

NEWS RELEASE 12-19

OCTOBER 10, 2012

PILOT GOLD ANNOUNCES PRELIMINARY ECONOMIC ASSESSMENT RESULTS FOR HALILAGA COPPER-GOLD PORPHYRY PROJECT

PROJECT GENERATES 26% IRR AND \$675 MILLION PRE-TAX NPV

Pilot Gold (PLG - TSX) ("Pilot Gold" or the "Company") is pleased to announce the completion of a Preliminary Economic Assessment ("PEA") for the Halilaga copper-gold porphyry deposit in northwestern Turkey ("Halilaga" or the "Project"). Pilot Gold holds a 40% interest in Halilaga, with Teck Resources Limited's Turkish subsidiary, Teck Madencilik Sanayi Ticaret A.S. ("TMST") as its 60% joint venture partner and project operator. The PEA demonstrates the economic benefits from higher grades of copper and gold at surface and available infrastructure for mine development.

All dollar amounts in this release are stated in US currency. The disclosure set forth below is derived from the PEA unless otherwise expressly noted.

PEA HIGHLIGHTS:

- Pre-tax NPV^{7%} of \$675 million, 26% IRR and 2.1 year payback (\$1,200/oz gold, \$2.90/lb copper);
- After-tax NPV^{7%} of \$474 million, 20% IRR and 2.7 year payback (\$1,200/oz gold, \$2.90/lb copper);
- Average life of mine ("LOM") strip ratio of 1:1;
- LOM payable production of 1.290 million ounces gold and 1.247 billion pounds copper;
- Total project capital costs of \$1.17 billion (including contingency of \$200 million), with potential to reduce initial capital costs through contract mining or equipment leasing and project optimization through more advanced studies.

"The combination of higher grades that are mineable in the first three years, combined with Halilaga's favourable infrastructure and location in a jurisdiction that is open to mine development, makes this a compelling development project," stated Matt Lennox-King, President and CEO of Pilot Gold. "The PEA confirms our view that Halilaga has the potential to be a straightforward open pit mine, utilizing conventional milling and flotation concentration with robust economics. While TV Tower and Kinsley continue to be our focus projects, the robust economics of Halilaga will provide Pilot Gold and our partner with a number of strategic options in the future."

In management's view, the economics concluded by the PEA provide a strong incentive for continued resource conversion and expansion, as well as geotechnical, metallurgical and engineering studies. Pilot Gold believes there are excellent opportunities to refine various project elements and improve the economics through gold recovery optimization, possible use of contract mining, and potential tax incentives available in Turkey.

The PEA, prepared by SRK Consulting (Canada) Inc. ("SRK") is based on a mineral resource estimate first presented in the March 23, 2012 Technical Report titled "Resource Estimate for the Halilaga Copper-Gold Property NI 43-101 Technical Report" and authored by Garth Kirkham, P. Geo. Of Kirkham Geosystems Ltd., and James Gray, P. Geo. of Advantage Geoservices Ltd. The resource therein outlined an Indicated Mineral Resource of 168 million tonnes grading 0.31 g/t gold (1.665 million gold ounces) and 0.30% copper (1.112

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billion pounds of copper), and an Inferred Mineral Resource of 198 million tonnes grading 0.26 g/t gold (1.661 million gold ounces) and 0.23% copper (1.007 billion pounds copper), using a 0.2% copper equivalent cut-off.

All mineralized material classified as Indicated (56%) and Inferred (44%) Mineral Resources was considered in the optimization and mine plan. The 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 PEA will be realized.

Under the base case (Case A: \$1,200/oz gold price and \$2.90/lb copper price), the Project's pre-tax discounted net present value (NPV^{7%}) is US\$675 million with a pre-tax internal rate of return ("IRR") of 26% on an unleveraged 100% equity basis, and a pay-back period of only 2.1 years. The after-tax NPV^{7%} is \$474 million, with a 20% IRR and a 2.7 year payback. (See table below).

Parameter	Unit	Pre-Tax Results	After-Tax Results
Case A Base Case (\$1,200/oz Au; \$2.90/lb Cu)			
NPV _{0%}	M\$	1,418	1,115
NPV _{7%}	M\$	675	474
IRR	%	26	20
Payback Period	Years	2.1	2.7
Case B (\$1,350/oz Au; \$3.30/lb Cu) LME fixed 3 year average price			
NPV _{0%}	M\$	2,099	1,660
NPV _{7%}	M\$	1,081	799
IRR	%	35	27
Payback Period	Years	1.5	2.1
Case C (\$1,500/oz Au; \$3.70/lb Cu) LME fixed 2 year average price			
NPV _{0%}	M\$	2,779	2,204
NPV _{7%}	M\$	1,487	1,124
IRR	%	43	34
Payback Period	Years	1.2	1.6

PEA Highlights – Case A (\$1,200/oz Au; \$2.90/lb Cu)

Total gold produced (payable)	1.290 million ounces
Total copper produced (payable)	1.247 billion pounds
Average gold grade	0.30 g/t
Average copper grade	0.28%
Average annual gold production (payable)	92,140 ounces
Average annual copper production (payable)	89,070,000 pounds
Life of mine	14 years
Net Pre-Tax Operating Income	\$2,587 million
Total Capital Cost	\$1,168 million

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(including mining pre-strip, equipment, mill and processing, infrastructure & site costs, tailings and waste facilities, buildings, owners' costs, and miscellaneous indirect costs, contingency of \$200.4 million, sustaining capital of \$51.6 million and closure costs of \$75 million)

Note: This PEA is preliminary in nature as 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 categorized as mineral reserves at this time, and as such there is no certainty that the preliminary assessment and economics set forth in the PEA will be realized. The authors of this Technical Report believe the Project should be taken to the next level of engineering study and economic assessment, typically a Pre-Feasibility Study. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

PROJECT DESCRIPTION

The Halilaga property is located in northwestern Turkey in a regional industrialized zone that includes large open pit coal mines, a major power plant, ceramics factories, and deep water ports. The Halilaga site has road access and electrical grid power. Labour, supply centers and industrial service providers are available in the region.

PROJECT DEVELOPMENT PLAN

The proposed project concept is to develop a green-fields copper-gold deposit with open pit mining and conventional milling and flotation concentration methods. The production rate was assumed to be 50,000 tonnes per day with about 243 million tonnes of mineralized material mined and processed during the project life. The overall strip ratio (the ratio of waste rock to economic mineralized rock) of the mine is approximately 1:1. It is assumed that the copper-gold concentrate would be shipped to an existing smelter in Asia, Europe or North America.

The PEA forecasts a mine life of 14 years, during which time 243.3 million tonnes of ore could be mined and processed with 234.0 million tonnes of waste. Throughout the life-of-mine, an estimated 1,290,000 ounces gold would be produced at an average grade of 0.30 g/t gold. Better than average grades and more than 125,000 ounces of gold per year would be payable in years one through three, with peak production of 135,000 ounces of gold in year three. For copper, more than 159 million pounds would be payable in years one through three with peak production of 240 million pounds payable in year one.

METALLURGY AND PROCESSING

The metallurgical testing results used in the PEA were conducted in 2007 and 2011 by G & T Metallurgical Services Ltd. of Kamloops, B.C. Canada. The results show that the mineralized material is of moderate competency and hardness and is amenable to grinding in a conventional SAG mill / ball mill circuit. Flotation testing indicated that 85.6% of the copper and 60.8% of the gold are recovered to the final concentrate, which results in a concentrate grade of 30% copper and 21 g/t gold.

OPPORTUNITIES TO ENHANCE VALUE

Several opportunities exist to increase overall value of the project while simultaneously reducing total costs. These include:

- Use of contract mining or equipment leasing;
- Utilize Turkish Government tax incentives; and
- Additional metallurgical tests to determine the potential to recover gold from flotation tails.

PREPARATION OF PEA

The PEA has been prepared by SRK with input from Ausenco Solutions Canada Inc., Kirkham Geosystems Ltd., and Advantage Geoservices Ltd.

An updated National Instrument 43-101 Standards of Disclosure for Mineral Projects (“NI 43-101”) Technical Report, titled “Preliminary Economic Assessment Technical Report for the Halilaga Project, Turkey” (the “Technical Report”), has been filed on SEDAR and is available at Pilot Gold’s website (www.pilotgold.com).

QUALIFIED PERSONS

The Technical Report was prepared by the following Qualified Persons (“QP”), as such term is defined in NI 43-101, each of whom is independent of Pilot Gold and have read and confirmed that this news release fairly and accurately reflects the contents of the PEA report:

- Gord Doerksen, P.Eng
- James Gray, P.Geo
- Garth Kirkham, P.Geo
- Dino Pilotto, P.Eng
- Maritz Rykaart, P.Eng
- Kevin Scott, P.Eng

Jim Lincoln, P. Geo., Pilot Gold Vice President, Operations, is the Company's designated QP for this news release 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 PEA.

UPDATE ON ENVIRONMENTAL IMPACT ASSESSMENT

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 advance the principal licenses that comprise Halilaga. The license and EIA contemplate a small-scale copper-gold test mining scenario as part of an ongoing effort to advance understanding of Halilaga. On March 20, 2012 TMST notified Pilot Gold that the EIA had been accepted by the Ministry of Forest and Environment in Turkey. An approval letter was received from the undersecretary of the Turkish Minister of Environment further to the review by the Turkish Mining Bureau committee of the EIA. Truva Bakir has concurrently applied for, and awaits approval of a business operating permit relating to the Project.

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 has been advised that the Ministry is expected to respond to the petition in the 4th quarter of 2012.

Pilot Gold believes the petition is without merit, and even if successful and the EIA is annulled, the ability to continue the planned 2012 exploration program at Halilaga will be unaffected. Should the EIA be annulled, Truva Bakir would revisit the EIA process and resubmit an updated EIA to address identified issues. Truva Bakir has also been advised that the petition does not challenge or impact the underlying tenure on the licenses that comprise Halilaga. In the event that a different or larger project is contemplated it would then require a separate EIA and be subject to public disclosure.

ABOUT PILOT GOLD

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Pilot Gold is a gold exploration company led by a proven technical team that continues to discover and define high-quality projects featuring strong grades, meaningful size and mining-friendly addresses. Our three key assets include the TV Tower and Kinsley gold projects and a 40% interest in the Halilaga copper-gold porphyry project, each of which alone has the ability to drive the Company forward. For more information, visit www.pilotgold.com or contact:

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For further details on Halilaga, please view the NI 43-101 technical report entitled Technical Report, entitled "Preliminary Economic Assessment Technical Report for the Halilaga Project, Turkey", dated August 27, 2012, prepared by Gordon Doerksen, P. Eng of JDS Energy and Mining Inc., Dino Pilotto, P.Eng and Maritz Rykaart, P.Eng of SRK Consulting (Canada) Inc., Kevin Scott, P.Eng of Ausenco Solutions Canada Inc., Garth Kirkham, P. Geo. of Kirkham Geosystems Ltd., and James Gray, P. Geo. of Advantage Geoservices Ltd. (collectively, the "authors") filed under Pilot Gold's Issuer Profile on SEDAR (www.sedar.com) and available at Pilot Gold's website (www.pilotgold.com). The authors are independent of Pilot Gold and are "Qualified Persons" as defined by NI 43-101.

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.

The 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 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.

Except for the statements of historical fact contained herein, certain information presented constitutes "forward-looking information" concerning the business, operations and financial performance and condition of Pilot Gold Inc. ("Pilot Gold") within the meaning of applicable Canadian securities laws. Forward-looking information is often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "planned", "expect", "project", "predict", "potential", "targeting", "intends", "believe", "potential", and similar expressions, or describes a "goal", or variation of such words and phrases or state that certain actions, events or results "may", "should", "could", "would", "might" or "will" be taken, occur or be achieved. These statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievement of Pilot Gold to differ materially from those anticipated in such forward-looking information. Such forward-looking information, including, but not limited to statements that address future mineral production, reserve potential, exploration drilling, potential quantity and/or grade of minerals, potential size of a mineralized zone, potential expansion of mineralization, the timing and results of future resource estimates, proposed exploration and development of our exploration properties, potential quantity and/or grade of minerals, potential type(s) of mining operation and the estimation of mineral reserves and resources as well as to Pilot Gold's ability to fund cash-calls made by Teck Madencilik Sanayi Ticaret A.Ş. ("TMST") for ongoing expenditure on the Halilaga property, amount or timing of proposed production figures; estimated future working capital, uses of funds, anticipated future capital expenditures, exploration expenditures and other expenses for specific operations; information with respect to exploration results, the timing and success of exploration activities generally; the costs and timing of the development of new deposits; the timing and possible outcome of any pending litigation, permitting timelines, the ability to maintain or convert the underlying licenses that comprise TV Tower and Halilaga in accordance with the requirements of the Turkish Mining Law, government regulation of exploration and mining operations, and the results of any future development programs involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievement of Pilot Gold to be materially different from any future results, performance or achievements expressed or implied by such forward looking information. Such factors include, among others, risks related to the interpretation and actual results of exploration at the Halilaga property, reliance on technical information provided by TMST at the Halilaga property; changes in project parameters as plans continue to be refined; inability to upgrade inferred mineral resources to indicated or measured mineral resources; inability to convert mineral resources to mineral reserves; current economic conditions; the future prices of gold, silver and copper, fluctuations in currency exchange rates; possible variations in grade or recovery rates; failure of equipment or processes to operate as anticipated; the failure of contracted parties to perform; labour disputes and other risks of the mining industry; delays in obtaining governmental approvals, permits or licenses; environmental risks, including satisfaction of Turkish requirements relating to the periodic submissions of Environmental Impact Assessments and challenges thereon; title disputes or claims against the project, the operator or Pilot Gold, limitations on insurance coverage, financing or the Company's ability to complete exploration on Halilaga, TV Tower, Kinsley and the rest of the portfolio projects, as well as those factors discussed in the section entitled "Risk Factors" in Pilot Gold's Annual Information Form for the year ended December

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31, 2011 dated March 28, 2012, which is available under Pilot Gold's SEDAR profile at www.sedar.com. Although Pilot Gold has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. 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. Accordingly, readers should not place undue reliance on forward-looking information.