

12-14

Pilot Gold Inc. (PLG-TSX) ("Pilot Gold" or the "Company") reports financial results for the second quarter ended June 30, 2012, and provides an update on exploration activities.

"During the second quarter of 2012, we became operator at TV Tower, earned a controlling interest at Kinsley while continuing to expand the extent of gold mineralization, and completed a robust maiden resource estimate on our Halilaga copper-gold project," stated Pilot Gold President and CEO Matt Lennox-King. "With drilling already underway at TV Tower, an active drill program at Kinsley and ongoing drilling and economic studies at Halilaga, we will continue to make significant headway at all three of our key projects throughout the remainder of the year."

HIGHLIGHTS TO DATE

- Assumed operational control at TV Tower with an option to increase ownership;
- Commenced a 16,000 metre, year-one resource definition and exploration drill program;
- Released final 2011 drill results for TV Tower, including 61.61 g/t silver over 39.0 metres in hole KCD-37;
- Earned an initial 51% interest at Kinsley Mountain, and elected to earn-in to a 65% interest in the property;
- Announced the first round of 2012 drill results from Kinsley Mountain, including 5.48 g/t gold over 20.4 metres in hole PK014C;
- Reported a project-first independent resource estimate at the Halilaga copper-gold project;
- Reported initial 2012 drill results at Halilaga, including 0.64 g/t gold and 0.52% copper over 134.9 metres in hole HD-115; and
- Continued to rationalize non-core assets acquired further to the Fronteer Arrangement in relinquishing the Rae-Wallace option in exchange for an increased equity position in Rae-Wallace Mining.

WORK PROGRAM UPDATES

TV Tower Project - Year One, 16,000 metre drill program

Pilot Gold is earning-in to an additional 20% interest at TV Tower (from our current 40% interest) and assumed operatorship over the program and budget as of June 20, 2012. The Company expects to drill 9,000 metres in 2012 as part of our 16,000 metre, "Year One" drill campaign, with an initial focus on the KCD (Küçükdag) target where previous drilling returned exceptional grades in gold and silver. Two diamond core drills began operating in the first week of August, with two more scheduled to arrive in the fall. The first two holes are already complete and awaiting assays.

A property-wide effort including detailed geological mapping, geochemical sampling, ground geophysics, and general reconnaissance has been underway since March. Our revised 2012

budget, as project operator, is \$4.1 million, with a goal to deliver results quickly as we commence the first year, \$5 million committed expenditure. Teck Resources Limited's Turkish subsidiary, TMST, is Pilot Gold's 60% joint venture partner for the project.

Kinsley Mountain Project - 12,000 metre drill program

The 2012 work program includes 12,000 metres of core and RC drilling with detailed geologic modelling and analysis designed to confirm and expand the historic gold footprint and to test priority exploration targets at depth and along strike. We have also submitted a Plan of Operations with the United States Bureau of Land Management that would increase the area on which we can actively explore. We achieved the initial 51% earn-in on May 10, 2012, and have elected to earn an additional 14% interest (to an aggregate of 65%) in the project by making a further \$3 million in expenditures on the property before May 2017. We have already incurred approximately \$1.9 million in eligible expenditures toward this second option. Nevada Sunrise Gold Corporation, Pilot Gold's joint venture partner, currently has a 49% interest. Our revised budget at Kinsley Mountain for the year is \$2.9 million. We have begun testing high priority targets approximately 500 metres to the northwest of the historic mine area. Assay results from the continuing program are expected in the coming weeks.

Halilaga Project - 15,000 metre drill program

A 5,000 metre, Phase One drill program at Halilaga is expected to be completed in August, with a Phase Two, 3,750 metre program planned to follow immediately after. The Phase One program, focused on infill core drilling as part of a larger planned infill and exploration drill program yielded results that continue to demonstrate the robust potential of this property. Highlights from the initial results of Phase One include 0.64 g/t gold and 0.52% copper over 134.9 metres in hole HD-115. Throughout the year we have been working with TMST, the Company's 60% partner at Halilaga, on enhancing the existing resource with ongoing economic, metallurgical, hydrological and environmental studies. Several assays from ongoing drilling are pending.

Revised budgeted expenditures, contingent on final approval from Teck, for 2012 are \$4.87 million, with Pilot Gold's share totalling \$1.95 million.

FINANCIAL DATA

The following selected financial data is derived from our consolidated financial statements for the six month period ended June 30, 2012, as prepared in accordance with International Financial Reporting Standards. As described in our unaudited condensed interim consolidated financial statements, a portion of the comparative period reflects the application of continuity of interest accounting.

(Expressed in 000s, except per share data)	Three months ended June 30,		Six months ended June 30,	
	2012	2011	2012	2011

Loss for the period	(\$1,383)	(\$7,270)	(\$2,844)	(\$7,684)
Loss and comprehensive loss for the period	(\$2,362)	(\$7,210)	(\$3,500)	(\$7,424)
Basic and diluted loss per share	(\$0.02)	(\$0.14)	(\$0.05)	(\$0.15)

As at

June 30, 2012

December 31, 2011

	(in 000s)		(in 000s)
Cash and short-term investments	\$10,821	\$18,420	
Working capital	\$10,584	\$17,846	
Total assets	\$39,645	\$37,493	
Current liabilities	\$1,190	\$1,050	
Non-current liabilities	\$26	\$74	
Shareholders' equity	\$38,429	\$36,370	

- For the three months ended June 30, 2012, we reported a net loss of \$1.38 million compared to a net loss of \$7.27 million for the three months ended June 30, 2011. The loss per share for the three months ended June 30, 2012 was \$0.02 (three months ended June 30, 2011: \$0.14). The most significant contributors to the loss for the three and six months ended June 30, 2012 were stock based compensation (\$0.51 and \$1.03 million respectively) and the cost of wages and benefits not directly relating to exploration on any of the Company's properties (\$0.44 and \$0.90 million respectively). Expenses for the six months ended June 30, 2012 were offset by income resultant from a change in fair value of our financial instruments (\$0.68 million). In the comparative period, the most significant contributors to the losses were also stock based compensation and wages. In the three months ended June 30, 2012, we wrote-back up the previously impaired value of the option to acquire up to two properties held by Rae-Wallace Mining Company ("Rae-Wallace") further to the termination of that option in exchange for a significantly increased interest in Rae-Wallace.
- Other comprehensive loss for the three and six months ended June 30, 2012 was \$0.98 million and \$0.66 million respectively (three and six months ended June 30, 2011: income of \$0.06 million and \$0.26 million, respectively). The six months ended June 30, 2012 includes a net value loss on financial assets of \$0.66 million (six months ended June 30, 2011, loss of \$0.03 million), relating to the revaluation of common shares we hold in other publicly listed companies. Other comprehensive loss for the six months ended June 30, 2012 also includes a \$0.01 million gain (June 30, 2011: gain of \$0.29 million) from the impact of exchange gains and losses arising from exchange differences further to the translation of our foreign operations with a non-United States dollar functional currency.

- Current assets decreased to \$11.77 million as at June 30, 2012 (December 31, 2012: \$18.90 million), and comprise primarily cash and short-term investments of \$10.82million (December 31, 2011: \$18.42 million). The decrease reflects cash outflows related to exploration and corporate activities through the six months ended June 30, 2012. The remaining balance of current assets comprises receivables and prepayments of \$0.77 million (December 31, 2011: \$0.48 million) which have increased primarily as a result of an increase in receivables due from certain of our associates further to exploration activities in those entities, as well as amounts due from Blue Gold Mining Inc., for management services, and \$0.17 million relating to the Rae-Wallace property option terminated in July 2012 and classified as held for sale.
- The value of the shares and warrants issued to TMST relating to the TV Tower earn-in option (\$4.4 million) has been capitalized to the balance sheet. This non-current asset also includes the value of legal costs paid to secure the earn-in option.
- The new cash outflow relating to operating activities through the six months ended June 30, 2012 was \$2.53 million, compared to a new cash outflow of \$1.38 million in the same period of the prior year. The most significant components of which were wages and benefits and office-related costs (aggregate of \$1.69 million and \$1.11 million through the six months ended June 30, 2012 and 2011 respectively). The Company's cash outflows relating to our continuing investment in mineral properties was \$2.41 million and \$2.18 million through the six months ended June 30, 2012 and 2011 respectively.
- The number of issued and outstanding shares at June 30, 2012 was 62,460,286 (June 30, 2011: 59,085,286). The increase reflects primarily the shares issued to TMST to secure the TV Tower earn-in option.

This press release should be read in conjunction with Pilot Gold's unaudited condensed interim consolidated financial statements and Management's Discussion and Analysis for the six months ended June 30, 2012. These documents can be found on the Company's website (www.pilotgold.com) or on SEDAR at www.sedar.com. All amounts are presented in United States dollars unless otherwise stated.

ABOUT PILOT GOLD

Pilot Gold is a gold exploration company led by a proven technical team that continues to discover and define high-quality projects featuring strong grades, meaningful size and mining-friendly addresses. Our three key assets include interests in the Halilaga and TV Tower projects in Turkey, and the Kinsley Mountain Project in Nevada, each of which alone has the ability to become a foundational asset. We also have a pipeline of projects characterized by large land positions and district-wide potential that can meet our growth needs for years to come. For more information, visit www.pilotgold.com or contact:

Matt Lennox-King, President & CEO
Patrick Reid, VP Corporate Development
Phone: 604-632-4677 or Toll Free 1-877-632-4677
info@pilotgold.com

Ian Cunningham-Dunlop, P. Eng., VP Exploration and Chief Operating Officer for Pilot Gold,

and a "Qualified Person" within the meaning of NI 43-101, is responsible for compiling the technical information contained in this release.

All statements in this press release, other than statements of historical fact, are "forward-looking information" with respect to Pilot Gold Inc. ("Pilot Gold") within the meaning of applicable Canadian securities laws, including statements that address future mineral production, reserve potential, exploration drilling, the future prices of gold, copper and molybdenum, potential quantity and/or grade of minerals, potential size of a mineralized zone, potential expansion of mineralization, the timing and results of future resource estimates, the timing of a preliminary economic assessment or other study, proposed exploration and development of our exploration properties and the estimation of mineral reserves and resources. Forward-looking information is often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "planned", "expect", "project", "predict", "potential", "targeting", "intends", "believe", "potential", and similar expressions, or describes a "goal", or variation of such words and phrases or state that certain actions, events or results "may", "should", "could", "would", "might" or "will" be taken, occur or be achieved. These statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievement of Pilot Gold to differ materially from those anticipated in such forward-looking information.

Such forward-looking information, including, but not limited to, completion of expenditure obligations under the Kinsley Mountain Option Agreement; funding cash-calls made by Teck Madencilik Sanayi Ticaret A.Ş. ("TMST") for ongoing expenditure on the Halilaga property, successful earn-in on the TV Tower project, including the ability to incur the minimum annual Expenditure Requirements and future issuances of Common shares as consideration to complete the earn-in agreement, ability to fund cash-calls made by our joint venture partners for ongoing expenditures on our joint venture properties; current and proposed exploration and development, estimated future working capital, uses of funds, future capital expenditures; information with respect to exploration results, the timing and success of exploration activities generally; the costs and timing of the development of new deposits, potential quantity and/or grade of minerals, potential size of mineralized zone, potential expansion of mineralization, potential type of mining operation; the timing, timeline and possible outcome of permitting or license renewal applications; the ability to maintain or convert the underlying licenses in accordance with the requirements of the Turkish Mining Law, government regulation of exploration and mining operations, environmental risks, including satisfaction of Turkish requirements relating to the periodic submissions of Environmental Impact Assessments, title disputes or claims, and limitations on insurance coverage involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievement of Pilot Gold to be materially different from any future results, performance or achievements expressed or implied by such forward looking information.

Such factors include, among others, risks related to the interpretation and actual results of historical production at certain of our exploration properties, reliance on technical information provided by our joint venture partners or other third parties as related to any of our other exploration properties; changes in project parameters as plans continue to be refined; current economic conditions; future prices of commodities; possible variations in grade or recovery rates; failure of equipment or processes to operate as anticipated; the failure of contracted parties to perform; labour disputes and other risks of the mining industry; delays in obtaining

governmental approvals, financing or in the completion of exploration as well as those factors discussed in our AIF for the year ended December 31, 2011, in the section entitled "Risk Factors", under Pilot Gold's SEDAR profile at www.sedar.com.

Although Pilot Gold has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Pilot Gold disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise. Accordingly, readers should not place undue reliance on forward-looking information. Further details relating to Pilot Gold are also available in the Company's Annual Information Form ("AIF") for the year ended December 31, 2011 dated March 28, 2012, available under Pilot Gold's SEDAR profile at <http://www.sedar.com>.