57,117)
Investor relations including directors fee	41,314	70,208
Management and consulting fees	31,320	153,530
Office and miscellaneous	30,916	134,728
Professional fees	106,094	132,398
Stock-based compensation (note 7)	232,506	126,207
Transfer agent and regulatory fees	19,881	33,576
Travel and promotion	11,851	67,102
Loss before interest	(434,571)	(661,516)
Interest and financing costs	(67,746)	(345,222)
Interest income	3	161
Net loss and comprehensive loss for the period	(502,314)	(1,006,577)
Deficit, beginning of period	(15,073,152)	(11,566,463)
Deficit, end of period	\$ (15,575,466)	\$(12,573,040)
Basic and diluted loss per common share	\$ (0.003)	\$ (0.012)
Basic and diluted weighted average number of common shares outstanding	143,977,550	84,749,736

See accompanying notes to consolidated financial statements.

PMI GOLD CORPORATION

Consolidated Statements of Cash Flows

For the Three Months ended September 30, 2009 & 2008 (unaudited)

	2009	2008
Cash provided by (used in):		
Operations:		
Net loss for the period	\$ (502,314)	\$(1,006,577)
Items not affecting cash:		
Amortization	776	884
Unrealized foreign exchange loss (gain)	11,747	10,722
Profit / Loss on disposal of assets		(24,793)
Stock-based compensation (note 7(d))	232,506	126,207
	(257,285)	(893,557)
Changes in non-cash working capital:		
Receivables	10,400	22,003
Prepaid expenses	83,771	43,623
Accounts payable and accrued liabilities	128,237	120,719
Due to Nevsun Resources Ltd.	-	(3,055,800)
Due to Trafalgar	(940,013)	3,500,000
Due to related parties	(191,767)	(247,106)
	(909,372)	383,439
Financing:		
Proceeds from issuance of shares and warrants	1,507,200	1,000,000
Share issuance costs	(17,200)	(122,500)
Advance subscriptions	(67,500)	
	1,422,500	877,500
Investments:		
Mineral properties	(396,959)	(409,364)
(Purchase)/reductions of equipment		23,909
	(396,959)	(385,455)
Increase (decrease) in cash	(141,116)	(18,703)
Cash, beginning of period	161,698	46,563
Cash, end of period	\$ 20,572	\$ 28,490

See accompanying notes to consolidated financial statements.

PMI GOLD CORPORATION

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the Three Months ended September 30, 2009

1. Nature of operations and going concern:

PMI Gold Corporation ("PMI" or the "Company") was incorporated in British Columbia and its principal business is the acquisition, exploration and development of mineral properties. The Company's principal property is its Kubi mineral concession in Ghana which the Company is advancing towards the development phase. The Company has several other mineral concessions in Ghana in various stages of exploration to determine whether they contain economically viable mineral deposits.

The Golder Associates Preliminary Assessment-Scoping Study results as announced in May 2008 indicate that the Company's 100% owned Kubi Gold Project can be developed as a profitable underground mining operation. The Company is in ongoing investigation with consultants to determine the optimal configuration for the Kubi Mine and to prepare for start-up.

These consolidated financial statements have been prepared assuming the Company will continue as a going concern which contemplates the ability of the Company to realize its assets and discharge its liabilities in the normal course of business. These consolidated financial statements do not include adjustments that would have been required if going concern is not an appropriate basis for preparation of the financial statements.

The Company, in acquisition of mineral properties and exploration, has incurred losses since inception and is currently not generating any revenues. For the three months ended September 30, 2009, the Company has net cash outflows of \$141,126. At September 30, 2009 the Company's cash balance was \$20,572 and working capital deficiency is \$4,434,631.

On July 4, 2008, the Company obtained bridge financing of approximately \$3,126,000 (net of financing costs), sufficient to settle a past due purchase commitment in respect of the Kubi property and release all liens levied upon mineral properties, and to provide working capital to meet certain accounts payable and accrued liabilities that were outstanding as of July 8, 2008. Terms of the bridge financing required the full settlement of all outstanding amounts owed to Nevsun Africa (Barbados) Ltd in respect of the Kubi property.

The original terms for the repayment of this bridge financing were not met, and the full amount became due and payable upon service of a notice of default on March 26, 2009. Subsequently further payments were made and extensions obtained as described in note 9. The final installment on the financing, due October 12, 2009 was settled in full on October 19, 2009.

The Company's cash position as at September 30, 2009 is not sufficient to meet planned future expenditures and procurement commitments for the ensuing twelve months. The ability of the Company to continue as a going concern depends upon its ability to raise adequate financing for the development of its Kubi property or to seek alternative forms of financing in order to pursue further exploration of other mineral properties.

There can be no assurance that the Company will be able to continue to raise the necessary funds in which case the Company may be unable to meet its obligations and commitments. Failure to meet its obligations and commitments would require the Company to restate its assets and liabilities on a liquidation basis, which amounts would differ materially from the going concern basis.

2. Significant accounting policies:

These unaudited consolidated financial statements have been prepared using the same accounting policies and methods of application as those disclosed in the Notes to the Company's annual audited consolidated financial statements for the year ended June 30, 2009.

PMI GOLD CORPORATION

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the Three Months ended September 30, 2009

3. Accounting standards issued for adoption in future periods:

These unaudited consolidated financial statements have been prepared using the same accounting policies and methods of application as those disclosed in the Notes to the Company's annual audited consolidated financial statements for the year ended June 30, 2009.

4. Mineral properties:

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. 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.

	2010			2009	
	Ashanti II Project	Ofoase and Bankame Concessions	Kubi	Total	Total
Acquisition costs:					
Balance, beginning of the year	\$ 3,030,006	\$ 173,168	\$ 5,621,700	\$ 8,824,874	\$ 8,824,874
Additions during the period	-	-	-	-	-
Balance, end of period	3,030,006	173,168	5,621,700	8,824,874	8,824,874
Deferred exploration costs:					
Balance, beginning of year	8,989,199	301,017	1,391,978	10,682,194	9,338,387
Additions during the period:					
Assaying, testing and analysis	5,194	-	16,151	21,345	-
Contract labour	2,548	-	5,360	7,908	8,778
Diamond drilling	37,906	-	89,271	127,128	130,072
Field office	2,549	-	27,303	29,852	44,856
Future income tax liability	-	-	-	-	194,298
Geology and geophysics	25,742	-	37,799	63,452	299,762
Lease rental and claims maintenance	9,317	816	605	10,737	199,117
Legal	12,750	-	12,750	25,500	176,484
Project management and related exploration costs	26,015	-	78,885	104,900	269,683
Transportation and travel	-	-	-	-	20,847
	123,197	816	272,946	396,959	1,343,807
Balance, end of period	9,112,396	301,833	1,664,924	11,079,153	10,682,194
	\$ 12,142,402	\$ 475,001	\$ 7,286,624	\$ 19,904,027	\$ 19,507,068

PMI GOLD CORPORATION

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the Three Months ended September 30, 2009

(a) Properties held by the Company:

All of the Company's mineral properties consist of leases, licenses and options covering mineral concessions and are located in Ghana, West Africa. The governing agreement for the majority of the concessions held by the Company is a Purchase and Sale Agreement (the "Agreement") dated for reference May 12, 2006 between Goknet Mining Company Limited and the Company.

The Agreement completed the purchase of Goknet's interest in nine (9) concessions formerly under option between PMI, Goknet and, in some cases, certain third parties. Goknet retains a 2% Net Smelters Return Royalty ("NSR") and all concessions carry a 10% carried Net Profits Interest Royalty ("NPI") to the Ghanaian government. Certain concessions carry small royalties to original related and non-related parties.

Prior to the Agreement Goknet retained a 4% NSR in the concessions. The Agreement allowed for the acquisition of the half of the NSR which called for payments of \$100,000 cash (paid during 2006) and the issuance of Three Million Shares (3,000,000) shares of the Company (issued during 2006). The Agreement received the approval of the TSX-V on September 18, 2006.

The Agreement requires payment of an advance NSR to Goknet in the amount of US\$50,000 per year commencing on December 15, 2007 with such advance NSR payments deductible against future NSR payments.

The overall interest, area weighted, in these concessions held by the Company is 86.83%.

Pursuant to the Agreement, and by direct acquisition, the Company has completed registration of title to five (5) concessions through its wholly-owned subsidiary Adansi Gold Company (GH) Limited which are:

- Juabo (Gemap),
- Diaso,
- Abore Abirem, and
- New Obuasi (Fromenda)
- Gyimigya and Dunkwa (located to north and south of the Kubi Mining Leases)

The remaining five (5) concessions are held in trust by Goknet and are described as follows:

- Concessions optioned by Goknet from Switchback Mining Company Limited and, in turn, optioned by Goknet to the company:
 - Gyagyatreso,
 - Nkronua, and
 - Amuabaka

Title is presently vested in Switchback, a company with two common directors. The Company anticipates registration of these concessions in the name of Adansi when exploration results justify the increased holding costs.

- Concessions optioned by Goknet from EJT Exploration Ltd. and, in turn, optioned by Goknet to the Company:
 - Manhia

Title is presently vested in Goknet, a company with two common directors. The Company anticipates registration of these concessions in the name of Adansi when exploration results justify the increased holding costs.

PMI GOLD CORPORATION

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the Three Months ended September 30, 2009

- Concession held by Goknet and optioned directly to the Company:

- Agyaka-Manso

Title is presently vested in Goknet, a company with two common directors. The Company anticipates registration of this concession in the name of Adansi when exploration results justify the increased holding costs.

- (b) Properties held by the Company's subsidiary, Nevsun Resources (Ghana) Ltd. ("NS Ghana"):

NS Ghana holds a 100% interest subject to a 10% Net Profits Interest Royalty ("NPI") to the Ghanaian government and in addition on the Kubi Mining Leases, a 3% net proceeds of production ("Net Profits") royalty payable to International Royalty Corporation. The property is comprised of two overlapping mining leases, both with renewable, 20 year terms expiring September 17, 2028 and totaling 0.018 and 19.16 sq km respectively.

- (c) Properties held under option:

The Company entered into a letter agreement dated December 10, 2005 with Goknet whereby the Company has an option to acquire up to 80% of Goknet's interest in the Ofoase Concession located on the Ashanti Gold Belt in Ghana, West Africa. To acquire a 60% interest, the Company was required to:

- Pay US\$16,000 annually (US\$8,000 paid to June 30, 2007) to an arm's length vendor;
- Pay an annual payment of US\$10,000 to Goknet (US\$10,000 prepaid for 2007) in December each year until the option is exercised;
- Complete a feasibility study by December 31, 2010.

The Company can increase its interest in the concession to 70% by financing Goknet's 20% share of capital expenditures to build a mine; or to 80% by purchasing all of Goknet's interest for US\$1,000,000 plus a 2% NSR interest.

The Company entered into an agreement dated January 26, 2007 to acquire the Bankame concession, a contiguous property to Ofoase, from Goknet by undertaking all exploration, keeping the concession in good standing, making annual payments of US\$5,000 in December each year and reserving a 2% NSR on behalf of Goknet. In January 2008, PMI entered into a Letter Agreement with Golden Lion Resources (Ghana) Ltd. and Goknet Mining Company (Ghana) Limited whereby Golden Lion will purchase a 100% interest, subject to the Government of Ghana's 10% free carried interest, in the Bankame and Ofoase Concessions. The completion of a final purchase agreement was pending Golden Lion listing on the Australian stock exchange (ASX) and as at year end this had still not occurred. In accordance with the letter of offer, the period of offer has not expired and it is now at the Company's discretion as to whether they will proceed with the transaction when and if Golden Lion lists on the ASX.

The above concessions are in three groups of contiguous concessions; the Ashanti II Project, which are all located on the Asankrangwa gold belt, the Kubi, and the Ofoase/Bankame Project on the Ashanti Belt.

5. Equipment:

	Cost	Accumulated amortization	Net book value
2009			
Computer equipment	24,411	17,524	6,887
Furniture and equipment	67,088	47,307	19,781
	\$ 91,499	\$ 64,831	\$ 26,668

PMI GOLD CORPORATION

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the Three Months ended September 30, 2009

2008	Cost	Accumulated amortization	Net book value
Small tools and field equipment	\$ 62,825	\$ 24,416	\$ 38,409
Computer equipment	22,152	14,402	7,750
Computer software	4,411	4,411	-
Furniture and equipment	9,551	1,433	8,118
Vehicles	94,394	61,837	32,557
	\$ 193,333	\$ 106,499	\$ 86,834

6. Related party transactions:

Amounts due from and to related parties are unsecured, non-interest bearing with no specific terms of repayment and accordingly the fair value cannot be determined. These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

	2009	2008
Management and consulting fees:		
Management fees charged by a company controlled by a director of the company (D. MacQuarrie)	30,000	30,000
Consulting fees charged by a director of the Company (D. Buckle) who resigned November 2008	Nil	30,000
Management fees charged by a company controlled by a director of the company (P. Hooper) who resigned in November 2008	Nil	10,000
Consulting fees charged by an officer of the Company (P. Gibbs)	15,000	15,000
Consulting fees charged by a former officer of the Company (F. Cannon)	Nil	5,800
Directors' fees:		
J. H. Mensah	3,000	3,000
Peter Hooper	Nil	2,000
Len Dennis	3,000	3,000
Deferred exploration costs:		
Legal and other services and expenses charged by a firm controlled by a director of the Company's Ghanaian subsidiary (T. Ennison)	25,500	21,000

PMI GOLD CORPORATION

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the Three Months ended September 30, 2009

Amounts due to related parties are as follows:

	2009	2008
Management and consulting fees:		
Amount payable to a company controlled by a director of the company (D. MacQuarrie)	48,359	30,000
Amount payable to a director of the Company (D. Buckle) who resigned November 2008	40,000	30,000
Amount payable to a company controlled by a director of the company (P. Hooper) who resigned in November 2008	10,000	10,000
Amount payable to an officer of the Company providing consulting services (P. Gibbs)	73,498	15,000
Amount payable to a former officer of the Company providing consulting services (F. Cannon)	Nil	5,800
Amounts payable for directors' fees:		
J. H. Mensah	6,000	3,000
Peter Hooper	8,000	2,000
Len Dennis	9,000	3,000
Deferred exploration costs:		
Amount payable to a firm controlled by a director of the Company's Ghanaian subsidiary providing legal and other services and expenses (T. Ennison)	14,862	21,000
Accrued Cash Loans:		
D. MacQuarrie	Nil	Nil
D. Buckle	100,409	100,409
T. Ennison	25,714	962
P. Hooper	1,958	Nil
Accounts payable for reimbursable expenses:		
D. MacQuarrie	(16,754)	
D. Buckle	6,087	
P. Gibbs	Nil	4,689

PMI GOLD CORPORATION

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the Three Months ended September 30, 2009

7. Capital stock and contributed surplus:

(a) Authorized - Unlimited common shares, without par value

(b) Common shares issued:

	Capital stock		Contributed surplus
	Number of shares	Amount	
Balance, June 30, 2009	118,917,570	\$ 25,446,185	\$ 2,572,075
Private placements	30,000,000	1,500,000	-
Share issuance costs	-	(17,200)	-
Exercise of warrants	72,000	7,200	-
Exercise of options	-	-	-
Stock-based compensation	-	-	232,506
Balance, September 30, 2009	148,989,570	\$ 26,936,185	\$ 2,804,581

- During the three months ended September 30, 2009, the following stock transactions occurred: On July 16, 2009 30,000,000 shares at a per unit value of \$0.05 were issued subsequent to a Private Placement. The net value after Finders' Fees was \$1,482,800.
- On August 4, 2009 72,000 warrants were exercised at a value of \$7,200.

(c) Stock option plan:

The Company has a stock option plan in place under which it is authorized to grant options to its directors, officers and employees to acquire up to 20% of the issued and outstanding common shares. The stock option plan provides that the options are for a maximum term of five years and vest as to one-third every six months from date of grant. All outstanding options were re-priced at \$0.10 in December 2008.

As at September 30, 2009, the following incentive stock options were outstanding and exercisable:

Number of Options	Exercise Price	Date of Grant	Expiry Date	Maximum Future Proceeds	Number of Vested Options
190,000	0.10	9-Mar-05	9-Mar-10	19,000	190,000
500,000	0.10	4-Apr-05	4-Apr-10	50,000	500,000
1,466,250	0.10	13-Sep-05	13-Sep-10	146,625	1,466,250
225,000	0.10	12-Jan-06	12-Jan-11	22,500	225,000
1,200,000	0.10	15-Dec-06	15-Dec-11	120,000	1,200,000
300,000	0.10	26-Jun-07	26-Jun-12	30,000	300,000
100,000	0.10	21-Sep-07	21-Sep-12	10,000	100,000
750,000	0.10	26-Mar-08	26-Mar-13	75,000	750,000
100,000	0.10	14-Sep-08	14-Sep-13	10,000	66,666
8,638,750	0.15	10-Sep-09	9-Sep-14	1,295,813	2,159,688
13,470,000	0.13			\$ 1,778,938	6,957,604

PMI GOLD CORPORATION

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the Three Months ended September 30, 2009

Stock option transactions and the number of stock options outstanding are summarized as follows:

	2009		2008	
	Number of options	Weighted average price	Number of options	Weighted average price
Options, beginning of period	5,642,500	\$ 0.10	8,900,000	\$ 0.35
Granted	8,638,750	0.15	100,000	0.30
Exercised	-	-	-	-
Cancelled/forfeited	(811,250)	0.10	(350,000)	0.45
Options, end of period	13,470,000	\$0.13	8,650,000	\$ 0.31
Total stock options exercisable	6,957,604	\$0.10/\$0.15	7,550,000	\$ 0.307

(d) Stock-based compensation:

During the three months ended September 30, 2009, the Company granted options totaling 8,638,750 (2008 – 100,000). Accordingly, the fair value of options was \$855,236 (2008 - \$4,550), based on the Black-Scholes option pricing model. In December 2008 all options were re-priced at \$0.10 in line with prevailing market conditions. The stock-based compensation recognized during the period was \$232,506 (2008 - \$126,207).

The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted.

	2009	2008
Risk-free interest rate	3.90%	3.43% - 3.95%
Expected life of options	5 years	3.5 - 5 years
Stock price volatility	100%	75% - 81%
Dividend rate	0%	0%

(e) Warrants:

All existing warrants were re-priced to \$0.10 in December 2008, with the exception of certain insider warrants ineligible under Stock Exchange rules.

The following share purchase warrants were outstanding at September 30, 2009:

Number of warrants	Exercise price	Expiry date
519,213	\$0.10	10-Mar-10
218,750	\$0.24	7-Jan-10
5,000,000	\$0.10 & \$0.30	28-Aug-10
22,000,000	\$0.05 & \$0.10	31-Mar-12
11,300,000	\$0.05 & \$0.10	14-May-12
30,086,000	\$0.10	17-July-12
69,123,963	\$0.087	

PMI GOLD CORPORATION

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the Three Months ended September 30, 2009

Warrant transactions and the number of warrants outstanding are summarized as follows:

	September 30 2009	
	Number of warrants	Weighted average exercise price
Warrants, beginning of period	42,991,251	\$ 0.08
Issued	30,000,000	0.10
Issued as finder's fee	86,000	0.10
Exercised	(72,000)	0.10
Expired/forfeited	(3,881,288)	0.10
Warrants, end of period	69,123,963	\$0.087

8. Financial instruments:

The Company's financial instruments consist of cash, receivables, accounts payable and accrued liabilities, due to related parties and due to Trafalgar.

The carrying values of cash, receivables accounts payable and accrued liabilities and due to related parties approximate their respective fair values due to the short-term nature of these instruments. Due to Trafalgar is carried at fair value.

It is management's opinion that the Company is not exposed to significant interest or credit risks arising from the financial instruments, due to the minimal receivables and cash on deposit

The Company is exposed to liquidity risk due to the highly illiquid state it maintained during the course of the previous financial year. This position was greatly ameliorated subsequent to September 30, 2009 through the funds generated through a private placement (Note 14) and the subsequent settlement of indebtedness to Trafalgar (Note 9). The Company's ability to meet its ongoing obligations is dependent upon its ability to raise further financing.

The Company is exposed to financial risk arising from fluctuations in foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

As substantially all of the Company's exploration activities are conducted in Ghana, the Company is subject to different considerations and other risks not typically associated with companies operating in North America. These include risks associated with, among others, political, economic and legal environments and foreign currency exchange. The Company's results may be adversely affected by changes in the political and social conditions in Ghana and by changes in governmental policies with respect to laws and regulations, anti-inflationary measures, currency conversion and remittance abroad, and rates and methods of taxation, amongst other things.

9. Due to Trafalgar

On July 4, 2008 PMI received a \$3,500,000 secured loan (\$3,126,000 net of costs) from Trafalgar, which was applied to settle the final payment of US\$3,000,000 and accrued interest payable to Nevsun Africa (Barbados) Ltd. pursuant to the agreement to acquire the Kubi Gold Project. The loan was initially made up in equal parts of a Bridge Loan carrying interest at 14% repayable in full on October 8, 2008, and a Convertible Debenture. The Convertible Debenture carried interest at 14%

PMI GOLD CORPORATION

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the Three Months ended September 30, 2009

p.a. for 90 days, and 10% p.a. for the balance of the term. The Maturity date of the Convertible was July 7, 2010 with principal repayable in equal monthly installments, together with interest and a redemption premium of 12.5%, commencing November 5, 2008.

An initial 30 day extension of the Bridge loan was granted coinciding with the due date for the commencement of the repayment of the Convertible. The Company was not able to meet this initial extension date nor fully comply with conversion terms of the Convertible, and a further extension was signed on February 3, 2009. The Company was given notice of default in March 2009, whereupon both the remaining outstanding portion of the Bridge Loan as well as the Convertible Debenture became fully due.

Upon payment of a further \$1.0 million, an agreement was signed on July 15, 2009 granting extension of the remaining balance to October 12, 2009. All remaining obligations were settled with a final payment of \$2,205,538 on October 19, 2009.

10. Income taxes:

The Company, as of June 30, 2009 has non-capital losses of approximately \$8,876,924 available for deduction against future taxable income. These losses, if not utilized, will expire through 2029.

Year	Canada	Ghana	Total
	\$	\$	\$
2010	83,297	-	83,297
2011	319,481	-	319,481
2015	828,030	-	828,030
2016	731,134	60,999	792,133
2017	-	569,677	569,677
2027	743,135	-	743,135
2028	2,148,601	-	2,148,601
2029	3,392,570	-	3,392,570
	\$ 8,246,248	\$ 630,676	\$ 8,876,924

Subject to certain restrictions, the Company also has resource expenditures available to reduce taxable income in future years. Future tax benefits which may arise as a result of these non-capital losses and resource deductions have not been recognized in these financial statements and have been offset by a valuation allowance.

11. Supplemental disclosure with respect to cash flows:

On July 8, 2008 the Company announced the closing of a \$3,500,000 secured loan (\$3,126,000 net of costs), applied to settle the final payment of US\$3,000,000 and accrued interest payable to Nevsun Africa (Barbados) Ltd. pursuant to the agreement to acquire the Kubi Gold Project. The loan was made up in equal parts of a Bridge Loan and a Convertible Debenture. The Bridge Loan carried interest of 14% p.a. repayable in full on October 8, subsequently extended to March 25, 2009. The Convertible Debenture carried interest at 14% p.a. for 90 days, and 10% p.a. for the balance of the term. The Maturity date was July 7, 2010 and principal was repayable in equal monthly installments, together with interest and a redemption premium of 12.5%, commencing November 5, 2008. As security for this indebtedness, the Company had pledged the shares of its wholly-owned subsidiaries, Adansi Gold Company (Gh) Limited and Nevsun Resources (Ghana) Ltd.

As of October 19, 2009 the remaining indebtedness to Trafalgar was settled in full.

PMI GOLD CORPORATION

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the Three Months ended September 30, 2009

12. Commitment:

The Company has entered into an operating lease agreement for office premises. The annual lease commitments under this lease are as follows:

2010	\$ 8,490
	\$ 8,490

13. Segmented information:

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

	2009	2008
Capital assets:		
Canada	\$ 34,145	\$ 14,306
Ghana	19,936,171	16,985,722
	\$ 19,970,316	\$ 17,000,028

14. Capital Management:

The Company manages its capital structure, consisting of shareholders' equity and cash, in order to have funds available to support its exploration activities and sustain the future development of the business.

To maintain or adjust the capital structure the Company may issue new shares, options and warrants, and issue debt, according to prevailing economic conditions. The Company expects that it will be necessary to raise additional capital in the near term in order to proceed with its exploration and development plans.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

15. Subsequent events:

On October 20, 2009, the Company closed a non-brokered private placement of 36,455,000 units at a price of \$0.10 per unit for gross proceeds of \$3,645,500. Each unit comprised of one common share and one share purchase warrant exercisable for two years at a price of \$0.15 per share. \$90,000 was paid and 225,000 warrants were issued as a finder's fee. The majority of the proceeds were used to repay the outstanding debt to Trafalgar.

On October 21, 2009 the Company announced the repayment in full of all amounts due to Trafalgar, as well as the resignation effective October 16, 2009 of Mr. Jeffrey Sternberg who had joined the Board to assist with the loan.

In late October, the 2nd phase drilling commenced on the Kubi gold project to follow up on the new garnet zone discovery in previously announced hole KV-09-513. In addition a 200 hole auger sampling program to upgrade geophysical targets prior to drilling was commenced.

PMI GOLD CORPORATION

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the Three Months ended September 30, 2009

Also in late October, the Company announced that it was commencing a third party review of near surface gold resources that may remain at our Obotan Gold project in Ghana, with respect to a potential toll milling operation. The program will consist of a series of QC and QP drill holes in four separate target areas to confirm the previous data base. Once completed a NI 43-101 compliant resource estimate will be prepared.

On October 29, 2009 the Company announced that Dr. John Clarke was appointed an Executive Director of the Company.

Also on October 29, 2009 the Company announced, subject to regulatory approval, five year incentive stock options expiring on October 28, 2014, to purchase a total of 1,000,000 common shares of the Company, at a price of \$0.20 per share to a Director.



Introduction

The following discussion and analysis of the operations, results, financial position and related Notes of the Company for the three months ended September 30, 2009 should be read in conjunction with the September 30, 2009 Financial Statements and related Notes, and the June 30, 2009 Audited Financial Statements and related Notes. The effective date of this report is November 15, 2009. All monetary amounts, unless otherwise indicated, are expressed in Canadian dollars. 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.

Forward-Looking Statements

Certain statements contained in this document constitute "forward-looking statements". When used in this document, the words "may", "would", "could", "will", "intend", "plan", "propose", "anticipate", "believe", "forecast", "estimate", "expect" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. Such statements reflect the Company's current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. The Company does not intend, and does not assume any obligation, to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future results, events or developments.

Structure and Business Description

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

The Company's head office is located at Suite 511 – 475 Howe Street, Vancouver, British Columbia, V6C 2B3 and its' registered and records office is located at 10th Floor, 595 Howe Street, Vancouver, BC, V6C 2T5. The Company is registered in Ghana as a foreign corporation and has a branch located at 1 Switchback Crescent, Cantonments, Accra, Ghana, West Africa.

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 is listed on the Berlin and Frankfurt Exchanges and on the European gold web site www.golddesk.ch to better inform our growing investor base in Europe.

The long-term goals for PMI Gold include:

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

Operating Activities

The net loss for the three months ended September 30, 2009 was \$502,314 compared to a net loss of \$1,006,577 for the three months ended September 30, 2008.

The major decrease in the net loss in the period relative to the comparative prior period relates to the costs incurred on our Kubi Gold Project. The prior period included substantial once-off costs associated with the debt financing of the final purchase of the Kubi Gold Project, as well as costs incurred in preparation of a rated bond offering. Lower interest and financing costs as well as consulting fees and miscellaneous expenditures reflect this reduction in spending relative to the prior period. In the light of global economic conditions developing towards

the latter stages of 2008, the Company has not proceeded with its bond offering, though this is not excluded as a potential future source of funding.

Capital Stock and Financing

During the three months ended September 30, 2009 the following stock transactions occurred:

On July 17, 2009 the Company closed a private placement of 30,000,000 units at a price of \$0.05 per unit for gross proceeds of \$1,500,000. Each unit consists of one share and one share purchase warrant to purchase an additional share at a price of \$0.10 per share for three years. As a finder's fee, \$17,200 was paid and 86,000 warrants were issued, exercisable for three years at a price of \$0.10.

On September 10, 2009 the Company granted 8,638,750 stock options to directors, officers, employees and advisors. The options expire on September 9, 2014 and the exercise price is \$0.15 per share

Corporate Developments

On July 13, 2009 the Company announced that shareholders had approved a private placement of shares which could result in Arlyn James Miller acquiring 20% or more of the shares of the Company. Mr. Miller's holding was confirmed at 32,401,700 common shares or 21.76% of the then issued and outstanding shares.

On July 17, 2009 the Company closed a private placement of 30,000,000 units at a price of \$0.05 per unit for gross proceeds of \$1,500,000, as initiated on May 26, 2009. Proceeds were used to pay some accounts payable and reduce the debt owing to Trafalgar by \$1,000,000. In return for this payment, Trafalgar extended the repayment date for the remaining loan to October 12, 2009.

On July 27, 2009 the Company announced Mr. Miller's agreement to purchase a further 4,000,000 shares and share purchase warrants, which would represent approximately 34.17% of the issued and outstanding share capital when completed. It was further announced that Waratah Investments Ltd. of Ghana had acquired 14,000,000 shares and share purchase warrants, and had undertaken to purchase an additional 4,000,000 shares and share purchase warrants, upon which their holding would represent approximately 21.57% of the then issued and outstanding common shares.

On August 25, 2009 the Company announced a private placement to raise up to \$2.75 million by the private placement of 27.5 million units at \$0.10 to accredited investors, each unit comprising one common share and one share purchase warrant exercisable at \$0.15 per share for two years. With subsequent increases, the private placement was closed at \$3.645 million for 36.45 million units on October 20th. Proceeds were used to pay off the outstanding debt to Trafalgar, and for working capital. On October 21, 2009 the Company announced the repayment in full of all amounts due to Trafalgar, as well as the resignation effective October 16, 2009 of Mr. Jeffrey Sternberg who had joined the Board to assist with the loan.

Exploration Results

During the three months, a total of \$396,959 was expended on exploration and development on the Company's projects. Work during the three months consisted primarily of drilling and geophysical ground surveys.

On the Kubi property, 4 square kilometers were surveyed by local source VLF followed by geophysical ground surveys to map the geology around identified drill targets. Six exploration diamond drill holes were drilled in the Ashanti trend for a total of 628m. On September 9, 2009 final drill results from the 2nd phase diamond drilling program on the Kubi gold project were announced. Gold mineralization was noted in hole KV-09-513 from 69.0m to 75.8m. Best assays were 2.57 g/t Au over a core length of 1.75m at a depth of 72.0m, within mineralized garnet zone assaying 1.07 g/t Au over its full 6.8m length. True widths are estimated at 70% to 80% of the indicated core lengths. This mineralization is considered significant and a follow up program to test for increased grades and widths is planned to commence in early November.

On the Dunkwa-Gyimigya property, a total of 2.21 square km of local source VLF and two lines of IP were carried out. Two diamond drill holes for a total of 275m were drilled.

Results of Operations

The Company is currently engaged in mineral property acquisition, exploration and development and does not have revenues from its operations. Operational results reflect costs incurred for mineral property acquisitions and associated exploration expenses as well as other regulatory expenses incurred in Ghana, and to maintain the administrative infrastructure required to operate locally in Ghana and in Vancouver.

General and administrative costs can be expected to fluctuate relationally with acquisitions, exploration and operations.

Despite the working capital deficiency, the Company is continuing to operate as a going concern and is focused on obtaining financing to place its Kubi and Obotan Gold Projects into production. Until production is obtained, the Company will continue to operate at a loss. Given the uncertain market conditions, the Company cannot guarantee that sufficient financing will be obtained, however it will continue to source and evaluate all reasonable financing alternatives including equity, long term debt, gold loans or joint ventures.

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 September 30, 2009:

	2010		2009		2008			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Net sales or revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Gain/(Loss) before other items	(434,571)	(790,266)	(232,069)	(1,223,195)	(1,006,577)	(426,912)	(151,241)	(646,516)
Other Items	(67,743)	(1,100,847)	-	-	-	1,554	3,406	8,164
Net Profit/(Loss)	(502,314)	(1,891,113)	(232,069)	(1,223,195)	(1,006,577)	(425,358)	(147,835)	(638,352)
Basic and diluted Net Loss per share	(0.003)	(0.038)	(0.022)	(0.014)	(0.010)	(0.021)	(0.010)	(0.010)

*This financial data has been prepared in accordance with Canadian generally accepted accounting principles and all figures are stated in Canadian dollars.

For the Three months ended September 30, 2009

	2009	2008
Amortization	776	884
Foreign exchange loss/(gain)	(40,087)	(57,117)
Investor relations	41,314	70,208
Management & Consulting Fees	31,320	153,530
Office & Miscellaneous	30,916	134,728
Professional Fees	106,094	132,398
Stock based compensation	232,506	126,207
Transfer agent and regulatory fees	19,881	33,576
Travel and promotion	11,851	67,102
Financing	67,746	345,222
	502,317	\$ 1,006,738

Loss before financing charges for the three months ended September 30, 2009 is \$434,571 as compared to a loss of \$661,516 for the three months ended September 30, 2008. Expenses generally decreased due to the avoidance of once-off costs of the prior period associated with the Trafalgar loan, obtained to finalise the purchase of the Kubi Gold Property.

Stock based compensation is calculated at \$232,506 for the three months ended September 30, 2009 as compared to \$126,207 for the three months ended September 30, 2008, reflecting the employee stock options awarded on September 10, 2009.

Treasury Summary

The following table presents a summary of issued capital stock, share purchase warrants and options as at September 30, 2009:

	Quantity	Value	Exercise Price
Issued Shares	148,989,570	\$ 26,801,392	
Contributed Surplus		\$ 2,804,581	
Share purchase warrants outstanding	69,123,963		\$0.10 and \$0.05
Options outstanding	13,470,000		\$0.05, \$0.10 and \$0.15
Options vested	6,957,604		
Maximum future proceeds from outstanding options		\$ 1,778,938	

Liquidity and Capital Resources

As at September 30, 2009, the Company had a net working capital deficiency of (\$4,434,631) (2008: (\$4,340,644)).

There are no commitments for capital expenditures, or mineral properties commitments other than ongoing option and regulatory fee payments. Whilst the Company's cash position as at September 30, 2009 is not sufficient to meet planned future expenditures and procurement commitments for the ensuing twelve months, the Company has 6,951,568 share purchase warrants with an exercise price of \$0.10 that will expire between July 30, 2009 and August 28, 2010, and these warrants have a forced exercise provision, whereby if the closing price is greater than \$0.12 for 10 consecutive trading days then the warrant holders will have 30 days to exercise the warrants or the warrants expire. On October 26, 2009, the forced exercise provision was triggered. It is anticipated that the exercise of warrants in 2010 will provide sufficient funds for the planned drilling and exploration program to continue.

The Company's ability to continue as a going concern is dependent upon its ability to raise further funding, and there can be no assurance that the Company will be able to do so, in which event the Company may be unable to meet its obligations and commitments and proceed with its future development plans.

Failure to meet its obligations and commitments would require the Company to restate its assets and liabilities on a liquidation basis, which amounts would differ materially from the going concern basis. The longer term continuation of the Company as a going concern necessitates the creation of a revenue stream from its mineral assets, and the Company is actively pursuing financing alternatives in order to bring one or other of its mineral properties into production.

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 Company has successfully raised capital in an extremely difficult market and is confident that further financing will be sourced through these markets until one or more of its projects are in production.

Related Party Transactions

The Company entered into the following related party transactions during the three months ended September 30, 2009:

	2009	2008
Management and consulting fees:		
Management fees charged by a company controlled by a director of the company (D. MacQuarrie)	30,000	30,000
Consulting fees charged by a director of the Company (D. Buckle) who resigned November 2008	Nil	30,000
Management fees charged by a company controlled by a director of the company (P. Hooper) who resigned in November 2008	Nil	10,000
Consulting fees charged by an officer of the Company (P. Gibbs)	15,000	15,000
Consulting fees charged by a former officer of the Company (F. Cannon)	Nil	5,800
Directors' fees:		
J. H. Mensah	3,000	3,000
Peter Hooper	Nil	2,000
Len Dennis	3,000	3,000
Deferred exploration costs:		
Legal and other services and expenses charged by a firm controlled by a director of the Company's Ghanaian subsidiary (T. Ennison)	25,500	21,000

These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Amounts due from and to related parties are unsecured, non-interest bearing with no specific terms of repayment and accordingly the fair value cannot be determined.

Future Income Tax Liability – “FITL”

The company has incurred certain exploration-related expenditures in Canada that relate to its properties in Ghana and for which no tax basis exists in Ghana. This generates a future income tax liability in Ghana which would become payable upon future profitable production or disposition of the properties. The company has no current income taxes payable.

The future income tax liability is denominated in the local Ghana currency and, as a monetary liability, is translated to Canadian dollars using the closing rate at each three months end. This gives rise to foreign exchange gains and losses in the income statement.

Off Balance Sheet Arrangements

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

Critical Accounting Estimates

The preparation of financial statements requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses for the three months reported. Significant areas requiring the use of estimates are the evaluation of impairment of mineral properties, determination of valuation allowances for future income tax assets and the assumptions used in determining the fair value of non-cash stock-based compensation. These estimates are reviewed quarterly, and, as adjustments become necessary, they are reported in operations in the period which they become known and filed in a timely manner with appropriate regulatory authorities in Canada. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies commented on below:

Accounting Policies including Subsidiaries and Initial Adoption

The accounting policies and methods of application are disclosed in the notes to the Company's annual audited consolidated financial statements for the year ended June 30, 2009

Financial Instruments

Fair value

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

Financial risk

Financial risk arises from changes in interest rates and foreign currency exchange rates. The Company does not use any derivative instruments to reduce its exposure to fluctuations in these rates. The Company is exposed to financial risk arising from fluctuations in foreign exchange rates and the degree of volatility of these rates; however exposure to foreign currencies is minimal at this stage.

Credit risk

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

Liquidity risk

The Company has been exposed to considerable liquidity risk primarily from the additional debt associated with its Kubi Project acquisition. The liquidity position is elaborated on in the section dealing with Liquidity and Capital Resources, however the Company's ability to continue as a going concern is dependent upon its ability to raise further funding, and there can be no assurance that the Company will be able to do so. In such an event the Company may be unable to meet its obligations and commitments and proceed with its future development plans.

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

Risks and Uncertainties**Investment Risk**

It is possible that the Company's mineral properties will create positive cash flow for the Issuer in the near future, however this is not guaranteed as this is dependent upon raising sufficient capital, completing permitting and arranging a toll milling agreement among other requirements, and 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.

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 our 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 Europe, Africa 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 capital assets, arranged geographically, are as follows:

Geographic Location of Capital Assets	30-Sep-09	30-Sep-08
Canada	34,145	13,422
Ghana	19,936,171	17,833,247
	<u>\$19,970,316</u>	<u>\$17,846,669</u>

Subsequent Events

Subsequent to September 30th:

On October 20, 2009 the Company closed a private placement of 36,455,000 units at \$0.10 to accredited investors, each unit comprising one common share and one share purchase warrant exercisable at \$0.15 per share for two years. Proceeds were used to pay off outstanding debt to Trafalgar, and for working capital.

On October 21, 2009 the Company announced the repayment in full of all amounts due to Trafalgar, as well as the resignation effective October 16, 2009 of Mr. Jeffrey Sternberg who had joined the Board to assist with the loan.

In late October, the 2nd phase drilling commenced on the Kubi gold project to follow up on the new garnet zone discovery in previously announced hole KV-09-513. In addition a 200 hole auger geochemical sampling program, to upgrade geophysical targets prior to drilling, was commenced.

Also in late October, the Company announced that it was commencing a third party review of near surface gold resources that may remain at our Obotan Gold project in Ghana, with respect to a potential toll milling operation. The program will consist of a series of QC and QP drill holes in four separate target areas to confirm the previous data base. Once completed it is expected that a NI 43-101 compliant resource estimate will be prepared.

On October 29, 2009 the Company announced that Dr. John Clarke was appointed an Executive Director of the Company. Dr. Clarke holds a B.Sc. in metallurgy from University College Cardiff, a Ph.D. in metallurgy from Cambridge University and an MBA from Middlesex Polytechnic. During his long career involved in African mining he has held a number of executive positions including Executive Director of Ashanti Goldfields and most recently was the CEO of Nevsun Resources Limited, an exploration and development company engaged in gold and base metals exploration and development in Africa. While at Ashanti, Dr. Clarke was responsible for strategic planning and business development and contributed to establishing Ashanti's gold exploration program throughout sub-Saharan Africa, including the acquisition of the Geita deposit in Tanzania, the Siguiri deposit in Guinea and the Bibiani deposit in Ghana. At Nevsun, Dr. Clarke was responsible for the commissioning of their first mine in a remote and logistically difficult part of Mali, and the exploration and resource definition and major project planning in Eritrea with respect to their Bisha Mine, now under final construction. In addition he was responsible for leasing the Kubi gold project, now owned by PMI Gold, to AngloGold Ashanti for a surface mining operation. Dr. Clarke is also a Director of several other Africa based exploration and development companies which affords him an excellent 'continent wide' African outlook.

Also on October 29, 2009 the Company announced, subject to regulatory approval, five year incentive stock options expiring on October 28, 2014, to purchase a total of 1,000,000 common shares of the Company, at a price of \$0.20 per share to a Director.

Disclosure Controls

In connection with Exemption Orders issued in November 2007 and revised in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis.

In contrast to the certificates under National Instrument ('NI') 52-109 (Certification of disclosure in an Issuer's Annual and Interim Filings), the Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting as defined in NI 52-109.

Other MD&A Requirements

As at November 15, 2009, the Company has 185,444,570 shares outstanding or 306,718,533 shares on a fully diluted basis. If the Company were to issue 105,803,963 shares upon the conversion of all of its outstanding warrants; and 6,957,604 shares upon the conversion of all of its outstanding vested stock options (re-priced to \$0.10) it would raise \$13.3 million. In terms of a forced exercise provision attached to warrants re-priced to \$0.10 during the year, if the Company's closing share price is \$0.12 or greater for 10 consecutive trading days, warrant holders will have 30 days in which to exercise their warrants, otherwise warrants expire on the 31st day. The condition was reached on Monday October 26, 2009.



CORPORATE DATA

November 15, 2009

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DIRECTORS & OFFICERS

Douglas R. MacQuarrie	President & CEO
Thomas Ennison	Executive Director
Len Dennis	Director
J.H. Mensah	Director
Dr. John Clarke,	Executive Director
Philip N. Gibbs	Chief Financial Officer
Dianne Szigety	Corporate Secretary

INVESTOR CONTACTS

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CAPITALIZATION

Authorized:	Unlimited
Issued:	187,444,570

LISTINGS

TSX Venture Exchange "PMV"
Frankfurt/Berlin "WKN AOJMW7"