PILOT GOLD INC.
(AN EXPLORATION STAGE COMPANY)

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the three months ended March 31, 2012

Pilot Gold Inc.
Management Discussion and Analysis
Three Months Ended March 31, 2011

This Management's Discussion and Analysis ("MD&A"), dated as of May 9, 2012, should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three month period ended March 31, 2012 of Pilot Gold Inc. (in this MD&A, also referred to as "Pilot Gold" or, the "Company", or "we" or, "our" or, "us"), and the related notes thereto (collectively the "Financial Statements"), as filed under Pilot Gold's company profile on SEDAR www.sedar.com. We report our financial position, results of operations and cash flows in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

Our reporting currency is the United States dollar ("$"). All dollar figures in this MD&A are expressed in United States dollars unless otherwise stated. As at March 31, 2012, the value of C$1.00 was $1.01[1].

Highlights and Significant Events

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

- Kinsley Mountain Project
  - Released drill results from a Phase One 1,267 metre six-hole core drill program at the past-producing Kinsley Mountain sediment-hosted gold property (the "Kinsley Mountain Project"), including 5.91 g/t gold over 18.4 metres.
  - Subscribed for 6,250,000 common shares ("NEV Shares") and 3,125,000 whole-share purchase warrants ("NEV Warrants") of Nevada Sunrise Gold Corporation ("NEV"). A subsidiary of NEV is our partner at the Kinsley Mountain Project. At the effective date of this MD&A, the market value of our equity holdings of NEV is approximately $1.24 million.
  - Subsequent to period end, on May 9, 2012, achieved initial earn-in at the Kinsley Mountain Project, and elected to earn-in to a 65% interest in the property.
- TV Tower Project
  - Detailed geological mapping and rock sampling is being carried out over the known showings and target generation is underway on the western portion of the property in advance of planned drilling on the property.
  - A 12,000 metre core and RC drill program, focused on confirming and expanding the historic gold footprint, and testing priority exploration targets at depth and along strike is planned for 2012.
- Halilağa Project
  - Reported a project-first independent resource estimate on the Kestane [pronounced: kĕs-tā-nē] copper-gold porphyry at Halilağa [pronounced: *(hā)-lē-lā*] copper-gold porphyry in northwestern Turkey (the "Halilağa Project").
  - A 15,000 metre drill campaign began on March 27, 2012, with a focus on resource conversion and expansion.

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

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

Overview and Description of the Business

Pilot Gold is an exploration-stage gold company principally engaged in the acquisition, exploration and development of mineral properties with both low technical risk and the potential to host robust, economically-significant deposits in the future[2].

Exploration Properties

We have three key projects to drive value: the Halilağa Project, the TV Tower gold-silver property (the "TV Tower Project"), and the Kinsley Mountain Project. We believe each has the potential to be a foundational asset in its own right.

In Turkey, we hold a 40% interest in the Halilağa and TV Tower projects, two very large and near-contiguous properties located at the epicentre of a mineralized district and close to established infrastructure in northwest Turkey.

Our key project in Nevada is Kinsley Mountain, a sediment-hosted gold system marked by the stratigraphy, structure and mineralization style common to other sediment hosted gold systems in northeast Nevada.

Pilot Gold's exploration platform is supported by a strong pipeline of exploration projects in Nevada and Turkey. Pipeline projects include the Brik, Griffon, and Viper properties, and several additional properties in Nevada and Turkey.

We believe that the Halilağa Project, the TV Tower Project and the Kinsley Mountain Project and our strong capital position provide us the foundation to achieve significant milestones in the near-term.

Mineral resources

Our indicated resource base is 1.665 million ounces gold and 1.112 billion pounds of copper and our inferred resource base is 1,661 million ounces gold and 1.007 billion pounds of copper[3]. We have exposure to 40% of this resource through our interest in the Halilağa Project.

Actual and Budgeted and Expenditures for our Material Properties

Actual expenditures to the end of Q1 2012 and the 2012 budgeted cash exploration and development expenditures for our material properties are summarized in the following table:

Project	**Minerals**	**Our share of Actual expenditures during Q1 2012** ($ '000)	**Our share of Budgeted expenditures for 2012**[1] ($ '000)	**Pilot Gold ownership** %
Kinsley Mountain	gold	0.613	2,713	51
TV Tower	gold, silver, copper	0.128	1,200	40
Halilağa	copper, gold, molybdenum	0.293	1,949	40
Total		**1.034**	**5,862**	

[1] Revised total budgeted expenditures in 2012 for Halilağa are $4.87 million, with Pilot Gold's share totalling $1.95 million (an increase from $1.35 million).

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

[3] Refer to disclosure relating to the resource estimate at page 6 of this MD&A.

Outlook

Further to having completed our earn in to an initial 51% interest at the Kinsley Mountain Project, we plan to advance exploration aggressively through 2012 as we work toward the second earn-in milestone, and drive exploration success at Kinsley. At TV Tower, the two new gold discoveries made in early 2011, and the commitment of our joint venture partner provides an opportunity to build on our initial successes to date at this project, and further establish northwest Turkey as an emerging region for gold exploration and development. The recently completed project-first resource estimate and ongoing drill campaign at the Halilağa Project provide a third vehicle to drive significant value.

- We can earn an additional 14% interest (to an aggregate of 65%) in the Kinsley Mountain Project by making a further $3 million in expenditures on the property by May 9, 2017. We have already incurred $0.94 million in exploration expenditures toward this second option. The planned 2012 work program includes detail geologic modelling and analysis, and exploration-drilling, including a 12,000 metre core and RC drill program focused on confirming and expanding the historic gold footprint, and testing priority exploration targets at depth and along strike. We have also recently submitted an amendment to the existing Notice of Intent on the property to the United States Bureau of Land Management ("BLM") to increase our allowable area of disturbance on the property.
- TV Tower is a priority project for 2012. We believe that the evolution of this multi-target gold-silver property has only just begun. To date, numerous targets have been identified at the TV Tower Project, with similar characteristics as other deposits in the district. The exploration budget for 2012 includes approximately 12,000 metres of core drilling, with a focus on Küçükdağ and Kayali. In 2012, we also plan to continue detailed geological mapping and undertake geochemical sampling, ground geophysics, and reconnaissance in the western areas of the property.
- At Halilağa an exploration program designed to expand and better define the existing copper-gold porphyry deposit is underway. The work program for 2012 includes 15,000 metres of planned infill and exploration core drilling, metallurgical, and hydrological studies; and continuing with permitting efforts to renew the primary license and for the greater project area.

Pilot Gold has generated no revenue to date, and does not expect to earn any revenues from continuing operations in the foreseeable future. However, as at the date of this MD&A, the Company has $13.4 million in cash and cash equivalents available, equity investments of $1.66 million, and no debt, which provides us with the resources to execute on our current exploration plans, and gives us the financial flexibility to react to additional opportunities if, and when, they present themselves.

Mineral Properties

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

TV Tower (40% owner)

The TV Tower Project consists of approximately 7,109 hectares of mineral tenure in eight licenses, is proximal to the Halilağa Project, and is interpreted to host multiple, high-sulphidation epithermal gold and porphyry systems, similar to the neighbouring Aği Daği and Kirazlı gold properties of Alamos Gold Inc. ("Alamos"). Our 40% interest is held through a shareholding in Orta Truva Madencilik Şanayi ve Ticaret A.Ş. ("Orta Truva"), a Turkish Joint Stock Company. Our joint venture partner at Orta Truva is Teck Madencilik Şanayi Ticaret A.Ş. ("TMST"), an indirect subsidiary of Teck Resources Limited.

The 2011 drill campaign was completed in early December 2011, with 72 core holes (14,876 metres) completed. Final assays from 59 of those holes are pending.

Our share of the $1.2 million exploration program for 2012 currently includes approximately 12,000 metres of core drilling, with a focus on the Küçükdağ [pronounced: k-chŭk-dă] high grade gold-copper-silver target, and Kayali gold target. Through 2012 to date we have continued detailed geological mapping, begun geochemical sampling, ground geophysics, and are currently carrying out reconnaissance in the western areas of the property to define additional targets on the property ahead of planned drilling. The TV Tower Project is a priority property for Pilot Gold in 2012.

Our share of actual expenditures at the TV Tower Project through the first quarter of 2012 was $0.13 million (year-ended December 31, 2011: $2.1 million). Our share of the full year budget is $1.2 million.

Kinsley Mountain (51% owner, and operator)

The Kinsley Mountain property consists of 277 claims and 5,444 acres, and hosts a past producing mine, with numerous untested targets. In May 2012 we completed our expenditure commitment to earn an initial 51% interest at the Kinsley Mountain Project. We have elected to continue working toward an earn-in of an additional 14% (in aggregate a 65% interest).

Our first work-program undertaken in Q4 2011, included 1,267 metres (six holes) of diamond core drilling designed to confirm mineralization in historic reverse circulation holes near the margins of open pits at the past-producing Kinsley Mountain Mine. These first six holes were near-twins of historic holes in two locations, one to the north of the main pit, and one located between two satellite pits to the southeast and were focused on targeting high-grade domains within the historic deposit.

Expenditures on the property for the first quarter of 2012 totalled $0.613 million compared to a budget of $2.7 million for the year. Drill highlights from the 2011 program include:

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

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

As we have completed our initial earn-in to 51%, the mineral claims staked within, and nearby to the defined area of interest, will be transferred to a newly established joint venture company. Pilot Gold will now solely fund exploration to earn an additional 14% interest in the property. To the date of this MD&A, we have incurred $0.94 million in exploration expenditures attributable to the earn-in of the second option on the property.

The planned 12,000 metre core and RC drill program is underway with two drills having arrived on site on March 20, 2012. As at the date of this MD&A, we have completed fourteen core holes (1,725 meters) and 11 RC drill holes (2,265 meters) in this 2012 program with all assays pending. We await a response from the BLM in connection with our application to amend the existing Notice of Intent at Kinsley Mountain so as to increase our allowable area of disturbance on the property, and plan to submit a Plan of Operations to the BLM to further increase the area on which we can actively explore.

Halilağa (40% owner)

Located approximately 45 kilometres southeast of the town of Çanakkale in Çanakkale province, Turkey, the 40%-owned Halilağa Project hosts a significant copper-gold porphyry deposit. TMST is Pilot Gold's 60% partner and the operator at the Halilağa Project.

Phase One of the 2012 exploration program includes plans to drill up to 5,000 metres of infill core holes as part of a larger 15,000 metre infill and exploration drill program. TMST also plans to continue with ongoing metallurgical, hydrological and other studies at the project. Through the date of this MD&A, the infill drill campaign has completed 5 holes (1,571 metres). Assays relating to the 2012 campaign, along with those from the final 10 holes in the 2011 program are pending.

In accordance with requirements of the new Turkish Mining Law, on February 14, 2012, TMST, as project operator prepared and submitted an Environmental Impact Assessment ("EIA") report to the Ministry of Forest and Environment in Turkey. The principal licenses that comprise the Halilağa Project have May 21, 2012 renewal dates, and require the renewal of several permits and an approved EIA before that date in order to remain in good standing.

On March 20, 2012 TMST notified us that the EIA had been accepted by the Ministry of Forest and Environment in Turkey. The 10 day public comment period that follows such a submission, elapsed on April 9, 2012. We received a copy of an approval letter from the undersecretary of the Turkish Minister of Environment further to the review by the Turkish Mining Bureau committee of the EIA. TMST has concurrently applied for, and awaits approval of forestry and business operating permits relating to the project. Further detail relating to the EIA process, and related risks is described in our AIF for the year ended December 31, 2011, dated March 28, 2012, as well as in related technical report filed on SEDAR at www.sedar.com.

On February 8, 2012, based on results from 30,004 metres of drilling in 72 drill holes through October 17, 2011, we reported a project-first independent resource estimate[4] on the Kestane [pronounced: kĕs-tā-nē] copper-gold porphyry at the Halilağa Project, comprising:

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

Strip Ratio: 2.5 : 1
(1) At a 0.2% copper equivalent cut-off grade
(2) At a 0.2 g/t gold cut-off grade

[4] The mineral resource estimate was prepared by Mr. James Gray, P.Geo., of Advantage Geoservices Ltd., in accordance with the CIM Standards, as amended. Mr. Gray is an independent qualified person as defined by NI 43-101 ("QP"). The Company filed the related NI 43-101 technical report on SEDAR at www.sedar.com on March 26, 2012.

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

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

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

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

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

The related National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("NI 43-101") technical report for the Halilağa Project, co-authored by Garth Kirkham, P.Geo., and James Gray P.Geo., entitled "*Resource Estimate for the Halilağa Copper-Gold Property NI 43-101 Technical Report*", dated March 23, 2012 was released on March 26, 2012. The resource remains open down-plunge to the east and along portions of its southern margin.

Revised budgeted expenditures for 2012 are $4.87 million, with Pilot Gold's share totalling $1.95 million. TMST recently increased the budget during the first quarter of 2012. The amount previously reported as Pilot Gold's share for the Halilağa Project was $1.36 million. Our share of actual expenditures through the end of the first quarter 2012, were $0.29 million.

<u>Other properties</u>

Pilot Gold has a total of 15 other properties in Nevada, including a joint venture on the Gold Springs 2 low-sulphidation epithermal gold-silver property ("Gold Springs") with partner, and project operator High Desert Gold Corporation ("High Desert"), following their earn-in to 60% at that property in 2011. High Desert have recently proposed a $2.4 million budget for 2012 (our share of which is $1 million), with a planned 6,400 metre RC drill program at Gold Springs. We are reviewing this proposed budget.

At the Regent, Brik, New Boston and Viper projects, the aggregate budget in 2012 is $0.22 million. Plans for each of these four properties are under review as we focus in Nevada on the newly acquired Kinsley Mountain Project. Through the end of the first quarter of 2012 we have incurred $0.1 million in aggregate expenditures on this group of properties.

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

Investments

At the effective date of this MD&A, the market value of our portfolio of equity holdings of is approximately $1.66 million, and includes common shares and/or common share purchase warrants in the following companies:

- NEV;
- Global Resources Corporation Limited ("GRCL"); and
- Rae-Wallace Mining Company ("Rae Wallace").

In the first quarter of 2012, in order to secure an additional interest in the Kinsley Mountain Project, we participated in a private placement in NEV, the company that holds the underlying lease on the Kinsley Mountain Project. Through the offering, which closed on March 23, 2012, we hold 6,250,000 NEV Shares and 3,125,000 NEV Warrants, and retain a right to participate in future financings to maintain this position. Further details relating to our participation in the placement by NEV are included in our MD&A for the year ended December 31, 2011. The value of the NEV Shares and NEV Warrants at the date of this MD&A is $1.24 million. Our purchase price was approximately $0.75 million.

Changes to Management personnel

In late 2011 and through the three months ended March 31, 2012, we increased the talent pool of our senior management group in order to help the Company achieve a number of growth targets.

In December 2011, we welcomed Alex Holmes as Vice President, Business Development, and on March 1, 2012, Jim Lincoln joined the group as Vice-President, Operations.

Mr. Holmes is a Chartered Financial Analyst and has a M.Sc. in Investment Management, graduating with Distinction from Cass Business School in London. He was previously Vice President, Investment Banking for NCP Northland Capital Partners Inc. and a key member of that firm's mining team. Mr. Holmes joins the Company with a mandate to identify and secure new high quality gold opportunities, as well as to assist in the divestiture of certain non-core properties in our portfolio.

Mr. Lincoln holds a Masters of Science, and has been a key participant in multiple feasibility and development stage projects. He was previously Vice President, Operations for Fronteer. Mr. Lincoln will be responsible for the coordination of development level studies across our portfolio of projects, including economic analysis, permit applications and environmental studies.

Selected Financial Information

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

The Fronteer Arrangement has been determined to be a common control transaction, and has been accounted for using the continuity of interest method of accounting. Pursuant to the application of continuity of interest accounting, those balances and transactions relating to the period through to the Effective Date reflect an allocation of cash flows, expenditures and activities based on the amounts recorded by Fronteer attributable to Pilot Gold's assets and business.

The percentage derived from the total exploration expenditure, up to the Effective Date, incurred by Fronteer in this comparative period on Pilot Gold's properties, over Fronteer's total exploration and development expenditures for this same period, was used to determine the appropriate balance to record in our unaudited condensed interim consolidated financial statements for the quarter ended March 31, 2011 for those items of general and administrative expenses, wages and salaries stock based compensation and other overhead costs not directly chargeable to the Company through to the Effective Date.

The selected period information and summary of financial results in this MD&A and our Interim Financial Statements should be read in conjunction with the consolidated annual financial statements of Pilot Gold for the year ended December 31, 2011. Discussion in this MD&A related to the results of our operations up to the Effective Date reflects the allocation of costs from Fronteer pursuant to the application of continuity of interest accounting.

Results of Operations

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

Quarter Ended March 31, 2012 vs. Quarter Ended March 31, 2011

The following financial data (in millions, except per share data) are derived from our financial statements for the three month periods ended March 31, 2012, and 2011:

	March 31, 2012	**March 31, 2011**
Total revenues	-$nil	$-nil
Net loss for the quarter	$1.46	$ 0.41
Basic loss per share	$0.02	$0.01
Diluted loss per share	$0.02	$0.01

For the three months ended March 31, 2012, we reported a net loss of $1.46 million compared to a net loss of $0.41 million for the three months ended March 31, 2011. The loss per share for the three months ended March 31, 2012 was $0.02 (three months ended March 31, 2011: $0.01). The most significant contributors to the loss for the three months ended March 31, 2012 were stock based compensation ($0.52 million) and property investigation ($0.37million), however, these costs were offset by an income inclusion resultant from a change in fair value of our financial instruments ($0.8 million). In the comparative period, the most significant contributors to the losses were allocated depreciation and wages.

Stock-based compensation

The amounts expensed for stock-based compensation, not included as part of property investigation expense for the three months ended March 31, 2012 of $0.52 million (March 31, 2011: $0.02 million) are higher than the comparative period reflecting primarily the initial grant to directors, management, employees and certain significant contractors of the Company in April 2011. The balance presented relating to the comparative period reflects only the allocated expense of Fronteer.

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

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

Property investigation

In the three months ended March 31, 2012, the Company incurred property investigation costs of $0.37 million (March 31, 2011: $-nil). Costs of property investigation are expensed until a new project is acquired or the rights to explore the property have been established. Project investigation is a core part of our business and growth strategy and we remain active in identifying projects that will enhance our growth pipeline, including identifying near term producing assets for acquisition.

In the three months ended March 31, 2012 the majority of our property investigation costs were incurred in advance of an auction of mineral property licenses in Turkey. During the first quarter of 2012 we successfully acquired a license to the Arasanli property for $0.1 million. We do not plan any significant exploration activity at Arasanli in 2012. $0.11 million of stock-based compensation expense attributed to property investigation, based on an allocation that corresponds with the deferral of such costs to mineral properties is included in property investigation expense for the three months ended March 31, 2012 (comparative period: $-nil).

Office and general

In the three months ended March 31, 2012, office and general expenditures amounted to $0.38 million (March 31, 2011: $0.05 million). Costs for the current period include activities at our office locations. Costs reported that relate to the comparative period are those allocated to the Company in accordance with continuity of interest accounting. Our 2012 budget for office and general expense is $0.9 million. The expense through March 31, 2012 is slightly higher than amount budgeted as a result of additional costs incurred relating to our website relaunch, certain office supplies, software and subscriptions. Beginning in 2011, certain of our office-related costs were off-set by recoveries from Blue Gold Mining Inc. ("Blue Gold"), further to an administrative services agreement with that company. Management fees of $0.01 million charged to Blue Gold are included in Other Income on the Company's statement of loss (comparative period: $-nil).

Wages and benefits

In the three months ended March 31, 2012, Pilot Gold recorded $0.46 million (March 31, 2011: $0.15 million) to wages and benefits expense. The balance of wages and benefits has increased when compared to the preceding two quarters, notwithstanding a relatively stable headcount through the majority of 2011 and into the current year owing to an annual wage increase for the majority of our team. Our 2012 budget for wages and benefits is $1.57 million. The expense through March 31, 2012 is generally consistent with the amount budgeted. The comparative period includes only an allocation of Fronteer's wages and benefits costs as employment relationships with the majority of our personnel began after March 31, 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. For the three months ended March 31, 2012 we capitalized $0.21 million (March 31, 2011: $0.07 million) to our properties.

Professional fees

Professional fees in the three months ended March 31, 2012 were $0.19 million (March 31, 2011: $0.06 million), and relate primarily to legal, accounting and audit costs. During the first quarter of 2012 we continued to incur professional fees relating to our projects and operations. The most significant contributors in the three months ended March 31, 2012 relate to the legal costs associated with the Kinsley Mountain earn-in, the purchase of the NEV Units, and ongoing discussions related securing other opportunities for our portfolio.

Investor relations, promotions and advertising

Investor relations, promotions and advertising expenses in the three months ended March 31, 2012 were $0.17 million (March 31, 2011: $0.01 million), and relate primarily to attendance at trade shows, the rebranding of Pilot Gold's corporate appearance, property tours with investment banking analysts and other similar costs intended to increase the Company's profile, and update the markets understanding our material projects. Expenditures to date are generally in line with the amount budgeted, with certain non-recurring investor relations and marketing activities having been undertaken in this first quarter.

Write down of property option

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

Purchase and change in fair value of financial instruments

During the three months ended March 31, 2012, to provide additional exposure to the Kinsley Mountain Project we subscribed for 6,250,000 units of NEV ("NEV Units") at a price of $0.12 per Unit. Each NEV Unit consisted of one NEV Share and one-half of one NEV Warrant. Each whole warrant entitles us to purchase an additional NEV Share at an exercise price of $0.20 per share through to March 23, 2014. The value of the NEV Shares received on closing was $0.20 per share, or $1.25 million. The value of the NEV Warrants acquired ($0.35 million) was determined upon acquisition using the Black-Scholes option-pricing model.

The balance of our derivative financial instruments also includes 1,000,000 share purchase warrants of Rae Wallace, acquired along with 2,000,000 common shares of Rae Wallace and the option to earn a 51% interest in up to two properties that Rae Wallace owns or acquires (the "Rae Wallace Option"), pursuant to the closing of the Fronteer Arrangement. There were no derivative financial instruments held by the Company, nor attributable to Pilot Gold in the comparative period.

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. 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. As it relates specifically to those warrants held in Rae Wallace, the estimate of fair value has been determined by looking at comparable corporations who are listed on a recognized exchange because, as at the date of this MD&A, Rae Wallace is traded only over the counter and not on a formal stock exchange, *Other comprehensive income (loss)*

The net balance of other comprehensive income for the three months ended March 31, 2012 was $0.32 million (March 31, 2011: income of $0.20 million).

The three months ended March 31, 2012 includes a $0.47 million gain (March 31, 2011: gain of $0.02 million) from the impact of exchange gains and losses arising from exchange differences further to the translation of our foreign operations with a non-United States dollar functional currency, and a net value loss on financial assets of $0.15 million during the three months ended March 31, 2012 (three months ended March 31, 2011, gain of $0.18 million) relating to the revaluation of common shares we hold in other publicly listed companies. The impact from exchange differences will vary from period to period depending on the rate of exchange; in the period between January 1, 2011 and March 31, 2012, there was a 1% change in the exchange rate between the United States and Canadian dollars.

Financial Position

The following financial data are derived from our financial statements for the three month period ended March 31, 2012, and the year ended December 31, 2011:

	March 31, 2012	**December 31, 2011**
Total assets	$37.12 million	$37.49 million
Long-term liabilities	$0.02	$0.07 million
Cash dividends declared	$nil	$nil

Total Assets

Total assets ($37.12 million) remained largely unchanged between March 31, 2012 and December 31, 2011 reflecting an increase to the value of our long-term investments and an increase to the value of our exploration properties, offset by a decrease in the balance of available cash and short term investments.

Current assets decreased to $15.73 million as at March 31, 2012 (December 31, 2011: $18.90 million), and comprise primarily cash and short term investments of $15.18 million (December 2011: $18.42 million). The decrease reflects cash outflows related to exploration and corporate activities through the three months ended March 31, 2012. The remaining balance of current assets comprises receivables and prepayments of $0.56 million (December 31, 2011: $0.48 million) which have increased primarily due to receivables from Blue Gold for management services as well as from our associates due to work performed on properties. Pilot Gold's consolidated cash balance for the comparative period reflects only the accounts of our wholly-owned Turkish and Cayman subsidiaries, acquired through the Fronteer Arrangement.

During the three months ended March 31, 2012, we incurred $0.74 million (year ended December 31, 2011, $6.1 million) in net deferred exploration expenditures. Exploration activities during the first quarter of 2012 reflect primarily our exploration program at the Kinsley Mountain Project, our focal exploration project in Nevada.

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

The balance related to our investment in associates increase from that at December 31, 2011, due largely to increased funding of our share of expenditures at our 40%-owned associates in Turkey, and the 40%-owned Gold Springs LLC, the legal entity with beneficial interest in Gold Springs. In aggregate, funding to our associates through quarter ended March 31, 2012 was $0.73 million, of which $0.49 million relates to accrued cash calls payable at quarter end.

Non-current liabilities

At March 31, 2012 and at December 31, 2011 our non-current liabilities comprise deferred tax liabilities, as well as liabilities recorded in recognition of a legal obligation in Turkey to accrue for lump-sum termination payments for employees when their employment is terminated due to retirement or for reasons other than resignation or misconduct.

Shareholders' equity

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

Condensed consolidated statements of loss and comprehensive income (loss)

	Mar 31 2012	**Dec 31 2011**	**Sept 30 2011**	**Jun 30 2011**	**Mar 31 2011 ***	**Dec 31 2010 ***	**Sept 30 2010 ***	**Jun 30 2010 ***
Continuing operations								
Loss from continuing operations after tax	(1,461)	(2,099)	(2,058)	(7,270)	(414)	(442)	(294)	(350)
Other comprehensive income								
Exchange differences on translating foreign operations	469	556	(2,373)	273	20	(5)	55	(35)
Net value gain (loss) on financial assets	(146)	(2)	(49)	(214)	180	(20)	11	-nil
Loss per share from continuing operations								
Basic and diluted	(0.02)	(0.04)	(0.03)	(0.30)	(0.01)	(0.01)	0.00	(0.01)

*The balances presented for the three month period ended March 31, 2011, and all periods prior reflect entirely the allocation of costs from Fronteer, consistent with the continuity of interest basis of accounting, as if Pilot Gold had been an independent operator through March 30, 2011.

In the three month period ended March 31, 2012, our loss from operations of $2.2 million 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 holding of our recently acquired NEV Units and exchange gains on the translation of foreign operations of $0.47 million further to the appreciation of the Canadian dollar versus the US dollar. In the three months ended March 31, 2012, we also determined to write-off the capitalized costs acquired from Fronteer relating to the Rae Wallace Option ($0.18 million) further to a determination of the likelihood we would recover such costs, or elect to proceed with the option.

The loss for the three month period ended December 31, 2011 reflects a similar loss as recorded in the previous three month period of $2.10 million, and similar cash outflows from operating activities of $1.34 million. The consistency as compared to the prior quarter is a reflection of the normalization of our business, post Fronteer Arrangement. In the three month period ended December 31, 2011 our other comprehensive loss was impacted by $2.4 million on translation of our foreign operations due to the depreciation of the Canadian dollar relative to the US dollar.

In the three month period ended September 30, 2011 our condensed consolidated statements of loss and comprehensive loss reflected those costs incurred undertaking general exploration and property investigation on a number of potential targets ($0.78 million), office and general costs ($0.37 million), the non-cash impact of stock-based compensation ($0.5 million) and a non-cash charge of $0.02 million arising from a decline in the fair value of shares and warrants we hold in other public companies. The total loss for that three-month period was $2.06 million, with cash outflows from operating activities of $1.75 million.

In the three month period ended June 30, 2011 our condensed consolidated statements of loss and comprehensive loss reflected a number of start-up, initial-public listing and post-Fronteer Arrangement costs as well as the impact of the inaugural stock-based compensation grant, resulting in a loss for that period of $7.27 million, and cash out flows from operating activities of $1.08 million. During the three month period ended June 30, 2011, we also closed a $C25-million financing (the "2011 Bought-Deal") on June 14, 2011, impacting our cash flows from financing activity in that period.

The balances presented for the three month period ended March 31, 2011, and all periods prior reflect entirely the allocation of costs from Fronteer, consistent with the continuity of interest basis of accounting, as if Pilot Gold had been an independent operator through March 30, 2011. The net losses through each period are non-cash, and represent an allocation of costs incurred and the operations on, properties ultimately acquired by Pilot Gold. Management cautions readers of this MD&A, that the allocation of expenses in the statements of loss for the quarters prior to the Effective Date do not necessarily reflect the nature and level of our ongoing operating expenses and activities.

Liquidity and Capital Resources

Pilot Gold manages and adjusts its capital structure based on available funds in order to support the acquisition, exploration and development of mineral properties. We have no long-term debt. In 2011, we successfully closed the 2011 Bought-Deal, resulting in net proceeds of $24.1 million, with share issue costs of approximately $1.7 million. For a summary of our planned use of proceeds see our MD&A for the year ended December 31, 2012.

Since the close of the 2011 Bought Deal, through to March 31, 2012, we have incurred approximately $2.14 million in costs related to the Halilağa Project, $2.10 million in costs related to the TV Tower Project, $2.93 million in costs related to the Regent property, $4.39 million in costs related to the exploration and development on portfolio of other mineral properties property in Nevada and Turkey, and $5.65 million in cashflows relating to mineral property investigation, office-related costs, and general corporate activities. The balances relating to the Halilağa Project, the TV Tower Project, the Regent property and those other exploration, development and administrative costs noted in this section have increased in aggregate by $2.84 million through 2012. Expenditures relating to our material properties have to date been in line with anticipated use of proceeds from the 2011 Bought Deal. Refer to discussion in our MD&A for the year ending December 31, 2011 under heading "Material Properties", and to our AIF for the year ended December 31, 2011, dated March 28, 2012, for detail relating to activities on each property noted above.

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

On an ongoing basis, management evaluates and adjusts its planned level of activities, including planned exploration, development, permitting activities, and paying for administrative costs, to ensure that adequate levels of working capital are maintained, and believes that this approach, given the relative size of Pilot Gold, is reasonable. At the date of this MD&A, we have $13.4 million in cash and short term investments, and $1.66 million in marketable securities. Our exploration budget in 2012 is 6.51 million and our general and administrative budget is $3.3 million. Management believes that the available funds are sufficient for current operations and will enable Pilot Gold to execute its planned exploration and development program on its material properties for at least one year, assuming no other factors change.

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

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

Indemnifications

Newmont

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).

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

Most of these are not firm commitments, with such obligations being eliminated should we choose to no longer invest funds exploring the property.

Pilot Gold had no commitments for material capital expenditures as of December 31, 2011.

Leases

The Company has entered into operating leases for office premises in Canada, the United States and Turkey. The lease terms are between two and four years; each location's lease is renewable at the end of the lease period at market rate. The aggregate lease expenditure related to Pilot Gold's office premises charged to the statement of loss for three months ended March 31, 2012 is $0.07 million (year ended December 31, 2011: $0.35 million), including a nominal amount allocated from Fronteer under continuity of interest basis of accounting. Beginning in October 2011, we began to recover some of these costs as part of a services agreement with Blue Gold.

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

Year	Amount
2012	$ 0.36 million
2013	0.38 million
2014	0.34 million
2015	0.27 million
2016	0.26 million
2017+	0.58 million
	$ 2.19 million

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

Industry and Economic Factors that May Affect our Business

Economic and industry factors are substantially unchanged from those reported in our MD&A for the year ended December 31, 2012. In particular, there remain significant uncertainties in capital markets impacting the availability of equity financing for the purposes of mineral exploration and development.

As a result, the Company may have difficulty raising debt or equity financing for the purposes of mineral exploration and development, and, if obtained, on terms favourable to the Company and/or without excessively diluting present shareholders of the Company. These economic trends 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

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 for the year ended December 31, 2011, dated March 28, 2012 or our MD&A for the year ended December 31, 2011, materialize, or should underlying assumptions prove incorrect, then actual results may vary materially from those described on forward-looking statements.

Financial Instruments and Other Instruments

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

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

(i) Financial assets and liabilities at fair value through profit or loss: A financial asset or liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the short-term. Derivatives are also included in this category unless they are designated as hedges. The instruments held by the 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 twelve months of the balance sheet date, which is classified as non-current.

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

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

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

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

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

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

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

Risks associated with Financial Instruments

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

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. We manage our capital in order to meet short term business requirements, after taking into account cash flows from operations, expected capital expenditures and our holdings of cash and cash equivalents. We may from time to time have to issue additional shares to ensure there is sufficient capital to meet our long term objectives. Our financial liabilities of trade payables and accrued liabilities are payable within a 90-day period and are expected to be funded from the available balance of cash and cash equivalents.

Market Risk

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

Foreign Exchange Risk

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

Further, although only a portion of our expenditures, primarily general and administrative costs are incurred in Canadian dollars, we record our assets located in Vancouver in Canadian dollars. As the operating results and financial position of Pilot Gold are reported in United States dollars in our consolidated financial statements, there may also be an impact to the value of Pilot Gold's assets, liabilities and shareholders' equity as a result of the fluctuation of the CAD in relation to the United States dollar.

A 10% increase or decrease in the USD dollar relative to the Canadian dollar, as at March 31, 2012 would result in a $0.12 million increase or decrease respectively in net loss and comprehensive loss. Our exposure in Turkey on fluctuations of the Turkish Lira is considered minimal given the lower levels of activity and relative asset values.

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 Banks and our reclamation deposits with A+ or higher rated United States financial institutions.

Interest Rate Risk

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

Related Party Transactions

Compensation of key management personnel

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

	Quarter ended March 31, 2012	Year ended December 31, 2011
Salaries and other short-term employee benefits	$0.27 million	$0.89 million
Share-based payments	0.41 million	5.37 million
Total	**$0.68 million**	**$6.26 million**

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

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 financial statements 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 quarter ended March 31, 2012 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 March 31, 2012, that the disclosure controls and procedures are effective to provide reasonable assurance that material information related to Pilot Gold is made known to them by employees and third party consultants working for Pilot Gold and its subsidiaries. Other than any arising as a result of the transition to IFRS, there have been no significant changes in our disclosure controls and procedures during the period ended March 31, 2012.

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.

Changes in Accounting Policies and New Accounting Pronouncements

For information on changes to accounting policies and new accounting pronouncements, please refer to our disclosure in our MD&A for the year ended December 31, 2011, dated March 28, 2012, available SEDAR.

Significant Accounting Policies

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

We have chosen to defer all exploration and evaluation cost relating to our mineral exploration properties.

As noted elsewhere in this MD&A, in the absence of any specified accounting treatment under IFRS, we chose to apply the continuity of interest basis of accounting to account for the impact of the Fronteer Arrangement, and our comparative results.

Critical Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to use estimates and assumptions that affect the reported amounts of assets, liabilities and expenses. Factors that could affect these estimates are discussed in our AIF for the year ended December 31, 2011 dated March 28, 2012, under the heading "*Risk Factors*". Subject to the impact of such risks, the carrying value of Pilot Gold's financial assets and liabilities approximates their estimated fair value.

(i) Review of asset carrying values and impairment assessment

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

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

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

At March 31, 2012, we reviewed the carrying value of our asset and determined that there were no indicators of impairment. Management believes that the related estimates are reasonable.

(ii) Decommissioning and restoration provisions

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

As at March 31, 2012, the Company has recorded $0.03 million (December 31, 2012: $0.05 million) relating to restoration provisions.

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

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

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

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

(iv) Deferred tax assets and liabilities

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

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

Legal Matters

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

Off Balance Sheet Arrangements

We have approximately $0.2 million in standby Letters of Credit with a US bank for the completion of reclamation on its mineral properties in the USA. These standby letters of credit are backed by Certificates of Deposits.

Proposed Transactions

As is typical of the mineral exploration and development industry, we are continually reviewing potential merger, acquisition, investment and joint venture transactions and opportunities that could enhance shareholder value. We have initiated discussions with TMST, our joint venture partner and operator of the TV Tower Project as we attempt to increase our exposure to the TV Tower Project. We are also in discussions with a TSX-listed junior explorer with assets in Canada and the USA, to acquire an interest in an early-stage property located in Nevada. While discussions continue in regard to both opportunities, there is no guarantee that either transaction will be concluded.

There are otherwise no proposed asset or business acquisitions or dispositions, other than those discussed in this MD&A and those in the ordinary course, before the board of directors for consideration. While we remain focused on our plans to continue exploration and development on our three material properties, should we enter into agreements in the future on new properties, we may be required to make cash payments and complete work expenditure commitments under those agreements.

Outstanding Share Data

There are 59,085,286 Common Shares issued and outstanding at the date of this MD&A. Further to the May 9, 2012 earn-in to the Kinsley Mountain Project, we expect to issue 50,000 Common Shares to Animas Resources Limited ("Animas") on May 10, 2012. These Common Shares are due to Animas in connection with the terms of the assignment by Animas of the Kinsley Mountain Option Agreement, and will be subject to a statutory four-month hold.

As at March 31, 2012, there were 1,750,000 stock options exercisable; and 1,750,000 stock option exercisable at the date of this MD&A. No stock options were granted subsequent to March 31, 2012 through to the date of this MD&A. No stock options have been exercised as of the date of this MD&A.

Subsequent Events Not Otherwise Described herein

With the exception of the initial earn-in at the Kinsley Mountain Project, as described in this MD&A, there were no other subsequent events.

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

(signed) "Matthew Lennox-King"
Matthew Lennox-King
President and Chief Executive Officer

(signed) "John Wenger"
John Wenger
Chief Financial Officer and Corporate Secretary

May 9, 2012

Scientific and Technical Disclosure

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

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

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

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

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

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

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

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

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

Cautionary Notes Regarding Forward-Looking Statements

All statements in this MD&A, other than statements of historical fact, are "forward-looking information" with respect to Pilot Gold within the meaning of applicable Canadian securities laws, including statements that address future mineral production, reserve potential, exploration drilling, the future prices of gold, silver, copper and molybdenum, potential quantity and/or grade of minerals, potential size of a mineralized zone, potential expansion of mineralization, the timing and results of future resource estimates, the timing of a PEA or other study, proposed exploration and development of our exploration properties and the estimation of mineral reserves and resources. Forward-looking information is often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "planned", "expect", "project", "predict", "potential", "targeting", "intends", "believe", "potential", and similar expressions, or describes a "goal", or variation of such words and phrases or state that certain actions, events or results "may", "should", "could", "would", "might" or "will" be taken, occur or be achieved. These statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievement of Pilot Gold to differ materially from those anticipated in such forward-looking information. Such forward-looking information, including, but not limited to, Pilot Gold's ability to fully fund cash-calls made by its joint venture partners for ongoing expenditure on the properties, completion of expenditure obligations under the Kinsley Option Agreement and the Griffon Option Agreement, proposed exploration and development of Pilot Gold's exploration properties, estimated future working capital, uses of funds, future capital expenditures, exploration expenditures and other expenses for specific operations, future issuances of Common Shares to satisfy earn-in obligations or the acquisition exploration properties, information with respect to exploration results, the timing and success of exploration activities generally, the costs and timing of the development of new deposits, potential quantity and/or grade of minerals, potential size of mineralized zone, potential expansion of mineralization, potential type of mining operation, the timing and possible outcome of any pending litigation, permitting timelines, the ability to maintain or convert the underlying licenses for the Halilağa Project and the TV Tower Project in accordance with the requirements of Turkish Mining Law, government regulation of exploration and mining operations, environmental risks, including satisfaction of requirements relating to the submissions of Environmental Impact Assessments, title disputes or claims, and limitations on insurance coverage involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievement of Pilot Gold to be materially different from any future results, performance or achievements expressed or implied by such forward looking information. Such factors include, among others, risks related to the interpretation and actual results of historical production at certain of our exploration properties, as well as specific historic data associated with and drill results from those properties, reliance on technical information provided by our joint venture partners or other third parties; changes in project parameters as plans continue to be refined; current economic conditions; future prices of commodities; possible variations in grade or recovery rates; failure of equipment or processes to operate as anticipated; the failure of contracted parties to perform; labour disputes and other risks of the mining industry; delays in obtaining governmental approvals, financing or in the completion of exploration as well as those factors discussed in the section entitled "Risk Factors" in Pilot Gold's Annual Information Form for the year ended December 31, 2011 dated March 28, 2012, which is available under Pilot Gold's SEDAR profile at www.sedar.com. Although Pilot Gold has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements.

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