

**FORM 51-102F3
MATERIAL CHANGE REPORT**

ITEM 1 Reporting Issuer

Pilot Gold Inc.
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ITEM 2 Date of Material Change

October 10, 2012

ITEM 3 News Release

A press release with respect to the material change described herein was issued in Vancouver, British Columbia through Marketwire on October 10, 2012.

ITEM 4 Summary of Material Change

The Company reported having received a Preliminary Economic Assessment ("PEA") technical report prepared by SRK Consulting (Canada) Inc. ("SRK") dated October 10, 2012, entitled "Preliminary Economic Assessment Technical Report for the Halilağa Project, Turkey" (the "Halilağa PEA", or the "Report").

ITEM 5 Full Description of Material Change

5.1 Full Description of Material Change

The Company reported having received a PEA relating to the Halilağa copper-gold porphyry property in northwest Turkey ("Halilağa" or the "Project"). The Halilağa PEA is based on a mineral resource estimate first presented in a technical report dated March 23, 2012, titled, "Resource Estimate for the Halilağa Copper – Gold Property NI 43-101 Technical Report", authored by Garth Kirkham, P. Geo. Of Kirkham Geosystems Ltd., and James Gray, P. Geo. of Advantage Geoservices Ltd. (the "Gray Kirkham Report"). The Halilağa PEA, dated October 10, 2012, was prepared for Pilot Gold Inc. (the "Company" or "Pilot Gold") and Truva Bakir Maden İşletmeleri Anonim Şirketi ("Truva Bakir"), the Turkish Joint Stock Company that holds the licenses that comprise Halilağa by SRK. Pilot Gold holds a 40% interest in Truva Bakir. Teck Madencilik Sanayi Ticaret Anonim Şirketi ("TMST"), a subsidiary of Teck Resources Limited is the operator at Halilağa. The Report was commissioned by Truva Bakir.

The portions of the Report summarized herein supersede the disclosure contained in the Company's Annual Information Form for the year ended December 31, 2011 and dated March 28, 2012 (the "AIF") under the heading "Halilağa Project, Turkey".

The Report is based upon the mineral resource estimate first presented in the mineral resource estimate first presented in the Gray Kirkham Report. The purpose of the Report is to present the "first time" findings of a preliminary economic assessment of the Project. The contents of the Report reflect various technical and economic conditions at the time of writing. Given the nature of the mining business, these conditions can change significantly over relatively short periods of time. Consequently, actual results may be significantly more or less favourable.

The reader is cautioned that the PEA summarized in the Report is only intended to provide an initial, high-level review of the Project. Further studies, including engineering and economics are required (typically a Pre-Feasibility Study) with regards to infrastructure and operational methodologies. The Halilağa PEA mine

plan and economic model include the use of a significant portion of inferred resources which are considered to be too speculative to be used in an economic analysis except as permitted by National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101") for use in PEAs as mineral resources that are not mineral reserves do not have demonstrated economic viability. There is no guarantee that inferred resources can be converted to indicated or measured resources nor is there any guarantee that the project economics described in the Halılađa PEA would be achieved.

The following is a summary of certain portions of the Halılađa PEA. The PEA was prepared in accordance with NI 43-101. Portions of the following information are based on assumptions, qualifications and procedures which are not fully described herein. Reference should be made to the full text of the PEA, which is available for review under the Company's profile on the SEDAR website at www.sedar.com

All dollar amounts in this material change report are stated in US currency.

Project Description and Location

Halılađa is located about 40 kilometres southeast of Çanakkale between the villages of Halılađa and Muratlar in the south-central part of the Biga Peninsula in Northwestern Turkey. The main area of interest is the Kestane porphyry copper-gold zone located at 483200E, 4419200N UTM Central meridian 27 (ED50 datum).

In 2002, Halılađa was acquired at auction by Teck Cominco Arama ve Madencilik Sanayi Ticaret A. Ş. (now TMST). In 2004, TMST and Fronteer Gold Inc. ("Fronteer", fka Fronteer Developments Inc.), a predecessor company to Pilot Gold, entered into an option agreement that covered several properties in the Biga peninsula (including Halılađa) that enabled Fronteer to acquire 100% interest in the properties subject to certain earn-back rights by TMST; Fronteer was required to spend \$2.0 million on exploration over four years, with a first-year firm commitment of \$0.2 million.

After the initial program by Fronteer, TMST decided to earn-back into Halılađa on November 30, 2006. Subsequently, TMST earned a 60% interest in the Project by investing \$2.5 million during 2007. On December 31, 2009, TMST declined to earn an additional 10% interest in Halılađa.

Truva Bakir, a Turkish Joint Stock company owns, or has beneficial interest in, the licenses that comprise Halılađa. Pilot Gold has a 40% interest and TMST has a 60% interest in Truva Bakir. Fronteer's interest in Truva Bakir, and thus, Halılađa was transferred to Pilot Gold in April 2011.

The Project consists of 19 licenses covering 9,299.79 ha (see table I). Eighteen licenses are directly held by Truva Bakir, and one license is held by TMST for the benefit of Truva Bakir. Three of the licenses are "Exploration-Type", Four are "Operation-Type", and the remaining twelve licenses have pending operation licenses (Operation-Pending). The main license hosting the Central Zone at the Kestane porphyry has been converted to an operation license.

Table I: Halılađa Tenure Summary, Canakkale Province

TO	ACQ DATE	DUE DATE	AREA (ha)	REGISTRATION NO	LICENSE NO	LICENCE TYPE	OWNER
Bayramic	10/7/2003	10/7/2013	428.99	2399031	IR-7468	Operation	Teck
Bayramiç	5/21/2009	5/21/2019	1,994.47	3290089	81802	Operation	Truva Bakir
Bayramic	4/8/2005	4/8/2010	605.32	3052748	20050053	Operation Pending	Truva Bakir
Bayramic	3/2/2012	3/2/2022	829.10	1098491	20054260	Operation	Truva Bakir
Bayramic	3/8/2006	3/9/2011	131.39	2389904	20061699	Operation Pending	Truva Bakir
Bayramic	3/8/2006	3/9/2011	433.61	2428284	20061700	Operation Pending	Truva Bakir
Can	3/8/2006	3/8/2011	823.24	3074271	20061704	Operation Pending	Truva Bakir
Can	3/21/2012	3/21/2022	1,328.73	3080113	20064172	Operation	Truva Bakir
Can	7/13/2007	7/13/2012	250.00	3129124	200707000	Operation Pending	Truva Bakir
Bayramic	11/13/2007	11/13/2012	75.15	3146203	200710080	Operation Pending	Truva Bakir
Bayramic	11/13/2007	11/13/2012	686.20	3146197	200710081	Operation Pending	Truva Bakir
Bayramic	11/13/2007	11/13/2012	404.10	3146206	200710082	Operation Pending	Truva Bakir
Bayramic	11/13/2007	11/13/2012	128.09	3146212	200710083	Operation Pending	Truva Bakir
Bayramic	11/13/2007	11/13/2012	58.05	3146215	200710084	Operation Pending	Truva Bakir
Bayramic	11/13/2007	11/13/2012	146.64	3146209	200710087	Operation Pending	Truva Bakir
Can	3/7/2008	3/7/2013	8.80	3167539	200801694	Operation Pending	Truva Bakir
Bayramic	3/7/2008	3/7/2013	18.80	3167537	200801695	Exploration	Truva Bakir
Can	5/3/2012	5/3/2019	769.94	3270271	201200524	Exploration	Truva Bakir
Bayramic	5/3/2012	5/3/2019	179.17	3255378	201200525	Exploration	Truva Bakir

According to Turkish mining law, the property boundaries are defined by the coordinate descriptions on the original license application and awarded to the applicant by the government. The licenses that define the Halılağa Project are expressed according to the UTM northern Zone 35 coordinate system and European Datum 1950.

The Government of Turkey would receive a 2% of Net Smelter Royalty (known as the State's rights) for precious metals and copper. Because the project uses copper flotation, the copper net smelter royalty is reduced to 1%. The project is located on State-owned land, therefore an additional 30% of the royalty payment is required to be paid, increasing the gold royalty to 2.6% and the copper royalty to 1.3%. Each year the license holder pays the royalty on the last day of June.

Truva Bakir's project activities are required to follow the mining codes as set out within Turkey's state and local environmental regulations. Truva Bakir must protect the environment from spills; capture and dispose of hazardous material including aviation fuel; reclaim disturbed ground; cap and plug drill holes; and remove all refuse. All of the necessary forest and environmental permits were obtained for 2011, including permission for timbering, road construction, drill site construction, and drilling.

In December 2011, Truva Bakir submitted an Environmental Impact Assessment ("EIA") report to the Turkish Ministry of Environment and Urban Planning (the "Ministry") in connection with an application to renew the principal licenses that comprise the Halılağa Project. The license and EIA contemplate a small-scale copper-gold test mining scenario as part of an ongoing effort to advance understanding of Halılağa.

SRK became aware, through Pilot Gold, that in August 2012, Truva Bakir was informed that the Ministry had been served a legal petition by certain claimants in Turkey to annul the Ministry's approval of the EIA report.

The petition filed with the Canakkale Administrative Court (the "Court") names the Ministry as the respondent and does not name Truva Bakir or its shareholders. The petition also requests suspension of any activities contemplated in the EIA by way of an interim decision to be granted by the Court. Truva Bakir was advised that the Ministry was expected to respond to the petition in the 4th quarter of 2012.

Pilot Gold believes the petition is without merit, and even if the petition is successful, and the EIA is annulled, the ability to continue the planned 2012 exploration program at the Halılağa Project is unaffected. Should the EIA be annulled, Truva Bakir would revisit the EIA process, and resubmit an updated EIA to address identified issues, and update for the results of ongoing economic and environmental studies, including those contemplated in this report. Truva Bakir has also been advised that the petition does not challenge or impact the underlying tenure on the licenses that comprise Halılağa.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

Year-round access to Halılağa for field exploration is possible by well maintained, paved roads, although snow during winter may temporarily restrict vehicle movement. The Biga Peninsula has fertile soil and a Mediterranean climate with mild, wet winters and hot, dry summers. Temperatures range from 15° to 35° Celsius in the summer season and -20° to -10° Celsius in the winter months. The annual rainfall is approximately 30 cm, generally falling as mixed rain and snow in late fall and winter.

The region is well-serviced with electricity transmission lines and generating facilities with the most significant being a large coal-fired power plant outside the town of Çan. This power station currently has insufficient capacity to power the project, however, there is an existing 154 kV power transmission line owned by the Turkish Electrical Transmission Corporation that runs through the project site and would cross the proposed open pit. Further study is recommended for the pre-feasibility stage to determine the best strategy for tie-in to the regional electrical power grid. There is no exploration infrastructure (for example,

buildings, core storage, core logging facilities, and camp accommodations) located within the property limits.

Population and agricultural activity is concentrated in the valleys, while most areas of active exploration are located in highlands which are predominantly forested and owned by the Turkish government. The labour force for the project is planned to be sourced largely, from nearby villages.

The central area of Halılağa contains a 4-kilometre-long, E-W-trending topographic high, with the Kestane porphyry located on the northern flank of the hill. The highest elevations on the property are approximately 600 metres with the Kestane Zone occurring at an elevation of approximately 350 metres. Vegetation is made up of plants able to withstand a relatively dry climate including scrub oak and various low-lying shrubs as well as pine trees. Various grasses also grow in the area and provide grazing for livestock. Vegetation in higher elevation is predominantly coniferous trees; and, various crops and grasses predominate in areas developed for farming.

History

Historic exploration activities were focussed primarily on the Halılağa and Pirentepe properties. Pirentepe and Halılağa North are now within Halılağa and are owned by Truva Bakir.

The government's General Directorate of Mineral Research and Exploration of Turkey (MTA) conducted a regional scale exploration program over the Biga Peninsula between 1988 and 1991. MTA drilled two diamond drill holes totalling 302 m to test a geochemical anomaly identified by rock chip sampling at Halılağa North. MJTC-16 intersected narrow intervals of gold mineralization and returned 0.58 g/t Au over 13.85 m. MJTC-17 did not intersect any significant mineralization.

In 1997, Cominco collected several rock chip samples from silicified outcrops at Halılağa North and at Kumluggedik Hill area. where numerous gold anomalies have been detected. The highest-grade sample from Halılağa North contained 1.17 g/t Au and the highest grade sample from Kumluggedik contained 2.2 g/t Au. In 1998, a total of 293 soil samples were collected from Kunk-Kumluggedik lithocap by Cominco. The most anomalous gold in these soil samples highlights the area east of Kumluggedik and Guventasi Hills.

Since 2000 and prior to current ownership, Cominco conducted reconnaissance soil sampling and rock chip sampling. A total of 107 samples were collected over five N-S soil lines.

There are historical adits and a small pit on the property; however, the background and production history on these workings are undocumented and unknown, and would not significantly affect future development. The authors of the Report are not aware of any previous mineral resource estimates, reserve estimates or mineral production from the property.

Geological Setting

The geology of the Biga peninsula is complex and characterized by various lithological associations made up of: (i) basement metamorphic rocks, (ii) Permian and Mesozoic rock units, (iii) ophiolitic rocks, (iv) tertiary (Eocene) volcanogenic units, (v) Neogene sediments, and (vi) collisional to extensional Tertiary granitoids.

The Project is located in a district with major potential for both porphyry copper-gold and high-sulphidation style gold deposits. Investigation of geological relationships in the field along with geochemical and geochronological data suggest that magmatic activity began with the intrusion of granitoids, coeval with an early phase of volcanic activity, and was superseded by a second phase of volcanism. The mineralized intrusions are thought to be part of a suite of 26 million year old ("Ma") granites and granodiorites.

The Halılağa district is mainly underlain by volcano-sedimentary basement cover sequences of the Oligo-Miocene age. The basement consists of schists and carbonates, which outcrop to the southeast of the Bakirlik

area. The granodioritic batholith intrudes the basement rocks, which includes carbonates, and generates metasomatism and skarnification. The Kestane porphyry was emplaced into the volcano-sedimentary cover sequence and produced hornfelses halos adjacent to the stock.

Exploration

Since acquisition in 2002, exploration activities performed by Teck Madencilik and Truva Bakir have primarily centred on the Halılađa and Pirentepe areas. Between 2002 and 2004 there was no activity on the property.

In 2005-2006, Fronteer/Teck Madencilik conducted an exploration program consisting of geological mapping, surface geochemical sampling, a pole-dipole IP survey and a ground magnetics survey. The soil and rock chip sample results highlighted the porphyry-related mineralization of the Central Zone at Kestane. Rock chip sampling of oxidized and leached outcrops returned 19 samples (out of 40 collected) with gold values greater than 1.0 g/t. Forty-three line km of IP Chargeability/Resistivity and 44 line km of ground magnetic surveying were completed. The most significant feature generated by the surveys was a coincident high chargeability and high magnetic anomaly associated with the Central Zone.

In 2007, geological mapping of the Central Zone, to the northwest and to the southeast which includes the Bakirlik Hill area, was completed by Teck Madencilik at a scale of 1/10,000. A total of 3650 soil, 172 rock, and 58 silt orientation samples were collected from the Halılađa area.

In 2008, a total of 566 rock samples were collected. The 2008 rock geochem highlighted three new targets: Kunk North, Kumlugedik Hill and Madendere. In 2009 and 2010, a total of 36 rock chip samples were collected during the 2009 field season. Significant highlights of this program include rock chip sampling results from Kizilciktasi (0.1-0.5 g/tAu) and confirmation of anomalous gold in rock-saw samples from north of Kunk Hill (> 0.5 g/tAu).

Mineralization

Halılađa is interpreted to host a single widespread mineralized system containing porphyry copper-gold mineralization, skarn, and related high-sulphidation gold mineralization. The Halılađa alteration system covers an area of more than 4 km x 2 km and displays all porphyry-related alteration assemblages, including epithermal and skarn systems. The Kestane porphyry outcrops show potassic alteration overprinted by phyllic alteration. The highest gold and copper grades in the drill core are associated with early biotite + magnetite + chalcopyrite associated with A- and B- type quartz veins. At the Kestane porphyry, most quartz veins are B-type that average 5% of the rock by volume, but locally up to 20% are A-type veinlets that are rare or difficult to recognize in the outcrop. Chalcopyrite and pyrite are the dominant sulfides in potassic-altered rocks. Magnetite is abundant (5-8%) in zones of high copper and gold grades. At higher elevations to the south of Kestane, the Kunk-Kumlugedik hilltops are characterized by silicification surrounded by argillic and further propylitic alteration. Skarn-related alteration is located around the Bakirlik and Bostanlikbasi areas.

The geology of the Halılađa area is highly influenced by structures which relate to, or which are part of, the North Anatolian Fault System. The general architecture of the faults appears controlled by major ENE-WSW strike-slip structures which could be part of a transtensional tectonic regime. Local transpression has been interpreted in the Kestane area producing the exhumation of the porphyry and basement units.

Drilling

In 2006-2007, a total of 23 holes (including five abandoned holes) totalling 6,346 metres were completed. Most of the holes targeted the Kestane porphyry and intersected porphyry-style copper-gold mineralization with economic grades, as shown by discovery drill hole HD-01, which intersected 1.03 grams per ton ("g/t")

gold and 1.03% copper over 105.4 metres. A 25 metre-thick chalcocite blanket averaging approximately 2% copper was also intersected close to the surface in holes HD-01, HD-02, HD-04, and HD-14.

In 2008, the Bakirlik skarn zone (4 kilometres ESE of Kestane) was the major focus of the drilling program. A total of 20 diamond holes totalling 4,051 metres were completed during that period. Holes HD-21 and HD-25 intersected narrow zones of skarn mineralization with high grade copper + gold ± silver values. Detailed prospecting and systematic rock chip sampling of altered volcanic rocks at Kumlucedik Hill, the northern limb of Kunk Hill, and Madenderesi targets returned anomalous gold values that ranged from 0.2 g/t to 2.0 g/t.

In 2009, a total of 18 holes (including four abandoned holes), totalling 5,670 metres (excluding the 247 metre of hole HD-42D, a deviated hole) were completed at Kestane.

In 2010, the program was designed to continue grid-drilling the Central Zone (the main area of porphyry copper-gold mineralization). A total of 25 holes (20 diamond and five RC) totalling 9,076.6 metres (including 14 abandoned holes) were completed.

In addition to drilling, Induced Polarization ("IP") geophysical surveys were carried out in 2009 and 2010 that highlighted deep chargeability targets 1 kilometre west of Kestane, and also a chargeability target at Madeneresi.

The 2011 program focused on extending the mineralization and acquiring data sufficient for producing a NI 43-101 resource estimate. Significant intersections were encountered, including a zone of significant grade corresponding to the near-surface chalcocite blanket encountered in 2007 drilling. A total of 44 holes (including four abandoned holes) totalling 19,599 metres were completed. A series of north-south geological sections were constructed every 100 metres through the deposit. Sectional interpretations now show two E-W-trending normal faults bounding the porphyry mineralization to the north and south, creating a mineralized horst at the centre; another NW-SE-trending, east-dipping normal fault bounds the top of the horst.

Sampling and Analysis

Collars were set up under the direct supervision of Truva Bakir staff and were drilled with HQ and PQ diameter core. The holes were reduced to NQ when problems were encountered due to difficult ground conditions and/or thick fault zones. Core was placed in plastic boxes with depth markers for every drill run of up to 3 m. At Halılağa, core recoveries are considered by the authors to be good and within tolerance to include in a resource estimate.

All drilling samples were subjected to quality control procedures that ensured best practice in the handling, sampling, analysis, and storage of the drill core. All drill holes (except abandoned holes in cover rock) were sampled and assayed continuously. Sample intervals were selected on a geological basis and were typically 2.0 metres in length. Core was cut length-wise with half the core placed in individually sealed cloth bags and submitted for assaying, and the other half was kept in the core box.

Most of the diamond drill holes were completed using HQ size core and recovery was not an issue, except for fault zones.

Boxes were securely sealed and brought by truck to the core facility at TMST's Etili camp once a day by the drilling company or Truva Bakir staff. Reflex survey tests were taken at 50 metre intervals down-hole to provide control on drill hole orientation.

At the core handling facility, drill holes were logged by Truva Bakir geologists recording observations using the Anaconda method and then entered into the database using Acquire® software. Prior to logging, the geologist and the field technicians performed the following tasks:

- Inspected core boxes;
- Recorded missing boxes and footage errors;
- Replaced footage markers with clean, clear markers;
- Digitally photographed all boxes;
- Recorded rock quality designation (RQD) and core loss; and
- Logged core; information included engineering comments regarding the competency of core and a fracture analyses that included quantitative measurements of primary fractures, gouge material, veins, and dominant fracture patterns.

Specific gravity (SG) measurements from drill cores were routinely carried out for both oxide and sulphide mineralization.

Reverse circulation ("RC") samples were collected and split using a 24-slot rotary splitter at the drill site and then sealed in plastic bags. Samples were collected continuously at 1.0 m-1.5 m intervals. The splitter was cleaned between each sample with a compressed air hose. The RC drill samples were taken and kept under constant supervision by Truva Bakir personnel.

Sample preparation and analysis of core from the first 35 drill holes at Halilağa was conducted by ALS Minerals ("ALS"). In addition, samples from three early reverse circulation holes were similarly prepared and analyzed by ALS. Since October 18, 2009, or from drill hole HD-36 onward, the drill core samples were prepared and analyzed by Acme Analytical Laboratories.

Quality assurance ("QA") and quality control ("QC") measures used at Halilağa were employed at all stages of work in the core shed, the sample preparation facility, and in the analytical laboratory. Evaluation of QA/QC results was done systematically and promptly to ensure that only the best quality data was entered into the project database. Umpire, or external check, assays have been carried out as a further means of data verification. At all times this work, whether in the field, the lab, or the exploration office, was consistent with best practices currently in use in the mineral exploration industry.

There are no known factors related to drilling and sampling that would materially impact the accuracy and reliability of the results. Recoveries are generally high although issues in some holes have been identified and the authors of the Halilağa PEA are satisfied that the holes with low recoveries have satisfactory results and can be included in the database.

Security of Samples

Garth Kirkham, P.Geo., visited the property between August 13 and 16, 2011. The tour of the offices, core logging and storage facilities showed a clean, well-organized, professional environment. On-site staff led Kirkham through the chain of custody and methods used at each stage of the logging and sampling process. All methods and processes are to North American, industry standards and no issues were identified with the exception of the suspension of the measurement of SGs at the designated density measurement stations. This oversight has since been rectified.

Mineral Resource and Mineral Reserve Estimates

The estimated Halilağa Mineral Resource is presented in Table II. This resource is the first reported for the Halilağa Project. Porphyry deposits are generally well suited to geostatistical estimation (ordinary kriging); however, current drill spacing at Halilağa is not sufficiently dense to allow robust variogram modelling and a

geometric estimation approach has been chosen. The estimation approach, described in the Report, is suited to this early stage project.

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

Table II: Halilađa Estimated Mineral Resources

Resources	Tonnes (1,000s)	In Situ Grade			
		Cu (%)	Au (g/t)	Mo (%)	CuEq (%)
Sulphide Resource⁽¹⁾					
Indicated	168,167	0.30	0.31	0.006	0.45
Inferred	198,662	0.23	0.26	0.007	0.36
Oxide Resource⁽²⁾					
Inferred	4,914		0.60		

Strip Ratio: 2.5 : 1

(1) at a 0.2% copper equivalent cut-off grade.

(2) at a 0.2g/t gold cut-off grade.

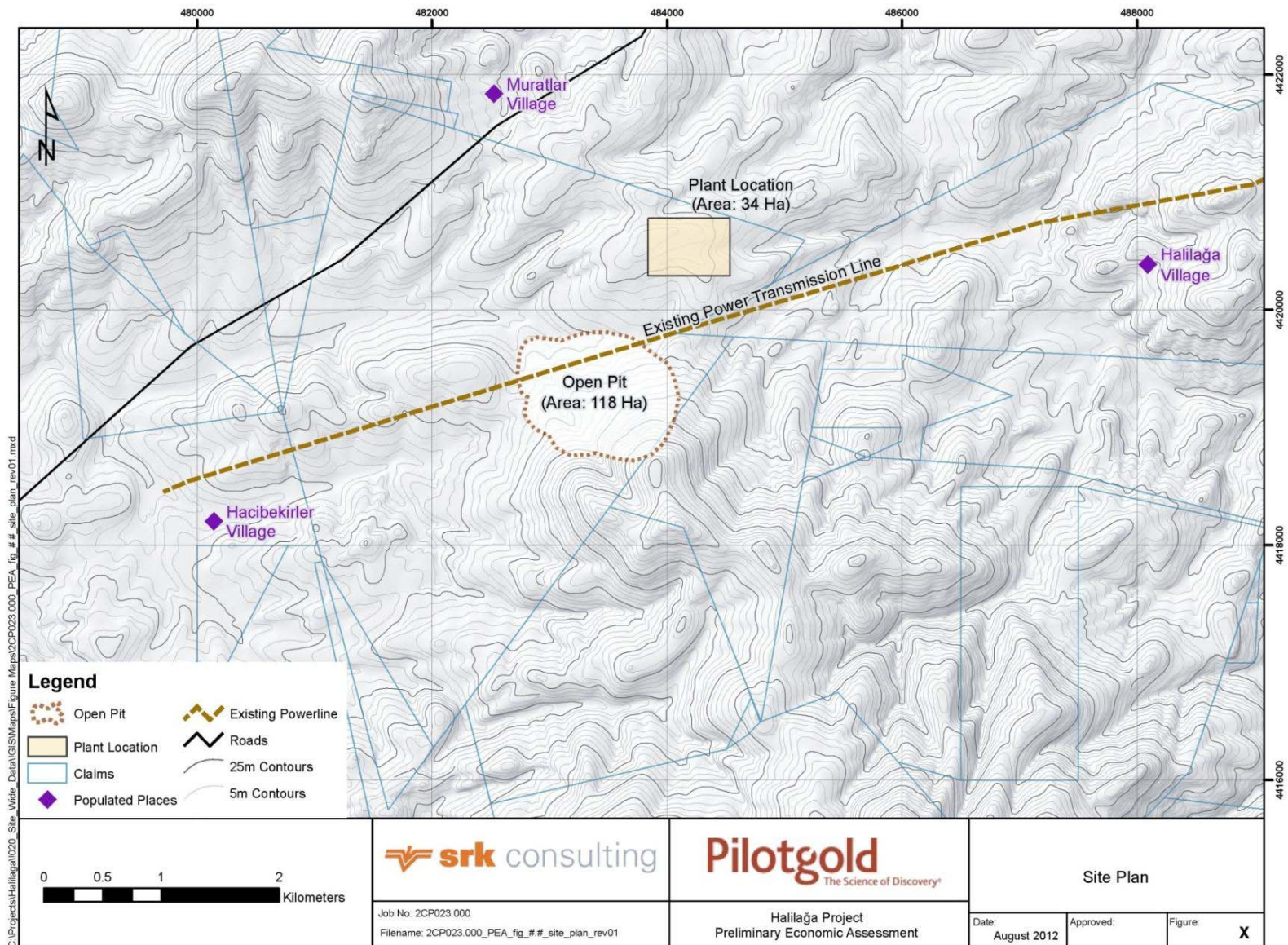
Inferred resources were used in the life-of-mine ("LOM") plan with inferred resources representing 44% of the material planned for processing. Mineral resources that are not mineral reserves do not have demonstrated economic viability. There is no certainty that all or any part of the mineral resources would be converted into mineral reserves. Mineral reserves can only be estimated as a result of an economic evaluation as part of a preliminary feasibility study ("PFS") or a feasibility study ("FS") of a mineral project. Accordingly, at the present level of development, there are no mineral reserves at Halilađa.

Mining Operations

It is proposed that the Halilađa deposit is amenable to be developed as an open pit mine. Mining of the deposit is planned to produce a total of 243.3 Mt of processing plant feed and 234 Mt of waste (0.96:1 overall strip ratio) over a fourteen year mine production life. In addition, it is anticipated that there would be a five year feasibility, permitting and pre-production construction period as well as a reclamation period. The current LOM plan focuses on achieving consistent plant feed production rates, and mining of higher grade material early in schedule, as well as balancing grade and strip ratios.

Figure i illustrates the proposed overall site layout for the Project, including the open pit and proposed plant site locations.

Figure i: Halilağa Site Plan (SRK, 2012)



The mine design process for the deposit commenced with the development of CAE Mining NPV Scheduler ("NPVS") OP optimization input parameters. These parameters included estimates of metal price, mining dilution, process recovery, offsite costs, geotechnical constraints (slope angles) and royalties (see Table III).

Table III: Mine Planning Optimization Input Parameters

Item	Unit	Values
<i>Metal Prices</i>		
Gold	\$/oz.	1,200
Copper	\$/lb.	2.90
<i>Recovery to Cu Concentrate</i>		
Gold	%	60.8
Copper	%	85.6
<i>Cu Concentrate Grade ("conc.")</i>		
Gold	g/t	var.w/Au and Cu grade
Copper	%	30.0
Moisture content	%	8.0
<i>Smelter Payables</i>		
Gold in Cu conc	%	96
Gold deduction in Cu conc.	g/t in conc.	1
Copper in Cu conc	%	96
<i>TCRC</i>		
Cu conc treatment	\$/dmt conc.	75.00
Cu refining charge	\$/lb. pay Cu	0.075
Au refining charge	\$/oz. pay Au	7.00
Transport, marketing, ins., etc.		
Ocean freight to Europe	\$/wmt conc.	30.00
Truck freight to Port	\$/wmt conc.	20.00
Port charges	\$/wmt conc.	6.00
Marine/transportation insurance	%	0.054
Transport, marketing, ins, etc.	\$/wmt conc.	56.00
Transport, marketing, ins, etc.	\$/dmt conc.	60.87
<i>Other Parameters</i>		
Grade factor (variable)	%	95
Royalties: Au / Cu	%	2
<i>Operating Costs</i>		
O/P Waste mining Cost	\$/waste tonne	1.86
OP Mineralized material Mining Cost	\$/ore tonne	1.69
OP Average Mining Cost	\$/total tonne	1.77
OP Processing and G&A Cost	\$/milled tonne	5.11
Pit Slope Angles	overall degrees	38 to 48
Dilution	%	5.0
Mining recovery	%	100
Strip ratio (est.)	t:t	0.90
Internal NSR cut-off	\$/t	5.19
External NSR cut-off (est.)	\$/t	9.08
Processing rate	t/day milled	50,000
Processing rate	t/year milled	18,250,000

The resource model was based on a 20 metre x 20 metre x 10 metre block size. The OP mineable resources are reported at an internal cut-off value of \$5.19/t based on input parameters above.

NPVS software was used to determine the optimal mining shells with the assumed overall slope angles above. Preliminary phases were selected and preliminary mine planning and scheduling was then conducted on these selected optimal shells. The mineable resources for the Halilağa deposit are presented in Table IV.

Both Indicated and Inferred resources were used in the LOM plan of which Indicated resources represent 56% (137 Mt) of the material planned to be processed. Mineral resources that are not mineral reserves do not have demonstrated economic viability. There is no certainty that all or any part of the mineral resources would be converted into mineral reserves. Mineral reserves can only be estimated as a result of an economic evaluation as part of a PFS or a FS of a mineral project. Accordingly, at the present level of development there are no mineral reserves at Halilağa.

Table IV: PEA Proposed Mining Plan

Description	Unit	Value
Mine Production Life	yr	14
Process Feed Material	Mt	243
Diluted Copper grade (mill head grade)	%	0.28
Contained copper	Mlbs	1,516
Diluted Gold grade (mill head grade)	g/t	0.30
Contained gold	koz	2,317
Waste	Mt	234
Total material	Mt	477
Strip ratio	t:t	0.96

The mining sequence was divided into a number of stages designed to maximize grade, reduce pre-stripping requirements in the early years and, maintain the plant at full production capacity. The LOM production schedule is shown in Table V.

A total of 243.3 Mt of mineralized material is proposed to be processed.

Table V: LOM Production Schedule

Description	Unit	Year														Total
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	
Mineralized material mined	Mt	14.0	18.3	18.3	18.3	18.3	18.3	18.2	18.2	18.3	18.2	18.3	18.3	18.2	10.3	243.3
Gold feed grade	g/t	0.49	0.38	0.41	0.28	0.35	0.19	0.23	0.27	0.24	0.21	0.29	0.34	0.27	0.19	0.30
Contained gold	koz	220	222	243	167	203	112	137	157	140	124	169	200	161	64	2,317
Copper feed grade	%	0.83	0.37	0.34	0.29	0.29	0.17	0.20	0.24	0.23	0.21	0.19	0.24	0.25	0.21	0.28
Contained copper	Mlbs	256	149	139	115	115	68	80	96	92	85	76	97	99	48	1,516
Waste mined	Mt	10.1	9.6	21.4	24.0	22.8	22.4	22.8	23.3	23.7	24.0	23.5	6.4	0.0	0.0	234.0
Strip ratio	tt	0.72	0.53	1.17	1.31	1.25	1.23	1.25	1.28	1.30	1.32	1.29	0.35	0.00	0.00	0.96
Total material mined	Mt	24.1	27.9	39.6	42.2	41.0	40.7	41.0	41.6	41.9	42.2	41.8	25.5	17.7	10.0	477.3
Oxide material mined*	Mt	4.96	0.00	0.09	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.04

*included in waste total

Waste Management

Waste rock from mining operations would be deposited in engineered waste rock facilities adjacent to the deposit. The two waste rock facilities planned are planned adjacent to the open pit and would be designed to hold a total of 234 Mt of material

A tailings management facility ("TMF") is planned to be located within 10 kilometres from the mill. The 60% solids tailings is planned to be sub-aerially deposited, initially behind an earth fill starter dam, and then would be raised using cyclone technology.

Several options were investigated for the TMF. The preferred TMF spans a total footprint of 475 ha. The 565 metre long, 55.5 metre high (El. 255 metre) tailings starter dam would have a design capacity of 20.4 Mm³ which is equivalent to one year of tailings deposition at a processing rate of 50,000 t/d, assuming 20% cyclone underflow.

The dam would be constructed as a rock fill structure with upstream and downstream slopes of 2.5H:1V and 3H:1V respectively. The dam is planned to have a crest of 10 metre and would be about 314 metre wide at its widest point along its base. An upstream geosynthetic liner would provide primary water containment. This liner would be keyed to a 3 metre wide grout curtain extending about 21 metre below ground.

The dam would continuously be raised using cyclone tailings. About 20% of underflow tailings would be required to construct the compacted 5H:1V downstream slope of the embankment with an expected loose density of about 1.6 t/metres³. Compaction is planned to be attained by using a dozer to spread the tailings into uniform lifts before passing over it with a vibratory drum compactor. The final height of the cyclone dam would be about 110 metres which includes a final freeboard height of 2 metres. The total crest length would be about 2,000 metres.

Mineral Processing and Metallurgical Testing

Preliminary metallurgical test work was conducted in 2007 and 2011, which focused on developing a preliminary understanding of ore sample hardness and flotation response. The results show that the Halilağa mineralized material is of moderate competency and hardness, and amenable to grinding in a conventional SAG-ball milling circuit with pebble crushing. In addition, locked-cycle flotation tests showed that 85% of the feed copper reported to the final concentrate, which results in a grade of 30% copper. Approximately, 61% of the feed gold reported to the final concentrate with a gold grade of 21 g/t. The mineralogy is fine grained and test work indicated a requirement to re-grind to a fine particle size of approximately 20 micrometres to achieve adequate liberation for flotation. A copper recovery versus copper feed grade relationship has also been estimated based on preliminary variability testing.

The Halilağa process plant and associated service facilities are envisioned to process 50,000 t/d of Run of Mine ("ROM") material and to produce copper concentrate and tailings. The proposed process includes crushing and grinding of the ROM material, rougher and cleaner flotation, regrinding, and dewatering of copper sulphide minerals. The copper concentrate would be trucked from the site to the Port of Bandirma, located 135 km by road to the Northeast of the project site, while the flotation tailings would be thickened before placement in the TMF.

Project Cost Estimates

The capital cost ("CAPEX") estimate for the project is shown in Table VI. A contingency of 25% was used for all items except mining equipment, which was assigned a contingency of 5%. Property

acquisition costs are not included in the capital estimate. Working CAPEX was included in the year -1 processing costs.

Table VI: Capital Cost Estimate

Description	Estimate (M\$)
Primary mining equipment fleet	171.8
Support equipment	8.3
Misc.	7.1
Spare parts	9.4
Topsoil stripping and mining preparation	11.7
Crushing	50.2
Process Plant	199.9
Concentrate Loadout	1.7
Tailings Management Facility	105.2
Utilities	38.8
On-site Infrastructure	33.3
Off-site Infrastructure	13.8
Indirect Costs	148.7
Owner's Costs	41.9
Sustaining	51.6
Closure	75.0
CAPEX w/o Contingency	968.3
Contingency	200.4
TOTAL CAPITAL COST	1,168.7

Project costs were estimated from a combination of sources including first principles, reference projects, vendor's quotes, cost service publications and the experiences of SRK and Ausenco Solutions Canada Inc. OPEX for the Project are summarized in Table VII. The OP mining OPEX assume owner-operated mining including technical/supervisory support staff. Diesel fuel was estimated to cost \$1.86/litre (exclusive of VAT) and power was estimated to cost \$0.14/kWh.

Table VII: Operating Costs

Item	Unit Cost Estimate		Total LOM Cost (M\$)
	(\$/t mined)	(\$/t milled)	
Mining	1.74	3.40	828
Processing		4.69	1,141
Tailings Management		0.23	56
Environment and water treatment		0.05	12
G&A		0.42	102
Total	1.74	8.79	2,139

Economic Analysis and Results

A simplified economic model was developed to determine the pre-tax and after tax net present value ("NPV"), Payback Period and internal rate of return ("IRR") for the Project.

Three metal price scenarios were used and for each case, the copper and gold prices were held constant through the project life. The metal prices used were as shown in Table VIII.

Table VIII: Metal Price Assumptions for the Three Economic Cases

Case	Copper Price (\$/lb)	Gold Price (\$/oz)	Comments
Case A	2.90	1,200	Approximate metal prices as per recent SEDAR postings. This is the base case used for OP optimization.
Case B	3.30	1,350	Approximate London Metal Exchange fixed 3-year average to the end of April, 2012. SRK considers this to be an optimistic case.
Case C	3.70	1,500	Approximate London Metal Exchange fixed 2-year average to the end of April, 2012. SRK considers this to be a very optimistic case.

Common assumptions to all three cases include:

- 7% discount rate for net present value calculation;
- 100% equity financing;
- VAT recovery;
- 20% corporate income tax;
- No tax incentives for large projects from the Turkish government;
- No withholding tax;
- 1.3% royalty on payable copper and 2.6% royalty on payable gold; and
- Mineable tonnes and grade in the LOM mine schedule based on OP optimization conducted using Case A metal prices.

Using the pit design developed for the Halilağa PEA LOM plan, and a discount rate of 7%, the after-tax break-even metal prices for the project are 19% lower than those used in Case A. i.e. if metal prices fall by 19% from the base case to approximately \$972/oz Au and \$2.35/lb Cu, the project shows an after-tax NPV 7% of \$0 and an IRR of 7%.

Table IX presents a summary of the key economic results.

Table IX: Key Economic Results

Parameter	Unit	Pre-tax Results	After-tax Results
Case A (\$2.90/lb. Cu and \$1,200/oz. Au)			
NPV _{0%}	M\$	1,418	1,115
NPV _{7%}	M\$	675	474
IRR	%	26	20
Payback period	Production years	2.1	2.7
Case B (\$3.30/lb. Cu and \$1,350/oz. Au)			
NPV _{0%}	M\$	2,099	1,660
NPV _{7%}	M\$	1,081	799
IRR	%	35	27
Payback period	Production years	1.5	2.1
Case C (\$3.70/lb. Cu and \$1,500/oz. Au)			
NPV _{0%}	M\$	2,779	2,204
NPV _{7%}	M\$	1,487	1,124
IRR	%	43	34
Payback period	Production years	1.2	1.6

It must be noted that the economic analysis in the Report provides only a preliminary overview of the Project's economics based on broad, factored assumptions. The mineral resources used in the LOM plan and economic analysis include 44% Inferred mineral resources. Inferred mineral resources are considered too speculative geologically to have the economic considerations applied to them to be categorized as mineral reserves, and there is no certainty that the inferred resources will be upgraded to a higher resource category. Based on this, there is no certainty that the results of this preliminary assessment will be realized.

Exploration and Development

Industry standard mining, processing, construction methods and economic evaluation practices were used to assess the Project. There was adequate geological and other pertinent data available to generate a PEA.

Based on current knowledge and assumptions, the results of this study show that the Project has positive economics (within the very preliminary parameters of a PEA) and could be advanced to the next level of study by conducting the work indicated in the recommendations section of the Halilağa PEA report.

While a significant amount of information is still required for a complete assessment of the Project, at this point, there do not appear to be any fatal flaws.

The study has achieved its original objective of providing a preliminary review of the potential economic viability of Halilağa.

Risks and Opportunities

As with almost all mining ventures, there are a large number of risks and opportunities that can affect the outcome of the Project. Most of these risks and opportunities are based on uncertainty, such as lack of scientific information (test results, drill results, etc.) or the lack of control over external factors (metal price, exchange rates, etc.).

Subsequent higher-level engineering studies would be required to further refine these risks and opportunities, identify new risks and opportunities, and define strategies for risk mitigation or opportunity implementation.

The main preliminary risks identified for Halilağa are, summarized as follows:

- Permit acquisition and stakeholder support;
- Reduced metal prices;
- Geological interpretation and mineral resource classification (44% of the resources used in the mine plan are Inferred);
- Increased OPEX and/or CAPEX;
- Geotechnical and hydrogeological considerations;
- Metal recovery and mineral processing assumptions, including deleterious elements; and
- Water supply and the right to use it.

The following opportunities may improve the Project's economics:

- The potential to increase resources;
- The potential to upgrade the resource classification of the deposit;
- Contractor mining to reduce initial CAPEX;
- Staged development to reduce initial CAPEX;
- The potential to acquire less expensive power to reduce OPEX;
- Processing of the oxide material (currently treated as waste);
- Improved metal prices; and
- Tax and investment incentives potentially available to the Project.

Recommendations

SRK believes the project should be taken to the next level of engineering study and economic assessment, typically a PFS. It is estimated that a PFS, along with all of the accompanying engineering and field work would cost approximately \$5 million (exclusive of the recommended additional geology and drilling program outlined below).

To enable a comprehensive and professional PFS study, the mineral resource estimate would ideally have a much higher percentage of Indicated resources in relation to total resources and mineralization. The recommendations to attempt to achieve this are:

- Geology/Mineral Resources Program Outline;
 - To increase confidence and upgrade resource classifications, the present drilling density should increase to approximately 50 metre spacing with 12,000 metre of diamond drilling in 30 holes;
 - Conduct additional drilling oriented on an azimuth of 000 (due north) to extend the south-dipping mineralization (approximately 20 drill holes);
 - Perform geostatistical evaluation in support of future resource estimates;
 - Initiate a geotechnical study to determine potential pit slope parameters which includes five PQ drill holes to a depth of 400 metres for a total of 2,000 metres;
 - Collect advanced metallurgical test samples which would include four PQ drill holes to a depth of 300 metres for a total of 1,200 metres;
 - Social baseline and stakeholder engagement;
 - Continue environmental baseline studies; and
 - Perform initial condemnation drilling at potential plant site, waste storage, and tailings impoundment areas (900 metres in three drill holes).

(Cost estimate: \$4.3 million, Prior to the start of the PFS)

Qualified Persons

The Halilağa PEA summarizes the findings of a preliminary economic assessment and was prepared by the following qualified persons ("QP"):

- Gordon Doerksen, P.Eng., Project Manager, JDS Energy and Mining Inc;
- Dino Pilotto, P.Eng., SRK
- Maritz Rykaart, P.Eng., SRK;
- Kevin Scott, P.Eng., Ausenco Solutions Canada Inc.;
- Garth Kirkham, P.Geo., Kirkham Geosystems Ltd; and
- James Gray, P.Geo., Advantage Geoservices Ltd.

Jim Lincoln, P. Geo., Pilot Gold Vice President, Operations, is the Company's designated QP for this Material Change Report within the meaning of NI 43-101 and has reviewed and validated that the information contained in the release is consistent with that provided by the QPs responsible for the Halilağa PEA. Mr. Lincoln has consented to the inclusion of the technical information in the form and context in which it appears in this Material Change Report.

Cautionary Statement

Statements in this material change report may be forward-looking statements or forward-looking information within the meaning of applicable securities laws. Such forward-looking statements include, without limitation, statements regarding with respect to any future resources or reserves attributable to Halilağa and commencement of construction and completion of the Project. In addition, any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases

such as "expects" or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "estimates" or "intends", or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved) are not statements of historical fact and may be forward-looking statements. Forward-looking statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements including, among others, the accuracy of mineral reserve and resource estimates and related assumptions, inherent operating risks, exploration, development and production plans at Halilağa and those risk factors identified in the Company's AIF prepared and filed with securities regulators in respect of its most recently completed financial year. There are no assurances the Company can fulfil such forward-looking statements and, subject to applicable securities laws, the Company undertakes no obligation to update such statements. Such forward-looking statements are only predictions based on current information available to management as of the date that such predictions are made; actual events or results may differ materially as a result of risks facing the Company, some of which are beyond the Company's control. Accordingly, readers should not place undue reliance on forward-looking statements. It is also noted that mineral resources that are not mineral reserves do not have demonstrated economic viability.

5.2 Disclosure for Restructuring Transactions

Not applicable

ITEM 6 Confidentiality

This report is not being filed on a confidential basis.

ITEM 7 Omitted Information

None.

ITEM 8 Executive Officer

For additional information with respect to this material change, the following executive officer of Pilot Gold may be contacted:

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ITEM 9 Date of Report

October 11, 2012.