<u>NOTE</u>

The following Management's Discussion and Analysis was prepared in connection with the Audited Financial Statements of the Exploration Properties Business of Fronteer Gold Inc. which was acquired by Pilot Gold Inc. in connection with the spin-out of Pilot Gold Inc. to the former securityholders of Fronteer Gold Inc. on April 6, 2011.

MANAGEMENT'S DISCUSSION AND ANALYSIS
EXPLORATION PROPERTIES BUSINESS STATEMENTS

This Management's Discussion and Analysis ("MD&A") is dated as of March 2, 2011 and should be read in conjunction with the audited consolidated Exploration Properties Business Statements of Fronteer Gold Inc. ("Fronteer"), as at December 31, 2010, and the related notes thereto (collectively the "Business Statements") which are attached as Schedule II to this Appendix "E". The Exploration Properties Business (as defined below) reports its financial position, results of operations and cash flows in accordance with Canadian generally accepted accounting principles ("GAAP").

The reporting currency is the Canadian dollar and all amounts in this MD&A are expressed in Canadian dollars unless otherwise stated. As at December 31, 2010, the value of C$1.00 was US$1.01 according to the Bank of Canada .

Basis of Presentation

On February 3, 2011, Pilot Gold Inc. ("Pilot Gold") and Fronteer entered into an agreement with Newmont Mining Corporation ("Newmont"), in which Newmont will acquire, by way of a court approved plan of arrangement (the "Arrangement"), the issued and outstanding shares of Fronteer. Under the Arrangement, each Fronteer shareholder will receive $14.00 per share in cash and 0.25 of a common share of Pilot Gold after a one for four share consolidation of Pilot Gold.

Pursuant to the Arrangement, Newmont will acquire all of Fronteer's mineral property interests in Nevada with the exception of eleven exploration properties which will be owned by Pilot Gold. Five properties have already been transferred to Pilot Gold (including four that will remain with Pilot Gold following completion of the Arrangement) and the remaining seven exploration properties in Nevada, along with Fronteer's assets and operations in Turkey and Fronteer's investment in common shares and share purchase warrants of Rae Wallace Mining Company ("Rae Wallace") and an option to acquire an interest in two Peruvian properties owned by Rae Wallace will be transferred to Pilot Gold prior to the effective date of the Arrangement and will collectively represent the Pilot Gold business (the "Exploration Properties Business"). In addition, Pilot Gold will be capitalized with approximately $9,640,000 in funding (representing $10,000,000 less cash call payments anticipated to be made by Fronteer for the Turkish joint venture operations from the date the Arrangement was announced to the effective date of the Arrangement). Prior to the effective date of the Arrangement, the South Monitor property in Pilot Gold will be transferred back to a subsidiary of Fronteer to be acquired by Newmont under the Arrangement. Upon completion of the Arrangement, Newmont will own approximately 19.9% of Pilot Gold.

The Arrangement has been approved by the Board of Directors of Fronteer and is subject to approval by two-thirds of the votes cast by holders of Fronteer common shares and Fronteer options, voting as a single class, at a special meeting of Fronteer security holders scheduled for March 30, 2011.

The Business Statements reflect the assets, liabilities, operations and cash flows of the Exploration Properties Business of Fronteer to be transferred to Pilot Gold on a continuity of interest basis of accounting with the balance sheet amounts based on the amounts recorded by Fronteer. They comprise the balance sheets, statements of operations, comprehensive loss, equity and deficit, and cash flows of the Exploration Properties Business as if Pilot Gold had been an independent operator during the years reported. The statements of operations and comprehensive loss for the years ended December 31, 2010 and 2009 include the direct general and administrative incurred by Fronteer on the carved-out exploration properties and a pro-rata allocation of Fronteer's general and administrative expenses incurred in each of these years. Management cautions readers of the Business Statements, that the allocation of expenses in the statements of operations does not necessarily reflect the nature and level of the Exploration Properties Business's future operating expenses.

The allocation of those items of general and administrative expense not directly chargeable to the Exploration Properties Business was allocated using the percentage derived from using total exploration expenditures incurred on the 100% owned Pilot Gold projects over Fronteer's total exploration and development expenditures. All office equipment owned by Fronteer utilized in Vancouver, British Columbia, Turkey and Elko, Nevada, except those related to Long Canyon and Northumberland are also included in the operations of the Exploration Properties Business. Fronteer's funding of the carved-out exploration assets and liabilities and past carved-out operations is presented as contributed surplus.

On April 23, 2010, Fronteer acquired 100% of the outstanding limited liability company interest in Nevada Eagle from an arm's length third party for cash consideration of US$4.75 million. Fronteer accounted for the business combination as a purchase transaction with Fronteer as the acquirer of Nevada Eagle. Nevada Eagle had an interest in 52 properties, four of which are included in the Pilot Gold Properties that were transferred to Pilot Gold by December 31, 2010.

Overview

The Exploration Properties Business is focused on the exploration and development of gold and copper-gold projects in the State of Nevada, USA and Turkey. Its projects are wholly-owned with the exception of certain joint venture interests in Turkey that are held as to 40% by Pilot Gold and as to 60% by Teck Resources Inc. ("Teck"). The Exploration Properties Business also holds an option to acquire a 51% interest in two projects in Peru.

Operation Highlights for the year ended December 31, 2010 to the date of this MD&A

- In 2010, our joint venture partner Teck, completed 9,077 metres of core drilling at Halilaga. Our 40% share of costs was $1,500,000.

- In the third quarter of 2010, the Exploration Properties Business paid US$150,000 for a three year option from Rae Wallace to earn a 51% interest in up to two gold exploration properties within a 23,500-square-kilometre area in Peru that Rae Wallace currently owns or may acquire. In addition, the Exploration Properties Business participated in a non-brokered private placement in Rae Wallace, purchasing 2,000,000 units of Rae Wallace at US$0.25 per unit. Each unit consisted of one common share and one-half of one share purchase warrant. Each whole warrant entitles us to acquire one additional common share of Rae Wallace for US$0.375 per share until September 30, 2012.

Priority Projects: 2010 Activities and Planned 2011 Activities

Halilaga (40% owned)

The Halilaga copper-gold project is located in the Biga peninsula of Northwestern Turkey, approximately 40 kilometres southeast of the city of Çanakkale, and 25 kilometres west south-west of the town of Çan, in Çanakkale Province, Turkey.

The Halilaga Property consists of approximately 7,230 hectares of mineral tenure in licenses. Fourteen licenses related to the Halilaga Property are held in the name of Truva Bakir Maden Isletmeleri A.S. ("Truva Bakir"), which is the legal joint venture entity established to hold the property. One license is held by a wholly owned subsidiary of Teck and will be transferred to Truv Bakir once the license as been to converted to an exploitation license

Drilling to date shows that the Halilaga Property is a significant copper-gold porphyry system. It is proximal to excellent infrastructure and is located in an active mining jurisdiction.

In 2010, Teck completed 9,007 metres of core drilling in 25 holes at the Halilaga Property. Our 40% share of costs were $1,551,481. In 2011, a US$4,600,000 budget is planned (our share: US$1,840,000), including a minimum of 10,000 metres of drilling at the main Kestane zone, with the remainder testing for porphyry targets outside this zone.

In 2010, drilling at the Halilaga Property confirmed the presence of copper-gold mineralization. Drilling in 2010 has almost doubled the overall width of copper-gold mineralization at the Halilaga Property from 400 metres to more than 750 metres in overall width, and over a strike length of 1,200 metres with thicknesses of over 600 metres. An important component of this deposit is the occurrence of a higher-grade copper-gold enrichment zone starting at, or near surface, and which locally reaches up to 40 metres in thickness. The Halilaga Property remains open to expansion in all directions.

Initial metallurgical test work determined that mineralized samples responded consistently well to flotation and produced a high-grade concentrate. A final concentrate grade of 35-40% copper with 85-90% overall copper recovery was achieved using three stages of cleaning. Gold grades in the final concentrate were approximately 25 grams per tonne with overall gold recovery in the range of 65-70%. It is expected that further process optimization will result in improvements in copper and gold recoveries at the same concentrate grades.

The Exploration Properties Business anticipates completing the first resource estimate for the project in 2011, subject to sufficient drilling being completed.

For a detailed description of the exploration programs conducted at the Halilaga Property please see "Technical Report on the Halilaga Exploration Project dated February 15, 2011", a copy of which is filed on SEDAR.

TV Tower (40% owned)

The TV Tower Property is located in the Biga Peninsula of Northwestern Turkey, approximately 27 kilometres southeast of the city of Çanakkale and 2.6 kilometres north of the village of Kuscayir, in Çanakkale Province, Turkey.

The TV Tower Property consists of approximately 6,744 hectares of mineral tenure in licenses. Four licenses related to the TV Tower Property are held in the name of the joint venture entity established to hold the project ("Orta Truva"). Two tenements are held by a wholly owned Turkish subsidiary of Teck and will be transferred to Orta Truva once the licenses have been converted to an exploitation license.

The TV Tower Property is a promising high-sulphidation epithermal gold target, similar to the neighbouring Agi Dagi and Kirazli gold properties of Alamos. For 2010, our share of the expenditures at TV Tower totaled $695,591 and consisted of IP and ground magnetic surveys as well as additional geological mapping and rock chip /soil geochemical sampling and initial core drilling.

The 2011 exploration program planned by Teck consists of detailed geological mapping of the TV Tower Licence area, infill soil geochemistry over target areas, infill IP surveying high priority targets, continued prospecting, geochemical sampling over the remainder of licences and 15,000 metres of diamond drilling.

Other Projects

The Exploration Properties Business also has an interest in the following exploration projects:

Viper

The Viper project is located in Elko County, Nevada, approximately 70 kilometres northeast of the hamlet of Montello, Nevada and consists of 163 unpatented lode claims and 990 hectares (2,450 acres) of private mineral rights held 75% by the Exploration Properties Business and 21.25% by the underlying Lessor and 3.75% by an unrelated third party.

In 2010 the Exploration Properties Business conducted ground surveys and geological mapping to follow up on encouraging gold rock and soil sample results received in 2009. Additional work involved the preparation for an initial drilling program and a Notice of Intent to drill the targets on BLM ground was approved. The Exploration Properties Business plans additional geologic mapping and interpretation for 2011.

Easter

The Easter Property is situated on the east flank of the Delamar Mountains, approximately 13 kilometres southwest of Caliente, Nevada and 12 kilometres east-northeast of the Delamar mine in Lincoln County, Nevada. It consists of 20 unpatented lode claims on BLM ground, and an additional 50 claims staked by La Quinta Resources Corp. ("La Quinta"), within the project area of interest.

The property is subject to an earn-in joint venture with La Quinta, whereby La Quinta can earn 65% by expending $2 million on exploration prior to January 4, 2015. La Quinta must maintain the claims, make annual cash payments totaling $190,000 over the 5 year term of the agreement, and issue 500,000 La Quinta common shares to the Exploration Properties Business. The Exploration Properties Business retains a net smelter royalty of 2.5% — 4% depending upon the price of gold.

In 2010, La Quinta completed a resource estimate and 11 reverse circulation drill holes on the previously undrilled, upper-most portion of the central vein area. Gold mineralization was encountered in every hole. In 2011, the Exploration Properties Business plans mechanical trenching of prospective ground and additional drill testing later in the year.

Anchor

The Anchor property lies within the southern portion of the Eureka-Battle Mountain Mineral Trend and is located about 4.8 kilometres northwest of the Archimedes deposit. The property consists of 72 fully owned unpatented lode claims on BLM land.

In 2010, the Exploration Properties Business completed reconnaissance of the area surrounding the current claim block and collected 100 rock chip samples for analysis from outcrops and subcrops in the area. To assist with additional drill targeting, a gravity survey on a grid with 200m spacing was performed in the fall of 2010.

Exploration work planned for 2011 consists of additional geologic mapping in the area, and interpretation and integration of existing data into drill targets. A Notice of Intent to drill will be submitted to the BLM, but there are no plans to drill test Anchor in 2011.

Stateline

The Stateline Property is situated on the east flank of the Paradise Mountains, approximately 37 kilometres east of Panaca, Nevada and 88 kilometres northwest of Cedar City, Utah in Iron County, Utah.

From 2008 to 2010, the property was a joint venture earn-in with Newmont. It consists of approximately 48 unpatented lode claims, along with an additional 3 Utah state leases and 113 unpatented claims staked by Newmont within the area of influence of the agreement with Newmont.

Significant historic mining took place on the Stateline Property, however, production figures are not known.

In 2010, Newmont collected 17 additional rock samples and returned the property to Fronteer after deciding not to continue with the joint venture earn-in. The Exploration Properties Business spent one day on the property prior to Newmont returning it to the Exploration Properties Business, and collected 11 rock samples. In 2011, a more in-depth evaluation of the property will be conducted, and based upon the results of that work, the Exploration Properties Business will either decide to continue exploration on Stateline or offer it for a joint venture project. A Notice of Intent to drill will be submitted to the BLM.

Baxter Springs

Baxter Springs is located in the Toquima Range, approximately 29 kilometres south of Round Mountain, Nevada and 10 kilometres south of the Manhattan Mine, formerly operated by Echo Bay. The project consists of 36 unpatented mining claims.

The 2010 exploration program consisted of geologic mapping, a gravity grid of 197 stations on a 200 metre spacing, plus rock and soil sampling. A total of 203 rock and 3 soil samples were collected. In 2011, the Exploration Properties Business has planned additional geologic mapping and evaluation of previous drilling in 3D. Drill targets will be identified and a Notice of Intent to drill will be submitted to the BLM.

New Boston

The New Boston project is a Copper-Molybdenum porphyry target, subject to historic exploration, located on the northern margin of the Walker Lane structural and metallogenic belt, in Nevada. The project consists of 135 fully-owned unpatented mining claims on BLM land.

In 2010, the Exploration Properties Business completed rock and soil sampling over the New Boston project, with 213 and 965 samples being collected respectively. A total of 74 line kilometres of ground magnetic geophysical surveys were collected, along with 211 gravity measurements, and interpretation of historic drilling and geologic data.

In 2011, additional mapping will be conducted to refine targets, and a Notice of Intent for a first pass drill program will be submitted to the BLM. The New Boston project is prospective for copper and molybdenum, and is a candidate for joint venture.

Gold Springs 2

The Gold Springs 2 Property is situated on the west flank of the Paradise Mountains, approximately 30 kilometres northeast of Panaca, Nevada and 90 kilometres northwest of Cedar City, Utah. The property straddles the state line, and is half in Lincoln County, Nevada, and half in Iron County, Utah. It consists of approximately 129 unpatented lode claims on BLM ground.

The Gold Springs 2 Property is under option to High Desert Gold Inc. (“HDG”) whereby HDG can earn 60% interest in the project by spending $1,000,000 in aggregate by January 10, 2015, plus making cash payments to The Exploration Properties Business which escalate from $20,000 to $40,000 per year. At earn-in, the Exploration Properties Business can either elect to participate at 40% or less, or revert to a $40,000 per year payment plus a sliding scale NSR, which is based on the price of gold. the Exploration Properties Business retains a net smelter royalty of 2.5% — 4% depending upon the price of gold. A 4% royalty on four claims is payable to a third party.

In 2010, HDG completed a total of 11 reverse-circulation drill holes for a total of 1,823 metres and HDG also completed a soil sampling program over a portion of the claim block in order to better define the size and continuity of some of the high priority target areas. Additional metallurgical testing was completed, indicating that larger samples contain more gold than smaller samples. A total of 697 samples were collected on a 100x50 metre grid over the northern portion of the property. Stated work plans for Gold Springs 2 for 2011 consist of additional drilling, and rock and soil geochemistry to advance additional targets on the property. Earn-in will be completed mid year and a decision will be made to either participate or take dilution.

Yunt Dag

The Yunt Dag gold property is located 35 km southeast of the Ovacik Gold Deposit and 50 km north of the City of Izmir in Western Turkey. The property is 100% owned by the Exploration Properties Business through its subsidiary company Agola Madencilik Limited Sirketi and consists of three exploration stage licenses totaling 4,276 hectares acquired through the application process in December 2007.

Yunt Dag is a high sulphidation gold epithermal system identified through Aster image processing and interpretation. The project was acquired and developed through grassroots work and has no prior history of exploration or mining. The Exploration Properties Business completed silt, soil, and rock sampling in early 2008 at Yunt Dag and subsequently optioned the project to Newmont in 2009. The option agreement was terminated by Newmont prior to drilling.

The Exploration Properties Business completed additional Aster image interpretation in 2010. For 2011, the Exploration Properties Business proposes to complete additional geologic mapping and rock sampling. Yunt Dag remains a candidate for a joint venture project.

Rae Wallace Option — Peru

In the third quarter of 2010, the Exploration Properties Business completed two transactions with Rae Wallace. The Exploration Properties Business paid US$150,000 for a three year option to earn a 51% interest in up to two properties within a 23,500-square-kilometre area in Peru that Rae Wallace currently owns or acquires. The Exploration Properties Business considers the area to be highly prospective for both epithermal and porphyry gold systems. To earn a 51% interest in a property, the Exploration Properties Business must spend the greater of US$150,000 or three times Rae Wallace's expenditures on the property, from the date of our agreement. In addition, should Rae Wallace wish to joint venture any other project in this area of interest, it must first offer the Exploration Properties Business the joint venture opportunity.

By way of a non-brokered private placement, the Exploration Properties Business acquired 2,000,000 units of Rae Wallace at US$0.25 per unit. Each unit consists of one common share and one-half of one share purchase warrant. Each whole warrant entitles the Exploration Properties Business to acquire one additional common share of Rae Wallace for US$0.375 per share until September 30, 2012.

Scientific and Technical Disclosure

All scientific and technical disclosure on our property interests set forth above has been prepared under the supervision of and verified by Ian Cunningham-Dunlop, a "qualified person" within the meaning of NI 43-101.

Selected Annual Information

The following financial data are derived from our audited Business Statements for the fiscal years ended December 31, 2010, and 2009:

	2010	2009
Total revenues	Nil	Nil
Net loss for the year	$ 1,406,328	$ 1,764,021
Comprehensive loss for the year	$ 1,415,099	$ 1,764,021
Total assets	$ 6,827,725	$ 2,569,059
Total liabilities	$ 54,436	$ 39,330
Cash dividends declared	Nil	Nil

Results of Operations

The Business Statements have been presented under the continuity of interest basis of accounting with balance sheet amounts based on the amounts recorded by Fronteer. Management cautions readers of these consolidated Business Statements that the allocation of expenses in the statements of operations does not necessarily reflect the nature and level of the Exploration Properties Business's future operating expenses.

The allocation of those items of general and administrative expense not directly chargeable to the Exploration Properties Business were allocated on the pro-rated basis of exploration expenditures incurred on the Carved Out Exploration Properties versus exploration expenditures on those exploration assets Newmont will indirectly acquire pursuant to the Arrangement, and property investigation in the year not including cash call payments made in respect of the Halilaga Property or TV Tower Property. Expenditures on the carved out exploration properties commenced in the year ended 2006. All equipment owned by Fronteer at its offices in Vancouver, Turkey and Elko, Nevada, except those designated as Long Canyon and Northumberland will be carved-out to the Exploration Properties Business. Fronteer's funding of the carved-out exploration asset and liabilities and past carved-out operations is presented as contributed surplus.

December 31, 2010 vs. December 31, 2009

For the year ended December 31, 2010, the Exploration Properties Business incurred a net loss of $1,406,328, compared to a net loss of $1,764,021 for the same period in 2009. Contributing to the change year over year was an increase in operating expenses in 2010 compared to 2009. In addition the Exploration Properties Business recorded a mark-to-market loss in the change in value of its investment in Rae Wallace during 2010 and picked up its 40% share of the loss realized by its two Turkish joint venture companies. In 2010 the Exploration Properties Business realized a future income tax recovery of $27 compared to a future income tax expense of $242 in 2009.

Loss from operations totaled $1,191,151 in 2010 compared to $1,726,663 in 2009. In 2010, a higher percentage of general and administrative expenses, which includes wages and benefits, stock based compensation, office and general costs, professional fees and investor relations and promotion costs, was allocated to The Exploration Properties Business's as the basis for allocation, being the percentage of exploration expenditures on the Exploration Properties Business's assets as a percentage of Fronteer's overall exploration and development expenditures was higher in 2010. The Exploration Properties Business acquired the majority of its Nevada assets in 2010.

Writedowns of exploration properties and deferred exploration expenditures were nil in 2010 compared to $1,085,436 in 2009. The 2009 write-down primarily relate to the Exploration Properties Business's costs incurred on the Pirentepe project. The Pirentepe mineral claims are now considered part of the Halilaga Property.

Wages and benefits costs increased to $312,569 in 2010 as compared to $85,629 in 2009. The difference is a result of the higher allocation of non-direct general and administrative expenses and an overall increase in wages and benefits costs in 2010 as a result of higher employee bonuses.

Office and general expenses were $187,118 in 2010, compared to $79,193 in 2009. Office and general expenses includes the cost of insurance, rent, office supplies and consulting costs. The increase in 2010 is primarily related to the higher indirect cost allocation in 2010.

Professional fees, which include legal, audit, accounting and financial advisory fees, increased to $94,756 in 2010, from $72,962 in 2009. The increase is primarily related to the higher indirect cost allocation in 2010. The 2009 costs were higher than expected due to costs associated with our re-organization of our Turkish corporate structure in 2009.

Stock based compensation expense, arising from the vesting of granted employee stock options, totaled $164,267 for 2010 as compared to $27,328 in 2009. Stock based compensation for the Exploration Properties Business is an allocation of indirect Fronteer costs to the Exploration Properties Business as the Exploration Properties Business does not currently have its own stock option plan. Stock based compensation expense varies from period to period, subject to whether options are granted, have fully vested or were cancelled in a period.

Investor relations, promotion and advertising expenses were $33,544 in 2010, as compared to $6,649 in 2009. The increase in 2010 is directly attributable to the higher percentage allocation of indirect costs in 2010.

In 2010, the Exploration Properties Business recorded a loss on a mark-to-market adjustment of the value of its investment in Rae Wallace warrants, of $72,112 which was not applicable in 2009 and the Exploration Properties Business recorded its 40% share of the loss of its equity accounted investments in Turkey of $94,951. This loss was a result of foreign exchange losses incurred in the Turkey joint ventures as a result of a decline in the value of the US dollar. In 2009, these entities were not actively exploring and therefore held no significant cash on hand.

The Exploration Properties Business has not yet completed feasibility studies to determine whether any of its exploration properties contain resources that are economically recoverable. All direct costs associated with exploration of these properties are capitalized as incurred. If the property proceeds to development, these costs become part of pre-production and development costs of the mine. If a property is abandoned or continued exploration is not deemed appropriate in the foreseeable future, the related deferred expenditures are written off.

Liquidity and Capital Resources

The Exploration Properties Business currently has no operating revenues and relies exclusively on funding primarily from Fronteer, which is reflected as contributed surplus.

Fronteer and therefore the Exploration Properties Business has funded its operations to date from the sale of equity securities and to a lesser extent, through asset sales.

The Exploration Properties Business has entered into operating leases for premises and office equipment. Total minimum operating lease commitments approximate $2,511,003. Minimum rental commitments for the following years are as follows:

Year	Amount
2011	$ 368,061
2012	348,347
2013	286,026
2014	280,473
2015	286,985
2016+	941,111
	$ 2,511,003

The Exploration Properties Business has no debt. The only long-term lease commitments are the operating leases for office premises and office equipment. The Exploration Properties Business also has obligations on its mineral property interests that should it wish to continue having a right to the mineral interest of a property, cash payments to the government or underlying land or mineral interest owner, may be required. Most of these are not firm commitments, with such obligations being eliminated should we choose to no longer invest funds exploring the property.

At December 31, 2010, the Exploration Properties Business had working capital of $321,687, compared to working capital of $452,575 at December 31, 2009.

Under the Arrangement Agreement, the Exploration Properties Business will be funded with approximately $9,640,000 (representing $10,000,000 less anticipated cash calls paid by Fronteer for the Turkish joint venture operations from the date the Arrangement was announced to the effective date of the Arrangement).

On a longer term outlook, should the global economic conditions persist and project financing continue to be difficult to obtain, it may limit our ability to develop and/or further explore our properties.

Health, Safety and Environment

The Exploration Properties Business places a great emphasis on providing a safe and secure working environment for all of our employees and protecting the environment. There were no lost time accidents or significant environmental incidents at any of our operations in 2010.

The Exploration Properties Business is subject to federal, provincial, territorial and state, and local environmental laws and regulations. The Exploration Properties Business has put in place ongoing pollution control and monitoring programs at our properties, and posted surety bonds as required for compliance with provincial, state and local closure, reclamation and environmental obligations. There is currently no estimate for future reclamation and property closure costs for the Exploration Properties Business projects, due to their early stage. Our policy is to record the fair value of reclamation and property closure costs, as determined by an independent consultant, in the period in which they are incurred. A corresponding amount will be added to the carrying amount of the associated asset and depreciated over the asset's life. Ongoing reclamation activities associated with exploration stage properties are capitalized to exploration in the period incurred.

The significant remaining environmental risks associated with our exploration projects relate to handling of fuel and fuel storage systems. These risks are mitigated through the use of various spill protection equipment such as berms and bladders. The Exploration Properties Business has also developed emergency plans in the event a significant spill does occur. Many of our projects are subject to periodic monitoring by government agencies with respect to its environmental protection plans and practices which in many circumstances must be detailed when applying for exploration permits.

Off-Balance Sheet Arrangements

Other than its commitments under the Arrangement Agreement, the Exploration Properties Business does not have any other off balance sheet arrangements.

Transactions with Related Parties

The Exploration Properties Business has no transactions with related parties.

Proposed Transactions

At present there are no transactions pending other than those proposed under the Arrangement Agreement.

Disclosure Controls and Procedures

At the end of the period covered by this report, an evaluation of the effectiveness of the design and operations of our "disclosure controls and procedures" (as such term is defined in Multilateral Instrument 52-109) was carried out by our principal executive officer and principal financial officer. Based upon that evaluation, our principal executive officer and principal financial officer have concluded that as of the end of the period covered by this report the design and operation of our disclosure controls and procedures are effective to ensure that information required to be disclosed in reports that it files or submits to regulatory authorities is recorded, processed, summarized and reported within the time periods specified by regulation, and is accumulated and communicated to management, including our principal executive officer and principal financial officer, to allow timely decisions regarding required disclosures.

Notwithstanding the foregoing, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that our disclosure controls and procedures will detect or uncover every situation involving the failure of persons within the Company and our subsidiaries to disclose material information otherwise required to be set forth in our periodic reports. Our disclosure controls and procedures are designed to provide reasonable assurance of achieving their objective of ensuring that information required to be disclosed in the reports that the Exploration Properties Business files or submits is communicated to management to allow timely decisions regarding required disclosure.

Internal Controls Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, and has designed such internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with GAAP.

Management has used the Internal Control — Integrated Framework to evaluate the effectiveness of internal control over financial reporting, which is a recognized and suitable framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Because of the inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Management assessed the effectiveness of the internal control over financial reporting as of December 31, 2010. As a result, our management concluded that our internal control over financial reporting were effective as at that date.

Limitations of Controls and Procedures

Our management, including the Chief Executive Officer and Chief Financial Officer, believe that any disclosure controls and procedures or internal controls over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any systems of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error of fraud may occur and not be detected.

Subsequent Events

On February 3, 2011, Pilot Gold and its parent Fronteer entered into the Arrangement Agreement pursuant to which Newmont will acquire all of the outstanding common shares of Fronteer by way of the Plan of Arrangement. Under the Plan of Arrangement, Securityholders of Fronteer will receive for each Fronteer share $14.00 in cash and one Pilot Gold Share. The Pilot Gold Shares will be consolidated on a one-for-four basis pursuant to the Plan of Arrangement such that, upon completion of the Arrangement, every holder of Fronteer Shares will receive one Pilot Gold Share for every four Fronteer Shares previously held.

Critical Accounting Estimates

The preparation of our Business Statements requires management to make estimates and assumptions regarding future events. These estimates and assumptions affect the reported amounts of certain assets and liabilities and disclosure of contingent liabilities.

Significant areas requiring the use of management estimates include the determination of impairment of equipment and mineral property interests, rates for depreciation and amortization, variables used in determining stock-based compensation. These estimates are based on management's best judgment. Factors that could affect these estimates include, but are not limited to, risks inherent in mineral exploration and development, changes in reclamation requirements, changes in government policy, changes in foreign exchange rates and changes in mineral prices.

The Exploration Properties Business regularly reviews the net carrying value of each mineral property for conditions that suggest impairment. This review requires significant judgment where it does not have any proven and probable reserves that would enable it to estimate future cash flows to be compared to the carrying values. Factors considered in the assessment of asset impairment include, but are not limited to, whether there has been a significant decrease in the market price of the property; whether there has been a significant adverse change in the legal, regulatory, accessibility, title, environmental or political factors that could affect the property's value; whether there has been an accumulation of costs significantly in excess of the amounts originally expected for the property's acquisition, development or cost of holding; whether exploration activities produced results that are not promising such that no more work is being planned in the foreseeable future and whether the company has the necessary funds to be able to maintain its interest in the mineral property. The Exploration Properties Business has the responsibility to perform reclamation in certain jurisdictions upon completion of activities.

Management has made significant assumptions and estimates in determining the fair market value of stock-based compensation granted to employees and non-employees. These estimates have an effect on the stock-based compensation expense recognized and the contributed surplus balance on our balance sheet. Management has made estimates of the life of stock options, the expected volatility and the expected dividend yields that could materially affect the fair market value of this type of security. The estimates were chosen after reviewing the historical life of the options and analyzing share price history to determine volatility.

Management also makes assumptions about the volatility of underlying share prices of its investment in shares and warrants of Rae Wallace and the expected life of the warrants. These estimates affect the warrants value recognized and the underlying gain or loss recorded as mark-to-market adjustments. The estimates are chosen after analyzing the share price history and managements intentions about holding the investment. Since Rae Wallace is currently not traded on a formal stock exchange, the estimate of the fair value of this investment has been determined by looking at comparable corporations who are listed on a recognized exchange.

The determination of our future tax liabilities and assets involves significant management estimation and judgment involving a number of assumptions. In determining these amounts the Exploration Properties Business interprets tax legislation in a variety of jurisdictions and makes estimates of the expected timing of the reversal of future tax assets and liabilities. The Exploration Properties

Business also makes estimates of its future earnings which affect the extent to which potential future tax benefits may be used. The Exploration Properties Business is subject to assessment by various taxation authorities, which may interpret tax legislation in a manner different from its view. These differences may affect the final amount or the timing of the payment of taxes. When such differences arise we make provision for such items based on our best estimate of the final outcome of these matters.

Legal Matters

The Exploration Properties Business is not currently, and has not at any time during our most recently completed financial year, been a party to, nor has any of its property been the subject of, any material legal proceedings or regulatory actions.

Financial Instrument Risk Exposure and Risk Management

The Exploration Properties Business is exposed in varying degrees to a variety of financial instrument related risks. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit Risk

Credit Risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Exploration Properties Business's credit risk is primarily attributable to its liquid financial assets. The Exploration Properties Business limits exposure to credit risk and liquid financial assets through maintaining its cash and cash equivalents, with Canadian Chartered Banks and its reclamation deposits with A+ or higher rated US financial institutions.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Exploration Properties Business manages its capital in order to meet short term business requirements, after taking into account cash flows from operations, expected capital expenditures and the Exploration Properties Business's holdings of cash and cash equivalents. The Exploration Properties Business believes that these sources will be sufficient to cover the likely short term requirements. In the long term, the Exploration Properties Business may have to issue additional shares to ensure there is sufficient capital to meet long term objectives. The Exploration Properties Business's cash is invested in business bank accounts and is available on demand for the Exploration Properties Business's programs, and is not invested in any asset backed deposits/investments. The Exploration Properties Business's financial liabilities of accounts payable and accrued liabilities are payable within a 90 day period and are to be funded from cash on hand.

Market Risk

The significant market risks to which the Exploration Properties Business is exposed are foreign exchange risk and interest rate risk. These are further discussed below:

Foreign Exchange Risk

The results of the Exploration Properties Business's operations are exposed to currency fluctuations. The operating results and financial position of the Exploration Properties Business are reported in Canadian dollars in the Exploration Properties Business's consolidated financial statements. The fluctuation of the Canadian dollar and other currencies in relation to the US dollar will consequently have an impact upon the financial results of the Exploration Properties Business and may also affect the value of the Exploration Properties Business's assets, liabilities and shareholders' equity. The Exploration Properties Business has not entered into any derivative contracts to manage foreign exchange risk at this time.

Financial instruments that impact our net loss or other comprehensive loss due to currency fluctuations include US dollar denominated cash. The sensitivity of our net income and other comprehensive income due to a 10% change in the exchange rate between the US dollar and the Canadian dollar is $8,621.

Interest Rate Risk

The Exploration Properties Business is exposed to interest rate risk on its outstanding short term investments. The Exploration Properties Business's policy is to invest cash at floating interest rates and cash reserves are to be maintained in cash equivalents in order to maintain liquidity, while achieving a satisfactory return for shareholders. The Exploration Properties Business monitors this exposure and does not enter into any derivative contracts to manage this risk.

Our interest rate risk mainly arises from the interest rate impact on our cash and cash equivalents. Cash and cash equivalents receive interest based on market interest rates. Based on cash and cash equivalents outstanding at December 31, 2010, with other variables unchanged, a 1% change in the interest rate would decrease (increase) our net loss by $58. There would be no significant effect on other comprehensive income.

Changes in Accounting Policies and New Accounting Pronouncements

Convergence with International Financial Reporting Standards

In February 2008, Canada's Accounting Standards Board confirmed that GAAP, as used by public companies, will be converged with International Financial Reporting Standards ("IFRS") effective January 1, 2011. The transition from GAAP to IFRS will be applicable for us for the first quarter of 2011 when the Exploration Properties Business will prepare both the current and comparative financial information using IFRS.

While IFRS uses a conceptual framework similar to GAAP, there are significant differences on recognition, measurement, and disclosures. After an initial high level analysis, carried out with help from expert external advisors, additional staff was hired in order to complete a more detailed impact assessment of the new standards on our current accounting policies.

The areas in these business statements impacted by the transition to IFRS are as follows:

Functional currency — Under IFRS functional currency is determined on an entity-by-entity basis as the primary economic environment in which each entity operates. The hierarchy of factors explicitly described by IAS 21 in this determination has led to a change in the functional currency of the Turkish and US entities to US dollars due to a number of factors. This will result in an adjustment to the non-monetary long term assets that were previously translated using the temporal method, and will be translated using the current method under IFRS. There will also be a reclassification between CTA and retained earnings for the foreign exchange previously recognized in the income statement. The impact of these adjustments has yet to be quantified.

There are no plans to change existing accounting policies under GAAP that are also permissible under IFRS.

Preliminary drafts of financial statement disclosures have been prepared in order to ensure systems are in place to collect the necessary data; to date no significant changes to current procedures have been identified. No changes to business function or activity will arise from the transition to IFRS.

Cautionary Note Regarding Forward-Looking Statements

The information contained herein contains "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 and applicable Canadian securities legislation. Forward-looking statements include, but are not limited to, statements with respect to the estimation of mineral resources, the timing and amount of estimated production, costs of production, resource determination, timing of engineering and economic studies and exploration programs. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects", or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "does not anticipate", or "believes", or variations 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".

Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual risks, level of activity, performance or achievements of the Exploration Properties Business to be materially different from those expressed or implied by such forward-looking statements, including but not limited to: risks related to the integration of acquisitions, including risks related to international operations, actual results of current exploration activities, conclusions of economic evaluations, changes in project parameters as plans continue to be refined, as well as those factors discussed in the section entitled "Risk Factors" in the Circular.

Although the Exploration Properties Business attempts to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Exploration Properties Business does not undertake to update any forward-looking statements that are incorporated by reference herein, except in accordance with applicable securities laws. Please refer to the above noted documents for a detailed description of the risks of an investment in Fronteer.