

NEWS RELEASE 15-10

May 13, 2015

## PILOT GOLD REPORTS Q1 2015 FINANCIAL AND OPERATING RESULTS

VANCOUVER, B.C. – Pilot Gold Inc. (PLG - TSX) ("Pilot Gold" or the "Company") is pleased to announce its financial and operating results for the three months ended March 31, 2015.

"The first quarter has been another notable period for Pilot with the revised PEA at Halilaga demonstrating the robust nature of the project, and highlighting the commercial potential of NW Turkey copper-gold projects," stated Matt Lennox-King, President and CEO of Pilot Gold. "At TV Tower and Kinsley we released our final results from 2014 and received outstanding metallurgical results from Kinsley Mountain."

### Financial and operational highlights through and subsequent to quarter end:

#### TV Tower

- Completed our earn-in to a 60% interest.
  - Launched a \$7.60 million exploration program, which includes 21,000 metres of drilling funded pro-rata by Teck Resources and Pilot Gold.
  - Released final drill results from the 2014 program, further demonstrating the potential of this emerging gold-copper district. Highlights include<sup>1</sup>:
    - Valley Porphyry: 0.82 g/t gold equivalent\* ("AuEq") (0.46 g/t gold ("Au") and 0.21% copper ("Cu") over 138.7 m") in KRD021C.
    - Hilltop Porphyry: 0.66 g/t AuEq\* (0.30% Cu and 0.15 g/t Au) over 235.8 m in KRD029C, including: 1.51 g/t AuEq\* (0.75% Cu and 0.22 g/t Au) over 58.5 m.
    - Columbaz Porphyry: 0.59 g/t AuEq\* (0.36 g/t Au and 0.13% Cu) over 499.1 m in CD0012C, including 0.79 g/t AuEq\* (0.48 g/t Au and 0.18% Cu) over 234.3 m.
- \* at \$1200/oz Au and \$3.00/lb Cu, and assuming 100% recovery.

#### Kinsley

- Reported final results of the 2014 program including<sup>2</sup>:
  - 6.15 g/t Au over 7.6 m, including 8.73 g/t Au over 4.6 m in drill hole PK200, confirming the presence of high-grade mineralization between the Western Flank zone and the historic pits.
  - Metallurgical results suggesting that sulphide mineralization is amenable to flotation processing and the potential production of a gold concentrate with grades up to 312 g/t gold with recoveries of up to 95% when paired with tails leaching.
- Launched a \$2.0 million drill campaign, with a focus on exploration drilling at new targets on the main claim block and recently-permitted Kinsley North claims.

#### Halilaga

- Released a revised PEA indicating the potential for a low CapEx, high return Copper-Gold project with life of mine after-tax cash flow of \$803 million.
- The revised project demonstrates the potential for northwestern Turkey to host economic projects with strong cash flows that are not capital intensive. The Halilaga and TV Tower projects highlight the value-creation opportunity of copper-gold porphyries in the district.

<sup>1</sup> See press releases dated February 6, 2015 and March 10, 2015.

<sup>2</sup> See press releases dated January 19, 2015 and March 3, 2015.

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## **Exploration highlights and significant events through and subsequent to March 31, 2015:**

### **Kinsley Mountain**

Kinsley is a Carlin-style, sedimentary rock-hosted gold system and past-producer located along the Long Canyon Trend in northeastern Nevada.

2014 was a pivotal year for the project, with results demonstrating that gold is concentrated at:

- i. the intersections of NW and NNE-trending structures, and
- ii. the Secret Canyon Shale horizon (host to the high-grade mineralization in the Western Flank)

Management believes that it is unlikely that the Western Flank is the only high-grade zone hosted in the previously untested Secret Canyon Shale and expects the cross-cutting NW and NNE structures to provide a targeting framework for the planned 11,000 metre drill program.

Drilling at Kinsley resumed on March 8, 2015 with one reverse circulation drill rig. The initial budget for the 2015 exploration program at Kinsley is \$2.0 million (the Company's share of which is \$1.58 million). Pilot Gold's share of expenditures in the three months ended March 31, 2015, included: drilling and assaying (\$0.27 million), salaries (\$0.14 million) and analysis and surveys (\$0.11 million).

Pilot Gold holds approximately 79% of Kinsley. A subsidiary of Nevada Sunrise Gold Corporation holds the remaining 21% interest in the property. The Company and its partner are each obligated to fund their pro rata share of activity on the property.

We anticipate that 2015 will be another year of discovery at Kinsley and expect to continue to advance metallurgical and engineering studies.

### **TV Tower**

The Company has advanced four gold, silver and copper-gold discoveries at TV Tower over the past four years, and the project hosts numerous untested targets. Following a successful 2014 drill program, including the announcement of the Columbaz porphyry discovery at TV Tower, seven km north of the Hilltop and Valley porphyries, the Company focused on mapping, sampling and surface work through the first quarter of 2015 in order to better identify and refine targets for the current year exploration program.

Through the remainder of 2015, the Company expects to complete 21,000 metres of drilling with a focus on resource definition at the copper-gold porphyry discoveries in the southern part of the tenure. In addition to the porphyry systems drill-tested to date, several new targets have been identified using a combination of surface geological mapping and sampling and geophysics. On receipt of additional permits, we expect to begin testing new high priority targets on the rest of the property.

Expenditures during the three months ended March 31, 2015 included: salaries of \$0.16 million and consultant's costs of \$0.11 million.

TV Tower is a joint venture between Pilot Gold (60%) and Teck Madencilik Sanayi Ticaret A.S. ("Teck") (40%), a Turkish subsidiary of Teck Resources Limited. Pilot Gold is project operator at TV Tower and completed its earn-in through sole funding of exploration over a two-and-a-half-year period. The completion of the earn-in marks a significant milestone in the evolution of Pilot Gold, formalizing legal control of TV Tower and increasing our interest in the project by 20%.

With Teck funding its pro-rata share of the \$7.59 million exploration budget at TV Tower, which reduces the cost to the Company to complete significantly more drilling.

### **Halilaga**

Pilot Gold holds a 40% interest in Halilaga, a copper-gold porphyry project located 20 kilometres southeast of TV Tower. On January 29, 2015, the Company released a revised PEA, illustrating a robust, low strip ratio, technically simple and scalable open-pit copper-gold project, utilizing conventional milling and flotation methods. The project requires modest up-front capital, demonstrates rapid payback of capital, low cash costs, strong cash flows and generates strong after-tax IRR.

Highlights of this opportunity include:

- \$474 million after-tax NPV7%,
- 43% after-tax IRR,
- Cumulative after-tax cash flow of \$802.9 million,
- LOM payable production of 780 million pounds copper and 924 thousand ounces gold,
- Pre-production capital costs of \$346 million (including a 25% contingency of \$65.4 million).

The project illustrated in the revised PEA, pays back pre-production capital expenditures in 1.3 years, after-tax.

Pilot Gold expects to continue discussing alternatives with Teck (60% owner and operator), and various third-parties on a process to unlock the value and potential of this unique development opportunity. Pilot Gold's share of the budget for 2015 is approximately \$0.33 million. Pilot Gold's share of expenditures during the three months ended March 31, 2015 was \$0.05 million.

*The revised PEA is preliminary in nature; it includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be characterized as mineral reserves, and there is no certainty that the preliminary assessment and economics set forth in the PEA will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability. Mineral resource estimates do not account for mineability, selectivity, mining loss and dilution. These mineral resource estimates include inferred mineral resources that are normally considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as mineral reserves. There is also no certainty that these inferred mineral resources will be converted to measured and indicated categories through further drilling, or into mineral reserves, once economic considerations are applied.*

## SELECTED FINANCIAL DATA

The following selected financial data is derived from the unaudited condensed interim consolidated financial statements and related notes thereto for the three months ended March 31, 2015 (the "Interim Financial Statements"), as prepared in accordance with International Financial Reporting Standards. Details of these results are described in the Interim Financial Statements and related Management's Discussion and Analysis ("MD&A"). These documents can be found on the Company's website ([www.pilotgold.com](http://www.pilotgold.com)) or on SEDAR at [www.sedar.com](http://www.sedar.com). All amounts are presented in United States dollars unless otherwise stated.

|                                 | As at                       |                                |
|---------------------------------|-----------------------------|--------------------------------|
|                                 | March 31, 2015<br>(in 000s) | December 31, 2014<br>(in 000s) |
| Cash and short-term investments | \$13,841                    | \$17,871                       |
| Working capital                 | \$14,669                    | \$17,769                       |
| Total assets                    | \$98,552                    | \$86,847                       |
| Current liabilities             | \$903                       | \$1,621                        |
| Non-current liabilities         | \$115                       | \$116                          |
| Shareholder's equity            | \$75,968                    | \$81,372                       |

|                                          | Three months ended March 31<br>(in 000s except per share data) |         |
|------------------------------------------|----------------------------------------------------------------|---------|
|                                          | 2015                                                           | 2014    |
| Loss for the period                      | \$1,620                                                        | \$2,152 |
| Loss and comprehensive loss for the year | \$5,954                                                        | \$3,593 |
| Basic and diluted loss per share         | \$0.02                                                         | \$0.02  |

Total assets comprise primarily exploration properties and deferred exploration expenditures of \$74.28 million that now includes the TV Tower property. The satisfaction of the Earn-in Option and assumption of control at TV Tower was accounted for as an exchange of assets with the total carrying value, as at March 12, 2015, of the Earn-in Option (\$17.63 million) and the Company's 40% interest in TV Tower (\$8.29 million), being the consideration exchanged for a controlling 60% interest in the project. Upon assumption of control the Company began to consolidate the asset, resulting in a \$43.01 million increase in total assets with the majority of value of the consideration allocated to TV Tower. The Company also now accounts for a non-controlling interest of \$17.57 million representing Teck's 40% share of the project. Total assets also include \$13.84 in cash and cash equivalents and short-term investments, \$1.73 in receivables, and prepayments, and \$5.53 million for the 40% interest in Halilaga.

The decrease since year end in working capital reflects costs incurred toward the 2015 exploration programs, cash outflows for operating expenditures (\$1.13 million), and the impact of changing foreign exchange rates (\$0.96 million).

Liabilities at March 31, 2015 and at December 31, 2014 reflect primarily accounts payable and accruals recorded at period end arising from ongoing activities. The liability as at December 31, 2014 included accrued bonus amounts awarded for services relating to 2014.

For the three months ended March 31, 2015, the Company reported a net loss of \$1.60 million compared to a net loss of \$2.15 million for the three months ended March 31, 2014. The most significant contributors to the loss for the three months ended March 31, 2015 were non-cash stock based compensation (\$0.49 million), and the cost of wages and benefits (\$0.38 million). The most significant contributors to the comparative period loss were also wages (\$0.49 million) and stock based compensation (\$0.45 million). The loss per share remained constant at \$0.02 for each of the three months ended March 31, 2015 and 2014.

The net other comprehensive loss for the three months ended March 31, 2015 was \$4.40 million (March 31, 2014: \$1.44 million). The three months ended March 31, 2015 includes a \$4.40 million loss (March 31, 2014: \$1.88 million) relating to exchange differences on the translation of our foreign operations with a non-United States dollar functional currency. The impact from exchange differences will vary from period to period depending on the rate of exchange; in the period between January 1, 2015 and March 31, 2015, the United States dollar appreciated 8.5% relative to the Canadian dollar.

*Vance Spalding, CPC, VP Exploration, Pilot Gold, is the Company's designated Qualified Person for this news release within the meaning of National Instrument 43-101, Standards of Disclosure for Mineral Projects ("NI 43-101") and has reviewed and validated that the scientific and technical information contained in this release is accurate. TV Tower and Kinsley are both early stage exploration projects and, except for the mineral resources at the KCD deposit at TV Tower, neither contains any mineral resource estimates as defined by NI 43-101. The potential to define an additional mineral resource at TV Tower, or a resource at Kinsley is conceptual in nature and there has been insufficient exploration to define a mineral resource thereat. It is uncertain if further exploration will yield any mineral resources at Kinsley or additional resources at TV Tower.*

This press release should be read in conjunction with the Interim Financial Statements and related MD&A. These documents can be found on the Company's website ([www.pilotgold.com](http://www.pilotgold.com)) or on SEDAR at [www.sedar.com](http://www.sedar.com). All amounts are presented in United States dollars unless otherwise stated.

## **ABOUT PILOT GOLD**

With a proven technical team and strong treasury, Pilot Gold continues to discover and upgrade high-quality projects featuring strong grades, meaningful size and mining-friendly locales. Our cornerstone assets include interests in the TV Tower and Halilaga projects in Turkey and the Kinsley project in Nevada, each a foundational asset. The Company also has a pipeline of projects defined by strong gold occurrences, large land positions and district-scale potential.

For more information, visit [www.pilotgold.com](http://www.pilotgold.com) or contact:

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Unless stated otherwise, information of a scientific or technical nature in this press release regarding the TV Tower, Halilaga or Kinsley Mountain properties are summarized, derived or extracted from, the following technical reports: "Independent Technical Report for the TV Tower Exploration Property, Canakkale, Western Turkey", effective January 21, 2014 and dated February 20, 2014, prepared by Casey M. Hetman, P.Geo. with SRK Consulting (Canada) Inc., James N. Gray, P. Geo. of Advantage Geoservices Ltd., and Gary Simmons, BSc, Metallurgical Engineering, of G L Simmons Consulting, LLC; "Revised Preliminary Economic Assessment Technical Report Halilaga Project, Turkey," effective December 20, 2014 and dated February 16, 2015, prepared by Gordon Doerksen, P. Eng, Dino Pilotto, P.Eng and Stacy Freudigmann, P.Eng. of JDS Energy and Mining Inc.; Greg Abrahams, P.Geo and Maritz Rykaart, P.Eng of SRK; Gary Simmons of GL Simmons Consulting LLC.; Garth Kirkham, P.Geo. of Kirkham Geosystems Ltd.; and James Gray, P.Geo. of Advantage Geoservices Ltd; and "Updated Technical Report on the Kinsley Project, Elko and White Pine Counties, Nevada, U.S.A.", effective March 1, 2015, dated March 19, 2015 and prepared by Michael M. Gustin, CPG, Moira Smith, Ph.D., P.Geo. and Gary Simmons, B.Sc. MMSA. For further detail on TV Tower, Kinsley Mountain or the Halilaga PEA, refer to the respective technical reports filed on the Company's website at [www.pilotgold.com](http://www.pilotgold.com) or under Pilot Gold's SEDAR profile at [www.sedar.com](http://www.sedar.com).

All statements in this press release, other than statements of historical fact, are "forward-looking information" with respect to Pilot Gold within the meaning of applicable securities laws, including statements with respect to the anticipated timing and closing of the Offering, anticipated use of proceeds of the Offering, those that address potential quantity and/or grade of minerals, potential size and expansion of a mineralized zone, proposed timing of exploration and development plans. Forward-looking information is often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "planned", "expect", "project", "predict", "potential", "targeting", "intends", "believe", "potential", and similar expressions, or describes a "goal", or variation of such words and phrases or state that certain actions, events or results "may", "should", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking information is not a guarantee of future performance and is based upon a number of estimates and assumptions of management at the date the statements are made including, among others, assumptions about future prices of gold, copper, silver and other metal prices, currency exchange rates and interest rates, favourable operating conditions, political stability, obtaining governmental approvals and financing on time, obtaining renewals for existing licences and permits and obtaining required licences and permits, labour stability, stability in market conditions, availability of equipment, accuracy of any mineral resources, successful resolution of disputes and anticipated costs and expenditures. Many assumptions are based on factors and events that are not within the control of Pilot Gold and there is no assurance they will prove to be correct.

Such forward-looking information, involves known and unknown risks, which may cause the actual results to be materially different from any future results expressed or implied by such forward-looking information, including, risks related to the interpretation of results at TV Tower, Kinsley or Halilaga, reliance on technical information provided by our joint venture partner or other third parties as related to the Company's mineral property interests; changes in project parameters as plans continue to be refined; current economic conditions; future prices of commodities; possible variations in grade or recovery rates; the costs and timing of the development of new deposits; failure of equipment or processes to operate as anticipated; the failure of contracted parties to perform; the timing and success of exploration activities generally; delays in permitting; satisfaction of Turkish requirements relating to the periodic submissions of Environmental Impact Assessments; possible claims against the Company or its joint venture partners; the inability to finalize the conveyance and registration of the Karaayi license in the name of Orta Truva Madencilik; labour disputes and other risks of the mining industry; delays in obtaining governmental approvals, financing or in the completion of exploration as well as those factors discussed in the Annual Information Form of the Company dated March 24, 2015 in the section entitled "Risk Factors", under Pilot Gold's SEDAR profile at [www.sedar.com](http://www.sedar.com).

Although Pilot Gold has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Pilot Gold disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise unless required by law.

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

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