PILOT GOLD INC.
(AN EXPLORATION STAGE COMPANY)

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended December 31, 2013

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This Management's Discussion and Analysis, dated as of March 14, 2014, is for the year ended December 31, 2013 (the "MD&A"), and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2013 of Pilot Gold Inc. (in this MD&A, also referred to as "Pilot Gold", or the "Company", or "we", or "our", or "us"), the related notes thereto (together, the "Annual Financial Statements"), and other corporate filings, including our Annual Information Form for the year ended December 31, 2013, dated March 14, 2014 ("AIF"), available under Pilot Gold's company profile on SEDAR at www.sedar.com.

HIGHLIGHTS AND SIGNIFICANT SUBSEQUENT EVENTS

- Entered into an agreement with a syndicate of underwriters for the issuance of 13,072,000 common shares of the Company, on a bought deal basis, at a price of C$1.53 per Share for gross proceeds of C$20,000,160.
- TV Tower
  - Through the year ended December 31, 2013 incurred approximately $8.8 million in cash exploration expenditures and drilled 19,662 metres in 83 holes at the KCD target, 3,586 m in 17 holes at the Kayalı target and 1,329 m in 5 holes at the Karaayı target.
  - Completed an initial independent resource estimate for the KCD gold-silver-copper deposit. On a gold equivalence basis, the KCD resource estimate delineates an Indicated Mineral Resource of 996,000 gold equivalent "AuEq" ounces (23.06 Mt at 1.34 g/t AuEq) and an Inferred Mineral Resource of 351,000 AuEq ounces (10.77 Mt at 1.01 g/t AuEq)[1].
  - Acquired beneficial interest in the Karaayı property from Chesser Resources Limited. Karaayı is adjacent to TV Tower and is contiguous and on strike with the Kayalı target (together, referred to as "K2"). Consideration paid for Karaayı is eligible toward the earn-in at TV Tower.
  - Announced that drill results from the four-kilometre-long K2 trend reveal the presence of a blanket of supergene copper mineralization underlying oxide gold zones at the Karaayi and Kayali targets. Drilling and surface work have identified two or more copper-gold porphyry targets at K2. Highlights of the 2013 program, include:
    - Oxide gold mineralization:
      - Kayalı: 1.35 g/t Au over 45 m, including 15.9 g/t Au over 3 m, in KYD-46
      - Karaayı: 0.80 g/t Au over 119.8 m in KRD-03, including 2.00 g/t Au over 35.0 m
    - Supergene copper drill from K2:
      - 1.29% copper (Cu) over 34.1 m in KYD-39, including 1.90% Cu over 20.8 m
    - Karaayi Cu-Au porphyry target:
      - 0.30% Cu and 0.13 g/t Au over 224.8 m in KRD002
  - Received drill permits for the Sarp / Columbaz targets, and in January 2014, received approval for conversion to "operations" status of five of the exploration licenses that comprise TV Tower.
  - Satisfied the second milestone requirement toward earning-in to an additional 20% interest in TV Tower.
- Kinsley
  - Completed a 14,200 metre 2013 drill program and increased our interest in Kinsley to 79.1% as a consequence of sole funding the approximately $3.85 million 2013 exploration program.
  - Received an approved Plan of Operations allowing up to 70 acres of disturbance for exploration drilling on the core group of claims. We also submitted an amendment to the Plan of Operations in November 2013, which if approved, will allow 20 acres of additional exploration drilling in the property's northern claims.
  - Launched the 2014 drill campaign with the goal of extending and further defining Kinsley's high-grade and bulk-tonnage near-surface gold mineralization by targeting specific mineralized stratigraphic units and structures.
  - Reported a high grade gold discovery at Kinsley's Western Flank target and tested a new stratigraphic host horizon, including:
    - 10.5 g/t Au over 42.7 m in PK131C, including, 18.3 g/t Au over 22.9 m;
    - 7.53 g/t Au over 53.3 m in PK132C, including, 14.9 g/t Au over 22.9 m;
    - 8.46 g/t Au over 47.2 m in PK132C, including, 18.4 g/t Au over 16.8 m;
    - 6.85 g/t Au over 41.7 m in PK127C, including,16.3 g/t Au over 8.5 m, and, 20.5 g/t Au over 3.6 m; and
    - 8.53 g/t Au over 36.6 m in PK091CA, including, 29.43 g/t Au over 7.6 m.

[1] See footnote at page 6 for detailed disclosure relating to estimate

Management is responsible for the consolidated financial statements referred to in this MD&A, and provides officers' disclosure certifications filed with Canadian provincial securities commissions. The Company's Board of Directors (the "Board") approved the annual consolidated financial statements and MD&A.

This MD&A contains forward-looking statements that involve numerous risks and uncertainties. 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, or those described under the heading "*Risk Factors*" in our AIF, which can be found on Pilot Gold's SEDAR profile at www.sedar.com, and those set forth in this MD&A under the headings *"Cautionary Notes Regarding Forward-Looking Statements*" and "*Industry and Economic Factors that May Affect our Business"* materialize, or should underlying assumptions prove incorrect, then actual results may vary materially from those described in forward-looking statements.

The written disclosure of technical information in the MD&A has been approved by Moira Smith, Ph.D., P.Geo, Pilot Gold Chief Geologist, and a Qualified Person ("QP") for the purposes of National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("NI 43-101"). Readers are directed to the section "Scientific and Technical Disclosure" included within this MD&A.

Our reporting currency is the United States dollar ("$", or "USD"). All dollar figures in this MD&A are expressed in USD unless otherwise stated. As at December 31, 2013, the value of C$1.00 was $0.94[2].

OUTLOOK

Pilot Gold is focused on advancing high quality assets that host the key traits of economic mines: grade, scope, size potential and access to infrastructure in mining-friendly jurisdictions. Our key assets include interests in the TV Tower project, an evolving gold-silver-copper district with multiple targets and opportunities located in Turkey; and Kinsley Mountain in Nevada. Kinsley hosts a past-producing gold mine, permitted in August 2013 to allow extensive exploration in and around the historic pits, and further out into the property's Western Flank target. Kinsley hosts a stratigraphy, structure and mineralization-style common to other sediment-hosted gold systems in northeast Nevada. We also hold an interest in the Halilağa copper-gold porphyry deposit in Turkey and a portfolio of exploration projects in Nevada and Utah.

The Company is in the position of having two marquee projects and the capital to advance each during a time when exploration activities are being reduced, if not altogether curtailed, by many others in the sector. Despite ongoing capital challenges for exploration-stage companies and sometime adverse market conditions, we plan to continue executing efficient exploration programs designed to advance our key projects in Turkey and Nevada.

Through 2014, we anticipate the following at Kinsley, TV Tower and Halilağa:

Kinsley

Our planned 2014 exploration program includes 17,000 metres of core and reverse circulation ("RC") drilling and a budget of $4.5 million (our share of which is $3.54 million). The 2014 program has been designed to follow-up on high-grade gold results from a newly discovered stratigraphic host unit at the Western Flank and to test priority exploration targets on outlying areas, and if warranted, establish an initial resource estimate. Drilling in the winter program has already demonstrated that Kinsley can host high-grade mineralization. Upon receipt of an amendment to our Plan of Operations ("PoO"), we expect to begin an active program on the northern claim blocks which have never been drilled, and may seek to increase the 2014 budget.

TV Tower

We expect to begin the 2014 drill program in May. Mapping, sampling and target identification are already ongoing. Initially we plan to drill test the oxide gold, supergene copper blanket identified and the porphyry targets at K2 as follow-up to results through the end of 2013. This initial drilling will occur under our existing drill permits while we await approval of additional forestry permits. Specific objectives for the year include: (a) establishing the presence of two or more porphyry systems; (b) increasing confidence in the high-sulphidation epithermal gold oxide model at Kayalı; and (c) continue testing the extent of supergene copper mineralization. We expect also to undertake focused metallurgical testing to enhance our understanding of recovery potential at the Küçükdağ ("KCD") deposit, and will continue to focus on the identification and development of additional high quality targets across this 90 km^2 district-scale property. As of the date of this MD&A, there is approximately $5.48 million remaining to satisfy the final $9 million of the total $21 million expenditure requirement. With a successful program in 2014, including the receipt of additional drill permits, we anticipate completing the earn-in before year end, which will provide us an additional 20% of the project.

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

Halilağa

We plan to continue ongoing strategic studies including economic, metallurgical, hydrological, environmental and engineering analyses to validate and refine the conceptual economics and potential of this copper-gold porphyry project. We expect to continue working with Teck Madencilik Sanayi Ticaret A.Ş. ("TMST"), a subsidiary of Teck Resources Limited ("Teck"), our joint venture partner at Halilağa to enhance the value-potential and opportunity of Halilağa. We believe there are multiple outcomes available, all of which involve advancing the asset toward the next stage.

Portfolio

During the year ended December 31, 2013 we divested several exploration properties to third-parties, effectively reducing the attention and cost of maintaining those assets, while retaining an interest in those properties through net smelter return royalty interests ("NSR") or equity in the purchaser. We expect to continue to seek opportunities to generate opportunities from the portfolio through 2014.

OVERALL PERFORMANCE

Material exploration and development projects

Actual expenditures to the end of 2013 and the 2013 budgeted cash exploration and development expenditures for our material property interests are summarized in the following table:

		Our share (in $ '000s) of:			
Project	**Minerals**	**Actual cash expenditures for 2013**	**Budgeted expenditures for 2013**	**Budgeted expenditures for 2014**	**Pilot Gold ownership**
TV Tower	gold, silver, copper	**8,801**	7,922	4,064	40% (1)
Kinsley	Gold	**3,736**	3,388	3,521	79% (2)
Halilağa	copper, gold, molybdenum	**277**	241	191	40% (3)
Total		**12,814**	11,551	7,776	

(1) Pilot Gold is currently working to increase its ownership interest at TV Tower to 60% (from 40%) in accordance with an option agreement. The second of three minimum expenditure requirements was surpassed in September 2013. The Company is responsible for 100% of expenditures at TV Tower while earning-in and as of the date of this MD&A, must incur an additional $5.48 million (net of VAT receivable) prior to June 2015 to satisfy the minimum total expenditure requirement. TV Tower is held by Orta Truva Madencilik Sanayi ve Ticaret Anonim Şirketi ("Orta Truva") a Turkish Joint Stock Company. Our joint venture partner at Orta Truva is TMST.

(2) The Company's interest in Kinsley initially increased from 51% to 65%, pursuant to having notified Nevada Sunrise Gold Corporation ("NEV") on February 8, 2013 that we had met the initial and secondary earn-in expenditure requirements. The total budget approved by the Company and NEV for Kinsley for 2013 was $5.21 million. Consequential to NEV's election not to participate in the 2013 program and budget, pursuant to Pilot Gold's election not to fund what would otherwise have been NEV's share and further to having incurred allowable 2013 budget overruns, the Company's interest in Kinsley, with retrospective effect to January 1, 2013, is approximately 79.1%. The Company sole funded exploration through 2013.

(3) Amounts budgeted for 2013 and 2014 for Halilağa include Pilot Gold's share for the economic, metallurgical, hydrological, environmental and engineering analyses undertaken by Truva Bakır Maden İşletmeleri Anonim Şirketi ("Truva Bakır"), the joint venture entity that owns Halilağa. TMST is our partner in Truva Bakır. Each shareholder of Truva Bakır is also funding its proportionate share of legal costs associated with the Environmental Impact Assessment matter described in this MD&A.

Additional information about each of our material projects is also summarized in our AIF, and can be viewed at SEDAR at www.sedar.com.

We have no revenue-producing operations. During the year ended December 31, 2013, we incurred $18.5 million in exploration and administration expenditures (2013 budget: $18.3 million). Our remaining treasury is sufficient to satisfy the planned expenditures for 2014.

With the exception of the Kestane deposit at Halilağa and the KCD deposit at TV Tower: (i) the Company's exploration projects are early stage and do not contain any mineral resource estimates as defined by NI 43-101; (ii) the potential quantities and grades disclosed herein are conceptual in nature and (iii) there has been insufficient exploration to define a mineral resource for the targets disclosed herein. It is uncertain if further exploration will result in these targets being delineated as a mineral resource.

Kinsley **(79.1% owner and operator)**

Kinsley Mountain ("Kinsley") is a sediment-hosted gold property along the Long Canyon Trend with a stratigraphy, structure and mineralization-style common to other sediment-hosted gold systems in northeast Nevada. Comprised of 412 claims (3,322 hectares), the Kinsley property hosts a past-producing mine and exhibits near-surface mineralization similar to other Carlin-style, sediment hosted gold systems.

We acquired an earn-in option to Kinsley in 2011, and in completed in February 2013 completed our expenditure commitment to earn a 65% interest. The final issuance of Common Shares to Animas Resources Ltd. ("Animas"), as consideration for the acquisition of the Kinsley earn-in option was satisfied on September 20, 2013.

On August 14, 2013 Intor Resources Corporation ("Intor"), a subsidiary of NEV and our partner at Kinsley elected not to participate in the current year program. We elected not to fund what would have been Intor's share of the 2013 program. Accordingly, the revised budget at Kinsley was equal to what had previously been Pilot Gold's $3.39 million share. Commensurate with these elections, Pilot Gold's interest in Kinsley increased initially to approximately 78%, and subsequently to approximately 79.1%. Intor's remaining 20.9% interest may be subject to further dilution should it continue to elect not to fund its share of programs going forward.

The 2013 drill program commenced on July 16, 2013 with one drill on the limited remaining permitted area provided for by the prior year permit and ahead of receipt of the PoO. In August 2013 we received the approved PoO from the United States Interior Department's Bureau of Land Management (the "BLM") permitting disturbance over an area of approximately 70 acres in the southern third of the tenure. We immediately mobilized additional RC and core drill rigs to Kinsley and commenced a program designed to drill multiple targets beyond the previously disturbed areas on this past-producing property.

The originally planned 20,000 metre core and RC program for 2013 was delayed as we awaited receipt of an approved PoO. Despite a later-than-anticipated start to the program, we completed 14,200 metres in 58 holes, target tests, additional geophysical surveys, and property-wide surface exploration at Kinsley. On November 18, 2013 and on January 13, 2014, we reported drill results from the Western Flank target, highlights of which include:

- 8.53 g/t Au over 36.6 m in PK091CA, including 29.43 g/t Au over 7.6 m;
- 15.6 g/t Au over 3.0 m in PK083C;
- 5.00 g/t Au over 7.6 m and 4.71 g/t over 7.3 m in PK096C; and
- 6.34 g/t Au over 5.9 m in PK106C, including, 9.91 g/t Au over 3.4 m

Through December 31, 2013 we had capitalized approximately $3.85 million in direct expenditures at Kinsley (year ended December 31, 2012, $3.67 million). Expenditures included: drilling and assaying of: $1.9 million, salaries of $0.37 million and roadside preparation of $0.37 million. On October 24, 2013, upon formal conveyance of the mineral property interests into Kinsley Mountain LLC, a non-controlling interest was recognised, resulting in an increase to the carrying value of the property of $2.42 million. The non-controlling interest reflects the value attributed to NEV's contribution of property and assets to Kinsley Mountain LLC, based on NEV"s then-35% share of expenditures incurred.

In January 2014 we launched a $4.5 million, 17,000 m drill program. Intor has elected to participate in, and fund its pro rata share of the program. Initial results released in February and March further illustrate that gold at the Western Flank is hosted in multiple units.

Highlights from the 2014 drill program's first 7 holes, released February 27, 2014 and March 12, 2014 include:

- 6.85 g/t Au over 41.7 m in PK127C, including 16.3 g/t oxide Au over 8.5 m, and 20.5 g/t oxide Au over 3.6 m;
- 10.5 g/t Au over 42.7 m in PK131C, including, 18.3 g/t Au over 22.9 m; and
- 7.53 g/t Au over 53.3 m in PK132C, including, 14.9 g/t Au over 22.9 m; and 4.67 g/t Au over 7.6 m

The upper stratigraphic unit (Candland Shale) rises to the surface 500 metres to the south at the newly identified Right Spot target. Highlights from the Right Spot target released on March 12, 2014, include:

- 3.57 g/t Au over 11.5 m in PK130C, including 5.87 g/t Au over 3.1 m (oxide), starting at 5.2 m down-hole; and
- 0.89 g/t Au over 6.1 m and 0.58 g/t Au over 15.5 m in PK129C

Lower stratigraphic units hosting high-grade gold in the Western Flank target, including the Secret Canyon Shale, appear to surface a further 500 metres to the south of the Right Spot target, extending the potential for mineralization over a 1.5 kilometre trend.

The phase-two 2014 drill program is expected to commence in May 2014.

Further information relating to Kinsley is available in the technical report entitled: "*Technical Report on the Kinsley Project, Elko County, Nevada, U.S.A.*", dated March 26, 2012, effective February 15, 2012 and prepared by Michael M. Gustin, CPG, Moira Smith, Ph.D., P.Geo., and Kent Samuelson, available on SEDAR under Pilot Gold's issuer profile at SEDAR at www.sedar.com.

TV Tower (40% owner and operator)

The 9,065 hectare TV Tower gold-silver-copper property ("TV Tower") comprises nine contiguous licences and is located close to established infrastructure in northwestern Turkey. TV Tower boasts two gold discoveries to date, a silver-gold resource and multiple epithermal-type targets including KCD, Kayalı and Karaayı, each of which was drilled in 2013. In addition to remaining drill permits at KCD, Kayalı and Karaayı, we received forestry drill permits for the Sarp and Columbaz targets in October 2013, and have additional forestry drill permits pending. In January 2014, we received approval for conversion to "operations" status of five of the exploration licenses that comprise TV Tower.

Our current 40% interest in TV Tower is held through a shareholding in Orta Truva. TMST, a subsidiary of Teck is our joint venture partner at TV Tower.

On June 20, 2012, we became project operator of, and secured the right to acquire an additional 20% interest (to an aggregate of 60%) in, Orta Truva, and thus indirectly, a further 20% of TV Tower (the "TV Tower Earn-in") pursuant to a joint venture and earn-in agreement (the "TV Tower Agreement"). Pilot Gold's current interest in Orta Truva will remain unchanged at 40% until we complete the earn-in requirements. Upon satisfaction of the TV Tower Earn-in we will remain the operator so long as we remain the majority owner.

To acquire the additional 20% interest, Pilot Gold must incur $21 million in eligible exploration expenditures ("Eligible Expenditures") over three years from June 20, 2012. The Company must also issue Pilot Gold common shares ("Common Shares") to TMST upon attainment of certain milestones, and may be required to make a one-time cash payment to TMST upon completing the $21 million expenditure requirement (the "Additional Consideration") depending upon the size of the then delineated gold resource at TV Tower outlined by a NI 43-101 technical report. The Company completed the $7-million second year minimum expenditure in September 2013, and as of the date of this MD&A, has approximately $5.5 million remaining to complete the final expenditure requirement. Expenditures during the year included: drilling and assay expenses of $4.86 million, salaries of $1.28 million and consultant's costs of $0.78 million. We issued a total of 3,275,000 Common Shares to TMST in connection with the TV Tower Agreement and have no requirement to issue further Common Shares.

On September 5, 2013 we announced a transaction to acquire the 1,956 hectare Karaayı property from Batı Anadolu Madencilik Sanayi ve Ticaret A.Ş. ("Batı Anadolu"), a Turkish subsidiary of Chesser Resources Limited ("Chesser"), a company listed on the Australian Securities Exchange. Pursuant to the acquisition agreement, Orta Truva acquired Karaayı in exchange for: 1,250,000 Common Shares and $300,000 in cash. Consistent with the structure of the TV Tower Agreement and in order for consideration to be included as an Eligible Expenditure, the acquisition was financed by Pilot Gold. The value of the Common Shares and the cash component were contributed pro-rata to the current interest of TMST (60%) and that of the Company (40%) in Orta Truva. The Common Shares were issued as 625,000 to Chesser upon execution of the acquisition agreement (subject to a four-month hold), 312,500 held in escrow to be released at the six month anniversary of execution and 312,500 held in escrow to be released at the one year anniversary of execution.

Until conveyance of title in Turkey is completed, the license will be held in trust and for the benefit of Orta Truva. Orta Truva is operator at Karaayı during the conveyance period and in turn, pursuant to the TV Tower Agreement, Pilot Gold will undertake and oversee all exploration activities at the property. Exploration expenditures at Karaayı incurred by Pilot Gold qualify as Eligible Expenditures. There are approximately 100 permitted drill sites on the license. A subsidiary of Eldorado Gold Corporation holds a 2.5% NSR on Karaayı.

Kayalı- Karaayı (K2)

The discovery hole at the bulk tonnage, oxide gold Kayalı target (KYD-01) returned 114.5 metres averaging 0.87 g/t gold in oxide. A 3,586 metre drill program was completed at Kayalı and 1,329 metres of drilling at Karaayı in November 2013.

The recently acquired Karaayı license is on trend with the Kayalı target. Initial infill mapping and soil and rock sampling by Pilot Gold, between Kayalı and Karaayı, demonstrated the presence of a contiguous oxide gold-mineralized system stretching four kilometres, linking the two targets (collectively called, "K2") and providing a significant extension to the mineralized zones at Kayalı.

Initial drill results[3], demonstrating strong continuity of oxide gold mineralization include:

- 15.9 g/t Au over 3 m, within an interval grading 1.35 g/t Au over 45 m in KYD-46;
- 0.60 g/t oxide Au over 81.0 metres, within an interval grading 0.41 g/t Au over 147.7 metres, in KYD-39.
- 0.80 g/t Au over 119.8 m in KRD-03, including 2.00 g/t Au over 35.0 m.
- 1.96 g/t Au over 33.1 m in KYD-51, including 3.42 g/t Au over 17.4 m.

[3] reported November 1, 2013, January 9, 2014 and January 13, 2014

On January 21, 2014 we released drill results revealing the presence of an extensive blanket of supergene copper mineralization underlying the gold oxide zones and likely derived from copper minerals originally deposited with, and subsequently leached from, the gold mineralization. Drilling and surface work also identified two or more copper-gold porphyry targets at K2. Highlights of drill results include:

- Supergene copper zone :
  - 1.29% copper ("Cu") over 34.1 metres in KYD-39, including 1.90% Cu over 20.8 m; and
  - 0.35% Cu over 65.0 m in KYD-43
- Karaayı Cu-Au porphyry target:
  - 0.30% Cu and 0.13 g/t Au over 224.8 m in KRD002

The supergene copper zone at Kayalı is up to 300 metres wide and 60 metres thick, and appears, based on limited drilling, to extend intermittently over the length of the K2 gold zone.

Karaayı – Environmental Impact Assessment (update)

Similar to that which is described in this MD&A relating to the Halilağa copper-gold porphyry ("Halilağa"), subsequent to the receipt of an approved Environmental Impact Assessment ("EIA") report from the Ministry of Environment and Urban Planning in Turkey (the "Ministry"), the governmental department responsible for approving such reports, the Ministry was served a legal petition by certain claimants in Turkey to annul its approval of the Karaayı EIA. The petition filed with the Çanakkale Administrative Court (the "Court") names the Ministry as the respondent and does not name any of Orta Truva, Batı Anadolu, Chesser or Pilot Gold. The petition also requested suspension of any activities contemplated in the EIA. Batı Anadolu has been recognized by the Court as an interested party to the proceedings allowing it to contribute materials in defence of the Ministry's approval of the EIA. Pursuant to the structure outlined in the agreement to acquire Karaayı, Orta Truva and Batı Anadolu will work together as interested parties to the proceedings.

Following judicial discovery, on November 20, 2013, the Court upheld the validity of the Ministry's approval of the EIA report, pending an administrative hearing (the "Hearing"). The Court also awarded a temporary stay of execution suspending the EIA and thus also any activities contemplated therein, pending a ruling at the Hearing. In a two-to-one decision, the Court has also concluded that notwithstanding the validity of the (temporarily suspended) EIA report, certain additional analyses must be included in an amended EIA report, including an analysis of the cumulative environmental impact of the Karaayı test pit when examined along with all other contemplated activities summarized in EIA reports submitted in the greater Çanakkale area. The Court's basis for the stay of execution does not relate to concerns with any technical aspect of the EIA-contemplated Karaayı test-mining operation. Because the temporary stay of execution relates only to the designated area contemplated by the EIA, there has been, and is no impact or restriction on Pilot Gold to continue planned exploration activities at Karaayı outside of the area contemplated in the EIA.

In December 2013, the Ministry appealed the temporary stay of execution to the District Administrative Court at Edirne, Turkey (the "Edirne Court") and formally challenged the Court's decision to include a "cumulative impact assessment" requirement on the basis that there had not previously been any requirement to include such an assessment in an EIA report. The appeals from the Ministry on both items were rejected by this appellate court on December 30, 2013.

The Hearing took place on March 7, 2014, with results expected in 2-3 weeks. A ruling to deny the Plaintiffs' claim would likely see the lifting of the temporary stay of execution, and formal recognition of the validity of the EIA. A ruling to require a revised EIA may require the inclusion of a "cumulative impact assessment", and would effective annul the existing EIA.

Pilot Gold does not believe there to be any threat to the validity of tenure. There is no legal impediment to prevent ongoing exploration activities outside of the EIA-contemplated area; even if successful and the EIA is annulled, Orta Truva and Batı Anadolu would submit a new EIA in conformity with the revised requirements.

Küçükdağ (KCD)

Drilling at KCD, located in the northeast of TV Tower, returned some of the highest-grade gold, silver and copper drill intercepts ever reported in northwestern Turkey, including 5.94 g/t gold, 12.6 g/t silver and 0.53% copper over 137.1 metres in KCD-39 and 227 g/t Au over 12.0 metres in KCD-50.

In January 2014 we published an initial independent resource estimate that delineates an Indicated Mineral Resource of 996,000 gold ("AuEq") equivalent ounces (23.06 Mt at 1.34 g/t AuEq) and an Inferred Mineral Resource of 351,000 AuEq ounces (10.77 Mt at 1.01 g/t AuEq). The initial KCD resource[4] based on results from 37,860 metres of drilling in 169 drill holes through 2013, and with an effective date of November 6, 2013, comprises:

		Tonnes	Au	Ag	Cu	AuEq	Metal (x10^3)		
		(x10^6)	(g/t)	(g/t)	(%)	(g/t)	Au(oz)	Ag(oz)	Cu(lb)
Gold Zone	Indicated	11.62	1.22	8.8	0.23	1.74	456	3,298	59,470
	Inferred	1.70	0.85	8.5	0.15	1.23	46	464	5,591
Silver Zone	Indicated	11.44	0.04	46.7	0.08	0.94	14	17,182	19,388
	Inferred	9.08	0.02	52.7	0.05	0.97	6	15,367	9,292
Total	**Indicated**	**23.06**	**0.63**	**27.6**	**0.16**	**1.34**	**470**	**20,479**	**78,859**
	Inferred	**10.77**	**0.15**	**45.7**	**0.06**	**1.01**	**53**	**15,831**	**14,883**

This analysis shows that the deposit is comprised of discrete gold-rich and silver-rich zones. The Silver Zone measures 600 x 600 metres at surface and remains open for expansion to the north and northwest.

Preliminary metallurgical testing, encompassing leach and concentrate tests of oxide and sulphide material, is still ongoing and very preliminary in nature. To date, this testing shows a wide range of recoveries by material type. In 2014, KCD will continue to progress through ongoing metallurgical testing and preliminary engineering in 2014.

From January 1, 2013 to December 31, 2013, we incurred $10.2 million in Eligible Expenditures at TV Tower (year ended December 31, 2012: $4.77 million), including management fees and the value of consideration to acquire Karaayı ($1.6 million). Cash expenditures at TV Tower (including Karaayı) exceeded that property's 2013 budget of $7.92 million by approximately $0.88 million due to higher than anticipated drill costs as we drilled a higher proportion of diamond drill holes than originally planned and extended the 2013 program to include drill targets at Karaayı. We completed the 2013 drill program at TV Tower, with approximately 22,800 metres of exploration drilling at several targets.

Further information relating to TV Tower is available in the technical report entitled: "Independent Technical Report for the TV Tower Exploration Property, Çanakkale, Western Turkey", effective January 21, 2014 and dated February 20, 2014, prepared by Casey M. Hetman, P.Geo. with SRK Consulting (Canada) Inc. ("SRK"), James N. Gray, P. Geo. of Advantage Geoservices Ltd., and Gary Simmons, BSc, Metallurgical Engineering, of G L Simmons Consulting, LLC. For further detail on the TV Tower Agreement refer to the TV Tower Agreement. The Updated Technical Report on the TV Tower Exploration Property and the TV Tower Agreement are each available under Pilot Gold's issuer profile at SEDAR at www.sedar.com.

[4] The resource estimate was completed by James N. Gray, P.Geo. of Advantage Geoservices Ltd., an Independent Qualified Person as defined by NI 43-101 in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") Standards on Mineral Resources and Mineral Reserves, adopted by the CIM Council, as amended.

Quality-control data generated during the various drill programs conducted at KCD, were independently verified by SRK, as part of the project review. The resource model consists of a detailed three-dimensional geological model including lithological domains and structural domains derived from 25 metre-spaced sections. These, in turn, were used to constrain the interpolation of gold, silver and copper grades. Block grades were estimated by ordinary kriging. Blocks measure 10 x 10 x 5 metres. A total of 26,173 individual assay intervals averaging 1.4 metres in length were composited into a total of 12,981 composite intervals of 3 metre length. Gold, silver and copper assay data were reviewed statistically to determine appropriate grade capping levels by domain. A total of 71 gold assays, 48 silver assays and 33 copper assays were capped prior to compositing based on the evaluation of probability plots by major rock type. In addition to the capping of assay data, the impact of anomalously high gold values was controlled by restricting their range of influence in the estimation process.

For mineralization in the Gold Zone to be classified as Indicated the following criteria were used: two holes within 25 metres *or* three holes within 36 m. Indicated classification for the Silver Zone is based on a minimum of two holes within 35 metres *or* three holes within 50 metres. All other material within the pit shell was classified as Inferred. The mineral resources are confined within a Whittle pit shell generated by SRK to ensure reasonable prospects of economic extraction.

The pit shell was based on the following parameters: Au: $1,335/oz; Ag: $22/oz; Cu: $3.60/lb; Mining: $2.00/t; Milling, General and Administrative and sustaining CapEx: $15/t milled; Recovery: Au and Ag = 75%; Cu = 70%; Overall pit slope: 50°. At a 0.5 g/t AuEq cut-off, the strip ratio is 1.47:1. Tonnage estimates are based on 6,027 density measurements which were used to assign average values to lithologic domains of the block model. Bulk density for the main KCD gold mineralized rock unit averages 2.38 tonnes/m^3.

Halilağa **(40% owner, and non-operator)**

Halilağa is located 20 kilometres southeast of TV Tower, with a preliminary economic assessment (the "Halilağa PEA") illustrating, within the very preliminary parameters of a PEA, that conceptually Halilağa may support a straightforward open pit mine utilizing conventional milling and flotation for recovery of copper and gold[5]. Although preliminary in nature and derived from broad, factored assumptions, management believes that Halilağa has the potential to be a compelling development project, demonstrating the possible:

a) economic benefits of the higher grades of copper and gold at surface, and
b) benefits of available and proximate infrastructure for mine development.

The Company's interest in Halilağa is held through a 40% shareholding in Truva Bakır Maden İşletmeleri Anonim Şirketi ("Truva Bakır"). TMST is project operator and holds the remaining 60% of this Turkish entity.

Since the release of the Halilağa PEA, Truva Bakır has engaged engineering, metallurgical and financial consultants to perform desktop analyses of potential economic benefits that could be derived from alternative inputs and estimates to those illustrated in the Halilağa PEA.

From January 1, 2013 to December 31, 2013, our share of expenditures at Halilağa was $0.28 million (year ended December 31, 2012: $1.63 million). Expenditures incurred reflect costs associated with the ongoing strategic studies and legal costs relating to the matter described under, "*Halilağa Permitting Update*", in this MD&A.

For further details on the Halilağa PEA, refer to the Company's AIF, and the NI 43-101 technical report, entitled "*Preliminary Economic Assessment Technical Report for the Halilağa Project, Turkey*", dated August 27, 2012, prepared by Gordon Doerksen, P. Eng of JDS Energy and Mining Inc.; Dino Pilotto, P.Eng and Maritz Rykaart, P.Eng of SRK Consulting (Canada) Inc.; Kevin Scott, P.Eng of Ausenco Solutions Canada Inc.; Garth Kirkham, P.Geo. of Kirkham Geosystems Ltd.; and James Gray, P.Geo. of Advantage Geoservices Ltd. A copy of the Halilağa PEA is available on Pilot Gold's website at www.pilotgold.com and under the Company's profile on SEDAR at www.sedar.com.

Halilağa Environmental Impact Assessment (update)

In 2012, as part of its application to renew and advance certain exploration licenses that comprise Halilağa, Truva Bakır was awarded an approved EIA report from the governmental department responsible for approving such reports. Truva Bakır was subsequently informed that the Ministry had been served a legal petition by certain claimants in Turkey to annul the Ministry's approval of the EIA report. The petition filed with the Court names the Ministry as the respondent and does not name Truva Bakır or its shareholders. The petition also requests suspension of any activities contemplated in, and limited to the area defined by, the EIA, by way of an interim decision from the Court. Truva Bakır has been recognized by the Court as an interested party to the proceedings allowing it to contribute materials in defence of the Ministry's approval of the EIA.

Following judicial discovery, on November 20, 2013, the Court upheld the validity of the Ministry's approval of the EIA report, pending a Hearing. The Court also awarded a temporary stay of execution suspending the EIA and thus also any activities contemplated therein, pending a ruling at the Hearing. In a two-to-one decision, the Court has also concluded that notwithstanding the validity of the (temporarily suspended) EIA report, certain additional analyses must be included in an amended report, including an analysis of the cumulative environmental impact of the proposed adit at Halilağa when examined along with all other contemplated activities summarized in EIA reports submitted in the greater Çanakkale area. The Court's basis for the stay of execution does not relate to concerns with any technical aspect of the proposed bulk sample exercise at Halilağa. Because the temporary stay of execution relates only to the designated area contemplated by the EIA, there has been, and is no impact or restriction on Pilot Gold to continue planned exploration activities at Halilağa outside of the area contemplated in the EIA.

In December 2013, the Ministry appealed the temporary stay of execution to the Edirne Court and formally challenged the Court's decision to include a "cumulative impact assessment" requirement on the basis that there had not previously been any requirement to include such an assessment in an EIA report. The appeals from the Ministry on both items were rejected by this appellate court on December 30, 2013.

The Hearing took place on March 7, 2014, with results expected in 2-3 weeks. A ruling to deny the Plaintiffs' claim would likely see the lifting of the temporary stay of execution, and formal recognition of the validity of the EIA. A ruling to require a revised EIA may require the inclusion of a "cumulative impact assessment", and would effective annul the existing EIA.

[5] The Base Case described in the Halilağa PEA was prepared based on a gold price of $1,200 / oz and a copper price of $ 2.90 / lb.

Pilot Gold does not believe there to be any threat to the validity of tenure. There is no legal impediment to prevent ongoing exploration activities outside of the EIA-contemplated area, and even if successful and the EIA is annulled, the Company expects that Truva Bakır would submit a new EIA in conformity with the revised requirements. We furthermore note that the revised EIA report would also contemplate the project outlined in Halilağa PEA, or some other optimized illustrative mine plan.

Further detail relating to the EIA process, and related risks is described in our AIF, filed under the Company's profile on SEDAR at www.sedar.com.

Other property interests

Regent

The Company sold 100% of the Regent exploration property to Rawhide Mining LLC ("RMC") for $3 million in cash (the "Regent Agreement"). The initial $2 million cash payment was received on closing, and the remaining $1 million cash payment was received on July 8, 2013.

Pursuant to the Regent Agreement, Pilot Gold retains a net profits royalty of 15% (the "Regent NPR") on Regent and is entitled to a sliding scale gold equivalent bonus payment (the "Regent Gold Bonus"), each of which is payable in certain circumstances after RMC has achieved production at Regent.

The Regent NPR is calculated on net profits from Regent, after RMC recovers the $3 million in payments made to Pilot Gold and its development costs to take Regent to production.

There are no NI 43-101 compliant resources or reserves at Regent. There is no certainty that any amount relating to the NPI or Regent Gold Bonus will be realized. Accordingly, the Company has not recorded an asset relating to the NPI, or the Regent Gold Bonus.

Gold Springs

On August 2, 2013 we sold our remaining 17.5% interest in Gold Springs LLC, the Nevada partnership entity that holds the Gold Springs project, to a subsidiary of High Desert Gold Corporation ("High Desert"), our then partner at Gold Springs. The determination to rationalize our interest follows our decision during the first quarter of 2013 to cease financial participation in the exploration program at Gold Springs in order to focus on the Company's material exploration property interests.

As consideration we received common shares of High Desert representing a 7.5% equity interest in that company. On December 20, 2013, South American Silver Corp ("SASC") completed a plan of arrangement with High Desert under which High Desert shareholders received 0.275 of a new SASC common share for each High Desert common share previously held.

Griffon

On August 1, 2013, Pilot Gold agreed to purchase a 100% interest in the Griffon gold property (the "Griffon Purchase Agreement") from Nevada Clean Magnesium Inc. The Griffon Purchase Agreement replaces an option agreement that had provided the Company the ability to earn-in to an initial 60% of the Griffon property (the "Griffon Earn-in Agreement"). Consideration paid by Pilot Gold under the Griffon Purchase Agreement to replace the Griffon Earn-in Agreement and acquire 100% of Griffon, was 180,000 Common Shares. The Company incurred $0.30 million in expenditures (comprised of consideration to replace the Griffon Earn-in Agreement and cash expenditures of $0.10 million) on Griffon in 2013 ($0.36 million incurred through the year ended December 31, 2012), with the majority directed at preparing this property for a potential future drill campaign.

Anchor

In September 2013 we entered into a farm-out arrangement of the Anchor exploration property (the "Anchor Agreement"), granting an option to a subsidiary of Desert Star Resources Corporation ("DSR") to earn an initial 51% interest, with a further option to increase its interest to 65%. In return, we receive staged payments of common shares of DSR and their commitment to incur minimum annual expenditure requirements on the property.

Buckskin North, Cold Springs and New Boston

The Company disposed of the Buckskin North, Cold Springs and New Boston exploration properties to a private company in exchange for a 2% NSR royalty on each property. The Company had previously determined to write-down the value of each of these properties as they no longer met the profile for continued retention in our portfolio.

SELECTED FINANCIAL INFORMATION

Management is responsible for the consolidated financial statements referred to in this MD&A, and provides officers' disclosure certifications filed with Canadian provincial securities commissions. The Board reviews and approves the Annual Financial Statements and MD&A.

The Annual Financial Statements have been prepared using accounting policies in compliance International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee. Our significant accounting policies are presented in Note 3 of the Annual Financial Statements; we followed these accounting policies consistently throughout the year. Details of new accounting standards, effective the reporting period beginning January 1, 2013, and their effect on the financial information can be found in Note 5 of the Annual Financial Statements. No material changes were noted. We have elected to defer all exploration and evaluation expenditures relating to our mineral exploration property interests.

The financial data presented below for the current and comparative periods was prepared in accordance with IFRS. Because Pilot Gold Inc. raises its financing and incurs head office expenses in Canadian dollars, it has been determined to have a Canadian dollar functional currency. In order to enhance comparability with our peers and as a better representation of the principal currency used by the mining and mineral exploration industry, the presentation currency of our Annual Financial Statements is USD.

The Company's operations are in one industry – the exploration for gold, copper and other precious and base metals. At December 31, 2013, Pilot Gold has three geographic locations: 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.

The selected period information and summary of financial results in this MD&A should be read in conjunction with the Annual Financial Statements.

Results of Operations

The following financial data (in millions, except per share data) are derived from our condensed consolidated financial statements for the years ended December 31, 2013, 2012 and 2011:

	2013	2012	2011
Total revenues	-$nil	-$nil	-$nil
Net loss for the year and attributable to shareholders	$9.14	$8.02	$11.84
Basic and diluted loss per share and attributable to shareholders	$0.10	$0.12	$0.21

Fiscal year ended December 31, 2013 vs. fiscal year ended December 31, 2012

The most significant contributors to the loss for the year ended December 31, 2013, was (i) non-cash stock based compensation expenses of $2.28 million, (ii) wages and benefits of $1.73 million, (iii) a write down of the deferred exploration expenses relating to the New Boston property of $1.28 million, (iv) a decline in the fair value of financial instruments of $1.58 million and (v) office and general expenses of $1.28 million. Expenses for the year ended December 31, 2013 were offset by finance income of $0.36 million and foreign exchange gains of $0.24 million. There were no losses attributable to the non-controlling interest.

The most significant contributors to the loss for the year ended December 31, 2012 were the cost of wages and benefits of $2.13 million, stock based compensation $1.72 million and office and general expenses of $1.34 million. Expenses for the year ended December 31, 2012 were offset by the reversal of a previous impairment of the VAT receivable in Turkey ($0.31 million).

Where practical, the Company has continued to reduce costs relating to general and administrative activities as well as other non-property related activities in an effort to direct capital to activities at TV Tower and Kinsley.

Stock-based compensation

Stock based compensation expense, arising from the vesting of granted employee stock options to purchase Common Shares ("Options") for the year ended December 31, 2013, totaled $2.28 million (December 31, 2012: $1.72 million). This total does not include amounts recorded as part of property investigation expense or capitalized to mineral properties ($0.14 million collectively for the year ended December 31, 2013) (December 31, 2012: $0.47 million). The expense is higher in the current year as compared to 2012 as a reflection of a Company-wide grant of Options in January 2013, whereas a similar such grant was made in June 2012. 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.

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 the 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.

Wages and benefits

In the year ended December 31, 2013, Pilot Gold recorded $1.73 million (December 31, 2012: $2.13 million) to wages and benefits expense. The balance of wages and benefits is lower than in the comparative period, despite salary increases to our employees, in part because a portion of the cost of personnel providing services to the Company is now allocated amongst a group of companies pursuant to a management services agreement (the "Oxygen Agreement") with Oxygen Capital Corp. ("Oxygen") effective August, 1 2012 (see also in this MD&A, "Related Party Transactions"). The expense through December 31, 2013 is consequentially also lower than the amount budgeted for wages and benefits for the year not attributable to deferred exploration ($2.16 million).

Consistent with our accounting policies relating to the capitalization of exploration expenditures, in any period a significant portion of our remuneration costs are capitalized to our exploration properties based on the nature of work undertaken. Wages and benefits included on our statement of loss reflect only those costs not attributable to either exploration on specific projects, or property investigation. During the year ended December 31, 2013, we capitalized $0.48 million (December 31, 2012: $0.73 million) in wages and benefits to our property interests and $0.07 to property investigation (December 31, 2012: $0.18 million) with $1.28 million in wages relating to the TV Tower property capitalised to the Earn-in Option and investment in associates.

Office and general

There was a decrease in office and general expenditures during the year ended December 31, 2013 ($1.28 million) as compared to the year ended December 31, 2012 ($1.34million). Office and general expenditures reflect activities at our offices in Canada and the United States and have to date been positively impacted from our effort to reduce overhead costs, including savings realized though the allocation of costs amongst the entities receiving administrative and technical services from Oxygen (beginning August 1, 2012).

Write-down of mineral property interest

During the year ended December 31, 2013, the Company wrote down the value of deferred exploration expenditures relating to the New Boston ($1.28 million), and Buckskin North ($0.09 million) properties further to a review and prioritisation of the Company's portfolio of mineral property assets. Buckskin North had been classified as an asset held for sale on our statement of financial position as at December 31, 2012. During the comparative year, five of the Company's mineral properties were written down to an aggregate of $1.52 million. There were no indicators of impairment on the Company's other assets at December 31, 2013.

Financial instruments

The balance of our derivative financial instruments includes 1,000,000 share purchase warrants of Rae-Wallace ("RW Warrants") and 312,500 NEV Share purchase warrants, both determined to have nil value. During the year ended December 31, 2012, the impairment of our available-for-sale financial assets consisting of 625,000 common shares of NEV ("NEV Shares") and 3,895,100 Rae-Wallace shares were recognized in the statement of loss.

In the year ended December 31, 2013 the fair value of our investments in the shares of Rae-Wallace and of Global Resources Corporation Ltd. ("GRCL") were determined to be nil resulting in a write down to the statement of loss. Our 17.5% interest in Gold Springs LLC was also written down to realisable value prior to being disposed of in exchange for 6,058,667 shares in High Desert. The shares in High Desert were subsequently exchanged for 1,668,058 shares in SASC subsequent to a plan of arrangement between High Desert and SASC. The receipt of the SASC shares led to a $0.19 million gain, recognised in our statement of loss.

Changes to the fair value of our derivative and impaired available-for-sale financial instruments are recorded to income (loss) in each period. The value of share purchase warrants is determined using the Black-Scholes option-pricing model. In estimating the value of the warrants, we make assumptions about the volatility of underlying share prices of the shares and warrants held 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. The fair value of our impaired available-for-sale financial instruments is determined through their quoted price on the exchanges on which they are listed. Losses recognized to date arising from impairments were recognized in the statement of loss rather than as a component of other comprehensive loss.

Professional Fees

Professional fees comprise primarily of legal, audit and accounting costs. Professional fees in the year ended December 31, 2013 of $0.65 million are higher than the prior year ($0.37 million), as a reflection of increased corporate activity during 2013 to evaluate strategic opportunities and capitalize on current market weakness as we sought to expand our portfolio of property interests in the United States and Turkey.

Investor relations, promotion and advertising

Costs associated with investor relations, promotion and advertising activities during the year ended December 31, 2013 were 8% lower than in the comparative period primarily reflecting efforts to reduce non-exploration expenditures and the absence in 2013 of costs associated with the rebranding and website re-launch that occurred in 2012.

Property investigation

Property investigation related expenditures are expensed until a new project is acquired or the rights to explore the property have been established. Property investigation costs, which include the costs of due diligence and exploration of projects under investigation for acquisition, decreased by 68% to $0.18 million in the year ended December 31, 2013 (2012: $0.56 million). Project investigation and generative exploration are a core part of our business and growth strategy and although we reduced our efforts in 2013, we remain active in identifying projects that will enhance our growth pipeline. The completion of the TV Tower Agreement, effective June 20, 2012, and the earn-in at Kinsley provided us with the opportunity to shift our focus to our existing projects, reducing the cost attributable to property investigation.

Other comprehensive loss

The net balance of other comprehensive loss consists of the impact of exchange gains and losses from the exchange differences on the translation of our foreign operations with a non-USD functional currency as well as the fair value gains and losses on our unimpaired available-for-sale financial assets.

For the year ended December 31, 2013 the impact of foreign exchange was a loss of $3.49 million (2012: $0.69 million gain). The impact from exchange differences will vary from period to period depending on the rate of exchange. In the period between January 1, 2013 and December 31, 2013, there was a 7.31% decrease in the United States dollar against the Canadian dollar.

Fiscal year ended December 31, 2012 vs. fiscal year ended December 31, 2011

The most significant contributors to the loss for the year ended December 31, 2012 were the cost of wages and benefits of $2.13 million (December 31, 2011: $1.20 million), stock-based compensation of $1.72 million (December 31, 2011: $5.90 million) and office and general expenses of $1.34 million (December 31, 2011: $1.24 million). The loss per share for the year ended December 31, 2012 was $0.12 (December 31, 2011: $0.21 million). Expenses for the year ended December 31, 2012 were offset by the reversal of a previous impairment of the VAT receivable in Turkey ($0.31 million).

Wages and benefits

In the year ended December 31, 2012, Pilot Gold recorded $2.13 million (December 31, 2011: $1.20 million) to wages and benefits expense. The balance of wages and benefits has increased when compared to the prior year, reflecting the April 2011 start date for many of our employees – reducing the total cost in the comparative period, as well as a result of an annual wage increase awarded to the majority of our team effective January 2012. Our 2012 budget for wages and benefits not attributable to deferred exploration was $2.1 million. The expense through December 31, 2012 is generally consistent with the amount budgeted and includes compensation expenses invoiced by Oxygen in accordance with a management services agreement the Company entered into with effect of August 1, 2012. The comparative period includes an allocation of wages and benefits costs of those employees of Fronteer Gold Inc. ("Fronteer") providing services to the Company and working on our assets, as employment relationships with the majority of our personnel began after March 30, 2011. Prior to this date, Pilot Gold had no employees and no related cash flows.

Consistent with our accounting policies relating to the capitalization of exploration expenditures, in any period a significant portion of our remuneration costs are capitalized to our exploration properties based on the nature of work undertaken. Wages and benefits included on our statement of loss reflect only those costs not attributable to either exploration on specific projects, or property investigation. During the year ended December 31, 2012, we capitalized $0.73 million (December 31, 2011: $0.49 million) in wages and benefits to our property interests.

Stock-based compensation

For the year ended December 31, 2012, $1.72 million was expensed for stock-based compensation (December 31, 2011: $5.90 million). This total does not include amounts recorded as part of property investigation expense ($0.23 million), or capitalized to mineral properties ($0.24 million). Despite a Company-wide grant of Options in 2012, stock-based compensation is lower than in the comparative year as a significant number of Options granted as part of the "Initial Option Grant" (being the Company-wide grant of Options to directors, management, employees and certain significant contractors of the Company shortly after the listing of our Common Shares) vested in April 2011, and neither the Option grant in 2012, nor the number of Options vesting in the current year were as large.

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 the 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.

Office and general

In the year ended December 31, 2012, office and general expenditures reflecting activities at our offices in Canada, the United States and Turkey, amounted to $1.34 million (December 31, 2011: $1.24 million). Expenses reported that relate to the comparative period include ramp-up costs following our initial public listing in April 2011 and costs allocated to the Company in accordance with continuity of interest accounting in the first three months of 2011. Our 2012 budget for office and general expense was $1.11 million. The expense through December 31, 2012 is higher than the amount budgeted as a result of additional costs incurred relating to our website re-launch, replenishment of office supplies, and renewals for software and subscriptions. For a portion of 2012, certain of our office-related costs were offset by recoveries from Blue Gold Mining Inc., further to an administrative services agreement with that company. As of August 1, 2012, office and general comprises primary expenses recharged to the Company by Oxygen.

Property investigation

In the year ended December 31, 2012, the Company incurred property investigation costs of $0.56 million (December 31, 2011: $1.71 million). Costs of property investigation are expensed until a new project is acquired or the rights to explore the property have been established. During 2012 we began to shift focus to our current projects, reducing the cost attributable to property investigation.

The TV Tower Agreement, effective June 20, 2012, specifies that Eligible Expenditures incurred beginning January 1, 2012 qualify toward earn-in. Because $0.31 million in Eligible Expenditures were originally recorded to property investigation during Q1 2012, this amount was reversed accordingly and recorded to the Earn-in Option for TV Tower.

Write-down of mineral property interest

During the year ended December 31, 2012 the Company wrote-down the value of deferred exploration expenditures relating to the Hannapah, Baxter Springs, Cold Springs, Sandy and Yuntdağ exploration properties, further to a review and prioritisation of the Company's portfolio of mineral property assets. A total of $0.54 million in deferred exploration expenditures were recorded to the consolidated statement of loss at December 31, 2012 as a result. Further to an assessment of the fair value less costs to sell relating to the anticipated sale of Regent and of Buckskin North shortly after year end, $0.98 million was written down at December 31, 2012, with the remaining balance of deferred exploration costs relating to these two properties being the estimated recoverable amount. Regent and Buckskin North were classified as assets held for sale on our statement of financial position at December 31, 2012. There were no indicators of impairment on the Company's other assets. These write-downs and the subsequent disposal of Regent had no effect on continuing operations.

Financial instruments

The balance of our derivative financial instruments includes 1,000,000 RW Warrants acquired pursuant to the Fronteer Arrangement (as defined in this MD&A) and 312,500 and NEV Share purchase warrants ("NEV Warrants").

Changes to the fair value of our derivative financial instruments are recorded to income (loss) in each period. The value of share purchase warrants is determined using the Black-Scholes option-pricing model. As it relates specifically to the RW Warrants, the estimate of fair value has been determined by looking at comparable corporations listed on a recognized exchange.

On February 14, 2012, the Company agreed to purchase, 625,000 units of NEV at a price of C$1.20 per NEV Unit. The private placement in NEV closed on March 23, 2012[6]. On closing, the fair value of each NEV Share was C$2.00. Accordingly, we recognized a "Day 1" gain of $0.50 million in the statement of loss. The fair value adjusted amount of C$2.00 per NEV Share on recognition was determined to be our deemed cost.

For both the NEV Shares and those common shares of Rae-Wallace ("RW Shares") held, the fair value as at December 31, 2012 was deemed to have shown a significant decline in value as compared to the deemed cost. As this is regarded as an objective indicator of impairment, we recognised $0.73 million, being the aggregate of all losses previously recorded in Other Comprehensive Income, in the statement of loss at December 31, 2012. Unrecognized gains and losses of $0.64 million relating to the NEV Shares and the RW Shares in 2013 were recognized in the statement of loss.

VAT receivable

In the year ended 2011 the VAT receivable in our Turkish subsidiary was written down by $0.29 million after being deemed not recoverable by management, due to the activity of our Turkish operations at that time. A change in the activity in our Turkish operations, particularly assuming Operatorship at TV Tower, led management to re-assess the recoverability of the VAT during the current year, and it was deemed fully recoverable. The write up of $0.31 million in 2012 differs from our original write down due to foreign exchange differences.

Other comprehensive loss

The net balance of other comprehensive loss for the year ended December 31, 2012 was $0.63 million (December 31, 2011: $1.58 million). The year ended December 31, 2012 includes a $0.69 million gain (December 31, 2011: loss of $1.52 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 fair value loss on those available for sale financial assets we did not impair during the year ($0.07 million). The impact from exchange differences will vary from period to period depending on the rate of exchange. In the period between January 1, 2012 and December 31, 2012, there was a 1.4% change in the exchange rate between the United States and Canadian dollars.

[6] Effective December 16, 2013, NEV completed a 10:1 share consolidation decreasing the number of NEV Shares held by the Company from 6,250,000 to 625,000, with an initial commensurate impact to the price per NEV Share and NEV Warrant. The amounts disclosed in this MD&A have been adjusted to reflect this share consolidation.

Financial Position

The following financial data are derived from our financial statements as at the year ended December 31, 2013, 2012 and 2011:

	December 31, 2013	December 31, 2012	December 31, 2011
Total assets	$71.37 million	$72.39 million	$37.49 million
Non-current liabilities	$0.07 million	$0.04 million	$0.07 million
Cash dividends declared	$nil	$nil	$nil

Total assets

Total assets have decreased since December 31, 2012 by $1.02 million to $71.37 million, further to impairments recognized during the period, net of $5.47 million in value ascribed to Common Shares issued and capitalised to the Earn-in Option asset pursuant to the TV Tower Agreement and as partial consideration for the acquisition of Karaayı. Total assets also decreased due to the impact of foreign currency translation of assets held in subsidiaries with a Canadian dollar functional currency. Notwithstanding periodic or one-time transactions and any changes to the value of our portfolio of investment holdings, total assets will generally remain constant from one period to the next, less the cost of expenditures on activities not eligible for capitalization. The market value of our investments is subject to fluctuation from one period to another dependent upon market prices and trading activities of those entities.

As the Company earns-in to an increased interest in Orta Truva (and therefore TV Tower), 40% of Eligible Expenditures are capitalized to the value of the Company's interest in Orta Truva, and 60% of Eligible Expenditures are deferred to the "Earn-in Option" intangible asset. The bifurcation of the expenditure in each period permits the Company to fund 100% of activity at TV Tower while maintaining our proportionate interest in Orta Truva until the earn-in has been completed. The majority of Eligible Expenditures are incurred by our wholly owned Turkish subsidiary in accordance with a technical services agreement. Our subsidiary invoices Orta Truva for services performed, and we fund Orta Truva through capital advances, such that it can settle the amount due. At December 31, 2013, $0.75 million was due from Orta Truva pursuant to invoices issued prior to period end relating to the Company's activities at TV Tower. The amount due at December 31, 2013 was received as at the date of the MD&A. Summary financial information of Orta Truva and Truva Bakır and a reconciliation of the Earn-in Option to Orta Truva, as well as our investment in Truva Bakir are provided in the Annual Financial Statements at notes 11 and 12.

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.

Total assets at December 2012 have increased since December 31, 2011, by $34.90 million to $72.39 million, reflecting an increase to the (i) balance we held in cash and short term investments following the closing of the Offering (as defined in this MD&A), that raised $37.61 million; and (ii) the value of Common Shares and the 3,000,000 Common Share purchase warrants ("Teck Warrants") issued to TMST, and those legal costs paid to acquire the Earn-in Option, off-set by those cash outflows for general exploration and administration activities and net changes to the value of investments in NEV and Rae-Wallace.

Non-current liabilities

At each of December 31, 2013, 2012 and 2011, our non-current liabilities comprise (i) 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, and (ii) reclamation work to be performed on exploration properties.

Shareholders' equity

The Company issued Common Shares as follows during the year ended December 31, 2013:

Date	Common Shares	
March 19, 2013	1,637,500	First anniversary TV Tower earn-in milestone issuance to TMST.
August 1, 2013	180,000	Shares issued to terminate the Griffon Agreement.
September 13, 2013	1,250,000	Shares issued as part consideration in the Karaayı acquisition.
September 20, 2013	25,000	Final issuance to Animas for acquisition of the Kinsley Option
September 30, 2013	1,637,500	Second anniversary TV Tower earn-in milestone issuance to TMST.

The weighted average fair value of Options granted during 2013 determined using Black-Scholes was C$1.34 per option. The weighted average significant inputs into the model were share price of C$2.13 at the grant date, exercise price C$2.12, volatility of 78%, dividend yield of 0%, an expected Option life of 5 years and an annual risk-free interest rate of 1.5%. A 2.77% forfeiture rate is applied to the Option expense.

Refer also to discussion in this MD&A under heading, "Outstanding Share Data". The Company has not declared any dividends since incorporation.

SUMMARY OF QUARTERLY RESULTS

The following information (in thousands of $, except per share amounts) is prepared in accordance with IFRS and is derived from and should be read in conjunction with, our unaudited condensed interim consolidated financial statements for each of the past eight quarters, as well as the Annual Financial Statements. Consistent with the preparation and presentation in our Annual Financial Statements, these unaudited quarterly results are presented in USD. The determination of functional currency for the Company and each of its subsidiaries and associates is unchanged from that which is consolidated in the Annual Financial Statements.

Condensed consolidated statements of loss and comprehensive income (loss)

	Dec 31 2013	Sep 30 2013	Jun 30 2013	Mar 31 2013	Dec 31 2012	Sep 30 2012	Jun 30 2012	Mar 31 2012
Continuing operations and attributable to the shareholders								
Loss for the period before discontinued operations after tax	(1,572)	(1,215)	(3,845)	(2,510)	(3,361)	(1,814)	(1,383)	(1,461)
Other comprehensive income and attributable to the shareholders								
Exchange differences on translating foreign operations	(1,655)	650	(1,756)	(1,084)	(121)	809	(464)	469
Net value gain (loss) on financial assets	117	(151)	132	14	917	(322)	(516)	(146)
Loss per share from continuing operations and attributable to the shareholders								
Basic and diluted	(0.02)	(0.01)	(0.04)	(0.03)	(0.03)	(0.03)	(0.02)	(0.02)

The loss for the quarter ended December 31, 2013, consists mostly of cash outflows related to salaries and office and general expenses and non-cash stock based compensation expenditures, collectively $1.03 million. Salaries for the quarter are higher than in previous periods due as a reflection of timing of bonus payments to employees. Other cash outflows include investor relations expenditures, property investigation and professional fees totalling $0.19 million. Additionally there was $0.27 million in foreign exchange gains. Net cash outflow for operating activities is $0.51 million for the quarter. There were no losses attributable to the non-controlling interest. The increase in net value gain on financial assets compared to the previous quarter is due to the gain on receipt of shares of SASC.

The loss for the quarter ended September 30, 2013, includes cash flows relating to operating expenditures of $0.69 million, consisting mostly of salaries and office and general expenses. The loss includes non-cash stock based compensation expenditures of $0.35 million which was lower than in previous periods due to the vesting of certain Options granted in the previous year. Consistent with previous quarters, net cash outflows were primarily directed to the exploration and development of the Company's exploration properties, and in funding paid to our associates. Other comprehensive income includes the fair value losses on our available for sale financial assets.

In the quarter ended June 30, 2013, loss from operations was $3.03 million, including a $1.28 million write-down of deferred exploration expenditures relating to the New Boston property. A further $1.12 million loss was recognized on our impaired available-for-sale financial instruments, offset by interest income of $0.12 million. The net fair value gain on financial assets includes the reclassification of fair value losses to date of our investment in GRCL, to the statement of loss.

In the quarter ended March 31, 2013, loss from operations was $2.47 million with a further $0.39 million in losses recognized on our derivative and impaired available-for-sale financial instruments. These losses were offset by $0.12 million in interest income and $0.11 million in foreign exchange gains.

In the quarter ended December 31, 2012, our loss from operations of $3.06 million includes $0.98 million for the write down of the Regent property to net realisable value and $0.63 million relating to 2012 bonuses to employees and service providers paid in 2013. An additional $0.73 million in losses recognized on impairment of certain of available-for-sale investments previously recognized in other comprehensive income.

In the quarter ended September 30, 2012, our loss from operations of $2.05 million included $0.54 million in the write-down of deferred exploration expenditures. This was offset by the reversal of the write down of the balance of Value Added Tax receivable previously recorded by our Turkish subsidiary of $0.31 million.

In the three month period ended June 30, 2012, our loss from operations of $1.33 million includes the reversal of the write-down of a property option relating to mineral property rights in Peru (the "RW Option") held at the time by Rae-Wallace. This was offset by exchange gains relating to our US dollar cash balances held in Canada ($0.12 million).

In the three month period ended March 31, 2012, our net loss from operations of $2.36 million includes the write-down of the RW Option for $0.17 million and was offset by a favourable change in the fair value of our long-term investments ($0.8 million), owing primarily to an increase to the fair value of our derivative financial instruments and the gain on recognition of shares we acquired in NEV.

LIQUIDITY AND CAPITAL RESOURCES

Pursuant to the closing of three related and concurrent financings (the "2012 Bought-Deal", the "Newmont Subscription" and the "Teck Subscription", together, the "Offering", each as defined and described in our Management's Discussion and Analysis, dated as of March 27, 2013, for the year ended December 31, 2012), receipt of cash consideration from the sale of the Regent property, and the balance of existing treasury, as at the date of this MD&A, the Company has approximately $16.6 million available in cash and short-term investments. With no debt, the Company's working capital balance as at this date of this MD&A is approximately $17.6 million. There are no known restrictions on the ability of our subsidiaries to transfer or return funds to the parent company in Canada.

Although we have no revenue-producing operations, and earn only minimal income through investment income on treasury, amounts arising through various property option agreements and occasionally as a result of the disposal of an exploration asset, the closing of the Offering in November 2012 and the anticipated receipt of proceeds from a bought-deal financing announced on March 12, 2014, positions the Company to advance our material properties without the need to raise additional capital in the medium-term. On an ongoing basis, management evaluates and adjusts its planned level of activities, including planned exploration, development, permitting activities, and committed administrative costs, to ensure that adequate levels of working capital are maintained. We believe that this approach, given the relative size of Pilot Gold, is reasonable.

Our global budget, including exploration and administration for 2014, is $12.16 million. We currently anticipate spending approximately $4 million at TV Tower, $3.52 million at Kinsley, $0.19 million at Halilağa, and $0.13 million on other exploration property interests. Budgeted general and administrative costs of $3.97 million include salaries, professional fees and those costs associated with running the Company's offices in Vancouver, Nevada and Turkey as well as for investment in capital equipment and review of new opportunities. 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 planned use of proceeds outlined in the Company's most recent short form prospectus dated October 25, 2012 (the "2012 Prospectus"), predicated only on the base financing amount contemplated in the Offering, was as follows:

Activity or Nature of Expenditure (through the end of 2014)	**Approximate Use of Net Proceeds (C$ millions)**
Exploration and Development of TV Tower	14.9
Exploration and Development of Kinsley	9.1
Exploration and Development on portfolio of other mineral property interests	2.8
Working Capital	4.1
Total	**30.9**

It was anticipated in the 2012 Prospectus that funds raised further to the exercise of the over-allotment option provided to the underwriters of the 2012 Bought-Deal would to be allocated towards the continued development of TV Tower and Kinsley. Our share of expenditures relating to our material properties to date has been in line with the anticipated use of proceeds from the Offering. The election by Intor not to participate in the 2013 Program and Budget at Kinsley did not have any impact on the Company's planned expenditure at Kinsley. In connection with state bonding requirements associated with the Kinsley Environmental Assessment and the PoO, the Company has posted $0.71 million with the BLM. The bond is recorded to the Annual Financial Statements as a deposit, a non-current asset.

Pilot Gold manages and adjusts its capital structure based on available funds in order to support the acquisition, exploration and development of mineral properties.

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 under the heading "*Risk Factors.*" There is no assurance that we will be able to raise the necessary funds through capital raisings in the future.

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

Investments

At the effective date of this MD&A, the market value of our portfolio of investment holdings is approximately $0.93 million, and includes:

- Nevada Sunrise Gold Corporation: In the first quarter of 2012, in order to secure an additional interest in Kinsley, we participated in a private placement in NEV, our minority partner at Kinsley. Through the offering, which closed on March 23, 2012, we hold 625,000 NEV Shares and 3,125,000 NEV Warrants, and retain a right to participate in future financings to maintain this position. On January 9, 2014 and again on March 6, 2014 the Company notified Nevada Sunrise that it had elected not to exercise its participation right in that company's announced financings. The fair value of the NEV Shares and NEV Warrants at the date of this MD&A is $0.48 million.
- Securities in other exploration companies with a total value of $0.45 million as at the date of this MD&A.

Contractual obligations

Mineral Properties and Capital Expenditures

We 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 owners; or
ii) minimum expenditure requirements in order to maintain our rights to such mineral interests.

Although most of our property obligations are not firm commitments (with such obligations being eliminated should we choose to no longer invest funds exploring the property), we have certain notable obligations relating to TV Tower, Kinsley, Drum, Antelope and Gold Bug:

TV Tower: Although the $9 million third-year expenditure requirement is not a commitment in that the obligation would be eliminated should we choose to no longer invest funds exploring the property, we are currently incurring costs at TV Tower and have related ongoing obligations with employees, contractors and consultants. It is furthermore not currently possible to estimate the obligation that might arise relating to the value of the Additional Consideration; accordingly, no amount has been recorded.

Kinsley: Pursuant to the Kinsley Gold LLC Operating Agreement and the elections by both members to participate in funding Kinsley's 2014 Program and Budget, the Company must incur its pro rata share of the budget of $4.5 million. As described in this MD&A under "*Advance Royalty Payments*", in accordance with the underlying lease agreement, Kinsley Gold LLC is required to make advance royalty payments ("ARPs") to Nevada Sunrise, LLC ("NSL"), a private Nevada-based company, unrelated to Intor.

Drum: Effective January 1, 2013, the Company signed a mining lease for the Drum property, an early stage, sediment hosted target in western Utah. In addition to the ARPs described in this MD&A under "*Advance Royalty Payments*", Pilot Gold is required to make certain annual exploration expenditures at Drum beginning in 2014. The agreement requires us to incur $0.1 million in 2014, $0.3 million in 2015, $0.5 million in 2016 and $0.75 million in 2017 and for all years thereafter, in order to maintain the lease agreement in good standing. The Company has incurred $0.10 million at the date of this MD&A.

Antelope: Effective November 12, 2011, the Company signed a mining lease for the Antelope property, located in east-central Nevada. The terms of the lease include ARPs as described in this MD&A under "*Advance Royalty Payments*".

Gold Bug: On August 31, 2012 the Company signed an amended lease agreement with Nevada Eagle Resources LLC, a subsidiary of Newmont Mining Corporation ("Newmont"), whereby Pilot Gold is required to make aggregate expenditures of $3 million over a period of six years, with escalating annual minimum amounts in order to maintain the amended lease agreement in good standing. An initial minimum amount of $0.5 million in expenditures on Gold Bug is a committed expenditure to be settled in cash by the end of the second year of the agreement to maintain the lease in good standing. The Company has incurred $0.27 million at the date of this MD&A.

Pilot Gold had no other commitments for material capital expenditures as of December 31, 2013.

Management and Technical Services Agreement

The Company has entered into a Management and Technical Services Agreement with Oxygen, a private company owned by three directors and an officer of the Company. Pursuant to the Oxygen Agreement, and without limiting or abrogating the duties of Pilot Gold's President and Chief Executive Officer or its Chief Financial Officer and Corporate Secretary, Oxygen provides the Company:

- access to, and the use of the assets contained in, office space leased by Oxygen; and
- services, staff and expertise as determined necessary to properly and efficiently manage the assets, operations, business and administrative affairs of Pilot Gold.

The Company pays Oxygen for the cost of management and technical services, including the wage allocations of Oxygen employees (plus tax and applicable benefits) at cost; there is no mark-up or additional direct charge to the Company from Oxygen under the Oxygen Agreement.

The Oxygen Agreement is intended to provide the Company with a number of technical and management services and access, on an as-needed basis, to Oxygen's roster of geologists, mining engineers, investor relations and financial professionals that would not necessarily otherwise be available to Pilot Gold at this stage of the Company's development.

The Oxygen Agreement is for an initial term of three years, and shall be automatically renewed from time to time thereafter for additional terms of one year unless otherwise terminated. Pursuant to the Oxygen Agreement, the Company has paid to Oxygen a security deposit estimated at an amount equal to three months of management and technical services. This amount is recorded in the Annual Financial Statements as a non-current asset. The Company has also paid for certain leasehold improvements and capital assets acquired by Oxygen and used by the Company pursuant to the Oxygen Agreement; such costs are also accounted for as non-current assets. The Oxygen Agreement may be terminated by either party giving at least 180 days' prior written notice of such termination.

Advance Royalty Payments

In accordance with the underlying lease agreements at Kinsley and at our Drum and Antelope projects, we will be required to make ARPs to the respective underlying property holders as follows:

Total future ARPs, as at December 31, 2013 are as follows.

Year	Kinsley	Drum	Antelope
2014	$ 50,000	$ 30,000	$ 30,000
2015	50,000	45,000	40,000
2016	50,000	60,000	50,000
2017	75,000	75,000	60,000
2018	100,000	100,000	60,000
2019	150,000	100,000	60,000
2020 and beyond	200,000	100,000	60,000

The aggregate advance ARPs on each respective property will subsequently be credited against future NSR payments payable from production at the respective property. Although the annual payments are commitments to the Company, as long as we continue to hold these properties, it is not currently possible to make a reliable estimate of the obligation such that a provision can be made. Pursuant to the underlying lease agreements the Company has the right to terminate the lease by giving thirty days advance notice and returning the Company's interest in the property to underlying property holder.

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 year ended December 31, 2013 is $264,935.

Total future minimum lease payments, under non-cancellable operating leases as at December 31, 2013 are as follows:

Year		
2014	$	313,671
2015		165,607
2016		154,301
2017		154,301
2018+		1,109,751
	$	**1,897,630**

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.

FOURTH QUARTER

Consistent with previous quarters, net cash outflows were primarily directed to the exploration and development of the Company's exploration properties, and in funding paid to our associates. Of primary focus through the fourth quarter, was the exploration program at TV Tower, and at Kinsley.

In the quarter ended December 31, 2013, our loss from continuing operations of $1.57 million, includes $1.26 million in operating losses; the total loss is offset by foreign exchange gains of $0.27 million and $0.10 million net gain on sale of our financial instruments.

RELATED PARTY TRANSACTIONS

Oxygen Capital Corporation

As noted, Oxygen is a related party providing services to the Company at cost including staffing, office rental and other administrative functions. Related party transactions during the year ended December 31, 2013 total $1.09 million in expenses (2012: $0.43 million) and $0.15 million in deferred exploration expenditures relating to mineral properties including TV Tower (2012: $0.09 million), reflected in the Annual Financial Statements. As at December 31, 2013 the Company held a payable to Oxygen of $0.10 million. Amounts payable were settled subsequent to December 31, 2013. The Company also has a deposit of $0.40 million with Oxygen to be used against the final three months of service with that company upon termination of the Oxygen Agreement. Although Oxygen does not charge a management fee or mark-up on cost of its services, from time to time direct costs invoiced to Oxygen by an owner of that company may be passed along to the Company.

Compensation of key management personnel

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

	Year ended December 31, 2013	Year ended December 31, 2012
Salaries and other short-term employee benefits	$1.19 million	$1.04 million
Share-based payments	$1.34 million	$1.28 million
Total	**$2.53 million**	**$2.32 million**

Associates

The Company's associates are also related parties. The following amounts show cash paid directly to our associates in the year ended December 31, 2013 and 2012:

	Year ended December 31,	
	2013	2012
Truva Bakır	$0.28 million	$1.66 million
Orta Truva	$5.48 million	$0.67 million
Gold Springs	-	$0.39 million
Total	**$5.76 million**	**$2.72 million**

We had total outstanding receivables from Orta Truva of $0.75 million that as at that date was attributable to $0.45 million to the Earn-in Option and $0.3 million to Investment in Associates (December 31, 2012: $4.25 million that as at that date was attributable to $2.55 million to the Earn-in Option and $1.7 million to Investment in Associates). A $0.04 million receivable was outstanding from Truva Bakır at December 31, 2013 (December 31, 2012: $0.01 million).

During the three months ended March 31, 2013, we declined to participate in the proposed exploration program at the Gold Springs project led by High Desert, diluting our interest in that project to approximately 17%. Gold Springs ceased to be a related party at that time.

OFF BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

Indemnifications

Newmont Mining Corporation

As described in our AIF, Pilot Gold ceased to be a wholly owned subsidiary of Fronteer on April 6, 2011, pursuant to an arrangement agreement ("Arrangement Agreement") between Newmont, Fronteer and Pilot Gold, whereby Newmont acquired all the outstanding common shares of Fronteer by way of a plan of arrangement (the "Fronteer Arrangement"). The effective date of the Fronteer Arrangement was determined to be March 30, 2011. The Fronteer Arrangement provides that Pilot Gold is required to indemnify 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) for a period of six years following the effective date of the Fronteer Arrangement.

Teck Resources Limited

The TV Tower Agreement also provides for certain indemnifications between TMST and Pilot Gold. Such indemnifications relate to actions of Pilot Gold, as the operator of TV Tower during and after the period of earn-in, as well as to indemnifications between each of the shareholders of Orta Truva, and between Orta Truva and the respective shareholders.

Oxygen Capital Corporation

Upon termination of the Oxygen Agreement, Pilot Gold is required to indemnify Oxygen for costs associated with those agreements or obligations which had been executed or incurred by Oxygen in connection with or related to the services provided to the Company by Oxygen. The associated commitment, relating to the discharge of non-cancellable leases, is included in the summary of contractual obligations in this MD&A.

CHANGES IN ACCOUNTING POLICES AND NEW ACCOUNTING PRONOUNCEMENTS

For information on the Company's accounting policies and new accounting pronouncements, please refer to our disclosure in our Annual Financial Statements, at Note 4.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities and expenses. Factors that could affect these estimates are discussed in our AIF, dated March 14, 2014, under the heading, "*Risk Factors*". Subject to the impact of such risks, the carrying value of Pilot Gold's financial assets and liabilities approximates their estimated fair value.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements

i) Functional currency

The functional currency for the parent entity, each of its subsidiaries and joint ventures, is the currency of the primary economic environment in which the entity operates. The parent entity and its holding company subsidiaries in the Cayman Islands have a Canadian dollar functional currency while the remaining subsidiaries have a US dollar functional currency. Determination of functional currency may involve certain judgements to determine the primary economic environment and the parent entity reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

ii) 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 the higher of value in use and fair value less costs to sell. The most significant assets assessed for impairment include the value of the Company's investment interests in associates, the carrying value of its exploration property interests and deferred exploration expenditures. There were no assumptions deemed highly uncertain underlying management's estimate of recoverability of these assets.

iii) Exploration and evaluation expenditure

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgement to determine whether future economic benefits are likely, from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves.

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 its property interests 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.

At December 31, 2013, the Company wrote down the value of deferred exploration expenditures relating to the New Boston and Buckskin North exploration properties, further to a review and prioritisation of the Company's portfolio of mineral property assets. There were no indicators of impairment on the Company's other assets.

iv) Investment in associates and Earn-in Option

Recoverability of the carrying amount of Pilot Gold's interest in associates in Turkey is dependent on successful development and commercial exploitation, or alternatively, sale of the respective assets. Recoverability of the carrying amount of the Earn-in Option is dependent on upon successfully meeting the earn-in requirements of the TV Tower Agreement. Changes in any of the assumptions used to determine impairment testing could materially affect the result of this analysis.

v) 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.

Estimates and assumptions

The key assumption concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is described below. The Company bases its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

i) Exploration and evaluation expenditure

In addition to applying judgement to determine whether future economic benefits are likely to arise from the Company's exploration and evaluation assets or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves, the Company has to apply a number of estimates and assumptions. The publication of a resource per NI 43-101 technical report, is itself an estimation process that involves varying degrees of uncertainty depending on how the resources are classified (i.e. measured, indicated or inferred). The estimates directly impact when the Company defers exploration and evaluation expenditure. Any such estimates and assumptions may change as new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recovery of expenditure is unlikely, the relevant capitalised amount is written off in the statement of profit or loss and other comprehensive income in the period when the new information becomes available.

Management believes that the estimates and assumptions are reasonable.

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 Company 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 12 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 12 months, or management expects to dispose of them within 12 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 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).

(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 12 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. The Board provides oversight of our risk management processes. The type of risk exposure and the way in which such exposure is managed is provided as follows:

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 Common 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 short term investments.

Market Risk

The significant market risk to which we are exposed is 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 cash calls from our 60% partner on each of TV Tower and Halilağa, are incurred in USD. The fluctuation of the Canadian dollar in relation to the USD and the Turkish lira 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 USD in our 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 Canadian dollars in relation to the USD.

A 1% increase or decrease in the exchange rate of the USD relative to the Canadian dollar would result in a $0.16 million increase or decrease respectively in the Company's cash and short-term investment balance. Although our exposure relating to operating activity in Turkey from fluctuations of the Turkish lira remains minimal given the nature, type and currency (USD) of expenditure, recent volatility in that currency relative to the USD has increased the potential for an impact on the Company's cash and short-term investment balance. A significant strengthening in the value of the Turkish lira compared to the USD could adversely impact the economics associated with Halilağa.

We have not entered into any derivative contracts to manage foreign exchange risk at this time.

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 or other national banks, our reclamation deposits with A+ or higher rated United States financial institutions or the BLM.

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.

INDUSTRY AND ECONOMIC FACTORS THAT MAY AFFECT OUR BUSINESS

Economic and industry risk factors that may affect our business, in particular those that could affect our liquidity and capital resources, are substantially unchanged from those described under the heading "*Risk Factors*" in our AIF, available on Pilot Gold's SEDAR profile at www.sedar.com. In particular, there remain significant uncertainties in capital markets impacting the availability of equity financing for the purposes of mineral exploration and development. There are also significant uncertainties and increased volitility in the prices of gold, copper, other precious and base metals and other minerals as well as increasing volatility in the foreign currency exchange markets as assets continue to be repriced against a backdrop of uncertainty relating to the foreign exchange rate and certaintly that the United States Federal Reserves Qualitative Easing programs will be tapered, ongoing deferral of, and debate relating to, budget issues in the United States, and as a rebalancing of the global growth forecast is digested by the capital, commodity and currency markets.

While the decrease in the price of gold during 2013 and ongoing uncertainties in capital markets do not have a direct impact on the Company's ability to carry out exploration, the Company may be impacted should it become more difficult to gain access to capital (e.g. debt or equity financing for the purposes of mineral exploration and development) when and if needed. Difficulty in accessing capital on favourable terms 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. Further, the recent strengthening of the USD (the currency in which the Company incurs the majority of its operating costs) against the Canadian dollar (the currency in which Pilot Gold has historically raised capital) will impact the rate at which the Company's treasury is consumed.

The specific risks noted in our AIF dated March 14, 2014, may limit the Company's ability to develop and/or further explore its mineral property interests and may limit the ability of the Company to satisfy earn-in expenditure requirements on our material projects.

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 interests been the subject of, any material legal proceedings or regulatory actions.

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 are also continually reviewing and discussing opportunities with third parties regarding the sale of non-strategic properties in our portfolio. There is no guarantee that any contemplated transaction will be concluded.

With the exception of ongoing reviews of opportunities to expand our property portfolio in Turkey and the United States, there are no proposed asset or business acquisitions or dispositions before the Board for consideration, other than those discussed in this MD&A and those in the ordinary course. 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 89,940,333 Common Shares and 14,362,524 Warrants to purchase Common Shares issued and outstanding as at December 31, 2013. At the date of this MD&A there are 89,945,333 Common Shares and 14,362,524 Warrants to purchase Common Shares issued and outstanding.

As at December 31, 2013 there were 6,920,000 Options outstanding issued to directors, officers, employees, and key consultants. A further 250,000 Options were granted on January 2, 2014 and another 2,205,000 on January 24 2014; 425,000 of which vested immediately. Of the total number of Options granted, 4,313,333 are exercisable as at December 31, 2013 and 4,888,333 as at the date of this MD&A. No Options have been exercised as of the date of this MD&A.

On March 12, 2014, the Company announced that we have entered into an agreement with a syndicate of underwriters (the "Underwriters"), whereby the Underwriters will purchase 13,072,000 Common Shares, on a bought deal basis, at a price of C$1.53 per Common Share for gross proceeds of C$20,000,160(the "2014 Offering"). The Company has also granted to the Underwriters an option, exercisable at any time until 30 days following the closing date of the 2014 Offering, to purchase up to an additional 1,960,800 Common Shares.

The Company has not declared any dividends since incorporation.

SUBSEQUENT EVENTS NOT OTHERWISE DESCRIBED HEREIN

With the exception of transactions and activities described in this MD&A, including the 2014 Offering, there were no subsequent events.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management is responsible for the design of Pilot Gold's internal controls 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 material financial information for external purposes in accordance with applicable generally accepted accounting principles. Internal control systems, no matter how well designed, have inherent limitations.

Based on a review of its internal control procedures at the end of the period covered by this MD&A, 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 year ended December 31, 2013 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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.

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, 2013, 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. There have been no significant changes in our disclosure controls and procedures during the period ended December 31, 2013.

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.

ADDITIONAL INFORMATION

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

APPROVAL

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.

(signed) "Matthew Lennox-King"	*(signed) "John Wenger"*
Matthew Lennox-King	John Wenger
President and Chief Executive Officer	Chief Financial Officer and Corporate Secretary

March 14, 2014

SCIENTIFIC AND TECHNICAL DISCLOSURE

With the exception of Halilağa and TV Tower, the Company's material exploration projects and those in which we have an interest are early stage and do not contain any mineral resource estimates as defined by NI 43-101. The potential quantities and grades disclosed herein relating to targets at Kinsley are conceptual in nature and there has been insufficient exploration to define a mineral resource for the targets disclosed in this MD&A. It is uncertain if further exploration will result in these targets being delineated as a mineral resource.

Unless otherwise indicated, Pilot Gold has prepared the technical information in this MD&A ("Technical Information") based on information contained in the following technical reports:

- "Technical Report on the Kinsley Project, Elko County, Nevada, U.S.A.", effective February 15, 2012, and dated March 26, 2012;
- "Independent Technical Report for the TV Tower Exploration Property, Çanakkale, Western Turkey", effective January 21, 2014, and dated February 20, 2014; "Technical Report on the Kinsley Project, Elko County, Nevada, U.S.A.", effective February 15, 2012, and dated March 26, 2012; and
- "Preliminary Economic Assessment Technical Report for the Halilağa Project, Turkey", effective August 27, 2012, and dated October 10, 2012,

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 an independent QP. 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.

Mineral resource estimates relating to Halilağa and TV Tower 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 at Halilağa and TV Tower may differ from the one indicated by drilling results and the difference may be material. Although there has been no economic analysis summarized in this MD&A relating to the Halilağa PEA, readers are cautioned that the Halilağa PEA is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the Halilağa PEA will be realized. Further studies, including engineering and economics, are required (typically as a Pre-Feasibility Study) with regards to infrastructure and operational methodologies. Moreover, the illustrative mine plan and economic model detailed in the Halilağa PEA include the use of a significant portion of Inferred resources, which are considered to be too speculative geologically to be used in an economic analysis, except as permitted by NI 43-101 for use in PEAs. Additional disclosure and cautionary notes relating to the Halilağa PEA are summarized in the AIF.

Moira Smith, Ph.D., P.Geo, Pilot Gold Chief Geologist, is the Company's designated QP for the purposes of NI 43-101, and has reviewed and validated that the scientific or technical information contained in this MD&A related to the Halilağa PEA is consistent with that provided by the QPs responsible for the Halilağa PEA, and has verified the technical data disclosed in this document relating to those projects in which the Company holds an interest. Dr. Smith has also reviewed and validated that the scientific or technical information contained in this MD&A related to TV Tower (post- effective date of the TV Tower Agreement) is accurate. Dr. Smith has consented to the inclusion of the Technical Information in the form and context in which it appears in this MD&A.

As to Halilağa and for TV Tower through to the effective date of the TV Tower Agreement, all drill samples and analytical data were collected under the supervision of TMST, using industry standard QA-QC protocols. Dr. Smith is responsible for compiling the technical information contained in this MD&A but she has not verified all the assay data generated by TMST as project operator at Halilağa, or as previous operator at TV Tower, and has not necessarily had access to individual assay certificates. However, the grades and widths reported here agree with the Company's past results on the projects and TMST has given her no reason to doubt their authenticity. Dr. Smith also visits Halilağa and TV Tower regularly during the active drilling season and during those visits, is given complete freedom to review drill core and technical data on site, and to discuss the ongoing program and results at Halilağa with TMST staff. She is satisfied that TMST is meeting industry standards for all levels of exploration work being carried out at Halilağa.

Cautionary Notes Regarding Forward-Looking Statements

This MD&A, contains "forward-looking information" and "forward-looking statements" within the meaning of applicable securities laws, which include, but are not limited to, statements or information concerning, future financial or operating performance of Pilot Gold and its business, operations, properties and condition, the anticipated timing and closing of the 2014 Offering, anticipated use of proceeds of the 2014 Offering, the future price of gold, silver, copper, molybdenum and other metal prices, the potential quantity and/or grade of minerals, the potential size of a mineralized zone or potential expansion of mineralization, proposed exploration and development of Pilot Gold's exploration property interests, the timing and amount of estimated future production, costs of production and mine life of the various mineral projects of Pilot Gold, 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, and the reliance on technical information provided by our joint venture partners or other third parties, the timing and amount of estimated capital, operating and exploration expenditures, costs and timing of the development of new deposits and of future exploration, acquisition and development activities, estimated exploration budgets and timing of expenditures and community relations activities, requirements for additional capital, Pilot Gold's ability to fully fund cash-calls made by its joint venture partner for ongoing expenditure at Halilağa; completion of expenditure obligations under the option and earn-in agreements to which the Company is a party, government regulation of mining operations, environmental risks and reclamation expenses, title disputes, the ability to maintain or convert the underlying licences for Halilağa and TV Tower in accordance with the requirements of applicable mining laws in Turkey; government regulation of exploration and mining operations; environmental risks, including satisfaction of requirements relating to the submissions and successful defence of EIA reports and other claims or existing, pending or threatened litigation or other proceedings, limitations of insurance coverage, future issuances of Common Shares to satisfy earn-in obligations or the acquisition of exploration properties and the timing and possible outcome of regulatory and permitting matters and any other statement that may predict, forecast, indicate or imply future plans, intentions, levels of activity, results, performance or achievements, and involve known and unknown risks, uncertainties and other factors which may cause the actual plans, intentions, activities, results, performance or achievements of Pilot Gold to be materially different from any future plans, intentions, activities, results, performance or achievements expressed or implied by such forward-looking statements and information. Except for statements of historical fact, information contained herein or incorporated by reference herein constitutes forward-looking statements and forward-looking information. Often, but not always, forward-looking statements and forward-looking information can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", "will", "projects", or "believes" or variations (including negative variations) of such words and phrases, or statements that certain actions, events, results or conditions "may", "could", "would", "might" or "will" be taken, occur or be achieved.

Statements relating to mineral reserves and resources are deemed to be forward looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the mineral reserves and resources described exist in the quantities predicted or estimated and may be profitably produced in the future. Estimated values of future net revenue do not represent fair market value. There is no certainty that it will be commercially viable to produce any portion of the resources.

Forward-looking statements and forward-looking information are not guarantees of future performance and are based upon a number of estimates and assumptions of management at the date the statements are made including among other things, assumptions about future prices of gold, copper, silver, molybdenum and other metal prices, changes in the worldwide price of other commodities such as coal, fuel and electricity fluctuations in resource prices, currency exchange rates and interest rates, favourable operating conditions, political stability, obtaining governmental approvals and financing on time, obtaining renewals for existing licences and permits and obtaining required licences and permits, labour stability, stability in market conditions, availability of equipment, accuracy of any mineral resources and mineral reserves, successful resolution of the challenges to the EIAs described in this MD&A, anticipated costs and expenditures and our ability to achieve our goals. While we consider these assumptions to be reasonable, the assumptions are inherently subject to significant business, social, economic, political, regulatory, competitive and other risks and uncertainties, contingencies and other factors that could cause actual performance, achievements, actions, events, results or conditions to be materially different from those projected in the forward-looking statements and forward-looking information. Many assumptions are based on factors and events that are not within the control of Pilot Gold and there is no assurance they will prove to be correct.

Furthermore, such forward-looking statements and forward-looking information involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or forward-looking information. Such factors include, among others: general business, economic, competitive, political, regulatory and social uncertainties; disruptions or changes in the credit or securities markets and market fluctuations in prices for Pilot Gold's securities; judgement of management when exercising discretion in their use of proceeds from the 2014 Offering; potential dilution of Common Share voting power or earnings per share as a result of the exercise of Options, future financings or future acquisitions financed by the issuance of equity; discrepancies between actual and estimated mineral reserves and resources; the Company is an exploration and development stage company with no history of pre-tax profit and no income from its operations and there can be no assurance that the Company's operations will be profitable in the future; changes in project parameters as plans continue to be refined; changes in labour costs or other costs of production; possible variations of mineral grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry, including but not limited to environmental risks and hazards, cave-ins, pitwall failures, flooding, rock bursts and other acts of God or natural disasters or unfavourable operating conditions and losses; political instability, hostilities, insurrection or acts of war or terrorism; the speculative nature of mineral exploration and development, including the risk of diminishing quantities or grades of mineralization; Pilot Gold's ability to renew existing licences and permits or obtain required licences and permits; changes in government legislation and regulation; fluctuations in commodity prices; requirements for future funding to satisfy contractual obligations and additional capital needs generally; changes or disruptions in market conditions; market price volatility; the Company currently has a major shareholder with greater than 10% holdings; uncertainties associated with minority interests and joint venture operations; the majority of the Company's operations occur in foreign jurisdictions; risks associated with the Company's indemnified liabilities; increased infrastructure and/or operating costs; reclamation costs; the Company has limited operating history and no history of earnings; reliance on a finite number of properties; limits of insurance coverage and uninsurable risk; contests over title to properties; environmental risks and hazards; regulation of State Forest Land in Turkey; limitations on the use of community water sources; the need to obtain and maintain licences and permits and comply with laws and regulations or other regulatory requirements; competitive conditions in mineral exploration and mining business; the ability of the Company to retain its key management employees and shortages of skilled personnel and contractors; potential acquisitions and their integration with the Company's current business; influence of third party stakeholders; risks of litigation; the Company's designation as a "passive foreign investment company"; the Company's system of internal controls; conflicts of interest; credit and/or liquidity risks; fluctuations in the value of Canadian and United States dollars relative to each other; changes to the Company's dividend policy; the risks involved in the exploration, development and mining business generally; and the factors discussed in the section entitled "*Risk Factors*" in the AIF. Although we have attempted to identify important factors that could cause actual performance, achievements, actions, events, results or conditions to differ materially from those described in forward looking statements or forward-looking information, there may be other factors that cause performance, achievements, actions, events, results or conditions to differ from those anticipated, estimated or intended.

Forward-looking statements and forward-looking information contained herein are made as of the date of this MD&A and we disclaim any obligation to update or revise any forward-looking statements or forward-looking information, whether as a result of new information, future events or results or otherwise, except as required by applicable law. There can be no assurance that forward-looking statements or forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements or forward-looking information. All forward-looking statements and forward-looking information attributable to us is expressly qualified by these cautionary statements.

Pilot Gold disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable law. Readers should not place undue reliance on forward-looking information.

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

Mineral resources that are not mineral reserves do not have demonstrated economic viability. Mineral resource estimates do not account for mineability, selectivity, mining loss and dilution. There is also no certainty that these inferred mineral resources will be converted to measured and indicated categories through further drilling, or into mineral reserves, once economic considerations are applied. The mineral resource estimates referenced in this press release use the terms "Indicated Mineral Resources" and "Inferred Mineral Resources". While these terms are defined in and required by Canadian regulations (under NI 43-101), these terms are not recognized by the U.S. Securities and Exchange Commission ("SEC"). "Inferred Mineral Resources" have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. The SEC normally only permits issuers to report mineralization that does not constitute SEC Industry Guide 7 compliant "reserves" as in-place tonnage and grade without reference to unit measures. U.S. investors are cautioned not to assume that any part or all of mineral deposits in these categories will ever be converted into reserves. Pilot Gold is not an SEC registered company.