

**Consolidated Financial Statements of**

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

**For the Three and Nine Months ended March 31, 2010**

### 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**  
(unaudited)

	March 31, 2010	June 30, 2009 Restated
<b>Assets</b>		
Current assets:		
Cash	\$ 5,488,103	\$ 161,698
Receivables	-	10,400
Prepaid expenses	84,125	102,820
	<u>5,572,228</u>	<u>274,918</u>
Mineral properties (note 4)	21,394,855	19,507,068
Equipment (note 5)	80,501	39,181
	<u>\$ 27,047,584</u>	<u>\$ 19,821,167</u>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 993,254	\$ 1,584,441
Due to related parties (note 6)	238,384	439,434
Advance subscriptions	6,586,667	177,500
Due to Trafalgar (note 8)	-	3,143,920
	<u>7,818,305</u>	<u>5,345,295</u>
Future income tax liability	1,386,551	1,142,877
Shareholders' equity:		
Capital stock (note 7)	31,472,231	25,446,185
Contributed surplus (note 7)	2,970,757	2,572,075
Equity component of convertible debenture	-	187,887
Deficit	(16,600,260)	(14,873,152)
	<u>17,842,728</u>	<u>13,332,995</u>
Nature of operations and going concern (note 1)		
Commitments (notes 4 and 10)		
Subsequent events (note 13)		
	<u>\$ 27,047,584</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 and nine months ended March 31, 2010 & 2009 (unaudited)

	Three and Nine Months Ended			
	March 31st			
	FY 2010		FY 2009	
	3 mths	9 mths	3 mths	9 mths
Revenue				
Expenses				
Amortization	545	2,046	888	2,695
Foreign Exchange loss (gain)	(257,037)	(108,300)	(97,621)	(178,958)
Investor relations including directors fees	33,241	121,356	29,953	125,440
Management and consulting fees	160,157	287,529	51,725	270,775
Office and miscellaneous	85,933	142,345	122,322	605,052
Professional fees	92,984	286,630	37,936	259,161
Stock-based compensation (note 7)	163,325	551,194	44,068	149,472
Transfer agent and regulatory fees	41,034	92,906	32,980	72,808
Travel and promotion	27,175	70,499	13,360	83,197
Loss on disposal of asset	-	-	(19,285)	(44,792)
Loss before interest	347,357	1,446,205	216,325	1,344,849
Interest and financing costs	7,647	80,906	15,744	1,117,159
Interest income	(3)	(3)	-	(167)
Net loss and comprehensive loss for the period	355,001	1,527,108	232,069	2,461,841
Deficit, beginning of period	(16,245,256)	(14,873,152)	(13,796,235)	(11,566,463)
Deficit, end of period	(16,600,257)	(16,400,260)	(14,028,304)	(14,028,304)
Basic and diluted loss per common share	\$ (0.002)	\$ (0.009)	(0.002)	(0.022)
Basic and diluted weighted average number of common shares outstanding	198,034,065	175,241,673	107,617,570	107,617,570

See accompanying notes to consolidated financial statements.

# PMI GOLD CORPORATION

## Consolidated Statements of Cash Flows

For the three and nine months ended March 31, 2010 & 2009 (unaudited)

	FY 2010		FY 2009	
	3 Mths	9 Mths	3 Mths	9 Mths
Cash provided by (used in):				
Operations:				
Net loss for the period	(355,001)	(1,527,108)	(232,069)	(2,461,841)
Items not affecting cash:				
Amortization	545	2,046	888	2,694
Unrealized foreign exchange loss (gain)	7,332	19,145	847	13,545
Loss on disposal of assets	-	-	(19,285)	(44,792)
Stock-based compensation (note 7(d))	163,325	551,194	44,068	149,472
	(183,799)	(954,723)	(205,551)	(2,340,922)
Changes in non-cash working capital:				
Receivables	-	10,400	1,548	23,276
Prepaid expenses	(29,194)	18,695	8,650	123,349
Accounts payable and accrued liabilities	(192,526)	(791,187)	(96,968)	1,169,690
Due to related parties	(54,428)	(201,050)	177,321	55,677
	(276,148)	(963,142)	90,551	1,371,992
Financing:				
Proceeds from issuance of shares and warrants	199,000	5,695,347	1,100,000	2,556,006
Share issuance costs	(97,500)	(107,200)	(100,000)	(222,500)
Long-term portion of redeemable debenture				800,000
Bridge loan				1,750,000
Advance subscriptions	6,586,667	6,409,167	300,000	300,000
Due to Nevsun Resources Ltd.	-	-		(3,055,800)
Due to Trafalgar	-	(3,143,920)		
Redeemable debenture			(783,333)	
	6,688,167	8,853,394	516,667	5,183,506
Investments:				
Mineral properties	(730,720)	(1,565,758)	(249,393)	(1,054,443)
(Purchase)/reductions of equipment	(43,366)	(43,366)	45,586	67,605
	(774,086)	(1,609,124)	(203,807)	(986,838)
Increase (decrease) in cash	5,454,134	5,326,405	197,860	3,227,738
Cash, beginning of period	33,968	161,698	20,641	46,563
Cash, end of period	5,488,103	5,488,103	218,501	3,274,301
Cash	5,488,103	5,488,103	218,501	218,501
Cash Equivalents			63,226	63,226

# PMI GOLD CORPORATION

## NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended March 31, 2010

---

### 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 properties are its Kubi mining license and Obotan prospecting licenses in Ghana which the Company is advancing towards the development phase. The Company has 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 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 currently upgrading this study with consultants to determine the optimal configuration for the development of a commercial mine at Kubi.

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. The Company, in acquisition of mineral properties and exploration, has incurred losses since inception and is currently not generating any revenues. For the nine months ended March 31, 2010, the Company has net cash inflows of \$5,454,134. At March 31, 2010 the Company's cash on hand was \$5,488,103.

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 acquisition of the Kubi property. The final installment on the financing was settled in full on October 19, 2009.

The Company's cash position as at March 31, 2010 is sufficient to meet planned future expenditures and procurement commitments for the ensuing twelve months. However the Company intends to press ahead into production, and this will require the raising of further financing in order to meet this objective. The ability of the Company to continue as a going concern depends upon its ability to raise adequate financing for the development of its gold projects and to pursue further exploration of its other mineral properties. Should the Company be unable to continue to raise the necessary funds, the Company may be unable to meet future obligations and commitments.

### 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. The accounting policies adopted are:

#### (a) Section 3855 - Financial Instruments

In 2009, the Company adopted the amendments to CICA Handbook Section 3855, *Financial Instruments - Recognition and Measurement* ("Section 3855") to provide additional guidance concerning the assessment of embedded derivatives upon reclassification of a financial asset out of the held-for trading category, amend the definition of loans and receivables, amend the categories of financial assets into which debt instruments are required or permitted to be classified, amend the impairment guidance for held-to maturity debt instruments and require reversal of impairment losses on available-for-sale debt instruments when conditions have changed. The adoption of these amendments did not have an impact on the Company's financial statements.

# PMI GOLD CORPORATION

## NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended March 31, 2010

---

### (b) Section 3862 – Financial Instruments

In 2009, the Company adopted the amendments to CICA to Handbook Section 3862, Financial Instruments - Disclosures to include additional disclosure requirements about fair value measurements of financial instruments and to enhance liquidity risk disclosure requirements for publicly accountable enterprises. These amendments entail a three-level hierarchy that takes into account the significance of the inputs used in making the fair value measurements. The adoption of these amendments did not have an impact on the Company's financial statements.

### (c) Section 3064 - Goodwill and intangible assets

In 2009, the Company adopted a new accounting standard Section 3064, Goodwill and Intangible Assets, replacing accounting standard Section 3062, Goodwill and Intangible Assets, and accounting standard Section 3450, Research and Development Costs. Section 3064 establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. The adoption of this standard did not have an impact on the Company's financial statements.

### 3. Accounting standards issued for adoption in future periods:

International Financial Reporting Standards: The Canadian Institute of Chartered Accountants ("CICA") plans to converge Canadian Generally Accepted Accounting Principles with International Financial Reporting Standards (IFRS) over a period expected to end in 2011. The Company's transition date of July 1, 2011 will require restatement of the amounts reported by the Company for the year ended June 30, 2010 for comparative purposes. The Company has begun the process of developing an IFRS conversion plan which includes an in-depth analysis of IFRS while identifying the differences between IFRS and the Company's current accounting policies. Once these key differences are identified, the Company can assess the impact of the conversion to IFRS, and develop an appropriate implementation plan. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

### 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.

# PMI GOLD CORPORATION

## NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended March 31, 2010

				2010	2009
	Ashanti II Project	Ofoase & Bankame Concessions	Kubi	Total	Total
<b>Acquisition costs</b>					
Balance, beginning of the year					
July 1, 2009	\$3,030,006	\$173,168	\$5,621,700	\$8,824,874	\$8,824,874
Additions during the period	62,290	28,241	-	90,531	
Balance, end of the period					
March 31, 2010	3,092,296	201,409	5,621,700	8,915,405	8,824,874
<b>Deferred exploration costs</b>					
Balance, beginning of the year					
July 1, 2009	8,989,199	301,017	1,391,978	10,682,194	9,338,297
Additions during the period					
Assaying, testing and analysis	7,927	-	31,655	39,582	-
Contract labour	15,056	-	7,185	22,241	8,778
Diamond drilling	465,197	-	125,753	590,950	130,072
Field office	40,930	-	24,218	65,148	44,856
Future income tax liability	-	-	-	322,029	194,298
Geology and geophysics	221,970	-	115,021	336,991	299,762
Lease rental and claims maintenance	45,289	5,250	25,081	75,620	199,117
Legal	59,625	4,125	12,750	76,500	176,484
Proj Mgmt and related exploration costs	127,878	-	127,790	255,667	269,683
Transportation and travel	4,821	-	7,707	12,528	20,847
Subtotal Deferred Exploration	988,692	9,375	477,159	1,797,256	1,343,897
Balance, end of the period					
March 31, 2010	9,977,891	310,392	1,869,137	12,479,450	10,682,194
	\$13,070,187	\$511,801	\$7,490,837	\$21,394,855	\$19,507,068

Overview: The Company's mineral properties consist of two mining leases, seven prospecting licenses and seven options covering mineral concessions, all located in Ghana, West Africa.

(a) Properties held by the Company:

The governing agreement for the majority of the original concessions held by the Company is a Purchase and Sale Agreement (the "Agreement") dated for reference May 12, 2006 between Goknet Mining Company Limited, a private Ghana registered company with two common directors, and the Company.

The Agreement completed the purchase of Goknet's interest in concessions formerly under option between PMI, Goknet and, in some cases, certain third parties. Goknet retains a 2% Net Smelters Return Royalty ("NSR") on the Ashanti II Project located on the Asankrangwa gold belt, 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

# PMI GOLD CORPORATION

## NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended March 31, 2010

---

2006) and the issuance of Three Million Shares (3,000,000) shares of the Company (issued during 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 Company interest, area weighted, in these concessions and options is 85.2%.

Pursuant to the Agreement, and by subsequent direct acquisition, the Company has completed registration of title to seven (7) concessions through its wholly-owned subsidiary Adansi Gold Company (GH) Limited which are:

- Juabo (Gemap)
- Diaso - Afiefiso
- Abore – Abirem (Obotan)
- New Obuase (Fromenda)
- Adubea (Obotan)
- Dunkwa - Gyimigya
- Kaniago (Adansi)

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

Concession optioned by Goknet from Switchback Mining Company Limited and, in turn, optioned by Goknet to the Company (one concession comprising three land parcels):

- Gyagyatreso,
- Nkronua, and
- Amuabaka

Title is presently vested in Switchback, 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.

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

- Manhia

Title is presently vested in Goknet. The Company anticipates registration of this concession in the name of Adansi when exploration results justify the increased holding costs.

Concession held by Goknet and optioned directly to the Company:

- Agyaka-Manso

Title is presently vested in Goknet. 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 100% owned Barbados 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

# PMI GOLD CORPORATION

## NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended March 31, 2010

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 to an arm's length vendor;
- Pay an annual payment of US\$10,000 to Goknet 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 agreed to 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 dependant on Golden Lion listing on the Australian Securities Exchange (ASX) which has not occurred. The offer period has now expired and the Company is sourcing other opportunities for these concessions.

The above concessions are in three groups of contiguous concessions; the Ashanti II Project is located on the Asankrangwa gold belt; and the Kubi and Ofoase/Bankame Projects on the Ashanti Belt. The outstanding indebtedness to Goknet as at 31 March 2010 is C\$103,934.

### 5. Equipment:

	Cost	Accumulated amortization	Net book value
<b>March 31, 2010</b>			
Computer equipment	\$ 24,412	\$ 18,053	\$ 6,359
Furniture and equipment	47,307	26,812	20,496
Software	10,118	-	10,118
Vehicles	43,529	-	43,529
	\$ 125,366	\$ 44,865	\$ 80,501

	Cost	Accumulated amortization	Net book value
June 30, 2009			
Computer equipment	\$ 24,411	\$ 16,578	\$ 7,883
Furniture and equipment	67,088	35,740	31,348
	\$ 91,499	\$ 52,318	\$ 39,181

# PMI GOLD CORPORATION

## NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended March 31, 2010

### 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.

	March 31,	
	2010	2009
Management and consulting fees:		
Management fees charged by a company controlled by a director of the company (D. MacQuarrie)	\$ 90,000	\$ 90,000
Consulting fees charged by a former director of the Company (D. Buckle)	Nil	40,000
Management fees charged by a company controlled by a former director of the company (P. Hooper)	Nil	32,000
Consulting fees charged by an officer of the Company (P. Gibbs)	45,000	30,000
Consulting fees charged by a former officer of the Company (F. Cannon)	Nil	7,000
Directors' fees:		
J. H. Mensah	9,000	9,000
Len Dennis	9,000	9,000
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)	101,812	75,600

# PMI GOLD CORPORATION

## NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended March 31, 2010

Amounts due to related parties are as follows:

	March 31st	
	2010	2009
Management and consulting fees:		
Amount payable to a company controlled by a director of the company (D. MacQuarrie)	Nil	\$ 73,360
Amount payable to a former director of the Company (D. Buckle)	Nil	40,000
Amount payable to a company controlled by a former director of the company (P. Hooper)	Nil	32,000
Amount payable to an officer of the Company providing consulting services (P. Gibbs)	Nil	30,000
Amounts payable for directors' fees:		
J. H. Mensah	6,794	6,000
Len Dennis	Nil	9,000
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)	108,906	54,197
Accrued Cash Loans:		
D. Buckle	8,996	106,496
T. Ennison	962	25,714
P. Hooper	Nil	1,958
Waratah (Aust) Pty. Ltd. (PMI Shareholder)	112,726	Nil
	<u>\$238,384</u>	<u>\$378,725</u>

# PMI GOLD CORPORATION

## NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended March 31, 2010

### 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	66,455,000	5,145,500	
Shares issued for loan extension	7,409,911	222,297	(222,297)
Share issuance costs		(9,700)	
Exercise of warrants	5,958,473	505,847	
Exercise of options	590,000	162,102	(118,102)
Extinguishment of debt			187,887
Stock-based compensation			551,194
Balance at March 31, 2010	199,330,954	\$ 31,472,231	\$ 2,970,757

During the nine months ended March 31, 2010, 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.
- On October 16, 2009, 36,455,000 shares at a per unit value of \$0.10 were issued subsequent to a private placement. The net value after finders' fees was \$3,555,500.
- On October 27, 2009, 2,000,000 warrants were exercised at a value of \$100,000.
- On November 23, 2009, 7,409,911 shares with a fair market value of \$222,227 were issued to Trafalgar Capital Specialized Investment Fund (Trafalgar) pursuant to the loan extension granted on February 3, 2009.
- On November 29, 2009, 2,386,473 warrants were exercised at a value of \$238,647.
- On December 14, 2009, 100,000 warrants were exercised at a value of \$5,000.
- On January 14, 2010, 100,000 options were exercised at a value of \$10,000.
- On January 22, 2010, 50,000 options were exercised at a value of \$5,000.
- On February 22, 2010, 300,000 warrants were exercised at a value of \$30,000.
- On March 2, 2010, 1,100,000 warrants were exercised at a value of \$110,000.
- On March 9, 2010, 440,000 options were exercised at a value of \$44,000.

(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.

# PMI GOLD CORPORATION

## NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended March 31, 2010

As at March 31, 2010 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
250,000	\$ 0.10	4-Apr-05	4-Apr-10	\$ 25,000	250,000
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
1,050,000	0.10	15-Dec-06	15-Dec-11	105,000	1,050,000
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	100,000
8,538,750	0.15	10-Sep-09	9-Sep-14	1,280,813	4,269,375
1,000,000	0.20	29-Oct-09	9-Sep-14	200,000	375,000
<b>13,780,000</b>	<b>\$ 0.14</b>			<b>\$ 1,904,938</b>	<b>8,885,625</b>

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

	2010		2009	
	Number of options	Weighted average price	Number of options	Weighted average price
Options, beginning of period	5,642,500	\$ 0.10	8,650,000	\$ 0.31
Granted	9,638,750	0.16	100,000	-
Exercised	(590,000)	0.10	-	-
Cancelled/expired	(911,250)	0.11	(1,695,000)	0.35
Options, end of period	13,780,000	\$0.14	7,055,000	\$ 0.10
Total stock options exercisable	8,885,625	\$0.13	6,738,333	\$ 0.10

(d) Stock-based compensation:

During the nine months ended March 31, 2010, the Company granted options totaling 9,638,750 (2009 – 100,000). Accordingly, the fair value of options was \$995,180 (2009 - \$10,000), based on the Black-Scholes option pricing model. The stock-based compensation recognized during the period was \$551,194 (2009 - \$149,472).

# PMI GOLD CORPORATION

## NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended March 31, 2010

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

	2010	2009
Risk-free interest rate	2.30%	3.43% - 3.95%
Expected life of options	5 years	3.5 - 5 years
Stock price volatility	156%	75% - 81%
Dividend rate	0%	0%

(e) Warrants:

The following share purchase warrants were outstanding at March 31, 2010:

Number of Warrants	Exercise Price	Expiry Date
2,337,500	\$ 0.10	28-Aug-10
22,000,000	0.10	31-Mar-12
7,800,000	0.10	14-May-12
28,686,000	0.10	16-Jul-12
36,380,000	0.15	16-Oct-11
97,203,500	-	

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

	March 31, 2010	
	Number of warrants	Weighted average price
Warrants, beginning of period	42,991,251	\$ 0.08
Issued	66,455,000	0.13
Issued as finder's fee	311,000	0.10
Exercised	(7,658,473)	0.10
Expired	(4,895,278)	0.10
Warrants, end of period	97,203,500	\$ 0.09

### 8. Due to Trafalgar

On July 4, 2008 PMI received a \$3,500,000 secured loan (\$3,126,000 net of costs) from Trafalgar (the Trafalgar Loan), 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. All remaining obligations were settled with a final payment of \$2,205,538 on October 19, 2009.

# PMI GOLD CORPORATION

## NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended March 31, 2010

### 9. Supplemental disclosure with respect to cash flows:

As of October 19, 2009 the remaining indebtedness with respect to the Trafalgar Loan was settled in full. The significant non-cash transaction pursuant to the settlement of the Trafalgar debt was the issuance of 7,409,911 shares with a fair market value of \$222,227 to Trafalgar on November 23, 2009 in terms of the loan extension granted on February 3<sup>rd</sup>, 2009. Interest charges during the period amounted to \$80,906 and no income taxes were payable.

### 10. Commitment:

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

2010	\$ 10,038
	\$ 10,038

### 11. Segmented information:

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

	2010	2009
Assets:		
Canada	\$ 5,547,955	\$ 278,381
Ghana	21,499,629	19,542,786
	\$ 27,047,584	\$ 19,821,167

### 12. Comparatives:

The Company has restated its prior year comparatives for the impact of correcting consulting expenses of \$200,000 relating to 2010 but which were accrued in error in 2009, resulting in an overstatement of Accumulated Deficit as at the end of 2009.

### 13. Subsequent events:

- On April 7th, the Company announced it received TSX Venture Exchange approval for and closed its private placements of 17,336,398 common shares, at a price of \$0.15 per share, and 33,333,333 common shares, at a price of \$0.14 per share, to raise aggregate proceeds of \$7,267,127.
- The Company granted five year incentive stock options expiring on May 12, 2015, to purchase a total of 1,300,000 common shares of the Company, at a price of \$0.25 per share, to consultants, officers, employees and advisors.
- Subsequent to March 31, 2010, the agreement with Golden Lion has expired, and the Company is sourcing other opportunities for these concessions. Deferred expenditures on these properties amount to \$511,801 which is the potential impairment charge which would arise should the Company at some future time decide to abandon these properties.

# PMI GOLD CORPORATION

## NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended March 31, 2010

---

- d) On April 21, 2010 the Company entered into a contractual agreement with Burwash Contract Drilling Ltd., for a minimum drilling depth of 8,000 metres. The minimum drilling contract cost is estimated to be US\$1.4 million.



## MANAGEMENT DISCUSSION & ANALYSIS FOR THE NINE MONTHS ENDED MARCH 31, 2010

---

### Introduction

The following discussion and analysis of the operations, results, financial position and related Notes of the Company for the nine months ended March 31, 2010 should be read in conjunction with the March 31, 2010 unaudited interim financial statements and June 30, 2009 Audited Financial Statements, and the related Notes. The effective date of this report is May 19, 2010. All monetary amounts, unless otherwise indicated, are expressed in Canadian dollars. The Company's website can be found at [www.pmigoldcorp.com](http://www.pmigoldcorp.com). Additional regulatory filings for the Company can be found on the SEDAR website at [www.sedar.com](http://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 10<sup>th</sup> 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 also listed on the Berlin and Frankfurt Exchanges, and has a web page on the European gold web site [www.golddesk.ch](http://www.golddesk.ch) to better inform our growing investor base in Europe; and at [http://www.nai500.com/?q=microsite\\_view/19680/1](http://www.nai500.com/?q=microsite_view/19680/1) in Chinese.

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.

## Operating Activities

The net loss for the three months ended March 31, 2010 was \$355,001 (2009: \$232,069) and for the nine months the net loss was \$1,527,108 compared to a net loss of \$2,461,841 for the comparable period ended March 31, 2009.

The increase in the net loss in the period relative to the comparative prior period relates primarily to the increase in efforts to obtain funding.

## Capital Stock and Financing

During the nine months ended March 31, 2010 the following share 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.

On October 16, 2009, 36,455,000 shares at a per unit value of \$0.10 were issued subsequent to a Private Placement. The net value after Finders' Fees was \$3,555,500.

On October 27, 2009, 2,000,000 warrants were exercised at a value of \$100,000.

On November 23, 2009, 7,409,911 shares were issued to Trafalgar Capital Specialized Investment Fund ('Trafalgar') in respect of the loan extension granted on February 3, 2009. The fair market value of these shares was \$222,227.

On November 29, 2009, 2,386,473 warrants were exercised at a value of \$238,647.

On December 14, 2009, 100,000 warrants were exercised at a value of \$5,000.

On January 14, 2010, 100,000 options were exercised at a value of \$10,000.

On January 22, 2010, 50,000 options were exercised at a value of \$5,000.

On February 12, 2010, 300,000 warrants were exercised at a value of \$30,000.

On March 2, 2010, 1,100,000 warrants were exercised at a value of \$110,000.

On March 9, 2010, 440,000 options were exercised at a value of \$44,000.

## Corporate Developments

On January 14, 2010 the Company announced a best efforts private placement to accredited investors and institutions to raise a minimum of \$3 million from the issuance of up to 20 million shares in the capital stock of the Company, at a minimum price of \$0.15 per share. Proceeds from the private placement were to be used for general working capital; to expedite the QC drilling program currently underway on the Obotan Gold project; to complete a maiden NI43-101 resource estimate at Obotan gold deposits; to complete follow up drilling on the new 513 Zone gold discovery and its extensions at our Kubi Gold project; and to commence an application to co-list on the Australian Securities Exchange (ASX).

On March 16, 2010 the Company reported that the private placement announced on January 14, 2010 was oversubscribed. Subscriptions were received from accredited investors for a total of \$7,534,660 comprising the issuance of 50,231,066 common shares at \$0.15 per common share. Commissions of up to 6 2/3% were payable on a portion of the subscriptions. The company also reported that certain shareholders of the Company arranged a sale of 4.3 million shares of the Company through the facilities of the TSX Venture Exchange, and a further 8.0 million shares through the Alpha Trading System, at a price of \$0.15 per share, the proceeds of which were used to fund a portion of the above noted private placement. Proceeds from the private placement were applied to accounts payable and for working capital.

The Company also reported that on closing of this financing, Macquarie Bank Limited ("Macquarie") of Australia held a 13.4% interest in the issued capital of the Company. In addition, PMI Gold has entered into a corporate advisory engagement with Hartleys Limited of Perth, Western Australia. As part of the engagement, Hartleys will act as Lead Broker to an Initial Public Offering ("IPO") of the Company and a co-listing of THE Company's shares on the Australian Securities Exchange, ASX.

The ASX is one of the best performing, natural resource based, stock exchanges in the World. Australian investors 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 continued strong markets. The recent announcement in Australia of a 40% profits tax on Australian based producers has created an opportunity for ASX listed companies with non-Australian projects to trade at a premium to their Australian based peers. Based on investor demand at the time of the Australian offering, and on whether the Company has by then raised the necessary debt financing to facilitate a production decision at any of its projects, the Company will also file a full prospectus to raise further equity on its IPO (initial public offering) in Australia. Further developments will be reported as they occur.

### Exploration Results

During the nine months, a total of \$1,887,787 (\$1,052,749 during the three months ended March 31<sup>st</sup>) was expended on exploration and development on the Company's projects. Work consisted primarily of drilling and ground geophysical surveys.

On January 7, 2010 the Company announced that initial gold assay results from an auger soil drilling program on the Kubi Gold Project in Ghana have confirmed an additional 600 metres of strike potential to the new '513 Zone' discovery (previously reported results to 3.76 g/t gold over 4.75 metres). The auger drilling program was completed to prioritize ground geophysical VLF-EM targets prior to diamond drill testing. The auger holes were drilled on 12.5 metre centers and 50.0 metre line spacing across the four strongest VLF-EM anomalies. The results from 188 auger drill holes completed have been received. Of the 412 samples assayed, 21 assayed greater than 100 ppb gold with a maximum of 1,780 ppb. Significantly, all 21 of the anomalous gold samples occur in a distinct linear trend from the 513 Zone in the north and for 600 metres to the south. The southern most 200 metres of this trend is highly anomalous and will be targeted with diamond drilling in the next drill program on Kubi – expected in July 2010. The Kubi Main Deposit, which the Company is currently sourcing funding to develop as a contract mining and custom milling underground operation (NI43-101 resource: 604,085 oz Indicated; 316,079 oz Inferred), is located 1.2 km to the east of the 513 Zone, please see the following link to the full report:

[http://www.pmigoldcorp.com/i/pdf/Kubi\\_Preliminary\\_Assessment\\_May08.pdf](http://www.pmigoldcorp.com/i/pdf/Kubi_Preliminary_Assessment_May08.pdf) ).

On February 4, 2010 the Company announced that drilling had resumed on the Company's Obotan concessions. The drill program is to confirm the results of the previous drill database. Once completed, this will allow for the preparation of a maiden NI 43-101 mineral resource estimate on the gold resources remaining at Obotan post mining by Resolute Amansie in 2003. Drilling is currently planned for the Abore, Adubiaso, Edubia and Nkran deposits. In addition, the significant drill intersections under the Nkran pit from the historical database were published, with 42 composite drill results exceeding 50 g/t Au metres, and results to 3.63 g/t Au over a core length of 68.0 metres. In order to publicly disseminate the drill information on which the resource estimate will be based, the gold intersections under the Adubiaso pit were published on December 23, 2009, and the historical drill database from the remainder of the pit areas will also be published on completion of the respective QC confirmation holes. Confirmation of the historical Obotan drill hole data base is ongoing. The data is believed to be reliable, however it is presented as received by the Company. The full drill data base is available for viewing at the offices of the Company.

## 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 in Ghana and in Canada.

General and administrative costs fluctuate relationally with acquisitions, exploration and the scale of operations.

The Company is continuing to operate as a going concern and is focused on obtaining financing to advance 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.

## 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 March 31, 2010:

	2010				2009			2008
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Net sales or revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Gain/(Loss) before other items	(347,357)	(664,277)	(434,571)	(790,266)	(232,069)	(1,223,195)	(1,006,577)	(426,912)
Other Items	(7,644)	(5,513)	(67,743)	(1,100,847)	-	-	-	1,554
Net Profit/(Loss)	(355,001)	(669,790)	(502,314)	(1,891,113)	(232,069)	(1,223,195)	(1,006,577)	(425,358)
Basic and diluted Net Loss per share	(0.002)	0.000	(0.003)	(0.038)	(0.022)	(0.014)	(0.010)	(0.021)

\*This financial data has been prepared in accordance with Canadian generally accepted accounting principles and all figures are stated in Canadian dollars. Please see below the following table for the discussion of the three month totals.

## For the three months ended March 31, 2010

	2010	2009
Amortization	545	888
Foreign exchange loss/(gain)	(257,037)	(97,621)
Investor relations including directors fees	33,241	29,953
Management & Consulting Fees	160,157	51,725
Office & Miscellaneous	85,933	122,322
Professional Fees	92,984	37,936
Stock based compensation	163,325	44,068
Transfer agent and regulatory fees	41,034	32,980
Travel and promotion	21,175	13,360

For the periods presented in the summary table, the Company's loss has fluctuated between \$335,000 and \$1.2 million as a result of property purchase, funding and global economic conditions. Loss before

other items for the three months ended March 31 2010 is \$347,357 as compared to a loss of \$232,069 for the three months ended March 31, 2009. With the exception of the foreign exchange attributed to fluctuating exchange rates, and an increase in stock based compensation, expenses generally increased in line with the company's actions to obtain funding and move forward with both exploration/drilling and mine development as the global economic conditions improve.

Stock based compensation is calculated at \$163,325, for the three months ended March 31, 2010 as compared to \$44,068 for the three months ended March 31, 2009, reflecting the employee stock options awarded in the current year.

### Treasury Summary

The following table presents a summary of issued capital stock, share purchase warrants and options as at March 31, 2010:

	Quantity	Value	Avg. Exercise Price
Issued Shares	199,330,954	\$ 31,472,231	
Contributed Surplus		\$ 2,970,757	
Share purchase warrants outstanding	97,203,500		\$ 0.09
Options outstanding	13,780,000		\$ 0.14
Options vested	8,885,625		
Maximum future proceeds from outstanding options		\$ 1,904,938	

### Liquidity and Capital Resources

As at March 31, 2010, the Company had a negative working capital of \$2,246,077 (2009: \$4,626,211). This is net of subscriptions received in advance totaling \$6,586,667 which was subsequently issued as share capital on April 7<sup>th</sup>, 2010. Excluding this share issue liability, working capital was \$4,340,590.

There are no commitments for capital expenditures, or mineral properties commitments other than ongoing option and regulatory fee payments. The Company's cash position as at March 31, 2010 is sufficient to meet planned future expenditures and procurement commitments for the ensuing twelve months. However the Company intends, based on the results of ongoing third party reviews, to continue drilling to increase our gold resources.

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 and debt 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 nine months ended March 31, 2010:

	March 31,	
	2010	2009
Management and consulting fees:		
Management fees charged by a company controlled by a director of the company (D. MacQuarrie)	90,000	90,000
Consulting fees charged by a former director of the Company (D. Buckle)	Nil	40,000
Management fees charged by a company controlled by a former director of the company (P. Hooper)	Nil	32,000
Consulting fees charged by an officer of the Company (P. Gibbs)	45,000	30,000
Consulting fees charged by a former officer of the Company (F. Cannon)	Nil	7,000
Directors' fees:		
J. H. Mensah	9,000	9,000
Len Dennis	9,000	9,000
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)	101,812	75,600

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

## Recent Accounting Pronouncements not yet Applied

### International Financial Reporting Standards

The Canadian Institute of Chartered Accountants ("CICA") plans to converge Canadian Generally Accepted Accounting Principles with International Financial Reporting Standards (IFRS) over a period expected to end in 2011. The Company's transition date of July 1, 2011 will require restatement of the amounts reported by the Company for the year ended June 30, 2010 for comparative purposes. The Company has begun the process of developing an IFRS conversion plan which includes an in-depth analysis of IFRS while identifying the differences between IFRS and the Company's current accounting policies. Once these key differences are identified, the Company can assess the impact of the conversion to IFRS, and develop an appropriate implementation plan. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

## Financial Instruments

### Fair value

The Company's financial instruments include cash, receivables, accounts payable and accrued liabilities, amounts due to related parties.. 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 was exposed to considerable liquidity risk primarily from the debt associated with its Kubi Project acquisition, which has now been fully paid. 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.

### **Risks and Uncertainties**

#### **Investment Risk**

It is possible that the Company's mineral properties will create positive cash flow in the near term, however this is not guaranteed as this is dependent upon, among other requirements, raising sufficient capital, completing permitting and all licensing, and, in the case of a toll milling arrangement securing a suitable contract.

#### **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. Additional marketing in China and Australia is planned to co-ordinate with the proposed co-listing on the ASX.

### 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 assets, arranged geographically, are as follows:

<b>Geographic Location of Assets</b>	<b>31-Mar-10</b>	<b>2009 Audited</b>	<b>31-Mar-09</b>
Canada	\$ 5,547,955	\$ 278,381	\$ 13,224
Ghana	21,499,629	19,452,786	18,433,019
	<u>\$27,047,584</u>	<u>\$19,821,167</u>	<u>\$18,446,243</u>

### Comparatives

The Company has restated its prior year comparatives for the impact of correcting consulting expenses of \$200,000 relating to 2010 but which were accrued in error in 2009, resulting in an overstatement of Accumulated Deficit as at the end of 2009.

### Subsequent Events

Subsequent to March 31, 2010:

On April 1<sup>st</sup> the Company amended the terms of the private placement announced on March 16th. The placement now consists of two private placements: A total of 17,336,398 common shares at \$0.15 per common share totaling subscriptions for \$2,600,460. A commission of 6 % is payable on a portion of the subscriptions; and a total of 33,333,333 common shares at \$0.14 per common share, totaling \$4,666,667, with no commission payable. A total of 50,669,731 common shares will be issued. The private placements are subject to receipt of necessary stock exchange approvals.

On April 7th, further to the Company’s news release dated April 1st, the Company announced it received TSX Venture Exchange approval for and closed its private placements of 17,336,398 common shares, at a price of \$0.15 per share, and 33,333,333 common shares, at a price of \$0.14 per share, to raise aggregate proceeds of \$7,267,127. All of the shares are subject to a hold period and may not be traded in Canada until August 6, 2010, except as permitted by applicable Canadian securities laws and the TSX Venture Exchange.

On April 8<sup>th</sup> in Toronto, Macquarie Group Limited (“Macquarie”) announced that, through Macquarie Bank Limited, a wholly-owned subsidiary of Macquarie, it acquired beneficial ownership of 33,333,333 common shares of PMI Gold Corporation (“PMI”). The acquisition increased Macquarie’s beneficial share ownership in PMI to 33,333,333 common shares, representing, to Macquarie’s knowledge, approximately 13.36% of the issued and outstanding shares of PMI, on a partially-diluted basis. Macquarie stated they acquired the shares for investment purposes only. Depending on market and other conditions, Macquarie may change its beneficial ownership of, or potential deemed control or direction over, shares of PMI through market transactions, private agreements, treasury issuances, exercise of options, convertible securities or otherwise.

On May 6, 2010 the Company announced that drilling re-commenced at the Obotan gold project in Ghana. Drilling at the Nkran, Abore, Adubiaso and Edubia (Asuadi) deposits, will consist of a minimum of 8,000 metres and is expected to be completed over the next two to three month period. As a result of the recent \$7.5 million financing, and in order to facilitate our expanded operations and improve the news flow, the Company has made significant additions to their technical and operating staff and equipment and infrastructure improvements at the Obotan base - Nkran camp facilities.

First priority is being given to complete the quality control (QC) drilling necessary to confirm historical drill data under a program designed by Hellman & Schofield, Consulting Geologists, Perth. On completion of these QC holes, Hellman & Schofield will prepare a maiden NI43-101 resource estimate for all 4 deposits at Obotan. This estimate, along with our current NI43-101 resource estimate for our Kubi gold project, will form the basis for the preparation of a prospectus and our application to co-list the Company on the Australian Stock Exchange (ASX). Target date for the new resource estimate is July 2010.

Since all of these deposits are open and unexplored to depth, second priority will be to continue drilling to expand the near surface resources from current depths of 150 metres to circa 300 metres. Included will be additional drilling below the pit at Nkran from the current known depth of 500 metres. On completion of this drilling, an additional resource estimate for Obotan will be prepared, and a scoping level economic study commissioned to evaluate the best economic model for their further development.

The Company also announced it has commissioned New Resolution Geophysics to perform a 10,030 line km helicopter borne, high resolution magnetic and radiometric surveys over our entire Ashanti II Gold Project area located on the Asankrangwa Gold Belt and the full Kubi Gold Project area on the Ashanti Gold Belt. The survey has commenced and will be the highest resolution (100 metre line spacing) geophysical data set collected to date over the Company’s major project areas. This survey will form the basis of an expanded regional scale exploration program to tie together all of the Company’s previous exploration results and locate additional targets for follow up drilling.

In addition, the Company is actively sourcing the CAPEX funding to place the Kubi Main Deposit in production as a 60,000 oz per year, 750 tpd selective, high grade, underground mining operation.

On May 13, 2010 the Company entered into a contract with Minelogix of Perth, Western Australia. Minelogix will provide, on an as needed basis, operational management to the Company with respect to the design, construction, commissioning and operating of our near term gold mine development opportunities in Ghana. Minelogix first task will be to develop the strategy to bring the Kubi gold project to fruition as a 60,000 oz Au per year, 750 tpd, selective, underground mining operation. This review will consider, amongst other issues, the relative economic merits of building our own purpose built mill, or utilizing other nearby toll milling options.

In addition, work has commenced on the Environmental Impact Study and Environmental Management Plan for the development of Kubi as an underground operation, as well as baseline studies for our Obotan project. A full Environmental Impact Statement and baseline study were completed in 2005 by Anglo Gold Ashanti to facilitate their surface mining operations at Kubi, which were subsequently backfilled. PMI Gold anticipates driving the exploration decline from a bench in the old pit just above the current pit floor.

The Company also announced it has granted, subject to regulatory approval, five year incentive stock options expiring on May 12, 2015, to purchase a total of 1,300,000 common shares of the Company, at a price of \$0.25 per share, to Consultants, Officers, Employees and Advisors.

Subsequent to the period end, the agreement with Golden Lion has expired, and the Company is sourcing other opportunities for these concessions.

### **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 May 19, 2010, the Company has 251,920,060 shares outstanding or 357,239,810 shares on a fully diluted basis. If the Company were to issue 97,103,500 shares upon the conversion of all of its outstanding warrants; and 8,216,250 shares upon the conversion of all of its outstanding vested stock options it would raise \$11.9 million.

---

**CORPORATE DATA**

---

May 19, 2010

**HEAD OFFICE**

Suite 511 - 475 Howe Street  
Vancouver, BC V6C 2B3  
Tel: (604) 682-8089  
Fax: (604) 682-8094  
Email: [info@pmigoldcorp.com](mailto:info@pmigoldcorp.com)  
Website: [www.pmigoldcorp.com](http://www.pmigoldcorp.com)

**SOLICITOR**

Du Moulin Black  
Attn: Ken Embree  
10<sup>th</sup> Floor – 595 Howe Street  
Vancouver, BC V6C 2T5  
Tel: (604) 687-1224  
Fax: (604) 687-8772

**REGISTRAR & TRANSFER AGENT**

Computershare Trust Company  
3<sup>rd</sup> Floor, 510 Burrard Street  
Vancouver, BC V6C 3B9  
Tel: (604)-661-9400  
Fax: (604)-683-3694

**AUDITORS**

KPMG LLP  
9<sup>th</sup> Floor, 777 Dunsmuir St.  
PO Box 10426 Pacific Centre  
Vancouver, BC V7Y 1K3  
Tel: (604) 691-3000  
Fax: (604) 691-3031

**DIRECTORS & OFFICERS**

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

**INVESTOR CONTACTS**

Douglas R. MacQuarrie  
Tel: (604) 682-8089  
Fax: (604) 682-8094  
Email: [info@pmigoldcorp.com](mailto:info@pmigoldcorp.com)  
Web: [www.pmigoldcorp.com](http://www.pmigoldcorp.com)

**CAPITALIZATION**

Authorized:	Unlimited
Issued:	251,920,060

**LISTINGS**

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