PILOT GOLD INC.
(AN EXPLORATION STAGE COMPANY)

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the three and twelve months ended December 31, 2011

This Management's Discussion and Analysis ("MD&A"), dated as of March 28, 2012, is in respect of our first annual reporting period since becoming a reporting issuer, and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2011 of Pilot Gold Inc. (in this MD&A, also referred to as "Pilot Gold" or, the"Company", or "we" or, "our" or, "us"), and the related notes thereto (collectively the "Financial Statements"), the audited consolidated financial statements of Pilot Gold Inc. for the period April 23, 2010 to December 31, 2010 and the related notes thereto (collectively the "Pilot Gold Financial Statements"), and the audited consolidated financial statements of the Exploration Properties Business of Fronteer Gold Inc. (the "EPB"), for the years ended December 31, 2010 and 2009 and the related notes thereto (collectively the "Exploration Business Financial Statements") as filed under Pilot Gold's company profile on SEDAR www.sedar.com.

As of January 1, 2011, Pilot Gold adopted International Financial Reporting Standards ("IFRS"). The Financial Statements have been prepared in accordance with and use accounting policies consistent with, IFRS as issued by the International Accounting Standards Board. Readers of this MD&A should also refer to *Change in Accounting Policies- First-time Adoption of International Financial Reporting Standards* below, for a discussion of IFRS and its effect on our financial presentation.

Our reporting currency is the United States dollar ("$"). All dollar figures in this MD&A are expressed in United States dollars unless otherwise stated. As at December 31, 2011, the value of C$1.00 was $0.983[1].

The following discussion contains forward-looking statements that involve numerous risks and uncertainties. Actual results of Pilot Gold could differ materially from those discussed in such forward-looking statements as a result of these risks and uncertainties, including those set forth below under the heading "*Cautionary Notes Regarding Forward-Looking Statements*". For further information of the risks and uncertainties facing the Company, and for other information about our business and projects, please see Pilot Gold's Annual Information Form ("AIF") for the year ended December 31, 2011 dated March 28, 2012, under the heading "*Risk Factors*", which can be found on Pilot Gold's SEDAR profile at www.sedar.com.

[1] Nominal noon rate as per the Bank of Canada. Canadian dollars herein expressed as "C$".

Highlights and Significant Events

Continued advancing our three key projects, with the following highlights:

- Halilağa Project
  - On February 8, 2012, reported a project-first independent resource estimate[2] for the Halilağa [pronounced: *(hā)-lē-lā*] copper-gold porphyry in northwestern Turkey (the "Halilağa Project"), comprising:
    - an indicated sulphide resource of 1.665 million ounces of gold at an average grade of 0.31 g/t gold, and 1.112 billion pounds of copper at an average grade of 0.30% copper (168,167,000 tonnes);
    - an inferred sulphide resource of 1.661 million ounces of gold at an average grade of 0.26 g/t gold, and 1.007 billion pounds of copper at an average grade of 0.23% copper (198,668,000 tonnes); and
    - an inferred oxide resource of 95,000 ounces gold at an average grade of 0.60 g/t gold (4,914,000 tonnes).
  - The 2012 infill drill campaign is expected to begin in April 2012.

- Kinsley Mountain Project
  - Acquired an option agreement (the "Kinsley Option Agreement") on the Kinsley Mountain sediment-hosted gold property (the "Kinsley Mountain Project"). Located 90 kilometres southeast of Newmont Mining Corporation's Long Canyon desposit, this gives us the right to earn-in to 65% interest in the property; we have also staked a further 2,596 acres around the Kinsley Moutain Project.
  - On March 23, 2012, subscribed for 6,250,000 common shares and 3,125,000 share purchase warrants of Nevada Sunrise Gold Corporation ("NSGC"). A subsidiary of NSGC will be our partner at the Kinsley Mountain Project following the intial earn-in. We anticipate vesting an initial 51% interest in the second quarter of 2012. At the effective date of this MD&A, the market value of our equity holdings of NSGC is approximately $1.47 million.
  - Completed a Phase One 1,267 metre six-hole core drill program in December 2011 at the Kinsley Mountain Project. Subsequent to year end, we released drill results highlighting the potential of this gold property. A Phase Two, 12,000 metre core and RC drill program began on March 20, 2012.

- TV Tower Project
  - On May 10, 2011, announced final results from the 2010 Phase I drill program at the TV Tower gold-silver property (the "TV Tower Project") in northwest Turkey, highlighting new gold discoveries at the Küçükdağ (Northern) target, and Kayali (Southern) target. Both new discoveries are marked by long intervals of continuous gold mineralization starting at surface in both target areas.
  - On August 10, 2011, reported that ongoing drilling intersected additional gold-silver mineralization at the Küçükdağ target, expanding the mineralized footprint of this gold-silver target by 100 metres to the north, and successfully testing targets outside the main target area.
  - On October 4, 2011, reported intersections of thick intervals of high-grade near-surface silver mineralization at Küçükdağ, expanding the footprint of the system by an additional 100 metres to the north, demonstrating the multi-element nature of the Küçükdağ target, and enhancing the overall grade potential.

[2] The mineral resource estimate, calculated as of October 17, 2011, is derived from the result of 30,004 metres of drilling in 72 drill holes. Refer to pages 7 and 8 in this MD&A, and the related technical report under the Company's profile on SEDAR at www.sedar.com for details and disclosures relating to the independent resource estimate for the Halilağa Project.

Overview and Description of the Business

Pilot Gold is an exploration-stage gold company principally engaged in the acquisition, exploration and development of mineral properties with both low technical risk and the potential to host robust, economically-significant deposits in the future.

The April 6, 2011, closing of the Fronteer Arrangement (as defined and discussed in our AIF for the year ended December 31, 2011, dated March 28, 2012) and subsequent listing on the Toronto Stock Exchange (the "TSX") of the Company's common shares ("Common Shares") marked the start of independent operations for Pilot Gold. The closing of a $C25-million financing (the "2011 Bought-Deal") on June 14, 2011, provides the Company the capital required to advance our portfolio of projects in Turkey and Nevada, and the flexibility to seek out additional opportunities to increase shareholder value.

In Turkey, our portfolio is underpinned by the Halilağa Project and the TV Tower Project, two very large and near-contiguous properties located in Çanakkale Province on the Biga Peninsula of northwest Turkey. The Halilağa Project and the TV Tower Project are located at the epicentre of a mineralized district, and close to established infrastructure. We have a strong strategic relationship with Teck, our partner on these projects, and believe each has the ability to generate significant shareholder value.

Our key project in Nevada is Kinsley Mountain, a sediment-hosted gold system marked by the stratigraphy, structure and mineralization style common to other sediment hosted gold systems in northeast Nevada. The Kinsley Mountain property consists of 287 claims and 5,158 acres, and hosts a past producing mine, historic resources (*see footnote under "Mineral Properties – Kinsley Mountain")* and numerous untested targets. We have the ability to earn-in to a 65% interest at the Kinsley Mountain Project, and anticipate satisfying the minimum required expenditure to an intial 51% interest in the second quarter of 2012. Through 2012, we plan to advance the Kinsley Mountain Project with a focus on detailed geologic modelling and analysis, and exploration-drilling.

Pilot Gold's exploration platform is supported by a strong pipeline of exploration projects in Nevada and Turkey. Pipeline projects include the Brik, Griffon, Regent and Viper properties, and several additional properties in Nevada and Turkey. The Halilağa Project, TV Tower Project and Kinsley Mountain Project and our strong capital position provides us the foundation to advance multiple projects toward resource delineation.

As at the date of this MD&A, the Company has $15.5 million in cash and cash equivalents available, equity investments of $1.87 million, and no debt, which provides us with the resources to execute on our current exploration plans, and gives us the financial flexibility to react to additional opportunities if, and when, they present themselves.

Outlook

The Company has three key projects to drive value, each with the potential to be a foundational asset in its own right. Throughout 2012, we plan to advance exploration and drill programs on each of the Kinsley Mountain Project, the TV Tower Project and the Halilağa Project, while cultivating the rest of our portfolio of exploration properties in Nevada, to provide a pipeline for future growth.

Our +35,000 metre drill program for 2012 is already underway, and the Company is well capitalized to execute on the plan. Pilot Gold was founded by a board of directors, and is led by a technical team with a long-history of success and expertise at creating value in jurisdictions around the world, including most recently in Nevada and Turkey. We have the necessary resources to unlock near-term value in our portfolio of exploration and development assets, and to look for new projects globally.

The fiscal 2011 actual and 2012 budgeted cash exploration and development expenditures for our material properties are summarized in the following table:

Project	**Minerals**	**Actual expenditures for 2011** ($ '000)	**Our share of Budgeted expenditures for 2012** ($ '000)	**Pilot Gold ownership** %
TV Tower	gold, silver, copper	2,057	1,200	40
Halilağa	copper, gold, molybdenum	2,350	1,356	40
Kinsley Mountain	gold	1,134	2,713	100
Total		**5,541**	**5,269**	

Additional information about each of our material projects is summarized in our AIF for the year ended December 31, 2011, dated March 28, 2012, as well as in respective project technical reports filed on SEDAR at www.sedar.com.

Mineral Properties[3]

Kinsley Mountain

The Kinsley Mountain Project lies roughly 90 kilometres southeast of Newmont's Long Canyon property.

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 Mountain. Alta Gold abandoned the mine in the 1990s due to financial difficulties and low gold prices and left an undetermined amount of gold in the ground at Kinsley Mountain. At that time, gold discoveries were still being made and the existing historic deposit had not been exhausted. Virtually no drilling has been carried out at Kinsley in over 13 years.

Our first work-program included 1,267 metres (six holes) of diamond core drilling designed to confirm mineralization in historic reverse circulation holes near the margins of open pits at the past-producing Kinsley Mountain Mine. Many of the historic drill holes, averaging 65 metres in depth, stopped short of potentially mineralized zones.

Expenditures on the property in the year ended December 31, 2011, not including initial acquisition costs, total $0.68 million.

The Kinsley Mountain Project is a priority target in 2012, with budgeted expenditures for the year of $2.7 million, including a planned 12,000 metre core and RC drill program, already underway. We anticipate earning into an initial 51% interest in April 2012 and have recently submitted an amendment to the existing Notice of Intent on the property to the United States Bureau of Land Management ("BLM") to increase our allowable area of disturbance on the property. We plan to submit a Plan of Operations with the BLM early in 2012 to further increase the area on which we can actively explore.

Subsequent to year end, we released drill results from our first six holes that are near-twins of historic holes in two locations, one to the north of the main pit and one located between two satellite pits to the southeast.

Drill highlights from the 2011 program include:

- 5.91 g/t gold over 18.4 metres, including 11.93 g/t gold over 7.8 metres
- 6.75 g/t gold over 7.5 metres, including 13.52 g/t gold over 3.2 metres
- 6.23 g/t gold over 8.7 metres, including 12.05 g/t gold over 3.0 metres

[3] Consistent with the application of the continuity of interest basis of accounting to our financial statements, the descriptions of activity on the respective properties below, make reference to "Pilot Gold" or the "Company", where exploration and related activities prior to April 6, 2011 were undertaken by Fronteer Gold Inc. ("Fronteer").

While the existing pit areas are well explored, significant exploration potential remains and most of the property has not been drill tested or explored in any detail. We are currently compiling historic data into a 3-D model to aid in program design and the selection of new drill targets. We have also begun new exploration on the property, including detailed pit mapping, prospecting and claim staking.

To secure an additional interest in the Kinsley Mountain Project, we participated in a private placement by NSGC, the company that holds the underlying lease on the Kinsley Mountain Project. Through the offering, which closed on March 23, 2012, we hold 6,250,000 shares and 3,125,000 share purchase warrants of NSGC, and retain a right to participate in future financings to maintain this position. Further details relating to our participation in the placement by NSGC are included in our AIF for the year ended December 31, 2011. The value of the NEV Shares and NEV Warrants at the date of this MD&A is $1.47 million.

Additional information about the Kinsley Mountain Project is summarized in our AIF for the year ended December 31, 2011, dated March 28, 2012, as well as in the related technical report filed on SEDAR at www.sedar.com.

TV Tower

Located in the Biga Peninsula of northwest Turkey, the TV Tower Project, is a high-sulphidation epithermal gold system, on a large road-accessible property close to numerous open pit coal mines, ceramics factories, and a major coal power plant. The TV Tower Project consists of approximately 7,109 hectares of mineral tenure in eight licenses, is near-contiguous to the Halilağa Project, and is interpreted to host multiple, high-sulphidation epithermal gold and porphyry systems, similar to the neighbouring Aği Daği and Kirazlı gold properties of Alamos Gold Inc. ("Alamos"). Our 40% interest is held through a shareholding in Orta Truva Madencilik Şanayi ve Ticaret A.Ş. ("Orta Truva"), a Turkish Joint Stock Company. Our joint venture partner at Orta Truva is Teck Madencilik Şanayi Ticaret A.Ş. ("TMST"), an indirect subsidiary of Teck Resources Limited ("Teck").

A Phase One and a Phase Two drill program were completed during 2011. The Phase One program, which began in 2010, and was completed in January 2011, focused on zones of outcropping epithermal gold mineralization at several targets in the northern, central, and southern reaches of the property. A total of 19 core holes were drilled (4,184 metres) as part of the Phase One campaign. Final assay results returned significant gold grades, with associated copper and silver, resulting in new discoveries at the Küçükdağ [pronounced: k-chŭk-dă] high grade gold-copper-silver target, and the Kayali gold target. The Phase Two drill program began in March 2011 and was completed in early December 2011. 72 core holes (14,876 metres) were drilled and continued to demonstrate the exploration potential of the property. Highlights to date include:

- New gold discoveries at each of the Küçükdağ and the Kayali targets, with the discovery holes returning 4.28 grams per tonne gold, 0.68% copper, and 15.82 grams per tonne silver over 136.2 metres in drill hole KCD-02 at Küçükdağ, and 0.87 g/t gold over 114.5 metres in hole KYD-01 at the Kayali target;
- hole KCD-19 at the Küçükdağ target, a PQ-core twin of the KCD-02 discovery hole (drilled to improve recovereies and supply material for future metallurgical work) which returned 3.80 g/t gold, 0.82% copper, and 20.06 g/t silver over 131.80 metres, including: 9.54 g/t gold, 2.16% copper, and 43.51 g/t silver over 45 metres; and
- the Kayali drill hole KYD-02 which returned 0.78 g/t gold over 88.6 metres.

Recent drilling at Küçükdağ also intersected new silver-rich zones, with highlights of 1.87 g/t gold, 0.19% copper, and 7.26 g/t silver over 48 metres in KCD-15, and 171 g/t silver over 47.5 metres in KCD-18. Exploration activity continues with a focus to continue to expand the results from the Küçükdağ and Kayali targets, explore additional identified targets and define new targets on the property.

In addition to drilling, Orta Truva has also completed additional rock/soil sampling, infill IP surveying over the identifed targets, initiated detailed geological mapping of the Küçükdağ, Kayali and Sarp targets, and had received forestry permits for further drill sites.

Our share of actual expenditures at the TV Tower Project in 2011 was $2.1 million (twelve-months ended December 31, 2010: $0.61 million), compared to our $1.4 million share of the 2011 budget. The joint venture incurred a budget variance reflecting higher than expected drilling costs, increased costs to assay results, and additional time required to complete QA/QC analyses.

To date, numerous targets have been identified at the TV Tower Project, with similar characteristics as other deposits in the district. Our exploration budget for 2012 includes 10,000 – 12,000 metres of core drilling, with a focus on Küçükdağ and Kayali. In 2012, we also plan to continue detailed geological mapping and undertake geochemical sampling, ground geophysics, and reconnaissance in the western areas of the property. Budgeted expenditures for 2012 are $1.2 million.

Additional information about the TV Tower Project is summarized in our AIF for the year ended December 31, 2011, dated March 28, 2012, as well as in the related technical report dated February 15, 2011, and amended on June 7, 2011, filed on SEDAR at www.sedar.com.

Halilağa

The 40%-owned Halilağa Project[4] hosts a significant copper-gold porphyry deposit. During the year ended 2011, a total of 44 holes (including four abandoned holes) totaling 19,599 metres of drilling were completed on the property.

Subsequent to year end, on March 26, 2012, the Company released a National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("NI 43-101") technical report, for the Halilağa Project, including a project-first resource estimate on the Kestane [pronounced: kĕs-tā-nē] copper-gold porphyry, co-authored by Garth Kirkham, P.Geo., and James Gray P.Geo., entitled "*Resource Estimate for the Halilağa Copper-Gold Property NI 43-101 Technical Report*", dated March 23, 2012[5].

[4] TMST, an indirect subsidiary of Teck, is Pilot Gold's 60% partner and the operator at the Halilağa Project

[5] The mineral resource estimate was prepared by Mr. James Gray, P.Geo., of Advantage Geoservices Ltd., in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") Standards on Mineral Resources and Mineral Reserves, adopted by CIM Council, as amended. Mr. Gray is an independent qualified person as defined by NI 43-101 ("QP"). The Company filed the related NI 43-101 technical report under the Company's profile on SEDAR at www.sedar.com on March 26, 2012.

Copper, gold and molydbedum grades were estimated by inverse distance squared weighting of two metre composited sample data. The interpolation used structural and rock type controls on sample selection and search orientation. Blocks were estimated based on a minimum of five samples, a maximum of 24 and a maximum of seven samples per hole. Composites were capped by rock type. In total, metal removed through the capping process was low as is typical in porphyry style mineralization: 0.8% copper, 1.2% gold and 1.0% molybdenum. Average rock type densities were assigned to blocks based on the results of 2,466 measurements.

The resource was classified based on spatial parameters related to available composite data as Indicated or Inferred. Measures were taken to ensure the resource meets the condition of "reasonable prospects of economic extraction" as suggested under NI 43-101. A Lerchs-Grossman pit shell was generated for the purpose of resource tabulation. This pit volume was generated using MineSight® software using a copper price of $4.0/lb applied to copper equivalent grade and an overall pit slope of 45°. Only blocks within the pit volume are included in the declared resource. Within the pit shell, estimated blocks were assigned as Inferred Mineral Resource and upgraded to Indicated where:

- estimated by two holes and within 25 metres of a drill hole, or
- estimated by two holes and within 50 metres of the second closest hole, or
- estimated by three holes and within 25 metres of a drill hole, or
- estimated by three holes and within 80 metres of the second closest hole, or
- estimated by three holes and within 100 metres of the third closest hole, or
- estimated by four holes if the average distance to samples is ≤ 100 metres.

For the main sulphide resource, a cut-off of 0.2 percent copper equivalent (% CuEq) is felt to be reasonable based on a production rate of 50,000 to 70,000 tonne/day from a pit feeding a mill and flotation plant where total operating costs would be in the range of $10-12 per tonne. Due to the differing metallurgical characteristics and anticipated metal extraction methods, the oxide resource is tabled separately. Although the gold resource is extractable, it is not expected that the base metals within the oxide zone will be recoverable. The cut-off of 0.2 g/t gold is judged as reasonable based on other heap leach gold projects including Alamos' nearby Aği Daği project.

Mineral Resources and Mineral Reserves are subject to risks related to metallurgical, environmental, permitting, legal, title, taxation, socio-economic, marketing, political, and other relevant issues, that are beyond the control of the company. Mineral Resources are not Mineral Reserves and there is no guarantee that a Mineral Resource will ever become a Mineral Reserve. However, based on recent work, we currently anticipate that a good portion of the current Mineral Resource should be converted to Mineral Reserves with future drilling.

The mineral resource estimate was based on results from 30,004 metres of drilling in 72 drill holes through October 17, 2011, and consists of:

	Tonnes (000's)	Average Cu grade (%)	Average Au grade (g/t)	Average Mo grade (%)	Contained Cu (000's lb)	Contained Au (000's oz.)
Sulphide resource (1)						
Indicated	168,167	0.30	0.31	0.006	1,112,223	1,665
Inferred	198,668	0.23	0.26	0.007	1,007,361	1,661
Oxide resource (2)						
Inferred	4,914		0.60		—	95

Strip Ratio: 2.5 : 1

(1) At a 0.2% copper equivalent cut-off grade

(2) At a 0.2 g/t gold cut-off grade

The release of this resource is the milestone we had committed to achieving in Turkey. The resource remains open down-plunge to the east and along portions of its southern margin. Assays from 10 additional holes completed in 2011, but not included in the resource, are pending.

Our share of actual expenditures at the Halilağa Project in 2011 was $2.35 million (twelve-months ended December 31, 2010: $1.38 million), compared to our $1.4 million share of the 2011 budget. The joint venture incurred $1.125 million (our share: $0.45 million) in costs in excess of budget due to overruns relating to drilling, assaying and completion of QA/QC analyses.

As a follow-up to this initial resource estimate, and contingent on the result of the Environmental Impact Assessment ("EIA") process currently underway, the Company and project operator, TMST, plan to move forward with a work-program comprised of:

(i) Up to 15,000 metres of infill and exploration drilling, beginning Q2 2012;

(ii) Metallurgical, and hydrological studies; and

(iii) Permitting and ongoing Community Relations.

The Halilağa Project and the neighbouring TV Tower Project, comprise the nucleus of an extensive gold-copper-silver mineralized system in the Biga District, around which several smaller deposits are located. The Halilağa Project and the TV Tower Project are located in an area of current mining development with well-developed infrastructure including major power and transportation; an established permitting and legal framework for mining development, and local technical/mining expertise. Access is afforded by a series of forestry roads from the neighbouring villages of Halilağa and Muratlar on the Biga Peninsula. Neighbouring the properties is a large open-pit coal mine and a manufacturing base. Power-lines from a nearby coal-fired generating station, outside the Town of Çan, run through the centre of the property.

In accordance with requirements of the new Turkish Mining Law, on February 14, 2012, Truva Bakir Maden İşletmeleri A.Ş. ("Truva Bakir") submitted an EIA report, prepared by project operator, TMST, to the Ministry of Forest and Environment in Turkey. The principal licenses that comprise the Halilağa Project have May 21, 2012 renewal dates, and require the renewal of several permits and an approved EIA before that date in order to remain in good standing. Further detail relating to the EIA process is described in our AIF for the year ended December 31, 2011, dated March 28, 2012, as well as in related technical report filed on SEDAR at www.sedar.com.

The Halilağa Project area has further exploration potential in the way of identified targets that warrant further exploration. Budgeted expenditures for 2012 are $4.87 million, with Pilot Gold's share totalling $1.36 million.

Additional information about the Halilağa Project is summarized in our AIF for the year ended December 31, 2011, dated March 28, 2012, as well as in the related technical report dated March 23, 2012, filed on SEDAR at www.sedar.com on March 26, 2012.

Regent

The 100%-owned Regent property ("Regent") located in Mineral County, Nevada, approximately 60 kilometres southeast of Fallon, Nevada, is on the eastern margin of the prolific Walker Lane epithermal gold-silver belt. The Regent property comprises 283 unpatented and unencumbered mining claims covering approximately 2,280 hectares. Gold mineralization on the property is of the low-sulphidation epithermal type similar in style to mineralization observed at the neighbouring and producing, Rawhide/Denton Mine, located three kilometres to the southeast. Other notable Walker Lane deposits include Round Mountain and the Comstock Lode.

Because the Regent property was our primary focus in Nevada in early 2011, upon closing of the 2011 Bought Deal, the Company embarked on Phase Two of the exploration program detailed in the NI 43-101 technical report entitled, "*Summary Technical Report Regent Gold Project Mineral County, Nevada*" dated, January 4, 2011. The two phase program had recommended 2,000 metres of RC and 3,000 metres of core drilling in Phase One, and 6,000 metres of RC and 6,000 metres of core drilling in Phase Two. We completed 5,380 metres of RC and 1,317 metres of diamond core drilling in 20 holes at the Regent property in 2011.

In 2011, we also completed geologic and alteration mapping, and ground geophysics, and in the fourth quarter, staked an additional 20 claims contiguous to the property. The recommended program budgetted $1.93 million and $3.33 million in Phases One and Two respectively.

Our dual focus exploration program was designed to explore for both near surface disseminated targets proximal to areas with historic exploration, and to test priority exploration targets elsewhere on the property. Through the twelve-months ended December 31, 2011, total expenditures at Regent were $3.0 million. Pilot Gold completed no work at Regent in 2010, although $ 0.1 million was attributed to the carrying value of the property based on activity incurred by Fronteer prior to the close of the Fronteer Arrangement.

The 2011 work program successfully interstected gold mineralization in drilling at the North East, Regent Hill and West Vein targets, and in surface work defined extensive new exploration targets in the southern portion of the property. Geological mapping and modelling have significantly advanced the understanding of the controls on gold minerazliation, and in conjunction with the geophysical surveys provide a framework for future exploration success on the project.

While results from our initial program at Regent met our expectations, and we are encouraged by the prospectivity and exploration potential of the property, given the resources available to the Company, and the encouraging results received to date on our three material properties, we have determined to focus on the Kinsley Mountain Project, the TV Tower Project and the Halilağa Project.

We are currently undertaking a detailed analysis and assessment of "next steps" for the property, and have initiated permitting for a Plan of Operations with the BLM in order to provide the flexibility for continued exploration at a future date. The preliminary budget for Regent for 2012 is $0.1 million, pending the completion of our analysis.

Other properties

Pilot Gold has a total of 14 other properties in Nevada, including a joint venture on the Gold Springs 2 low-sulphidation epithermal gold-silver property (the "Gold Springs Project") with partner, and project operator High Desert Gold Corporation ("High Desert") following their earn-in to 60% at that property.

Those other properties on which we incurred relatively significant expenditures in 2011 included our Brik, New Boston and Viper projects. The aggregate expenditure at these properties through 2011 was $2.1 million, as compared to a budgeted $1.83 million. In 2011, we made new gold discoveries at the Brik and Viper properties during the year, and completed a Phase One, 1,950 metre first-pass core drill program at New Boston. Our expenditures were slightly more than forecast as we extended drilling at the Viper property; and incurred drilling costs greater than anticipated at the New Boston property due to challenging ground conditions. The aggregate budget for these three properties in 2012 is $0.1 million. Each of these three properties is under review in 2012 for next steps as we re-designated our focus in Nevada to the newly acquired Kinsley Mountain Project.

The Company has also been actively securing a project pipeline to provide longer term growth opportunities for our shareholders. Transactions during 2011, and in the three-month period through to the date of this MD&A, that we feel set the stage for the Company's next discovery include:

- completing the lease and option agreements to acquire an interest in a sediment-hosted gold system known as the Antelope property ("Antelope");
- entering into an option agreement (the "Griffon Option Agreement") whereby we can earn up to a 70% interest in the Griffon property ("Griffon"), another sediment-hosted gold system; and
- staking new claims known as the Sandy and Hannapah properties, as well as a large area to the north of the Kinsley Mountain Project ("Kinsley North").

The Company expects to complete mapping, geochemical and geophysical surveys, and target definition in 2012, in advance of potential 2013 programs on the Antelope, Griffon, Sandy and Hannapah properties, and looks forward to working with High Desert as that company moves the Gold Springs Project forward.

Our exploration budget for Antelope, Griffon and Kinsley North is $0.37 million for 2012. An analysis of activity and expenditures in 2011 on our projects is included in our AIF for the year ended December 31, 2011, dated March 28, 2012.

Additional information about our pipeline projects is summarized in our AIF for the year ended December 31, 2011, dated March 28, 2012, filed on SEDAR at www.sedar.com.

Selected Annual Information

The Fronteer Arrangement has been determined to be a common control transaction, and has been accounted for using the continuity of interest method of accounting. There is currently no guidance in IFRS on the accounting treatment for combinations among entities under common control. IAS 8 – *Accounting policies, changes in accounting estimates and errors* requires management, if there is no specifically applicable standard of interpretation, to develop a policy that is relevant to the decision making needs of user and that is reliable. We have determined to apply the concept of continuity of interest basis of accounting for transactions under common control as detailed under United States generally accepted accounting principles ("US GAAP"). US GAAP requires an acquirer in a combination between entities or businesses under common control to recognize the assets acquired and liabilities assumed in the transaction at their carrying amounts in the accounts of the transferring entity at the date of the transfer.

The following financial data are derived from our financial statements for the fiscal years ended December 31, 2011, and 2010:

	2011	**2010**	**2009**
Total revenues	-$nil	$-nil	N/A
Net loss for the year	$ 11,840,930	$ 1,507,202	N/A
Basic and diluted loss per share	Basic $0.21 Diluted $0.21	Basic $0.03 Diluted $0.03	N/A N/A
Total assets	$ 37,493,262	$7,905,170	$2,439,284
Long-term liabilities	$73,673	$2,550	$3,753
Cash dividends declared	-$nil	$-nil	$-nil

In accordance with the continuity of interest basis of accounting, our Financial Statements reflect the assets, liabilities, operations and cash flows of Pilot Gold and those of the EPB, as if Pilot Gold, and the EPB had always been the combined entity through to March 30, 2011. Accordingly, the selected period information and summary of financial results in this MD&A and our Interim Financial Statements should be read in conjunction with the consolidated annual financial statements of Pilot Gold, and of the EPB, respectively.

Results of Operations - Discussion

The Company's operations are in one industry, the exploration for gold, copper and other precious and base metals. At December 31, 2011, Pilot Gold has three geographic segments: Canada, the USA, and Turkey. Information discussed herein reflects the Company as a consolidated entity, consistent with our determination that the one industry in which we operate provides the most meaningful information to a user.

Results for the twelve-month period ended December 31, 2011 reflect direct operating results and cash flows of Pilot Gold and those allocated costs through the three month period to March 30, 2011 prior to the closing of the Fronteer Arrangement. Discussion in this MD&A related to the results of our operations reflects both the allocation of costs from Fronteer pursuant to the application of continuity of interest accounting, and actual operating results of Pilot Gold.

For the year ended December 31, 2011, we reported a net loss of $11.84 million compared to a net loss of $1.51 million for the year ended December 31, 2010. The loss per share for the year ended December 31, 2011 was $0.21 (December 31, 2010: $0.03). The most significant contributors to the losses for the year ended December 31, 2011 were stock based compensation ($5.9 million) and property investigation ($1.71 million). In the comparative period, the most significant contributors to the losses were depreciation and wages. Although we believe losses and cash flows in the three months ended December 31, 2011 have normalized, and provide an appropriate reflection of the current and ongoing operations of Pilot Gold, generally, as our exploration and administrative activities increase, our costs and net losses can be expected to continue to rise. Pilot Gold has generated no revenue to date, and does not expect to earn any revenues from continuing operations in the foreseeable future.

Stock-based compensation

The amounts expensed for stock-based compensation, not included as part of property investigation expense for the year ended December 31, 2011 of $5.90 million (December 31, 2010: $0.21 million) are higher than the comparative periods, reflecting primarily the initial grant to directors, management, employees and certain significant contractors of the Company in April 2011. Of those stock options granted in April 2011, we have recorded $4.41 million expense attributable to those options with immediate vesting.

In determining the fair market value of stock-based compensation granted to employees and non-employees, management make significant assumptions and estimates. These estimates have an effect on the stock-based compensation expense recognized and the contributed surplus balance on our statements of financial position. 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 and that of a peer group to determine volatility.

Generally, stock based compensation expense should be expected to vary from period to period depending on several factors, including whether options are granted in a period and whether options have fully vested or are cancelled in a period. It is expected that options will typically be granted once each year, resulting in a higher stock based compensation expense in the particular quarter of the grant, as opposed to those other quarters of the year.

Property investigation

In the year ended December 31, 2011, the Company incurred property investigation costs of $1.71 million (December 31, 2010: $-nil). In the current year, $0.43 million of stock-based compensation expense was attributed to property investigation, the allocation of which was on the same basis as the deferral of such costs to mineral properties. Our efforts to review other opportunities in jurisdictions familiar to our team began in earnest in June 2011. Costs of property investigation are expensed until a new project is acquired or the rights to explore the property have been established. Project investigation is a core part of our business and growth strategy and we remain active in identifying projects that will enhance our growth pipeline, including identifying near term producing assets for acquisition.

Wages and benefits

In the year ended December 31, 2011, Pilot Gold recorded $1.20 million (December 31, 2010: $0.35 million) to wages and benefits expense. Employment relationships with the majority of our personnel began on April 6, 2011; Prior to this date, Pilot Gold had no employees, and no related cash flows.

Professional fees

Professional fees in the year ended December 31, 2011 were $0.47 million (December 31, 2010: $0.13 million), and relate primarily to legal, accounting and audit costs as well as advisory services relating to the Company's information technology needs at each of our locations. In the approximately nine-months since the closing of the Fronteer Arrangement, particularly in the second quarter of 2011, specific professional fees include advisory services typical to the start-up of a new business, such as the drafting of key agreements, including those for employees, as well as advisory services related to compliance with regulatory requirements and costs associated with our initial listing.

Office and general

In the year ended December 31, 2011, office and general expenditures amounted to $1.24 million (December 31, 2010: $0.20 million). In the second quarter of 2011 we incurred a number of office start-up costs following the close of the Fronteer Arrangement not expected to recur through subsequent periods. Beginning in the third quarter, certain of our office-related costs were off-set by recoveries from Blue Gold Mining Inc. ("Blue Gold"), further to an administrative services agreement with that company (see also in this MD&A, "Related Party Transactions").

Write-down of assets held for sale

In connection with the 2011 disposal of the Aktarma and Ispir exploration properties to Global Resources Corporation Limited ("GRCL"), we wrote these properties down to their aggregate carrying value. Adjusted for the impact of foreign exchange, the write-down for the year ended December 31, 2011 was $0.14 million (December 31, 2010: $-nil). This write-down, and the subsequent disposal has no effect on current operations.

Change in fair value of financial instruments

Changes to the fair value of our derivative financial instruments, which comprise 1,000,000 share purchase warrants of Rae Wallace Mining Company ("Rae Wallace"), acquired pursuant to the closing of the Fronteer Arrangement[6], are recorded to income (loss) in each period.

The change in fair value reflects a decrease to the calculated fair value of these warrants at December 31, 2011 as compared to December 31, 2010. Values of the Rae Wallace share purchase warrants at each of the following dates were:

December 31, 2011	$ 5,621
September 30, 2011	$ 12,065
June 30, 2011	$ 31,227
March 31, 2011	$ 83,937
December 31, 2010	$ 39,133

The value of these warrants were determined using the Black-Scholes option-pricing model. In estimating the value of the warrants, we made assumptions about the volatility of underlying share prices of its investment in shares and warrants of Rae Wallace and the expected life of these warrants. These estimates affect the warrant 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 management's intentions about holding the investment. Because, as at the date of this MD&A, Rae Wallace is 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.

Other comprehensive income (loss)

The net balance of other comprehensive loss for the year ended December 31, 2011 was $1.61 million (December 31, 2010: income of $0.04 million). Other comprehensive income (loss) includes the impact of i) Exchange differences on translating foreign operations; ii) Net fair value gain (loss) on financial assets; and iii) Exchange on unrealized loss on long-term investments.

The year ended December 31, 2011 includes a $1.52 million loss (December 31, 2010: gain of $0.05 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, and a net value loss on financial assets of $0.08 million during the year ended December 31, 2011 (year ended December 31, 2010, $-nil) relating to the revaluation of common shares we hold in other publicly listed companies. The translation impact will vary from period to period depending on the rate of exchange; in the period between January 1, 2011 and December 31, 2011, there was a 1.84% change in the exchange rate between the United States and Canadian dollars.

[6]Pursuant to the closing of the Fronteer Arrangement, the the Company acquired 2,000,000 common shares in the capital of Rae Wallace, 1,000,000 warrants to purchase shares of Rae Wallace, and an option to earn a 51% interest in up to two properties that Rae Wallace owns or acquires

Summary of Quarterly Results

The following information is derived from and should be read in conjunction with our unaudited condensed interim consolidated financial statements for the past eight quarters, as well as the audited consolidated financial statements for December 31, 2011.

Condensed consolidated statements of loss and comprehensive income (loss)	**Dec 31 2011**	**Sept 30 2011**	**June 30 2011**	**March 31 2011 ***	**Dec 31 2010 ***	**Sept 30 2010 ***	**June 30 2010 ***	**March 31 2010 ***
Continuing operations								
Loss from continuing operations after tax	(2,099,420)	(2,057,620)	(7,269,816)	(414,074)	(442,407)	(294,133)	(350,007)	(420,555)
Other comprehensive income								
Exchange differences on translating foreign operations	556,001	(2,373,045)	273,206	20,082	(4,826)	54,662	(35,289)	38,164
Net value gain (loss) on financial assets	(1,550)	(48,568)	(213,583)	180,000	(20,000)	11,230	-nil	-nil
Loss per share from continuing operations								
Basic and diluted	(0.04)	(0.03)	(0.30)	(0.01)	(0.01)	0.00	(0.01)	(0.01)

The balances presented for the three month period ended March 31, 2011, and all periods prior reflect entirely the allocation of costs from Fronteer, consistent with the continuity of interest basis of accounting, as if Pilot Gold had been an independent operator through March 30, 2011. Management cautions readers of this MD&A, that the allocation of expenses in the statements of loss for the current and comparative periods do not necessarily reflect the nature and level of our future operating expenses.

- In the three month period ended June 30, 2011 our condensed consolidated statements of loss and comprehensive loss reflected a number of start-up, initial-public listing and post-Fronteer Arrangement costs as well as the impact of the inaugural stock-based compensation grant, resulting in a loss for that period of $7.27 million, and cash out flows from operating activities of $1.08 million. During the three month period ended June 30, 2011, we also closed the 2011 Bought-Deal (C$25 million), impacting our cash flows from financing activity in that period.
- In the three month period ended September 30, 2011 our condensed consolidated statements of loss and comprehensive loss reflected those costs incurred undertaking general exploration and property investigation on a number of potential targets ($0.78 million), office and general costs ($3.7 million), the non-cash impact of stock-based compensation ($0.5 million) and a non-cash charge of $0.02 million arising from a decline in the fair value of shares and warrants we hold in other public companies. The total loss for that three-month period was $2.06 million, with cash outflows from operating activities of $1.75 million.
- In the three month period ended December 31, 2011 our condensed consolidated statements of loss and comprehensive loss reflect a similar loss to the previous three month period of $2.10 million and cash outflows from operating activities of $1.34 million.

The net losses through each period include several non-cash items, most particularly the impact of stock-based compensation and write downs. Net operating cash flows were $4.65 million through the twelve months ended December 31 2011, before adjustment for working capital, and $0.72 million, in allocated cash flows for the comparative period.

Liquidity and Capital Resources

Pilot Gold manages and adjusts its capital structure based on available funds in order to support the acquisition, exploration and development of mineral properties. We have no long-term debt at the date of this MD&A. During the second quarter of 2011, we successfully closed the 2011 Bought-Deal, resulting in net proceeds of $24.1 million, with share issue costs of approximately $1.7 million. The 2011 Bought-Deal provided the following planned use of proceeds, intended to be used in the 24 month period subsequent to closing of the 2011 Bought Deal:

	Net Proceeds
Satisfy funding commitment for exploration and development on the Halilaga Project, pursuant to proposed and anticipated program……………	$ 4.2 million
Satisfy funding commitment for exploration and development on the TV Tower Project, pursuant to proposed and anticipated program……..	3.2 million
Completion of the recommended Phase 1 work program on the Regent property, Nevada, USA……………………………..…………………..	1.9 million
Completion of the recommended Phase 2 work program on the Regent property, Nevada, USA…………………………………………………	3.3 million
Exploration and development on portfolio of other mineral properties in Nevada and Turkey…………………………………………………………..	4.5 million
General corporate and working capital……………………………………..	6.4 million
Total……………………………………………………………………………	**$23.5 million**

Since the close of the 2011 Bought Deal, through to December 31, 2011, we incurred approximately $1.40 million in costs related to the Halilağa Project, $1.42 million in costs related to the TV Tower Project, $1.66 million in costs related to the Regent property, $4.30 million in costs related to the exploration and development on portfolio of other mineral properties property in Nevada and Turkey, and $3.09 million in cashflows relating to mineral property investigation, office-related costs, and general corporate activities. Expenditures relating to our material properties have to date been in line with anticipated use of proceeds from the 2011 Bought Deal. Refer to discussion in this MD&A under heading "Material Properties", and to our AIF for the year ended December 31, 2011, dated March 28, 2012, for detail relating to activities on each property noted above.

The Company does not, and has no immediate ability to generate any cash flows from operations. The Company earns only minimal income through its services agreement with Blue Gold, investment income on treasury, and amounts arising through various property option agreements.

On an ongoing basis, management evaluates and adjusts its planned level of activities, including planned exploration, development, permitting activities, and paying for administrative costs, to ensure that adequate levels of working capital are maintained, and believes that this approach, given the relative size of Pilot Gold, is reasonable. At the date of this MD&A, we have $15.5 million in cash and short term investments, and $ 1.87 million in marketable securities. Our exploration budget in 2012 is $6.51 million and our general and administrative budget is $3.3 million. Management believes that the available funds are sufficient for current operations and will enable Pilot Gold to execute its planned exploration and development program on its material properties for at least one year, assuming no other factors change.

The properties in which we currently have an interest are in the exploration and development stage; accordingly we are dependent on external financing, including the proceeds of future equity issuances or debt financing, to fund our activities. Circumstances that could impair our ability to raise additional funds, or our ability to undertake transactions are discussed in our AIF for the year ended December 31, 2011 dated March 28, 2012, under the heading "Risk Factors". There is no assurance that we will be able to raise necessary funds through capital raisings in the future.

Pilot Gold had no commitments for material capital expenditures as of December 31, 2011. We have certain contractual obligations related to office leases, which are disclosed in this MD&A under "Contractual Obligations". We also have obligations in connection with certain of our mineral property interests that require either i) cash payments to be made to the government or underlying land or mineral interest owner, or ii) minimum expenditure requirements in order to maintain our rights to such mineral interests. Most of these are not firm commitments, with such obligations being eliminated should we choose to no longer invest funds exploring the property.

We have not issued any dividends and management does not expect this will change in the near future.

Review of changes to the Statement of Financial Position - Discussion

Total Assets

Current assets increased significantly to $18.90 million as at December 31, 2011 (December 31, 2010: $0.40 million, and January 1, 2010: $0.47 million), and comprises primarily cash and short term investments of $18.42 million (December 2010: $0.09 million). The increase reflects the receipt of $24.4 million cash pursuant to the closing on June 14, 2011, of the 2011 Bought-Deal, and the receipt of $9.8 million upon the close of the Fronteer Arrangement on April 4, 2011, off-set by those cash outflows for and liabilities recorded at period end related to exploration and corporate activities through the year ended December 31, 2011. The remaining balance of current assets comprises receivables and prepayments of $0.48 million (December 31, 2010: $0.29 million) which has increased reflecting prepayments made in connection with insurance and other start-up related costs following the Effective Date, as well as higher balances of British Columbia Harmonized Sales Tax, and Canadian Goods and Services Tax recoverable.

Pilot Gold's consolidated cash balance for comparative periods prior to March 31, 2011 reflect only the accounts of our wholly-owned Turkish and Cayman subsidiaries, acquired through the Fronteer Arrangement.

During the year ended December 31, 2011, we incurred $6.1 million (year ended December 31, 2010, $2.7 million) in net deferred exploration expenditures. Exploration activities during the year included drill programs on several properties, including Brik, Regent, New Boston and Viper, as well as the acquisition of an option to earn in to a lease on, and exploration at, the Kinsley Mountain Project and the staking of other various new claims.

We have not yet completed feasibility studies to determine whether any of our 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.

The balance related to our investment in associates increased significantly from that at December 31, 2010, due largely to increased funding of our share of expenditures at our 40%-owned associates in Turkey. In aggregate, funding to our Turkish associates through the year ended December 31, 2011 was $4.41 million, of which $0.23 million relates to accrued cash calls payable at year end.

Current liabilities

The balance of $1.05 million at December 31, 2011 related to accounts payable and accrued liabilities, has increased as compared to December 31, 2010 due largely to the timing of payments, and the level and volume of activity underway as we commenced drill programs on multiple properties, and worked through many of the typical start-up activities for, and incurred costs of, a new company.

Non-current liabilities

At December 31, 2011 our non-current liabilities comprise deferred tax liabilities, as well as liabilities recorded in recognition of a legal obligation in Turkey to accrue for lump-sum termination payments for employees when their employment is terminated due to retirement or for reasons other than resignation or misconduct. At December 31, 2010 and January 1, 2010 our non-current liabilities comprised only deferred tax liabilities.

Shareholders' equity

Refer to discussion in this MD&A under heading, "*Outstanding Share Data*".

Changes in Accounting Policies

Change in reporting currency

Effective January 1, 2010, we changed our reporting currency to the United States dollar. The change in reporting currency was made to better reflect our business activities and to improve investors' ability to compare our financial results with other publicly traded businesses in the gold mining industry. Prior to January 1, 2010, Pilot Gold, and the EPB reported their respective consolidated statements of financial position and related consolidated statements of operations and cash flows in Canadian dollars.

First-time adoption of International Financial Reporting Standards

Canadian GAAP to IFRS reconciliations

Pilot Gold previously prepared its consolidated financial statements in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") as set out in the Handbook of the Canadian Institute of Chartered Accountants (the "CICA Handbook"). In 2010, the CICA Handbook was revised to incorporate IFRS, and require publicly accountable enterprises to apply such standards effective for periods beginning on or after January 1, 2011. Accordingly, the accounting policies adopted in the preparation of our first audited consolidated financial statements have been prepared on the basis of IFRS, which is mandatory for financial years beginning on or after January 1, 2011. The comparative balances at the year ended December 31, 2010 have been restated accordingly. The transition from Canadian GAAP to IFRS had no significant impact on cash flows generated by Pilot Gold. On transition to IFRS, we determined the following impacts:

First time adoption

Under IFRS 1, there are four mandatory exemptions from full retrospective application of IFRS. Of these, the only applicable election relates to estimates. An entity's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under previous GAAP, unless there is objective evidence that those estimates were in error. Our IFRS estimates as at January 1, 2010 are consistent with our previous estimates under GAAP for the same date.

There are also fifteen elective exemptions. We have not applied any elective transition exceptions and exemptions to full retrospective application of IFRS.

Determination of 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 *The Effects of Changes in Foreign Exchange Rates* in this determination has led to a change in the functional currency of our United States-based subsidiary to United States dollars due to a number of factors. The result is a number of foreign currency translation differences not present under Canadian GAAP. Management notes that these differences are in addition to any arising from our determination to change our presentation currency from Canadian to United States dollars.

The tables on the following pages reconcile the unaudited condensed consolidated statements of financial position and statements of loss and comprehensive income prepared in accordance with Canadian GAAP for Pilot Gold and the EPB and as previously reported[7] to those prepared and reported in our unaudited condensed interim consolidated financial statements in accordance with IFRS.

[7] As at January 1, 2010, there are no balances presented related to Pilot Gold Inc., as the assets and activities accounted for in accordance with the continuity of interest basis of accounting were not acquired by Fronteer, our former parent until April 23, 2010.

Condensed consolidated statement of financial position as at January 1, 2010

	January 1, 2010		
	Cdn GAAP EPB[1]	**Adj** IAS 21	**IFRS**
Assets			
Current assets			
Cash and cash equivalents	218,526	-	218,526
Trade and other receivables	247,680	-	247,680
Total current assets	466,206	-	466,206
Non-current assets			
Exploration properties and deferred exploration expenditures	366,001	4,570	370,571
Property and equipment	740,678	(13,992)	726,686
Investment in associates	875,821	-	875,821
Total non-current assets	1,982,500	(9,422)	1,973,078
Total assets	2,448,706	(9,422)	2,439,284
Liabilities and Shareholder's Equity			
Current liabilities			
Trade and other payables	35,015	-	35,015
Total current liabilities	35,015	-	35,015
Non-current liabilities			
Deferred tax liabilities	2,556	1,197	3,753
Total non-current liabilities	2,556	1,197	3,753
Shareholder's equity			
Share capital			
Contributed surplus	4,340,689	-	4,340,689
Cumulative Translation account	119,379	67,001	186,380
Accumulated deficit	(2,048,933)	(77,620)	(2,126,553)
Total shareholder's equity attributable to owners of the Company	2,411,135	(10,619)	2,400,516
Total shareholder's equity and liabilities	2,448,706	(9,422)	2,439,284

Condensed consolidated statement of financial position as at December 31, 2010

	December 31, 2010			
	Cdn GAAP	Cdn GAAP	Adj	IFRS
	EPB[1]	Pilot	IAS 21	
Assets				
Current assets				
Cash and cash equivalents	86,966	-	-	86,966
Trade and other receivables	286,502	-	-	286,502
Assets held for sale	27,724	-	-	27,724
Total current assets	401,192	-	-	401,192
Non-current assets				
Exploration properties and deferred exploration expenditures	1,945,234	1,146,735	(38,199)	3,053,770
Property and equipment	962,500	-	(31,612)	930,888
Reclamation deposits	12,858	-	-	12,858
Other financial assets	419,133	-	-	419,133
Investment in associates	3,087,329	-	-	3,087,329
Total non-current assets	6,427,054	1,146,735	(69,811)	7,503,978
Total assets	6,828,246	1,146,735	(69,811)	7,905,170
Liabilities and Shareholder's Equity				
Current liabilities				
Trade and other payables	52,579	22,228	-	74,807
Total current liabilities	52,579	22,228	-	74,807
Non-current liabilities				
Deferred tax liabilities	2,656	-	(106)	2,550
Total non-current liabilities	2,656	-	(106)	2,550
Shareholder's equity				
Share capital	-	1,215,000	-	1,215,000
Contributed surplus	9,938,722	77,525	-	10,016,247
Cumulative Translation account	259,822	(2,041)	(18,690)	239,091
Accumulated other comprehensive income	(8,770)	-	-	(8,770)
Accumulated deficit	(3,416,763)	(165,977)	(51,015)	(3,633,755)
Total shareholder's equity attributable to owner of the Company	6,773,011	1,124,507	(69,705)	7,827,813
Total shareholder's equity and liabilities	6,828,246	1,146,735	(69,811)	7,905,170

Condensed consolidated statements of loss and comprehensive income (loss):

The significant impacts of IFRS on the Company's consolidated statement of financial position at December 31, 2010 include those above, and as described in the reconciliations presented in our consolidated financial statements as at, and for the year ended December 31, 2011:

	December 31, 2010			
	Cdn GAAP	Cdn GAAP	Adj	IFRS
	EPB[1]	Pilot	IAS 21	
Continuing operations				
Operating expenses				
Professional fees	91,899	35,446	-	127,345
Wages and benefits	305,002	48,443	-	353,445
Stock based compensation	159,467	51,229	-	210,696
Office and general	181,685	20,178	-	201,863
Investor relations, promotion and advertising	32,601	10,681	-	43,282
Amortization	387,337	-	(3,714)	383,623
Loss from operations	1,157,991	165,977	(3,714)	1,320,254
Other income (expenses)				
Change in fair value of financial instruments	(72,097)	-	-	(72,097)
Foreign exchange gains and (losses)	(46,745)	-	22,890	(23,855)
Loss from associates	(92,199)	-	-	(92,199)
	(211,041)	-	22,890	(188,151)
Loss before tax	(1,369,032)	(165,977)	26,604	(1,508,405)
Income tax recovery	1,203	-	-	1,203
Loss for the year	(1,367,829)	(165,977)	26,604	(1,507,202)
Other comprehensive income (loss)				
Exchange differences on translating foreign operations	140,443	(2,041)	(85,691)	52,711
Net fair value loss on financial assets	(8,517)	-	(253)	(8,770)
Other comprehensive income (loss) for the period, net of tax	131,926	(2,041)	(85,944)	43,941
Total loss and comprehensive loss for the period	(1,235,903)	(168,018)	(59,340)	(1,463,261)

Explanatory notes:

a) *IAS 21 Adjustment*

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 *The Effects of Changes in Foreign Exchange Rates* in this determination has led to a change in the functional currency of the United States and Turkey-based subsidiaries to United States dollars due to a number of factors. The result is a number of foreign currency translation differences not present under Canadian GAAP.

Industry and Economic Factors that May Affect our Business

Refer also to the factors discussed in our AIF for the year ended December 31, 2011 dated March 28, 2012, under the heading "*Risk Factors*".

Current Economic Conditions

There are significant uncertainties regarding the price of gold, copper, other precious and base metals and other minerals and the availability of equity financing for the purposes of mineral exploration and development. Currently, prices of certain commodities such as gold and copper have shown steady, though not necessarily linear, price increases which has had a positive impact on the Company and the mining industry in general as capital has been attracted to the industry making it somewhat easier for entitites exploring for commodities to raise financing. Pilot Gold's future performance is largely tied to the development of our current portoflio of mineral properties and the commodity and financial markets. There can be no certainty that commodity prices will continue to show the same level of strength. Current financial markets are likely to continue to be volatile in Canada potentially through 2012 and beyond, reflecting ongoing concerns about the stability of the global economy and weakening global growth prospects. Unprecedented uncertainty in the credit markets has also led to increased difficulties in financing activities. As a result, the Company may have difficulty raising debt or equity financing for the purposes of mineral exploration and development, and, if obtained, on terms favourable to Pilot Gold and/or without excessively diluting our current shareholders. These economic trends may limit the Company's ability to develop and/or further explore the mineral properties in which we have an interest and may limit our ability to meet capital calls with respect to our associates.

Permitting and License Risks

A number of approvals, licenses and permits are required for various aspects of exploration and mine development. There can be no certainty that all necessary permits will be maintained or obtained on acceptable terms or in a timely manner, or that an EIA report will be accepted and approved. Future changes in applicable laws and regulations or changes in their enforcement or regulatory interpretation could negatively impact current or planned exploration and development activities at any of the mineral exploration properties in which the Company has an interest. Any failure to comply with applicable laws and regulations, failure to obtain or maintain permits, or failure to convert mineral property licenses in accrordance with local requirements, even if inadvertent, could result in the interruption of exploration and development operations or material fines, penalties or other liabilities.

Government approvals, approval of aboriginal people and other members of surrounding communities and permits and licenses are currently and will in the future be required in connection with the operations of the Company. To the extent such approvals are required and not obtained, or delayed due to a community consultation process, exploration activity may be curtailed, or we may be prohibited from continuing with planned exploration or development of mineral properties.

Exploration, Development and Operating Risks

Resource exploration is a speculative business and involves a high degree of risk. There is no certainty that the expenditures made by the Company in the exploration of properties will result in discoveries of commercial quantities of minerals. Exploration for mineral deposits involves risks which even a combination of professional evaluation and management experience may not eliminate. Significant expenditures are required to locate and estimate ore reserves, and further the development of a property. Capital expenditures to bring a property to a commercial production stage are also significant. There is no assurance the Company has, or will have, commercially viable ore bodies. There is no assurance that the Company will be able to arrange sufficient financing to bring ore bodies into production.

The Company continually seeks to minimize its exposure to business risks, but by the nature of its business and exploration activities and size, will always have some risk. These risks are not always quantifiable due to their uncertain nature. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, then actual results may vary materially from those described on forward-looking statements.

Financial Instruments and Other Instruments

Financial assets and liabilities are recognized when Pilot Gold becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and Pilot Gold has transferred substantially all risks and rewards of ownership. Our accounting policy for each category of financial instrument is summarized below:

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. At initial recognition, Pilot Gold classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired:

(i) Financial assets and liabilities at fair value through profit or loss: A financial asset or liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the short-term. Derivatives are also included in this category unless they are designated as hedges. The instruments held by the Group classified in this category are share purchase warrants.

Financial instruments in this category are recognized initially and subsequently at fair value. Transaction costs are expensed in the statement of loss. Gains and losses arising from changes in fair value are presented in the statement of loss within other gains and losses in the period in which they arise. Financial assets and liabilities at fair value through profit or loss are classified as current except for the portion expected to be realized or paid beyond twelve months of the balance sheet date, which is classified as non-current.

(ii) Available-for-sale investments: Available-for-sale investments are non-derivatives that are either designated in this category or not classified in any of the other categories. Pilot Gold has classified certain of its long-term investments in this category.

Available-for-sale investments are recognized initially at fair value plus transaction costs and are subsequently carried at fair value. Gains or losses arising from changes in fair value are recognized in other comprehensive income (loss). Available-for-sale investments are classified as non-current, unless the investment matures within twelve months, or management expects to dispose of them within twelve months.

Interest on available-for-sale investments, calculated using the effective interest method, is recognized in the statement of loss as part of interest income. Dividends on available-for-sale equity instruments are recognized in the statement of loss as part of other gains and losses when Pilot Gold's right to receive payment is established. When an available-for-sale investment is sold or impaired, the accumulated gains or losses are moved from accumulated other comprehensive income (loss) to the statement of loss and included in other gains and losses.

(iii) Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Pilot Gold's loans and receivables are comprised of 'Receivables' and 'Cash', and are included in current assets due to their short-term nature. Loans and receivables are initially recognized at the amount expected to be received less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.

(iv) Held to maturity: Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that Pilot Gold's management has the positive intention and ability to hold to maturity. They are measured at amortized cost less any allowance for impairment. Amortization of premiums or discounts and losses due to impairment are included in current period income (loss). Pilot Gold holds no instruments in this category

(v) Financial liabilities at amortized cost: Financial liabilities at amortized cost include trade payables and accrued liabilities. Trade payables and accrued liabilities are initially recognized at the amount required to be paid less, when material, a discount to reduce the payables to fair value. Subsequently, trade payables are measured at amortized cost using the effective interest method.

Financial liabilities are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

Risks associated with Financial Instruments

We are exposed in varying degrees to a variety of financial instrument related risks. Our board of directors provide oversight of our risk management processes. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Foreign Exchange Risk

The results of our operations are exposed to currency fluctuations. To date, we have raised funds entirely in Canadian dollars. The majority of our mineral property expenditures, including the cash calls from our 60% partner on the Halilağa Project and the TV Tower Project, and our 60% partner on the Gold Springs Project are incurred in United States dollars. The fluctuation of the Canadian dollar in relation to the United States dollar will have an impact on Pilot Gold's financial results.

Further, although only a portion of our expenditures, primarily general and administrative costs are incurred in Canadian dollars, we record our assets located in Vancouver in Canadian dollars. As the operating results and financial position of Pilot Gold are reported in United States dollars in our consolidated financial statements, there may also be an impact to the value of Pilot Gold's assets, liabilities and shareholders' equity as a result of the fluctuation of the CAD in relation to the United States dollar. We have not entered into any derivative contracts to manage foreign exchange risk at this time.

Market Risk

The significant market risk to which we are exposed is foreign exchange risk.

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. We manage our capital in order to meet short term business requirements, after taking into account cash flows from operations, expected capital expenditures and our holdings of cash and cash equivalents. We may from time to time have to issue additional shares to ensure there is sufficient capital to meet our long term objectives. Our financial liabilities of trade payables and accrued liabilities are payable within a 90-day period and are expected to be funded from the available balance of cash and cash equivalents.

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. Pilot Gold's credit risk is primarily attributable to its liquid financial assets. We limit exposure to credit risk and liquid financial assets through maintaining our cash and cash equivalents, with Canadian Chartered Banks and our reclamation deposits with A+ or higher rated United States financial institutions.

Interest Rate Risk

We are subject to interest rate risk with respect to our investments in cash and cash equivalents. Our current policy is to invest cash at floating rates of interest and cash reserves are to be maintained in cash and cash equivalents in order to maintain liquidity, while achieving a satisfactory return for shareholders. Fluctuations in interest rates when cash and cash equivalents mature impact interest income earned.

Fair Value Estimation

The carrying value of Pilot Gold's financial assets and liabilities approximates their estimated fair value.

Legal Matters

Pilot Gold 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.

Contractual Obligations

Operating Leases

The Company has entered into operating leases for office premises in Canada, the United States and Turkey. The lease terms are between two and four years; each location's lease is renewable at the end of the lease period at market rate. The aggregate lease expenditure related to Pilot Gold's office premises charged to the statement of loss for the year ended December 31, 2011 is $0.35 million, including a nominal amount allocated from Fronteer under continuity of interest basis of accounting. Beginning in October 2011, we began to recover some of these costs as part of a services agreement with Blue Gold.

Total minimum operating lease commitments and minimum rental commitments, under non-cancellable operating leases for future years are as follows:

Year	Amount
2012	$ 0.43 million
2013	0.31 million
2014	0.28 million
2015	0.28 million
2016	0.28 million
2017+	0.64 million
	$ 2.22 million

The Company is also responsible for its share of property taxes and operating costs on office premise leases and leases certain equipment and automobiles under cancellable operating lease agreements.

Indemnifications

The Fronteer Arrangement provides that Pilot Gold is required to indemnify Newmont Mining Corporation ("Newmont") and Fronteer and Fronteer's subsidiaries from all losses suffered or incurred by Newmont, Fronteer or Fronteer's subsidiaries as a result of or arising, directly or indirectly, out of or in connection with an Indemnified Liability (as such term is defined in the Arrangement Agreement).

Internal Controls Over Financial Reporting

Management is responsible for certifying the design of Pilot Gold's internal control over financial reporting ("ICFR") as required by National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109").* ICFR is intended to provide reasonable assurance regarding the preparation and presentation of financial statements for external purposes in accordance with applicable generally accepted accounting principles. Internal control systems, no matter how well designed, have inherent limitations.

Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness in 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, including the Chief Executive Officer and Chief Financial Officer, has evaluated the design of Pilot Gold's ICFR as of December 31, 2011, pursuant to the requirements of NI 52-109. Management has designed appropriate ICFR for the nature and size of Pilot Gold's business, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The control framework that management has adopted to design certain functions is the COSO Framework published by The Committee of Sponsoring Organizations of the Treadway Commission.

Management has determined that the Company's internal controls over financial reporting have been effective to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. There were no changes in Pilot Gold's internal controls over financial reporting that occurred during the quarter ended December 31, 2011 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Disclosure Controls and Procedures

Disclosure controls and processes have been designed to ensure that information required to be disclosed by Pilot Gold is compiled and reported to management as appropriate to allow timely decisions regarding required disclosure. Pilot Gold's Chief Executive Officer and Chief Financial Officer have concluded, based on their evaluation as of December 31, 2011, that the disclosure controls and procedures are effective to provide reasonable assurance that material information related to Pilot Gold is made known to them by employees and third party consultants working for Pilot Gold and its subsidiaries. Other than any arising as a result of the transition to IFRS, there have been no significant changes in our disclosure controls and procedures during the period ended December 31, 2011.

It should be noted that while Pilot Gold's Chief Executive Officer and Chief Financial Officer believe that our disclosure controls and processes will provide a reasonable level of assurance and that they are effective, they do not expect that the disclosure controls and processes will prevent all errors and frauds. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute assurance, that the objectives of the control system are met.

Related Party Transactions

Compensation of key management personnel

Key management includes members of the Board, the President and Chief Executive Officer, the Chief Operating Officer & VP Exploration, the Chief Financial Officer & Corporate Secretary, and the Country Managers in each geographic segment in which the Company undertakes exploration activities. The aggregate compensation paid, or payable to key management for employee services is shown below:

	Year ended December 31, 2011
Salaries and other short-term employee benefits	0.89 million
Share-based payments	5.37 million
Total	**6.26 million**

With the exception of certain members of the Board, prior to April 6, 2011, Pilot Gold did not have any personnel. There was thus no remuneration or other compensation paid or provided by Pilot Gold directly to any key management personnel for their services prior to April 6, 2011. Members of the Board receive remuneration on a quarterly basis; no remuneration had been paid to those members of the Board for their services as directors through March 31, 2011. Subsequent to March 31, 2011, the Company entered into employment relationships with its key management employees.

Mangement fees

Beginning September 1, 2011, we entered into an administrative services agreement with Blue Gold, a company with whom we share office space in Vancouver, and with whom we share certain directors. Under the administrative services agreement, we recover a portion of the total cash compensation of certain employees of Pilot Gold, and a portion of administrative costs relating to our Vancouver offices. The recovery of employee and administrative costs is also subject to a markup agreed to by both parties.

At September 30, 2011 we had concluded that Blue Gold constituted a related party in accordance with IFRS, however, subsequent to a private placement by that company, we have determined that this is no longer the case.

Significant Accounting Policies

Pilot Gold's significant accounting policies are presented in Note 4 of the audited consolidated statements for the year ended December 31, 2011. We have followed these accounting policies consistently throughout the year.

We have chosen to defer all exploration and evaluation cost relating to our mineral exploration properties. As noted elsewhere in this MD&A, in the absence of any specified accounting treatment under IFRS, we chose to apply the continutiy of interest basis of accounting to account for the impact of the Fronteer Arrangment, and our comparative results.

New Accounting Pronouncements

Refer to the discussion of *New Accounting Pronoucements* in our MD&A for the year ended December 31, 2011. Pilot Gold has not applied any of the new and revised IFRS detailed therein, all of which have been issued but are not yet effective, at the date of this MD&A.

Critical Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to use estimates and assumptions that affect the reported amounts of assets, liabilities and expenses.

(i) Review of asset carrying values and impairment assessment

In accordance with the Company's accounting policy, each asset is evaluated every reporting period to determine whether there are any indications of impairment. If any such indication exists, a formal estimate of recoverable amount is performed and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an asset is measured at fair value less costs to sell.

The most significant assets assessed include the value of our investment interests in associates, and the carrying value of our exploration properties and deferred exploration expenditures. There were no assumptions underlying our estimate of recoverability of these assets that relate to matters defined as highly uncertain at the time these estimates were made. Recoverability of the carrying amount of the exploration properties, and of our interest in associates is dependent on successful development and commercial exploitation, or alternatively, sale of the respective assets. Changes in any of the assumptions used to determine impairment testing could materially affect the result of our analyses.

At December 31, 2011, we reviewed the carrying value of our asset and determined that there were no indicators of impairment.

(ii) Decommissioning and restoration provisions

Close down and restoration costs are a normal consequence of exploration. The Company's accounting policy requires the recognition of such provisions when the obligation occurs. The initial provisions are periodically reviewed during the life of the project to reflect known developments, e.g. updated cost estimates and revisions to the estimated lives of the projects. The ultimate magnitude of these costs is uncertain, and cost estimates can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience on other sites. None of the likelihood of new regulations, the degree of change in estimates and their overall effect upon us, or the expected timing of expenditures are predictable. As a result there could be significant adjustments to the provision for decommissioning, which would affect future financial results.

As at December 31, 2011, the Company has recorded $0.05 million relating to restoration provisions.

(iii) Determination of the fair value of share-based compensation

The fair value of stock options granted is computed to determine the relevant charge to the income statement, and liability if applicable. In order to compute this fair value the Company uses a Black-Scholes pricing model that inherently requires management to make various estimates and assumptions in relation to the expected life of the award, expected volatility, risk-free rate and forfeiture rates.

Changes in any of these inputs could cause a significant change in the share-based compensation expense charged in a period.

The assumptions with the greatest potential impact on the calculations are the volatility and the expected life. We base our expectation of volatility on the volatility of similar publicly-listed companies, as the expected life of our stock options exceeds our trading history.

(iv) Deferred tax assets and liabilities

The determination of the Company's tax expense for the period and deferred tax liabilities involves significant estimation and judgment by management. In determining these amounts, management interprets tax legislation in a variety of jurisdictions and makes estimates of the expected timing of the reversal of deferred tax assets and liabilities. The Company is subject to assessments by various taxation authorities, which may interpret legislation differently. These differences may affect the final amount or the timing of the payment of taxes.

The Company provides for such differences, where known, based on management's best estimate of the probable outcome of these matters.

(v) Functional currency

The determination of a subsidiary's functional currency often requires significant judgement where the primary economic environment in which they operate may not be clear. This can have a significant impact on the consolidated results of the Company based on the foreign currency translation method required.

Management believes that the estimates are reasonable.

Factors that could affect these estimates are discussed in our AIF for the year ended December 31, 2011 dated March 28, 2012, under the heading "*Risk Factors*".

Off Balance Sheet Arrangements

Pilot Gold has no off balance sheet arrangements.

Proposed Transactions

As is typical of the mineral exploration and development industry, we are continually reviewing potential merger, acquisition, investment and joint venture transactions and opportunities that could enhance shareholder value. We have initiated discussions with TMST, our joint venture partner and operator of the TV Tower Project as we look to increase our exposure to the TV Tower Project. While discussions continue, there is no guarantee that a transaction will be concluded. There are otherwise no proposed asset or business acquisitions or dispositions, other than those discussed in this MD&A and those in the ordinary course, before the board of directors for consideration. While we remain focused on our plans to continue exploration and development on our three material properties, should we enter into agreements in the future on new properties, we may be required to make cash payments and complete work expenditure commitments under those agreements.

Outstanding Share Data

There are 59,085,286 Common Shares issued and outstanding at the date of this MD&A. No Common Shares were issued subsequent to year end to the date of this MD&A.

As at December 31, 2011, there were 1,750,000 stock options exercisable; and 1,750,000 stock option exercisable at the date of this MD&A. No stock options were granted subsequent to year end to the date of this MD&A. No stock options have been exercised as of the date of this MD&A.

Approval

The Audit Committee of the Board has approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it of us, and will be posted to our website at www.pilotgold.com.

Additional Information

For further information regarding Pilot Gold, refer to Pilot Gold's filings with the Canadian securities regulatory authorities available under Pilot Gold's company profile on SEDAR at www.sedar.com

Cautionary Notes Regarding Forward-Looking Statements

All statements in this MD&A, other than statements of historical fact, are "forward-looking information" with respect to 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, silver, 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 PEA 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, Pilot Gold's ability to fully fund cash-calls made by its joint venture partners for ongoing expenditure on the properties, completion of expenditure obligations under the Kinsley Option Agreement and the Griffon Option Agreement, proposed exploration and development of Pilot Gold's exploration properties, estimated future working capital, uses of funds, future capital expenditures, exploration expenditures and other expenses for specific operations, future issuances of Common Shares to satisfy earn-in obligations or the acquisition exploration properties, 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 and possible outcome of any pending litigation, permitting timelines, the ability to maintain or convert the underlying licenses for the Halilağa Project and the TV Tower Project in accordance with the requirements of Turkish Mining Law, government regulation of exploration and mining operations, environmental risks, including satisfaction of requirements relating to the 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, as well as specific historic data associated with and drill results from those properties, reliance on technical information provided by our joint venture partners or other third parties; 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 the section entitled "Risk Factors" in Pilot Gold's Annual Information Form for the year ended December 31, 2011 dated March 28, 2012, 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.

Forward-looking statements are made as of the date of this MD&A and accordingly are subject to change after such date. Except as otherwise indicated by Pilot Gold, these statements do not reflect the potential impact of any non-recurring or other special items or of any dispositions, monetizations, mergers, acquisitions, other business combinations or other transactions that may be announced or that may occur after the date hereof. Forward-looking statements are provided for the purpose of providing information about management's current expectations and plans and allowing investors and others to get a better understanding of our operating environment. Pilot Gold does not undertake to update any forward-looking statements that are included in this document, except in accordance with applicable securities laws. 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, except as required by applicable law. Readers should not place undue reliance on forward-looking information.

National Instrument 43-101 Compliance

Unless otherwise indicated, Pilot Gold has prepared the technical information in this MD&A ("Technical Information") based on information contained in the technical reports and news releases (collectively the "Disclosure Documents") available under Pilot Gold's company profile on SEDAR at www.sedar.com. The Disclosure Documents are each intended to be read as a whole, and sections should not be read or relied upon out of context. The Technical Information is subject to the assumptions and qualifications contained in the Disclosure Documents.

Our Disclosure Documents were prepared by or under the supervision of a QP as defined in NI 43-101. Readers are encouraged to review the full text of the Disclosure Documents which qualifies the Technical Information. Readers are advised that mineral resources that are not mineral reserves do not have demonstrated economic viability.

Other than at the Halilağa Project, any inference of potential quantity and grade at Pilot Gold's exploration properties and those in which we have a joint venture, disclosed in this MD&A are conceptual in nature. With the exception of the Halilağa Project, there has been insufficient exploration to date, on any of our properties to define a mineral resource, and it is uncertain if further exploration will result in targets at these projects being delineated as a mineral resource.

The mineral resources estimates contained herein relating to the Halilağa Project are only estimates and no assurance can be given that any particular level of recovery of minerals will be realized or that an identified resource will ever qualify as a commercially mineable or viable deposit which can be legally and economically exploited. In addition, the grade of mineralization ultimately mined may differ from the one indicated by drilling results and the difference may be material. The estimated resources described herein should not be interpreted as assurances of mine life or of the profitability of future operations.

Ian Cunningham-Dunlop, Professional Engineer, Chief Operating Officer and Vice President Exploration of Pilot Gold, and a QP for the purposes of NI 43-101, is responsible for preparing and supervising the preparation of the scientific or technical information contained in this MD&A and has verified the technical data disclosed in this document relating to those projects in which the Company holds a 100% interest. Mr. Cunningham-Dunlop has consented to the inclusion of the Technical Information in the form and context in which it appears in this MD&A.

As to the Halilağa Project and the TV Tower Project, all drill samples and analytical data are collected under the supervision of TMST, using industry standard QA-QC protocols. Ian Cunningham-Dunlop is responsible for compiling the technical information contained in this MD&A but he has not verified all the assay data generated by TMST as project operator and has not had access to individual assay certificates. However, the grades and widths reported here agree with the Company's past results on the project and TMST has given him no reason to doubt their authenticity. Ian Cunningham-Dunlop also visits the Halilağa Project and the TV Tower Project regularly during the active drilling season and during those visits, was given complete freedom to review drill core and technical data on site, and to discuss the ongoing program and results with TMST staff. He is satisfied that TMST is meeting industry standards for all levels of exploration work being carried out on the property.

Any results contained in this MD&A that are historical in nature relating to Griffon and the Kinsley Mountain Project, have not been verified by Pilot Gold.

Cautionary Note to United States Investors Concerning Estimates of Measured, Indicated and Inferred Resources

The terms "Measured", "Indicated" and "Inferred" Resources are used herein. United States investors are advised that while such terms are recognized and required by Canadian regulations, the United States Securities and Exchange Commission does not recognize them. "Inferred Mineral Resources" have a great amount of uncertainty as to their existence, and as to their economic and legal feasibility. It cannot be assumed that all or any part of an Inferred Mineral Resource will ever be upgraded to a higher category. Under Canadian rules, estimates of Inferred Mineral Resources may not form the basis of feasibility or other economic studies. United States investors are cautioned not to assume that all or any part of Measured or Indicated Mineral Resources will ever be converted into Mineral Reserves. United States investors are also cautioned not to assume that all or any part of a Mineral Resource is economically or legally mineable.