ARRANGEMENT AGREEMENT

BETWEEN

PILOT GOLD INC.

AND

CADILLAC MINING CORPORATION

AS OF
June 12, 2014

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ARRANGEMENT AGREEMENT

THIS ARRANGEMENT AGREEMENT dated as of June 12, 2014

BETWEEN:

PILOT GOLD INC., a company existing under the laws of Canada ("**Pilot**")

AND

CADILLAC MINING CORPORATION, a company existing under the laws of British Columbia ("**Cadillac**")

R E C I T A L S

A. The board of directors of Cadillac has determined that the business combination to be effected by means of the Plan of Arrangement is advisable and in the best interest of Cadillac and has approved the transactions contemplated by this Agreement and determined to recommend approval of the Plan of Arrangement and other transactions contemplated hereby to the Cadillac Shareholders.

B. The board of directors of Pilot has determined that the business combination to be effected by means of the Plan of Arrangement is advisable and in the best interest of Pilot and has approved the transactions contemplated by this Agreement.

C. In furtherance of such business combination, the board of directors of Cadillac has agreed to submit the Plan of Arrangement and other transactions contemplated hereby to the Cadillac Shareholders and the Supreme Court of British Columbia for approval.

NOW THEREFORE, in consideration of the foregoing and the respective representations, warranties, covenants and agreements set forth herein, the parties hereto agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement, unless the context otherwise requires, the following terms shall have the following meanings respectively:

"**Acquisition Proposal**" means any of the following (other than the transactions contemplated by this Agreement or the Arrangement): (a) any merger, amalgamation, arrangement, share exchange, take-over bid, tender offer, recapitalization, consolidation or other business combination directly or indirectly involving Cadillac or any of its Subsidiaries, (b) any acquisition of all or any part of the assets of Cadillac or any of its

Subsidiaries (or any lease, long-term supply agreement, exchange, mortgage, pledge or other arrangement having a similar economic effect), (c) any acquisition of beneficial ownership (as defined under the BCBCA) of 20% or more of the Cadillac Shares in a single transaction or a series of related transactions, (d) any acquisition by Cadillac of any assets or capital stock of another person (other than acquisitions of capital stock or assets of any other person that are not, individually or in the aggregate, material to Cadillac and its Subsidiaries, taken as a whole), (e) any bona fide proposal to, or public announcement of an intention to, do any of the foregoing or (f) any other transaction, the consummation of which could reasonably be expected to impede, prevent or delay the transactions contemplated by this Agreement or the Arrangement;

"**affiliate**" has the meaning ascribed thereto in the BCSA, unless otherwise expressly stated herein;

"**Agreement**" means this Agreement, including the Schedules hereto;

"**Applicable Laws**" means all statutes, regulations, statutory rules, policies, orders, and terms and conditions of any grant of approval, permission, authority or license of any court, Governmental Entity, statutory body or self-regulatory authority (including the TSX and TSX-V), and the term "applicable" with respect to such Applicable Law and in the context that refers to one or more persons, means that such Applicable Law applies to such person or persons or its or their business, undertaking, property or securities and emanates from a Governmental Entity, statutory body or regulatory authority having jurisdiction over the person or persons or its or their business, undertaking, property or securities;

"**Appropriate Regulatory Approvals**" means those sanctions, rulings, consents, orders, exemptions, permits and other approvals (including the lapse, without objection, of a prescribed time under a statute or regulation that states that a transaction may be implemented if a prescribed time lapses following the giving of notice without an objection being made) of Governmental Entities, or self-regulatory organizations required to be obtained under Applicable Laws to complete the Arrangement including those set out in Schedule A annexed hereto;

"**Arrangement**" means the arrangement under Section 288 of the BCBCA on the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments or variations thereto made in accordance with Section 7.1 hereof or Article 6 of the Plan of Arrangement, or made at the direction of the Court in the Final Order;

"**Arrangement Resolution**" means the special resolution of the Cadillac Shareholders approving the Plan of Arrangement to be considered at the Cadillac Meeting, substantially in the form and content of Schedule B annexed hereto;

"**BCBCA**" means the *Business Corporations Act* (British Columbia) as now in effect and as it may be amended from time to time prior to the Effective Date;

"**BCSA**" means the *Securities Act* (British Columbia) and the rules, regulations and policies made thereunder, as now in effect and as they may be amended from time to time prior to the Effective Date;

"**Business Day**" means any day on which commercial banks are generally open for business in Vancouver, British Columbia other than a Saturday, a Sunday or a day observed as a holiday in Vancouver, British Columbia under the Applicable Laws of the Province of British Columbia or the federal Applicable Laws of Canada;

"**Cadillac Disclosure Letter**" means the letter of disclosure dated as of the date of this Agreement and signed by an authorized officer of Cadillac and delivered by Cadillac to Pilot on or prior to the date of this Agreement;

"**Cadillac Drilling Claim**" has the meaning ascribed to such term in the Cadillac Disclosure Letter;

"**Cadillac Material Adverse Effect**" means any change, effect, circumstance, event or occurrence with respect to its condition (financial or otherwise), properties, assets, liabilities, obligations (whether absolute, accrued, conditional or otherwise), businesses, prospects, operations or results of operations or those of its Subsidiaries, that is, or would be reasonably expected to be, material and adverse to the current or future business, prospects, operations, regulatory status, financial condition or results of operations of Cadillac, as the case may be, and its Subsidiaries taken as a whole, or will, or would reasonably be expected to, prevent, materially delay or materially impair the ability of the Parties to consummate the transactions contemplated by this Agreement; provided, however, that a Cadillac Material Adverse Effect shall not include, any such change, effect, event or occurrence directly or indirectly arising out of or attributable to (i) the global economy or securities markets in general and which does not have a materially disproportionate effect on Cadillac and its Subsidiaries, taken as a whole; (ii) currency exchange rates; (iii) affecting the worldwide gold industry in general and which does not have a materially disproportionate effect on Cadillac and its Subsidiaries, taken as a whole; (iv) any natural disaster; (v) any change in GAAP; (vi) generally applicable change in Applicable Laws, which does not have a materially disproportionate effect on Cadillac; or (vii) the public announcement of the execution and delivery of this Agreement;

"**Cadillac Material Properties**" means the Goldstrike project in the Bull Valley Mining District in Washington County in southwestern Utah, and the Break project in western Quebec;

"**Cadillac Meeting**" means the special meeting of Cadillac Shareholders, including any adjournments or postponements thereof, to be called and held in accordance with the Interim Order to consider the Arrangement Resolution;

"**Cadillac Optionholders**" means the holders of Cadillac Options;

"**Cadillac Options**" means the Cadillac share purchase options granted under the Cadillac Stock Option Plan;

"**Cadillac Permits**" has the meaning ascribed thereto in Section 3.14(b);

"**Cadillac Plans**" has the meaning ascribed thereto in Section 3.13(a);

"**Cadillac Public Record**" has the meaning ascribed thereto in Section 3.8(a);

"**Cadillac Securityholders**" means holders of Cadillac Shares, Cadillac Options or Cadillac Warrants;

"**Cadillac Shareholders**" means the holders of Cadillac Shares;

"**Cadillac Shares**" means the common shares in the capital of Cadillac;

"**Cadillac Stock Option Plan**" means Cadillac's Stock Option Plan existing on the date of this Agreement;

"**Cadillac Support Agreements**" means agreements between Pilot and the Locked-up Shareholders pursuant to which such Locked-up Shareholders agree to vote the Cadillac Shares, as applicable, beneficially owned or controlled by them as at the date of the Cadillac Meeting in favour of the Arrangement and to otherwise support the Arrangement, as provided therein, substantially in the form attached as Schedule D;

"**Cadillac Warrantholders**" means the holders of Cadillac Warrants;

"**Cadillac Warrants**" means the warrants exercisable for Cadillac Shares;

"**Circular**" means the notice of the Cadillac Meeting and accompanying management proxy circular, including all schedules and exhibits thereto, to be sent by Cadillac to the Cadillac Shareholders in connection with the Cadillac Meeting;

"**Confidentiality Agreement**" means the agreement between Cadillac and Pilot dated March 21, 2014 pursuant to which Pilot has been provided with access to confidential information of Cadillac;

"**constating documents**" means, with respect to any person, the certificate and articles of incorporation, by-laws, articles of organization, limited liability company agreement, partnership agreement, formation agreement, joint venture agreement, unanimous shareholder agreement or declaration or other similar governing documents of such person;

"**Court**" means the Supreme Court of British Columbia;

"**Dissent Rights**" means the rights of dissent in respect of the Arrangement described in Section 4.1 of the Plan of Arrangement;

"**Easements**" has the meaning ascribed thereto in Section 3.17(d);

"**Effective Date**" has the meaning ascribed thereto in the Plan of Arrangement;

"**Effective Time**" has the meaning ascribed thereto in the Plan of Arrangement;

"**Environmental Law**" means any and all Applicable Laws in effect on the date of this Agreement relating to pollution, hazardous or toxic substances, wastes, containments, human health and safety or the environment;

"**Final Order**" means the final order of the Court approving the Arrangement, as such order may be amended by the Court at any time prior to the Effective Date, or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended on appeal;

"**GAAP**" means accounting principles generally accepted in Canada, including International Financial Reporting Standards, and those set out in the Handbook of the Canadian Institute of Chartered Accountants, at the relevant time applied on a consistent basis;

"**Governmental Entity**" means any (a) multinational, federal, provincial, territorial, state, regional, tribal, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau or agency, domestic or foreign, (b) subdivision, agent, commission, board, or authority of any of the foregoing, or (c) quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under, or for the account of, any of the foregoing;

"**Interim Order**" means the interim order of the Court, as the same may be amended, in respect of the Arrangement, as contemplated by Section 2.3 providing for, among other things, the calling and holding of the Cadillac Meeting;

"**Lien**" means any mortgage, hypothec, prior claim, lien, pledge, assignment for security, security interest, lease, option, right of third parties or other charge or encumbrance, including the lien or retained title of a conditional vendor, and any easement, servitude, right of way or other encumbrance on title to real or immovable property or personal or movable property;

"**Loan Agreements**" means the loan agreement dated May 5, 2014 and general security agreements between Pilot and each of Cadillac and Cadillac South Explorations Inc., each dated as of June 11, 2014;

"**Locked-up Shareholders**" means (i) each of the officers and directors of Cadillac, (ii) Elmer B. Stewart and (iii) any other Cadillac Shareholder holding greater than 5% of the issued and outstanding Cadillac Shares;

"**Mailing Date**" means the date by which the Circular must be mailed in order to have the Cadillac Meeting on or before August 22, 2014 in accordance with the constating documents of Cadillac and Applicable Laws;

"**MI 61-101**" means Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*;

"**Misrepresentation**" has the meaning given to such term in the BCSA;

"**New Options**" has the meaning given to such term in the Plan of Arrangement;

"**person**" includes any individual, firm, partnership, joint venture, venture capital fund, limited liability company, unlimited liability company, association, trust, trustee, executor, administrator, legal personal representative, estate, group, body corporate, corporation, unincorporated association or organization, Governmental Entity, syndicate or other entity, whether or not having legal status;

"**Pilot Consideration Warrants**" means a Pilot common share purchase warrant which shall entitle the holder thereof to purchase one Pilot Share at an exercise price of $2.00 for a period of two years following the closing of the Arrangement; provided that, in the case where the exercise of such warrant would not constitute an "offshore transaction" (as defined in Rule 902(h) of Regulation S promulgated under the U.S. Securities Act), such warrant must be exercised on a cashless, net-exercise basis;

"**Pilot Disclosure Letter**" means the letter of disclosure dated as of the date of this Agreement and signed by an authorized officer of Pilot and delivered by Pilot to Cadillac on or prior to the date of this Agreement;

"**Pilot Loan**" means a $200,000, senior secured working capital line of credit to be provided by Pilot to Cadillac pursuant to the terms and conditions of the Loan Agreements;

"**Pilot Material Adverse Effect**" means any change, effect, circumstance, event or occurrence with respect to its condition (financial or otherwise), properties, assets, liabilities, obligations (whether absolute, accrued, conditional or otherwise), businesses, prospects, operations or results of operations or those of its Subsidiaries, that is, or would be reasonably expected to be, material and adverse to the current or future business, prospects, operations, regulatory status, financial condition or results of operations of Pilot, as the case may be, and its Subsidiaries taken as a whole, or will, or would reasonably be expected to, prevent, materially delay or materially impair the ability of the Parties to consummate the transactions contemplated by this Agreement; provided, however, that a Pilot Material Adverse Effect shall not include, any such change, effect, event or occurrence directly or indirectly arising out of or attributable to (i) the global economy or securities markets in general and which does not have a materially disproportionate effect on Pilot and its Subsidiaries, taken as a whole; (ii) currency exchange rates; (iii) affecting the worldwide gold industry in general and which does not have a materially disproportionate effect on Pilot and its Subsidiaries, taken as a whole ; (iv) any natural disaster; (v) any change in GAAP; (vi) generally applicable change in Applicable Laws; (vii) any matter which has been publicly disclosed prior to the date hereof; or (viii) the public announcement of the execution and delivery of this Agreement;

"**Pilot Material Properties**" means the Kinsley property in northeast Nevada and the TV Tower property and the Halilaga property in the Biga District of northwestern Turkey;

"**Pilot Options**" means the Pilot Share purchase options granted under the Pilot Stock Option Plan;

"**Pilot Public Record**" has the meaning ascribed thereto in Section 4.5;

"**Pilot Securities**" means the Pilot Shares, the Pilot Consideration Warrants and the New Options;

"**Pilot Shares**" means the common shares in the capital of Pilot;

"**Pilot Stock Option Plan**" means Pilot's Stock Option Plan existing on the date of this Agreement or as amended from time to time;

"**Plan of Arrangement**" means the plan of arrangement substantially in the form and content of Schedule C annexed hereto and any amendments or variations thereto made in accordance with Section 7.1 hereof or Article 6 of the Plan of Arrangement or made at the direction of the Court in the Final Order;

"**Representatives**" has the meaning ascribed thereto in Section 5.3(a);

"**Section 3(a)(10) Exemption**" has the meaning ascribed thereto in Section 2.6;

"**Subsidiary**" has the meaning attributed to that term in the BCBCA;

"**Superior Proposal**" means any bona fide unsolicited written proposal, other than the Arrangement, by a third party, directly or indirectly, to acquire all or substantially all of the assets of Cadillac (on a consolidated basis) or all of the issued and outstanding Cadillac Shares, whether by way of merger, amalgamation, arrangement, share exchange, take-over bid, recapitalization, sale of assets or otherwise, and that the board of directors of Cadillac determines in its good faith (following due consultation with its financial advisors and outside legal counsel) (a) is reasonably capable of being completed without undue delay, taking into account all legal, financial, regulatory and other aspects of such proposal and the party making such proposal, (b) is not subject to a due diligence condition, (c) is not subject to any financing condition, (d) the terms of which do not provide for the payment of fees, no matter how characterized or confer any rights or options to acquire securities or assets of Cadillac in the event that Pilot exercises its right to match such Superior Proposal pursuant to Section 5.5 hereof; and (e) would, if consummated in accordance with its terms, result in a transaction that is more favourable to Cadillac's Shareholders from a financial point of view than the Arrangement and provides for consideration per Cadillac Share that has a value that is greater than 110% of the consideration per Cadillac Share provided under the terms of the Arrangement (including any adjustment to such terms proposed by Pilot as contemplated by Section 5.5(b);

"**Tax**" and "**Taxes**" means, with respect to any person, all income taxes (including any tax on or based upon net income, gross income, income as specially defined, earnings, profits or selected items of income, earnings or profits) and all capital taxes, gross receipts taxes, environmental taxes, sales taxes, use taxes, ad valorem taxes, value added taxes, transfer taxes, license taxes, withholding taxes, payroll taxes, employment taxes, pension plan premiums for government administered pension plans (including Canada Pension Plan and provincial pension plan contributions), excise, severance, social security premiums, workers' compensation premiums, employment insurance and unemployment insurance or compensation premiums, stamp taxes, occupation taxes, premium taxes, property taxes, windfall profits taxes, alternative or add-on minimum taxes, goods and services tax, customs duties or other taxes, fees, imports, assessments or charges of any kind whatsoever, together with any interest and any penalties or additional amounts imposed by any taxing authority (domestic or foreign) on such entity, and any interest, penalties, additional taxes and additions to tax imposed with respect to the foregoing;

"**Tax Returns**" includes all returns, reports, declarations, designations, elections, notices, filings, forms, statements and other documents (whether in tangible, electronic or other form) and including any amendments, schedules, attachments, supplements, appendices and exhibits thereto, made, prepared, filed or required to be made, prepared or filed with any Governmental Entity in respect of Taxes;

"**Termination Date**" means December 31, 2014;

"**Termination Fee**" means a fee payable in accordance with section 7.4 equal to $250,000, payable in cash or, at the sole option of Pilot, Cadillac Shares, with the number of Cadillac Shares payable to be calculated based on the 20-day volume weighted average price of the Cadillac Shares on the TSX-V immediately prior to execution of this Agreement;

"**TSX**" means the Toronto Stock Exchange;

"**TSX-V**" means the TSX Venture Exchange;

"**United States**" means the United States of America, its territories and possessions, any State of the United States, and the District of Columbia;

"**U.S. Exchange Act**" means the U.S. Securities Exchange Act of 1934, as amended; and

"**U.S. Securities Act**" means the U.S. Securities Act of 1933, as amended.

1.2 Interpretation Not Affected by Headings, etc.

The division of this Agreement into articles, sections and other portions and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation hereof. Unless otherwise indicated, all references to an "Article" or "Section" followed by a number or a letter refer to the specified Article or Section of this Agreement. The terms "this Agreement," "hereof," "herein" and "hereunder" and similar expressions refer to this Agreement (including the Schedules hereto) and not to any particular Article, Section or other portion hereof.

1.3 Rules of Construction

Unless otherwise specifically indicated or the context otherwise requires, (a) all references to "dollars" or "$" mean Canadian dollars, (b) words importing the singular shall include the plural and vice versa and words importing any gender shall include all genders, and (c) "include," "includes" and "including" shall be deemed to be followed by the words "without limitation."

1.4 Date For Any Action

In the event that any date on which any action is required to be taken hereunder by any of the parties hereto is not a Business Day, such action shall be required to be taken on the next succeeding day that is a Business Day.

1.5 Schedules

The following Schedules are annexed to this Agreement and are hereby incorporated by reference into this Agreement and form part hereof:

Schedule A — Appropriate Regulatory Approvals
Schedule B — Form of Arrangement Resolution
Schedule C — Form of Plan of Arrangement
Schedule D — Form of Support Agreement

ARTICLE 2
THE ARRANGEMENT

2.1 Implementation Steps by Cadillac

Cadillac covenants in favour of Pilot that Cadillac shall:

(a) as soon as reasonably practicable, apply in a manner acceptable to Pilot, acting reasonably, under Section 291 of the BCBCA for the Interim Order, and thereafter proceed with and diligently seek the Interim Order;

(b) lawfully convene and hold the Cadillac Meeting for the purpose of considering the Arrangement Resolution (and for no other special purpose unless agreed to by Pilot) as soon as reasonably practicable, and in any event, on or before August 22, 2014, or such other date as Cadillac and Pilot may agree in writing, subject to adjournments or postponements which may be required pursuant to Section 5.5(a);

(c) subject to obtaining the approvals as are required by the Interim Order, as soon as practicable after the Cadillac Meeting, proceed with and diligently pursue the application to the Court for the Final Order approving the Arrangement;

(d) subject to obtaining the Final Order and the satisfaction or waiver of the other conditions herein contained in favour of each party, as soon as reasonably practicable, take all steps and actions, including without limitation making all necessary filings with Governmental Entities to give effect to the Arrangement prior to the Termination Date;

(e) instruct counsel acting for it to bring the applications referred to in Sections 2.1(a) and (c) in co-operation with counsel to Pilot;

(f) permit Pilot and its counsel to review and comment reasonably upon drafts of all material to be filed by Cadillac in connection with the Arrangement, including Court documents, the Circular and any supplement or amendment contemplated by Section 2.7(c), and provide counsel to Pilot on a timely basis with copies of any notice of appearance and evidence served on Cadillac or its counsel in respect of the application for the Interim Order and the Final Order or any appeal therefrom and of any notice (written or oral) received by Cadillac indicating any intention to oppose the granting of the Interim Order or the Final Order or to appeal the Interim Order or the Final Order; and

(g) not file any material with the Court in connection with the Arrangement or serve any such material, and not agree to modify or amend materials so filed or served except as contemplated hereby or with Pilot's prior written consent, such consent not to be unreasonably withheld or delayed.

2.2 <u>Implementation Steps by Pilot</u>

Pilot covenants in favour of Cadillac that Pilot shall:

(a) cooperate with, assist and consent to Cadillac seeking the Interim Order and the Final Order; and

(b) use its reasonable efforts to cause the Pilot Shares issuable pursuant to the Arrangement to be approved for listing on the TSX, subject to official notice of issuance, prior to the Effective Time, and for such Pilot Shares to not be subject to any statutory or other hold period (subject only to restrictions on transfer by reason of, among other things, (i) a holder being a "control person" for purposes of Canadian federal, provincial or territorial securities Applicable Laws, or (ii) a holder being an "affiliate" (as such term is defined in Rule 405 under the U.S. Securities Act) of Pilot after the Effective Date or within 90 days prior to the Effective Date).

2.3 <u>Interim Order</u>

The notice of motion for the application referred to in Section 2.1(a) shall request that the Interim Order provide, among other things:

(a) for the class of persons to whom notice is to be provided in respect of the Arrangement and the Cadillac Meeting and for the manner in which such notice is to be provided;

(b) that the requisite approval for the Arrangement Resolution shall be two-thirds of the votes cast on the Arrangement Resolution by Cadillac Shareholders present in person or by proxy at the Cadillac Meeting (such that each Cadillac Shareholder is entitled to one vote for each Cadillac Share held);

(c) that, in all other respects, the terms, restrictions and conditions of the constating documents of Cadillac, including quorum requirements and all other matters, shall apply in respect of the Cadillac Meeting;

(d) if required by Applicable Law, the Plan of Arrangement shall be approved by a majority of the votes attached to the Cadillac Shares held by Cadillac Shareholders present in person or by proxy at the Cadillac Meeting excluding votes attached to Cadillac Shares held by Pilot and any other person described in items (a) through (d) of Section 8.1(2) of MI 61-101;

(e) for the grant of the Dissent Rights; and

(f) for the notice requirements with respect to the presentation of the application to the Court for the Final Order.

2.4 Plan of Arrangement

The parties to this Agreement will implement the Plan of Arrangement in accordance with the provisions of this Agreement including Schedule C of this Agreement.

From and after the Effective Time, the Plan of Arrangement will have all of the effects provided by Applicable Laws, including the BCBCA. The closing of the transactions contemplated hereby will take place at the offices of Blake, Cassels & Graydon, LLP, Suite 2600, 595 Burrard Street, Vancouver, British Columbia at 6:00 a.m. (Vancouver time) on the Effective Date.

2.5 Cadillac Circular

As promptly as reasonably practicable Cadillac shall prepare the Circular together with any other documents required by the BCSA, the BCBCA or other Applicable Laws in connection with the approval of the Arrangement Resolution by the Cadillac Shareholders at the Cadillac Meeting, and Cadillac shall give Pilot timely opportunity to review and comment on all such documentation and all such documentation shall be reasonably satisfactory to Pilot before it is filed or distributed to Cadillac Shareholders incorporating therein all reasonable comments made by Pilot and its counsel. Pilot shall provide Cadillac with the necessary disclosure relating to Pilot in order for Cadillac to complete its disclosure obligations in the Circular.

As promptly as practicable after obtaining the Interim Order, Cadillac shall cause the Circular and other documentation required in connection with the Cadillac Meeting to be sent to each Cadillac Shareholder and filed as required by the Interim Order and Applicable Laws on or before the Mailing Date.

2.6 <u>Securities Compliance</u>

Pilot shall take all commercially reasonable steps as may be required to cause the Pilot Securities to be issued under the Plan of Arrangement, and the Pilot Shares to be issued upon the exercise of the Pilot Consideration Warrants, pursuant to an exemption from the prospectus and registration requirements of Applicable Laws. The parties agree that the Arrangement will be carried out with the intention that all Pilot Securities issued on completion of the Arrangement to the Cadillac Shareholders and Cadillac Optionholders will be issued by Pilot in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Section 3(a)(10) of the U.S. Securities Act (the "**Section 3(a)(10) Exemption**") and pursuant to exemptions from or qualifications under applicable state securities laws. In order to ensure the availability of the Section 3(a)(10) Exemption, the parties agree that the Arrangement will be carried out on the following basis:

(a) the Arrangement will be subject to the approval of the Court;

(b) the Court will be advised as to the intention of the parties to rely on the Section 3(a)(10) Exemption prior to the Court hearing at which the Final Order will be sought;

(c) the Court will have determined, prior to approving the Arrangement, that the terms and conditions of the exchanges of securities under the Arrangement are fair to Cadillac Securityholders to whom securities will be issued;

(d) the Final Order will expressly state that the Arrangement is approved by the Court as being fair to the Cadillac Securityholders to whom securities will be issued;

(e) Cadillac will ensure that each Cadillac Securityholder entitled to receive securities on completion of the Arrangement will be given adequate notice advising them of their right to attend the Court hearing to give approval to the Arrangement and providing them with sufficient information necessary for them to exercise that right;

(f) the Cadillac Securityholders will be advised that the Pilot Securities issued in the Arrangement have not been registered under the U.S. Securities Act and will be issued by Pilot in reliance on the Section 3(a)(10) Exemption and exemptions or qualifications under applicable state securities laws and may be subject to restrictions on resale under the securities laws of the United States, including, as applicable, Rule 144 under the U.S. Securities Act with respect to Cadillac Securityholders who are "affiliates" (as such term is defined in Rule 405 under the U.S. Securities Act) of Pilot after the Effective Date or within 90 days prior to the Effective Date.

(g) the Interim Order approving the Cadillac Meeting to approve the Arrangement will specify that each Cadillac Securityholder to be issued securities in the Arrangement will have the right to appear before the Court at the hearing of the

Court to consider the Arrangement so long as such Cadillac Securityholder enters an appearance within a reasonable time; and

(h) the Final Order shall include a statement substantially to the following effect:

> "This Order will serve as a basis of a claim to an exemption, pursuant to Section 3(a)(10) of the United States Securities Act of 1933, as amended, from the registration requirements otherwise imposed by that Act, regarding the issue and exchange of securities of Pilot Gold Inc. pursuant to the Plan of Arrangement."

2.7 <u>Preparation of Filings</u>

(a) Pilot and Cadillac shall cooperate in:

(i) the preparation of any application for the orders and the preparation of any required registration statements and any other documents reasonably deemed by Pilot or Cadillac to be necessary to discharge their respective obligations under Applicable Laws in connection with the Arrangement and the other transactions contemplated hereby;

(ii) the taking of all such action as may be required under any Applicable Laws in connection with the issuance of the Pilot Securities in connection with the Arrangement (including, without limitation, taking such commercially reasonable actions as may be required under U.S. securities laws (including "blue sky laws") to issue the Pilot Securities to Cadillac Securityholders in exchange for their Cadillac Securities pursuant to the Arrangement and to issue Pilot Shares upon the exercise of the Pilot Consideration Warrants); provided, however, that neither Pilot nor Cadillac shall be required to register or qualify as a foreign corporation or to take any action that would subject it to service of process in any jurisdiction where such entity is not now so subject, except as to matters and transactions arising solely from the offer and sale of the Pilot Securities; and

(iii) the taking of all such action as may be required under the BCBCA in connection with the transactions contemplated by this Agreement and the Plan of Arrangement.

(b) Each of Pilot and Cadillac shall promptly furnish to the other all information concerning it and its affiliates and securityholders as may be required for the effectuation of the actions described in Sections 2.5 and 2.6 and the foregoing provisions of this Section 2.7, and each covenants that no information furnished by it (to its knowledge in the case of information concerning its securityholders) in connection with such actions or otherwise in connection with the consummation of the Arrangement and the other transactions contemplated by this Agreement will contain any Misrepresentation.

(c) Each of Pilot and Cadillac shall promptly notify the other if at any time before or after the Effective Time it becomes aware that the Circular contains any Misrepresentation or that otherwise requires an amendment or supplement to the Circular or such application. In any such event, Pilot and Cadillac shall cooperate in the preparation of any required supplement or amendment to the Circular and, if required by Applicable Laws or the Court, shall cause the same to be distributed to the Cadillac Shareholders or filed with the applicable securities regulatory authorities.

(d) Cadillac shall ensure that the Circular complies with all Applicable Laws and, without limiting the generality of the foregoing, that the Circular does not contain any Misrepresentation. Without limiting the generality of the foregoing, Cadillac shall ensure that the Circular complies with National Instrument 51-102 "Continuous Disclosure Requirements" and provides Cadillac Shareholders with information in sufficient detail to permit them to form a reasoned judgment concerning the matters to be placed before them at the Cadillac Meeting.

(e) Cadillac shall diligently do all such acts and things as may be necessary to comply with National Instrument 54-101 "Communication with Beneficial Owners of a Reporting Issuer" in relation to the Cadillac Meeting and, without limiting the generality of the foregoing, shall, in consultation with Pilot, use all reasonable efforts to benefit from the accelerated timing contemplated by such policy.

2.8 Solicitation of Proxies

Cadillac agrees that Pilot may at any time, directly or through a soliciting dealer, actively solicit proxies in favour of the Arrangement Resolution, subject to Pilot complying with any Applicable Laws applicable to the solicitation of proxies.

2.9 Subsidiary of Pilot

Cadillac acknowledges that Pilot shall be entitled, at its sole discretion, to implement the Arrangement and any of the transactions contemplated thereby, through a wholly-owned Subsidiary in which case Pilot shall guarantee the obligations of such Subsidiary.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES OF CADILLAC MINING CORPORATION

As an inducement to Pilot to enter into this Agreement, Cadillac hereby represents and warrants to Pilot as follows in each case except as set forth in the Cadillac Disclosure Letter (each of which exceptions shall specifically identify the relevant section hereof to which it relates):

3.1 Organization and Standing

(a) Cadillac and each of its Subsidiaries has been duly incorporated, organized or formed and is validly existing and in good standing under the Applicable Laws of its jurisdiction of incorporation, organization or formation, as the case may be, with full corporate or legal power and authority to own, lease and operate its properties and assets and to conduct its businesses as currently owned and conducted. Cadillac and each of its Subsidiaries is duly qualified to do business in each jurisdiction in which the nature of the business conducted by it or the ownership or leasing of its properties and assets requires it to so qualify.

(b) Section 3.1(b) of the Cadillac Disclosure Letter sets forth, as of the date of this Agreement, a true and complete list of each of Cadillac's Subsidiaries, together with (i) the nature of the legal organization of such Subsidiary, (ii) the jurisdiction of incorporation, organization or formation of such Subsidiary, and (iii) the percentage interest owned by Cadillac or any of its Subsidiaries in such Subsidiary and (iv) the jurisdiction in which any Subsidiary is qualified to do business. Other than the Pilot Loan, neither Cadillac nor any of its Subsidiaries is subject to any obligation or a series of related obligations to provide funds to or make any investment in (in the form of a loan, capital contribution or otherwise) any person.

(c) Cadillac has made available to Pilot complete and correct copies of its constating documents and minute books as well as the constating documents and minute books of each of its Subsidiaries, in each case as in effect on the date of this Agreement.

(d) Except for its interest in its Subsidiaries, Cadillac does not as of the date of this Agreement own, directly or indirectly, any capital stock, membership interest, partnership interest, joint venture interest or other equity interest in any person.

(e) Cadillac is a "reporting issuer" within the meaning of the securities laws of British Columbia, Alberta and Ontario, and is not on a list of defaulting issuers maintained by the securities commissions in any jurisdiction.

(f) The Cadillac Shares are listed for trading on the TSX-V and Cadillac is in compliance with all rules, regulations and policies of the TSX-V in all material respects.

(g) No order (or the equivalent) ceasing or suspending the trading of its securities or prohibiting the sale of securities by Cadillac has been issued or is in force as of the date hereof and no proceedings for this purpose have been instituted or are pending, or to the knowledge of Cadillac, contemplated or threatened.

3.2 Capitalization

(a) The authorized capital of Cadillac consists of an unlimited number of Cadillac Shares, and as of the date of this Agreement, 32,339,295 Cadillac Shares are issued and outstanding. As of the date of this Agreement, there are outstanding Cadillac Options entitling Cadillac Optionholders to purchase up to 2,700,000

Cadillac Shares and Cadillac Warrants entitling Cadillac Warrantholders to purchase up to 1,115,000 Cadillac Shares. Details as to the terms and conditions of the outstanding Cadillac Options and Cadillac Warrants including, in each case, the date of issue, the exercise price, the expiry date and the number of Cadillac Shares to which such Cadillac Option relates, is set out in Section 3.2(a) of the Cadillac Disclosure Letter.

(b) All of the Cadillac Shares have been duly authorized and are validly issued and fully paid and non-assessable, were not issued in violation of pre-emptive or similar rights or any other agreement or understanding binding upon Cadillac and were issued in compliance with the BCBCA, all Applicable Laws (including the U.S. Securities Act and other securities laws of the United States) and the constating documents of Cadillac. All of the outstanding shares and other ownership interests of the Subsidiaries of Cadillac which are held, directly or indirectly, by Cadillac have been duly authorized and are validly issued, fully paid and non-assessable, were not issued in violation of pre-emptive or similar rights and all such shares and other ownership interests are owned directly or indirectly by Cadillac, free and clear of all Liens.

(c) As of the date of this Agreement, there are no outstanding options, warrants, subscriptions, puts, calls or other rights, agreements, arrangements or commitments (pre-emptive, contingent or otherwise) obligating Cadillac or any of its Subsidiaries to offer, issue, sell, redeem, repurchase, otherwise acquire or transfer, pledge or encumber any capital stock of Cadillac or any of its Subsidiaries, nor are there outstanding any securities or obligations of any kind of Cadillac or any of its Subsidiaries which are convertible into or exercisable or exchangeable for any capital stock of Cadillac, any of its Subsidiaries or any other person and neither Cadillac nor any of its Subsidiaries has any obligation of any kind to issue any additional securities or to pay for or repurchase any securities. There are no outstanding stock appreciation rights, phantom equity or similar rights, agreements, arrangements or commitments based upon the book value, income or any other attribute of Cadillac or any of its Subsidiaries. As of the date of this Agreement there are no outstanding bonds, debentures or other evidences of indebtedness of Cadillac or any of its Subsidiaries having the right to vote (or that are exchangeable or convertible for or exercisable into securities having the right to vote) with the Cadillac Shareholders on any matter. As of the date of this Agreement, there are no shareholder agreements, proxies, voting trusts, rights to require registration under securities Applicable Laws or other arrangements or commitments to which Cadillac or any of its Subsidiaries is a party or bound with respect to the voting, disposition or registration of any outstanding securities of Cadillac or any of its Subsidiaries.

3.3 <u>Authority and No Conflicts</u>

(a) Cadillac has all requisite corporate power and authority to execute and deliver this Agreement and the other documents related to the transactions contemplated hereunder and to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby, subject to the approval of the Cadillac Shareholders and the Court as provided in this Agreement with respect to the Plan of Arrangement. The execution and delivery of this Agreement and the other documents related to the transactions contemplated hereunder by Cadillac and the consummation by Cadillac of the transactions contemplated by this Agreement have been duly and validly authorized by all necessary corporate action and no other corporate proceedings on the part of Cadillac are necessary to authorize this Agreement and the other documents related to the transactions contemplated hereunder or to consummate the transactions contemplated hereby or thereby other than, with respect to the completion of the Arrangement, the approval of the Cadillac Shareholders and the Court.

(b) Each of this Agreement and the other documents related to the transactions contemplated hereunder has been or will be duly and validly executed and delivered by Cadillac and constitutes or will constitute its legal, valid and binding obligation, enforceable against it in accordance with its terms, except as the same may be limited by bankruptcy, insolvency and other Applicable Laws affecting creditors' rights generally, and by general principles of equity.

(c) The board of directors of Cadillac at a meeting duly called and held has determined by the unanimous vote of all its directors (A) that this Agreement and the transactions contemplated hereby and the Arrangement Resolution, are fair to the Cadillac Shareholders and are in the best interests of Cadillac, (B) to recommend that the Cadillac Shareholders vote in favour of the Arrangement Resolution and (C) authorizing any director or officer of Cadillac, acting alone, to execute and deliver all documents and do any and all other things required hereunder or necessary or desirable to give effect to the Arrangement and the transactions contemplated by this Agreement.

(d) Neither the execution and delivery of this Agreement or any other documents related to the transactions contemplated hereunder by Cadillac or its Subsidiaries nor the performance of its obligations hereunder and thereunder and the completion of the transactions contemplated hereby, will:

(i) conflict with, or violate any provision of, the constating documents of Cadillac or any of its Subsidiaries;

(ii) subject to receipt of the Appropriate Regulatory Approvals listed in Schedule A and the consents, approvals, orders, authorizations, registrations, declarations or filings referred to in Section 3.4 being made or obtained, violate or breach any Applicable Laws, judgment, order or decree applicable to Cadillac or any of its Subsidiaries;

(iii) subject to the consents, approvals, orders, authorizations, registrations, declarations or filings referred to in Section 3.4 being made or obtained, violate or conflict with or result in the breach of, or constitute a default (or an event that with the giving of notice, the passage of time, or both would constitute a default) under, or entitle any party (with the giving of notice, the passage of time or both) to terminate, accelerate, modify, suspend or call any obligations or rights (including rights of first offer, first refusal or any similar rights) under, any agreement, contract, note, bond, mortgage, indenture, deed of trust, lease, license, permit, concession, easement or other instrument to which Cadillac or any of its Subsidiaries is a party or by which Cadillac or any of its Subsidiaries or their property is bound or subject; or

(iv) result in the imposition of any encumbrance, charge or Lien upon or require the sale or give any person the right to acquire any of Cadillac's assets or the assets of any of its Subsidiaries or restrict, hinder, impair or limit the ability of Cadillac, or any of its Subsidiaries to carry on their respective businesses as and where they are now being, or are planned to be, carried on.

3.4 <u>Consent and Approvals</u>

No consents, approvals, licenses, permits, orders or authorizations of, or registrations, declarations or filings with, or permits from, any third party or Governmental Entity required to be obtained or made by or with respect to Cadillac or any of its Subsidiaries in connection with the execution, performance and delivery of this Agreement or any other documents related to the transactions contemplated hereunder by Cadillac or any of its Subsidiaries, the performance of its obligations hereunder or the consummation by Cadillac of the transactions contemplated hereby other than (a) any approvals required by the Interim Order, (b) the Final Order, (c) the approval of the Arrangement by the Cadillac Shareholders, (d) any filings under the BCBCA and Applicable Laws, and (e) the Appropriate Regulatory Approvals listed in Schedule A required to be obtained by Cadillac in order for it to consummate the transactions contemplated hereby.

3.5 <u>No Defaults</u>

To the best of its knowledge, none of Cadillac or any of its Subsidiaries or any other party thereto, is in default under or violation of, and there has been no event, condition or occurrence which, after notice or lapse of time or both, would constitute such a default or violation of, or permit the termination of, any term, condition or provision of (a) their respective constating documents, (b) any credit agreement, note, bond, mortgage, indenture, contract, agreement, lease, license, permit, concession, easement or other instrument to which Cadillac or any of its Subsidiaries is a party or by which Cadillac or any of its Subsidiaries or any of its or their property is bound or subject.

3.6 <u>Absence of Certain Changes or Events</u>

Cadillac and its Subsidiaries have conducted their respective businesses only in the ordinary course in a manner consistent with past practice and there has been no Cadillac Material Adverse Effect or any event, occurrence or development which could be reasonably expected to have a Cadillac Material Adverse Effect or which materially and adversely affects the ability of Cadillac to consummate the transactions contemplated hereby or to restrict, hinder, impair or limit the ability of Cadillac, or any of its Subsidiaries to carry on their respective businesses as and where they are now being carried on or as contemplated to be carried on as disclosed by Cadillac to Pilot.

3.7 <u>Employment Matters</u>

(a) Neither Cadillac nor any of its Subsidiaries is (i) a party to any written policy, agreement, obligation, understanding or undertaking providing for severance, change of control or termination payments to, or any employment agreement with, any former or current director, officer or employee or (ii) any oral policy, agreement, obligation, understanding or undertaking providing an entitlement to any former director, officer or employee to severance, change of control or termination payments.

(b) Neither Cadillac nor any of its Subsidiaries is a party to any consulting contract, written or oral, providing for compensation of any individual or entity in excess of $10,000 per calendar year.

(c) Neither Cadillac nor any of its Subsidiaries has agreed to recognize any union or other collective bargaining representative, nor has any union or other collective bargaining representative been certified as the exclusive bargaining representative of any of Cadillac's or any of its Subsidiaries' employees. No union organizational campaign or representation petitions are currently pending with respect to any of the employees of Cadillac or any of its Subsidiaries.

(d) All employees and former employees of Cadillac and its Subsidiaries have been, or will have been on or before the Effective Date, paid or amounts in respect thereof shall have been accrued for wages, salaries, commissions, bonuses, vacation pay, sick pay, and other compensation for all services performed by them or that was accrued by them up to the Effective Date, in accordance with the obligations of Cadillac and its Subsidiaries under any employment or labour practices and policies.

(e) There are no current, pending or threatened proceedings before any board, tribunal, arbitrator or Governmental Entities or claims with respect to employment or labour Applicable Laws, including, but not limited to, employment and labour standards, unfair labour practices, employment discrimination, occupational health and safety, employment equity, pay equity, workers' compensation, human rights and labour relations. Cadillac and its Subsidiaries are not subject to any settlement agreement, conciliation agreement, letter of commitment, deficiency letter or consent decree with any present or former employee or applicant for employment, labour union or other employee representative, or any Government Entity or arbitrator relating to claims of unfair labour practices, employment discrimination, or other claims with respect to employment and labour practices and policies that would have a Cadillac Material Adverse Effect, and no Government Entity or arbitrator has issued a judgment, order, decree, injunction, decision, award or finding with respect to the employment and labour practices or policies of Cadillac or its Subsidiaries which currently has or would be reasonably expected to have a Cadillac Material Adverse Effect. There are no outstanding assessments, penalties, fines, Liens, charges, surcharges, or other amounts due and owing pursuant to any workplace safety and insurance legislation by Cadillac or any of its Subsidiaries and they have not been reassessed under such legislation during the past three years and, no audit is currently being performed pursuant to any applicable workplace safety and insurance legislation. There are no claims or potential claims which may materially and adversely affect accident cost experience.

(f) None of Cadillac or any of its Subsidiaries is subject to any claim for wrongful dismissal, constructive dismissal or any tort claim, actual or, to the knowledge of Cadillac, pending or threatened, or any litigation, actual or, to the knowledge of Cadillac, pending or threatened, relating to employment or termination of employment of employees or independent contractors.

(g) Cadillac and its Subsidiaries have conducted their business in accordance with all Applicable Laws with respect to employment and labour, including, but not limited to, employment and labour standards, occupational health and safety, employment equity, pay equity, workers' compensation, human rights and labour relations.

(h) All accruals for premiums and assessments for unemployment insurance, health premiums, Canada Pension Plan premiums, accrued wages, salaries and commissions and employee benefit plan payments have been reflected in the books and records of Cadillac and its Subsidiaries.

(i) The name and address of all employees of each of Cadillac and its Subsidiaries, and the terms of their employment including length of employment, compensation and benefits are set out in Section 3.7(i) of the Cadillac Disclosure Letter.

3.8 <u>Public Record and Financial Statements</u>

(a) Cadillac has filed with all applicable securities and regulatory authorities (including the TSX-V) all information and documents required to be filed with such authorities under the Applicable Laws (the "**Cadillac Public Record**") and the statements set forth in the Cadillac Public Record are true, correct and complete and do not contain any Misrepresentation as of the dates on which they were made and Cadillac has not filed any confidential material change reports or similar reports which currently remain confidential.

(b) The audited consolidated financial statements (including, in each case, any related notes thereto) of Cadillac for each of the years ended August 31, 2013, 2012 and 2011 and unaudited financial statements for the interim period ended February 28, 2014 (the "**Cadillac Financial Statements**") (i) have been prepared in accordance with GAAP applied on a consistent basis during the periods involved (subject, in the case of unaudited financial statements, to the absence of certain notes and to normal year-end audit adjustments which will not, in aggregate, be materially adverse), (ii) comply in all material respects with the requirements of Applicable Laws, (iii) are in accordance with the books and records of Cadillac; (iv) contain and reflect all necessary adjustments for fair presentation of the results of operations and the financial condition of the business of Cadillac for the periods covered thereby, (v) contain and reflect adequate provision or allowance for all reasonably anticipated liabilities, expenses and losses of Cadillac, and (vi) fairly present, in all material respects, the consolidated financial position, results of operations and cash flows of Cadillac and its Subsidiaries as of the respective dates thereof and for the respective periods covered thereby.

(c) There are no known or anticipated material liabilities of Cadillac or its Subsidiaries of any kind whatsoever (including absolute, accrued or contingent liabilities) nor any commitments whether or not determined or determinable, in respect of which Cadillac or its Subsidiaries is or may become liable other than the liabilities disclosed on, reflected in or provided for in the Cadillac Financial Statements.

(d) Cadillac's auditors are independent public accountants as required by Applicable Laws and there is not now, and there has never been, any reportable event (as defined in National Instrument 51-102 "Continuous Disclosure Obligations" with the present or former auditors of Cadillac.

3.9 <u>Contracts</u>

(a) Section 3.9(a) of the Cadillac Disclosure Letter lists as of the date of this Agreement all written or oral contracts, agreements, guarantees and leases that are material to Cadillac and/or its Subsidiaries or any other contract that provides for the expenditure or receipt by Cadillac over its term of more than $50,000. All such contracts (i) are valid and binding obligations of Cadillac or such Subsidiaries that are parties thereto and are valid and binding obligation of each other party thereto, (ii) are in full force and effect, and Cadillac and/or its Subsidiaries have timely and fully performed all of their obligations thereunder.

(b) Except as set forth in the Cadillac Disclosure Letter, there are no agreements, covenants, undertakings or other commitments of Cadillac or any of its Subsidiaries, including partnerships or joint ventures of which Cadillac or any of the Subsidiaries is a partner or member, under which the consummation of the Arrangement would:

(i) have the effect of imposing restrictions or obligations on Cadillac or any of the Subsidiaries greater than those imposed upon Cadillac, the Subsidiaries or any such partnership or joint venture at the date hereof;

(ii) give a third party a right to terminate any material agreement to which Cadillac, the Subsidiaries or any such partnership or joint venture is a party or to purchase any of their respective assets;

(iii) impose restrictions on the ability of Cadillac or the Subsidiaries to carry on any business which it might choose to carry on within any geographical area, to acquire property or dispose of its property and assets in their entirety or to change its corporate status; or

(iv) impose restrictions on the ability of Cadillac or the Subsidiaries to pay any dividends or make other distributions to its shareholders or to borrow money and to mortgage and pledge its property as security therefore.

3.10 Litigation

Except as set forth in Section 3.10 of the Cadillac Disclosure Letter, there are no claims, actions, suits, proceedings or investigations pending against Cadillac or any of its Subsidiaries or threatened against Cadillac or any of its Subsidiaries before any Governmental Entity (and Cadillac and its Subsidiaries have no knowledge of any facts that are likely to give rise to any such claim, action, suit, proceeding or investigation). Neither Cadillac nor any of its Subsidiaries, nor their respective assets and properties, is subject to any outstanding judgment, order, writ, injunction or decree.

3.11 Environmental

(a) Each of Cadillac and its Subsidiaries: (i) has been and is in compliance with any and all applicable Environmental Laws; (ii) has received all permits, licenses or other approvals required of it under applicable Environmental Laws to conduct its business as currently conducted; (iii) is in compliance with all terms and conditions of each such permit, license or approval; (iv) confirms that there have been no past and there are no pending or, to the knowledge of Cadillac, any threatened claims, complaints, notices or requests for information received by Cadillac or its Subsidiaries with respect to any alleged violation of any Environmental Law; and (v) confirms that no conditions exist at, on or under any property now or previously owned, leased or occupied by Cadillac or its Subsidiaries which, with the passage of time, or the giving of notice or both, could be considered a nuisance or would give rise to liability under any Environmental Law.

(b) All reclamation required to have been performed by Cadillac or any Subsidiary under applicable Environmental Laws has been timely and properly performed.

(c) Neither Cadillac nor its Subsidiaries, has ever caused or permitted hazardous or toxic waste to be generated, placed, treated, held, stored, located, transported, released or disposed of on, under, at or from any lands or premises now or previously owned, leased or occupied by Cadillac or its Subsidiaries otherwise than in compliance with applicable Environmental Laws and no notice has been received by Cadillac or its Subsidiaries of any action or potential liability in respect thereof and no civil, criminal or enforcement actions or complaints in respect thereof are threatened, pending or have been commenced against Cadillac or its Subsidiaries.

(d) There are no environmental audits, evaluations, assessments, studies or tests that were commissioned by Cadillac or its Subsidiaries respecting the business, operations, properties or facilities of Cadillac or its Subsidiaries.

3.12 Tax Matters

(a) Cadillac and each of its Subsidiaries has filed in a timely manner all necessary Tax Returns, notices, applications and filings, including any filings required to be made in connection with any flow-through financing of the Company and applications for applicable tax credits in each of the provinces in Canada in which Cadillac conducts business, and has paid all applicable Taxes of whatsoever nature required to be paid to the date hereof to the extent that such Taxes have become due or have been alleged to be due and Cadillac is not aware of any Tax deficiencies or interest or penalties accrued or accruing, or alleged to be accrued or accruing, thereon where, in any of the above cases, it might reasonably be expected to have a Material Adverse Effect on the condition (financial or otherwise), or in the earnings, business, affairs or prospects of Cadillac or its Subsidiaries and there are no agreements, waivers or other arrangements providing for an extension of time with respect to the filing of any Tax Return by Cadillac or any of its Subsidiaries or the payment of any material Tax, governmental charge, penalty, interest or fine against Cadillac or any of its Subsidiaries. There are no material actions, suits, proceedings, investigations or claims now threatened or pending against Cadillac or any of its Subsidiaries which could result in a material liability in respect of Taxes of any Governmental Entity, penalties, interest, fines, assessments or reassessments or any matters under discussion with any Governmental Entity to Taxes, governmental charges, penalties, interest, fines, assessments or reassessments asserted by any such authority.

(b) Neither Cadillac nor its Subsidiaries has received any written notification that any issue involving an amount of Taxes of Cadillac or any of its Subsidiaries has been raised by (and is currently pending with) a Governmental Entity, in connection with any Tax Return filed or required to be filed, and no waivers of statutes of limitations or objections to any assessments or reassessments involving an amount of Taxes of Cadillac or its Subsidiaries have been given, filed or requested with respect to Cadillac or its Subsidiaries.

3.13 Pension and Employee Benefits

(a) Neither Cadillac or any of its Subsidiaries sponsor, contribute or maintain any employee benefit, health, welfare, supplemental unemployment benefit, bonus, incentive, pension, profit sharing, deferred compensation, share compensation, share purchase, retirement, hospitalization insurance, medical, dental, legal, disability or similar plans or arrangements or practices, whether written or oral, (collectively referred to as the "**Cadillac Plans**").

(b) All of the Cadillac Plans are and have been established, registered, qualified, invested and administered, in all material respects, in accordance with all Applicable Laws, and in accordance with their terms and the terms of agreements between Cadillac or a Subsidiary of Cadillac, as the case may be, and their respective employees. No fact or circumstance exists that could adversely affect the existing tax status of a Cadillac Plan.

3.14 Compliance with Laws and Permits

(a) Cadillac and its Subsidiaries are in compliance, and at all times have complied, with all Applicable Laws. No investigation or review by any Governmental Entity with respect to Cadillac or any of its Subsidiaries is pending or, to the knowledge of Cadillac, is threatened, nor has any Governmental Entity indicated an intention to conduct the same.

(b) Cadillac and its Subsidiaries are in possession of the grants, authorizations, licenses, permits, easements, variances, exemptions, consents, certificates, approvals and orders set out in Section 3.14(b) of the Cadillac Disclosure Letter, which are necessary to own, lease and operate their properties and to lawfully carry on their respective businesses as they are now being conducted (collectively, the "**Cadillac Permits**") and the Cadillac Permits listed in Section 3.14(b) of the Cadillac Disclosure Letter represent a complete list of all permits of Cadillac and its Subsidiaries. There is no action, proceeding, review or investigation pending or, to the knowledge of Cadillac, threatened regarding any of the Cadillac Permits. None of Cadillac or any of its Subsidiaries is in conflict with, or in default or violation of any of the Cadillac Permits.

3.15 Restrictions on Business Activities

There is no agreement, judgment, injunction, order or decree binding upon Cadillac or any of its Subsidiaries that has or could be reasonably expected to have the effect of prohibiting, restricting or impairing any business practice of Cadillac or any of its Subsidiaries, any acquisition of property by Cadillac or any of its Subsidiaries or the conduct of business by Cadillac or any of its Subsidiaries as currently or proposed to be conducted.

3.16 Insurance

Cadillac does not presently carry any insurance.

3.17 Property

(a) Section 3.17(a) of the Cadillac Disclosure Letter lists all of Cadillac and its Subsidiaries owned and leased real property, and water rights, and such list represents a complete list of all owned and leased real property, and water rights, in which Cadillac and its Subsidiaries have any interest.

(b) Cadillac and each of its Subsidiaries, as the case may be, has legal and beneficial, good and marketable title to all of its property and assets (real and personal, immovable and movable, tangible and intangible, including leasehold interests) sufficient to carry on their respective business as currently conducted, including all the properties and assets reflected in the financial statements contained in the Cadillac Public Record, except as indicated in the notes thereto, together with all additions thereto in the ordinary course of its business and such property is held free and clear of all liens, charges, mortgages, pledges, actions, claims or deeds, security interests and other encumbrances, of any nature.

(c) Cadillac or one of its Subsidiaries is the absolute legal and beneficial owner of, and has good and marketable title to, all of the material property or assets comprising the Cadillac Material Properties, free of any mortgage, lien, charge, encumbrance, claims or demands whatsoever, and no other material property rights are necessary for the exploration and development of such Cadillac Material Properties. Cadillac knows of no claim or the basis for any claim that would reasonably be expected to materially adversely affect the right thereof to use, transfer or otherwise exploit the property rights of Cadillac and Cadillac has no responsibility or obligation to pay any material commission, royalty, licence fee or similar payment to any person with respect to such property rights, other than as set out in Section 3.17 of the Cadillac Disclosure Letter. Without limiting the foregoing, with respect to each of the unpatented mining claims owned by one of Cadillac's Subsidiaries at the Goldstrike project (the "**Unpatented Claims**"), subject to the paramount title of the United States of America, (i) the Unpatented Claims were properly located by qualified locators and properly laid out and monumented on available public domain land open to appropriation by mineral location; (ii) location notices or certificates for each of the Unpatented Claims were timely and properly recorded and filed with the appropriate Governmental Entity, and all payments required in connection therewith were timely and properly made; (iii) all claim maintenance, recording and related fees have been timely and properly paid as required by law in order to hold the Unpatented Claims through the assessment year ending on September 1, 2014; and (iv) all affidavits of assessment of work, notices of intent to hold, evidence of payment of claim maintenance fees, and other filings required to maintain the Unpatented Claims in good standing have been timely and properly recorded or filed with appropriate governmental Entity.

(d) The businesses of Cadillac and each of its Subsidiaries have been and are being operated in a manner which does not violate the terms of any easements, rights of way, permits, servitudes, licenses, leasehold estates and similar rights relating to real property (collectively, "**Easements**") used by Cadillac and each of its Subsidiaries in such businesses. Section 3.17(d) of the Cadillac Disclosure Letter represents a complete list of all Easements and such list represents a complete list of all Easements relating to real property in which Cadillac or its

Subsidiaries have any interest. All Easements are valid and enforceable, except as the enforceability thereof may be affected by bankruptcy, insolvency or other Applicable Laws of general applicability affecting the rights of creditors generally or principles of equity, and grant the rights purported to be granted thereby and all rights necessary thereunder for the current operation of such businesses.

(e) Cadillac has filed with the applicable provincial securities commissions in Canada all of the technical reports required to be filed under National Instrument 43-101 "Standards of Disclosure of Mineral Projects" in respect of each property material to Cadillac and all public disclosure made by Cadillac regarding its properties complies in all material respects with the requirements of National Instrument 43-101.

(f) There is no material adverse claim against or challenge to the title or ownership of the Cadillac Material Properties.

(g) There are no back-in rights, earn-in rights, rights of first refusal or similar provisions which would affect the interest of Cadillac in the Cadillac Material Properties.

3.18 <u>Brokerage and Finders' Fees</u>

Neither Cadillac nor any Subsidiary of Cadillac or any shareholder, director, officer or employee thereof, has incurred or will incur on behalf of Cadillac, any brokerage, finders' or similar fee in connection with the transactions contemplated hereby.

3.19 <u>Books and Records</u>

The books, records, minutes, resolutions and accounts of Cadillac and its Subsidiaries, (i) have been maintained in accordance with good business practices and on a basis consistent with prior years, (ii) are stated in reasonable detail and accurately and fairly reflect the transactions and dispositions of the assets of Cadillac and its Subsidiaries, (iii) accurately and fairly reflect the basis for Cadillac's financial statements contained in the Cadillac Public Record and (iv) are complete, or to the extent there are any deficiencies, such deficiencies do not create any material obligations or liabilities. Cadillac has devised and maintains a system of internal accounting controls sufficient to provide reasonable assurances that (i) transactions are executed in accordance with management's general or specific authorization, and (ii) transactions are recorded as necessary (A) to permit preparation of financial statements in conformity with GAAP, and (B) to maintain accountability for assets.

3.20 <u>Management Controls</u>

There has been no fraud, whether or not material, that involves management or other employees who have a significant role in Cadillac's internal controls.

3.21 <u>Proceeds of Crime</u>

Cadillac and its Subsidiaries have not, directly or indirectly, (a) made or authorized any contribution, payment or gift of funds or property to any official, employee or agent of any governmental agency, authority or instrumentality of any jurisdiction or (b) made any contribution to any candidate for public office, in either case, where either the payment or the purpose of such contribution, payment or gift was, is, or would be prohibited under the *Canada Corruption of Foreign Public Officials Act* (Canada) or the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) or the rules and regulations promulgated thereunder or under any other legislation of any relevant jurisdiction covering a similar subject matter applicable to Cadillac or its Subsidiaries and its operations and Cadillac and its Subsidiaries have instituted and maintained policies and procedures designed to ensure, and which are reasonably expected to continue to ensure, continued compliance with such legislation.

3.22 Related Party Transactions

There are no contracts or other transactions currently in place between Cadillac, on the one hand, and: (i), any officer or director of Cadillac; (ii) any holder of record or beneficial owner of 10% or more of Cadillac Shares; and (iii) any affiliate or associate of any such, officer, director, holder of record or beneficial owner, on the other hand.

3.23 United States Securities Laws

(i) Cadillac is a “foreign private issuer” as defined in Rule 3b-4 under the U.S. Exchange Act; (ii) no securities of Cadillac have been or are registered or required to be registered under Section 12 of the U.S. Exchange Act, and Cadillac is not required to file reports with the United States Securities and Exchange Commission under Section 13 or Section 15(d) of the U.S. Exchange Act; and (iii) Cadillac is not registered or required to be registered as an “investment company” as defined in the United States Investment Company Act of 1940, as amended.

3.24 Full Disclosure

Cadillac has not, to the best of its knowledge, withheld from Pilot any material information or documents concerning Cadillac or any of its Subsidiaries or their respective assets or liabilities during the course of Pilot’s review of Cadillac, its Subsidiaries and their respective assets which have been requested by Pilot or any of its Representatives. No representation or warranty contained herein and no statement contained in any schedule or other disclosure document provided to Pilot by Cadillac pursuant hereto contains any untrue statement of a material fact which is necessary in order to make the statements herein or therein not misleading.

Pilot’s right to indemnification, reimbursement or other remedy based upon any representations, warranties, covenants and obligations of Cadillac contained in this Agreement shall not be affected by any investigation (including any environmental investigation or assessment) conducted with respect to, or any knowledge acquired (or capable of being acquired) at any time, whether before or after the execution and delivery of this Agreement or the Effective Date, with respect to the accuracy or inaccuracy of or compliance with any such representation, warranty, covenant or obligation.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF PILOT

Pilot represents and warrants to Cadillac as follows in each case except (each of which exceptions shall specifically identify the relevant section hereof to which it relates):

4.1 Organization and Standing

(a) Each of Pilot and its Subsidiaries has been duly incorporated, organized or formed and is validly existing and in good standing under the Applicable Laws of its jurisdiction of incorporation, organization or formation, as the case may be, with full corporate or legal power and authority to own, lease and operate its properties and assets and to conduct its businesses as currently owned and conducted except where, individually or in the aggregate, the failure of a Subsidiary to be so organized, formed or existing or to have such power or authority would not have a Pilot Material Adverse Effect. Each of Pilot and its Subsidiaries is duly qualified to do business in each jurisdiction in which the nature of the business conducted by it or the ownership or leasing of its properties and assets requires it to so qualify, except where, individually or in the aggregate, the failure to be so qualified would not have a Pilot Material Adverse Effect.

(b) Pilot has made available to Cadillac complete and correct copies of its constating documents and minute books as well as the constating documents and minute books of each of its Subsidiaries, in each case as in effect on the date of this Agreement.

(c) Pilot is a "reporting issuer" within the meaning of applicable securities laws of all of the provinces of Canada, has no reporting requirements under any other jurisdiction and is not on a list of defaulting issuers maintained by the securities commissions in such jurisdictions;

(d) The Pilot Shares are listed for trading on the TSX and Pilot is in compliance with all rules, regulations and policies of the TSX in all material respects.

(e) No order (or the equivalent) ceasing or suspending the trading of its securities or prohibiting the sale of securities by Pilot has been issued or is in force as of the date hereof and, to the knowledge of Pilot, no proceedings for this purpose have been instituted or are pending, contemplated or threatened.

4.2 Capitalization

(a) The authorized capital of Pilot consists of an unlimited number of Pilot Shares, and as of the date of this Agreement, 103,017,333 Pilot Shares are issued and outstanding. As of the date of this Agreement, there are outstanding Pilot Options permitting the holders thereof to purchase 8,885,000 Pilot Shares, and Pilot Warrants entitling the holders thereof to purchase 14,362,524 Pilot Shares.

(b) All of the Pilot Shares have been duly authorized and are validly issued and fully paid and non-assessable, were not issued in violation of pre-emptive or similar rights or any other agreement or understanding binding upon Pilot and were issued in compliance with all Applicable Laws and the constating documents of Pilot. All of the outstanding shares and other ownership interests of the Subsidiaries of Pilot which are held, directly or indirectly, by Pilot have been duly authorized and are validly issued, fully paid and non-assessable, were not issued in violation of pre-emptive or similar rights and all such shares and other ownership interests are owned directly or indirectly by Pilot, free and clear of all Liens.

(c) Except as described in Section 4.2(a) above, as of the date of this Agreement, there are no outstanding options, warrants, subscriptions, puts, calls or other rights, agreements, arrangements or commitments (pre-emptive, contingent or otherwise) obligating Pilot or any of its Subsidiaries to offer, issue, sell, redeem, repurchase, otherwise acquire or transfer, pledge or encumber any capital stock of Pilot or any of its Subsidiaries, nor are there outstanding any securities or obligations of Pilot or any of its Subsidiaries that are convertible into or exercisable or exchangeable for any capital stock of Pilot, any of its Subsidiaries or any other person and neither Pilot nor any of its Subsidiaries has any obligation of any kind to issue any additional securities or to pay for or repurchase any securities.

4.3 <u>Authority and No Conflicts</u>

(a) Pilot has all requisite corporate power and authority to execute and deliver this Agreement and the other documents related to the transactions contemplated hereunder and to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the other documents related to the transactions contemplated hereunder by Pilot and the consummation by Pilot of the transactions contemplated by this Agreement have been duly and validly authorized by all necessary corporate action and no other corporate proceedings on the part of Pilot are necessary to authorize this Agreement and the other documents related to the transactions contemplated hereunder or to consummate the transactions contemplated hereby or thereby. No approval by the holders of Pilot Shares of the transactions contemplated hereby is necessary to authorize the execution, delivery or performance of this Agreement or any of the other documents related to the transactions contemplated hereunder or the consummation of the transactions contemplated hereby and no such approval will be sought by Pilot.

(b) Each of this Agreement and the other documents related to the transactions contemplated hereunder has been and will be duly executed and delivered by Pilot and constitutes and will constitute a legal, valid and binding obligation of Pilot, enforceable against Pilot in accordance with its terms, except as the same may be limited by bankruptcy, insolvency and other Applicable Laws affecting creditors' rights generally, and by general principles of equity.

(c) Neither the execution and delivery of this Agreement or any other documents related to the transactions contemplated hereunder by Pilot nor the performance by Pilot of the obligations hereunder and thereunder and the completion of the transactions contemplated hereby, will:

(i) conflict with, or violate any provision of, the constating documents of Pilot or any of its Subsidiaries;

(ii) subject to receipt of the Appropriate Regulatory Approvals listed in Schedule A and the consents, approvals, orders, authorizations, registrations, declarations or filings referred to in Section 4.4 being made or obtained, violate or breach any Applicable Laws, judgment, order or decree applicable to Pilot or any of its Subsidiaries;

(iii) subject to the consents, approvals, orders, authorizations, registrations, declarations or filings referred to in Section 4.4 being made or obtained, violate or conflict with or result in the breach of, or constitute a default (or an event that with the giving of notice, the passage of time, or both would constitute a default) under, or entitle any party (with the giving of notice, the passage of time or both) to terminate, accelerate, modify, suspend or call any obligations or rights under any agreement, contract, note, bond, mortgage, indenture, deed of trust, lease, license, permit, concession, easement or other instrument to which Pilot or any of its Subsidiaries is a party or by which Pilot or any of its Subsidiaries or their property is bound or subject; or

(iv) result in the imposition of any encumbrance, charge or Lien upon or require the sale or give any person the right to acquire any of Pilot's assets or the assets of any of its Subsidiaries or restrict, hinder, impair or limit the ability of Pilot, or any of its Subsidiaries to carry on their respective businesses as and where they are now being, or are planned to be, carried on;

except in the case of clauses (ii) through (iv) for any of the foregoing that would not, individually or in the aggregate, have a Pilot Material Adverse Effect or materially impair the ability of Pilot to perform its obligations hereunder or prevent or materially delay the consummation of any of the transactions contemplated hereby.

4.4 <u>Consents and Approvals</u>

Pilot and its Subsidiaries has all consents, approvals, licenses, permits, orders or authorizations of, or registrations, declarations or filings with, or permits from, any third party or Governmental Entity required by or with respect to Pilot or any of its Subsidiaries in connection with the execution, performance and delivery of this Agreement or any other documents related to the transactions contemplated hereunder by Pilot, the performance of the obligations hereunder or the consummation by Pilot of the transactions contemplated hereby other than (a) any approvals required by the Interim Order, (b) the Final Order, (c) such registrations and other actions required under Applicable Laws as are contemplated by this Agreement, (d) the Appropriate Regulatory Approvals listed in Schedule A required to be obtained by Pilot in order for it to consummate the transactions contemplated hereby, (e) any approvals required by the TSX, and any other consents, approvals, orders, authorizations, registrations, declarations or filings which, if not obtained or made, would not, individually or in the aggregate, have a Pilot Material Adverse Effect or prevent or materially delay the consummation of any of the transactions contemplated hereby or materially impair the ability of Pilot to perform their obligations hereunder.

4.5 No Defaults

Except as disclosed in the Pilot Public Record, to the best of its knowledge, none of Pilot or any of its Subsidiaries or any other party thereto, is in default under or violation of, and there has been no event, condition or occurrence which, after notice or lapse of time or both, would constitute such a default or violation of, or permit the termination of, any term, condition or provision of (a) their respective constating documents, (b) any credit agreement, note, bond, mortgage, indenture, contract, agreement, lease, license, permit, concession, easement or other instrument to which Pilot or any of its Subsidiaries is a party or by which Pilot or any of its Subsidiaries or any of its or their property is bound or subject.

4.6 Absence of Certain Changes or Events

Pilot and its Subsidiaries have conducted their respective businesses only in the ordinary course in a manner consistent with past practice and, except as disclosed in the Pilot Public Record, there has been no Pilot Material Adverse Effect or any event, occurrence or development which could be reasonably expected to have a Pilot Material Adverse Effect or which materially and adversely affects the ability of Pilot to consummate the transactions contemplated hereby or to restrict, hinder, impair or limit the ability of Pilot, or any of its Subsidiaries to carry on their respective businesses as and where they are now being carried on or as contemplated to be carried on as disclosed by Pilot to Cadillac.

4.7 Public Record and Financial Statements

(a) Except as disclosed in the Pilot Public Record, Pilot has filed with all applicable securities and regulatory authorities (including the TSX) all information and documents required to be filed with such authorities under the Applicable Laws (the "**Pilot Public Record**") and the statements set forth in the Pilot Public Record are true, correct and complete and do not contain any Misrepresentation as of the dates on which they were made and Pilot has not filed any confidential material change reports or similar reports which currently remain confidential.

(b) Except as disclosed in the Pilot Public Record, the audited consolidated financial statements (including, in each case, any related notes thereto) of Pilot for each of the years ended December 31, 2013, 2012 and 2011 and unaudited financial statements for the interim period ended March 31, 2014 (the "**Pilot Financial Statements**") (i) have been prepared in accordance with GAAP applied on a consistent basis during the periods involved (subject, in the case of unaudited financial statements, to the absence of certain notes and to normal year-end audit adjustments which will not, in aggregate, be materially adverse), (ii) comply in all material respects with the requirements of Applicable Laws, (iii) are in accordance with the books and records of Pilot; (iv) contain and reflect all necessary adjustments for fair presentation of the results of operations and the financial condition of the business of Pilot for the periods covered thereby, (v) contain and reflect adequate provision or allowance for all reasonably anticipated liabilities, expenses and losses of Pilot, and (vi) fairly present, in all material respects, the consolidated financial position, results of operations and cash flows of Pilot and its Subsidiaries as of the respective dates thereof and for the respective periods covered thereby.

(c) Except as disclosed in the Pilot Public Record, there are no known or anticipated material liabilities of Pilot or its Subsidiaries of any kind whatsoever (including absolute, accrued or contingent liabilities) nor any commitments whether or not determined or determinable, in respect of which Pilot or its Subsidiaries is or may become liable other than the liabilities disclosed on, reflected in or provided for in the Pilot Financial Statements.

(d) Except as disclosed in the Pilot Public Record, Pilot's auditors are independent public accountants as required by Applicable Laws and there is not now, and there has never been, any reportable event (as defined in National Instrument 51-102 "Continuous Disclosure Obligations" with the present or former auditors of Pilot.

4.8 <u>Litigation</u>

Except as disclosed in the Pilot Public Record and the Pilot Disclosure Letter, there are no claims, actions, suits, proceedings or investigations pending against Pilot or any of its Subsidiaries or threatened against Pilot or any of its Subsidiaries before any Governmental Entity (and Pilot and its Subsidiaries have no knowledge of any facts that are likely to give rise to any such claim, action, suit, proceeding or investigation). Neither Pilot nor any of its Subsidiaries, nor their respective assets and properties, is subject to any outstanding judgment, order, writ, injunction or decree.

4.9 <u>Environmental</u>

(a) Except as disclosed in the Pilot Public Record, each of Pilot and its Subsidiaries: (i) is in compliance with any and all applicable Environmental Laws; (ii) has received all permits, licenses or other approvals required of it under applicable Environmental Laws to conduct its business as currently conducted; (iii) is in compliance with all terms and conditions of each such permit, license or approval; (iv) confirms that there have been no past and there are no pending or, to the knowledge of Pilot, any threatened claims, complaints, notices or requests for information received by Pilot or its Subsidiaries with respect to any alleged violation of any Environmental Law; and (v) confirms that no conditions exist at, on or under any property now or previously owned, leased or occupied by Pilot or its Subsidiaries which, with the passage of time, or the giving of notice or both, would give rise to liability under any Environmental Law.

(b) Except as disclosed in the Pilot Public Record, neither Pilot nor its Subsidiaries, has ever caused or permitted hazardous or toxic waste to be placed, held, located or disposed of on, under or at any lands or premises owned, leased or occupied by Pilot or its Subsidiaries otherwise than in compliance with applicable Environmental Laws and no notice has been received by Pilot or its Subsidiaries of any action or potential liability in respect thereof and no civil, criminal or enforcement actions or complaints in respect thereof are threatened, pending or have been commenced against Pilot or its Subsidiaries.

(c) Except as disclosed in the Pilot Public Record, there are no environmental audits, evaluations, assessments, studies or tests that were commissioned by Pilot or its Subsidiaries respecting the business, operations, properties or facilities of Pilot or its Subsidiaries.

4.10 Compliance with Laws and Permits

(a) Except as disclosed in the Pilot Public Record, Pilot and its Subsidiaries are in compliance, and at all times have complied, with all Applicable Laws, and no investigation or review by any Governmental Entity with respect to Pilot or any of its Subsidiaries is pending or, to the knowledge of Pilot, is threatened, nor has any Governmental Entity indicated an intention to conduct the same.

(b) Except as disclosed in the Pilot Public Record, Pilot and its Subsidiaries are in possession of the grants, authorizations, licenses, permits, easements, variances, exemptions, consents, certificates, approvals and orders which are necessary to own, lease and operate their properties and to lawfully carry on their respective businesses as they are now being conducted (collectively, the "**Pilot Permits**") and there is no action, proceeding, review or investigation pending or, to the knowledge of Pilot, threatened regarding any of the Pilot Permits. None of Pilot or any of its Subsidiaries is in conflict with, or in default or violation of any of the Pilot Permits.

4.11 Property

(a) Except as disclosed in the Pilot Public Record, Pilot and each of its Subsidiaries, as the case may be, has legal and beneficial, good and marketable title to all of its property and assets (real and personal, immovable and movable, tangible and intangible, including leasehold interests) sufficient to carry on their respective business as currently conducted, including all the properties and assets reflected in the financial statements contained in the Pilot Public Record, except as indicated in the notes thereto, together with all additions thereto in the ordinary course of its business and such property is held free and clear of all liens, charges, mortgages, pledges, actions, claims or deeds, security interests and other encumbrances, of any nature.

(b) Except as disclosed in the Pilot Public Record, Pilot or one of its Subsidiaries is the absolute legal and beneficial owner of, and has good and marketable title to, all of the material property or assets comprising the Pilot Material Properties, free of any mortgage, lien, charge, encumbrance, claims or demands whatsoever, and no other material property rights are necessary for the exploration and development of such Pilot Material Properties, other than surface rights for the development of such Pilot Material Properties. Except as disclosed in the Pilot Public Record, Pilot knows of no claim or the basis for any claim that would reasonably be expected to materially adversely affect the right thereof to use, transfer or otherwise exploit the property rights of Pilot and Pilot has no responsibility or obligation to pay any material commission, royalty, licence fee or similar payment to any person with respect to such property rights**.**

(c) Except as disclosed in the Pilot Public Record, the businesses of Pilot and each of its Subsidiaries have been and are being operated in a manner which does not violate the terms of any easements, rights of way, permits, servitudes, licenses, leasehold estates and similar rights relating to real property (collectively, "**Easements**") used by Pilot and each of its Subsidiaries in such businesses. Except as disclosed in the Pilot Public Record, all Easements are valid and enforceable, except as the enforceability thereof may be affected by bankruptcy, insolvency or other Applicable Laws of general applicability affecting the rights of creditors generally or principles of equity, and grant the rights purported to be granted thereby and all rights necessary thereunder for the current operation of such businesses.

(d) Except as disclosed in the Pilot Public Record, Pilot has filed with the applicable provincial securities commissions in Canada all of the technical reports required to be filed under National Instrument 43-101 "Standards of Disclosure of Mineral Projects" in respect of each property material to Pilot and all public disclosure made by Pilot regarding its properties complies in all material respects with the requirements of National Instrument 43-101.

(e) Except as disclosed in the Pilot Public Record, there is no material adverse claim against or challenge to the title or ownership of the Pilot Material Properties.

(f) Except as disclosed in the Pilot Public Record, there are no back-in rights, earn-in rights, rights of first refusal or similar provisions which would affect the interest of Pilot in the Pilot Material Properties.

4.12 Public Record

Pilot has filed with all applicable securities and regulatory authorities (including exchanges and markets) all information and documents required to be filed with such authorities under the Applicable Laws (the "**Pilot Public Record**") and the statements set forth in the Pilot Public Record are true, correct and complete and do not contain any Misrepresentation as of the dates on which they were made and Pilot has not filed any confidential material change reports or similar reports which currently remain confidential.

4.13 United States Securities Laws

(i) Pilot is a "foreign private issuer" as defined in Rule 3b-4 under the U.S. Exchange Act; (ii) no securities of Pilot have been or are registered or required to be registered under Section 12 of the U.S. Exchange Act, and Pilot is not required to file reports with the United States Securities and Exchange Commission under Section 13 or Section 15(d) of the U.S. Exchange Act; and (iii) Pilot is not registered or required to be registered as an "investment company" as defined in the United States Investment Company Act of 1940, as amended.

ARTICLE 5
COVENANTS AND AGREEMENTS

5.1 Covenants of Cadillac

(a) Cadillac agrees as follows from the date of this Agreement until the earlier of the Effective Time and the date on which this Agreement is terminated in accordance with Article 7, in each case except with the consent of Pilot to any deviation therefrom, or as expressly contemplated by this Agreement or the Plan of Arrangement:

(i) Cadillac and each of its Subsidiaries shall (A) carry on its businesses in the usual and ordinary course consistent with past practices, (B) use commercially reasonable efforts to preserve intact its present business organizations and material rights, to keep available the services of its current officers and employees, and to preserve its relationships with parties having business dealings with it, and (C) maintain and keep the Cadillac Material Properties and assets in as good repair and condition as at the date of this Agreement, subject to ordinary wear and tear, all to the end that its business shall not be impaired in any material respect at the Effective Time.

(ii) Cadillac shall not, and it shall not permit any of its Subsidiaries to: (A) declare, set aside or pay any dividends on, make other distributions or return capital (whether in cash, securities or property or any combination thereof); (B) split, combine, subdivide or reclassify any of its securities or issue or authorize or propose the issuance of any other securities in respect of, in lieu of or in substitution for, its securities; (C) issue, sell, pledge, reserve, set aside, dispose of, grant or encumber, repurchase, redeem or otherwise acquire any Cadillac Shares or any securities or obligations convertible into, exercisable or exchangeable for, or any rights, warrants, calls, subscriptions or options to acquire, Cadillac Shares, or authorize any of the foregoing; or (D) enter into or announce any agreement or arrangement with respect to the sale, voting, registration or repurchase of any Cadillac Shares or any security convertible into or exchangeable for such shares.

(iii) Cadillac shall not, nor shall it permit any of its Subsidiaries to authorize, make or commit to make any expenditures (including capital expenditures and capital lease obligations) in excess of $10,000 individually and $30,000 in the aggregate.

(iv) Cadillac shall not, nor shall it permit any of its Subsidiaries to, reorganize, recapitalize, consolidate, dissolve, liquidate, amalgamate or merge with any other person, nor acquire or agree to acquire, by amalgamating, merging or consolidating with, by purchasing an equity interest in or a portion of the assets of, or by any other manner, any business or person or otherwise acquire or agree to acquire any assets of any other person.

(v) Cadillac shall not, nor shall it permit any of its Subsidiaries to sell, pledge, encumber, lease (whether such lease is an operating or capital lease) or otherwise dispose of any assets.

(vi) Other than indebtedness under the Loan Agreements, Cadillac shall not, nor shall it permit any of its Subsidiaries to, (A) incur any indebtedness for borrowed money or purchase money indebtedness or assume, guarantee, endorse or enter into an arrangement with respect to, any indebtedness (B) enter into interest rate swaps, (C) enter into any material operating lease or create any Liens on the property of Cadillac or any of its Subsidiaries in connection with any indebtedness, or (D) refinance any debt.

(vii) Cadillac shall comply with the terms and conditions of the Loan Agreements and shall not default under any terms or provisions of the Loan Agreements.

(viii) Cadillac shall not, nor shall it permit any of its Subsidiaries to:

(A) dispose of any interest in any of its properties;

(B) increase the amount of (or accelerate the payment or vesting of) any benefit or amount payable under, any employee benefit plan or any other contract, agreement, commitment, arrangement, plan or policy providing for compensation or benefits to any former, present or future director, officer or employee of Cadillac or any of its Subsidiaries;

(C) increase (or enter into any commitment or arrangement to increase) the compensation or benefits, or otherwise to extend, expand or enhance the engagement, employment or any related rights, of any former, present or future director, officer, employee or consultant of Cadillac or any of its Subsidiaries.

(D) amend, vary or modify the Cadillac Stock Option Plan or any Cadillac Options outstanding thereunder.

(E) adopt, establish, enter into or implement any employee benefit plan, policy, severance or termination agreement providing for any form of benefits or other compensation to any former, present or future director, officer or employee of Cadillac or any of its Subsidiaries or amend any employee benefit plan, policy, severance or termination agreement.

(F) claim or pay any form of severance, termination or change of control payment to any of the directors, officers, employees or directors of Cadillac.

(ix) Cadillac shall not, nor shall it permit any of its Subsidiaries to, amend or propose to amend its constating documents.

(x) Cadillac shall not, nor shall it permit any of its Subsidiaries to, pay, discharge, satisfy, compromise or settle any claims, obligations or liabilities prior to the same being due.

(xi) Cadillac shall not, nor shall it permit any of its Subsidiaries to, (i) enter into, terminate or waive any provision of, exercise any option or relinquish any contractual rights under, or modify in any material respect any contract, agreement, guarantee, lease commitment or arrangement of the nature required to be disclosed by Section 3.9 or any contract which involves payments or receipts by Cadillac or any of its Subsidiaries or (ii) waive, transfer, grant or release any claims or potential claims of material value or (iii) waive any benefits of, or agree to modify in any respect, or terminate, release or fail to enforce, or consent to any material matter with respect to which consent is required, under, any confidentiality, standstill or similar agreement to which Cadillac or any of its Subsidiaries is a party or which Cadillac or any of its Subsidiaries is a beneficiary or (iv) enter into any agreement which provides for aggregate expenditures in excess of $10,000 over the term thereof.

(xii) Cadillac shall not, nor shall it permit any of its Subsidiaries to, make any changes to the existing accounting practices, methods and principles relating to Cadillac or any Subsidiary of Cadillac except as required by Applicable Law or by GAAP as advised by Cadillac's or such Subsidiary's regular independent accountants, as the case may be.

(xiii) Cadillac shall not, nor shall it permit any of its Subsidiaries to, (i) make, change or rescind any Tax election, (ii) take any action, or omit to take any action, in either case inconsistent with past practice, relating to the filing of any Tax Return or the payment of any Tax (except as otherwise required by Law), (iii) settle any Tax claim or assessment, or (iv) surrender any right or claim to a Tax refund.

(xiv) Cadillac shall not take any action to exempt from, waive or make not subject to (including redemption of outstanding rights) any takeover law or other Applicable Law that purports to limit or restrict business combinations or the ability to acquire or vote shares, any person (other than Pilot and its Subsidiaries) or any action taken thereby including any take-over bid, which person or action would have otherwise been subject to the restrictive provisions thereof and not exempt therefrom. Cadillac shall not nor shall it permit any Subsidiary to, (a) enter into any confidentiality or standstill agreement except as permitted by Section 5.4(a), or (b), amend, release any third party from its obligations or grant any consent under any confidentiality or standstill provision or fail to fully enforce any such provision.

(xv) Cadillac shall not, nor shall it permit any of its Subsidiaries to, take or fail to take any action which would cause any of Cadillac's representations or warranties hereunder to be untrue in any respect or would be reasonably expected to prevent or materially impede, interfere with or delay the Arrangement or which would cause the conditions set forth in Section 6.2(b) not to be satisfied.

(xvi) Cadillac shall not, nor shall it permit any of its Subsidiaries to, amend, modify or terminate any insurance policy in effect on the date of this Agreement, except for scheduled renewals of any insurance policy in effect on the date hereof in the ordinary course of business consistent with past practice.

(xvii) Cadillac shall not, nor shall it permit any of its Subsidiaries to, (i) cancel any material indebtedness, or (ii) waive, transfer, grant or release any claims or potential claims of material value.

(xviii) Cadillac shall not, nor shall it permit any of its Subsidiaries to, announce an intention, enter into any formal or informal agreement or otherwise make a commitment to do any of the foregoing.

(b) Cadillac shall promptly advise Pilot in writing:

(i) of any event, condition or circumstance that might be reasonably expected to cause any representation or warranty of Cadillac contained in this Agreement to be untrue or inaccurate on the Effective Date (or, in the case of any representation or warranty made as of a specified date, as of such specified date);

(ii) of any Cadillac Material Adverse Effect or any event, occurrence or development which would be reasonably expected to have a Cadillac Material Adverse Effect; and

(iii) of any material breach by Cadillac of any covenant, obligation or agreement contained in this Agreement.

(c) Cadillac shall use its best efforts to, and shall use its best efforts to cause its Subsidiaries to, perform all obligations required to be performed by Cadillac or any of its Subsidiaries under this Agreement, cooperate with Pilot in connection therewith, and do all such other acts and things as may be necessary or desirable in order to consummate and make effective, on or before August 29, 2014, or such other later date as may be agreed upon by Cadillac and Pilot the transactions contemplated in this Agreement and, without limiting the generality of the foregoing, Cadillac shall:

(i) in a timely and expeditious manner, file the Circular in all jurisdictions where the same is required in accordance with Applicable Laws and provide the same to the Cadillac Shareholders in accordance with Applicable Laws;

(ii) subject to Sections 5.4 and 5.5, solicit from the Cadillac Shareholders proxies in favour of approval of the Arrangement Resolution (in a best manner) and use best efforts to obtain the approval by Cadillac Shareholders of the Arrangement Resolution and will, at Pilot's request and at Pilot's cost, retain the services of an investment banker or proxy solicitation firm to solicit proxies in favour of the Arrangement Resolution and shall fully cooperate with Pilot in connection therewith including providing to Pilot such information as Pilot may request and doing such other things as Pilot may reasonably request in connection therewith;

(iii) subject to the last sentence of Section 5.5(a), not adjourn, postpone or cancel (or propose adjournment, postponement or cancellation of) the Cadillac Meeting without Pilot's prior written consent except as required by Applicable Law;

(iv) use best efforts to satisfy or cause to be satisfied as soon as reasonably practicable all the conditions precedent of Cadillac that are set forth in Article 6 hereof;

(v) as soon as practicable apply for and use best efforts to obtain all Appropriate Regulatory Approvals required to be obtained by Cadillac or any of its Subsidiaries in order for Cadillac to consummate the transactions contemplated hereby and, in doing so, to keep Pilot reasonably informed as to the status of the proceedings and any material discussions or correspondence related to obtaining such Appropriate Regulatory Approvals, including, but not limited to, providing Pilot the opportunity to be present for all communications with any Governmental Entity and providing Pilot with copies of all related applications and notifications, in draft and final form, in order for Pilot to provide its reasonable comments and all such applications and notifications shall be subject to the prior approval of Pilot, acting reasonably;

(vi) apply for and use best efforts to obtain the Interim Order and the Final Order;

(vii) carry out the terms of the Interim Order and the Final Order applicable to it and use best efforts to comply promptly with all requirements which Applicable Laws may impose on Cadillac or its Subsidiaries with respect to the transactions contemplated hereby and by the Arrangement;

(viii) diligently defend all lawsuits or other legal, regulatory or other proceedings to which it is a party challenging or affecting this Agreement or the consummation of the transactions contemplated hereby;

(ix) diligently defend the Cadillac Drilling Claim, and use best efforts to resolve the Cadillac Drilling Claim, to the satisfaction of Pilot, prior to closing of the Arrangement;

(x) use best efforts to have lifted or rescinded any injunction or restraining order or other order which may adversely affect the ability of the parties to consummate the transactions contemplated hereby;

(xi) effect all necessary registrations, filings and submissions of information required by Governmental Entities from Cadillac or any of its Subsidiaries in connection with the transactions contemplated hereby;

(xii) consult with Pilot prior to making publicly available its financial results for any period after the date of this Agreement and prior to filing any public documents; and

(xiii) use best efforts to obtain all waivers, consents and approvals from other parties to agreements, leases or other contracts required to be obtained by Cadillac or a Subsidiary of Cadillac to consummate the transactions contemplated hereby which the failure to obtain would materially and adversely affect the ability of Cadillac or its Subsidiaries to consummate the transactions contemplated hereby including those waivers, consents and approvals referred to in Section 3.4 of this Agreement.

(d) The board of directors of Cadillac shall unanimously recommend to the Cadillac Shareholders the approval of the Arrangement Resolution, provided that, notwithstanding any other provision of this Agreement, the board of directors of Cadillac may withdraw, modify or change its recommendation if such withdrawal, modification or change is permitted by, and made in accordance with, the provisions of Section 5.4 and prior to the approval of the Arrangement Resolution by the Cadillac Shareholders.

(e) Cadillac shall have delivered Cadillac Support Agreements from the Locked-up Shareholders prior to, or contemporaneously with, the execution of this Agreement.

5.2 Covenants of Pilot

(a) Pilot shall promptly advise Cadillac in writing:

(i) of any material event, condition or circumstance that might be reasonably expected to cause any representation or warranty of Pilot contained in this Agreement to be untrue or inaccurate on the Effective Date (or, in the case of any representation or warranty made as of a specified date, as of such specified date); and

(ii) of any material breach by Pilot of any of its covenants, obligations or agreements contained in this Agreement.

(b) Pilot shall use its commercially reasonable efforts to, and shall use its commercially reasonable efforts to cause its Subsidiaries to, perform all obligations required to be performed by it or any such Subsidiaries under this Agreement, cooperate with Cadillac in connection therewith, and do all such other acts and things as may be necessary or desirable in order to consummate and make effective the transactions contemplated by this Agreement and, without limiting the generality of the foregoing:

(i) use commercially reasonable efforts to satisfy or cause to be satisfied as soon as reasonably practicable all conditions precedent of Pilot that are set forth in Article 6 hereof;

(ii) as soon as practicable apply for and use commercially reasonable efforts to obtain all Appropriate Regulatory Approvals required to be obtained by Pilot or any of its Subsidiaries in order for Pilot to consummate the transactions contemplated hereby;

(iii) carry out the terms of the Interim Order and Final Order applicable to it and use commercially reasonable efforts to comply promptly with all requirements which Applicable Laws may impose on Pilot with respect to the transactions contemplated hereby and by the Arrangement;

(iv) upon completion of the Arrangement, engage Victor Erickson and Andre Audet as technical advisors for Cadillac’s Goldstrike project for a period of 12 months from the Effective Date;

(v) make the Pilot Loan available to Cadillac on the terms and conditions set out in the Loan Agreements;

(vi) reserve or have available a sufficient number of Pilot Shares and Pilot Consideration Warrants for issuance at the Effective Time pursuant to the Arrangement and upon the exercise of the Pilot Consideration Warrants issued pursuant to the Arrangement and use commercially reasonable efforts to cause such Pilot Shares to be approved for listing on the TSX subject to official notice of issuance, prior to the Effective Time;

(vii) not amend its constating or other comparable organizational documents or split, combine or reclassify its capital stock, if such action would reasonably be expected to have a Pilot Material Adverse Effect;

(viii) use commercially reasonable efforts to obtain all waivers, consents and approvals from other parties to agreements, leases or other contracts required to be obtained by Pilot or a Subsidiary of Pilot to consummate the transactions contemplated hereby which the failure to obtain would materially and adversely affect the ability of Pilot or its Subsidiaries to consummate the transactions contemplated hereby including those waivers, consents and approvals referred to in Section 4.4 of this Agreement; and

(ix) upon completion of the Arrangement, Pilot will cause Cadillac to adhere to all of its existing contractual obligations, including any contractual obligations under any employment agreements, consulting agreements or the Cadillac Options and Cadillac Warrants.

5.3 Access to Information

(a) Cadillac shall (and shall cause each of its Subsidiaries and their respective representatives, officers, directors, employees, consultants and agents to) afford the officers, employees, and other authorized representatives and advisors (including financial advisors, counsel and accountants) (collectively the "**Representatives**") of Pilot access, from the date of this Agreement and until the earlier of the Effective Time and the date on which this Agreement is terminated in accordance with Article 7, to their respective properties, information books, contracts and records, as well as to their personnel, including, but not limited to, all related facilities, buildings, equipment, assets, drill cores, assay results, maps and diagrams, books, contracts, financial statements, forecasts, financial projections, studies, records, operating permits and licences and any other documentation (whether in writing or stored in computerized, electronic, disk, tape, microfilm or any other form) or any materials of any nature whatsoever. During such period, Cadillac shall (and shall cause each of its Subsidiaries to) furnish promptly to Pilot all information concerning Cadillac's and each of its Subsidiaries' business, properties and personnel as Pilot may reasonably request. Subject to Applicable Laws, Cadillac shall afford the Representatives of Pilot access from the date of this Agreement and until the earlier of the Effective Date or the termination of this Agreement, to the auditor, legal counsel and other agents, representatives and other Cadillac personnel as

Pilot may request, acting reasonably. Cadillac and Pilot acknowledge and agree that information furnished pursuant to this Section 5.3 shall be subject to the terms of the Confidentiality Agreement.

5.4 Covenants Regarding Non-Solicitation

(a) Cadillac shall, and shall direct and cause its Representatives and its Subsidiaries and their Representatives to immediately cease and cause to be terminated any solicitation, encouragement, activity, discussion or negotiation with any parties that may be ongoing with respect to an Acquisition Proposal whether or not initiated by Cadillac and in connection therewith, Cadillac shall request (and exercise all rights it has to require) the return of confidential information regarding Cadillac and its Subsidiaries previously provided to such parties and shall request (and exercise all rights it has to require) the destruction of all materials including or incorporating any confidential information regarding Cadillac and its Subsidiaries.

(b) Subject to Section 5.5, Cadillac agrees that it shall not, and shall not authorize or permit any of its Subsidiaries or any of its or its Subsidiaries' Representatives, directly or indirectly, to (i) solicit, initiate, encourage or facilitate, including by way of furnishing information or entering into any form of agreement, arrangement or understanding, any inquiries or the making of any proposals regarding an Acquisition Proposal, (ii) participate in any discussions or negotiations regarding any Acquisition Proposal, (iii) withdraw, modify, qualify or change in a manner adverse to Pilot, or publicly propose to withdraw, modify, qualify or change in a manner adverse to Pilot the approval, recommendation or declaration of advisability of the board of directors of Cadillac of the transactions contemplated hereby (it being understood that failing to affirm the approval or recommendation of the board of directors of Cadillac of the transactions contemplated hereby after an Acquisition Proposal has been publicly announced shall be considered an adverse modification), (iv) approve, recommend or remain neutral to any Acquisition Proposal or (v) enter into any letter of intent, agreement, arrangement or understanding related to any Acquisition Proposal or requiring Cadillac to abandon, terminate or fail to consummate the Arrangement or providing for the payment of any break, termination or other fees or expenses to any person in the event that Cadillac or any of its Subsidiaries completes the transactions contemplated hereby or any other transaction with Pilot or any of its affiliates agreed to prior to any termination of this Agreement. Notwithstanding the preceding sentence and any other provisions of this Agreement, the board of directors of Cadillac may, prior to the approval of the Arrangement by the Cadillac Shareholders, consider, participate in any discussions or negotiations with, or provide information in accordance with the last sentence of this Section 5.4(b) to, any person who has delivered a bona fide written Acquisition Proposal which was not solicited or encouraged after the date of this Agreement and did not otherwise result from a breach of this Section 5.4 and that the board of directors of Cadillac determines in good faith, after consultation with its financial advisors and outside legal counsel, is a Superior Proposal; provided, however, that prior to taking any such action, (x) the board of directors of Cadillac must determine in good faith, after due consultation with its outside counsel, that its failure to do so would be inconsistent with the exercise of its fiduciary duties, and (y) Cadillac must obtain a confidentiality and standstill agreement with such person containing terms that are no less favourable to such person than those found in the Confidentiality Agreement, in a form satisfactory to Pilot acting reasonably; provided further that Cadillac shall not commence or participate in discussions or negotiations with, or provide information to any person who has delivered an unsolicited bona fide written Acquisition Proposal until 48 hours after Cadillac shall have advised Pilot of its determination that such Acquisition Proposal would, if completed, constitute a Superior Proposal and of its intention to take such actions. Cadillac shall not consider, negotiate, accept, approve or recommend an Acquisition Proposal or provide information to any person proposing an Acquisition Proposal, in each case after the date of the approval of the Arrangement by the Cadillac Shareholders. If Cadillac receives a request for material non-public information from a person who has made an unsolicited bona fide written Acquisition Proposal and Cadillac is permitted, as contemplated under the second sentence of this Section 5.4(b), to negotiate the terms of such Acquisition Proposal, then, and only in such case, the board of directors of Cadillac may, subject to the execution by such person of the confidentiality and standstill agreement as described in (y) above, provide such person with access to information regarding Cadillac; provided that Cadillac sends a copy of any such confidentiality and standstill agreement to Pilot promptly upon its execution and Pilot is provided with a list of, and copies of, the information provided to such person and is immediately provided with access to similar information to which such person was provided, if not previously provided to Pilot by Cadillac.

(c) From and after the date of this Agreement, Cadillac shall promptly (and in any event within 24 hours) notify Pilot, at first orally and then in writing, of any inquiries, proposals or offers relating to or constituting an Acquisition Proposal, or any request for non-public information relating to Cadillac or any of its Subsidiaries. Such notice shall include a description of the terms and conditions of any proposal, inquiry or offer, the identity of the person making such proposal, inquiry or offer, a copy of any written proposal, inquiry or offer, (including any other agreements which relate to the Acquisition Proposal such as voting support agreements and agreements to provide financing or financial support) and provide such other details of the proposal, inquiry or offer as Pilot may reasonably request. Cadillac shall keep Pilot fully informed on a prompt basis of the status, including any change to the material terms, of any such inquiry, proposal or offer.

(d) Cadillac shall ensure that its officers, directors and employees and its Subsidiaries and their officers, directors and employees and any financial advisors or other advisors or representatives retained by it are aware of the provisions of this Section 5.4, and it shall be responsible for any breach of this

Section 5.4 by such officers, directors, employees, financial advisors or other advisors or representatives.

5.5 Right to Accept a Superior Proposal

(a) If Cadillac has complied with Section 5.4 with respect thereto, Cadillac may accept, approve, recommend or enter into any agreement, understanding or arrangement in respect of a Superior Proposal prior to the approval of the Arrangement by the Cadillac Shareholders and terminate this Agreement if, and only if, (i) Cadillac has provided Pilot with a copy of the Superior Proposal document and provided Pilot with a copy of the other materials relating to the Acquisition Proposal required by Section 5.4, (ii) five Business Days shall have elapsed from the later of (A) the date Pilot received written notice (a "**Section 5.5 Notice**") advising Pilot that Cadillac's board of directors has resolved, subject only to compliance with this Section 5.5, to accept, approve, recommend or enter into an agreement in respect of such Superior Proposal, specifying the terms and conditions of such Superior Proposal and identifying the person making such Superior Proposal, and (B) the date Pilot received a copy of the Superior Proposal document and all related documents required by Section 5.4, (iii) Cadillac's board of directors has determined in good faith (following due consultation with its outside legal counsel) that the failure of the board of directors of Cadillac to take such action would be inconsistent with the exercise of its fiduciary duties, (iv) such Superior Proposal does not provide for the payment of any break, termination or other fees or expenses to the other party in the event that Cadillac or any of its Subsidiaries completes the transactions contemplated by this Agreement or any similar other transaction with Pilot or any of its affiliates agreed to prior to any termination of this Agreement, (v) the person making the Superior Proposal was not restricted from making such Superior Proposal pursuant to an existing confidentiality, standstill, non-disclosure, use, business purpose or similar restriction in favour of Cadillac, (vi) taking into account any revised proposal made by Pilot since receipt of the Section 5.5 Notice, such Superior Proposal remains a Superior Proposal and the Cadillac board of directors has again made the determinations referred to in this Section 5.5(a) and (vii) Cadillac has previously or concurrently will have paid to Pilot the Termination Fee, if any, payable under Section 7.4. In the event that Cadillac provides Pilot with a Section 5.5 Notice on a date that is less than five Business Days prior to the Cadillac Meeting, Cadillac shall, at the request of Pilot and only at the request of Pilot, adjourn the Cadillac Meeting to a date that is not less than five Business Days and not more than 10 Business Days after the date of the Section 5.5 Notice.

(b) During the five Business Day period referred to in Section 5.5(a)(ii), Cadillac agrees that Pilot shall have the right, but not the obligation, to offer to amend the terms of this Agreement. The board of directors of Cadillac will review any proposal by Pilot to amend the terms of this Agreement in good faith in order to determine, in its discretion in the exercise of its fiduciary duties, whether Pilot's amended proposal upon acceptance by Cadillac would result in such Superior

Proposal ceasing to be a Superior Proposal. If the board of directors of Cadillac so determines, it will enter into an amended agreement with Pilot reflecting Pilot's amended proposal. If the board of directors of Cadillac continues to believe, in good faith and after consultation with financial advisors and outside counsel, that such Superior Proposal remains a Superior Proposal and therefore rejects Pilot's amended proposal, Cadillac may, on termination of this Agreement in accordance with Section 7.2(c)(iv) and payment of the Termination Fee as required pursuant to Section 7.4(b), accept, approve, recommend or enter into an agreement, understanding or arrangement in respect of such Superior Proposal.

(c) Cadillac also acknowledges and agrees that each successive material modification of any Acquisition Proposal shall constitute a new Acquisition Proposal for purposes of Section 5.4 and the requirement under clause (ii) of Section 5.5(a) to initiate an additional five Business Day notice period.

5.6 **Proxies Received and Dissent Notices**

Cadillac shall advise Pilot as reasonably requested, and on a daily basis on each of the last seven Business Days prior to the Cadillac Meeting:

(a) as to the aggregate tally of the proxies and votes received in respect of the Arrangement Resolution; and

(b) of any written notice of dissent, withdrawal of such notice, and any other instruments received by Cadillac pursuant to the Dissent Rights.

5.7 **Closing Matters**

Pilot and Cadillac shall deliver, at the Effective Time, such customary certificates, resolutions and other closing documents as may be required by the other parties hereto, acting reasonably.

5.8 **Insurance and Indemnification**

(a) Prior to the Effective Date, Cadillac shall purchase customary "run-off" policies of directors' and officers' liability insurance providing protection no less favourable in the aggregate to the protection provided by the policies maintained by Cadillac and its Subsidiaries which are in effect immediately prior to the Effective Time Date and providing protection in respect of claims arising from facts or events which occurred on or prior to the Effective Date and Pilot will, or will cause Cadillac and its Subsidiaries to, maintain such tail policies in effect without any reduction in scope or coverage for six (6) years from the Effective Date and provided, further that the cost of such policy shall not exceed 150% of Cadillac's current annual aggregate premium for policies currently maintained by Cadillac or its Subsidiaries. If a tail policy is not available at a cost less than or equal to 150% of Cadillac's current annual aggregate premium for policies currently maintained by Cadillac or its Subsidiaries, then Pilot agrees that for the period of six years following the Effective Date, Pilot shall cause Cadillac or any successor to Cadillac or any of its Subsidiaries (including any successor resulting from any winding-up or liquidation or dissolution of any of them) to maintain Cadillac's and its Subsidiaries' current directors' and officers' insurance policies or substantially equivalent policies subject in either case toterms and conditions no less advantageous to the directors and officers of Cadillac and its Subsidiaries than those contained in the policies in effect on the date of this Agreement, for all present and former directors and officers of Cadillac and its Subsidiaries, covering claims made prior to or within such six year period.

(b) Pilot agrees that it shall directly honour all rights to indemnification or exculpation now existing in favour of present and former officers and directors of Cadillac and its Subsidiaries to the extent that they are disclosed in Schedule 5.8(b) of the Cadillac Disclosure Letter, and acknowledges that such rights, to the extent that they are disclosed in Schedule 5.8(b) of the Cadillac Disclosure Letter, shall survive the completion of the Plan of Arrangement and shall continue in full force and effect for a period of not less than six (6) years from the Effective Date.

(c) The provisions of this Section 5.9 are intended for the benefit of, and shall be enforceable by, each insured or indemnified Person, his or her heirs and his or her legal representatives and, for such purpose, Cadillac hereby confirms that it is acting as agent and trustee on their behalf. Furthermore, this Section 5.9 shall survive the termination of this Agreement as a result of the occurrence of the Effective Date for a period of six (6) years.

ARTICLE 6
CONDITIONS

6.1 <u>Mutual Conditions</u>

The respective obligations of the parties hereto to consummate the Arrangement shall be subject to the satisfaction or waiver of the following conditions on or before the Effective Date:

(a) the Arrangement shall have been approved by the Cadillac Shareholders at the Cadillac Meeting in the manner required by its constating documents or Applicable Laws (including any conditions imposed by the Interim Order);

(b) the Interim Order and the Final Order shall each have been obtained in form and on terms satisfactory to each of Pilot and Cadillac, acting reasonably, and shall not have been set aside or modified in a manner unacceptable to such parties, acting reasonably, on appeal or otherwise and the Final Order will contain a statement substantially to the following effect:

> "This Order will serve as a basis of a claim to an exemption pursuant to Section 3(a)(10) of the United States Securities Act of 1933, as amended, from the registration requirements otherwise imposed by that Act,

regarding the issue and exchange of securities of Pilot Gold Inc. pursuant to the Plan of Arrangement"

(c) no provision of any Applicable Laws and no judgment, injunction, order or decree shall be in effect which restrains or enjoins or otherwise prohibits the consummation of the Arrangement or the transactions contemplated by this Agreement;

(d) the Pilot Securities issuable at the Effective Time pursuant to the Arrangement and the Pilot Shares issuable upon exercise of the Pilot Consideration Warrants shall be issued pursuant to exemptions from the registration and prospectus requirements of Canadian Applicable Laws and issued in a transaction exempt from the registration requirements of the U.S. Securities Act and such Pilot Shares shall have been conditionally approved for listing on the TSX subject to official notice of issuance; provided, however, that Cadillac shall not be entitled to the benefit of the condition in this Section 6.1(d), and shall be deemed to have waived such condition, in the event that Cadillac fails to advise the Court prior to the hearing in respect of the Final Order that Pilot intends to rely on the exemption from registration afforded by the Section 3(a)(10) Exemption based on the Court's approval of the Arrangement and comply with the requirements set forth in Section 2.6;

(e) the Appropriate Regulatory Approvals shall have been obtained and be in full force and effect;

(f) there shall not be any action taken, any Applicable Law enacted, entered, enforced or deemed applicable by any Governmental Entity or pending or threatened any suit, action or proceeding by any Governmental Entity in connection with the grant of any Appropriate Regulatory Approval or otherwise (i) seeking to prohibit or restrict the acquisition by Pilot or any of its Subsidiaries of any Cadillac Shares, (ii) challenging or seeking to restrain or prohibit the consummation of the Plan of Arrangement or seeking to obtain from Cadillac or Pilot any damages that are material in relation to Cadillac and its Subsidiaries taken as a whole, (iii) seeking to prohibit or materially limit the ownership or operation by Pilot or any of its Subsidiaries of any material portion of the business or assets of Pilot, Cadillac or any of their respective Subsidiaries or to compel Pilot or any of its Subsidiaries to dispose of or hold separate any material portion of the business or assets of Pilot or Cadillac or any of their respective Subsidiaries, as a result of the Plan of Arrangement, (iv) seeking to impose limitations on the ability of Pilot or any of its Subsidiaries to acquire or hold, or exercise full rights of ownership of, any Cadillac Shares, including the right to vote the Cadillac Shares purchased by it on all matters properly presented to the shareholders of Cadillac, (v) seeking to prohibit Pilot or any of its Subsidiaries from effectively controlling in any material respect the business or operations of Cadillac and its Subsidiaries or (vi) imposing any condition or restriction that in the judgment of Pilot, acting reasonably, would be materially burdensome to the future operations or business of any business unit of Pilot or Cadillac after the Effective Time; and

(g) all other consents, waivers, permits, orders and approvals of any Governmental Entity, and the expiry of any waiting periods, in connection with, or required to permit, the consummation of the Arrangement, the failure to obtain which or the non-expiry of which would constitute a criminal offense, or would, individually or in the aggregate, have a Pilot Material Adverse Effect or Cadillac Material Adverse Effect, as applicable, after the Effective Time, shall have been obtained or received.

6.2 <u>Additional Conditions to the Obligations of Pilot</u>

The obligations of Pilot to consummate the Arrangement shall be subject to the satisfaction or waiver of the following conditions (each of which is for the exclusive benefit of Pilot and may be waived by Pilot) on or before the Effective Date:

(a) Cadillac shall have performed or complied with, in all material respects, each of its obligations, covenants and agreements hereunder to be performed and complied with by it on or before the Effective Time;

(b) each of the representations and warranties of Cadillac under this Agreement (which for purposes of this clause (b) shall be read as though none of them contained any Cadillac Material Adverse Effect or other materiality qualification), shall be true and correct in all respects on the date of this Agreement and as of the Effective Date as if made on and as of such date (except for such representations and warranties made as of a specified date, which shall be true and correct as of such specified date) except where the failure of such representations and warranties in the aggregate to be true and correct in all respects would not be reasonably expected to have a Cadillac Material Adverse Effect;

(c) since the date of this Agreement, there shall have been no Cadillac Material Adverse Effect or any event, occurrence or development which would be reasonably expected to have a Cadillac Material Adverse Effect or which would materially and adversely affect the ability of Cadillac to consummate the transactions contemplated hereby;

(d) Pilot shall have received a certificate of Cadillac addressed to Pilot and dated the Effective Date, signed on behalf of Cadillac by the President and Chief Executive Officer of Cadillac, confirming that the conditions in Sections 6.2(a), (b) and (c) have been satisfied;

(e) the board of directors of Cadillac shall have adopted all necessary resolutions, and all other necessary corporate action shall have been taken by Cadillac and its Subsidiaries to permit the consummation of the Arrangement;

(f) Cadillac Shareholders holding not more than 5% of the Cadillac Shares shall have exercised their Dissent Rights (and not withdrawn such exercise) in respect of the Arrangement;

(g) Cadillac shall be in compliance with the terms and conditions of the Loan Agreements;

(h) the Cadillac Drilling Claim shall have been resolved to the satisfaction of Pilot, in Pilot's sole discretion;

(i) Cadillac shall have delivered to Pilot estoppel certificates in relation to each leased property and water rights in the United States, in form and substance satisfactory to Pilot, acting reasonably;

(j) Cadillac shall have delivered to Pilot duly executed releases, in form and substance satisfactory to Pilot, acting reasonably, from each of Victor Erickson and Andre Audet in respect of all of the claims that they or their associates or affiliates may have, from time to time, except for claims arising pursuant to any indemnity, consultancy agreement between Cadillac and Victor Erickson or Andre Audet or consultancy agreement between Pilot and Victor Erikson or Andre Audet;

(k) Receipt by Pilot of any requested legal opinions respecting the business or assets of Cadillac or its Subsidiaries (including title opinions in respect of the Cadillac Material Properties), in form and substance satisfactory to Pilot, acting reasonably; and

(l) Cadillac shall have delivered to Pilot Cadillac Support Agreements from the Locked-up Shareholders prior to, or contemporaneously with, the execution of this Agreement.

6.3 Additional Conditions to the Obligations of Cadillac

The obligations of Cadillac to consummate the Arrangement shall be subject to satisfaction or waiver of the following conditions (each of which is for the exclusive benefit of Cadillac and may be waived by Cadillac) on or before the Effective Date:

(a) Pilot shall have performed or complied with, in all material respects, each of its obligations, covenants and agreements hereunder to be performed and complied with by it on or before the Effective Time;

(b) each of the representations and warranties of Pilot under this Agreement (which for purposes of this clause (b) shall be read as though none of them contained any Pilot Material Adverse Effect or other materiality qualification), shall be true and correct in all respects on the date of this Agreement and as of the Effective Date as if made on and as of such date (except for such representations and warranties made as of a specified date, which shall be true and correct as of such specified date) except where the failure of such representations and warranties in the aggregate to be true and correct in all respects would not be reasonably expected to have a Pilot Material Adverse Effect;

(c) Cadillac shall have received a certificate of Pilot addressed to Cadillac and dated the Effective Date, signed on behalf of Pilot by the President and Chief Executive Officer of Pilot, confirming that the conditions in Sections 6.3(a), and (b) have been satisfied; and

(d) the board of directors of Pilot shall have adopted all necessary resolutions, and all other necessary corporate action shall have been taken by Pilot to permit the consummation of the Arrangement.

6.4 Satisfaction of Conditions

The conditions precedent set out in Sections 6.1, 6.2 and 6.3 shall be conclusively deemed to have been satisfied, waived or released on completion of the Arrangement.

ARTICLE 7
AMENDMENT AND TERMINATION

7.1 Amendment

This Agreement may, at any time and from time to time before or after the holding of the Cadillac Meeting but not later than the Effective Time, be amended by mutual written agreement of the parties hereto and any such amendment may, without limitation:

(a) change the time for performance of any of the obligations or acts of the parties, including an extension of the Termination Date;

(b) waive any inaccuracies or modify any representation or warranty contained herein or in any document delivered pursuant hereto;

(c) waive compliance with or modify any of the covenants herein contained and waive or modify performance of any of the obligations of the parties; and

(d) waive compliance with or modify any conditions precedent herein contained.

7.2 Termination

(a) If any condition contained in Sections 6.1 or 6.2 is not satisfied at or before the Termination Date to the satisfaction of Pilot, then, provided Pilot is not in material breach of this Agreement, Pilot may, by notice to Cadillac, terminate this Agreement and the obligations of the parties hereunder (except as otherwise herein provided) but without detracting from the rights of Pilot arising from any breach by Cadillac but for which the condition would have been satisfied.

(b) If any condition contained in Sections 6.1 or 6.3 is not satisfied at or before the Termination Date to the satisfaction of Cadillac, then, provided Cadillac is not in material breach of this Agreement, Cadillac may by written notice to Pilot, terminate this Agreement and the obligations of the parties hereunder (except as otherwise herein provided) but without detracting from the rights of Cadillac arising from any breach by Pilot but for which the condition would have been satisfied.

(c) This Agreement may:

(i) be terminated by the mutual agreement in writing of Cadillac and Pilot (without any action on the part of the Cadillac Shareholders);

(ii) be terminated by either Cadillac or Pilot if there shall be passed any Applicable Law, or order of a Governmental Entity, that makes consummation of the transactions contemplated by this Agreement illegal or otherwise prohibited;

(iii) be terminated by Pilot if (A) the board of directors of Cadillac shall have failed to recommend or reaffirm within three Business Days after having been requested in writing by Pilot to do so (it being understood that taking a neutral position or no position with respect to an Acquisition Proposal beyond a period of three Business Days or beyond the date which is the day prior to the date proxies in respect of the Cadillac Meeting must be deposited shall be considered an adverse modification), or withdrawn, modified, qualified or changed in a manner adverse to Pilot, its approval or recommendation of the Arrangement or the Arrangement Resolution or taken any action which could reasonably be expected to reduce the likelihood of the Arrangement Resolution being approved at the Cadillac Meeting or (B) the board of directors of Cadillac shall have approved or recommended an Acquisition Proposal;

(iv) be terminated by Cadillac in order to enter into a definitive written agreement with respect to a Superior Proposal, subject to compliance with Section 5.5 and the payment of any fee required to be paid pursuant to Section 7.4;

(v) be terminated by Cadillac or Pilot after the Cadillac Meeting if the approval of the Cadillac Shareholders shall not have been obtained by reason of the failure to obtain the required vote on the Arrangement Resolution at the Cadillac Meeting;

(vi) be terminated by Pilot if Cadillac shall have failed to hold the Cadillac Meeting on or before September 5, 2014, unless such failure results from an adjournment of the Cadillac Meeting for not less than five Business Days due to an adjournment of the Cadillac Meeting in the circumstances described in Section 5.5; or

(vii) be terminated by Pilot if there is any breach of the covenants in Section 5.4 or 5.5 by Cadillac, any of its Subsidiaries or any of their respective directors, officers, employees, agents, consultants or any other representative resulting in a Cadillac Material Adverse Effect.

in each case, prior to the Termination Date.

(d) If the Effective Time does not occur on or prior to end of business on the Termination Date, then this Agreement shall terminate, subject to the following exception: if, under the terms of National Instrument 51-102, Pilot is required to file a Business Acquisition Report, the Parties shall work together to meet the additional requirements and extend the Termination Date accordingly.

7.3 Effect of Termination

If this Agreement is terminated in accordance with the provisions of Section 7.2, no party shall have any further liability to perform its obligations hereunder except for those obligations arising under the provisions of this Section 7.3, Section 5.3, Section 7.4 and Section 8.10 which shall continue notwithstanding such termination; provided that neither the termination of this Agreement nor anything contained in this Section 7.3 shall relieve any party from any liability for any breach by it of this Agreement, including from any inaccuracy in its representations and warranties and any non-performance by it of its covenants and agreements made herein. If it shall be judicially determined that termination of this Agreement was caused by a breach of this Agreement, then, in addition to any other remedies at law or equity for breach of this Agreement, the party so found to have breached this Agreement shall indemnify and hold harmless the other parties for damages for claims in respect of such breach and their out-of-pocket costs, including reasonable fees and expenses of their counsel, accountants, financial advisors and other experts and advisors, directly related to the negotiation, preparation and execution of this Agreement and related documentation.

7.4 Termination Fee and Expense Reimbursement

If:

(a) Pilot shall terminate this Agreement as a result of any action or inaction of the board of directors of Cadillac pursuant to Section 7.2(c)(iii);

(b) Cadillac shall terminate this Agreement in order to enter into a Superior Proposal pursuant to Section 7.2(c)(iv);

(c) either Cadillac or Pilot shall terminate this Agreement pursuant to Section 7.2(c)(v) in circumstances where the Arrangement Resolution has not received the required shareholder approval at the Cadillac Meeting and: (A) a bona fide Acquisition Proposal has been publicly announced, proposed, offered or made by any Person other than Pilot prior to the Cadillac Meeting, and (B) Cadillac enters into an agreement with respect to an Acquisition Proposal, or an Acquisition Proposal is consummated, after the date of this Agreement and prior to the expiration of 12 months following termination of this Agreement;

(d) Pilot shall terminate this Agreement pursuant to Section 7.2(c)(vii);

then in any such case Cadillac shall pay to Pilot the Termination Fee in immediately available funds to an account designated by Pilot or, at the option of Pilot, in Cadillac Shares, as set out in the definition of Termination Fee. Such payment shall be due (A) in the case of a termination specified in clauses (a) or (d) above, within five Business Days after written notice of termination by Pilot or (B) in case of a termination specified in clause (b) above, on or prior to the termination of this Agreement or (C) in the case of a termination specified in clause (c) above, at or prior to the earlier of the entering into of the agreement and the consummation of the transaction referred to therein. Cadillac shall not be obligated to make more than one payment pursuant to this Section 7.4.

In the event that this Agreement is terminated by Pilot pursuant to Section 7.2(a), specifically as a result of the failure by Cadillac to meet condition 6.2(a) or 6.2(b) above, or 7.2(c)(vi) hereof, then Cadillac shall reimburse Pilot for all fees, costs and expenses incurred by Pilot in connection with this Agreement and the Plan of Arrangement in the amount of $75,000.

7.5 Effect of Termination Fee Payment and Indemnity

For greater certainty, the parties hereto agree that if Cadillac pays the Termination Fee to Pilot pursuant to the provisions of Section 7.4, Pilot shall have no other remedy for any breach of this Agreement by Cadillac, unless Cadillac makes a claim against Pilot for breach of a provision of this Agreement, in which circumstances the liability of Cadillac to Pilot for damages for claims in respect of breaches of this Agreement shall be subject to a maximum limit equal to the liability of Pilot to Cadillac for damages for claims in respect of breaches of this Agreement plus the Termination Fee. In the event a party shall have breached this Agreement, then, in addition to any other remedies at law or equity for breach of this Agreement, the party so found to have breached this Agreement shall indemnify and hold harmless the other parties for damages for claims in respect of such breach and their out-of-pocket costs, including reasonable fees and expenses of their counsel, accountants, financial advisors and other experts and advisors arising from such breach or directly related to the negotiation, preparation and execution of this Agreement any related documentation and the Arrangement.

ARTICLE 8
GENERAL

8.1 Investigation

Any investigation by a party hereto and its advisors shall not mitigate, diminish or affect the representations and warranties of any other party to this Agreement.

8.2 Survival of Representation and Warranties

The representations and warranties contained in this Agreement shall survive the execution and delivery of this Agreement and shall expire and be terminated and extinguished on the Effective Date. Any investigation by Pilot or Cadillac and their respective advisors shall not mitigate, diminish or affect the representations and warranties contained in this Agreement.

8.3 Notices

All notices and other communications hereunder shall be in writing and shall be deemed given when delivered personally, telecopied (which is confirmed) or sent by facsimile or e-mail transmission or dispatched (postage prepaid) to a nationally recognized overnight courier service with overnight delivery instructions, in each case addressed to the particular party at:

(a) If to Cadillac, at:

Cadillac Mining Corporation
3741 West 36th Avenue
Vancouver, BC V6N 2S3

Attention: President and CEO

with a copy to:

McCullough O'Connor Irwin LLP
2600 - 1066 West Hastings St.
Vancouver, BC, V6E3X1

Attention: David Gunasekera
Fax: (604) 687-7099

(b) If to Pilot, at:

Pilot Gold Inc.
Suite 1900, 1055 West Hastings Street
Vancouver, BC V6E 2E9

Attention: Matthew Lennox-King
Fax: (604) 632-4678

with a copy to:

Blake, Cassels & Graydon LLP
Suite 2600, Three Bentall Centre
595 Burrard Street, PO Box 49314
Vancouver, BC V7X 1L3

Attention: Bob Wooder
Fax: (604) 631-3309

or at such other address of which any party may, from time to time, advise the other parties by notice in writing given in accordance with the foregoing.

Any notice delivered, telecopied or sent by facsimile or e-mail transmission will be deemed to have been given and received on the business day next following the date of delivery.

8.4 <u>Assignment</u>

No party hereto may assign this Agreement or any of its rights, interests or obligations under this Agreement or the Arrangement (whether by operation of law or otherwise) without the prior written consent of the other party.

8.5 <u>Binding Effect</u>

Subject to Section 8.4, this Agreement and the Arrangement shall be binding upon, enure to the benefit of and be enforceable by the parties hereto and their respective successors and assigns.

8.6 <u>Third-Party Beneficiaries</u>

Nothing in this Agreement, express or implied, shall be construed to create any third-party beneficiaries or create any liability or obligation to any person not a party to this Agreement.

8.7 <u>Waiver and Modification</u>

Cadillac and Pilot may waive or consent to the modification of, in whole or in part, any inaccuracy of any representation or warranty made to them hereunder or in any document to be delivered pursuant hereto and may waive or consent to the modification of any of the covenants or agreements herein contained for their respective benefit or waive or consent to the modification of any of the obligations of the other parties hereto. Any waiver or consent to the modification of any of the provisions of this Agreement, to be effective, must be in writing executed by the party granting such waiver or consent.

8.8 <u>No Personal Liability</u>

(a) No director or officer of Pilot or any of its Subsidiaries shall have any personal liability whatsoever to Cadillac under this Agreement, or any other document delivered in connection with the Arrangement on behalf of Pilot.

(b) No director or officer of Cadillac or any of its Subsidiaries shall have any personal liability whatsoever to any Pilot Party under this Agreement, or any other document delivered in connection with the Arrangement on behalf of Cadillac.

8.9 <u>Further Assurances</u>

Each party hereto shall, from time to time, and at all times hereafter, at the request of the other parties hereto, but without further consideration, do all such further acts and execute and deliver all such further documents and instruments as shall be reasonably required in order to fully perform and carry out the terms and intent hereof.

8.10 <u>Expenses</u>

The parties agree that all expenses of the parties relating to this Agreement and the transactions contemplated hereby, including legal fees, accounting fees, financial advisory fees, regulatory filing fees, all disbursements of advisors, and printing and mailing costs, shall be paid by the party incurring such expenses.

8.11 <u>Public Announcements</u>

Pilot and Cadillac agree to consult with each other prior to issuing any news releases or public statements with respect to this Agreement or the Arrangement, and to use their respective best efforts not to issue any news releases or public statements inconsistent with the results of such consultations. Subject to Applicable Laws, each party shall use its best efforts to enable the other parties to review and comment on all such news releases at least 48 hours prior to the release thereof. The parties agree to issue jointly a news release with respect to this Arrangement as soon as practicable following the execution of this Agreement. Pilot and Cadillac also agree to consult with each other in preparing and making any filings and communications in connection with any Appropriate Regulatory Approvals. Cadillac shall provide to Pilot a copy of any press release to be issued by Cadillac after the date of this Agreement and shall consult with Pilot in connection therewith.

8.12 <u>Governing Laws and Consent to Jurisdiction</u>

This Agreement shall be governed by and construed in accordance with the Applicable Laws of the Province of British Columbia and the Applicable Laws of Canada applicable therein and shall be treated in all respects as a British Columbia contract. Each party hereby irrevocably attorns to the jurisdiction of the courts of the Province of British Columbia in respect of all matters arising under or in relation to this Agreement.

8.13 <u>Remedies</u>

The parties acknowledge and agree that an award of money damages would be inadequate for any breach of this Agreement by any party or its representatives and any such breach would cause the non-breaching party irreparable harm. Accordingly, the parties hereto agree that, in the event of any breach or threatened breach of this Agreement by one of the parties, the parties will also be entitled, without the requirement of posting a bond or other security, to equitable relief, including injunctive relief and specific performance, provided such party is not in material default hereunder. Such remedies will not be the exclusive remedies for any breach of this Agreement but will be in addition to all other remedies available at law or equity to each of the parties.

8.14 <u>Time of Essence</u>

Time shall be of the essence in this Agreement.

8.15 Entire Agreement

This Agreement including the disclosure letters, the agreements and other documents referred to herein constitute the entire agreement among the parties hereto and supersede all other prior agreements, understandings, negotiations and discussions, whether oral or written, among the parties hereto with respect to the matters hereof and thereof.

8.16 Severability

If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that transactions contemplated hereby are fulfilled to the extent possible.

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8.17 Counterparts

This Agreement may be executed in counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first written above.

PILOT GOLD INC.

By: "*Matthew Lennox-King*"
Name: Matthew Lennox-King
Title: Director, President and Chief Executive Officer

By: *"John Wenger"*
Name: John Wenger
Title: Chief Financial Officer

CADILLAC MINING CORPORATION

By: "*Victor Erickson*"
Name: Victor Erickson
Title: President and Chief Executive Officer

SCHEDULE A

APPROPRIATE REGULATORY APPROVALS

- any required exemption orders from the provincial or territorial securities regulators to permit the resale in Canada of Pilot Shares by recipients thereof under the Arrangement

- conditional approval of the TSX-V to the Arrangement

- conditional approval of the TSX to the listing of Pilot Shares to be issued under the Arrangement

- any required consent or approval from the Registrar of Companies in British Columbia.

SCHEDULE B

FORM OF ARRANGEMENT RESOLUTION

RESOLUTION OF THE HOLDERS OF SHARES OF CADILLAC MINING CORPORATION (the "Company")

BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. The arrangement (as may be modified or amended, the "**Arrangement**") under Section 288 of the *Business Corporations Act* (British Columbia) involving Cadillac Mining Corporation (the "**Company**") and its shareholders, all as more particularly described and set forth in the plan of arrangement (as may be modified or amended, the "**Plan of Arrangement**") attached as Appendix 2 to the Management Information Circular of the Company dated **[•]**, 2014 (the "**Information Circular**"), is hereby authorized, approved and agreed.

2. The plan of arrangement (as may be or has been amended (the "**Plan of Arrangement**"), involving the Company and implementing the Arrangement, the full text of which is set out in Appendix **[•]** to the Information Circular, is hereby authorized, approved and agreed.

3. The Arrangement Agreement dated June 12, 2014 between Pilot Gold Inc., and the Company, as may be amended from time to time (the "**Arrangement Agreement**"), the actions of the directors of the Company in approving the Arrangement and the Arrangement Agreement and the actions of the directors and officers of the Company in executing and delivering the Arrangement Agreement and causing the performance by the Company of its obligations thereunder be, and they are hereby confirmed, ratified, authorized and approved.

4. Notwithstanding that this resolution has been passed (and the Arrangement approved and agreed) by the shareholders of the Company or that the Arrangement has been approved by the Supreme Court of British Columbia, the directors of the Company be, and they are hereby, authorized and empowered without further approval of the shareholders of the Company (i) to amend the Arrangement Agreement or the Plan of Arrangement, and (ii) not to proceed with the Arrangement at any time prior to the Effective Time (as defined in the Arrangement Agreement).

5. Any one director or officer of the Company be, and is hereby, authorized, empowered and instructed, acting for, in the name and on behalf of the Company, to execute or cause to be executed, under the seal of the Company or otherwise, and to deliver or to cause to be delivered, all such other documents and to do or to cause to be done all such other acts and things as in such person's opinion may be necessary or desirable in order to carry out the intent of the foregoing paragraphs of these resolutions and the matters authorized thereby, including all transactions contemplated by the Arrangement Agreement, such determination to be conclusively evidenced by the execution and delivery of such document or the doing of such act or thing.

SCHEDULE C

FORM OF PLAN OF ARRANGEMENT

PLAN OF ARRANGEMENT UNDER SECTION 288 OF THE *BUSINESS CORPORATIONS ACT* (BRITISH COLUMBIA)

ARTICLE 1 INTERPRETATION

1.1 In this Plan of Arrangement, unless there is something in the subject matter or context inconsistent therewith, the following terms shall have the respective meanings set out below and grammatical variations of those terms shall have corresponding meanings:

(a) "**Affiliate**" has the meaning ascribed thereto in the BCSA;

(b) "**Arrangement**" means an arrangement under the provisions of Section 288 of the BCBCA, on the terms and conditions set forth in this Plan of Arrangement and any amendment, variation or supplement thereto made (i) in accordance with Section 7.1 of the Arrangement Agreement, (ii) in accordance with Section 6.1 hereof, or (iii) at the direction of the Court in the Final Order;

(c) "**Arrangement Agreement**" means the agreement made as of June 12, 2014 between Cadillac and Pilot to which this Plan of Arrangement is attached as Schedule C, as the same may be supplemented or amended from time to time;

(d) "**Arrangement Resolution**" means the special resolution of the Cadillac Shareholders approving the Arrangement in accordance with section 289 of the BCBCA;

(e) "**BCBCA**" means the *Business Corporations Act* (British Columbia) S.B.C. 2002, c.57 including all regulations made thereunder, as amended;

(f) "**BCSA**" means the *Securities Act* (British Columbia) and the rules, regulations and policies made thereunder, as now in effect and as they may be amended from time to time prior to the Effective Date;

(g) "**Business Day**" means a day which is not a Saturday, Sunday or a day when commercial banks are not open for business in Vancouver, British Columbia;

(h) "**Cadillac**" means Cadillac Mining Corporation, a corporation incorporated under the laws of the Province of British Columbia;

(i) "**Cadillac Meeting**" means the meeting of the Cadillac Shareholders held for the purpose of considering and approving the Arrangement and the transactions contemplated by the Arrangement Agreement by way of the Arrangement Resolution;

(j) "**Cadillac Options**" means the outstanding options to acquire Cadillac Shares issued under the Stock Option Plan of Cadillac;

(k) "**Cadillac Optionholder**" means a Holder of Cadillac Options;

(l) "**Cadillac Option Price**" means with respect to each Cadillac Option, the exercise price of such option as specified in the option agreement between Cadillac and the Cadillac Optionholder relating thereto;

(m) "**Cadillac Shareholder**" means a Holder of Cadillac Shares; and

(n) "**Cadillac Shares**" means the common shares in the capital of Cadillac;

(o) "**Cadillac Warrants**" means the outstanding warrants to acquire Cadillac Shares;

(p) "**Cadillac Warrantholder**" means a Holder of Cadillac Warrants;

(q) "**Circular**" means the notice of the Cadillac Meeting and accompanying management proxy circular including all schedules and exhibits thereto, to be sent by Cadillac to the Cadillac Shareholders in connection with the Cadillac Meeting;

(r) "**Court**" means the Supreme Court of British Columbia;

(s) "**Depositary**" means such institution as Pilot may determine prior to the mailing of the Letter of Transmittal and Election Form by notice in writing to Cadillac;

(t) "**Dissent Rights**" means the Dissent Rights in respect of the Arrangement described in Section 4.1;

(u) "**Dissenting Shares**" means the Cadillac Shares held by Dissenting Shareholders;

(v) "**Dissenting Shareholders**" means holders of Cadillac Shares who have duly and validly exercised their Dissent Rights pursuant to Article 4 and the Interim Order;

(w) "**Effective Date**" means the fifth Business Day following the date upon which all of the conditions to the completion of the Arrangement as set out in Sections 6.1, 6.2 and 6.3 of the Arrangement Agreement have been satisfied or waived in accordance with Arrangement Agreement and once all documents agreed to be delivered thereunder have been delivered to the satisfaction of the recipient, acting reasonably, or such other date as the parties to the Arrangement Agreement may agree;

(x) "**Effective Time**" means 6:00 a.m. (Vancouver time) on the Effective Date;

(y) "**Final Order**" means the final order of the Court approving the Arrangement as such order may be amended by the Court at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended on appeal;

(z) "**Holder**" means the registered holders of Cadillac Shares shown from time to time in the securities registers maintained by or on behalf of Cadillac (and including for the purposes hereof any person who surrenders to the Depositary certificates representing Cadillac Shares duly endorsed for transfer to such person in accordance with the provisions of the Letter of Transmittal);

(aa) "**In-the-Money-Amount**" in respect of a stock option means the amount, if any, by which the aggregate fair market value at that time of the securities subject to the option exceeds the aggregate exercise price of the option;

(bb) "**Interim Order**" means an order of the Court providing for, among other things, the calling and holding of the Cadillac Meeting, as such order may be amended, supplemented or varied by the Court;

(cc) "**ITA**" means the *Income Tax Act* (Canada) as amended from time to time;

(dd) "**Letter of Transmittal**" means the letter of transmittal to be delivered by Cadillac to the Cadillac Shareholders providing, among other things, for the delivery by the Cadillac Shareholders of the certificates representing the Cadillac Shares to the Depositary;

(ee) "**Liens**" means any mortgage, hypothec, prior claim, lien, pledge, assignment for security, security interest, right of third parties or other charge or encumbrance whatsoever;

(ff) "**Notice of Dissent**" means a notice of dissent duly and validly given by a Holder exercising Dissent Rights as contemplated in the Interim Order and as described in Article 4;

(gg) "**Pilot**" means Pilot Gold Inc., a corporation incorporated under the laws of Canada;

(hh) "**Pilot Consideration Warrants**" means a Pilot common share purchase warrant which shall entitle the holder thereof to purchase one Pilot Share at an exercise price of $2.00 for a period of two years following the closing of the Arrangement;

(ii) "**Pilot Shares**" means common shares in the capital of Pilot as constituted on the date of the Arrangement Agreement;

(jj) "**Plan of Arrangement**", "**hereof**", "**herein**", "**hereunder**" and similar expressions means this plan of arrangement, including any appendices hereto, and any amendments, variations or supplements hereto made from time to time in accordance with the terms hereof, the Arrangement Agreement or made at the direction of the Court in the Final Order;

(kk) “**TSX**” means the Toronto Stock Exchange; and

(ll) “**TSX-V**” means the TSX Venture Exchange.

1.2 Interpretation Not Affected by Headings, etc.

The division of this Plan of Arrangement into Articles, Sections paragraphs and other portions and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation hereof. Unless otherwise indicated, all references to an “Article”, “Section” or “paragraph” followed by a number and/or a letter refer to the specified Article, Section or paragraph of this Plan of Arrangement.

1.3 Number and Gender

In this Plan of Arrangement, unless the context otherwise requires, words used herein importing the singular include the plural and vice versa. Words importing gender include all genders.

1.4 Date of Any Action

In the event that any date on which any action is required to be taken hereunder by any of the parties hereto is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

1.5 Time

Time shall be of the essence in every matter or action contemplated hereunder. All times expressed herein or in the Letter of Transmittal and Election Form are local time (Vancouver, British Columbia) unless otherwise stipulated herein or therein.

1.6 Currency

Unless otherwise stated, all references in this Plan of Arrangement to sums of money are expressed in lawful money of Canada.

ARTICLE 2
EFFECT OF THE ARRANGEMENT

2.1 At the Effective Time, the Arrangement shall be binding upon Cadillac, the Cadillac Shareholders and Pilot.

ARTICLE 3
ARRANGEMENT

3.1 The Arrangement

Commencing at the Effective Time, without any further act or formality, each of the events set out below shall occur and be deemed to occur in the following sequence notwithstanding that certain procedures related thereto will not be completed until after the Effective Time:

(a) Each Cadillac Share held by a Dissenting Shareholder shall be deemed to be transferred by the holder thereof, free and clear of all liens, claims and encumbrances, to Cadillac for cancellation and Cadillac shall thereupon be obliged to pay the amount therefore determined and payable in accordance with Article 4 hereof, and Cadillac shall cause such Cadillac Shares to be cancelled and the name of such holder shall be removed from the central securities register as a holder of Cadillac Shares;

(b) all Cadillac Shares shall be transferred to Pilot (free and clear of any Liens), and each Holder thereof shall be entitled to receive, in exchange therefor and subject to Section 5.6 hereof, consideration consisting of: (i) 0.12195 of a Pilot Share for each Cadillac Share held, and (ii) 0.12195 of one Pilot Consideration Warrant;

(c) with respect to each Cadillac Share (other than Cadillac Shares held by Pilot and its Affiliates and the Dissenting Shares):

    (i) the Holder of each such Cadillac Share shall cease to be the Holder of such share and such Holder's name shall be removed from the register of Cadillac Shares with respect to such Cadillac Shares as of the Effective Date; and

    (ii) Pilot shall, and shall be deemed to be, the transferee of such Cadillac Share (free and clear of any Liens) and shall be entered in the register of Cadillac Shares as the Holder thereof as at the Effective Time; and

(d) all Cadillac Options shall be deemed to be exchanged for options to purchase Pilot Shares ("**New Options**") and each former Cadillac Optionholder shall, in respect of each such New Option, be entitled to receive upon the exercise thereof 0.12195 of a Pilot Share in lieu of one Cadillac Share on the same terms and conditions as the original Cadillac Option provided that no New Options will expire as a result of the holder thereof ceasing to be employed, engaged as a consultant, officer or director of Cadillac and further provided that each Cadillac Option shall be deemed to have been amended to provide that such Cadillac Option shall expire not later than the earlier of: (i) the original expiry date of such Cadillac Option and (ii) the date that is 12 months following the closing of the Arrangement. It is intended that subsection 7(1.4) of the ITA apply to the exchange of Cadillac Options. Accordingly, and notwithstanding the foregoing, if required, the exercise price of New Options will be increased such that the In-the-Money-Amount of the New Options immediately after the exchange does not exceed the In-the-Money-Amount of the Cadillac Option immediately after the exchange;

(e) in accordance with the terms of the Cadillac Warrant certificates, each holder of a Cadillac Warrant shall be entitled to receive (and such Cadillac Warrantholders shall accept) upon the exercise of such Cadillac Warrantholder's Cadillac Warrant, in lieu of Cadillac Shares to which such holder was theretofore entitled upon such exercise and for the same aggregate consideration payable therefor, the number of Pilot Shares the holder would have been entitled to receive as a result of the transactions contemplated by this Agreement if, immediately prior to the Effective Date, such holder had been the registered holder of the number of Cadillac Shares to which such holder would have been entitled if such holder had exercised such holder's Cadillac Warrants immediately prior to the Effective Time. Each Cadillac Warrant shall continue to be governed by and be subject to the terms of the applicable Cadillac Warrant certificates;

3.2 Letter of Transmittal

The Letter of Transmittal shall be sent to each Holder of record of Cadillac Shares not less than 5 Business Days prior to the date which the parties expect to be the Effective Date.

3.3 Transfer and Exchange

The transfer and exchange of Cadillac Shares contemplated by paragraph 3.1(a) shall be made as follows:

(a) each Holder shall deposit with the Depositary an irrevocable Letter of Transmittal duly signed and completed in accordance with the provisions thereof, together with the certificates representing such Holder's Cadillac Shares;

(b) any Letter of Transmittal once so deposited with the Depositary shall be irrevocable and may not be withdrawn by the Holder;

(c) any deposit of a Letter of Transmittal and accompanying certificates may be made at any of the addresses of the Depositary specified in the Letter of Transmittal; and

(d) a Holder who holds Cadillac Shares as a nominee, custodian, depository, trustee or in any other representative capacity for beneficial owners of Cadillac Shares may submit multiple Letters of Transmittal.

ARTICLE 4
DISSENT RIGHTS

4.1 Dissent Rights

A Cadillac Shareholder may exercise dissent rights ("**Dissent Rights**") conferred by the Interim Order in connection with the Arrangement in the manner set out in Section 238 of the BCBCA, as modified by the Interim Order, provided the Notice of Dissent is received by Cadillac by no later than 4:00 p.m. (Vancouver time) on the date which is two Business Days prior to the date of the Cadillac Meeting. Without limiting the generality of the foregoing, Cadillac Shareholders who duly exercise such Dissent Rights shall be deemed to have transferred such Cadillac Shares, as of the Effective Time, without any further act or formality, to Cadillac in consideration of their entitlement to be paid the fair value of the Cadillac Shares by Cadillac under the Dissent Rights. In no case shall Cadillac or Pilot be required to recognize such Holders as Cadillac Shareholders at and after the Effective Time, and the names of such Holders shall be removed from Cadillac's securities register as of the Effective Time.

ARTICLE 5
PILOT CERTIFICATES

5.1 Effect of Arrangement

After the Effective Time, certificates formerly representing Cadillac Shares shall represent only the right to receive any certificates representing Pilot Shares which the former Holder of such Cadillac Shares is entitled to receive pursuant to 3.1 of this Plan of Arrangement, subject to compliance with the requirements set forth in this Article 5.

5.2 Right of Cadillac Shareholders to Receive Pilot Shares and Pilot Consideration Warrants

(a) At or prior to the Effective Time, Pilot shall deposit with the Depositary, for the benefit of the Cadillac Shareholders, certificates representing the aggregate number of Pilot Shares and Pilot Consideration Warrants which the Cadillac Shareholders are entitled to receive hereunder.

(b) Subject to Section 5.3, Pilot shall cause the Depositary, as soon as practicable following the later of the Effective Date and the date of deposit with the Depositary of a duly completed Letter of Transmittal and the certificates representing the Cadillac Shares or other documentation as provided in the Letter of Transmittal, to:

   (i) forward or cause to be forwarded by first class mail (postage prepaid) to the Holder at the address specified in the Letter of Transmittal; or

   (ii) if requested by the Holder in the Letter of Transmittal, make available at the Depositary for pick-up by the Holder; or

(iii) if the Letter of Transmittal neither specifies an address nor contains a request as described in (ii), forward or cause to be forwarded by first class mail (postage prepaid) to the Holder at the address of such holder as shown on the share register maintained by Cadillac as at the Effective Time,

certificates representing the number of Pilot Shares and Pilot Consideration Warrants issuable to such Cadillac Shareholder as determined in accordance with the provisions hereof, subject to any withholding obligation under applicable tax laws.

(c) No Cadillac Shareholder shall be entitled to receive any consideration with respect to the Cadillac Shares and Pilot Consideration Warrants other than the certificates representing the Pilot Shares and Pilot Consideration Warrants which they are entitled to receive in accordance with Article 3 of this Plan of Arrangement and, for greater certainty, no Cadillac Shareholder will be entitled to receive any interest, dividends, premium or other payment in connection therewith.

(d) Until such time as a former Holder of Cadillac Shares complies with the provisions of paragraph 3.3, all certificates, if any, to Pilot Shares and Pilot Consideration Warrants to which such Holder is entitled (and all dividends paid or distributions made in respect thereof) shall, subject to Section 5.3, in each case be delivered to the Depositary to be held in trust for such Holder for delivery to the Holder, upon delivery of the Letter of Transmittal and the certificates representing the Cadillac Shares and Pilot Consideration Warrants in accordance with paragraph 3.3.

5.3 Surrender of Rights

Any certificate formerly representing Cadillac Shares not duly surrendered on or prior to the sixth anniversary of the Effective Date shall cease to represent a claim or interest of any kind or nature, including a claim for dividends or other distributions under paragraph 5.2(c), against Pilot or Cadillac by a former Holder. On such date, all Pilot Shares to which the former Holder of such certificates was entitled shall be deemed to have been surrendered to Pilot.

5.4 <u>Right of Cadillac Optionholders to Receive Pilot Shares</u>

Cadillac Optionholders shall be entitled to receive any Pilot Shares to which they are entitled under paragraph 3.1 by executing and delivering to the Depository such documentation as Pilot may reasonably require acknowledging the transfer to Pilot and subsequent termination of the Cadillac Options, held by such Cadillac Optionholder in exchange for the consideration described in Section 3.1 hereof, subject to any withholding obligation under applicable tax laws.

5.5 <u>Right of Cadillac Warrantholders to Receive Pilot Shares</u>

Cadillac Warrantholders shall be entitled to receive any Pilot Shares to which they are entitled under paragraph 3.1 by executing and delivering to the Depository such documentation as Pilot may reasonably require acknowledging the transfer to Pilot and subsequent termination of the Cadillac Warrants, held by such Cadillac Warrantholders in exchange for the consideration described in Section 3.1 hereof, subject to any withholding obligation under applicable tax laws.

5.6 <u>Fractional Shares</u>

No fractional shares shall be issued by Pilot in connection with or as a result of the Arrangement and Cadillac Shareholders will not receive any compensation in lieu thereof.

5.7 <u>Withholding Rights</u>

Pilot, Cadillac, and the Depositary shall be entitled to deduct and withhold from the consideration payable to any Cadillac Shareholders, Cadillac Optionholders or Cadillac Warrantholders such amounts it is required, entitled or permitted to deduct and withhold with respect to such payment under the ITA, the *United States Internal Revenue Code of 1986*, as amended, or any provisions of any applicable federal, provincial, state, local or foreign tax law, in each case, as amended. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the Cadillac Shareholder, Cadillac Optionholder or Cadillac Warrantholder in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority.

ARTICLE 6
AMENDMENT AND TERMINATION

6.1 <u>Amendment of Plan of Arrangement</u>

(a) Cadillac and Pilot reserve the right to amend, modify and/or supplement this Plan of Arrangement upon their mutual written agreement at any time and from time to time, provided that any amendment, modification or supplement must be contained in a written document which is filed with the Court and, if made following the Cadillac Meeting, approved by the Court and communicated to Holders in the manner required by the Court (if so required).

(b) Save and except as may be otherwise provided in the Interim Order, any amendment, modification or supplement to this Plan of Arrangement may be proposed by Cadillac or Pilot at any time prior to or at the Cadillac Meeting with or without any other prior notice or communication and, if so proposed and accepted by the persons voting at the Cadillac Meeting, shall become part of this Plan of Arrangement for all purposes.

(c) Any amendment, modification or supplement to this Plan of Arrangement which is approved or directed by the Court following the Cadillac Meeting shall be effective only if it is consented to in writing by Cadillac and Pilot (acting reasonably).

(d) Notwithstanding the foregoing provisions of this Section 6.1, no amendment, modification or supplement to this Plan of Arrangement may be made prior to the Effective Time except in accordance with the terms of the Arrangement Agreement.

6.2 Termination

This Plan of Arrangement may be terminated or withdrawn prior to the Effective Time in accordance with the terms of the Arrangement Agreement.

ARTICLE 7
FURTHER ASSURANCES

Notwithstanding that the transactions and events set out herein shall occur and be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, each of the parties to the Arrangement Agreement shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by any of them in order to document or evidence any of the transactions or events set out herein.

SCHEDULE D

FORM OF LOCK-UP AGREEMENT

LOCK-UP AGREEMENT

THIS AGREEMENT is made as of June 12, 2014

BETWEEN:

PILOT GOLD INC., a corporation incorporated under the laws of Canada (the "**Purchaser**")

- and -

[•], an individual with an address of **[•]** (the "**Shareholder**")

RECITALS:

A. The Shareholder is the owner of, or has control or direction over, the Subject Shares;

B. The Shareholder understands that Cadillac Mining Corporation ("**Cadillac**") and the Purchaser propose to enter into an arrangement agreement pursuant to which, a subsidiary of the Purchaser, will acquire Cadillac; and

C. This Agreement sets out the terms and conditions of the agreement of the Shareholder to take certain actions and do certain things, including to vote or cause to be voted the Subject Shares in favour of the Arrangement Agreement.

NOW THEREFORE, in consideration of the mutual covenants in this Agreement and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged) the parties hereto agree as follows:

ARTICLE 1
INTERPRETATION

1.1 <u>**Definitions**</u>

Capitalized terms used, and not otherwise defined herein, have the meanings ascribed thereto in the Arrangement Agreement. In this Agreement, including the recitals:

"**Acquisition Proposal**" means any of the following (other than the transactions contemplated by the Arrangement Agreement or the Arrangement): (a) any merger, amalgamation, arrangement, share exchange, take-over bid, tender offer, recapitalization, consolidation or other business combination directly or indirectly involving Cadillac or any of its Subsidiaries, (b) any acquisition of all or any part of the assets of Cadillac or any of its Subsidiaries (or any lease, long-term supply agreement, exchange, mortgage, pledge or other arrangement having a similar economic effect), (c) any acquisition of beneficial ownership (as defined under the BCBCA) of

20% or more of the Cadillac Shares in a single transaction or a series of related transactions, (d) any acquisition by Cadillac of any assets or capital stock of another person (other than acquisitions of capital stock or assets of any other person that are not, individually or in the aggregate, material to Cadillac and its Subsidiaries, taken as a whole), (e) any bona fide proposal to, or public announcement of an intention to, do any of the foregoing or (f) any other transaction, the consummation of which could reasonably be expected to impede, prevent or delay the transactions contemplated by the Arrangement Agreement or the Arrangement;

"**Agreement**" means this Agreement, including the Schedule hereto;

"**Arrangement Agreement**" means an arrangement agreement between the Purchaser and Cadillac dated June 12, 2014;

"**Business Day**" means any day, other than a Saturday, a Sunday or a statutory or civic holiday in Vancouver, British Columbia;

"**Cadillac Shares**" means the common shares in the capital of Cadillac;

"**Effective Date**" has the meaning ascribed thereto in the Plan of Arrangement;

"**Expiry Time**" has the meaning ascribed thereto in Section 3.1(a);

"**Notice**" has the meaning ascribed thereto in Section 4.8;

"**Subject Shares**" means all Cadillac Shares owned or controlled by the Shareholder, which, for greater certainty, shall include any Cadillac Shares issuable upon the exercise, exchange or conversion of any Cadillac Options and Cadillac Warrants or other securities owned or controlled by the Shareholder which may be exercised, converted into or exchanged for Cadillac Shares and shall also include any and all distributions of cash, securities or other property made in respect thereof on or after the date hereof other than distributions made in the ordinary course, and shall further include any Cadillac Shares acquired or over which control is acquired after the date hereof by the Shareholder; and

"**Transfer**" has the meaning ascribed thereto in Section 3.1(a).

1.2 <u>Singular; Plural, etc.</u>

In this Agreement, words importing the singular number include the plural and vice versa and words importing gender include the masculine, feminine and neuter genders.

1.3 <u>Headings, etc.</u>

The division of this Agreement into Articles, Sections and Schedules and the insertion of the recitals and headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement and, unless otherwise stated, all references in this Agreement or in the Schedules hereto to Articles, Sections and Schedules refer to Articles, Sections and

Schedules of and to this Agreement or of the Schedules in which such reference is made, as applicable.

1.4 Date for any Action

In the event that any date on which any action is required to be taken hereunder by any of the parties is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

1.5 Governing law

This Agreement shall be governed, including as to validity, interpretation and effect, by the laws of the Province of British Columbia and the laws of Canada applicable therein, and shall be construed and treated in all respects as a British Columbia contract. Each of the parties hereby irrevocably attorns to the non-exclusive jurisdiction of the Courts of the Province of British Columbia in respect of all matters arising under and in relation to this Agreement.

1.6 Incorporation of Schedules

The Schedules attached hereto and described below shall, for all purposes hereof, form an integral part of this Agreement.

Schedule A – Subject Shares

ARTICLE 2
REPRESENTATIONS AND WARRANTIES

2.1 Representations and Warranties of the Shareholder

The Shareholder represents and warrants to the Purchaser (and acknowledges that the Purchaser is relying on these representations and warranties in completing the transactions contemplated hereby and by the Arrangement Agreement) the matters set out below:

(a) The Shareholder has the power and capacity to execute and deliver this Agreement and to consummate the transactions contemplated hereby. This Agreement has been duly executed and delivered by the Shareholder and constitutes a valid and binding obligation of the Shareholder enforceable against it in accordance with its terms, subject to bankruptcy, insolvency and applicable laws affecting the enforcement of creditors' rights generally and subject to the qualification that equitable remedies may only be granted in the discretion of a court of competent jurisdiction;

(b) Subject Shares as set forth in Schedule A, as applicable, represent all the securities of Cadillac owned, directly or indirectly, or controlled or directed by the Shareholder. Other than the securities set forth in Schedule A, neither the Shareholder nor any of its affiliates (i) owns beneficially, or exercises control or direction over, directly or indirectly, additional securities of Cadillac or any of its affiliates or (ii) has any agreement or option, or right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement or option, for the purchase or acquisition by the Shareholder or any of its affiliates or transfer to the Shareholder or any of its affiliates of, additional securities of Cadillac or any of its affiliates;

(c) The Shareholder is, and will continue to be at the time at which the Subject Shares are acquired by the Purchaser under the Arrangement Agreement, the sole owner, or person with control or direction, of the Subject Shares, with good and marketable title thereto, free and clear of all encumbrances, liens, restrictions (other than resale, vesting or other similar restrictions), charges, claims and rights of others;

(d) The Shareholder has the sole right to sell and vote (to the extent permitted by the attributes of such Subject Shares or pursuant to applicable laws, regulation or policy) or direct the sale and voting of the Subject Shares;

(e) No person has any agreement or option, or any right or privilege (whether by applicable laws, pre-emptive or contractual) capable of becoming an agreement or option, for the purchase, acquisition or transfer of any of the Subject Shares or any interest therein or right thereto, except the Purchaser pursuant to the Arrangement;

(f) None of the Subject Shares is subject to any proxy, voting trust, vote pooling or other agreement with respect to the right to vote, call meetings of any of Cadillac's securityholders or give consents or approvals of any kind;

(g) None of the execution and delivery by the Shareholder of this Agreement or the completion of the transactions contemplated hereby or the compliance by the Shareholder with the Shareholder's obligations hereunder will violate, contravene, result in any breach of, or be in conflict with, or constitute a default under, or create a state of facts which after notice or lapse of time or both would constitute a default under, any term or provision of: (i) any constating or governing documents, by-laws or resolutions of the Shareholder; (ii) any contract to which the Shareholder is a party or by which the Shareholder or any of the property or assets of the Shareholder are bound; (iii) any judgment, decree, order or award of any governmental entity; or (iv) any applicable laws;

(h) No consent, waiver, approval, authorization, order, exemption, registration, licence or declaration of or by, or filing with, or notification to any governmental entity which has not been made or obtained is required to be made or obtained by the Shareholder in connection with the execution and delivery by the Shareholder and enforcement against the Shareholder of this Agreement or the consummation of any transactions provided for herein (provided that the Shareholder makes no representations or warranties with respect to the consents, waivers, approvals, authorizations or declarations of or by, or filings with, or notices to any governmental entities or other third parties on the part of Cadillac or the Purchaser necessary for the consummation of the transactions contemplated by the Arrangement Agreement); and

(i) There is no private or governmental action, suit, claim, arbitration, investigation or other proceeding in progress or pending before any governmental entity, or, to the knowledge of the Shareholder, threatened against the Shareholder or any of its affiliates or any of their directors or officers (in their capacities as such) that, individually or in the aggregate, could adversely affect in any manner the Shareholder's ability to enter into this Agreement or perform its obligations hereunder or the title of the Shareholder to any of the Subject Shares. There is no judgment, decree or order against the Shareholder or any of its affiliates or any of their directors or officers (in their capacities as such) that could prevent, enjoin, alter, delay or adversely affect in any manner the ability of the Shareholder to enter into this Agreement, to perform its obligations under this Agreement or the title of the Shareholder to any of the Subject Shares.

2.2 Representations and Warranties of the Purchaser

The Purchaser represents and warrants to the Shareholder (and acknowledges that the Shareholder is relying on these representations and warranties in completing the transactions contemplated hereby and by the Arrangement Agreement) the matters set out below:

(a) The Purchaser is a corporation incorporated and validly existing under the laws of the Canada and has all necessary corporate power, authority and capacity to enter into this Agreement and to carry out its obligations under this Agreement. The execution and delivery of this Agreement and the consummation of the transactions contemplated by this Agreement have been duly authorized by all necessary corporate action on the part of the Purchaser. This Agreement constitutes a valid and binding obligation of the Purchaser enforceable against it in accordance with its terms, subject to bankruptcy, insolvency and applicable laws affecting the enforcement of creditors' rights generally and subject to the qualification that equitable remedies may only be granted in the discretion of a court of competent jurisdiction;

(b) None of the execution and delivery by the Purchaser of this Agreement or the completion of the transactions contemplated hereby or the compliance by the Purchaser with the Purchaser's obligations hereunder will violate, contravene, result in any breach of, or be in conflict with, or constitute a default under, or create a state of facts which after notice or lapse of time or both would constitute a default under, any term or provision of: (i) any constating or governing documents or resolutions of the Purchaser; (ii) any contract to which the Purchaser is a party or by which the Purchaser or any of the property or assets of the Purchaser are bound; (iii) any judgment, decree, order or award of any governmental entity; or (iv) any applicable laws;

(c) No consent, waiver, approval, authorization, order, exemption, registration, licence or declaration of or by, or filing with, or notification to any governmental entity which has not been made or obtained is required to be made or obtained by the Purchaser in connection with the execution and delivery by the Purchaser and enforcement against the Purchaser of this Agreement or the consummation of any transactions provided for herein, except for, in either case, for those specifically set forth in the Arrangement Agreement with respect to the consummation of the Arrangement.

ARTICLE 3
COVENANTS

3.1 Covenants of the Shareholder

(a) The Shareholder hereby irrevocably and unconditionally covenants with the Purchaser that from the date of this Agreement until the earlier of (i) the termination of this Agreement in accordance with its terms and (ii) the Effective Time (such earlier time being the "**Expiry Time**"), the Shareholder shall not (A) sell, transfer, gift, assign, convey, pledge, hypothecate, encumber, option, grant a security interest in or otherwise dispose of any right or interest in (including by way of deposit or tender under any take-over bid) (any such event, a "**Transfer**") any of the Subject Shares, other than the exercise, exchange or conversion of options, warrants or other securities in accordance with their terms for Cadillac Shares that will become subject to this Agreement as if they were Cadillac Shares owned by the Shareholder on the date hereof, or enter into any agreement, arrangement or understanding in connection therewith (whether by actual disposition or effective economic disposition due to cash settlement or otherwise), other than pursuant to the Arrangement Agreement, without having first obtained the prior written consent of the Purchaser, or (B) other than as set forth herein, grant any proxies or powers of attorney, deposit any Subject Shares into a voting trust, in any way transfer any of the voting rights associated with any of the Subject Shares, or enter into a voting agreement, understanding or arrangement with respect to the right to vote, call meetings of Cadillac shareholders or give consents or approval of any kind with respect to any Subject Shares.

(b) The Shareholder hereby covenants, undertakes and agrees from time to time, until the Expiry Time to vote (or cause to be voted) all the Subject Shares that may be voted at any meeting of any of the securityholders of Cadillac at which the Shareholder is entitled to vote such Subject Shares, including without limitation the Cadillac Meeting, and in any action by written consent of the securityholders of Cadillac:

(i) in favour of the approval, consent, ratification and adoption of the Arrangement Resolution and the transactions contemplated by the

Arrangement Agreement (and any actions required for the consummation of the transactions contemplated by the Arrangement Agreement); and

(ii) against any:

(A) merger, reorganization, consolidation, amalgamation, arrangement, business combination, or share exchange, liquidation, dissolution, recapitalization, or similar transaction involving Cadillac;

(B) sale, lease or transfer of any significant part of the assets of Cadillac;

(C) Acquisition Proposal;

(D) material change in the capitalization of Cadillac or the corporate structure or constating documents of Cadillac (other than the transactions contemplated by the Arrangement Agreement, and any other agreement or transaction involving the Purchaser or its affiliates);

(E) action that would reasonably be expected to impede, delay, interfere with, or discourage the transactions contemplated by the Arrangement Agreement; and

(F) action that would result in a Cadillac Material Adverse Effect (other than the transactions contemplated by the Arrangement Agreement).

In connection with the foregoing, subject to this Section 3.1(b), the Shareholder hereby irrevocably and unconditionally agrees to deposit a proxy, duly completed and executed in respect of all of the Subject Shares at least ten Business Days prior to the Cadillac Meeting, voting all such Subject Shares in favour of the Arrangement Resolution. The Shareholder hereby agrees that neither it nor any person on its behalf will take any action to withdraw, amend or invalidate any proxy deposited by the Shareholder pursuant to this Agreement notwithstanding any statutory or other rights or otherwise which the Shareholder might have unless this Agreement is terminated in accordance with Section 4.1.

(c) The Shareholder hereby covenants, undertakes and agrees from time to time, until the Expiry Time to not without the prior written consent of the Purchaser requisition or join in the requisition of any meeting of any of the securityholders of Cadillac for the purpose of considering any resolution.

(d) The Shareholder agrees that, until the Expiry Time, neither the Shareholder nor any of its Representatives will, directly or indirectly: (A) solicit, initiate, encourage or otherwise facilitate (including by way of entering into any agreement, arrangement or understanding) inquiries, proposals or offers from, or provide information to, any other person, entity or group (other than the Purchaser) relating to any Acquisition Proposal, (B) participate in any discussions or negotiations regarding any Acquisition Proposal, or (C) accept or enter into, or publicly propose to accept or enter into, any letter of intent, agreement, arrangement or undertaking related to any Acquisition Proposal. Nothing hereunder shall prevent any shareholder, director or officer of the Shareholder who is a director or officer of Cadillac from doing any act or thing that such director or officer is properly obligated to do in such capacity, provided that such act or thing is permitted by and is done in compliance with the terms of the Arrangement Agreement.

(e) The Shareholder hereby agrees to:

(i) immediately cease and cause to be terminated any and all existing discussions and negotiations, if any, with any person or group or any agent or representative of such person or group before the date of this Agreement with respect to any Acquisition Proposal or potential Acquisition Proposal; and

(ii) promptly (and in any event within 24 hours following receipt) notify the Purchaser of any Acquisition Proposal or inquiry that could lead to an Acquisition Proposal of which the Shareholder or, to the knowledge of the Shareholder, any of the shareholders, directors or officers of the Shareholder becomes aware. Such notification shall be made first orally and then in writing and shall include the identity of the person making such Acquisition Proposal or inquiry, a description of the material terms thereof, together with a copy of all documentation relating to such Acquisition Proposal or inquiry; provided however that such notification shall not be required if Cadillac has already notified the Purchaser.

(f) The Shareholder hereby irrevocably waives any rights of appraisal or rights of dissent that the Shareholder may have arising from the transactions contemplated by the Arrangement Agreement.

(g) The Shareholder agrees to promptly notify the Purchaser of any acquisitions by the Shareholder or any of its respective affiliates of any securities of Cadillac, if any, after the date hereof, which, for greater certainty, shall include any options, warrants or other securities and any Cadillac Shares issuable upon the exercise or conversion of any options and warrants owned or controlled by the Shareholder which may be exercised, converted into or exchanged for Cadillac Shares. Any such securities shall be subject to the terms of this Agreement as though they were Subject Shares owned by the Shareholder on the date hereof.

(h) The Shareholder agrees that, until the Expiry Time, it will not (i) exercise any securityholder rights or remedies available at common law or pursuant to applicable securities legislation; or (ii) take any other action of any kind, in each case which might reasonably be regarded as likely to reduce the success of, or delay or interfere with the completion of, the transactions contemplated by the Arrangement Agreement.

(i) The Shareholder hereby irrevocably consents to:

  (i) details of this Agreement being set out in any information circular and court documents produced by Cadillac, the Purchaser or any of their respective affiliates in connection with the transactions contemplated by this Agreement and the Arrangement Agreement; and

  (ii) this Agreement being made publicly available, including by filing on SEDAR.

(j) Except as required by applicable law or applicable stock exchange requirements, the Shareholder shall not make any public announcement or statement with respect to the transactions contemplated herein or pursuant to the Arrangement Agreement without the prior written approval of the Purchaser.

3.2 **Covenants of the Purchaser**

(a) The Purchaser hereby covenants to consummate the transactions contemplated by the Arrangement Agreement, in accordance with the terms thereof.

(b) The Purchaser hereby covenants to use its reasonable commercial efforts to assist Cadillac in effecting the Arrangement and to successfully complete the Arrangement in the manner contemplated by this Agreement and the Arrangement Agreement.

ARTICLE 4
GENERAL

4.1 **Termination**

This Agreement shall terminate and be of no further force or effect only upon the earliest of:

(a) the written agreement of the Purchaser and the Shareholder;

(b) the termination of the Arrangement Agreement in accordance with its terms; or

(c) the Effective Time.

4.2 Time of the Essence

Any date, time or period referred to in this Agreement shall be of the essence, except to the extent to which the Shareholder and the Purchaser agree in writing to vary any date, time or period, in which event the varied date, time or period shall be of the essence.

4.3 Equitable Relief

The parties agree that irreparable harm will occur for which money damages will not be an adequate remedy at law in the event that any of the provisions of this Agreement are not performed by the Shareholder in accordance with their terms or are otherwise breached. It is accordingly agreed that in the event of a breach or threatened breach of the provisions of this Agreement by the Shareholder the Purchaser shall be entitled to an injunction or injunctions and other equitable relief and shall be entitled to obtain an order or orders for specific performance as may be necessary to ensure that the Shareholder complies with and performs its obligations under this Agreement. The Shareholder hereby agrees not to seek the posting of any security bond or other assurance in respect of such injunctive or other equitable relief. Such remedies will not be the exclusive remedies for any breach of this Agreement and will be in addition to all other remedies available at law or equity.

4.4 Capacity and Fiduciary Duties

Notwithstanding any other provision hereof, if the Shareholder or its affiliate (within the meaning of the *Business Corporations Act* (British Columbia)) is a director or officer of Cadillac, nothing contained in this Agreement will prevent the Shareholder or such affiliate from acting in his capacity as a director or officer of Cadillac in accordance with the exercise of his or her fiduciary duties or other legal obligation to act in the best interests of Cadillac. The foregoing shall not release any Shareholder from acting in accordance with this Agreement in its capacity as a shareholder of Cadillac.

4.5 Waiver; Amendment

Each party hereto agrees and confirms that any provision of this Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and signed, in the case of an amendment, by the Shareholder and the Purchaser or in the case of a waiver, by the party against whom the waiver is to be effective and no failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise.

4.6 Change in Nature of Transaction

The Shareholder covenants and agrees in favour of the Purchaser that if the Purchaser and Cadillac mutually agree that it is necessary or desirable to proceed with another form of transaction whereby the Purchaser or any of its affiliates would effectively acquire 100% of the Cadillac Shares on economic terms and other terms and conditions (including, without limitation, any tax consequences to the Shareholder) which, in relation to Cadillac and the Shareholder, are no less favourable from a financial point of view and otherwise substantially equivalent to or better than those contemplated by the Arrangement Agreement (an "**Alternative Transaction**"), the Shareholder will support the completion of such Alternative Transaction in the manner described in this Agreement.

4.7 <u>Entire Agreement</u>

This Agreement constitutes the entire agreement among the parties with respect to the subject matter hereof and supersedes all prior agreements and understandings among the parties with respect thereto.

4.8 <u>Notices</u>

Any notice, consent or approval required or permitted to be given in connection with this Agreement (in this Section referred to as a "**Notice**") shall be in writing and shall be sufficiently given if delivered (whether in person, by courier service or other personal method of delivery), or if transmitted by facsimile or e-mail:

(a) if to the Purchaser:

Pilot Gold Inc.
Suite 1900, 1055 West Hastings Street
Vancouver, BC V6E 2E9

Attention: Mathew Lennox-King
Fax: (604) 632-4678

with a copy (which shall not constitute notice) to:

Blake, Cassels & Graydon LLP
595 Burrard Street, PO Box 49314
Suite 2600, Three Bentall Centre
Vancouver, BC V7X 1L3

Attention: Bob Wooder
Facsimile: (604) 631-3309
Email: bob.wooder@blakes.com

(b) if to the Shareholder:

____
____
____
____

Attention: ______________________________
Facsimile: ______________________________
Email: ______________________________

with a copy (which shall not constitute notice) to:

McCullough O'Connor Irwin LLP
2600 – 1066 West Hastings St.
Vancouver, BC V6E 3X1

Attention: David Gunasekera
Fax: (604) 687-7099

Any Notice delivered or transmitted to a party as provided above shall be deemed to have been given and received on the day it is delivered or transmitted, provided that it is delivered or transmitted on a Business Day prior to 5:00 p.m. local time in the place of delivery or receipt. If the Notice is delivered or transmitted after 5:00 p.m. local time or if the day is not a Business Day, then the Notice shall be deemed to have been given and received on the next Business Day.

Either party hereto may, from time to time, change its address by giving Notice to the other party in accordance with the provisions of this Section.

4.9 Severability

If, in any jurisdiction, any provision of this Agreement or its application to any Party or circumstance is restricted, prohibited or unenforceable, such provision shall, as to such jurisdiction, be ineffective only to the extent of such restriction, prohibition or unenforceability without invalidating the remaining provisions of this Agreement and without affecting the validity or enforceability of such provision in any other jurisdiction or without affecting its application to other parties or circumstances. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the terms of this Agreement remain as originally contemplated to the fullest extent possible.

4.10 Successors and Assigns

The provisions of this Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors, permitted assigns and legal personal representatives, provided that no party may assign, delegate or otherwise transfer any of its rights, interests or obligations under this Agreement without the prior written consent of the other parties hereto, except that the Purchaser may assign, delegate or otherwise transfer any of its rights, interests or obligations under this Agreement to an affiliate without reducing its own obligations hereunder without the consent of the Shareholder.

4.11 Expenses

Each party shall pay all costs and expenses (including the fees and disbursements of legal counsel and other advisers) it incurs in connection with the negotiation, preparation and execution of this Agreement and the transactions contemplated by this Agreement.

4.12 Independent Legal Advice

Each of the parties hereby acknowledges that it has been afforded the opportunity to obtain independent legal advice and confirms by the execution of this Agreement that they have either done so or waived their right to do so in connection with the entering into of this Agreement.

4.13 Further Assurances

The parties hereto shall, with reasonable diligence, do all things and provide all such reasonable assurances as may be required to consummate the transactions contemplated by this Agreement, and each party shall provide such further documents or instruments required by the other party as may be reasonably necessary or desirable to effect the purpose of this Agreement and carry out its provisions, whether before or after the Effective Time.

4.14 Execution and Delivery

This Agreement may be executed by the parties in counterparts and may be executed and delivered by facsimile and all the counterparts and facsimiles together constitute one and the same agreement.

[*Remainder of Page Left Intentionally Blank.*]

IN WITNESS OF WHICH the parties have executed this Agreement.

SIGNED, SEALED AND DELIVERED in the presence of:	)	
______________________________ Witness	)	
______________________________ Name	)	______________________________ **Name:**
______________________________	)	

PILOT GOLD INC.

By: ______________________________
Name:
Title:

By: ______________________________
Name:
Title:

SCHEDULE “A”

Owner	**Cadillac Shares**	**Other Cadillac Securities** (including Cadillac Options and Cadillac Warrants)