

Pilotgold

An exploration stage company

Condensed Interim Consolidated Financial Statements

(Expressed in US Dollars - unaudited)

Three months ended March 31, 2016

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

| | As at March 31, 2016 | As at December 31, 2015 |
|---|-------------------------|----------------------------|
| | <u>\$</u> | <u>\$</u> |
| Assets | | |
| <i>Current assets</i> | | |
| Cash and cash equivalents | 9,367,718 | 7,811,674 |
| Short term investments | 104,144 | 100,743 |
| Receivables and prepayments (Note 5) | 814,984 | 779,931 |
| Total current assets | <u>10,286,846</u> | <u>8,692,348</u> |
| <i>Non-current assets</i> | | |
| Other financial assets (Note 6) | 322,513 | 309,406 |
| Deposits | 1,419,245 | 1,408,469 |
| Sales taxes receivable (Note 5) | 1,076,001 | 1,128,963 |
| Plant and equipment | 315,069 | 322,858 |
| Exploration properties and deferred exploration expenditures (Note 7) | 77,634,174 | 76,647,172 |
| Investment in associates (Note 8) | 5,573,191 | 5,220,727 |
| Total non-current assets | <u>86,340,193</u> | <u>85,037,595</u> |
| Total assets | <u>96,627,039</u> | <u>93,729,943</u> |
| Liabilities and Shareholders' Equity | | |
| <i>Current liabilities</i> | | |
| Accounts payable and accrued liabilities (Note 9) | 588,997 | 477,128 |
| Total current liabilities | <u>588,997</u> | <u>477,128</u> |
| <i>Non-current liabilities</i> | | |
| Deferred tax liabilities (Note 10) | 344,525 | 474,823 |
| Other liabilities | 83,255 | 129,536 |
| Total non-current liabilities | <u>427,780</u> | <u>604,359</u> |
| <i>Shareholders' equity</i> | | |
| Share capital (Note 11) | 157,265,609 | 155,186,833 |
| Contributed surplus (Note 11) | 21,749,191 | 20,209,503 |
| Accumulated other comprehensive loss | (13,021,807) | (13,938,032) |
| Accumulated deficit | (93,495,717) | (91,849,189) |
| Total shareholders' equity | <u>72,497,276</u> | <u>69,609,115</u> |
| Non controlling interest (Note 12) | <u>23,112,986</u> | <u>23,039,341</u> |
| Total liabilities and shareholders' equity | <u>96,627,039</u> | <u>93,729,943</u> |

The notes on pages 5 to 13 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 11, 2016:

"Donald McInnes", Director

"Sean Tetzlaff", Director

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

| | Three months ended March 31, | |
|--|------------------------------|--------------------|
| | 2016 | 2015 |
| | \$ | \$ |
| Operating expenses | | |
| Wages and benefits | 527,884 | 376,620 |
| Office and general | 390,602 | 268,740 |
| Stock based compensation (Note 11) | 292,250 | 487,006 |
| Property investigation and technical studies | 112,138 | 94,928 |
| Professional fees | 99,152 | 110,781 |
| Investor relations, promotion and advertising | 49,807 | 100,848 |
| Listing and filing fees | 32,818 | 42,519 |
| Depreciation | 18,561 | 37,457 |
| | <u>1,523,212</u> | <u>1,518,899</u> |
| Loss from operations | | |
| Other income (expenses) | | |
| Change in fair value and impairment of financial instruments | (90,595) | (59,711) |
| Foreign exchange losses | (101,552) | (64,630) |
| Gains (loss) from associates (Note 8) | 1,898 | (8,552) |
| Finance income | 7,221 | 25,116 |
| Other net (expense) income | 3,059 | 3,101 |
| | <u>(179,969)</u> | <u>(104,676)</u> |
| Loss before tax | 1,703,181 | 1,623,575 |
| Income tax recovery | (130,298) | - |
| | <u>1,572,883</u> | <u>1,623,575</u> |
| Loss for the period | | |
| Loss (gain) attributable to: | | |
| Shareholders | 1,646,528 | 1,620,022 |
| Non-controlling interests | (73,645) | 3,553 |
| | <u>1,572,883</u> | <u>1,623,575</u> |
| Other comprehensive income (loss) | | |
| Items that may be reclassified subsequently to net income | | |
| Exchange differences on translations | 830,226 | (4,403,506) |
| Net fair value gain on financial assets | 67,045 | 5,038 |
| Amounts reclassified into net loss on impairment of financial assets | 18,954 | - |
| | <u>916,225</u> | <u>(4,398,468)</u> |
| Other comprehensive income (loss) for the period, net of tax | | |
| | <u>916,225</u> | <u>(4,398,468)</u> |
| Total loss and comprehensive loss for the period | <u>656,658</u> | <u>6,022,043</u> |
| Loss (gain) attributable to: | | |
| Shareholders | 730,303 | 5,954,285 |
| Non-controlling interests | (73,645) | 67,758 |
| | <u>656,658</u> | <u>6,022,043</u> |
| Total loss and comprehensive loss for the period | | |
| | <u>656,658</u> | <u>6,022,043</u> |
| Loss per share | | |
| Basic and diluted loss per share | <u>\$ 0.01</u> | <u>\$ 0.02</u> |
| Weighted average number of Common Shares | | |
| Basic and diluted | 112,681,990 | 107,276,147 |

The notes on pages 5 to 13 are an integral part of these condensed interim consolidated financial statements.

PILOT GOLD INC.

Condensed interim consolidated statements of changes in equity
(Expressed in United States Dollars - unaudited)

| | Number of Common Shares # | Share capital \$ | Contributed surplus \$ | Accumulated other comprehensive income (loss) \$ | Accumulated deficit \$ | Total shareholders' equity \$ | Non-controlling interest \$ | Total equity \$ |
|---|---------------------------------|---------------------|---------------------------|---|---------------------------|-------------------------------------|-----------------------------------|--------------------|
| Balance as at December 31, 2014 | 107,235,497 | 155,081,135 | 19,088,697 | (7,923,327) | (84,874,213) | 81,372,292 | 3,737,851 | 85,110,143 |
| Option exercise | 48,780 | 53,557 | (35,390) | - | - | 18,167 | - | 18,167 |
| Stock based compensation | - | - | 528,770 | - | - | 528,770 | - | 528,770 |
| Unrealized gain on long-term investments | - | - | - | 5,038 | - | 5,038 | - | 5,038 |
| Recognition of non-controlling interest on acquisition of control in Orta Truva | - | - | - | - | - | - | 17,494,126 | 17,494,126 |
| Contributions by non-controlling interest | - | - | - | - | - | - | 403,952 | 403,952 |
| Cumulative translation adjustment | - | - | - | (4,335,748) | - | (4,335,748) | (67,758) | (4,403,506) |
| Net loss for the period | - | - | - | - | (1,620,022) | (1,620,022) | (3,553) | (1,623,575) |
| Balance as at March 31, 2015 | 107,284,277 | 155,134,692 | 19,582,077 | (12,254,037) | (86,494,235) | 75,968,497 | 21,564,618 | 97,533,115 |
| Balance as at December 31, 2015 | 107,344,284 | 155,186,833 | 20,209,503 | (13,938,032) | (91,849,189) | 69,609,115 | 23,039,341 | 92,648,456 |
| Private placement | 17,893,000 | 2,072,798 | 1,281,244 | - | - | 3,354,042 | - | 3,354,042 |
| Share issue costs on private placement | - | (52,107) | - | - | - | (52,107) | - | (52,107) |
| RSU exercises (Note 11) | 68,930 | 58,085 | (58,085) | - | - | - | - | - |
| Stock based compensation (Note 11) | - | - | 316,529 | - | - | 316,529 | - | 316,529 |
| Net impairment of long-term investments recognised in the statement of loss | - | - | - | 18,954 | - | 18,954 | - | 18,954 |
| Unrealized gain on long-term investments | - | - | - | 67,045 | - | 67,045 | - | 67,045 |
| Cumulative translation adjustment | - | - | - | 830,226 | - | 830,226 | - | 830,226 |
| Net loss for the period | - | - | - | - | (1,646,528) | (1,646,528) | 73,645 | (1,572,883) |
| Balance as at March 31, 2016 | 125,306,214 | 157,265,609 | 21,749,191 | (13,021,807) | (93,495,717) | 72,497,276 | 23,112,986 | 95,610,262 |

The notes on pages 5 to 13 are an integral part of these condensed interim consolidated financial statements.

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

| | Three months ended March 31, | |
|---|------------------------------|--------------------|
| | 2016 | 2015 |
| | \$ | \$ |
| Cash flows from operating activities | | |
| Loss for the period | (1,572,883) | (1,623,575) |
| Adjusted for: | | |
| Stock based compensation | 301,229 | 500,210 |
| Change in fair value and impairment of financial instruments | 90,595 | 59,711 |
| Deferred Tax expense | (130,298) | - |
| Other non-cash items on the statement of loss | (33,067) | 50,949 |
| Foreign exchange not related to cash | (63,653) | 128,835 |
| Interest income on short term investments | (32) | (120) |
| Movements in working capital: | | |
| Accounts receivable and prepayments | 35,862 | (59,908) |
| Accounts payable and other liabilities | 22,574 | (184,907) |
| Net cash outflow due to operating activities | <u>(1,349,673)</u> | <u>(1,128,805)</u> |
| Cash flows from financing activities | | |
| Cash received from financing | 3,354,042 | - |
| Share issue costs | (52,107) | - |
| Cash received from option exercise | - | 16,122 |
| Contributions from non-controlling interest | - | 124,960 |
| Cash inflow from financing activities | <u>3,301,935</u> | <u>141,082</u> |
| Cash flows from investing activities | | |
| Change in working capital attributable to deferred exploration expenditures | 111,076 | (386,332) |
| Funding to Associates | - | (50,906) |
| Purchase and proceeds of sale of property and equipment | (7,801) | - |
| Cash acquired with acquisition of controlling interest in Orta Truva | - | 196,079 |
| Expenditures towards Earn-in Option | - | (33,765) |
| Interest in exploration properties and deferred exploration expenditures | (963,696) | (1,469,217) |
| Net cash outflow due to investing activities | <u>(860,421)</u> | <u>(1,744,141)</u> |
| Effect of foreign exchange rates | <u>464,203</u> | <u>(958,402)</u> |
| Net increase (decrease) in cash and cash equivalents | 1,556,044 | (3,690,266) |
| Cash and cash equivalents at beginning of period | 7,811,674 | 13,842,109 |
| Cash and cash equivalents at end of the period | <u>9,367,718</u> | <u>10,151,843</u> |

See Note 15 for supplemental cash flow information

PILOT GOLD INC.

(An exploration stage company)

Notes to the Condensed Interim Consolidated Financial Statements

Three months ended March 31, 2016

(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 1900 – 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 of America and Turkey.

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

These unaudited condensed interim consolidated financial statements for the three months ended March 31, 2016 (the “Interim Financial Statements”) have been prepared in accordance with IAS 34, ‘Interim financial reporting’. The Interim Financial Statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2015 (“Annual Financial Statements”), which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These Interim Financial Statements have been prepared using accounting policies consistent with those used in the Annual Financial Statements.

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of 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 Interim Financial Statements, the significant judgements made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Annual Financial Statements.

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

Three months ended March 31, 2016

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

5. RECEIVABLES AND PREPAYMENTS

| | March 31, 2016 | December 31, 2015 |
|------------------------|---------------------------|------------------------------|
| Sales taxes receivable | \$ 666,820 | \$ 516,752 |
| Other receivables | 20,644 | 82,441 |
| Prepayments | 127,520 | 180,738 |
| Total | \$ 814,984 | \$ 779,931 |

Sales taxes receivable at March 31, 2016 include \$627,406 due to Orta Truva Madencilik Şanayi ve Ticaret A.Ş (“Orta Truva”); an additional \$1,076,001 is classified as non-current and is recoverable when production begins, or on sale of the licenses held by Orta Truva.

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 or share purchase warrants.

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.

As at March 31, 2016, Pilot Gold holds Level 1 equity securities with a total fair value of \$322,513 (at December 31, 2015: \$309,406).

The total amount in other comprehensive income relating to available for sale financial instruments as at March 31, 2016 is \$670,035 (as at December 31, 2015: \$584,036).

7. EXPLORATION PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES

Currently 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. Expenditures at the Halilağa exploration project are recorded in the Company’s investment in Truva Bakır, an equity-accounted associate (Note 8).

The deferred exploration expenditures relating to the Company’s interest in several exploration properties in Nevada and Utah have been aggregated and are described as ‘Portfolio Projects’ in the table below:

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

Three months ended March 31, 2016

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

7. EXPLORATION PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (continued)

| | Total December 31, 2014 | TV Tower Acquisition | Additions/ Allocations | Total March 31, 2015 | Total December 31, 2015 | Additions/ Allocations | Total March 31, 2016 |
|----------------------------|----------------------------|-------------------------|---------------------------|-------------------------|----------------------------|---------------------------|-------------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| USA | | | | | | | |
| Kinsley Mountain (Note 7a) | 17,401,260 | - | 605,405 | 18,006,665 | 19,097,080 | 31,019 | 19,128,099 |
| Goldstrike | 8,651,362 | - | 122,964 | 8,774,326 | 9,685,941 | 655,248 | 10,341,189 |
| Portfolio Projects | 4,329,054 | - | 55,563 | 4,384,617 | 2,439,710 | 2,420 | 2,442,130 |
| Total USA | 30,381,676 | - | 783,932 | 31,165,608 | 31,222,731 | 688,687 | 31,911,418 |
| Turkey | | | | | | | |
| TV Tower (Note 7b) | - | 43,014,485 | 99,486 | 43,113,971 | 45,424,441 | 298,315 | 45,722,756 |
| Total Turkey | - | 43,014,485 | 99,486 | 43,113,971 | 45,424,441 | 298,315 | 45,722,756 |
| Total | 30,381,676 | 43,014,485 | 883,418 | 74,279,579 | 76,647,172 | 987,002 | 77,634,174 |

a) Kinsley Mountain, USA

The Company holds a 79.1% interest in Kinsley Gold LLC ("KG LLC") (Note 12), the entity that holds the underlying lease and directly held claims that comprise the Kinsley Mountain property (together, "Kinsley"). The non-controlling interest holder is Intor Resources Corporation.

b) TV Tower, Turkey

The Company holds a 60% interest in Orta Truva the entity that holds the TV Tower property (Note 12). The non-controlling interest holder is Teck Madencilik Şanayi Ticaret A.Ş. ("TMST").

8. INVESTMENT IN ASSOCIATES*Turkey*

Pilot Gold owns 40% of Halılağa through a 40% ownership stake in Truva Bakır Maden İşletmeleri A.Ş. ("Truva Bakır"), a Turkish company that is controlled (60%) by TMST. Truva Bakır is private, and as such fair values of the Company's investment is not determinable through an active market.

| | Truva Bakır |
|------------------------------|---------------------|
| At December 31, 2015 | \$ 5,220,727 |
| Share of gain | 1,898 |
| Foreign exchange differences | 350,566 |
| At March 31, 2016 | \$ 5,573,191 |

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

Three months ended March 31, 2016

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

8. INVESTMENT IN ASSOCIATES (continued)

The summarised financial information as at March 31, 2016 for Truva Bakır on a 100% basis is as follows:

| | Truva Bakır |
|-------------------------------|--------------------|
| Current assets | \$ 2,127,014 |
| Non-current assets | 11,871,029 |
| Current liabilities | (65,065) |
| Total net assets | \$ 13,932,978 |
| % interest held | 40% |
| Company's share of net assets | \$ 5,573,191 |
| Gain | \$ 4,744 |
| % interest held | 40% |
| Company's share of loss | \$ 1,898 |

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | March 31, 2016 | December 31, 2015 |
|---------------------|---------------------------|------------------------------|
| Trade payables | \$ 302,777 | \$ 266,870 |
| Other payables | 31,589 | 56,018 |
| Accrued liabilities | 254,631 | 154,240 |
| Total | \$ 588,997 | \$ 477,128 |

Accounts payable and accrued liabilities are non-interest bearing and are normally settled on 30-day terms.

10. DEFERRED TAX LIABILITY

A deferred tax liability of \$344,525 has been recognised in the period ended March 31, 2016 arising from foreign exchange differences in the tax basis of the TV Tower mineral property held by Orta Truva.

11. SHARE CAPITAL AND CONTRIBUTED SURPLUS*a) Authorized*

Unlimited Common Shares with no par value.

b) Issued

On March 4, 2016, the Company completed a non-brokered private placement for a total of \$3,354,042 (C\$4,473,250) (the "Private Placement"). Under the Private Placement, a total of 17,893,000 units of the Company ("Units") were issued at a price of C\$0.25 per Unit. Each Unit consists of one Common Share and one half of one Common Share purchase warrant ("Private Placement Warrant"). Each Private Placement Warrant entitles the holder to acquire one Common Share at an exercise price of C\$0.40 for a period of 2 years.

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

Three months ended March 31, 2016

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

11. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

The Units were valued using the residual method whereby the fair value of the warrant was determined to be C\$0.19 using the Black-Scholes valuation method and the following inputs: Stock price at issue C\$0.475, exercise price C\$0.40, risk free rate 0.52%, annualized volatility 62% and a 2 year expected life. Volatility was determined using the Company's share price volatility over the 2 years prior to issuance. The resulting allocation of the warrant fair value to the consideration received was Warrants: \$1,281,244 (C\$1,708,250) and Common Shares: \$2,072,799 (C\$2,764,469). A total of \$52,107 in transaction costs were recognised in equity.

c) Stock-based compensation

For the three months ended March 31, 2016, the Company has capitalized a total of \$15,300 of stock-based compensation to exploration properties and deferred exploration expenditures. For the three months ended March 31, 2016, the Company charged a total of \$301,229 of stock-based compensation expense to the statement of loss relating to stock-based compensation of which \$8,979 is attributed to property investigation and technical studies.

Pilot Gold Stock Option Plan

Options granted under the Pilot Gold Stock Option Plan (2014) are exercisable over period of five years. Options granted to Directors vest immediately, the remaining Options vest in thirds at the end of each year from the date of grant. Any consideration paid by the optionee on the exercise of Options is recorded to share capital.

Option transactions and the number of Options outstanding are summarized as follows:

| | Options | Weighted Average Exercise Price |
|--------------------------------|-------------------|------------------------------------|
| | # | C\$ |
| Balance, December 31, 2015 | 6,925,333 | 1.55 |
| Options granted | 4,557,500 | 0.52 |
| Options expired | (1,025,000) | 2.69 |
| Options forfeited | (365,833) | 1.25 |
| Balance, March 31, 2016 | 10,092,000 | 0.98 |

At March 31, 2016, Pilot Gold had incentive 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 | Weighted average exercise price | Number of Options exercisable | Weighted average exercise price of Options exercisable |
|--------------------|-------------------------------------|---|--|-------------------------------------|---|
| | # | (in years) | C\$ | # | C\$ |
| C\$0.01 to C\$0.99 | 4,847,500 | 4.83 | 0.53 | 1,480,000 | 0.56 |
| C\$1.00 to C\$1.99 | 4,012,833 | 2.45 | 1.15 | 2,999,833 | 1.14 |
| C\$2.00 to C\$2.99 | 1,181,667 | 1.58 | 2.13 | 1,181,667 | 2.13 |
| C\$3.00 to C\$3.99 | 50,000 | 5.01 | 3.45 | 50,000 | 3.45 |
| | 10,092,000 | 3.50 | 0.98 | 5,711,500 | 1.22 |

For the purposes of estimating the fair value of options using Black-Scholes, 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. We base our expectation of volatility on the volatility of similar publicly-listed companies, as the expected life of our Options exceeds our trading history.

The weighted average fair value of Options granted during the period determined using Black-Scholes was C\$0.26 per Option. The weighted average significant inputs into the model were share price of C\$0.49 at the grant date, exercise price of C\$0.52, volatility of 65%, dividend yield of 0%, an expected Option life of 5 years, and an annual risk-free interest rate of 0.71%. A 3.7% forfeiture rate is applied to the Option expense.

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

Three months ended March 31, 2016

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

11. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)*Restricted Share Units*

Restricted Share Units (“RSUs”) granted under the Pilot Gold RSU plan (2015) to employees and service providers of the Company vest in thirds at the end of each year from the date of grant.

Transactions relating to RSUs are summarised below:

| | RSUs |
|--------------------------------|----------------|
| | # |
| Balance, December 31, 2015 | 406,910 |
| RSUs granted | 125,000 |
| RSUs exercised | (68,930) |
| Balance, March 31, 2016 | 462,980 |

| Expiry Date | RSUs outstanding | Weighted average remaining contractual life | RSUs vested |
|-------------------|------------------|---|---------------|
| | # | (in years) | # |
| December 31, 2018 | 337,980 | 2.75 | 66,707 |
| December 31, 2019 | 125,000 | 3.75 | - |
| | 462,980 | 3.02 | 66,707 |

Deferred Share Units

Deferred Share Units (“DSUs”) granted under the Pilot Gold DSU plan (2015) to Directors of the Company, have no expiration date and are redeemable upon termination of service.

Transactions relating to Deferred Share Units (“DSUs”) are summarised below:

| | DSUs |
|--------------------------------|----------------|
| | # |
| Balance, December 31, 2015 | 255,000 |
| DSUs granted | 153,000 |
| Balance, March 31, 2016 | 408,000 |

d) Warrants:

Warrant transactions and the number of Warrants outstanding are summarized as follows:

| | Number of Warrants | Weighted average remaining contractual life | Weighted average exercise price |
|--------------------------------|--------------------|---|---------------------------------|
| | # | (in years) | C\$ |
| Balance, December 31, 2015 | 4,218,157 | 0.41 | 2.00 |
| Warrants issued (Note 11b) | 8,946,500 | 1.96 | 0.40 |
| Balance, March 31, 2016 | 13,164,657 | 1.47 | 0.91 |

No Warrants expired or were exercised in the three months ended March 31, 2016.

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

Three months ended March 31, 2016

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

12. NON-CONTROLLING INTEREST

Summary financial information for KG LLC and Orta Truva is as set out below. The information below is before intercompany eliminations. The loss in Orta Truva relates to foreign exchange and the deferred tax expense (Note 10).

a) Summarised Balance Sheet

| | KG LLC | | Orta Truva | |
|------------------------------|-------------------------|----------------------------|-------------------------|----------------------------|
| | As at March 31, 2016 | As at December 31, 2015 | As at March 31, 2016 | As at December 31, 2015 |
| Current | | | | |
| Assets | \$ 217,185 | \$ 248,793 | \$ 652,910 | \$ 1,606,396 |
| Liabilities | (36,246) | (26,144) | (163,154) | (914,081) |
| Total Current net assets | 180,939 | 222,649 | 489,756 | 692,315 |
| Non-Current | | | | |
| Assets | 20,345,309 | 20,303,891 | 23,427,749 | 23,171,223 |
| Liabilities | (52,800) | (52,800) | (344,525) | (474,823) |
| Total Non-current net assets | 20,292,509 | 20,251,091 | 23,083,224 | 22,696,400 |
| Net Assets | \$20,473,448 | \$ 20,473,740 | \$ 23,572,980 | \$ 23,388,715 |

b) Summarised Statement of Loss

| | KG LLC | | Orta Truva | |
|--|--------------------------------------|-------------|---|---|
| | Three months ended March 31, 2016 | 2015 | Three months ended March 31, 2016 | Period March 12 to March 31, 2015 |
| Statement of Loss (income) | \$ 291 | \$ - | \$ (184,265) | \$ 8,883 |
| Other comprehensive Loss | - | - | - | 169,395 |
| Loss (income) and other comprehensive Loss | \$ 291 | \$ - | \$ (184,265) | \$ 178,278 |

c) Summarised cash flows

| | KG LLC | | Orta Truva | |
|-------------------------------------|--------------------------------------|------------------|---|---|
| | Three months ended March 31, 2016 | 2015 | Three months ended March 31, 2016 | Period March 12 to March 31, 2015 |
| Net cash flow from: | | | | |
| operating activities | \$ (291) | \$ - | \$ 15,500 | \$ - |
| financing activities | 10,900 | 476,687 | (757,458) | - |
| investing activities | (42,217) | (530,564) | (339,807) | 9,482 |
| Net increase (decrease) in cash | (311,608) | (54,247) | (1,081,765) | 9,482 |
| Cash at the beginning of the period | 247,414 | 118,543 | 1,108,096 | 196,078 |
| Cash at the end of the period | \$ 215,806 | \$ 64,296 | \$ 26,331 | \$ 205,560 |

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

Three months ended March 31, 2016

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

13. COMMITMENTS*Leases*

The Company has entered into operating leases for premises in 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. Office premises and other operating leases in Canada are paid to Oxygen, pursuant to the "Oxygen Agreement". Upon termination of the Oxygen Agreement, the Company is required to indemnify Oxygen for costs associated with those agreements or obligations that had been executed or incurred by Oxygen in connection with, or related to the services provided to the Company by Oxygen. These amounts, as pertaining to non-cancellable leases, are included in the table below. The aggregate lease expenditure related to Pilot Gold's office premises charged to the statement of loss for the three months ended March 31, 2016 is \$50,761 with an additional \$13,417 in contingent rental expenditures which consist of operating costs.

Total future minimum lease payments, under non-cancellable operating leases as at March 31, 2016 are as follows:

| Year | |
|-------|---------------------|
| 2016 | \$ 175,706 |
| 2017 | 225,719 |
| 2018 | 144,004 |
| 2019 | 132,145 |
| 2020+ | 517,346 |
| | \$ 1,194,920 |

The Company is also responsible for its share of property taxes and operating costs on office premises leases in Canada, Turkey and the United States.

14. SEGMENT INFORMATION

The Company's operations are in one segment, the exploration for gold, copper and other precious and base metals. At March 31, 2016 and December 31, 2015, respectively, Pilot Gold has three geographic locations: Canada, the USA, and Turkey. The total assets attributable to the geographic locations relate primarily to the exploration properties and deferred exploration expenditures held by the Company and its associates, and have been disclosed in Notes 7 and 8. The net loss is distributed by geographic segment per the table below:

| | Three months ended March 31, | |
|--------|-------------------------------------|---------------------|
| | 2016 | 2015 |
| Canada | \$ 1,016,040 | \$ 1,039,450 |
| USA | 492,425 | 280,412 |
| Turkey | 64,418 | 303,713 |
| | \$ 1,572,883 | \$ 1,623,575 |

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

| | March 31, | December 31, |
|--------|-------------------|---------------------|
| | 2016 | 2015 |
| Canada | \$ 117,125 | \$ 108,603 |
| USA | 156,867 | 166,500 |
| Turkey | 41,077 | 47,755 |
| | \$ 315,069 | \$ 322,858 |

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

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

Three months ended March 31, 2016

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

15. SUPPLEMENTAL CASH FLOW INFORMATION

Non-cash financing and investing transactions:

| | Three months ended March 31, | |
|---|-------------------------------------|------------------|
| | 2016 | 2015 |
| Non-cash financing and investing transactions | | |
| Reclassification of losses from OCI into statement of loss | \$ 18,954 | \$ - |
| Stock based compensation within deferred exploration expenditures (Note 11) | 12,384 | 27,926 |
| | \$ 31,338 | \$ 27,926 |

16. RELATED PARTY TRANSACTIONS

In addition to the following, the Company's related parties include its subsidiaries, and associates over which it exercises significant influence. Transactions with the Company's associates are described at Note 8.

Oxygen Capital Corp

Oxygen is a private company owned by three directors and one officer of the Company. Oxygen provides services to the Company and provides access to technical personnel, office rental, the use of the assets including Information Technology infrastructure and other administrative functions on an as-needed basis that would not necessarily otherwise be available to Pilot Gold at this stage of the Company's development. Oxygen does not charge a fee to the Company, allocating all expenses at cost. Related party transactions during the period total \$205,111 in expenditures, reflected in the Company's consolidated statement of loss and comprehensive loss. As at March 31, 2016, Oxygen holds a refundable deposit of \$245,150 on behalf of the Company. Additionally, as at March 31, 2016 the Company held a payable to Oxygen of \$53,438. Amounts payable were settled subsequent to period end. See also Note 13 for details on commitments related to lease arrangements.

Compensation of key management personnel

Key management includes members of the Board, the President and Chief Executive Officer, the VP Exploration & Geoscience, the Chief Financial Officer & Corporate Secretary, and the Country Managers. The aggregate total compensation paid, is shown below:

| | Three months ended March 31, | |
|---|-------------------------------------|-------------------|
| | 2016 | 2015 |
| Salaries and other short-term employee benefits | \$ 223,106 | \$ 465,803 |
| Share-based payments | 337,046 | 379,673 |
| Total | \$ 560,152 | \$ 845,476 |