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Pilot Gold Inc. (PLG – TSX) (“Pilot Gold” or the “Company”) is pleased to announce it has purchased the Mining Option Agreement for the Kinsley Mountain property from Animas Resources Ltd. (“Animas”). The Kinsley Mountain property hosts a large sediment-hosted gold system and includes a past-producing gold mine and significant exploration potential on a large land position.

The Kinsley Mountain property consists of 141 claims and 2,807 acres (1,136 hectares) on BLM land in the Kinsley Mountains in southeast Elko County, Nevada. The property lies roughly 75 kilometers (45 miles) southeast of the Long Canyon property where Pilot Gold’s geologic team, as part of Fronteer Gold Inc., defined a significant gold resource in what is now recognized as an emerging gold district.

“Success at Long Canyon hinged on detailed geologic analysis, aggressive drilling and deposit modeling,” says Moira Smith, Pilot Gold’s Chief Geologist. “We intend to deploy the same exploration team and strategy to Kinsley Mountain. The presence of an open pit and drilled mineralization in adjacent areas gives Pilot Gold a great starting point.”

Gold mineralization was discovered on Kinsley Mountain in 1984. Subsequent exploration defined sediment-hosted gold mineralization concentrated in the Kinsley Trend, and includes at least five distinct deposits hosted in strata ranging from Middle to Late Cambrian in age. The stratigraphic intervals hosting mineralization at Kinsley are the same horizons that host mineralization at Long Canyon.

Between 1994 and 1999, Alta Gold Co. (“Alta Gold”) produced approximately 138,000 ounces of gold at 1.4 g/t gold from oxide ore in a heap leach operation at Kinsley**. Alta Gold abandoned the mine and left an undetermined amount of ore in the ground at Kinsley during a period of low gold prices. At that time, gold discoveries were still being made and existing historic resources had not been exhausted.

Under the Option Agreement, Pilot Gold will obtain access to a substantial technical archive on the property, consisting of over 1,100 drill holes averaging 218 feet in length, and extensive geophysical and geochemical surveys. No drilling has been completed on Kinsley in over 13 years. Pilot Gold’s exploration activities will initially focus on geologic mapping and deposit model development, with confirmation and step-out drilling adjacent to the existing pits.

In consideration for the purchase of the Option Agreement, Animas shall receive the following:

- (i) \$US 350,000 cash and 50,000 common shares of Pilot Gold (“Common Shares”) on the date hereof (the “Effective Date”);
- (ii) 25,000 Common Shares on the first anniversary of the Effective Date;

- (iii) 25,000 Common Shares on the second anniversary of the Effective Date; and,
- (iv) 50,000 Common Shares upon Pilot Gold earning and vesting a 51% interest in the Amended Mining Lease, summarized below, pursuant to the Option Agreement.

The issuance of all Common Shares is subject to a statutory four-month hold period and conditioned upon the approval of any required governmental or regulatory authority, including the Toronto Stock Exchange. As of the date hereof, the Company has 59,035,286 issued and outstanding Common Shares.

If the Company terminates the Option Agreement prior to the due date for the issuance of any of the Common Shares, then Pilot Gold shall have no further obligation to make any subsequent issuances or deliveries of Common Shares to Animas.

Pursuant to the terms of the Option Agreement, Pilot Gold will have the exclusive right to earn:

- (i) a 51% undivided interest in the Kinsley Mountain property by incurring \$US 1.18 million in exploration expenditures by March 30, 2013 (of which \$US 0.18 million must be spent by May 31, 2012); and,
- (ii) an additional undivided 14% interest in the Kinsley Mountain property by electing to incur a further \$US 3.0 million in exploration expenditures within five years of meeting the initial earn-in.

Pilot Gold will also be required to make advance royalty payments to Nevada Sunrise, LLC ("NSL"), a private Nevada-based company, in accordance with an underlying lease agreement, beginning with a payment of \$US 50,000 per year, through 2016, increasing up to \$200,000 per year in 2020 and beyond. A contract initiation payment of \$US 50,000 is payable to NSL in 2011. A maximum 4% net smelter return royalty is also payable through the lease to NSL, and may be reduced to 2% through a series of payments at the Company's election.

The Kinsley Mountain property joins a robust Nevada portfolio headlined by new gold discoveries at the Company's Brik and Viper projects. Kinsley boasts historic resources and numerous untested exploration targets, and gives Pilot Gold the ability to earn a controlling interest in a high quality, past producing project that has the potential to support ongoing exploration success.

All technical information contained in this release has been reviewed and approved by Vance Spalding, CPG, Exploration Manager U.S.A. for Pilot Gold and a "qualified person" within the meaning of National Instrument 43-101.

*** Data sourced from www.metalseconomics.com*

ABOUT PILOT GOLD

Pilot Gold is a gold exploration company focused on advancing Halilaga and TV Tower in Turkey, and our pipeline of projects in Nevada. For more information, visit www.pilotgold.com or

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Except for the statements of historical fact contained herein, certain information presented constitutes "forward-looking information" within the meaning of applicable Canadian securities laws. Often, but not always, forward-looking information can be identified by the use of words such as "plans", "planning", "planned", "expects" or "looking forward", "does not expect", "continues", "scheduled", "estimates", "forecasts", "intends", "potential", "anticipates", "does not anticipate", or "belief", or describes a "goal", or variation of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Such forward-looking information, including, but not limited to, future issuances of Common Shares under the Option Agreement, proposed exploration and development of the Kinsley Mountain property, access to historical information on the Kinsley Mountain property, completion of expenditure obligations under the Option Agreement, proposed royalty payments, information with respect to exploration results, the timing and success of exploration activities generally, permitting timelines, government regulation of exploration and mining operations, environmental risks, title disputes or claims, limitations on insurance coverage, potential quantity and/or grade of minerals, potential size of mineralized zone, potential expansion of mineralization, potential type of mining operation, timing and possible outcome of any pending litigation, timing and results of future resource estimates or future economic studies and the timing and results of any future development programs 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 the Kinsley Mountain property, reliance on technical information provided by third parties on the Kinsley Mountain property, current exploration and development activities; 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 or financing or in the completion of exploration, as well as those factors discussed in the section entitled "Risk Factors" in the Company's Amended Annual Information Form for the year ended December 31, 2010 dated May 12, 2011 (amended June 7, 2011), which is available 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.

