

Pilotgold

An exploration stage company

Condensed Interim Consolidated Financial Statements

(Expressed in US Dollars - unaudited)
Three months ended March 31, 2012

PILOT GOLD INC.
Condensed interim consolidated statements of financial position
(Expressed in United States Dollars - unaudited)

	As at March 31, 2012	As at December 31, 2011
	\$	\$
Assets		
<i>Current assets</i>		
Cash	11,000,503	7,391,497
Short term investments	4,177,218	11,028,857
Receivables	392,656	309,295
Prepayments	167,128	165,863
Total current assets	<u>15,737,505</u>	<u>18,895,512</u>
<i>Non-current assets</i>		
Exploration properties and deferred exploration expenditures (Note 4)	9,867,126	9,129,967
Plant and equipment (Note 5)	733,763	714,024
Reclamation deposits	250,376	250,283
Other financial assets (Note 6)	1,866,513	456,870
Investment in associates (Note 7)	8,666,865	8,046,606
Total non-current assets	<u>21,384,643</u>	<u>18,597,750</u>
Total assets	<u>37,122,148</u>	<u>37,493,262</u>
 Liabilities and Shareholders' Equity		
<i>Current liabilities</i>		
Accounts payable and other liabilities (Note 8)	1,079,057	999,502
Decommissioning liability	30,000	50,484
Total current liabilities	<u>1,109,057</u>	<u>1,049,986</u>
<i>Non-current liabilities</i>		
Deferred tax liabilities	-	52,536
Other liabilities	24,150	21,137
Total non-current liabilities	<u>24,150</u>	<u>73,673</u>
<i>Shareholders' equity</i>		
Share capital (Note 9)	92,123,392	92,123,392
Contributed surplus (Note 9)	7,356,338	6,599,039
Accumulated other comprehensive income (loss)	(1,026,058)	(1,349,229)
Accumulated deficit	(62,464,731)	(61,003,599)
Total shareholders' equity	<u>35,988,941</u>	<u>36,369,603</u>
Total liabilities and shareholders' equity	<u>37,122,148</u>	<u>37,493,262</u>

The notes on pages 5 to 18 are an integral part of these condensed interim consolidated financial statements.

These financial statements are approved by the board and authorised for issue on May 9, 2012:

"Donald McInnes", Director

"Sean Tetzlaff", Director

PILOT GOLD INC.**Condensed interim consolidated statements of loss and comprehensive income
(Expressed in United States Dollars - unaudited)**

	Three months ended March 31,	
	2012	2011
	\$	\$
Operating expenses		
Stock based compensation (Note 9)	518,841	20,371
Wages and benefits	459,358	145,207
Office and general	380,636	54,856
Property investigation (Note 10)	365,434	-
Professional fees	185,132	56,439
Write down of mineral property interest	177,918	68,566
Investor relations, promotion and advertising	173,004	13,688
Listing and filing fees	53,233	-
Depreciation	52,504	103,044
Gain on disposal of plant and equipment	(3,440)	-
	<hr/>	<hr/>
Loss from operations	2,362,620	462,171
	<hr/>	<hr/>
Other income (expenses)		
Change in fair value of financial instruments (Note 6)	797,528	44,804
Finance income	65,809	-
Other income	10,280	-
Foreign exchange (losses) gains	(10,535)	1,466
Income (loss) from associates (Note 7)	(14,130)	1,019
	<hr/>	<hr/>
	848,952	47,289
	<hr/>	<hr/>
Loss before tax	1,513,668	414,882
	<hr/>	<hr/>
Income tax recovery	52,536	808
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Loss for the period	1,461,132	414,074
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Other comprehensive income		
Exchange differences on translating foreign operations	468,673	20,082
Net fair value (loss) gain on financial assets (Note 6)	(145,502)	180,000
	<hr/>	<hr/>
Other comprehensive income for the period, net of tax	323,171	200,082
	<hr/>	<hr/>
Total loss and comprehensive income for the period	1,137,961	213,992
	<hr/>	<hr/>
Loss per share		
Basic and diluted	\$ 0.02	\$ 0.01
	<hr/>	<hr/>
Common shares		
Basic and diluted (Note 9)	59,085,286	50,701,927

The notes on pages 5 to 18 are an integral part of these interim condensed consolidated financial statements.

PILOT GOLD INC.**Condensed interim consolidated statements of changes in equity
(Expressed in United States Dollars - unaudited)**

	Number of Common Shares ¹ #	Share capital \$	Contributed surplus \$	Accumulated other comprehensive income (loss) \$	Accumulated deficit \$	Total shareholders' equity \$
Balance as at January 1, 2011	2,500,000	1,215,000	10,016,247	230,321	(3,633,755)	7,827,813
Funding and expenses paid by Fronteer and its subsidiaries	-	-	10,131,376	-	-	10,131,376
Net assets contributed by Fronteer and its subsidiaries	-	-	46,486,147	-	-	46,486,147
Adjustment for shares to be issued in connection with the Fronteer Arrangement	-	-	-	-	(45,528,914)	(45,528,914)
Unrealized gain on long-term investments	-	-	-	190,492	-	190,492
Exchange on unrealized loss on long-term investments	-	-	-	(10,492)	-	(10,492)
Cumulative translation adjustment	-	-	-	20,082	-	20,082
Net loss for the period	-	-	-	-	(414,074)	(414,074)
Balance as at March 31, 2011	2,500,000	1,215,000	66,633,770	430,403	(49,576,743)	18,702,430
Balance as at January 1, 2012	59,085,286	92,123,392	6,599,039	(1,349,229)	(61,003,599)	36,369,603
Stock based compensation (Note 9)	-	-	757,299	-	-	757,299
Unrealized loss on long-term investments	-	-	-	(141,203)	-	(141,203)
Exchange on unrealized loss on long-term investments	-	-	-	(4,299)	-	(4,299)
Cumulative translation adjustment	-	-	-	468,673	-	468,673
Net loss for the period	-	-	-	-	(1,461,132)	(1,461,132)
Balance as at March 31, 2012	59,085,286	92,123,392	7,356,338	(1,026,058)	(62,464,731)	35,988,941

¹ On April 4th 2011, pursuant to the Fronteer Arrangement (Note 2), the number of the Company's Common Shares were consolidated on a one-for-four basis. Accordingly the number of Common Shares presented for comparative periods have been adjusted to reflect the impact of consolidation.

The notes on pages 5 to 18 are an integral part of these interim condensed consolidated financial statements.

PILOT GOLD INC.
Consolidated statements of cash flows
(Expressed in United States Dollars - unaudited)

	Three months ended March 31	
	2012	2011
	\$	\$
Cash flows from operating activities		
Loss for the period	(1,461,132)	(414,074)
Adjusted for:		
Stock based compensation	629,450	20,371
Write-down of deferred exploration expenditures	177,918	68,566
Depreciation	52,504	103,044
Change in fair value of financial instruments	(797,528)	(44,804)
Interest income on short term investments	(17,435)	-
Loss from associates	14,130	(1,019)
Foreign exchange not related to cash	-	(1,466)
Deferred income taxes	(52,536)	(808)
Change in provision	3,013	-
Movements in working capital:		
Accounts receivable and prepayments	(56,813)	(14,772)
Accounts payable and other liabilities	29,651	(22,931)
Net cash outflow due to operating activities	(1,478,778)	(307,893)
Cash flows from financing activities		
Funding received from Fronteer for operations	-	1,176,473
Cash generated by financing activities	-	1,176,473
Cash flows from investing activities		
Change in working capital attributable to deferred exploration expenditures	(13,298)	(35,294)
Maturity of short term investments	7,212,976	-
Acquisition of financial assets	(751,350)	-
Purchase of property and equipment	(57,594)	(33,464)
Proceeds from sale of equipment	3,440	-
Funding to Associates	(466,909)	(590,694)
Acquisition of mineral properties	(98,790)	-
Interest in exploration properties and deferred exploration expenditures	(710,639)	(252,935)
Recoveries on mineral properties	25,000	-
Net cash inflow (outflow) due to investing activities	5,142,836	(912,387)
Effect of foreign exchange rates	(55,052)	-
Net increase (decrease) in cash and cash equivalents	3,609,006	(43,807)
Cash at beginning of period	7,391,497	86,966
Cash at end of the period	11,000,503	43,159

PILOT GOLD INC.
(An exploration stage company)
Notes to the Condensed Interim Consolidated Financial Statements
Three months ended March 31, 2012
(Expressed in United States Dollars, unless otherwise noted- unaudited)

1. GENERAL INFORMATION

Pilot Gold Inc. (“Pilot Gold”, or the “Company”), is incorporated and domiciled in Canada, and its registered office is at Suite 1650 – 1055 West Hastings Street, Vancouver, British Columbia, V6E 2E9.

Pilot Gold is an exploration stage business engaged in the acquisition and exploration of mineral properties located primarily in the United States and Turkey. The Company is focused on the acquisition, exploration and development of mineral resource properties located in attractive mining jurisdictions.

The Company has not yet determined whether its properties contain mineral reserves that are economically recoverable. The continued operations of the Company and the recoverability of the amounts capitalized for mineral properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of such properties and upon future profitable production or proceeds from the disposition of the properties.

2. BASIS OF PRESENTATION

This condensed consolidated interim financial information for the three months ended March 31, 2012 has been prepared in accordance with IAS 34, ‘Interim financial reporting’. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2010, which have been prepared in accordance with *International Financial Reporting Standards* (“IFRS”) as issued by the *International Accounting Standards Board* (“IASB”).

These unaudited condensed interim consolidated financial statements have been prepared using accounting policies consistent with those used in the Company’s 2011 annual consolidated financial statements.

Continuity of interest

As described in detail in our annual financial statements for the year ended December 31, 2011, Pilot Gold ceased to be a wholly owned subsidiary of Fronteer Gold Inc. (“Fronteer”) on April 6, 2011, through an arrangement agreement between Fronteer and the Newmont Mining Corporation (“Newmont”), pursuant to which Newmont acquired all the outstanding common shares of Fronteer by way of a plan of arrangement (the “Fronteer Arrangement”). The effective date (“Effective Date”) of the Fronteer Arrangement was determined to be March 30, 2011.

As the shareholders of Fronteer continued to hold their respective interests in Pilot Gold; there was no resultant change of control in either the Company, or the assets and business acquired. The Fronteer Arrangement has thus been determined to be a common control transaction, and has been elected to be accounted for on a continuity of interest basis.

In accordance with the continuity of interest basis of accounting, these unaudited condensed interim consolidated financial statements reflect the assets, liabilities, operations and cash flows of the business that is Pilot Gold as if it had operated independently of Fronteer through to the Effective Date. Assets, liabilities, operations and cash flows recorded in the condensed interim consolidated financial statements for the year ended December 31, 2011 reflect cash flows, expenditures and activities of Pilot Gold accounted for in accordance with the continuity of interest basis through March 30, 2011 and the actual cash flows, expenditures and activities of Pilot Gold from March 31, 2011 through to December 31, 2011.

The percentage derived from the total exploration expenditure, up to the Effective Date, incurred by Fronteer through each respective period on Pilot Gold’s properties, over Fronteer’s total exploration and development expenditures for those same periods, was used to determine the appropriate balance to record in these unaudited condensed interim consolidated financial statements for those items of general and administrative expenses, wages and salaries stock based compensation and other overhead costs not directly chargeable to the Company through to March 30, 2011.

PILOT GOLD INC.
(An exploration stage company)
Notes to the Condensed Interim Consolidated Financial Statements
Three months ended March 31, 2012
(Expressed in United States Dollars, unless otherwise noted- unaudited)

2. BASIS OF PRESENTATION (continued)

Fronteer's funding of the carved-out exploration asset and liabilities and past carved-out operations through March 30, 2011 is presented as contributed surplus.

Because the first quarter comparative balances presented are based on the amounts recorded by Fronteer as if Pilot Gold had been an independent operator through March 30, 2011, management cautions readers of these unaudited interim condensed consolidated financial statements, that the allocation of expenses in the statements of loss for the comparative period does not necessarily reflect the nature and level of the Company's future operating expenses.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2011.

4. EXPLORATION PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES

Pilot Gold has an interest in the exploration projects listed in the following table of which the Brik, Buckskin North, Cold Springs, Regent and South Monitor properties were held at December 31, 2010 (the "Pilot properties"), with the remainder acquired in connection with closing of the Fronteer Arrangement (the "Exploration Business properties").

The Exploration Business properties were acquired by Fronteer on April 23, 2010, pursuant to Fronteer's acquisition of 100% of the outstanding limited liability company interests in Nevada Eagle Resources, LLC ("Nevada Eagle") from Gryphon Gold Corporation. The Pilot properties were acquired from Fronteer on December 30, 2010, pursuant to agreements with Nevada Eagle and Fronteer Development USA Inc. ("Fronteer USA").

In accordance with the application of the continuity of interest basis of accounting (note 2), costs associated with these properties have been allocated such that historic expenditure of Fronteer on each of these properties through to the Effective Date have been recognized by Pilot Gold. Expenditures incurred subsequent to March 30, 2011 reflect actual cash flows and activities of Pilot Gold on a post-transaction basis.

None of the Company's properties have any known body of commercial ore or any established economic deposit; all are currently in the exploration stage.

PILOT GOLD INC.**(An exploration stage company)****Notes to the Condensed Interim Consolidated Financial Statements**

Three months ended March 31, 2012

(Expressed in United States Dollars, unless otherwise noted- unaudited)

4. EXPLORATION PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (continued)

	Total January 1, 2011	Additions/ Allocations	Transfer to held for sale	Transferred to Newmont	Write down of asset held for sale	Total March 31, 2011
	\$	\$	\$	\$	\$	\$
USA						
Regent	702,234	146,693	-	-	-	848,927
New Boston	327,510	24,016	-	-	-	351,526
Viper	319,254	5,982	-	-	-	325,236
Gold Springs 2	250,000	-	-	-	-	250,000
Brik	177,700	14,006	-	-	-	191,706
Cold Springs	175,706	9,734	-	-	-	185,440
Baxter Springs	163,411	27,924	-	-	-	191,335
Anchor	154,657	7,808	-	-	-	162,465
Easter	150,000	-	-	-	-	150,000
Stateline	150,000	-	-	-	-	150,000
Buckskin North	63,029	-	-	-	-	63,029
Total USA	2,633,501	236,163	-	-	-	2,869,664
Turkey						
Ispir	170,909	-	(170,909)	-	-	-
Aktarma	62,330	-	(62,330)	-	-	-
Yunt Dag	11,540	3,055	-	-	-	14,595
Total Turkey	244,779	3,055	(233,239)	-	-	14,595
Peru						
	175,490	7,700	-	-	-	183,190
Total	3,053,770	246,918	(233,239)	-	-	3,067,449
Assets held for sale:						
South Monitor	27,724	-	-	(27,724)	-	-
Aktarma	-	4,708	62,330	-	(18,710)	48,328
Ispir	-	7,724	170,909	-	(49,856)	128,777
Total held for sale	27,724	12,432	233,239	(27,724)	(68,566)	177,105

PILOT GOLD INC.
(An exploration stage company)
Notes to the Condensed Interim Consolidated Financial Statements
Three months ended March 31, 2012
(Expressed in United States Dollars, unless otherwise noted- unaudited)

4. EXPLORATION PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (continued)

	Total January 1, 2012	Additions/ Allocations	Recovery from third party earn-in	Write down of asset Note 4 (b)	Total March 31, 2012
	\$	\$	\$		\$
USA					
Regent	3,712,065	69,588	-	-	3,781,653
New Boston	1,228,439	10,802	-	-	1,239,241
Viper	988,422	9,143	-	-	997,565
Brik	715,986	10,209	-	-	726,195
Cold Springs	199,916	895	-	-	200,811
Baxter Springs	271,295	3,995	-	-	275,290
Anchor	183,998	-	-	-	183,998
Easter	135,711	11,386	(25,000)	-	122,097
Stateline	220,853	3,113	-	-	223,966
Buckskin North	86,966	-	-	-	86,966
Kinsley (Note 14)	1,133,509	613,401	-	-	1,746,910
Other	74,064	103,650	-	-	177,714
Total USA	8,951,224	836,182	(25,000)	-	9,762,406
Turkey					
Yunt Dag	3,624	1,126	-	-	4,750
Arasanli	-	99,970	-	-	99,970
Total Turkey	3,624	101,096	-	-	104,720
Peru	175,119	-	-	(175,119)	-
Total	9,129,967	937,278	(25,000)	(175,119)	9,867,126

PILOT GOLD INC.
(An exploration stage company)
Notes to the Condensed Interim Consolidated Financial Statements
Three months ended March 31, 2012
(Expressed in United States Dollars, unless otherwise noted- unaudited)

4. EXPLORATION PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (continued)

	USA	Turkey	Peru	Total	Assets Held for sale
	\$	\$	\$	\$	\$
January 1, 2011	2,633,501	244,779	175,490	3,053,770	27,724
Held for sale	-	(233,239)	-	(233,239)	233,239
Acquisition costs	10,160	-	-	10,160	-
Assaying & geochemical	20,038	-	-	20,038	-
Camp & field costs	8,137	-	-	8,137	-
Transportation	10,958	-	-	10,958	-
Wages, consulting and management fees	168,326	1,675	2,699	172,700	6,489
Claim maintenance and advance royalty fees	13,601	1,115	-	14,716	5,576
Environmental	1,212	-	-	1,212	-
Other	3,635	-	-	3,635	-
Cumulative translation adjustment	96	265	5,001	5,362	367
Write down of assets held for sale	-	-	-	-	(68,566)
Transfer to Newmont	-	-	-	-	(27,724)
March 31, 2011	2,869,664	14,595	183,190	3,067,449	177,105
January 1, 2012	8,951,224	3,624	175,119	9,129,967	-
Wages, consulting and management fees	337,347	-	-	337,347	-
Drilling	250,492	-	-	250,492	-
Assaying & geochemical	13,309	-	-	13,309	-
Acquisition costs	-	98,790	-	98,790	-
Property maintenance	26,011	-	-	26,011	-
Administrative and other	43,971	-	-	43,971	-
Geology	55,248	2,306	-	57,554	-
Resource estimation	31,948	-	-	31,948	-
Surveying	8,008	-	-	8,008	-
Environmental	4,411	-	-	4,411	-
Camp & field costs	22,086	-	-	22,086	-
Claim maintenance and advance royalty fees	43,351	-	-	43,351	-
Write down of asset (Note 4 (b))	-	-	(175,119)	(175,119)	-
Recovery from option holders	(25,000)	-	-	(25,000)	-
March 31, 2012	9,762,406	104,720	-	9,867,126	-

PILOT GOLD INC.

(An exploration stage company)

Notes to the Condensed Interim Consolidated Financial Statements

Three months ended March 31, 2012

(Expressed in United States Dollars, unless otherwise noted- unaudited)

4. EXPLORATION PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (continued)

a) Earn-in arrangements

The Company has granted options to La Quinta Resources Corporation (“La Quinta”) and Global Resources Corporation Limited (“GRCL”) to earn-in to an interest in the Easter exploration property (“Easter”) and the Yunt Dag (“Yunt Dag”) exploration property, respectively. La Quinta can earn a 65% interest in Easter by incurring \$2 million in exploration expenditures by January 4, 2015 and making annual payments of \$25,000 to the Company. GRCL has the option to earn-in to 60% of Yunt Dag over a five year period. The minimum expenditure required of GRCL prior to June 27, 2012 is \$500,000.

b) Write off of exploration property

During the three months ended March 31, 2012, management wrote off the deferred costs related to the acquisition of and subsequent expenditures on an option to acquire a 51% interest in up to two exploration properties owned by Rae Wallace Mining Company (the “RW Option”). The RW Option was acquired by the Company pursuant to the Frontier Arrangement, with the associated costs accounted for in accordance with continuity of interest accounting. Management determined to write off the associated costs following an assessment as to the likelihood that the Company would recover such costs, or elect to proceed with the RW Option prior to its expiration.

PILOT GOLD INC.
(An exploration stage company)
Notes to the Condensed Interim Consolidated Financial Statements
Three months ended March 31, 2012
(Expressed in United States Dollars, unless otherwise noted- unaudited)

5. PLANT AND EQUIPMENT

	Field equipment	Equipment	Computer software	Furniture and fixtures	Leasehold improvements	Total
Cost:	\$	\$	\$	\$	\$	\$
Balance as at January 1, 2011	156,796	670,618	512,439	311,370	519,263	2,170,486
Additions	580	11,178	9,718	500	11,488	33,464
Cumulative translation adjustment	4,033	9,301	11,702	5,976	6,343	37,355
Balance as at March 31, 2011	161,409	691,097	533,859	317,846	537,094	2,241,305
Balance at January 1, 2012	97,528	675,163	221,399	277,157	527,728	1,798,975
Additions	2,200	54,365	-	11,479	-	68,044
Cumulative translation adjustment	1,149	4,680	2,091	3,659	3,922	15,501
Balance as at March 31, 2012	100,877	734,208	223,490	292,295	531,650	1,882,520
Depreciation:						
Balance as at January 1, 2011	81,917	342,699	442,932	135,632	236,418	1,239,598
Current period depreciation	3,696	24,999	31,355	9,260	33,734	103,044
Cumulative translation adjustment	2,331	5,192	10,572	2,661	5,531	26,287
Balance as at March 31, 2011	87,944	372,890	484,859	147,553	275,683	1,368,929
Balance at January 1, 2012	47,071	369,050	191,461	147,316	330,053	1,084,951
Current period depreciation	2,563	21,079	6,492	6,961	15,409	52,504
Cumulative translation adjustment	739	2,925	1,761	1,957	3,920	11,302
Balance as at March 31, 2012	50,373	393,054	199,714	156,234	349,382	1,148,757
Net Book Value:						
As at March 31, 2011	73,465	318,207	49,000	170,293	261,411	872,376
As at January 1, 2012	50,457	306,113	29,938	129,841	197,675	714,024
As at March 31, 2012	50,504	341,154	23,776	136,061	182,268	733,763

Equipment consists of automobiles, and automotive equipment, field equipment, and computer hardware. Furniture and fixtures includes \$10,450 of assets under a finance lease arrangement.

PILOT GOLD INC.**(An exploration stage company)****Notes to the Condensed Interim Consolidated Financial Statements**

Three months ended March 31, 2012

(Expressed in United States Dollars, unless otherwise noted- unaudited)

6. OTHER FINANCIAL ASSETS

From time to time, the Company may make strategic investments in other private or publicly traded entities. These investments are treated as long-term investments and may take the form of common shares and share purchase warrants.

For accounting purposes, Pilot Gold has determined that any share purchase warrants held are derivative financial instruments and any change in fair value is included in income (loss) for the period. The fair value of share purchase warrants is measured using the Black-Scholes option-pricing model that uses inputs that are primarily based on market indicators. Any common shares (equities) held are designated as available-for-sale and any change in fair value is included in other comprehensive income (loss), until such time as the common shares are sold or otherwise disposed of at which time any gains or losses will be included in income (loss) for the period.

Inputs to fair value measurements, including their classification within a hierarchy that prioritizes the inputs to fair value measurement are summarized in the three level hierarchies below:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The following table illustrates the classification of Pilot Gold's financial instruments with the fair value hierarchy as at March 31, 2012 and December 31, 2011:

	Financial assets at fair value as at December 31, 2011			
	Level 1	Level 2	Level 3	Total
Equities	\$ 451,249	-	-	\$ 451,249
Share purchase warrants	-	5,621	-	5,621
	\$ 451,249	\$ 5,621	-	\$ 456,870

	Financial assets at fair value as at March 31, 2012			
	Level 1	Level 2	Level 3	Total
Equities ^(a)	\$ 1,562,296	-	-	\$ 1,562,296
Share purchase warrants	-	304,217	-	304,217
	\$ 1,562,296	\$ 304,217	-	\$ 1,866,513

- a) On March 23, 2012, the Company participated in a private placement by Nevada Sunrise Gold Corporation ("NSGC"), the company that holds the underlying lease on the Kinsley Mountain Project. Through the offering, the Company agreed to purchase 6,250,000 units of NSGC at a price of C\$0.12 per unit. Each unit issued to Pilot Gold consists of one common share of NSGC and one half of one common share purchase warrant. Each whole warrant entitles the holder to purchase an additional common share at an exercise price of \$0.20 for a period of 24 months from the date of issuance. As a result the Company holds a 9.9% interest, on a partially diluted basis, in NSGC.

PILOT GOLD INC.**(An exploration stage company)****Notes to the Condensed Interim Consolidated Financial Statements**

Three months ended March 31, 2012

(Expressed in United States Dollars, unless otherwise noted- unaudited)

7. INVESTMENT IN ASSOCIATES*Turkey*

Pilot Gold owns 40% of the Halilağa copper-gold porphyry property (the “Halilağa Project”) through a 40% ownership stake in Truva Bakir Maden İşletmeleri A.Ş (“Truva Bakir”), a Turkish company, controlled (60%) by Teck Madencilik Sanayi Ticaret A.S. (“TMST”), an indirect subsidiary of Teck Resources Limited (“Teck”). Pilot Gold also holds a 40% interest in Orta Truva Madencilik Şanayi ve Ticaret A.Ş (“Orta Truva”), a Turkish company that holds mineral interests in northwest Turkey, including the TV Tower gold-silver-copper property (the “TV Tower Project”). Orta Truva is also controlled (60%) by TMST.

United States

Pilot Gold holds a 40% beneficial interest in the Gold Springs 2 property after meeting earn-in requirements during 2011. The remaining interest is controlled by High Desert Gold Corporation (“HDG”). The conveyance of each company’s respective interests into Gold Springs LLC, the company that will hold Gold Springs 2 property, is outstanding as at March 31, 2012.

All three associates are unlisted, and as such fair values of the Company’s investments are not determinable through an active market. The Company’s associates are related parties.

	Truva Bakir	Orta Truva	Gold Springs	Total
At January 1, 2012	\$ 4,684,751	\$ 2,662,058	\$ 699,797	\$ 8,046,606
Share of loss	(6,881)	(2,851)	(4,398)	(14,130)
Funding	293,126	128,228	80,945	502,299
Exchange differences	84,211	47,879	-	132,090
At March 31, 2012	\$ 5,055,207	\$ 2,835,314	\$ 776,344	\$ 8,666,865

The Company's share of the results of its associates, and its share in their aggregate assets and liabilities, are as follows:

Name	Country of Incorporation	Assets	Liabilities	Loss	Interest held
Truva Bakir	Turkey	\$ 5,075,340	\$ (20,133)	\$ (6,881)	40%
Orta Truva	Turkey	2,841,295	(5,981)	(2,851)	40%
Gold Springs LLC	United States	812,700	(36,356)	(4,398)	40%
March 31, 2012		\$ 8,729,335	\$ (62,470)	\$ (14,130)	

PILOT GOLD INC.**(An exploration stage company)****Notes to the Condensed Interim Consolidated Financial Statements**

Three months ended March 31, 2012

(Expressed in United States Dollars, unless otherwise noted- unaudited)

8. ACCOUNTS PAYABLE AND OTHER LIABILITIES

	March 31, 2012	December 31, 2011
Trade payables	\$ 436,740	\$ 336,240
Other payables	17,752	85,832
Accrued liabilities	257,672	245,926
Amounts due to Gold Springs LLC	185,699	104,754
Amounts due to Orta Truva	32,985	155,715
Amounts to Truva Bakir	148,209	71,035
	\$ 1,079,057	\$ 999,502

Trade payables and accrued liabilities are non-interest bearing and are normally settled on 30-day terms. Amounts due to Truva Bakir, Orta Truva and Gold Springs LLC relate to cash calls due in connection with the Company's pro-rata share of costs incurred. Cash calls are non-interest bearing and are normally settled on 10-day terms.

9. SHARE CAPITAL AND CONTRIBUTED SURPLUS*Authorized*

Unlimited common shares ("Common Shares") with no par value

Issued

As at March 31, 2012 the company has 59,085,286 Common Shares issued and outstanding (see Note 14).

Share-based payments

Pilot Gold has established a stock option plan (the Pilot Gold Stock Option Plan (2011)) (the "Plan"), approved by Fronteer, the sole shareholder of the Company on April 4, 2011, prior to the close of the Fronteer Arrangement. Under the terms of the Plan, the Board may, from time to time, grant to employees, officers and directors of, or consultants to the Company, non-assignable options to acquire Common Shares in such numbers and for such terms as may be determined by the Board.

The number of Common Shares which may be issued pursuant to options previously granted and those granted under the Plan will be a maximum of 10% of the issued and outstanding shares at the time of the grant; the number of shares which may be reserved for issuance to any one individual may not exceed 5% of the issued shares on a yearly basis.

Stock options granted under the Plan are exercisable over periods of up to ten years, and the exercise price of each option shall in no circumstances be lower than the closing market price of the Company's stock on the trading day immediately before the date of grant. Options granted to Directors vest immediately, the remaining options vest in thirds at the end of each year from the date of grant. Options exercisable at March 31, 2012 totalled 1,750,000 (December 31, 2011 – 1,750,000). Any consideration paid by the optionee on the exercise of options is credited to share capital.

Stock option transactions and the number of stock options outstanding are summarized as follows:

	Shares	Weighted Average Exercise Price
Balance, December 31, 2011	4,027,500	C\$ 3.35
Options granted	-	-
Balance, March 31, 2012	4,027,500	C\$ 3.35

PILOT GOLD INC.**(An exploration stage company)****Notes to the Condensed Interim Consolidated Financial Statements**

Three months ended March 31, 2012

(Expressed in United States Dollars, unless otherwise noted- unaudited)

9. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

At March 31, 2012, Pilot Gold had incentive stock options issued to directors, officers, employees and key consultants to the Company outstanding as follows:

Range of prices	Number of options outstanding	Weighted average remaining contractual life (in years)	Weighted average exercise price C\$	Number of options exercisable	Weighted average exercise price of options exercisable C\$
C\$1.00 to C\$1.99	150,000	9.64	1.20	-	-
C\$2.00 to C\$2.99	90,000	9.30	2.54	-	-
C\$3.00 to C\$3.99	3,787,500	9.04	3.45	1,750,000	3.45
	4,027,500	9.07	3.35	1,750,000	3.45

Stock-based compensation:

For the three months ended March 31, 2012, the Company recorded compensation cost on the grant of stock options to employees, directors and non-employees. For the purposes of estimating the fair value of options using the Black-Scholes option pricing model, certain assumptions are made such as expected dividend yield, volatility of the market price of the Company's shares, risk-free interest rates and expected average life of the options.

The fair value of options granted ranged from C\$0.80 to C\$2.43 per option. No new options were granted in the period. The fair value of each option granted was determined using the Black-Scholes option pricing model and used the following range of assumptions:

Risk free interest rate	1.84% to 2.93%
Expected life	5.25 to 6.29 years
Expected volatility	79% to 84%
Forfeiture rate	2.77%
Expected dividend yield	0.0%

For the three months ended March 31, 2012, the Company has capitalized a total of \$127,849 (December 31, 2011 - \$287,553) of stock-based compensation to exploration properties and deferred exploration expenditures. For the three months ended March 31, 2012, the Company charged a total of \$629,450 of stock-based compensation expense related to Pilot Gold stock options to the statement of loss, of which \$110,609 is attributed to property investigation.

Total stock based compensation expense for the three months ended March 31, 2011 includes \$20,371 of allocated Fronteer expense recorded pursuant to continuity interest accounting.

Stock based compensation is allocated consistent with the allocation of wages and other compensation related to exploration undertakings on the Company's mineral properties.

PILOT GOLD INC.**(An exploration stage company)****Notes to the Condensed Interim Consolidated Financial Statements**

Three months ended March 31, 2012

(Expressed in United States Dollars, unless otherwise noted- unaudited)

10. PROPERTY INVESTIGATION EXPENSE

	March 31, 2012	March 31, 2011
Wages and benefits	\$ 112,618	\$ -
Stock-based compensation	110,609	-
Transportation	35,392	-
Professional Fees	34,897	-
Consultants	25,963	-
Other	19,940	-
Meals and accommodation	10,378	-
Leasing	7,539	-
Permitting	4,612	-
Geochemistry	3,486	-
	\$ 365,434	\$ -

11. COMMITMENTS

The Company has entered into operating leases for premises in Canada, the United States and Turkey. The lease terms are between two and four years; each 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 three months ended March 31, 2012 is \$73,288.

Total future minimum lease payments, under non-cancellable operating leases as at March 31, 2012 are as follows:

Year	Amount
2012	\$ 359,200
2013	378,869
2014	343,121
2015	271,412
2016	258,129
2017+	580,790
	\$ 2,191,521

The Company is also responsible for its share of property taxes and operating costs on office premises leases.

PILOT GOLD INC.**(An exploration stage company)****Notes to the Condensed Interim Consolidated Financial Statements**

Three months ended March 31, 2012

(Expressed in United States Dollars, unless otherwise noted- unaudited)

12. SEGMENT INFORMATION

The Company's operations are in one segment, the exploration for gold, copper and other precious and base metals. At March 31, 2012 and at December 31, 2011, Pilot Gold has three geographic locations: Canada, the USA, and Turkey. The total assets attributable to the geographic locations relate primarily to the Company's exploration properties and deferred exploration expenditures and have been disclosed in Note 4.

The net loss relating to the operations in Canada, the United States and Turkey totalled \$1,003,830, \$306,107 and \$151,195 respectively for the three months ended March 31, 2012 (\$259,245, \$121,632 and \$39,678 for the three months ended March 31, 2011).

Plant and equipment are distributed by geographic segment per the table below:

	March 31, 2012	December 31, 2011
Canada	\$ 235,566	\$ 234,662
USA	485,037	466,492
Turkey	13,160	12,870
	\$ 733,763	\$ 714,024

The Company is in the exploration stage and accordingly, has no reportable segment revenues.

13. 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:

	Three months ended March 31, 2012
Salaries and other short-term employee benefits	\$ 269,709
Share-based payments	414,019
Total	\$ 683,728

With the exception of certain members of the Board, prior to April 6th, 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 6th, 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.

PILOT GOLD INC.

(An exploration stage company)

Notes to the Condensed Interim Consolidated Financial Statements

Three months ended March 31, 2012

(Expressed in United States Dollars, unless otherwise noted- unaudited)

14. SUBSEQUENT EVENT

Kinsley Mountain Project

In exchange for consideration valued at \$450,140, the Company was assigned an option agreement (the "Option agreement") from Animas Resources Ltd. ("Animas") providing the ability to earn-in to an initial 51% interest, and the opportunity to elect to earn-into a further 14% interest in the Kinsley Mountain Project. The Option Agreement required the option holder to incur \$1,500,000 in aggregate exploration expenditures in order to exercise the initial option. At the time the Option Agreement was assigned, NSGC agreed to recognize \$316,141 of expenditures incurred by Animas as eligible toward the initial earn-in.

Subsequent to period end, on May 9, 2012, the Company completed its exploration commitment under the Option Agreement and notified NSGC of its intention to undertake the second option expenditure requirement to earn a total of a 65% interest in the Kinsley Mountain Project. To earn the additional 14% interest, the Company must sole fund \$3,000,000 in exploration expenditures over a five-year period from the initial earn-in date.

The Company has also determined to contribute the mineral claims known as Kinsley North and other claims with the defined area of interest toward the initial earn-in. NSGC has similarly agreed to contribute claims that company staked within the defined project area of interest.

Upon incurring the initial earn-in expenditure, the Company and NSGC were deemed to have entered into a joint venture, with an undivided 51% interest in the Kinsley Mountain Project transferred to Pilot Gold.

The joint venture will be required to make advance royalty payments to Nevada Sunrise, LLC ("NSL"), a private Nevada-based company, in accordance with an underlying lease agreement, beginning with a payment of \$75,000 per year, through 2016, increasing up to \$200,000 per year in 2020 and beyond. A maximum 4% net smelter return royalty is also payable through the lease to NSL, and may be reduced to 2% through a series of payments at the Company's election.

In connection with achieving the initial earn-in, pursuant to the assignment agreement by which the Company acquired the Option Agreement, the Company will issue 50,000 Common Shares to Animas. The Company will issue a further 25,000 Common Shares to Animas, on each of the first and second anniversaries of the assignment.