

17 Oct 2011

PMI GOLD CORPORATION LIMITED

Obotan Resource Upgraded 270% to 4.5Moz Gold

PMI Gold Corporation ("PMI", "Company") has updated the resource estimate for its 100%-owned Obotan Gold Project in Ghana. The Obotan resource estimate has increased 270% (more than tripling) to 4.5Moz Au (up from 1.2Moz) with an increase in overall grade to 2.35g/t Au (up from 2.02g/t Au).

We are impressed not just by the size and strong grade but also that 76% of the resource is in the Measured and Indicated JORC/NI 43:101 categories, highlighting robust resources and improved confidence in the four Obotan deposits (Nkran, Abore, Asuadai and Adubiaso) estimated. The updated resource was calculated at a bottom cut-off grade of 0.5g/t Au by resource consultants SRK Consulting with review by independent consultants Optiro Pty Ltd, again providing confidence in the resource figures.

PMI Re-rating but Still Undervalued on Peer Comparisons

The significant resource upgrade provides a re-rating opportunity for the Company, which is now starting to take place. Even after the rally following the impressive resource release, we predict further share price appreciation, given that the updated resource estimate places PMI on an EV/Resource ounce metric of only \$38/oz (or \$51/oz fully diluted). The Company remains undervalued when compared to many of its West African gold peers and is still trading well below the EV/Resource oz median of \$130/oz. PMI also has a grade advantage over many of its peers, which should attract a premium.

Interim Resource Expected to Grow; PFS by end CY2011

The new resource estimate, though considerable, is an interim estimate and PMI expects further resource growth via ongoing drilling. Importantly all of the Obotan resources remain open at depth and some provide strike extensions. The large Nkran deposit remains open along strike to the south and contains 78% (or 3.5Moz) of the updated ounces. The robustness of the deposit is demonstrated by over 70% (2.5Moz) of the resource being classified as Measured or Indicated and at a good grade continuity of 2.5g/t Au. The wide mineralisation (up to 100 horizontal metres) is expected to yield benefits to both open pit and potential underground mining (bulk mining). PMI is planning to commence production in late CY2013 following the completion of a pre-feasibility study (PFS) which remains on track to be completed by the end of CY2011, and definitive feasibility study (DFS) by mid CY2012. The mine plan study is investigating the processing of 3Mtpa of ore for production of circa 200,000ozpa over a long mine life (+8 years).

Upgraded Valuation to \$1.53; Retain Speculative Buy

The substantial growth in the Obotan resource with increased resource confidence has improved our Obotan NPV₁₄ valuation. Our sum of parts valuation for PMI is now A\$1.53, of which Obotan contributes a risk-weighted value of A\$1.32. Our 12-month price target for the Company is now A\$1.67. Notably at current spot gold of US\$1,669/oz (and exchange rates) our valuation is A\$2.44.

The size of the Obotan resource is large relative to its peers (the third largest West African gold resource on the ASX), with a grade advantage over most. We continue to recommend PMI Gold as a Speculative Buy.

Share Price	A\$1.040
Valuation	A\$1.53
Price Target	A\$1.67

Brief Business Description:

Gold explorer and developer

Hartleys Brief Investment Conclusion

Ghana focussed explorer seeking to transition to gold producer through the development of Obotan. Impressive resource upgrade.

Chairman & MD

Mr Peter Buck (Non-Exec Chair.)

Mr Collin Ellison (Pres & CEO)

Top Shareholders

Macquarie Group	13.1%
Private Investor Ghana	9.9%
Private Investor Denver	9.3%

Company Address

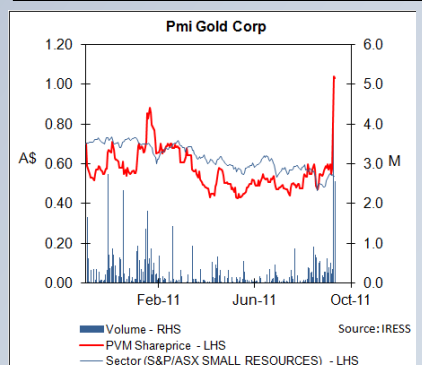
680 Murray Street

Perth WA 6005

Issued Capital	200.1m
- fully diluted	260.6m
Market Cap	\$208.2m
- fully diluted	\$271.0m
Cash (est)	\$21.5m
Debt	\$0.0m
EV	\$186.7m
EV/Resource Oz	\$38/oz

	FY12e	FY13e	FY14e
Prod (koz Au)	-	17	187
Op Cash Flw	(3.9)	19.2	114.6
NPAT	(4.3)	0.4	67.9
CF/Share (cps)	(1.5)	0.9	27.2
EPS (cps)	(1.5)	0.1	19.5
P/E	(67.1)	1009.7	5.3

Resources (koz Au)	4,858
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Hartleys has provided corporate advice within the past 12 months and continues to provide corporate advice to PMI Gold Corporation. See back page for Disclosure.

SUMMARY MODEL

Pmi Gold Corporation PVM		Share Price		October 2011	
		\$1.040		Speculative Buy	
Key Market Information					
Share Price		A\$1.04			
Market Capitalisation		A\$208m			
52 Week High-Low		\$1.13-\$0.42			
Issued Capital		200.1m			
Issued Capital (fully diluted)		260.6m			
Options & Warrants		62.47m @ A\$0.35			
Hedging		-			
Valuation - A\$		A\$1.53			
Price Target - A\$		A\$1.67			
Financial Performance					
Unit		FY2011A	FY2012F	FY2013F	FY2014F
Net Revenue	C\$m	-	-	29.1	281.1
Total Costs	C\$m	(5.6)	(4.3)	(20.4)	(144.7)
EBITDA	C\$m	(5.6)	(4.3)	8.8	136.4
Depreciation/Amort	C\$m	(0.0)	-	(2.8)	(26.7)
EBIT	C\$m	(5.6)	(4.3)	6.0	109.7
Net Interest	C\$m	0.5	-	(4.6)	(14.8)
Pre-Tax Profit	C\$m	(5.0)	(4.3)	1.3	94.9
Tax Expense	C\$m	(0.1)	-	(1.0)	(27.1)
NPAT	C\$m	(5.2)	(4.3)	0.4	67.9
Abnormal Items	C\$m	-	-	-	-
Reported Profit	C\$m	(5.2)	(4.3)	0.4	67.9
Financial Position					
Unit		FY2011A	FY2012F	FY2013F	FY2014F
Cash	C\$m	28.7	172.0	48.2	137.5
Other Current Assets	C\$m	0.8	0.2	5.7	24.6
Total Current Assets	C\$m	29.4	172.2	53.9	162.1
Property, Plant & Equip.	C\$m	0.5	0.5	179.6	161.3
Exploration & Develop.	C\$m	34.1	44.1	53.2	56.9
Investments/other	C\$m	-	-	-	-
Tot Non-Curr. Assets	C\$m	34.6	44.6	232.8	218.1
Total Assets	C\$m	64.0	216.8	286.8	380.2
Short Term Borrowings	C\$m	-	(50.0)	(100.0)	(100.0)
Other	C\$m	(3.7)	(3.6)	(19.4)	(16.5)
Total Curr. Liabilities	C\$m	(3.7)	(53.6)	(119.4)	(116.5)
Long Term Borrowings	C\$m	-	-	-	-
Other	C\$m	(0.1)	(0.1)	(1.1)	(28.1)
Total Non-Curr. Liabil.	C\$m	(0.1)	(0.1)	(1.1)	(28.1)
Total Liabilities	C\$m	(3.8)	(53.7)	(120.5)	(144.6)
Net Assets	C\$m	60.2	163.1	166.2	235.6
Cashflow					
Unit		FY2011A	FY2012F	FY2013F	FY2014F
Operating Cashflow	C\$m	0.5	(3.9)	19.2	114.6
Income Tax Paid	C\$m	-	-	-	-
Interest & Other	C\$m	(1.2)	-	(4.6)	(14.8)
Operating Activities	C\$m	(0.8)	(3.9)	14.5	99.8
Prop. Plant, Equip & Devel	C\$m	(0.3)	-	(181.0)	(2.0)
Exploration & Eval.	C\$m	(10.3)	(10.0)	(10.0)	(10.0)
Investments	C\$m	-	-	-	-
Investment Activities	C\$m	(10.6)	(10.0)	(191.0)	(12.0)
Borrowings	C\$m	-	50.0	50.0	-
Equity	C\$m	41.7	107.2	2.8	1.5
Dividends Paid	C\$m	-	-	-	-
Financing Activities	C\$m	37.7	157.2	52.8	1.5
Net Cashflow	C\$m	26.3	143.3	(123.7)	89.3
Ratio Analysis					
Unit		FY2011A	FY2012F	FY2013F	FY2014F
Cashflow Per Share	C¢	(2.7)	(1.5)	0.9	27.2
Cashflow Multiple	X	(38.9)	(67.1)	114.5	3.8
Earnings Per Share	C¢	(2.6)	(1.5)	0.1	19.5
Price to Earnings Ratio	X	(39.4)	(67.1)	1009.7	5.3
Dividends Per Share	C¢	-	-	-	-
Dividend Yield	%	-	-	-	-
Net Debt / Equity	%	na	na	0.3	na
Interest Cover	X	7.4	-	-	-
Return on Equity	%	na	na	0%	29%
Directors					
Mr Peter Buck (Non-Exec Chair.)			680 Murray Street		
Mr Collin Ellison (Pres & CEO)			Perth WA 6005		
Mr Thomas Ennison (Exec. Dir.)			Tel: +61 (08) 6188 7900		
Dr. John Clarke (Non-Exec. Dir.)			Fax: +61 (08) 9321 8881		
Mr Ross Ashton (Non-Exec. Dir.)			Web: www.pmgoldcorp.com		
Honourable J.H. Mensah (Non-Exec. Dir.)					
Company Information					
Top Shareholders					
	Shares (m)	%			
Macquarie Group	26.11	13.1%			
Private Investor Ghana	19.61	9.9%			
Private Investor Denver	18.50	9.3%			
Directors/Management/Associates	10.49	5.3%			
Resources					
	Mt	g/t Au	Moz	Attrib.	
Obotan	Category	Mt	g/t Au	Moz	Attrib.
Nkran	M&I	30.8	2.54	2.50	2.50
Adubiaso	M&I	3.7	2.44	0.28	0.28
Abore	M&I	6.5	1.83	0.38	0.38
Asuadai	M&I	1.2	1.71	0.06	0.06
Total	M&I	42.2	2.40	3.22	3.22
Nkran	Inf	12.6	2.54	1.02	1.02
Adubiaso	Inf	0.9	2.06	0.05	0.05
Abore	Inf	3.4	1.72	0.18	0.18
Asuadai	Inf	0.7	1.95	0.04	0.04
Total	Inf	17.5	2.35	1.29	1.29
Obotan Total		59.7	2.35	4.51	4.51
Kubi					
Kubi Main	M&I	1.3	5.48	0.23	0.2
Kubi Main	Inf	0.7	5.31	0.12	0.12
Kubi Total		2.0	5.42	0.35	0.35
Grand Total	(M&I+Inf)	61.7	2.45	4.86	4.86
Production Summary					
Unit		FY2011A	FY2012F	FY2013F	FY2014F
*Attributable					
Payable Gold Metal	000oz	-	-	17	187
Cash Cost (excl. royalties)	\$US/oz	-	-	840	616
Price Assumptions					
Unit		FY2011A	FY2012F	FY2013F	FY2014F
Gold	US\$/oz	1398	1910	1813	1625
CADUSD	C\$/US\$	1.00	1.02	1.02	1.08
USDAUD	US\$/A\$	1.00	1.02	0.98	0.93
Hedging					
Unit		FY2011A	FY2012F	FY2013F	FY2014F
Total Forward Sales - Gold	000oz	-	-	-	-
Forward Gold Price	\$A/oz	-	-	-	-
Sensitivity Analysis					
				Valuation (\$/s)	
Base Case				1.53	
Exchange Rate +10%				1.72	
Exchange Rate -10%				1.36	
Gold Price +10%				1.82	
Gold Price -10%				1.24	
Operating Costs +10%				1.38	
Operating Costs -10%				1.68	
*N.B. NPAT, EPS, CFPS forecasts are for FY202					
Share Price Valuation (NAV)					
	Est. A\$m	Est. A\$/share			
Obotan (NPV @ 14%) - risk weighted	343.2	1.32			
Exploration	40.0	0.15			
Cash	21.5	0.08			
Forwards	0.0	0.00			
Corporate Overheads	(21.4)	(0.08)			
Total Debt	-	-			
Tax Losses	1.9	0.01			
Options & Other Equity	13.9	0.05			
Total	399.1	1.53			
Spot Valuation	636.7	2.44			
Spot Val: Gold: US\$1,669/oz., AUDUSD: 1.02, CADUSD: 1.02					
Analyst: Mike Millikan					
Phone: +61 8 9268 2805					
Sources: IRESS, Company Information, Hartleys Research					
Last Updated: 17/10/2011					

On its contiguous Obotan and Asankrangwa projects, PMI controls 3 sub-parallel mineralised trends over a regional strike extent of ~70km

PMI's Kubi ground is just 15km along strike of the major 60Moz (pre-mined) Obuasi mine

PMI expects to have 5 drill rigs active in November 2011; resource drilling and testing exploration targets

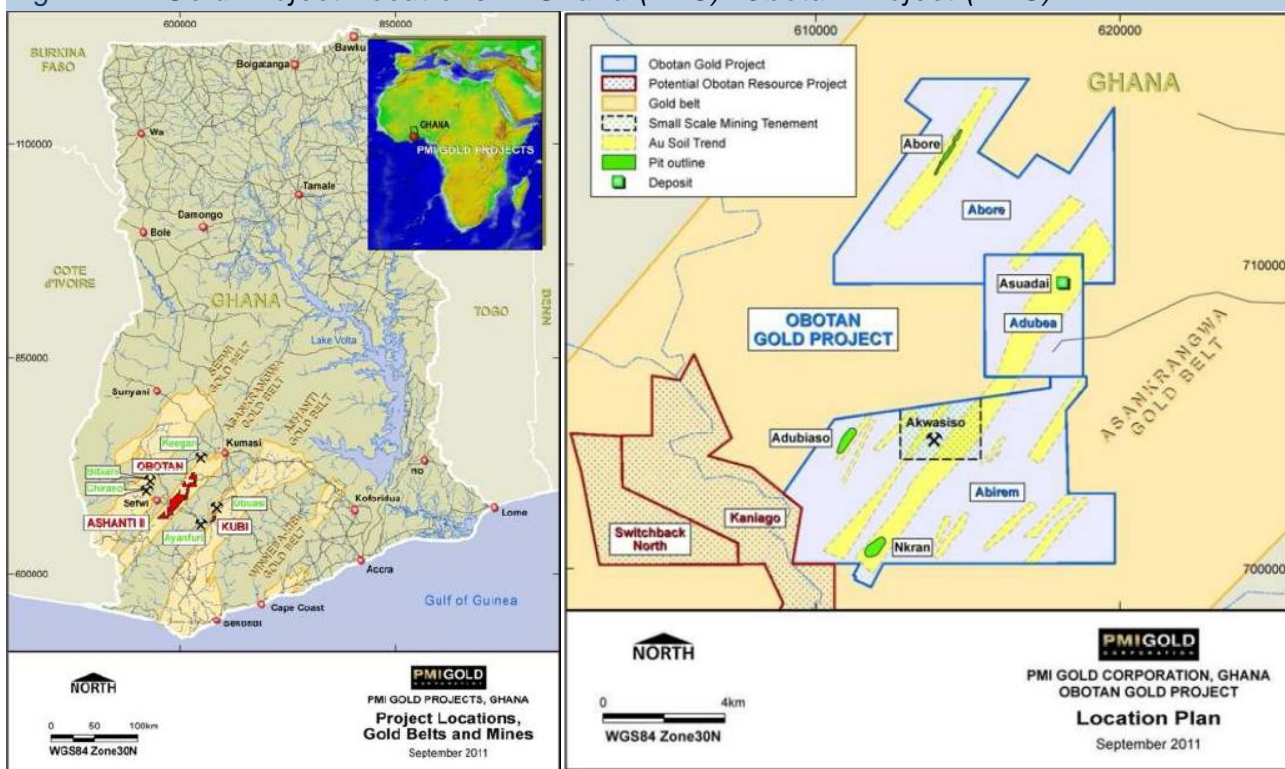
Exploration Set for Acceleration

Outside of the development targets, PMI's exploration ground is considered 'first class'. On its contiguous Obotan and Asankrangwa projects, the Company controls 3 sub-parallel mineralised trends over a regional strike extent of ~70km. On the Asankrangwa project, historic drilling has intersected a number of good grades and widths, yet follow up work has been minimal. Also, a regional investigation of the project by SRK Consulting in 2006 identified a widespread series of broad targets yet to be investigated.

At Kubi, PMI's ground is just 15km along strike to the south of the major 60Moz (pre-mined) Obuasi mine. PMI controls a 25km corridor over two prospective, parallel shear zones associated with the Obuasi mineralisation, which has only been sporadically tested by past drilling.

PMI currently has three diamond rigs active within the Obotan project area. The Company has secured another two drill rigs (1 x RC/diamond for resource-style drilling, and 1 x RAB/aircore for regional exploration), which are expected to commence drilling during November 2011. This will allow PMI to expand exploration activities within the Obotan, Kubi and Asankrangwa project areas. We consider the potential for PMI's ground to host multi-million ounce gold deposits is relatively high, with any such discovery likely to have a very material impact on the share price.

Fig. 1: PMI Gold Project Locations in Ghana (LHS): Obotan Project (RHS)



Source: PMI Gold Corporation Limited

Resource Upgrade

Obotan resource estimate increased 270% to 4.5Moz at an improved grade of 2.35g/t Au

The Obotan resource estimate has increased 270% (more than tripling) to 4.5Moz (up from 1.2Moz) with an increase in overall grade to 2.35g/t Au (up from 2.02g/t Au). Approximately 76% of the resource is in the Measured and Indicated JORC categories, highlighting robust resources and improved confidence in the four Obotan deposits (Nkran, Abore, Asuadai and Adubiaso) estimated. The updated resource was calculated at a bottom cut-off grade of 0.5g/t Au by resource consultants SRK Consulting with review by independent consultants Optiro Pty Ltd, again providing confidence in the resource figures.

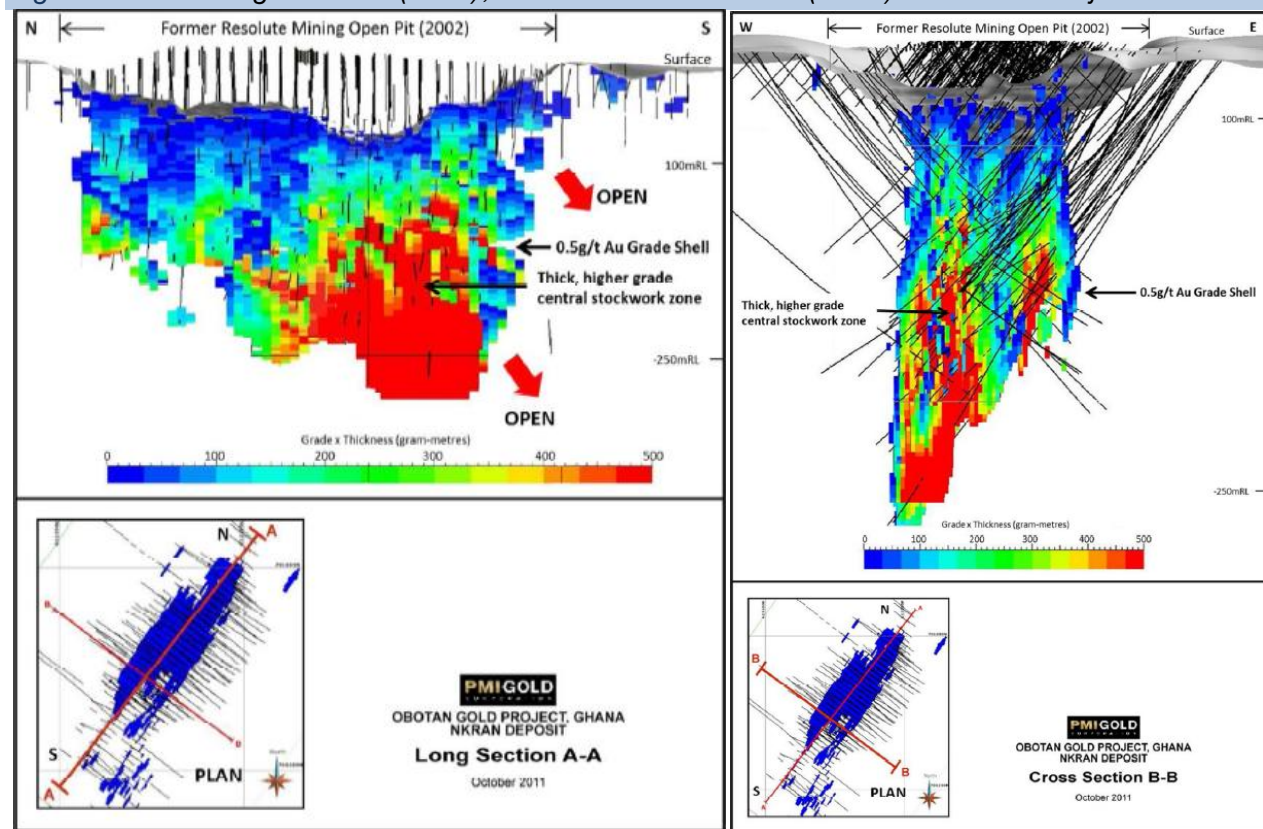
Fig. 2: PMI Gold Obotan Resource Estimate October 2011

Deposit	Measured			Indicated			Measured & Indicated		
	Tonnes (millions)	Grade (g/t Au)	Ozs (millions)	Tonnes (millions)	Grade (g/t Au)	Ozs (millions)	Tonnes (millions)	Grade (g/t Au)	Ozs (millions)
Nkran	11.1	2.76	0.98	19.7	2.42	1.52	30.8	2.54	2.5
Adubiaso	1.07	2.78	0.09	2.6	2.3	0.19	3.67	2.44	0.28
Abore	2.5	1.88	0.15	3.99	1.8	0.23	6.49	1.83	0.38
Asuadai	-	-	-	1.21	1.71	0.06	1.21	1.71	0.06
TOTAL	14.67	2.66	1.22	27.5	2.32	2.00	42.17	2.4	3.22

Tonnes (millions)	Inferred Grade (g/t Au)	Ozs (millions)	Tonnes (millions)	Total Grade (g/t Au)	Ozs (millions)
12.6	2.54	1.02	43.4	2.54	3.52
0.87	2.06	0.05	4.54	2.06	0.33
3.4	1.72	0.18	9.89	1.72	0.56
0.67	1.95	0.04	1.88	1.95	0.1
17.54	2.35	1.29	59.71	2.35	4.51

Source: PMI Gold Corporation Limited

Fig. 3: Nkran Long-Section (LHS), Nkran Cross-Section (RHS) - Obotan Project



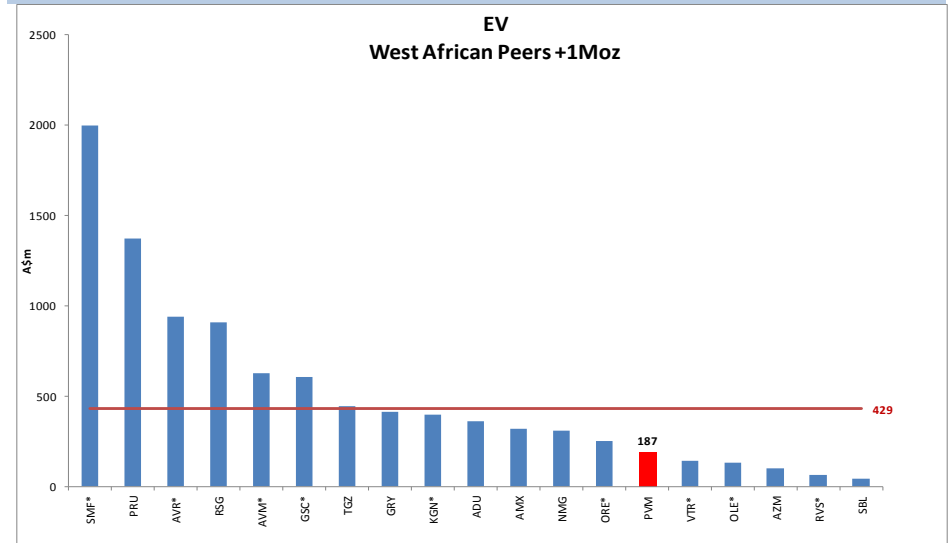
Source: PMI Gold Corporation Limited

PMI with an EV of ~A\$187m is still undervalued when compared to most West African gold peers

- SMF* Semafo
- PRU Perseus
- AVR* Avion
- RSG Rolute
- AVM* Avocet
- GSC* Golden Star
- TGZ Teranga
- GRY Gryphon
- KGN* Keegan
- AMX Ampella
- ADU Adamus
- ORE* Orezone
- NMG Noble
- PVM PMI Gold
- VTR* Volta
- OLE* Oromin
- AZM Azumah
- RVS* Riverstone
- SBL Signature

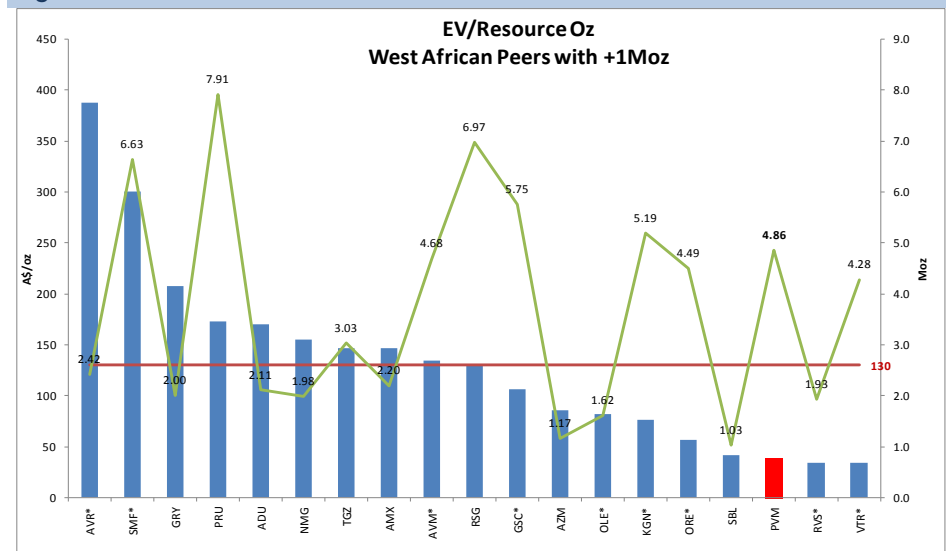
PMI's EV/Resource oz metric is ~A\$38/oz (or A\$51/oz fully diluted), trading well below the peer median of A\$130/oz

Fig. 4: West African Peers EV - Resources +1Moz



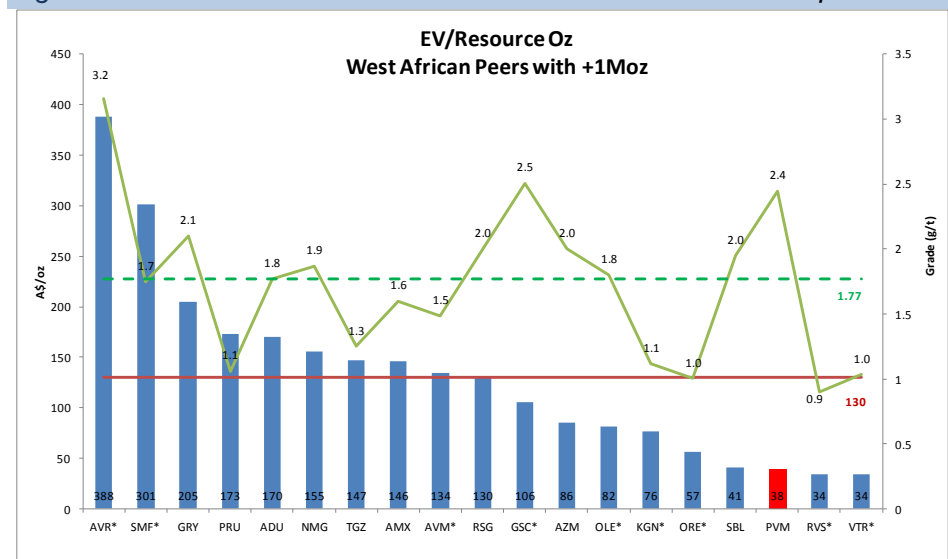
Source: Hartleys Research; * Denotes not ASX listed (ie TSX or AIM listed)

Fig. 5: EV/Resource Oz West African Peers- Resource Moz



Source: Hartleys Research

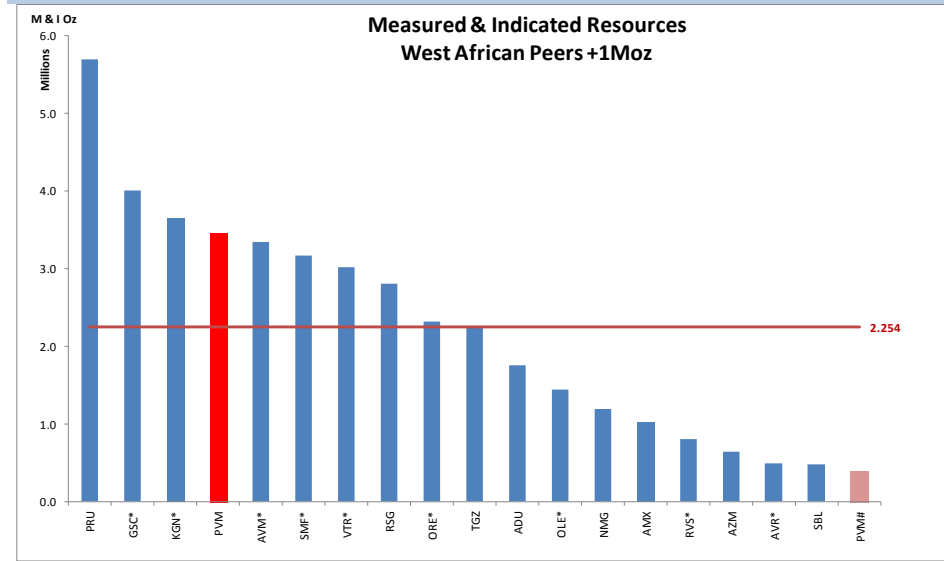
Fig. 6: EV/Resource Oz West African Peers- Grade Comparison



PMI has a grade advantage over many of the West African gold peers with +1Moz resources; with its grade above the median

Source: Hartleys Research

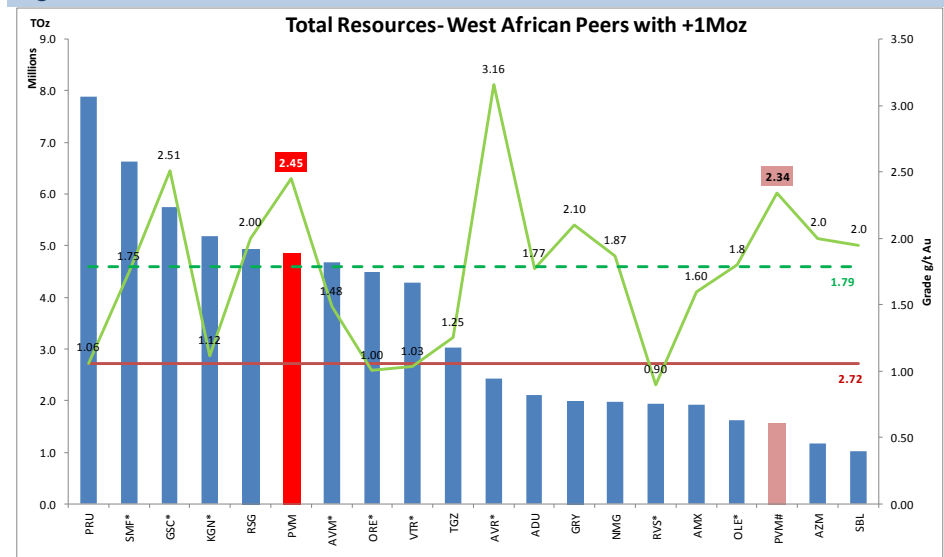
Fig. 7: Measured and Indicated Resources- West African Peers



76% of the Obotan resource is now in the Measured and Indicated resource categories

Source: Hartleys Research; # Denotes PVM Pre-Resource Upgrade

Fig. 8: Total Resources- West African Peers



PMI's Obotan resource has more than tripled to 4.5Moz, when the Kubi resource is include the Group's global resource estimate is now 4.858Moz

Source: Hartleys Research

Improved Obotan valuation from modelling circa 200Kozpa production over an initial 8-year mine life; Hartleys Research estimated LOM cash costs of US\$670/oz

We expect to update our valuation post PFS

Valuation Update

The substantial growth in the Obotan resource with increased resource confidence has improved our Obotan NPV₁₄ valuation. Our basic model assumes a 3Mtpa processing facility producing circa 200Kozpa (once at full capacity) over a preliminary 8 year mine life (assumed 60% of the Measured and Indicated resource converts to reserves), capex of ~US\$200m (processing plant, deposit cut-backs, site infrastructure), with LOM cash costs ~US\$670/oz. We have also assumed recoveries of 92%, whereas 95% metallurgical gold recovery was reported in previous mining (all fresh ore to date at Obotan has been free-milling). Our sum of parts valuation for PMI is now A\$1.53, of which Obotan contributes a risk-weighted value of A\$1.32. We expect to update our valuation post PFS.

Fig. 9: Hartleys Updated PMI Gold Valuation

Our sum of parts valuation for PMI is now A\$1.53, of which Obotan contributes a risk-weighted value of A\$1.32

Share Price Valuation (NAV)	Est. A\$m	Est. A\$/share
Obotan (NPV @ 14%)- risk weighted	343.2	1.32
Exploration	40.0	0.15
Cash	21.5	0.08
Forwards	0.0	0.00
Corporate Overheads	(21.4)	(0.08)
Total Debt	-	-
Tax Losses	1.9	0.01
Options & Other Equity	13.9	0.05
Total	399.1	1.53
Spot Valuation	636.7	2.44
<i>Spot Val: Gold: US\$1,669/oz, AUDUSD: 1.02, CADUSD: 1.02</i>		

Source: Hartleys Research

Near-term Catalysts

Near-term catalysts include:

Strong news flow expected in the coming months

- Ongoing Obotan drill results;
- Arrival of more drill rigs for near-mine and regional target testing Obotan, Kubi and Asankrangwa; 5 rigs active in November 2011
- PFS release; remains on track for year-end CY2011 release; and
- Maiden Reserve and Resource Upgrade (results from another 75 holes (18,783m) will be incorporated plus the holes currently been drilled).

HARTLEYS RESEARCH COVERAGE LIST

Hartleys Research Coverage						Hartleys Research					
Name	Ticker	Last Price*	M. CAP (\$m)	Status	Recommendation	Name	Ticker	Last Price*	M. CAP (\$m)	Status	Recommendation
Resources						Oil & Gas					
Gold / Precious Metals						Conventional Oil & Gas					
1. Silver Lake Resources Limited	SLR	2.78	513	Producer	Buy	1. Woodside Petroleum Ltd	WPL	35.48	28,144	Major	Buy
2. Intrepid Mines Limited	IAU	0.935	487	Explorer	Speculative Buy	2. Nexus Energy Ltd	NXS	0.17	163	Developer / Explorer	No Rating
3. Beadell Resources Limited	BDR	0.738	485	Developer	Accumulate	3. Tap Oil Ltd	TAP	0.64	154	Producer / Explorer	Buy
4. Integra Mining Limited	IGR	0.535	450	Producer	Buy	4. Cooper Energy Ltd	COE	0.43	124	Producer / Explorer	Buy
5. Gold One International Limited	GDO	0.540	436	Producer	No Rating	5. Carnarvon Petroleum Ltd	CVN	0.15	100	Producer / Explorer	Accumulate
6. Catalpa Resources Limited	CAH	1.75	312	Producer	Buy	6. Otto Energy Ltd	OEL	0.07	81	Explorer / Producer	Buy
7. Focus Minerals Ltd	FML	0.065	281	Producer	Buy	7. WHL Energy Ltd	WHN	0.06	67	Explorer	Speculative Buy
8. Tanami Gold NL	TAM	1.055	275	Producer	Accumulate	8. Pancontinental Oil and Gas NL	PCL	0.10	66	Explorer	Speculative Buy
9. Northern Star Resources Ltd	NST	0.595	208	Producer	Buy	9. Amadeus Energy Ltd	AMU	0.21	62	Producer / Explorer	Neutral
10. PMI Gold Corporation Limited	PVM	1.035	207	Developer	Speculative Buy	10. Hawkey Oil and Gas Ltd	HOG	0.24	45	Producer / Explorer	Buy
11. Papillon Resources Limited	PIR	0.610	126	Explorer	Speculative Buy	11. FAR Ltd	FAR	0.03	42	Explorer	Speculative Buy
12. YTC Resources Limited	YTC	0.495	123	Developer	Buy	12. Sun Resources NL	SUR	0.02	9	Explorer / Producer	Neutral
13. Cerro Resources NL	CJO	0.155	116	Developer / Explorer	Accumulate	Non Conventional Oil & Gas					
14. Augur Resources Ltd	AUK	0.270	48	Explorer	Speculative Buy	13. Aurora Oil and Gas Ltd	AUT	2.89	1,167	Producer / Developer	Reduce
15. Cortona Resources Limited	CRC	0.120	26	Developer	Accumulate	14. Samsom Oil & Gas Ltd	SSN	0.12	209	Developer / Producer	Buy
16. Emmerson Resources Limited	ERM	0.110	25	Explorer	Speculative Buy	15. Transerv Energy Ltd	TSV	0.03	79	Developer	Buy
17. Canyon Resources Limited	CAY	0.500	23	Explorer	Speculative Buy	16. Oilex Ltd	OEX	0.29	73	Explorer / Producer	Speculative Buy
18. Southern Gold Limited	SAU	0.046	11	Explorer	Speculative Buy	17. European Gas Ltd	EPG	0.24	47	Producer / Explorer	Speculative Buy
19. Geopacific Resources NL	GPR	0.200	7	Explorer	Speculative Buy	18. Austin Exploration Ltd	AKK	0.03	15	Producer / Appraisal	Speculative Buy
Diversified Base / Precious Metals						Sub-Total 30,647					
20. Independence Group NL	IGO	5.180	1,049	Gold & Base Prod./Dev.	Buy	Industrials					
21. Aviva Corporation Limited	AVA	0.150	25	Gold & Base Explorer	Speculative Buy	Resource Services - Capital Intensive					
22. Ausquest Limited	AQD	0.080	18	Diversified explor	Speculative Buy	1. Ausdrill Limited	ASL	3.03	913	Contract Drilling	Buy
Iron Ore						2. Mermaid Marine Ltd	MRM	3.22	694	Oil & Gas Services	Accumulate
23. Atlas Iron Limited	AGO	3.445	3,054	Producer	Buy	3. Fleetwood Corporation	FWD	11.85	685	Accommodation	Neutral
24. Centaurus Metals Ltd	CTM	0.740	99	Explorer	Speculative Buy	4. NRW Holdings Ltd	NWH	2.38	664	Contract mining	Buy
Uranium						5. Macmahon Holdings Limited	MAH	0.65	473	Contract mining	Accumulate
25. Peninsula Energy Ltd	PEN	0.048	102	Developer	Accumulate	6. Index Ltd	IMD	1.94	397	Drilling Supplies	Buy
26. Impact Minerals Limited	IPT	0.060	7	Explorer	Speculative Buy	7. MACA Ltd	MLD	1.90	285	Contract mining	Buy
Other metals						8. Pacific Energy Ltd	PEA	0.35	121	Remote Power	Buy
27. Kasbah Resources Limited	KAS	0.185	67	Tin Developer	Buy	9. Swick Mining Services Ltd	SWK	0.32	76	Contract Drilling	Buy
28. Shaw River Resources Limited	SRR	0.140	35	Manganese Developer	Speculative Buy	10. Matrix Composites &	MCE	3.62	0	Oil & Gas Services	Accumulate
29. Hazelwood Resources Ltd	HAZ	0.120	32	Tungsten Developer	Speculative Buy	Resource Services - Labour Intensive					
Sub-Total 8,648						11. Monadelphous Group Limited	MND	19.51	1,709	Construction	0
						12. Decmil Group Limited	DCG	2.25	279	Construction	Buy
						13. Lycopodium Limited	LYL	5.85	226	Engineer. & Constr.	Accumulate
						14. RCR Tomlinson Ltd	RCR	1.43	188	Engineer. & Constr.	Buy
						15. LogiCamms Limited	LCM	0.84	56	Engineer. & Constr.	Speculative Buy
						Other Industrial Companies					
						16. Austal Limited	ASB	2.21	416	Civil and Military	Buy
						17. iNet Limited	IN	2.29	348	Telecommunications	Buy
						18. Amcom Telecommunications	AMM	0.81	193	Telecommunications	Accumulate
						19. Cash Converters Internat.	CCV	0.46	184	Unsecured Finance	Buy
						20. RedHill Education Ltd	RDH	0.13	3	'For profit' education	Neutral
						Sub-Total 7,912					
						67. GRAND TOTAL 47,207					

Source: IRESS, Hartleys Research. * 17 Oct 2011

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Hartleys Recommendation Categories

Buy	Share price appreciation anticipated.
Accumulate	Share price appreciation anticipated but the risk/reward is not as attractive as a "Buy". Alternatively, for the share price to rise it may be contingent on the outcome of an uncertain or distant event. Analyst will often indicate a price level at which it may become a "Buy".
Neutral	Take no action. Upside & downside risk/reward is evenly balanced.
Reduce / Take profits	It is anticipated to be unlikely that there will be gains over the investment time horizon but there is a possibility of some price weakness over that period.
Sell	Significant price depreciation anticipated.
No Rating	No recommendation.
Speculative Buy	Share price could be volatile. While it is anticipated that, on a risk/reward basis, an investment is attractive, there is at least one identifiable risk that has a meaningful possibility of occurring, which, if it did occur, could lead to significant share price reduction. Consequently, the investment is considered high risk.

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