MINE DEVELOPMENT ASSOCIATES

MINE ENGINEERING SERVICES

Technical Report on the Kinsley Project

Elko County, Nevada, U.S.A.

Prepared for

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Effective Date: February 15, 2012

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This technical report was originally issued to Pilot Gold Inc. on March 26, 2012, but inadvertently omitted Nevada Sunrise Gold Corporation as an addressee of the report. The technical report has been corrected to name Nevada Sunrise Gold Corporation as an addressee on the cover page and in the certificates of each Qualified Person who authored the technical report, and is otherwise the same technical report issued previously to Pilot Gold Inc.

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1.0 SUMMARY

Mine Development Associates (“MDA”) has supervised preparation of this technical report on the Kinsley project, Nevada, U.S.A. (“Kinsley”), at the request of Pilot Gold Inc. The purpose of this report is to provide a technical summary of the Kinsley project. This report was written in compliance with disclosure and reporting requirements set forth in the Canadian Securities Administrators’ National Instrument 43-101, Companion Policy 43-101CP, and Form 43-101F1. The Kinsley project was previously described in a 2003 technical report that was prepared for Lateegra Resources Corporation and a 2007 technical report issued by Intor Resources Corporation.

Pilot Gold Inc. holds its interest in Kinsley through its wholly owned subsidiary Pilot Gold (USA) Inc. Pilot Gold (USA) Inc.’s interest in the Kinsley project is derived from the purchase of a Mining Option Agreement from Animas Resources Ltd. (“Animas”) in September 2011. Pilot Gold Inc. and Pilot Gold (USA) Inc. are collectively referred to herein as “Pilot Gold.”

1.1 Location and Ownership

The Kinsley Mountains consist of a 12-kilometer-long, north-northeast-trending ridge that forms the northern extension of the Antelope Range. The property is located in the far southeastern corner of Elko County in northeastern Nevada, 5 kilometers north of the White Pine County line and approximately 25 kilometers west of the Utah state line. The property lies approximately 150 kilometers north-northeast of Ely, Nevada and 83 kilometers south-southwest of West Wendover, Nevada.

The Kinsley property is comprised of two non-contiguous blocks totaling 272 unpatented federal lode mining claims that cover an approximate area of 2,196 hectares. Nevada Sunrise LLC (“Nevada Sunrise”) is the owner of record of the southern claim block; the northern block includes 128 claims owned by Pilot Gold.

The Mining Option Agreement covers the southern claim block, as well as an Area of Interest that includes all but the northernmost 13 of the 128 claims staked by Pilot Gold that comprise the project’s northern claim block. Pilot Gold has a remaining obligation of 100,000 Common Shares payable to Animas and must spend $1.18 million in exploration expenditures by March 30, 2013 in order to vest a 51% interest in the property. Pilot Gold must also make advance royalty payments to Nevada Sunrise. There is a 4% net smelter return royalty on the property payable to Nevada Sunrise that may be reduced if certain conditions are met.

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1.2 Geology and Mineralization

The Kinsley Mountains are underlain primarily by shelf and platform limestone, dolostone, and shale ranging from Middle Cambrian to Late Ordovician in age. Geological formations exposed on the claims include an unnamed Middle Cambrian limestone; the Middle Cambrian Lamb Dolomite, Big Horse Limestone, and Candland Shale; the Upper Cambrian Notch Peak Limestone and Notch Peak Dolomite; and the Ordovician Pogonip Group limestone, shale, and dolomite. On a regional scale, strata become younger to the north. A low-angle fault locally juxtaposes this sequence with overlying quartzite and dolostone suspected to be Late Ordovician to Silurian in age. The south end of the range is intruded by a small Tertiary stock with a hornfelsed aureole. Tertiary volcanic rocks are exposed in pediment areas on either side of the range. Strata were subjected to ductile contractional deformation in mid-Mesozoic time and Tertiary low- and high-angle extensional faulting. Low-angle faults bound most major lithologic breaks, and in some cases cut out entire formations. North- to northeast-striking faults are cut by northwest-trending structures.

Gold mineralization drilled and exploited to date at Kinsley is hosted primarily in the Big Horse Limestone, Candland Shale, and Notch Peak Limestone. The gold is accompanied by very fine-grained disseminations of arsenical pyrite (or oxidized equivalents) in variably silicified or jasperoidal shale, limestone, and dissolution-cavity fill. Mineralization appears to have both stratigraphic and structural controls. Gold correlates with arsenic, antimony, and thallium.

Near-surface mineralization is strongly oxidized, and higher-grade unoxidized mineralization has been intersected in drilling below and adjacent to the mined pits.

The styles of alteration, mineralization, and geochemistry at Kinsley are similar to those of sediment-hosted gold deposits located in the Carlin and Cortez trends of Nevada that lie approximately 150 to 200 kilometers to the west of the project. The geological setting of mineralization at Kinsley is similar to the Long Canyon deposit, located 90 kilometers to the north of Kinsley.

1.3 Exploration and Mining History

The south end of the Kinsley Mountains was the site of sporadic base and precious metal exploration and production that began as early as 1862 and continued into the 1960s. U.S. Minerals Exploration Co. discovered sediment-hosted gold mineralization at the Kinsley property in 1984 through rock-chip sampling of jasperoid in Cambrian strata in an area with no historic workings.

Following the initial gold discovery, Cominco American Resources, Inc. ("Cominco") and Hecla Mining Company completed a number of drilling programs on the property. Alta Gold Company ("Alta") purchased the property in 1994 and started open-pit mining in 1995, producing about 135,000 to 138,000 ounces of gold through 1999 (totals depend on the source). The mine exploited oxidized disseminated mineralization from eight shallow pits and processed the ore on a heap-leach pad. The pits are aligned northwesterly, apparently along a northwest-trending fault zone. The mine closed when Alta declared bankruptcy during a period of very low gold prices.

Since the mine's closure, relatively little exploration activity has transpired on the property. Nevada Sunrise staked the property in 2000 and, over the next decade, undertook rock-chip sampling and review of the existing drill-hole database. Lateegra Resources Corp. optioned the property in 2002, carried out geophysical studies, produced a technical report, and dropped the project in 2003. In 2004, Pan American Gold Corp. drilled three relatively deep holes around the margins of the deposit and completed several geophysical surveys. Animas optioned the property in 2010 and carried out geologic mapping, geochemical sampling, and a gravity survey.

Pilot Gold acquired the option agreement from Animas in September 2011 and immediately initiated an exploration program that included:

- detailed geologic pit mapping;
- compilation of geological and drilling data for the entire Kinsley property;
- claim staking on the north end of the range;
- reconnaissance sampling of the new claims;
- creation of a three-dimensional model that incorporates the historic drill data and surface geology (an ongoing process); and
- drilling of six core holes near two of Alta's open pits.

1.3.1 Historic Mineral Resource Estimates

There are no current NI 43-101-compliant resources or reserves at the Kinsley property. The historic estimates summarized below were prepared prior to the adoption of NI 43-101 reporting standards; these historic "resources" and "reserves" are not considered to be current resources and reserves and therefore should not be relied upon. Work sufficient to categorize the historical estimates as current mineral resources has not been completed, and Pilot Gold is not treating these historical estimates as current mineral resources.

In June 1994, Alta reported estimated "minable reserves" in the Upper, Main, Ridge, and West Ridge deposits of approximately 3.5 million tons averaging 0.045 oz Au/ton, with a stripping ratio of 2.75:1 and an estimated gold recovery of 74%. Also prior to the initiation of production, Alta estimated "geologic reserves" in July 1994 of approximately 5.6 million tons averaging 0.039 oz Au/ton at a cutoff of 0.015 oz Au/ton for the Kinsley deposits.

Actual production from the property appears to have been about 4.7 million tons averaging 0.039 oz Au/ton (4.26 million tonnes averaging 1.34 g Au/t), with 134,777 ounces of gold reportedly produced (total production of 138,151 ounces has also been reported). The Kinsley mine produced more tons and ounces than had been originally planned, but at a lower grade, with realized gold recoveries being close to what was estimated.

At the end of production, an Alta mine geologist at Kinsley, who now works on the project with Pilot Gold, carried out a hand-calculated estimate of approximate "drill indicated resources" at Kinsley, including exploration targets. The estimate included 785,808 tons averaging 0.037 oz Au/ton, for a total of 28,799 ounces, from oxidized mineralization within the main northwesterly trending mine area, and 590,022 tons averaging 0.024 oz Au/ton, for a total of 14,227 ounces, from oxidized mineralization in "off-trend" targets, mostly to the southwest. Unoxidized/refractory mineralization on the main trend was estimated at 994,162 tons averaging 0.072 oz Au/ton, for a total of 71,904 ounces.

1.4 Drilling and Sampling

Available records indicate that an estimated 1,164 holes have been drilled by five operators, including Pilot Gold, within the Kinsley Mountains since 1984. The vast majority of these are reverse circulation ("RC") holes drilled within and along the northwest-trending mine trend. Pilot Gold's project database includes 1,143 holes that appear to have reasonable location information and data, of which 1,059 are within the current property boundary. Of these, most appear to have accurate collar locations based on comparisons with reasonably accurate topographic maps that include historic drill roads. Since much of the drilling targeted shallow oxidized zones, the average depth of the drill holes is less than 67 meters. Thirty historic holes from the current project database were drilled to depths below 150 meters, only two of which penetrated to depths greater than 300 meters. Including Pilot Gold's six-hole core drilling program in 2011, approximately 250 of the holes drilled at Kinsley have potentially significant, unmined gold intercepts. These holes include both oxidized and unoxidized intervals.

The Pilot Gold 2011 core-drilling program was designed to begin the process of verifying historic RC drill data near the margins of the open pits, as well as to obtain subsurface geologic information. Results of this drilling are summarized in Table 1.1. In combination with the historic data, this drilling indicates that significant oxidized and unoxidized gold mineralization remains at Kinsley.

Table 1.1 Significant Results from Pilot Gold's 2011 Drilling Program

Hole ID		From (m)	To (m)	Length (m)	g Au/t	g Ag/t
PK001C		88.5	105.3	16.8	1.64	3.3
PK002C		111.7	120.4	8.7	6.23	2.1
	incl	*117.3*	*120.4*	*3*	*12.05*	*3.5*
	and	131.7	135.0	3.4	0.33	1.9
PK003C		102.7	110.2	7.5	6.75	1.4
	incl	*107.0*	*110.2*	*3.2*	*13.52*	*2.3*
PK004C		42.7	61.1	18.4	5.91	2.5
	incl	*45.7*	*53.5*	*7.8*	*11.93*	*4.2*
	and	148.0	152.1	4.1	0.54	2.1
PK005C		36.9	39.6	2.7	0.65	0.2
	and	159.6	165.0	5.5	0.58	1.6
	and	166.7	167.6	0.9	0.06	2790.0
PK006C		53.0	63.4	10.4	0.95	2.8

1.5 Mineral Processing and Metallurgical Testing

Cominco and Alta completed metallurgical work in the 1980s and 1990s, including bottle roll, column leach, and "preg-robbing" testing on samples from the Main, Upper, Ridge, Access, and Emancipation zones. Of 52 tests conducted by McClelland Laboratories, Inc. ("McClelland") for both operators, the average extraction of all tests from within the "reserve" outlined by Cominco and Alta was 80%. Extractions from the Main deposit were somewhat higher than those from the Ridge and Upper deposits. Alta concluded that the Kinsley mineralization was generally readily amenable to recovery by cyanidation, with rapid recovery rates. Extractions did not appear to be significantly influenced by crush size or the duration of tests but did appear to be somewhat grade dependent.

McClelland also conducted bottle-roll tests on both mixed oxide and carbonaceous drill cuttings from the Emancipation pit area. Extracted gold from thiosulfate bottle-roll tests on the two composites were 0.6% and 1.2% of the head-grade values, respectively. McClelland concluded that the precious metals are locked within either sulfide minerals or silicate matrix and are not available for direct leaching.

Kappes, Cassiday & Associates conducted bottle-roll tests on two composites from the same holes at the Emancipation area, including mixed oxide and unoxidized intervals. The apparent mixed oxide interval yielded 40% extraction for the direct-leach test and 45% for the CIL/cyanide-leach test. The second composite with unoxidized material from the two drill holes reported 0% extraction.

Actual gold recovery at the Kinsley mine from 1995 through 1997 was estimated to be 73%.

1.6 Conclusions and Recommendations

Pilot Gold has identified a number of exploration targets at Kinsley, the most obvious of which includes relatively shallow, oxidized, unoxidized, and mixed mineralization within the northwest-trending Kinsley mine area. These targets are based on a significant number of historic drill intercepts, some of which are supported by the results of Pilot Gold's 2011 core-drilling program. Additional exploration targets have also been developed, most of which have not been drill tested, including:

(1) Limestone units below the Lamb Dolomite, which lies immediately below the host rocks of the presently defined mineralization, in a setting analogous to the geologic setting at the Long Canyon gold deposit;

(2) North-and northeast-trending high-angle structures that extend north of the mine area and host geochemically anomalous jasperoids, especially where they cut favorable stratigraphy;

(3) Northwest-trending structures that are parallel to, and north of, the Kinsley mine trend, particularly where these structures cut the north- and northeast-trending structures; and

(4) The base of the Pogonip Group, which outcrops immediately north of the mine area and hosts mineralization at Long Canyon.

The Kinsley property clearly warrants additional exploration expenditures for a program that is recommended to include further reconnaissance-scale prospecting, geological mapping, geochemical sampling, drill-testing of existing and newly defined targets, and metallurgical testing that emphasizes unoxidized mineralization. The program should culminate with the estimation of project mineral-resources. The technical portions of this recommended program are estimated to cost $2.3 million.

2.0 INTRODUCTION

Mine Development Associates ("MDA") has supervised preparation of this technical report on the Kinsley project ("Kinsley"), located in Elko County, Nevada, at the request of Pilot Gold Inc., which is listed on the Toronto Stock Exchange (PLG-T). Pilot Gold Inc. holds its interest in the Kinsley project through its wholly owned subsidiary, Pilot Gold (USA) Inc., a Delaware corporation. For the purposes of this report, Pilot Gold Inc. and Pilot Gold (USA) Inc. are referred to interchangeably as "Pilot Gold."

This report has been prepared in compliance with disclosure and reporting requirements set forth in the Canadian Securities Administrators' National Instrument 43-101, Companion Policy 43-101CP, and Form 43-101F1 ("NI 43-101").

In September 2011, Pilot Gold purchased a Mining Option Agreement for the Kinsley property from Animas Resources Ltd. ("Animas"). Kinsley hosts a large sediment-hosted gold system with a past-producing gold mine and significant exploration potential within a large land position. Under the Option Agreement, Pilot Gold has obtained access to a substantial technical archive on the property, consisting of data on over 1,100 drill holes averaging 65 meters in depth and extensive geophysical and geochemical surveys. No significant drilling had been completed at Kinsley in over 13 years prior to Pilot Gold's six-hole core drilling program conducted in late 2011. Pilot Gold's 2012 exploration activities will focus on geologic mapping, development of a deposit model, and confirmation and step-out drilling adjacent to the existing pits.

The Kinsley project was previously described in two technical reports, one prepared for Lateegra Resources Corporation (Cowdery, 2003) and the other for Intor Resources Corporation (Cowdery, 2007).

2.1 Project Scope and Terms of Reference

The purpose of this report is to provide an updated technical summary of the Kinsley project. The scope of this report includes updates of the general setting, geology, project history, exploration activities and results, methodology, quality assurance, interpretations, drilling programs, and metallurgy. References are cited in the text and listed in Section 20.0.

This report has been prepared under the supervision of Michael M. Gustin, Senior Geologist for MDA. Mr. Gustin is a qualified person under NI 43-101 and has no affiliation with Pilot Gold except that of independent consultant/client relationship. Sections of the report were written by Mr. Kent Samuelson, the project manager at the Kinsley project since September 2011, and by Dr. Moira Smith, who is a qualified person under 43-101. Dr. Smith has worked extensively at Kinsley and provided most of the detailed geologic descriptions, as well as the geological model, described in the report. Mr. Samuelson and Dr. Smith are employees of Pilot Gold and are not independent under NI 43-101.

Mr. Gustin visited the Pilot Gold field office, core storage facility, and the Kinsley project on February 10, 2012; see Section 12.3 for further details.

The Effective Date of this technical report is February 15, 2012, unless otherwise stated.

2.2 Definitions and frequently used acronyms and abbreviations

Measurements are generally reported in metric units in this report. Where information was originally reported in English units, conversions have often been made according to the formulas shown below; discrepancies may result in slight variations from the original data in some cases.

Frequently used acronyms and abbreviations, as well as unit conversions

AA	atomic absorption spectrometry
Ag	silver
Au	gold
As	arsenic
Bi	bismuth
BLM	United States Department of the Interior, Bureau of Land Management
˚C	centigrade degrees
Cd	cadmium
CIL	carbon-in-leach method of metallurgical testing
cm	centimeter = 0.3937 inch
core	diamond drill core
CSAMT	controlled-source audio-frequency magneto-telluric geophysical surveying
DEM	digital elevation models created from terrain elevation data
g/t	grams per tonne (1 g/t = 1 ppm = 0.029167 oz/ton)
GIS	geographic information system
GPS	global positioning system, a satellite-based navigation system
ha	hectare = 2.471 acres
Hg	mercury
ICP/MS	inductively coupled plasma mass spectrometry analytical technique
In	indium
IP	induced-polarization geophysical surveying
kg	kilogram = 2.205 pounds
km	kilometer = 0.6214 mile
Kv	kilovolt = 1000 volts
l	liter = 1.057 US quart
Ma	million years old
µm	micron = one millionth of a meter
m	meter = 3.2808 feet (1,000 meters = 1 kilometer)
Mg	magnesium
mGal	milligal; unit of acceleration used in gravimetry. 1 m/square second = 100,000 milligal
Mo	molybdenum
NV	Nevada
oz	troy ounce (1 troy ounce = 34.2857 g Au)
Pb	lead
ppm	parts per million (1 ppm = 1 g/t)
ppb	parts per billion (1,000 ppb = 1 ppm)
RC	reverse-circulation drilling method
SEM	scanning electron microscope

Sb	antimony
t	metric ton = 1.1023 short tons
Te	tellurium
Tl	thallium
ton	short ton
U.S.	United States
USGS	United States Geologic Survey
VLF	very low frequency geophysical surveying
W	tungsten
Zn	zinc

Currency Unless otherwise indicated, all references to dollars ($) in this report refer to currency of the United States.

3.0 RELIANCE ON OTHER EXPERTS

Mr. Gustin is not an expert in legal matters, such as the assessment of the legal validity of mining claims, mineral rights, and property agreements in the United States. Mr. Gustin did not conduct any investigations of the environmental or social-economic issues associated with the Kinsley project, and he is not an expert with respect to these issues. Mr. Gustin has relied upon information and opinions provided by Pilot Gold and its consultants with regard to the following:

- Section 4.2, which pertains to land tenure, was prepared by Pilot Gold in consultation with Mike Perry, consulting landman and member of the Nevada Landmen's Association (Perry, 2011). The legal firm of Erwin and Thompson LLP provided a Mineral Status Report on the ACE, SOZA, and Trust claims for Animas Resources Ltd. (Erwin and Thompson LLP, 2010).

- Section 4.3, which pertains to agreements and encumbrances related to the Kinsley project, was prepared by Pilot Gold and summarized from their news release dated September 21, 2011.

- Section 4.4, which pertains to environmental permits and licenses, was prepared by Pilot Gold in consultation with Gerald Heston, a Pilot Gold employee responsible for permitting at Kinsley.

- Section 4.5, which pertains to environmental liability, was summarized by Pilot Gold from documents prepared by Enviroscientists, Inc., an environmental consulting firm that specializes in the mining industry and is located in Reno, Nevada.

Mr. Gustin has relied on Pilot Gold to provide full information concerning the legal status of Pilot Gold and its affiliates, as well as current legal title, material terms of all agreements, and material environmental and permitting information that pertain to the Kinsley project.

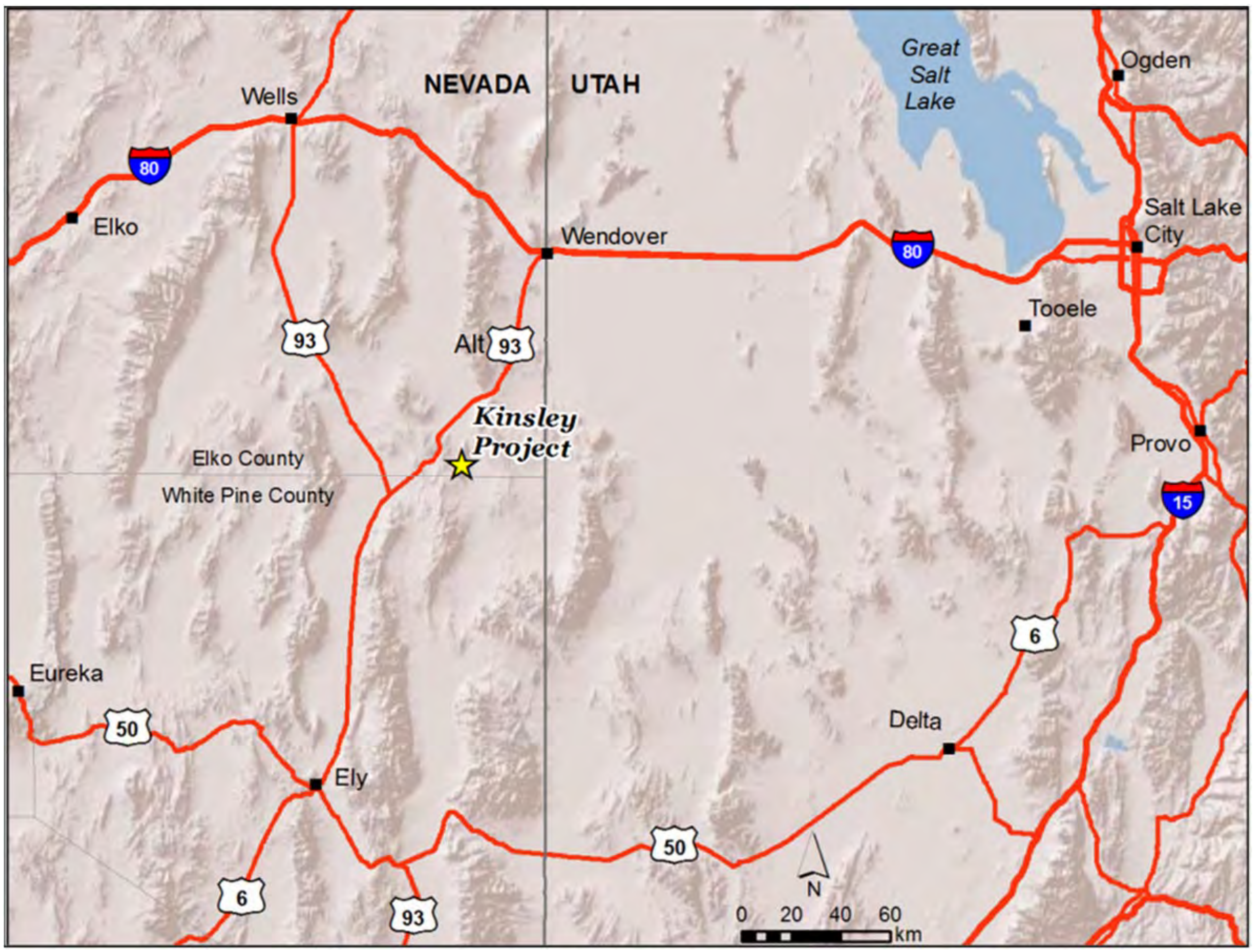
4.0 PROPERTY DESCRIPTION AND LOCATION

Mr. Gustin is not an expert in land, legal, environmental, and permitting matters and expresses no opinion regarding these topics as they pertain to the Kinsley project. Sections 4.2, 4.3, 4.4, and 4.5 are based entirely on information provided to MDA by Pilot Gold and its consultants.

4.1 Property Location

The Kinsley project is located in the Kinsley Mountains in Elko County, northeastern Nevada, approximately 150 kilometers north-northeast of Ely, Nevada and 83 kilometers south-southwest of West Wendover, Nevada (Figure 4.1). The approximate geographic center of the Kinsley project is 40° 09′ N latitude and 114° 20′ W longitude.

Figure 4.1 Location of the Kinsley Project



4.2 Land Area

The Kinsley project is comprised of two blocks of unpatented federal lode mining claims totaling 272 claims (approximately 2,196 ha) that lie in portions or all of Sections 5-8, Township 26 North, Range 68 East; Sections 1 and 12, Township 26 North, Range 67 East; Sections 7, 8, 16-18, 20, 21, 28, 29, 31, and 32, Township 27 North, Range 68 East; and Section 36, Township 27 North, Range 67 East, Mount Diablo Baseline and Meridian (Figure 4.2).

The southern claim block includes the Kinsley mine area and consists of 137 ACE claims, three SOZA claims, and four Trust claims. These 144 claims were located by Pan American Gold Corp. ("Pan American") and Nevada Sunrise LLC ("Nevada Sunrise"; currently the owner of record).

The northern claim block is comprised of 128 KN claims, located by Pilot Gold (owner of record). The KN claims are located to the north of the main block of ACE claims and are not contiguous with this claim block.

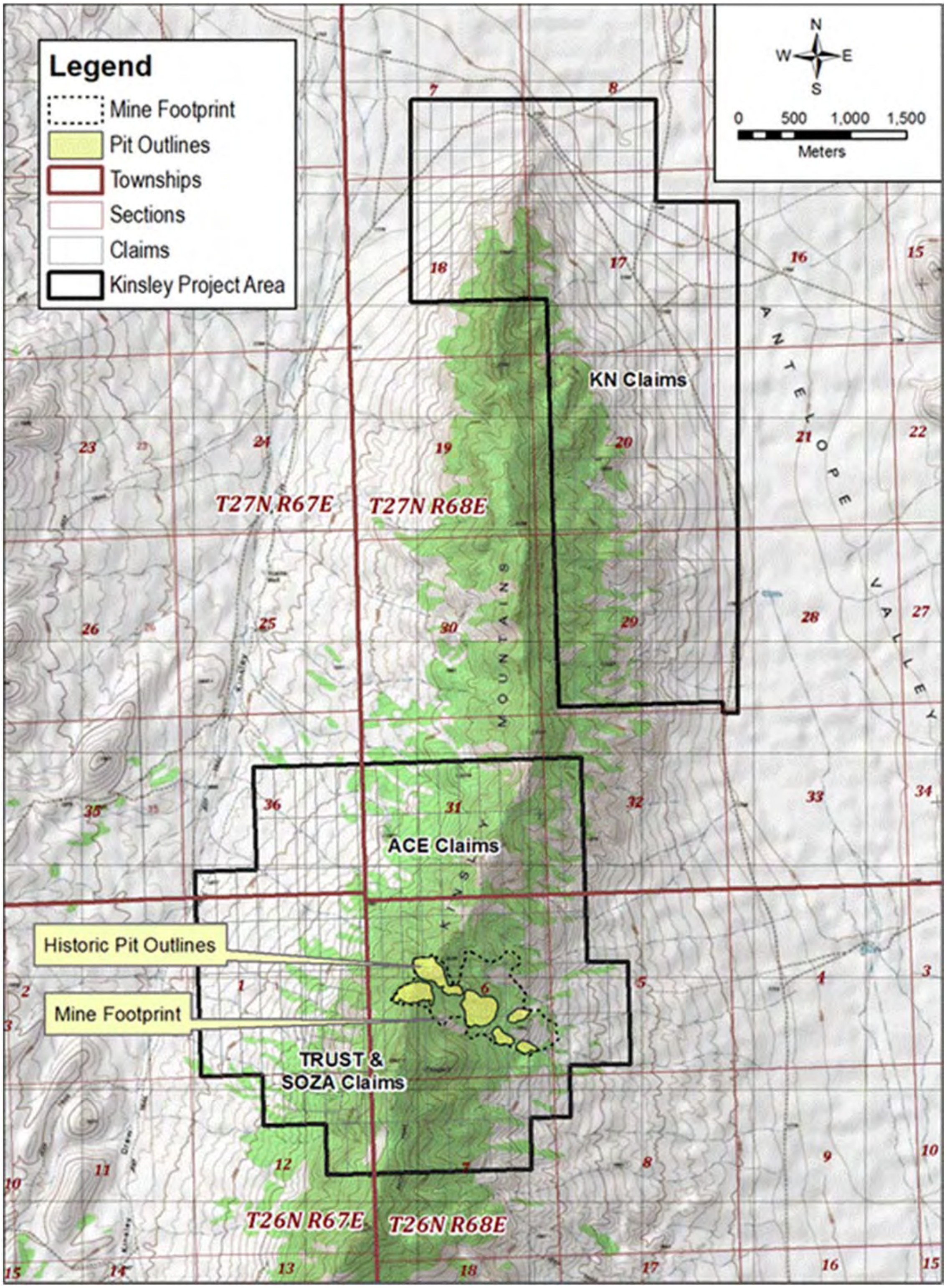
The unpatented claims that together comprise the Kinsley project were staked over a number of years by several operators:

- Nevada Sunrise LLC (69 claims located in 2000 and 2002)
- Pan American Gold Corporation (72 claims located in 2003 and 2004; later quit claimed to Nevada Sunrise LLC)
- Pilot Gold (128 claims located in 2011)
- Nevada Sunrise LLC (3 claims located late in 2011).

The claims within the project area are located in the field with wooden 5- by 5-centimeter posts and metal tags that meet Nevada regulations. Pilot Gold represents that the list of unpatented claims in Appendix A is complete and accurate as of February 15, 2012, and that all claims are valid through August 31, 2012. Pilot Gold did not seek a legal opinion regarding claim status; however, Animas contracted with Erwin and Thompson LLC (2010) to produce a Mineral Status Report for all claims current as of May 2010, including the original ACE, Trust, and SOZA claims that comprise the southern claim block.

Ownership of unpatented mining claims is in the name of the holder (locator), subject to the paramount title of the United States of America, under the administration of the U.S. Bureau of Land Management ("BLM"). Under the Mining Law of 1872, which governs the location of unpatented mining claims on Federal lands, the locator has the right to explore, develop, and mine minerals on unpatented mining claims without payments of production royalties to the U.S. government, subject to the surface management regulation of the BLM. In recent years, there have been efforts in the U.S. Congress to change the 1872 Mining Law to include, among other items, a provision of production royalties to the U.S. government. Currently, annual claim maintenance fees are the only federal payments related to unpatented mining claims. Nevada BLM records of mining claims can be searched on-line at www.nv.blm.gov/lr2000/. Holding costs of the unpatented mining claims comprising the Kinsley property in 2012 are estimated at approximately $41,612.50 (Table 4.1).

Figure 4.2 Claim Map of the Kinsley Property



Note: claims staked in late 2011 to cover fractions not shown.

Table 4.1 2012 Annual Claim Holding Costs for Kinsley Property

BLM Maintenance Fee	$38,700.00
Elko County Filing Fee	$2,912.50
Total Filing and Holding Cost	*$41,612.50*

4.3 Agreements and Encumbrances

4.3.1 Nevada State Tax

Production from Kinsley would be subject to the State of Nevada Net Proceeds of Mine Tax, which is limited to 5% of the production net proceeds (similar to a 5% net profits tax). This tax is levied by the State of Nevada on all mine production in the state.

4.3.2 Option Agreement

On September 20, 2011, Pilot Gold purchased a Mining Option Agreement ("Option Agreement") for the Kinsley property from Animas. The Option Agreement was formerly between Animas and Nevada Sunrise, a private Nevada-based company. The agreement covered the SOZA and Trust claims, as well as the original 134 ACE claims staked between 2000 and 2004, which together comprise the southern claim block. All claims staked subsequent to signing of the agreement and falling within a five-kilometer Area of Interest around the southern claim block become subject to the terms of the Option Agreement. All but 13 of the 128 KN claims in the northern claim block are within the Area of Interest; the 13 that lie outside the Area of Interest are located at the far northern end of the northern claim block.

In consideration for the purchase of the Option Agreement by Pilot Gold, Animas shall receive the following:

(i) $350,000 cash and 50,000 common shares of Pilot Gold on the date of signing or Effective Date (September 20, 2011; completed);

(ii) 25,000 Common Shares on the first anniversary of the Effective Date;

(iii) 25,000 Common Shares on the second anniversary of the Effective Date; and

(iv) 50,000 Common Shares upon Pilot Gold earning and vesting a 51% interest in the property.

If Pilot Gold terminates the Option Agreement prior to the due date for the issuance of any of the Common Shares, then Pilot Gold shall have no further obligation to make any subsequent issuances or deliveries of Common Shares to Animas.

Pursuant to the terms of the Option Agreement, Pilot Gold has the exclusive right to earn from Nevada Sunrise:

(i) a 51% undivided interest in the Kinsley property by incurring $1.18 million in exploration expenditures by March 30, 2013 (of which $0.18 million must be spent by May 31, 2012); and

(ii) an additional undivided 14% interest in the Kinsley property by electing to incur a further $3.0 million in exploration expenditures within five years of meeting the initial earn-in.

Pilot Gold is also required to make advance royalty payments to Nevada Sunrise in accordance with an underlying lease agreement, beginning with a payment of $50,000 per year through 2016 and increasing incrementally thereafter up to a maximum of $200,000 per year in 2020 and beyond. A contract initiation payment of $50,000 was paid to Nevada Sunrise in 2011. A maximum 4% net smelter return royalty is payable through the lease to Nevada Sunrise and may be reduced to 2% through a series of payments at Pilot Gold's election.

4.4 Environmental Permits and Licenses

Pilot Gold is currently operating under BLM Notice of Intent # NVN-090386 (Table 4.2). The Notice of Intent authorizes disturbance of up to 1.02 acres (0.41 ha) and can be amended to permit up to a total of 5.00 acres (2.00 ha). Pilot Gold has provided the BLM with a $250,000 statewide bond to satisfy the $7,241.00 reclamation bond requirement. As of the effective date of this report, a total of 0.80 acre (0.32 ha) was disturbed by drilling activities in late 2011. The remaining acreage will be sufficient to cover drilling activities currently planned for 2012. In order to carry out anticipated drilling activities in 2013, Pilot Gold will submit a Plan of Operations to the BLM in early 2012.

Table 4.2 Permits Governing Disturbance at Kinsley

Permit	Land Status	Land Areas	Approval Date	Bond Amount	Authorized Disturbance	Current Disturbance
BLM Notice of Intent Case File # NVN-090386	Public Lands	Section 6,T26N, R68E	20-Oct-11	$7,241.00	1.02 acres (0.4128 ha)	0.80 acre (0.32 ha)

4.5 Environmental Liabilities

Environmental liabilities at the Kinsley project are limited to the reclamation of disturbed areas resulting from exploration work conducted by Pilot Gold since acquisition of the property in 2011.

Evidence of extensive previous mineral exploration and mining activities persists. Alta Gold Company ("Alta") developed and operated the Kinsley mine from 1994 to 1999. The mine produced oxidized disseminated gold ore for heap-leach recovery from seven pits. From topographically lowest to highest, and from east to west, these pits include the Access, Lower Main, Emancipation, Main, Upper Main, Ridge, and Upper pits (see Figure 7.9). A crushing plant, heap-leach pad, and recovery facility were located at the base of the eastern slope of the Kinsley Mountains below the mining facilities immediately east of the project claims. A haul road connected the operations.

Animas contracted with Enviroscientists, Inc. ("Enviroscientists") of Reno, Nevada, to prepare an environmental review of the Kinsley property in order to assess the extent of potential liabilities related to previous mining activities by Alta (DeLong, 2010). Alta did not carry out any reclamation on the property and forfeited their bond. The BLM reclaimed the site using the Alta reclamation bond as well as federal monies. Reclamation included partial backfilling of a number of the open pits, re-contouring of other mining and exploration disturbances such as exploration drill roads, haul roads, and waste dumps, and re-vegetation of these reclaimed areas. The large heap-leach pad at the base of the range on the eastern slope was also decommissioned, re-contoured, and re-vegetated. Enviroscientists believes that the surface disturbance and reclamation liability that are related to the Alta operations are not transferable; thus there are no outstanding reclamation liabilities that could or would be tied to successor companies as a result of holding the mining claims associated with the property (DeLong, 2010).

Initial meetings with Pilot Gold and the Elko office of the BLM have indicated no immediate concerns regarding historic or prehistoric cultural sites. No wildlife concerns have been identified, possibly due to a general lack of surface water in the immediate area. Wild horses are commonly seen in the Antelope Valley area east of the Kinsley Mountains.

Several stipulations have been recommended by the BLM and attached to the Decision Record regarding Pilot Gold's Notice of Intent. Most notably is a request that Pilot Gold avoid activities that would lead to noxious weed infestations. Pilot Gold must also conduct nesting surveys prior to commencing exploration activities, as well as on a periodic basis during the nesting season (April 1 to July 31). Pilot Gold is to report any observation of an active nest by a sensitive raptor and/or migratory bird of concern to the BLM Wells Field Office so that BLM can advise Pilot Gold of measures to mitigate potential adverse effects.

5.0 ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE, AND PHYSIOGRAPHY

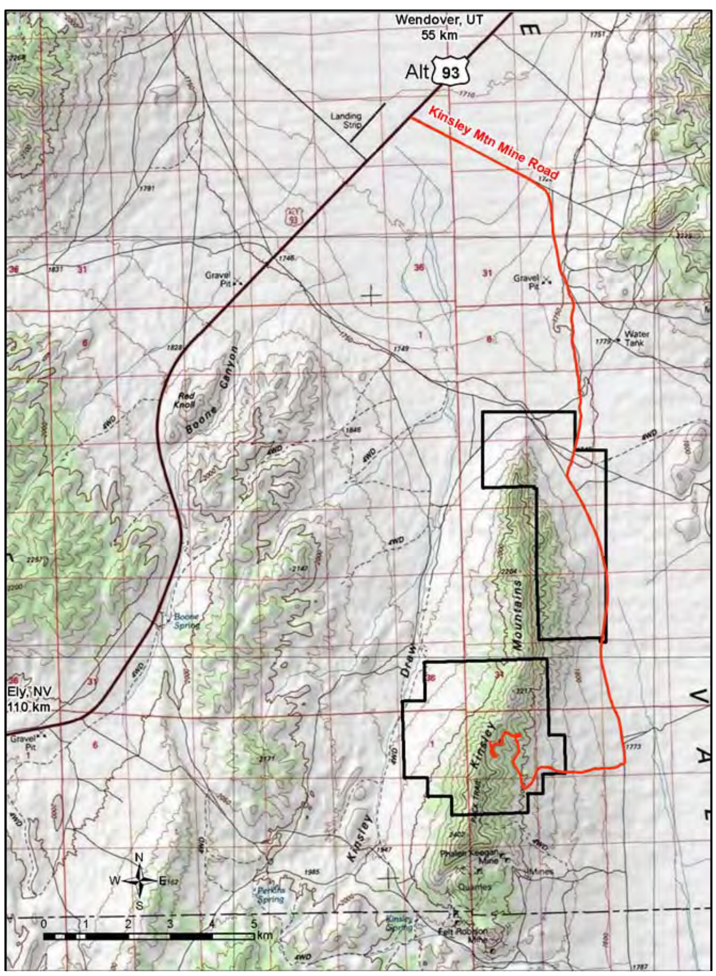
5.1 Access to Property

Access to the Kinsley project is via paved U.S. Highway Alternate 93 approximately 65 kilometers southwest of the town of West Wendover, Nevada, or approximately 135 kilometers on the same highway north-northeast of the town of Ely, Nevada, then proceeding on the Kinsley Mountain mine road 18 kilometers south through Antelope Valley on the east side of the Kinsley Mountains on an unmaintained, improved gravel road to the project site (Figure 5.1).

Vehicle access to the west side of the range from the north is more difficult, along rutted two-track dirt roads. There is another two-track dirt road to the southwestern area of the claim block accessible from the southern end of the Kinsley Mountains.

With the exception of the main haul road, drill access roads on the property have largely been reclaimed.

Figure 5.1 Access to the Kinsley Property



5.2 Climate

Climate is typical for the high-desert regions of northeastern Nevada with hot, dry summers and cold, snowy winters. Summer high temperatures range from 30˚ to 38˚C, with winter low temperatures typically -20˚ to -10˚C and winter high temperatures of 0˚ to 5˚C. Most of the precipitation in the region falls as snow in the winter months, with lesser precipitation as rain in the spring and thunderstorms during the late summer. Winter storms can deposit up to a meter of snow at higher elevations at Kinsley, with higher elevations of the property typically snow-covered from late November through March.

In the absence of all-weather road access to drill sites, a typical exploration operating season for the Kinsley project is from mid-April through mid-November. Improved road access and road maintenance/snow removal equipment could extend the exploration operating season through the winter months, subject to recommended winter operating procedures in the Elko District of the BLM.

5.3 Physiography

The Kinsley project lies in the Basin and Range physiographic province of Nevada and western Utah. The project site is located in moderate to steep terrain of the central and northern portions of the Kinsley Mountains (Figure 5.2). The Kinsley Mountains are a 12-kilometer-long, north-northeast-trending ridge that extends north from the Antelope Range. Elevations range from 1,750 meters in valley bottoms to 2,400 meters at Antelope Mountain south of the project.

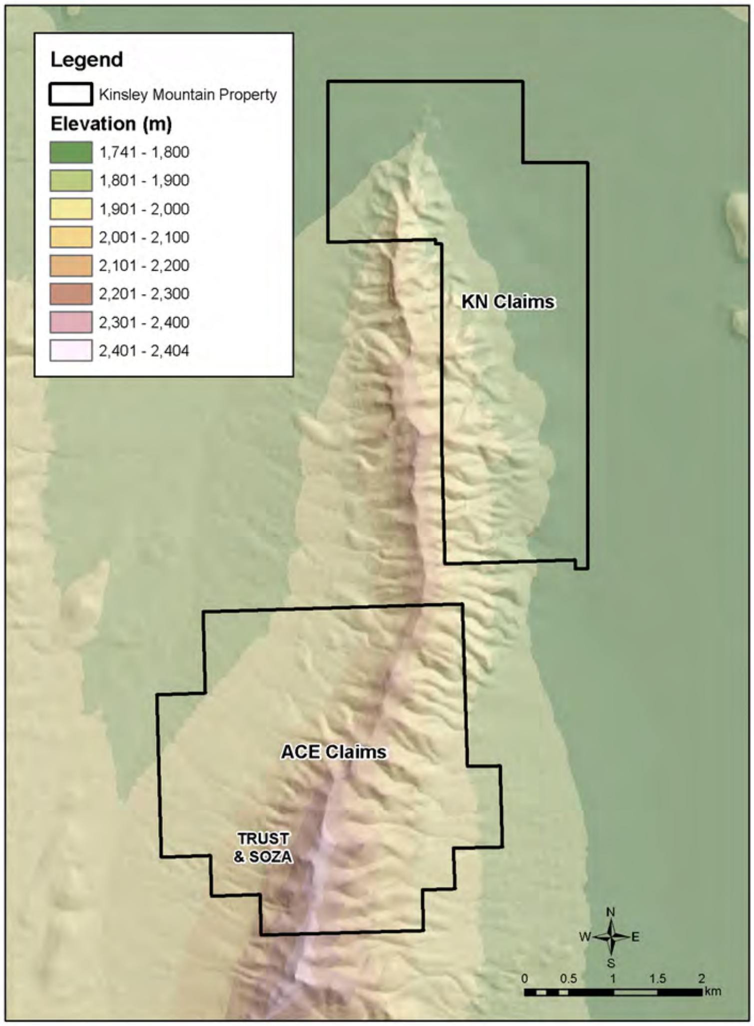
The lower slopes of the project are covered by grasses and sagebrush that progress up-slope to piñon and juniper woodlands typical of high-desert mountain vegetation in northeast Nevada. The majority of the Kinsley exploration activities to date have been conducted in disturbed areas at the former mine site along the eastern slope of the central part of the range. The previously explored and mined areas lie on moderate to steep slopes that require road construction to develop drill sites and access.

5.4 Local Resources and Infrastructure

Drilling contractors, heavy-equipment contractors, and field technical personnel to support continued exploration activities are all available from service companies and contractors in Elko, Ely, and West Wendover, Nevada. Should an economic gold deposit be delineated on the Kinsley project, experienced mining personnel and equipment suppliers are available in Salt Lake City and Elko, as well as elsewhere in Nevada.

The nearest major power grid is a 25 Kv distribution line located approximately 8.5 kilometers west-northwest of the Kinsley project near Boone Spring on Highway Alternate 93, which ultimately delivers electric power to the Victoria mine in the Dolly Varden Mountains approximately 27 kilometers northwest of Kinsley. The Griggs substation, a higher-voltage 69 Kv substation and line, is located near Lages Station, approximately 26 kilometers southwest of Kinsley. Power to the area is provided by Mt. Wheeler Power, a local electric power co-op headquartered in Ely, Nevada.

Figure 5.2 Physiographic Map of the Kinsley Property



Water for drilling at Kinsley is a rare commodity. An existing well, currently not operational and with ownership issues that currently preclude its use, is located just off the existing mine access road in Antelope Valley northeast of the reclaimed heap-leach pad. Otherwise, surface water is available through a local rancher from a reservoir located approximately 18 kilometers south of the project.

6.0 HISTORY

Silver-bearing lead-copper veins were discovered in 1862 at the southern tip of the Kinsley Mountains, which led to the organization of the Antelope mining district. After a lapse of several years, mining of the veins resumed in 1865 by George Kingsley, and the district was thereafter known as the Kinsley mining district. Mining activity took place within the district in 1886-87, 1909-14, 1917, and 1930. In the period from 1940 to 1945, a small amount of tungsten was mined on the east side of the Kinsley Mountains. In 1966, a marble quarry was developed and operated on the southwest slopes of the range.

Gold mineralization was discovered on the Kinsley property in 1984. Subsequent exploration activity is summarized below.

6.1 History of Exploration

6.1.1 USMX – 1984

In 1984, a geologist with U.S. Minerals Exploration Co. ("USMX") collected two samples from a large jasperoid outcrop in the area now known as the Main Zone. One of the samples returned 1.75 g Au/t. USMX staked 29 unpatented lode mining claims based upon their field observations and this anomalous rock geochemistry. In May of the same year, Cominco American Resources, Inc. ("Cominco") was invited by USMX to review and evaluate the area. Cominco's confirmation samples from the same area reportedly contained up to 1 g Au/t. In January 1985, Cominco entered into a joint venture agreement with USMX to explore the Kinsley property.

6.1.2 Cominco – 1985-1991

Cominco embarked on an extensive exploration program at Kinsley in 1985. During August and September 1985, Cominco undertook reconnaissance rock sampling and mapped all of the Kinsley Mountains at a scale of 1 inch = 2000 feet, with detailed geologic mapping at 1 inch = 400 feet carried out in the area where the first anomalous samples had been collected. In addition, soil samples were collected over the range. As a result of this work, Cominco staked all available land along the range later that year (Monroe *et al.,* 1988).

Cominco conducted extensive geochemical sampling on the Kinsley project, including gold and trace element geochemistry from: 421 rock-chip outcrop and road-cut samples; 1,186 claim corner, contour, and in-fill soil samples; and 151 stream-silt samples from the entire range. In addition, whole-rock geochemistry was completed on several mineralized and non-mineralized samples. Detailed sub-sampling studies were also conducted on multiple size fractions of mineralized material to determine whether a sufficient sample size was being collected to constitute a representative sample for analysis (Monroe *et al.,* 1988). These studies showed the variance in gold analyses at various size fractions to be remarkably low.

Cominco also completed X-ray diffraction, thin-section, and polished-section studies of Kinsley mineralized material. The results showed that gold in oxidized and silicified samples occurs as native particles from less than one micron up to 80 microns in size, with most particles in the three- to five-micron range. In general, gold occurs in close association with limonite, often along fractures or grain boundaries. Some native gold particles are contained in quartz. Several gold-bearing samples contained finely disseminated pyrite in addition to limonite. Cinnabar and stibnite were also identified (McLeod, 1987; Monroe *et al.*, 1988).

Cominco conducted induced polarization ("IP")/resistivity, ground magnetics, VLF, and CSAMT geophysical surveys for the purpose of exploring for large-scale, deep sulfide mineralization (see Section 6.2.1). Cominco also examined the available aeromagnetic data for the area. The IP/resistivity survey proved to be the most useful, effectively outlining both the Access and Main zones, while VLF and ground magnetic surveys were for the most part unproductive (Monroe *et al.*, 1988).

Based on data presently available, Cominco drilled about 432 reverse circulation ("RC"), conventional rotary, and core holes from 1986 through 1991.

6.1.3 Hecla – 1992

In 1992, Hecla Mining Company ("Hecla") optioned the property from Cominco, drilled about 64 RC exploration holes totaling 3,335 meters, and elected not to exercise the option agreement. Cominco then decreased the size of their original property position to encompass only the area containing their defined mineralization (see Section 6.3), with a sufficient buffer for operations.

6.1.4 Alta – 1994-1999

Alta optioned the property in 1993, drilled 25 holes, and purchased the Kinsley property in April 1994. Following a positive feasibility study by Kilborn Pacific Engineering Ltd. ("Kilborn"), Alta put the property into production in 1995.

The large Cominco database initially formed the basis for Alta's exploration program, and production took precedence over exploration. A great deal of Alta's exploration, outside of drilling, was focused south of the pit areas and included geologic mapping and a soil-sampling program that targeted the Candland Shale. The soil samples were collected on 30-meter by 30-meter grids over a two-year period. Soil anomalies were tested by drilling to determine the depth and areal extent of gold mineralization. Alta also conducted some rock-chip sampling, but put less emphasis on this type of work due to low-grade results and the general lack of exposure of the Candland Shale.

Alta drilled a total of 652 RC and 7 core holes at Kinsley.

Alta filed for bankruptcy in 1999, and the claims subsequently lapsed (Cowdery, 2007).

6.1.5 Nevada Sunrise – 2000-2012

Nevada Sunrise staked the open Kinsley property in 2000. A consulting geologist for Nevada Sunrise completed a geological interpretation of the property in 2003, which the authors have not seen, to identify exploration targets. Using proprietary procedures involving compilation of available public information and structural interpretation from digital topography, the consultant prepared a suite of maps with exploration target areas for Nevada Sunrise. Nevada Sunrise undertook property examination, rock-chip sampling, and review of the existing drill-hole database over the next decade, including compilation of records of unmined drill intercepts and deep drill intercepts of refractory mineralization. Nevada Sunrise has not drilled at the property.

6.1.6 Lateegra – 2002-2003

In late 2002, Lateegra Resources Corporation ("Lateegra") optioned the property from Nevada Sunrise. Lateegra recovered the Cominco IP/resistivity data from the IP survey completed in 1990 by Zonge Engineering and Research Organization ("Zonge Engineering") and had it reinterpreted by Dennis Woods (2002). Model results for the survey **a**re described as very broad and of low resolution because of the wide electrode and station arrays. Woods confirmed that the depth of the valley fill eliminates any exploration potential to the west beneath Kinsley Draw. The most important conclusion presented by Woods is that the oxide gold zones of the district are directly underlain by zones of anomalously high IP phase response. He interpreted these modeled deep chargeable zones as likely due to sulfide mineralization. The sulfide anomalies were modeled to be broader and more extensive than the surface oxide gold deposits. Woods recommended deep drilling beneath the main gold zones, examination of an IP anomaly located at surface along the eastern range front about one mile north of the leach pad, and the completion of a more extensive and higher resolution IP/resistivity survey to investigate the existing anomalous zones in greater detail. Based on the review of the technical data, Lateegra decided to continue its exploration into 2003 with an announced drilling program of 3,000 meters and contracted for the completion of a technical report (Cowdery, 2003). No drilling was ever undertaken by Lateegra at Kinsley, however, and the company dropped the project in 2003.

6.1.7 Pan American – 2004

In 2004, Pan American optioned the property from Nevada Sunrise, staked additional claims, completed magnetic and VLF surveys over the property, and drilled a fence of three RC holes totaling 863 meters to test for deep refractory gold mineralization. Although the location of this drilling is known, the results, as well as the results of the geophysical work, are currently not available to Pilot Gold.

At the end of 2004, Pan American withdrew from all of their optioned properties in the U.S., including Kinsley.

6.1.8 Animas – 2010-2011

Animas optioned the property from Nevada Sunrise in 2010 and conducted a surface exploration program that included geologic mapping, a soil-sample grid across the entire property, select rock-chip sampling, a gravity survey, drainage-sediment sampling in the mine area and other portions of the range, acquisition of data from an earlier aeromagnetic survey, and compilation of a geologic database from previous exploration and production programs (Christiansen and MacFarlane, 2010). Animas contracted geologists Bryan MacFarlane and Adam Gorecki to remap the property in 2010 (MacFarlane, 2010).

6.1.9 Pilot Gold – 2011

Pilot Gold acquired the Kinsley property in September 2011. The results of their exploration program are described in Section 9.0.

6.2 Discussion of the Results of Historic Exploration

6.2.1 Geophysical Surveys

Several geophysical surveys have been carried out over the property and surrounding areas over the last three decades, including IP/Resistivity, CSAMT, aeromagnetic, and gravity surveys. These surveys are described briefly below.

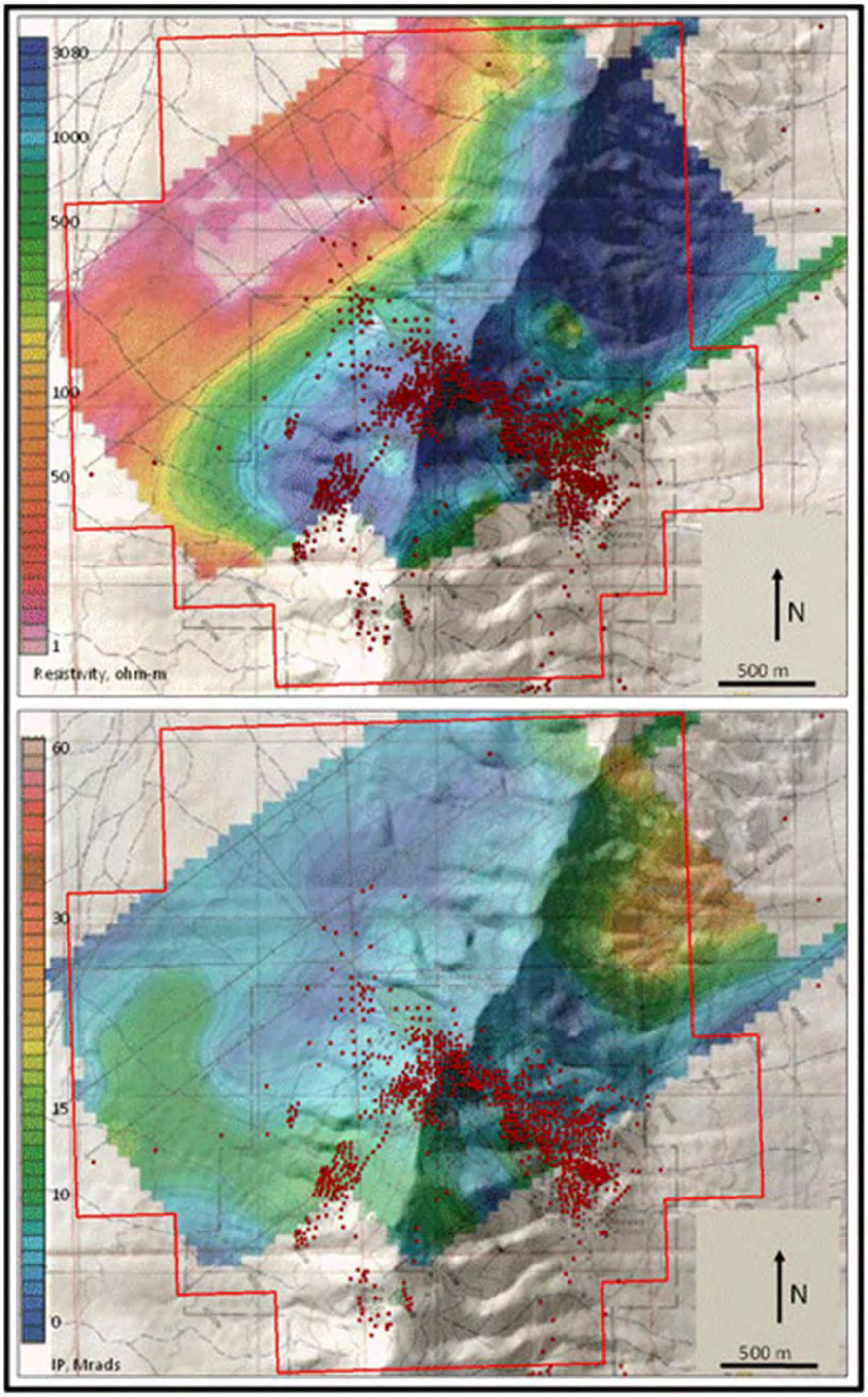
IP/resistivity (1990) - Cominco contracted with Zonge Engineering to perform an IP/resistivity survey on the Kinsley property (Figure 6.1). In general, this and other Cominco geophysical programs were configured to test for large-scale, deep sulfide mineralization. Two large chargeability zones were identified by the IP survey. In 2002, Lateegra reinterpreted the IP data, which suggested the presence of a deep zone of sulfide mineralization below the Main pit (see Figure 7.9 for location of Main pit).

CSAMT (1990) – Cominco conducted an in-house CSAMT survey using 500-foot (150-meter) spacing between soundings. Five 8,000-foot (2,400-meter) lines and one 4,000-foot (1,200-meter) line were completed. The southeasternmost line was located along the ridge to cross the upper mineral zones; parallel lines to the northwest mainly crossed the western pediment of the range and the covered area of Kinsley Draw. Two "high-quality, moderate-conductors" were interpreted. One of two deep holes drilled by Cominco was designed to test a coincident IP/CSAMT anomaly. Two zones of anomalous gold were intersected in this hole (K-425; Monroe, 1990). The depth to bedrock along the four northwesternmost lines was modeled to be in excess of 600 meters, effectively condemning the central Kinsley Draw from exploration consideration at that time.

Gravity (2010) – Animas contracted with Magee Geophysical Services to complete a gravity survey across the project area to identify new structures or areas of significant carbonate dissolution that could contain gold deposits similar to the Ridge and Upper deposits (Figure 6.2).

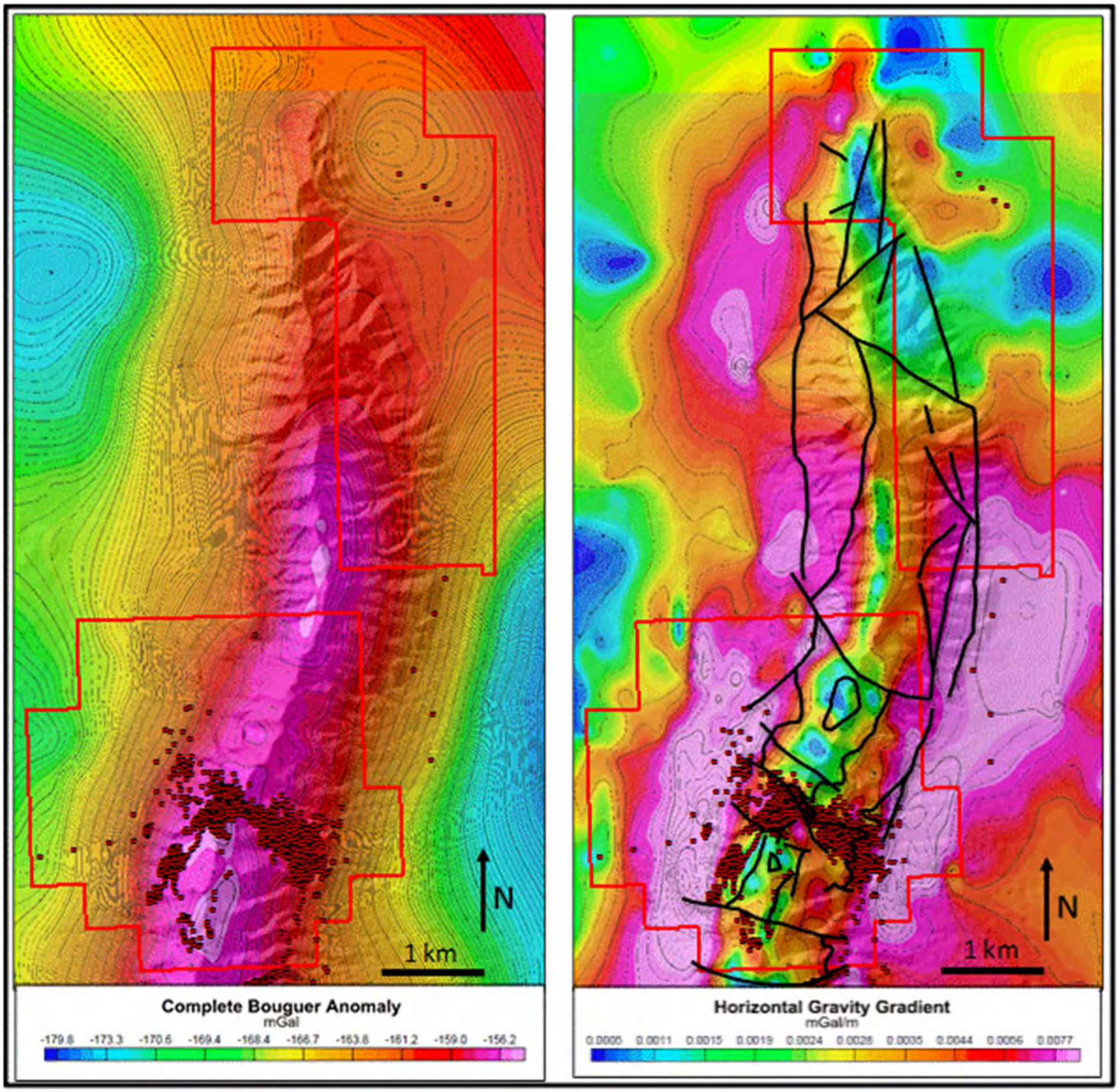
Gravity measurements were acquired at 389 locations on a 200-meter grid over the property, augmented by an additional 25 regional stations. Relative gravity measurements were made with LaCoste and Romberg Model-G gravity meters with a resolution of 0.01 mGal. Station coordinates and elevations were surveyed with a Trimble RTK GPS system with an XYZ accuracy of ± 10 centimeters relative to existing control. The topographic survey was tied to the existing National Geodetic Survey horizontal and vertical geodetic control points. Near-term terrain was estimated for a 10-meter radius around each station using clinometers. Additional terrain corrections to a distance of 167 kilometers were calculated using the 10-meter Digital Elevation Models ("DEMs") for the first 2,000 meters and 90-meter DEMs for the far zones.

Figure 6.1 Cominco IP Survey, Inverted, Showing "100-Foot to 400-Foot" Elevation
(From Woods, 2002)



Drill holes shown in red. Top: Resistivity. Bottom: IP. The Kinsley mine area is characterized by relatively high resistivity and low IP response, possibly due to oxidation of sulfide. The area of high IP response to the northeast may indicate an area of sulfide mineralization.

Figure 6.2 Animas Gravity Survey
(From Magee, 2010)



Claim boundaries and drill holes shown in red. Left: total bouguer gravity. Right: horizontal gradient gravity. Interpreted faults and airphoto linears shown. High gradient areas, shown in pink, may reflect faults. The NW-trending “Kinsley trend” through the mine area is clearly imaged.

The products delivered to Animas included the original field data and reduced data, as well as color-contoured registered map presentations of the Complete Bouguer Anomaly, first vertical derivative, and horizontal gravity gradient.

The gravity survey largely confirmed what was known from geological mapping – that the Kinsley Mountains are underlain by a thick sequence of dominantly carbonate strata flanked by two deep down-dropped basins containing thick accumulations of volcanic rock and alluvium. As summarized in Christensen and MacFarlane (2010), the gravity survey did not highlight significant deep structures or areas of carbonate dissolution. However, Pilot Gold believes that the horizontal gradient gravity map may be illustrating a number of important structures that require follow-up prospecting for gold mineralization.

Aeromagnetic Data (2010) – Animas purchased proprietary regional aeromagnetic data for the region surrounding Kinsley Mountain from GETECH of Denver, Colorado. This consists of 1,000-foot (305-meter) draped data acquired by PRJ Inc. of Lakewood, Colorado (now called EDCON-PRJ, Inc.) in 1987-1988 with a 1.5 by 1.5-mile (2.4 by 2.4-kilometer) traverse interval. The digital data were entered into the Animas GIS and integrated with other datasets.

No new information was gathered from this dataset. The Kinsley Mountains are underlain by Paleozoic carbonate units with low magnetic susceptibility. The range is flanked by Tertiary mafic volcanic extrusive rocks, and the basins are filled with Quaternary basin fill including tuffaceous material, all of which have higher magnetic susceptibility. The Tertiary quartz monzonite stock at the south end of the range is not characterized by a magnetic anomaly. The survey provides no evidence for magnetic intrusive rock at depth within the district or for widespread magnetite destructive alteration outboard from the district.

6.2.2 Geologic Mapping

Cominco, Alta, and Animas produced geologic maps of the project area. The geologic map and sections compiled by Animas in 2010 were the most complete and accessible for the claim block prior to Pilot Gold's efforts in 2011. Historical mapping has been largely superseded by maps produced by Pilot Gold.

6.2.3 Surface Geochemical Surveys

Both Cominco and Alta carried out extensive rock-chip and soil geochemical surveys on the southern claim block of the Kinsley property. These data have only partially been updated to a digital format with accurate sample locations. The 2010 sampling program by Animas represents the most complete and accurate digital dataset currently available and is summarized below.

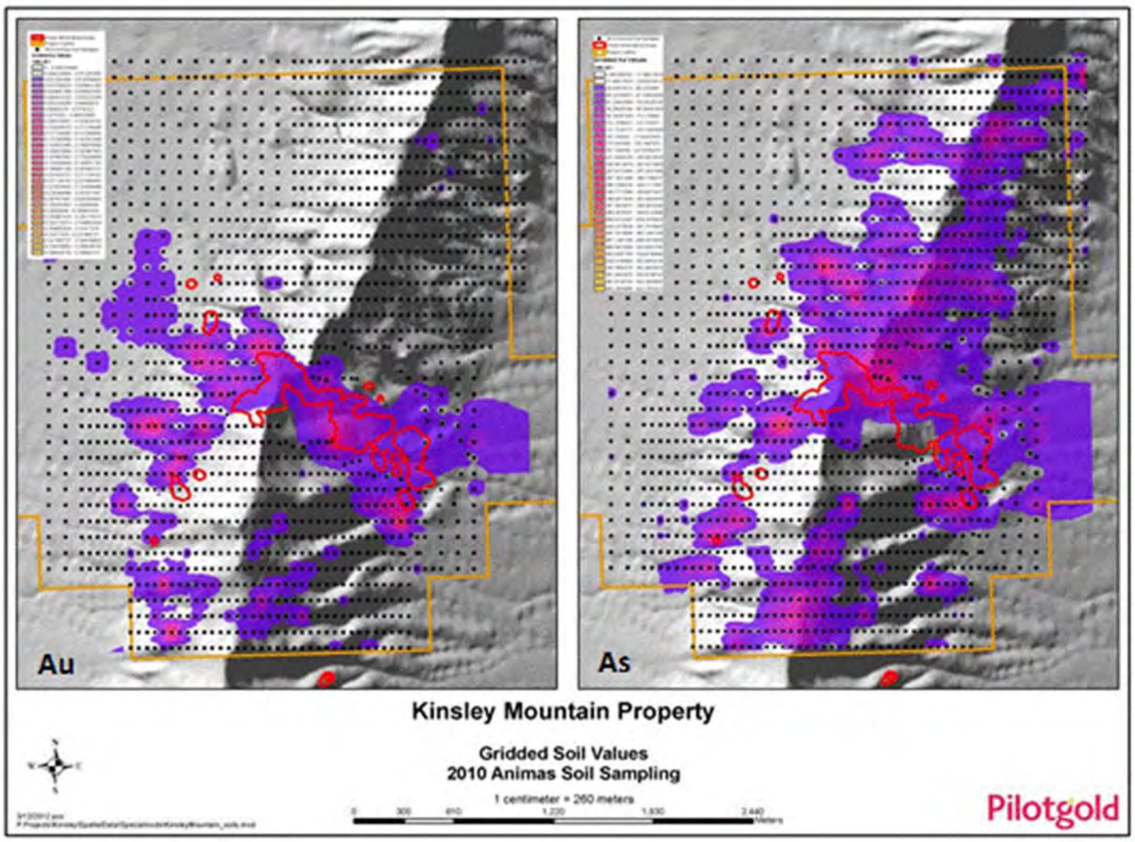
6.2.3.1 Soil Sampling

Animas contracted with North American Exploration of Kaysville, Utah to complete soil geochemical sampling over the Kinsley property in May 2010. Sample lines were oriented east-west at 100-meter spacing, with samples at 50-meter and 100-meter intervals. Soil samples were not collected where the surface was disturbed by mining activities. A total of 1,610 samples were collected. Animas geologists did spot checks in the field to confirm that soil pits were properly dug and located. Sample locations were determined using a hand-held GPS unit.

The multi-element soil geochemical data were examined by correlation and factor-analysis tests by Animas, who reported that the results suggest the strongest correlation with gold is tellurium. The results also show that pathfinder element associations characteristic of Carlin-type deposits, Au-Ag-As-Sb-Tl-Hg, are extremely low at Kinsley. Their gold factor is simply Au-Te; the base metal factor is Ag-Cd-In-Mg-Pb-Zn. However, this conclusion contrasts with geochemical data from drilling by Pilot Gold in 2011, which shows an Au-As-Tl-Sb correlation more typical of Carlin systems.

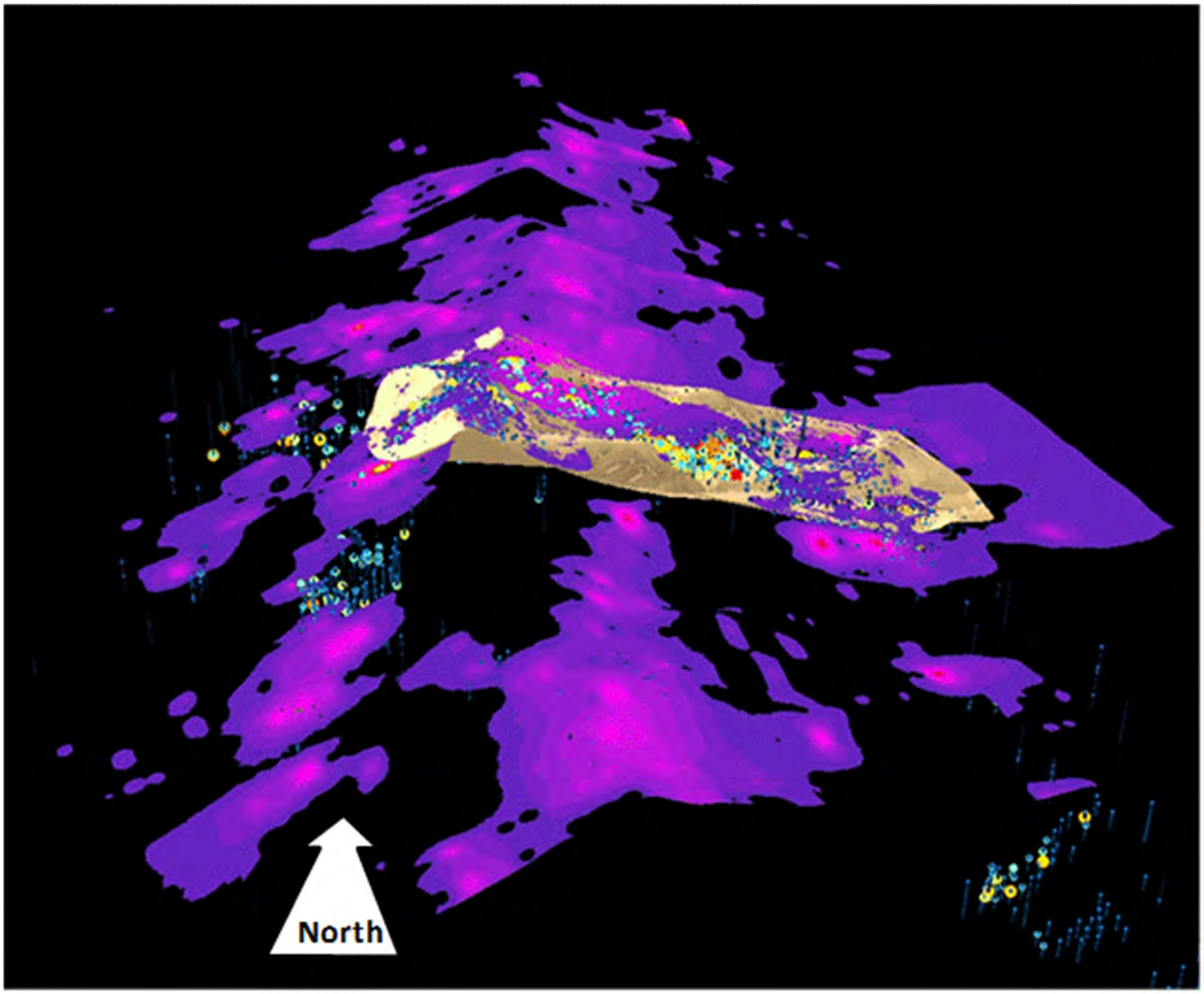
Gold in soil from the Animas database closely tracks areas of known mineralization, shown as red outlines in Figure 6.3, particularly in areas underlain by the Candland Shale and Big Horse Limestone, the main hosts for mineralization at Kinsley. Gold in soil is weak to the northeast in areas of outcropping Pogonip Group, which overlies the mineralized zones. Arsenic in soil shows a wider distribution and extends into the area underlain by the Pogonip Group. A three-dimensional view of gridded arsenic in soil draped on a DEM base is presented in Figure 6.4. In this view, oriented obliquely north-northeast along the range, northeast-trending linears are present, possibly representing leakage of mineralization along high-angle faults. These areas of anomalous geochemistry represent potential targets and will be investigated through mapping and prospecting in future exploration efforts.

Figure 6.3 Gridded Au and As Soil Geochemistry for the Southern Claim Block at Kinsley



Property boundary in orange; deposit outlines and areas of gold in drill intercepts shown in red outlines. Warmer colors are higher values. Gold geochemistry is strongly correlated with surface mineralization in the Candland Shale and Big Horse Limestone. As geochemistry shows a wider distribution, and extends northward into Pogonip Group cover rocks.

Figure 6.4 Oblique North-Northeast-Looking View of As Soil Anomalies



Area of mining is underlain by topographic base (shown as brownish gray). Drill assays are shown colored by grade (blue shades are low; red shades are high). Gridded arsenic color scale is identical to that in Figure 6.3. This view shows strong north-northeast-trending linear anomalies that may represent leakage of mineralization along structures.

6.2.3.2 Drainage-Sediment Geochemistry

Animas completed a program of drainage-sediment geochemistry covering the Kinsley Mountains in 2010. Samples were collected from all significant drainages along the range margins at the approximate limits of outcrop. Sample sites were located using air-photo images and recorded by hand-held GPS in WGS84 UTM coordinates. At each sample location, fine drainage sediment was collected from at least six sub-sites within the drainage. Notes included observations regarding nearby outcrops and potential sources of contamination or dilution.

A total of 76 samples were collected and submitted to ALS Minerals ("ALS") for preparation and analysis. Sample spacing was approximately 500 meters. Samples were not collected from the disturbed and mine-contaminated drainages in the area of past operations.

Multi-element drainage-sediment geochemistry was examined statistically for inter-element correlations. The strongest correlation with gold was reported to be bismuth. There are weaker associations between Au and Ce, La, Te, and Ag. Pathfinder-element associations characteristic of Carlin-type deposits (Au-Ag-As-Sb-Tl-Hg) were once again reported to be very low. The Au-Bi chemical association suggests gold mineralization may be intrusion-related (Christensen and MacFarlane, 2010).

6.2.3.3 Rock-Chip Geochemistry

While mapping the geology of the property, Animas geologists collected a suite of 68 rock-chip samples to chemically characterize lithologies, alteration, and structures within the district. All samples were described in detail. Sample locations were determined with hand-held GPS and are considered by Pilot Gold to be accurate to less than ±4 meters.

The rock samples are all select samples carefully collected to test a specific field occurrence; they are not a population of random samples as required for rigorous statistical testing. Gold is moderately correlative with As and Hg. There is a strong correlation with Bi-Te-W-(Cu-Mo-Pb-Zn). Spatially, gold in the rock samples is most concentrated in the central mine corridor, with scattered elevated values from gossans, silicified cave-fill, and jasperoid samples in the southern portion of the property. Higher arsenic values occur within the mine corridor and from Notch Peak and Candland samples from the southern portion of the property. All of the samples significantly enriched in Bi, Te, Cu, Pb, and Zn occur in the immediate contact zone of the quartz monzonite stock or north-northeast-striking dikes.

6.2.4 Historic Drilling

Cominco, Hecla, Alta, and Pan American completed drilling programs at the Kinsley project. Historical drilling campaigns are reviewed in more detail in Section 10.0.

6.3 Historic Mineral Resource and Reserve Estimates

Cominco and Alta both completed various estimates of the mineralized material at Kinsley. The estimates reported below are historic in nature and were prepared prior to the adoption of NI 43-101 reporting standards. Many of the estimates include material that was subsequently mined. This information is provided as part of the historic record. These historic "resources" and "reserves" are not considered to be current resources and reserves and therefore should not be relied upon. A qualified person has not done sufficient work to classify these historic estimates as current resources, and Pilot Gold is not treating these historic estimates as current mineral resources or mineral reserves. There are no current resources or reserves defined at the Kinsley project. Terms in quotation marks are as used by the original source and may not reflect current NI 43-101-compliant classifications; MDA has no information regarding how any of the historic estimates were categorized, and therefore can make no judgment as to the applicability of such categorizations to current NI 43-101 classification.

Cominco made two estimates of "ore reserves" in 1988 (Table 6.1), one using the section/polygonal method and one by computer using MedSystem® mining software of Mintec of Tucson, Arizona. These estimations were directed at delineating "reserves" for a "feasibility study" and early mining of the Kinsley deposits (Monroe *et al*., 1988). Each of the two estimates was completed independently so as to serve as a check on the accuracy of the other method. A preliminary "ore reserve" estimate was undertaken in the fall of 1987 to establish the potential size and grade of the Kinsley deposits based on drilling completed at spacings greater than 60 meters and is not included on Table 6.1 (Monroe *et al*., 1988).

Cominco's 1988 section/polygonal estimate was made for the Main, Upper, and Ridge zones. Mineral horizons were interpreted as blocks on cross sections drawn at 100-foot (31-meter) intervals, with north-south sections used for the Upper and Ridge zones, and east-west sections for the Main Zone. Each mineralized block was estimated using the following parameters:

- Rock density factor of 13 ft^3/ton (equivalent to an specific gravity of 2.46);
- 50-foot (15-meter) extrapolation of the zones forward and backward from the section;
- Areas for "indicated reserves" constrained to one-half the distance between holes, up to a maximum of 100 feet (30 meters), along the line of the section;
- Areas for "inferred reserves" were extrapolated to "reasonable geologic limits"; and
- Grade estimates for "inferred reserves" were based on the grades of the nearest drill holes.

Cominco's 1988 computer estimate included the Main, Upper, and Ridge zones. Economic variables were applied to a block model in order to delineate the most profitable pit (Mintec MedSystem dipper pits). The model used 20 x 20 x 20-foot blocks that were coded to geology and topography. Bench composites of the drill-hole gold assays were coded to the block geology and were used to interpolate block grades by inverse-distance to the third power. The grade of each model block was estimated using only those composites that match the geologic coding of that block. The geologic units coded to the model blocks were used to constrain the composites. The "dipper ore reserve" shown on Table 6.1 is considered a first-order estimate on the Mintec MedSystem program, in contrast to more detailed estimates called "stripper ore reserves" (Jones, 1994). The "dipper ore reserve" shown on Table 6.1 is taken from Cominco's report (Monroe *et al*., 1988).

A third Cominco estimate – a "minable stripper reserve" – did not appear in the Cominco report by Monroe *et al*. (1988) but was discussed in Alta's in-house feasibility report (Jones, 1994) and is shown on Table 6.1. Jones (1994) provided no further details on how this estimate was determined by Cominco, but indicated Cominco's mining plan was based on use of contract miners, which involved a high unit cost per ton mined.

Alta calculated a "minable reserve" for the Kinsley deposits after completing drilling during their option period from October 1993 to April 1994 (Jones, 1994) (Table 6.1, "Alta 06-1994"). A total of 100 holes drilled by Hecla and Alta were used in this estimate that were additional to the holes used in the Cominco estimates. The new data had delineated the West Ridge deposit, as well as allowed for the expansion of "reserves" on the margins of the Upper and Main deposits. Based on metallurgical testing by both Cominco and Alta, Alta used an overall recovery of 74% for this estimate. A density factor of 13 ft^3/ton was used for the estimate, although density measurements had indicated an average density of 12.5 ft^3/ton. Some voids had been encountered in the limestones, so a lower value of 13 ft^3/ton value was deemed reasonable. Jones (1994) reported that Alta applied mining and extraction costs derived from their Easy Junior gold mine in White Pine County, Nevada, which resulted in costs considerably lower than Cominco's estimates had been.

Table 6.1 List of Historic "Ore Reserve" Estimates

Date	Company	Type	Cutoff (oz Au/ton)	Tonnage (short tons)	Grade (oz Au/ton)	Contained Ounces Au	Estimated Recovery (% Au)	Strip Ratio
1988	Cominco cross sectional - polygonal	"geologic resource"	0.020	5,000,000[1]	0.048			
1988	Cominco-MedSystem	"dipper ore reserve"	0.020	3,020,000[1]	0.042			1.5:1
1988(?)	Cominco	"stripper ore reserve"		2,100,000[2]	0.048	100,800	70%	1.76:1
June 1994	Alta Gold	"stripper minable reserve"		3,504,031[2]	0.045	157,681	74%	2.75:1
Dec. 1994	Kilborn - Rothchild	"reserve"		3,488,748[3]	0.044	125,078	74%	2.75:1
July 1994	Alta Gold	"geologic reserves"	0.015	5,604,317[4]	0.039	218,568		
Mar. 1996	Alta Gold	"reserve estimate for designed ultimate pit"	0.014	3,383,000[5]	0.033	110,966		1.4:1
Mar. 1997	Alta Gold	"reserve estimate for designed ultimate pit"	0.012	1,914,000[6]	0.033	63,200		1.8:1

All terminology and units are as originally reported

Sources:
[1]Monroe *et al*., 1988
[2]Jones, 1994
[3]Draft December 1994 due diligence technical audit apparently by Rothchild Denver Inc.
[4]Alta Gold, 1994
[5]Chlumsky *et al*., 1996 - this estimate is for remaining reserves after production had begun.
[6]King *et al*., 1997 - this estimate is for remaining reserves after production had begun.

MDA reviewed what appears to be a draft due diligence technical audit dated December 1994 that apparently was produced by Rothchild Denver Inc. This audit cited the June 1994 "stripper minable reserve" listed on Table 6.1 but indicated "Kilborn reviewed the reserve evaluation alternatives at varying gold prices and found the final selection to be optimum based on the current data." The "actual figures used" for this reserve estimate are included on Table 6.1 as the Kilborn/Rothchild December 1994 estimate. There is no indication as to why this estimate is lower than Alta's June 1994 estimate that they also cite. Cowdery (2007) reported that Alta's estimate had been reviewed by Kilborn and Rothchild Denver Inc. and that both engineering companies had reduced Alta's estimate; this appears to refer to the draft due diligence technical audit.

A "geologic reserve" dated July 15, 1994 was included in the copy of the Alta (1994) report reviewed by the authors and is also included in Table 6.1 ("Alta 07-1994). No further details are known as to how this estimate was determined.

In March 1996, following the initiation of production, Pincock Allen & Holt ("PAH") conducted a reserve audit of Alta's properties, including Kinsley (Chlumsky *et al*., 1996). PAH accepted Alta's reserve estimate, which was based on the designed ultimate pit that included access, but noted PAH's own estimate exceeded Alta's somewhat in tonnage, ounces, and total tons. PAH accepted the Alta estimate because PAH's own estimate was "comparable to the Alta reserve..." PAH conducted a similar reserve audit a year later in March 1997 after production had continued to proceed at Kinsley (King *et al*., 1997). PAH again accepted Alta's reserve estimate, which was based on the designed ultimate pit, including access, but again noted that PAH's own estimate exceeded Alta's in tonnage and ounces.

At the end of production, an Alta mine geologist at Kinsley, who now works on the project with Pilot Gold, carried out a hand-calculated estimate of approximate "drill indicated resources" at Kinsley, including exploration targets (J. Robinson, written communication, 2012). The estimate included 785,808 tons averaging 0.037 oz Au/t for a total of 28,799 ounces from oxide mineralization on the main (northwest) trend and 590,022 tons averaging 0.024 oz Au/t for a total of 14,227 ounces from oxide mineralization in "off-trend" targets, mostly to the southwest. Sulfide/refractory mineralization on the main trend was estimated at 994,162 tons averaging 0.072 oz Au/t for a total of 71,904 ounces. These estimates are not included in Table 6.1.

6.4 Past Production

Based on Alta's annual 10K reports, Cowdery (2007) estimated that the Kinsley mine produced 134,777 ounces of gold from 1995 through 1999. However, he also notes that a 2004 Pan American press release said that the total past gold production was 138,151 ounces of gold (August 2, 2004 news release).

The mine produced oxidized disseminated gold ore from eight shallow open pits and treated the ore on heap-leach pads (see Figure 7.9 for pit locations). From topographically lowest to highest and from southeast to northwest, these pits are the Access, Lower Main, Emancipation, Main, Upper Main, Ridge, West Ridge, and Upper Pit. The mine closed when Alta declared bankruptcy during a period of very low gold prices.

Table 6.2, taken from Cowdery (2007), compares Alta's planned production with actual production. The mine produced more tons and ounces than planned, but at a lower grade. Estimated average recovery was close to that forecasted.

Table 6.2 Comparison of Planned and Actual Production from the Kinsley Mine

(After Cowdery, 2007)

Year	Planned[1]				Actual[2]			
	Tons to Pad	oz Au/ton	Au Recovery (%)	Au oz	Tons to Pad	oz Au/ton	Au Recovery (%)	Au oz
1994	193,753			2,949				
1995	1,344,599			51,502	1,267,660	0.0517	62.1	40,667
1996	1,419,299			43,650	1,853,196	0.0322	74.6	44,552
1997	705,871			23,910	1,588,000	0.0370	65.5	38,472
1998					9	0.0300		9,543
1999								1,543
Total or Average	3,663,522	0.045	74.0	122,011	4,708,865	0.0391	73.3	134,777[3]

[1]Planned data are taken from reports by Alta, Kilborn, and Rothchild.
[2]Actual data are taken from Alta's annual 10K reports for 1996, 1997, and 1998.
[3]A 2004 Pan American press release noted that the total past gold production was 138,151 ounces.

7.0 GEOLOGIC SETTING AND MINERALIZATION

7.1 Geologic Setting

7.1.1 Regional Geology

Most of northeastern Nevada is underlain by carbonate and siliciclastic rocks that record a passive continental margin setting throughout most of the Lower Paleozoic, transitioning to a more active continental margin from the mid-Paleozoic onward. A major east-trending crustal-scale fault of post-mid-Paleozoic age, known as the Wells fault, separates primarily platform and platform margin rocks on the south side of the fault (including the Kinsley Mountains) from platform margin and slope facies to the north. This separation suggests tens of kilometers of right-lateral offset across the fault (Thorman *et al*., 1991). In the Kinsley project area, Cambrian and Ordovician rocks record many cycles of sea-level rise and fall, with periods of low sea level marked by dolomite horizons and sheets of cross-bedded orthoquartzite.

To the north of the Wells fault, the Paleozoic section records the mid-Paleozoic Antler Orogeny, during which deeper-water siliciclastic rocks of the Roberts Mountains allochthon were emplaced over platform- and slope-facies rocks along the Roberts Mountains thrust fault. To the south of the Wells fault, the Antler Orogeny is manifested by thick accumulations of foreland-basin sediments of Early Mississippian age that were shed eastward off the Roberts Mountains allochthon.

In Jurassic time, rocks throughout northeastern Nevada and westernmost Utah were affected by the Elko Orogeny (Thorman, 1970; Thorman *et al*., 1991). The Elko Orogeny resulted in metamorphism and plastic deformation of primarily Lower Paleozoic strata over a large area. Manifestations include weak to strong, near-bedding-parallel foliation, northeast-trending folds, east-southeast-trending stretching lineations, and older-over-younger and younger-over-older layer-parallel faults (attenuation faults). The Elko Orogeny is presumed to be approximately coeval with Jurassic plutonism in eastern Nevada (Thorman *et al.*, 1991).

The Tertiary Period includes a number of episodes of extension in the Great Basin, including Eocene volcanism and normal faulting and mid-Tertiary low-angle listric normal faulting. The latter includes periods of "hyperextension" from approximately 33 to 14 Ma, including the formation and unroofing of the Ruby Mountains core complex, located approximately 110 kilometers to the west-northwest of Kinsley (Colgan, 2006). Rocks as young as 7 Ma in the eastern Great Basin are tilted up to 50° to the east, suggesting that low-angle normal faulting continued until fairly recently (Mueller *et al*., 1999). High-angle basin and range faulting, resulting in the familiar pattern of alternating mountain ranges and valleys, has continued to the present. Most ranges, including the Kinsley Mountains, are bounded by steep faults on one or both sides.

Gold occurrences in the eastern Great Basin are widely spaced and generally small; most appear to be of the sediment-hosted type that is more prolific and well documented in the Carlin and Cortez trends in the central Great Basin. Mineralization of this type was emplaced approximately 38 to 40 million years ago throughout the region, more or less coeval with two phases of felsic to intermediate volcanism. Gold is also associated with mid-Jurassic intrusions in the region, including some or all of the mineralization at Bald Mountain, located approximately 100 kilometers west of Kinsley.

7.1.2 Kinsley Mountains Geology

The Kinsley Mountains are underlain primarily by shelf and platform limestone, dolostone, and shale ranging from Middle Cambrian to Late Ordovician in age. On a regional scale, strata become younger to the north. A low-angle fault locally juxtaposes this sequence with overlying quartzite and dolostone suspected to be Late Ordovician to Silurian in age (Figure 7.1).

A quartz monzonite stock, dated 33.4 to 35 Ma (Robinson, 2005), intruded Cambrian strata in the southern portion of the Kinsley Mountains. Local zones of skarn, marble, and other contact metamorphism occur along the contact of the stock with enclosing limestones. Historic production of silver, lead, and tungsten occurred from small mines located at or near these contact zones. Felsic dikes are common in the vicinity of the stock.

A volcanic sequence that includes andesite, latite, ignimbrites, and pumice crops out in the southeastern end of the Kinsley Mountains. These rocks are interpreted to be part of an extensive Late Oligocene volcanic sequence that is exposed in the northern Antelope Range. Scattered andesite outcrops also occur in valleys and low elevations on the ridge near the slope-breaks along both the east and west side of the Kinsley Mountains.

Strata were subject to ductile contractional deformation in mid-Mesozoic time, as well as Tertiary low- and high-angle normal faulting. There are low-angle faults bounding most major lithologic breaks, in some cases cutting out entire formations. High-angle faults trend north to northeast and are cut by northwest-trending faults.

7.1.3 Property Geology

The following descriptions are derived primarily from the mapping study completed by Hannink (2011), which built upon earlier efforts by Alta and Animas, and from Cominco data (Monroe *et al.*, 1988). No formal study of the stratigraphy of the Kinsley Mountains has been done since the 1960s, so there are some inconsistencies in the stratigraphic nomenclature used in exploration reports. In addition, this portion of the eastern Great Basin has not been mapped in detail by the government or other publically available sources.

7.1.3.1 Lithologic Descriptions

In general, the stratigraphic sequence in the Kinsley Mountains dips gently northward, becomes younger from south to north, and ranges from Middle Cambrian to possibly Silurian in age. From oldest to youngest, stratigraphic units include: (1) an unnamed Cambrian sequence of siltstone and limestone; (2) Middle Cambrian Lamb Dolomite; (3) Middle Cambrian Big Horse Limestone; (4) Middle Cambrian Candland Shale and Windfall Limestone; (5) Upper Cambrian Notch Peak Formation, divisible into a lower limestone and an upper dolomite unit; (6) Lower Ordovician Pogonip Group; (7) Upper Ordovician Eureka Quartzite (possibly Lower Ordovician Kanosh Quartzite); and (8) Silurian Fish Haven Dolomite, which is possibly part of the upper Pogonip Group (Figure 7.2).

Figure 7.1 Geology of the Kinsley Mountains

(Geology compiled by M. Smith from various reports, mapping by R. Hannink (2011), air photos, satellite photos, DEM images, and drill data.)

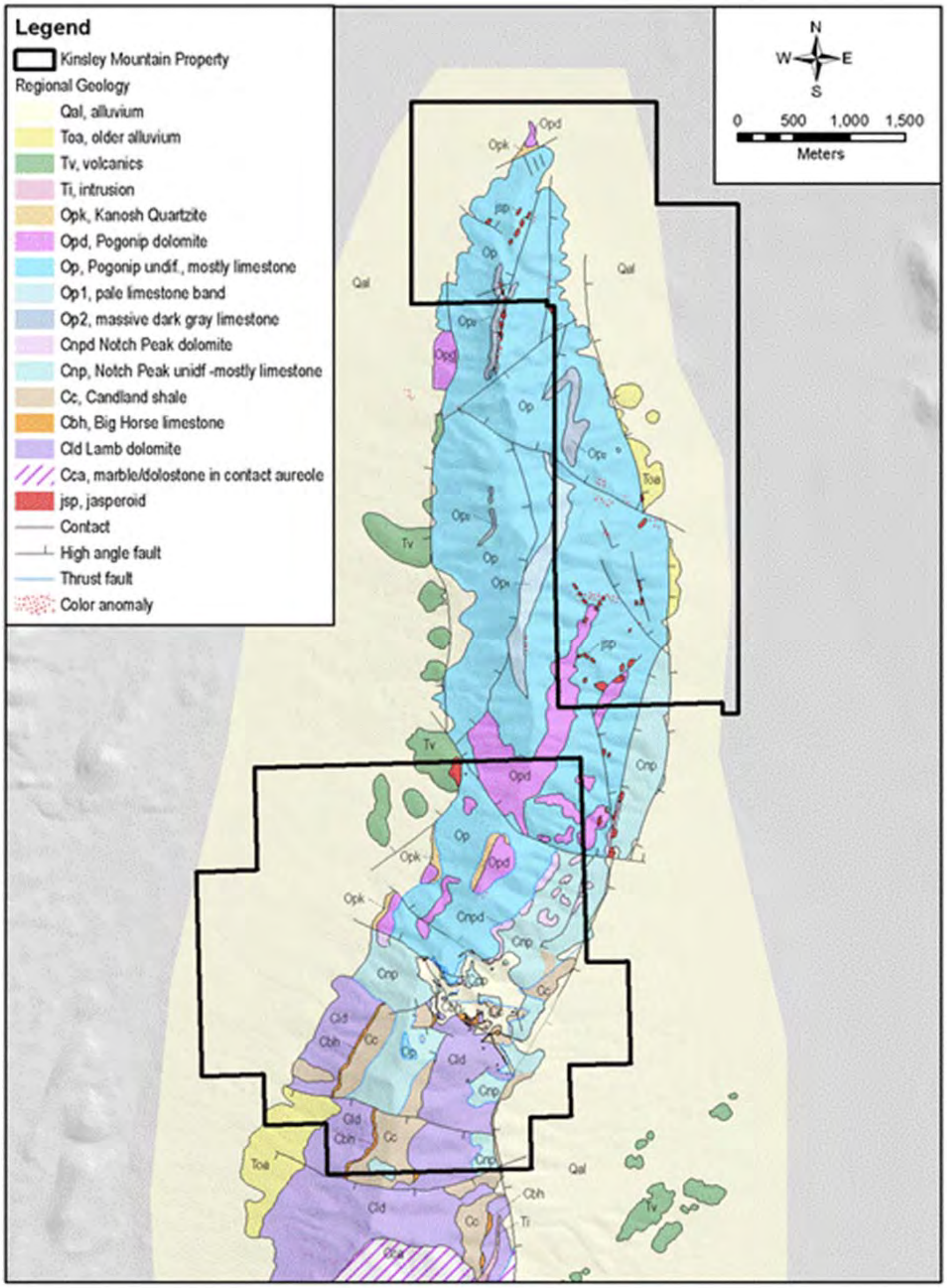
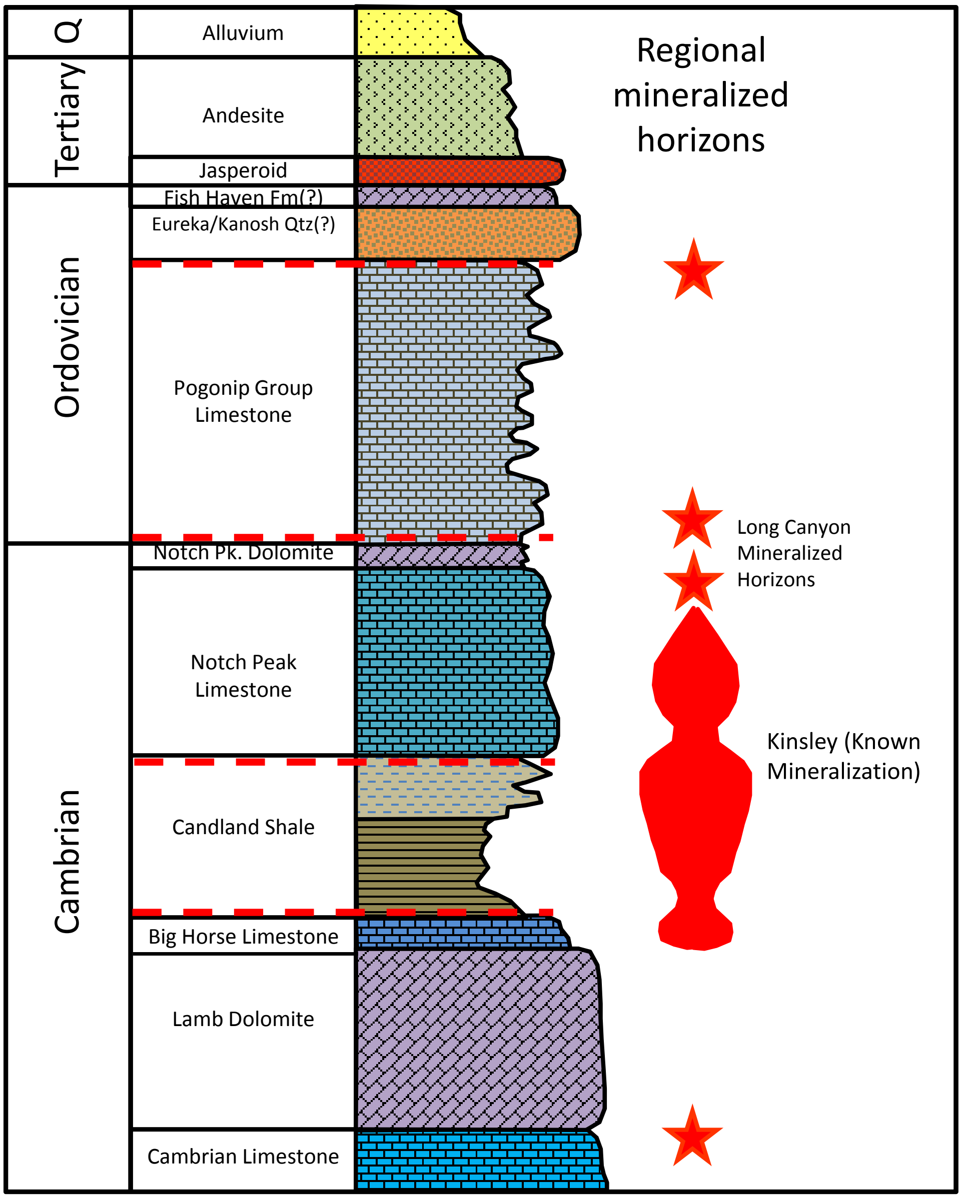


Figure 7.2 Stratigraphy of the Kinsley Mountains
(After MacFarlane, 2010)



Significant formation-bounding faults are shown in red and cut out substantial portions of the stratigraphy in some locations. The assignments of the Eureka Quartzite and Fish Haven Dolomite are uncertain; they may represent the Ordovician Kanosh Quartzite and an unnamed dolomite that lies above it.

The stratigraphic units listed above are present over wide areas of eastern Nevada and western Utah. As a result, different formation names have been applied to units that are age and facies equivalent. The Candland Shale is also known as the Dunderberg Shale, a name employed by both Hecla and Alta at Kinsley. The name “Candland Shale” is adopted in this report, given the similarity between strata at Kinsley and strata assigned to the Candland Shale in the Pequop Range. Similarly, the name Windfall Formation has been applied to limy strata in the upper part of the Candland Shale. Due to the extreme tectonic dismemberment of the Candland Shale in the Kinsley mine area, Pilot Gold has adopted the name "Candland Shale" for all strata between the Big Horse Limestone and Notch Peak Formation. Assignment of the Eureka Quartzite and Fish Haven Dolomite is uncertain, as they are present in the Kinsley Mountains only as small, fault-bounded slivers. It is possible that this section represents the Kanosh Quartzite and overlying dolomite in the middle Pogonip Group as seen in the Pequop Range (Smith *et al*., 2010). The Fish Haven Dolomite has also been assigned to the Hansen Creek Dolomite in some reports, although the equivalent unit in adjacent ranges are in fact referred to as the Fish Haven Dolomite.

Low-angle faults bound most major contacts. While thick, massive units such as the Lamb Dolomite are largely unaffected, weaker units such as the Candland Shale and lower Pogonip Group are strongly deformed, with extreme changes in thickness, no consistent internal stratigraphy, and ductile to brittle deformation.

Cambrian Stratigraphy

Unnamed Cambrian Limestone (Cl) – This is a massive, medium-grained, gray to dark gray limestone with local smell of sulfur, fossil hash (0-10%), and chert stringers parallel to bedding (0-25%). Bedding thickness ranges from five centimeters to one meter, with great variation. Carbonaceous stylolites are common. The upper contact with the Lamb Dolomite is transitional over five meters, with limestone progressively thinner bedded and darker in color toward the contact. The lower contact is not exposed in the Kinsley Mountains.

Lamb Dolomite (Cld) – The Lamb Dolomite is generally a light to medium gray, massive, cliff-forming dolomite. The prominent cliffs to west of the Main Zone are typical of the Lamb Dolomite outcrop pattern. The lower Lamb Dolomite consists of massive, dark gray, medium- to coarse-grained, occasionally stromatolitic, occasionally oolitic dolomite. The lower units are somewhat limy and locally appear to grade into the underlying Unnamed Cambrian Limestone. Both the lower and upper contacts are gradational. Dolostone beds range from 10 to 50 centimeters but can also be massive with the orientation of bedding difficult to determine. In some drill holes, dolostone beds are interbedded on a centimeter-scale with limestone, and zebra textures are observed locally. In the Main Zone, the upper three to four meters of the Lamb are often silicified and locally mineralized. Limited drilling suggests that the Lamb Dolomite averages approximately 80 meters in thickness.

Big Horse Limestone (Cbh) – The Big Horse is a thinly bedded, dirty, gray, fossiliferous limestone varying from 0 to over 15 meters thick. Thickness changes are likely due to ductile deformation. This unit is commonly converted to a bedding-replacement (non-destructive) jasperoid that preserves primary structures. A wavy, undulating surface along argillaceous partings makes silicified Big Horse easily distinguishable from silicified Lamb Dolomite. Individual beds are one to three centimeters thick with local shale interbeds less than one-centimeter thick. The upper contact with the Candland Shale is strongly sheared in most locations. Where silicified and altered to jasperoid, the Big Horse Limestone is an important host of mineralization at Kinsley.

Candland Shale (Dunderberg Shale) (Cc) – The Candland Shale consists primarily of an olive-brown, tan-weathering, thinly bedded, moderately to strongly fissile siltstone that ranges from weakly to strongly calcareous with interbeds of medium to dark gray to black limestone beds ranging from two centimeters to one meter in thickness. The limestone is fossiliferous with abundant disarticulated trilobites and crinoid stems that generally occur in discontinuous lenses.

In the upper (?) part of the Candland Shale, a distinctive unit consisting of shale with limestone-filled burrows (?) or nodules is sometimes present. The shale can display a weak to strong cleavage at a low to moderate angle to bedding. The unit preferentially weathers, sometimes exposing ribs of limestone interbeds, but commonly slopes have no exposure. In areas of bedding-parallel shearing, boudins of both limestone and dolostone occur. The lower contact appears to be gradational into the Big Horse Limestone, although it is normally strongly sheared. The upper contact also appears to be gradational (increase in limestone compared to shale) but is strongly sheared where exposed in the pits.

The Candland Shale ranges from absent to over 100 meters in thickness, commonly ranging from 20 to 30 meters thick. The extreme range in thickness is attributed to deformation and low-angle faulting along its contacts and internal to the unit. No attempt is made to define a stratigraphic sequence in this unit. The Candland Shale is the major host of mineralization in the Main pit area.

Notch Peak Limestone (Cnpl) – The Notch Peak Limestone consists largely of thin- to medium-bedded, dark-gray limestone with local fossil hash (up to 50%), black chert nodules, and wavy silt laminations and thin beds. Silt beds are often tan or pink in color. Stylolites are common. The lower contact is gradational with the Candland Shale but is commonly faulted. The upper contact is sharp against the overlying Notch Peak Dolomite or faulted against the Pogonip Group. The Notch Peak Limestone is up to 200 meters thick in the mine area, but varies in thickness, probably due to low-angle faulting. No attempt has been made, to date, to elucidate the internal stratigraphy of the unit. The unit is massive and resistant in outcrop.

Notch Peak Dolomite (Zebra Dolomite) (Cnpd) – The Notch Peak Dolomite is a moderate to dark gray, coarse-grained dolostone with chert stringers parallel to bedding. Zebra banding occurs locally. The white bands in zebra-altered portions of the unit vary from dolomite to quartz and calcite locally. Bedding thickness ranges from 5 to 15 centimeters. The upper contact is locally sheared by a low-angle structure at the Pogonip contact. The Notch Peak dolomite is up to 20 meters thick in some areas and is absent in others, probably as a result of Mesozoic deformation and Tertiary low-angle normal faulting. The Notch Peak Dolomite is much thinner and discontinuous in the Kinsley Mountains compared to the same unit in the Pequop Mountains to the north, where it averages approximately 80 meters in thickness (Smith *et al*., 2010).

Ordovician Stratigraphy

Pogonip Group (Opl; Opd) – The Pogonip Group in the mine area consists primarily of bedded, gray, medium-grained, fossiliferous limestone and limy siltstone with bedded chert. Individual beds range from 1 millimeter to 25 centimeters in thickness and consist primarily of bedded limestone, but flat-pebble conglomerate, cross-bedded carbonate sand, and grading-upward sequences of carbonate sand and mud are present as well. Discontinuous lenses of dark gray dolomite are also present locally. There is a series of low-angle and bedding-parallel structures cutting through this unit that have removed unknown amounts of stratigraphy. In the mine area, the Pogonip Group is generally separated from the Notch Peak Formation by a low-angle fault. Outcrops of the Pogonip Group in the mine area are moderately recessive and tan weathering. The internal stratigraphy of the Pogonip Group in the Kinsley area has not been established as of the date of this report.

Eureka Quartzite (?) – A pure, white, massively-bedded to cross-bedded, cliff-forming orthoquartzite unit is present locally at higher elevations, along the west side of the range, and at the northern tip of the range. This unit is in fault contact with the Pogonip Group along a low-angle, west-dipping fault in all locations. This quartzite unit is tentatively correlated with the Eureka Quartzite but may also represent a quartzite unit internal to the Pogonip Group (Kanosh Quartzite). Due to faulting, the thickness of this unit in the Kinsley Mountains is not known, but it appears to be generally less than 10 meters thick. It is gradational through dolomitic quartzite into the overlying dolomite unit.

Fish Haven Dolomite (?) – A unit consisting of dark gray to black dolostone with black chert stringers parallel to bedding and areas of sandy dolomite overlies the Eureka (?) quartzite locally. Individual beds range from 2 to 10 centimeters. The lower contact with the Eureka Quartzite is conformable over five meters, with interbeds of sandy black dolostone and cross-bedded, clean, white, non-calcareous quartzite. The upper contact is not exposed. The dolomite unit has been correlated with the Silurian Fish Haven Dolomite and the Ordovician Hansen Creek Dolomite, but it may also represent a dolomite unit overlying the Kanosh Quartzite as seen in the Pogonip Group in the Long Canyon area.

Tertiary Igneous Rocks

Quartz Monzonite dikes and/or sills – A number of clay- and/or chlorite-altered felsic dikes and sills are evident in drill core and chips. They are very recessively weathered and are rarely encountered in surface mapping. The dikes and sills appear to radiate northward from a stock at the south end of the range. Unaltered dikes are coarsely crystalline and composed of 50% phenocrysts and 50% matrix. Phenocrysts consist of approximately 70% feldspar, 25% biotite, and 5% quartz. Dikes are weakly magnetic (<1% magnetite) and can be highly calcareous. Armstrong (1964) dated the stock at 33 to 40 Ma.

Andesite – Outcrops of maroon-colored, fine-grained ash-fall tuff are present along the east and west margins of the range in pediment areas. Tuff is dominated by a fine ash matrix but can have white feldspar crystals and biotite crystals up to three millimeters in length, pumice clasts, and lapilli. The andesite is readily altered to clay by weathering. Where solid outcrop exists, layering (bedding?) strikes roughly north-south and dips gently to the west. Drill data indicate that the valleys on each side of the range locally include volcanic rocks up to at least 100 meters in thickness, although the total thickness of the sequence has not been determined.

Quaternary

Alluvium – Alluvial deposits cover low-elevation areas in basins up to the mountain fronts. At least two generations of alluvium appear to be present: older alluvium found on raised terraces along the mountain front and younger alluvium basin-ward of the elevated areas. Alluvial deposits grade basin-ward into lacustrine deposits near the center of Antelope Valley to the east of the Kinsley Mountains.

7.1.3.2 Structural Geology

The structural history of the Kinsley area is complex and has been elucidated primarily through geological mapping, examination of drill core, and application of regional studies. There is evidence for at least three deformational events in the project area, including: contractional ductile deformation believed to be related to the mid-Jurassic Elko Orogeny; mid-Tertiary extension, manifested primarily by low-angle normal faults; and late Tertiary high-angle basin and range faulting.

Mesozoic contractional deformation – Silty and shaly strata throughout the project area, particularly in the Candland Shale, are locally strongly sheared, stretched, and foliated, with foliation roughly parallel to bedding (bedding may be transposed). Boudinage is present on a centimeter scale, particularly in silicified limestone beds enclosed in shale (Figure 7.3). Flattening of sand-filled burrows and limestone nodules in the Candland Shale is also evident. Rare isoclinal folds of limestone beds with associated bedding-parallel foliation in the Candland Shale have been noted in core.

On a more regional scale, low-angle attenuation faulting is suspected along some contacts, such as the Notch Peak-Pogonip contact, where the Notch Peak Dolomite is present as intermittent lenses, and the Candland Shale-Lamb Dolomite contact area, where the Big Horse Limestone is absent in some areas. A mylonitic fabric with top-to-the-east kinematic indicators is developed locally along the Candland Shale-Notch Peak Limestone contact. This fabric may be related to Mesozoic deformation, as it differs from the brittle fabrics associated with Tertiary normal faulting.

A second foliation, consisting of a slaty to phyllitic cleavage at moderate angles to bedding and the first foliation, is locally present in the Candland Shale (Figure 7.4).

Of particular interest at Kinsley is whether boudinage is present on a large scale, as is seen at Long Canyon, a gold deposit located about 90 kilometers north of Kinsley. At Long Canyon, boudinage of an 80-meter-thick dolomite horizon exerts a first-order control on distribution of gold mineralization, with mineralization focused in boudin necks and cracks in the dolomite (Smith *et al.*, 2010). The Lamb Dolomite represents a similar environment for boudinage on a large scale, if present at Kinsley. This possibility will be tested by deeper drilling in the future.

Figure 7.3 Examples of Early, Mesozoic Ductile Deformation

Left: foliated Candland Shale with boudinage of silicified limestone layer. Right: Isoclinal folds in limestone layer in the Candland Shale, with foliation developed in enclosing shale. Note rootless isocline at left of photo. HQ core.

Figure 7.4 Example of Second Mesozoic Foliation

Weakly developed phyllitic cleavage (darkest gray areas) superimposed over foliated and boudinaged Candland Shale (HQ core).

Tertiary extensional deformation – Two or more episodes of Tertiary high- and low-angle normal faulting and local wrench faulting followed contractional deformation.

Low-angle normal faults are located along most major contacts, most notably at the bases of the Eureka Quartzite (?), Pogonip Group, and Notch Peak Limestone. These faults appear to divide the stratigraphic sequence into four distinct domains, as shown in cross-sections in Figure 7.5.

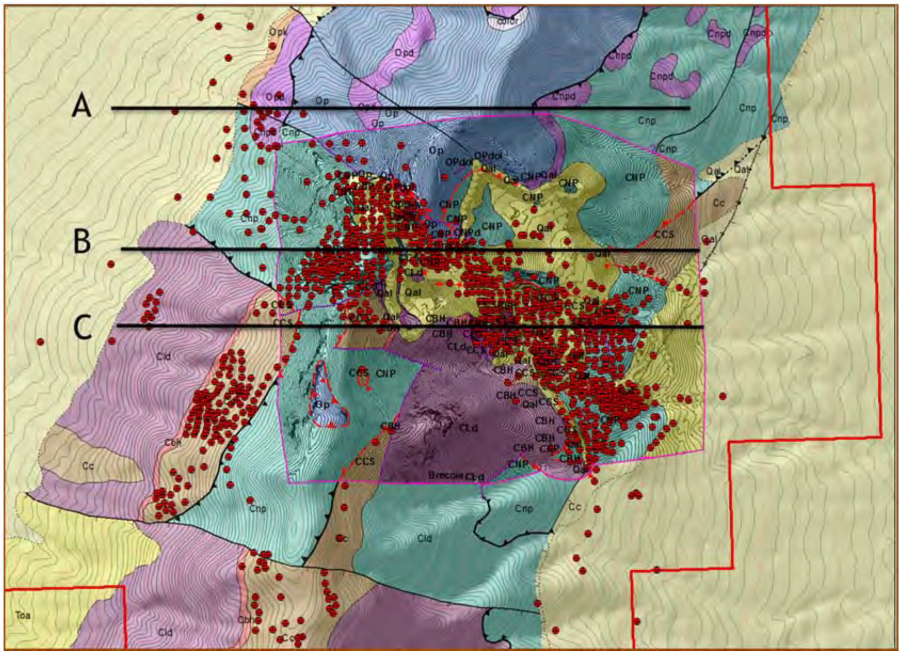
The domains include a lower plate (Cls, Cld, Cbhl, and Cc) overlain by a plate consisting of the Notch Peak Formation (Figure 7.6), another consisting of the Pogonip Group, and an upper plate consisting of the Eureka Quartzite (?) and associated dolomite. Stratigraphic units pinch, swell, and disappear along these faults. The Kinsley Mountains appear to form the core of a broad, gently north-plunging anticline on a kilometer scale. The low-angle fault between the Notch Peak Formation and the underlying units appears to thin the Candland Shale over the crest of this anticline. Low-angle normal faults are characterized by zones of sheared rock up to 10 or more meters thick and are best developed in silty rocks. Within the sheared zones, lenses of limestone are often present (Figure 7.6).

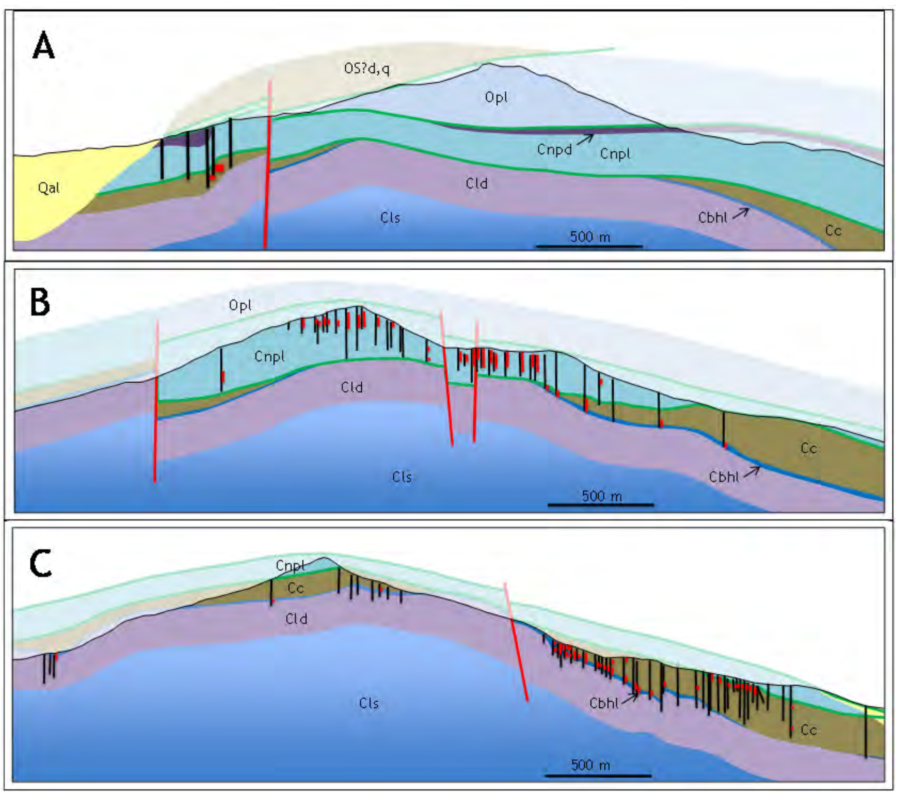
High-angle faults show mainly normal displacement and generally strike north to north-northeast. Some high-angle faults in the Notch Peak Formation appear to exhibit listric geometry and sole into lower-angle structures in the Candland Shale, while others cut the low-angle faults, suggesting a protracted history of high-angle faulting. Most faults exhibit less than 10 meters of vertical displacement. These faults may have played a role in the emplacement of gold at Kinsley, as they are numerous in the pit areas. Faults that extend north of the pits on the east side of the range commonly host jasperoid lenses.

A second set of high-angle faults that strike northwest appear to be spaced at regular intervals along the Kinsley Mountains. The timing of these faults relative to other Tertiary faults and their role in mineralization are unclear at this time, although there is a spatial correlation between a prominent northwest-trending fault system and mineralization at Kinsley. Robinson (2005) believed that this system, called the Kinsley trend, is a right-lateral wrench fault system with significant displacement and was integral to localizing mineralization in this northwest-trending corridor. However, mapping and three-dimensional modeling undertaken by Pilot Gold, while confirming the existence of northwest-trending faults, has not been able to clearly establish a direct link between the faults and mineralization.

The Kinsley Mountains appear to be bounded on both sides by high-angle faults related to Basin and Range tectonics. One of these faults on the east side of the range appears to have been active fairly recently, based on the interpretation of offset of alluvial terraces.

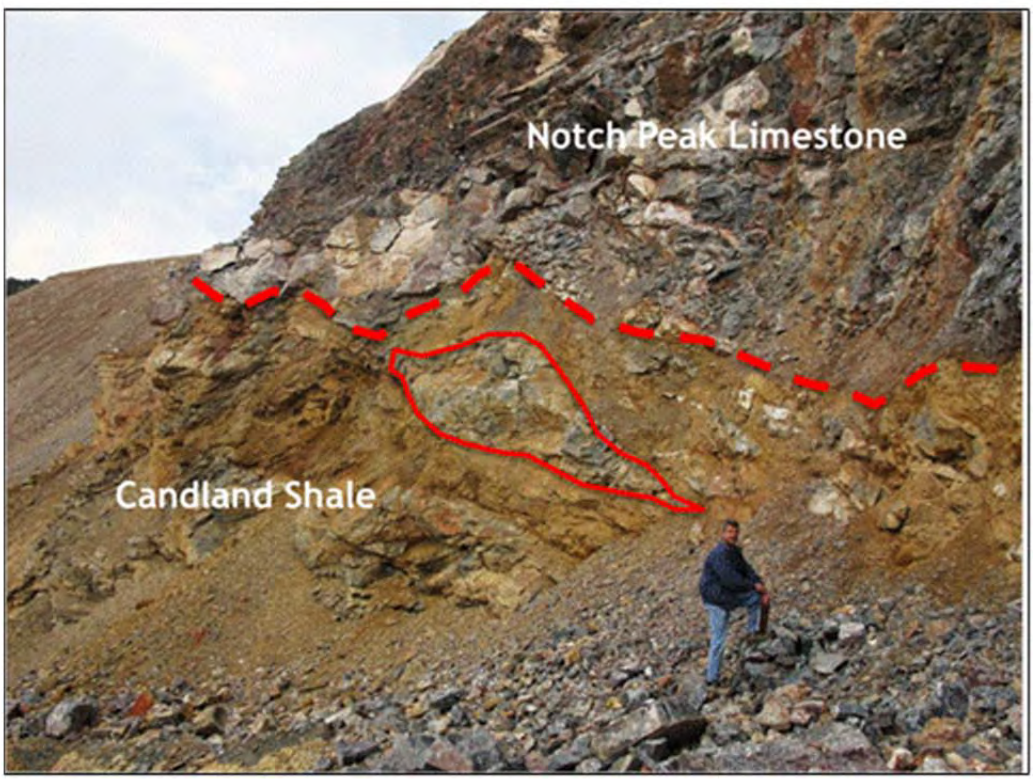
Figure 7.5 Regional Cross Sections through the Kinsley Mine Area





Green lines are interpreted low-angle normal faults.

Figure 7.6 Low-Angle Normal Fault at the Base of the Notch Peak Formation



Top: view to the north-northeast in the Main pit. The Notch Peak Formation (gray unit) overlies the Candland Shale (brown) along a low-angle fault. Bottom: detail of the fault. Note limestone lens within sheared shale. The contact is undulatory and has been further modified by small high-angle faults.

7.1.3.3 Breccias

Breccias at Kinsley are associated with brittle faults and dissolution cavity collapse. Examples of the latter are well developed within the relatively massive Notch Peak Limestone in the Upper and Ridge pit areas and comprise a significant host of mineralization in this area. Cavities are irregular in form and filled with angular clasts derived from ceiling collapse, as well as finer-grained laminated cave-fill sediments (Figure 7.7). Cement consists of calcite and/or silica.

Figure 7.7 Silicified Cave-Fill Breccia in Upper Pit

Note laminated geopetal fill draped over large limestone clasts in center of photo.

Silicified and mineralized dissolution breccias in the Upper pit area appear to be localized along steep, north- to northwest-trending fractures or faults. However, the mineralized zone as a whole appears to be relatively flat and tabular overall, based on the distribution of pre-mining drill intercepts.

7.1.3.4 Alteration

Alteration types observed to date at Kinsley are typical of those observed elsewhere in northeast Nevada in association with Carlin-type sediment-hosted gold deposits and include: early (pre-mineralization?) dolomitization; syn-mineralization silicification and jasperoid development, pyritization (discussed in the mineralization section below), decalcification, calcite veining; and post-mineralization oxidation (limonite and hematite).

<u>Dolomitization</u> – Dolomitization is evident locally, primarily in association with dolomite units including the Lamb Dolomite and the Notch Peak Dolomite. Dolomitization is recognized by a distinctive dark gray, medium gray, and white banding (zebra dolomite) on a 0.5- to 1-centimeter scale. It appears to pre-date mineralization. Dolomitized rocks contain ferroan dolomite and increased porosity

and elsewhere constitute a host for gold mineralization. Dolomitized rocks do not appear to host mineralization at Kinsley.

Silicification – Silicification is manifested by the replacement of carbonate by silica and occurs primarily, but not exclusively, in two distinct locations and styles in the mine area: a) jasperoid replacement of beds, primarily in the Big Horse Limestone; and b) silicification of karst breccia and cave-fill sediments, primarily in the Notch Peak Limestone.

Jasperoid is typically gray to red or tan, variably brecciated, and locally associated with quartz veining. Jasperoid occurs in zones or lenses up to a few meters wide consisting of massive or "net-textured" silica after limestone and ranges from pale- to medium-gray and very fine grained to dark-reddish brown and grainy (Figure 7.8). The latter type locally contains vugs with linings of white drusy quartz. In a few drill holes, silica-cemented breccias with siliceous fragments (after limestone) have been noted. Silicified areas, particularly the reddish brown jasperoids, contain unoxidized pods with very fine-grained disseminated pyrite, and most contain gold.

Structural jasperoids are common elsewhere on the property along north- and northeast-trending fault zones. Weak to moderate silicification is also seen in association with mineralization in the Candland Shale.

Decalcification – Decalcification, defined as removal of calcite from limestone or limy siltstones or shales, is common in the Candland Shale, rendering it relatively weak and porous. Decalcification can either be primary (related to weakly acidic mineralizing fluids) or secondary (related to surface weathering). Decalcification imparts a buff color and soft, chalky appearance to the rock. Some "sanding" observed in dolomite may represent decalcification of limy matrix to dolomite grains.

Calcite veins – Calcite veins are ubiquitous in the mine area, particularly in association with massive limestone units. Veins are typically white and coarse grained and may form dense stockworks in some areas. Calcite veins may be related to decalcification. Coarse white calcite is also commonly seen as breccia cement.

Argillization – Clay alteration is not well documented at Kinsley. Clay alteration is present in oxidized and decalcified parts of the Candland Shale. Constituent clay is suspected to be illite, based on similarities to other sediment-hosted deposits and limited X-ray diffraction testing by Cominco (Monroe *et al.*, 1988). Felsic dikes are also clay altered. Additional study of clay alteration and clay alteration zoning through hyperspectral analysis may be useful in providing a vector for mineralization.

Oxidation – Oxidation is interpreted to be entirely supergene and not hydrothermal. Oxidation ranges from fracture-hosted to pervasive and consists primarily of goethite and limonite, with minor hematite and rare scorodite. Jarosite has also been noted by Cominco geologists (Monroe *et al.*, 1988). The depth of oxidation varies locally with topography, permeability, and rock type, and appears to range from less than 100 meters to over 200 meters.

Figure 7.8 Jasperoid Development in the Big Horse Limestone

Top: view to the west in the southern part of the Main pit. Jasperoidal Big Horse Limestone (red brown) overlies the Lamb Dolomite (light gray) along a contact modified by folding and small faults. Bottom: outcrop view of jasperoidal Big Horse Limestone

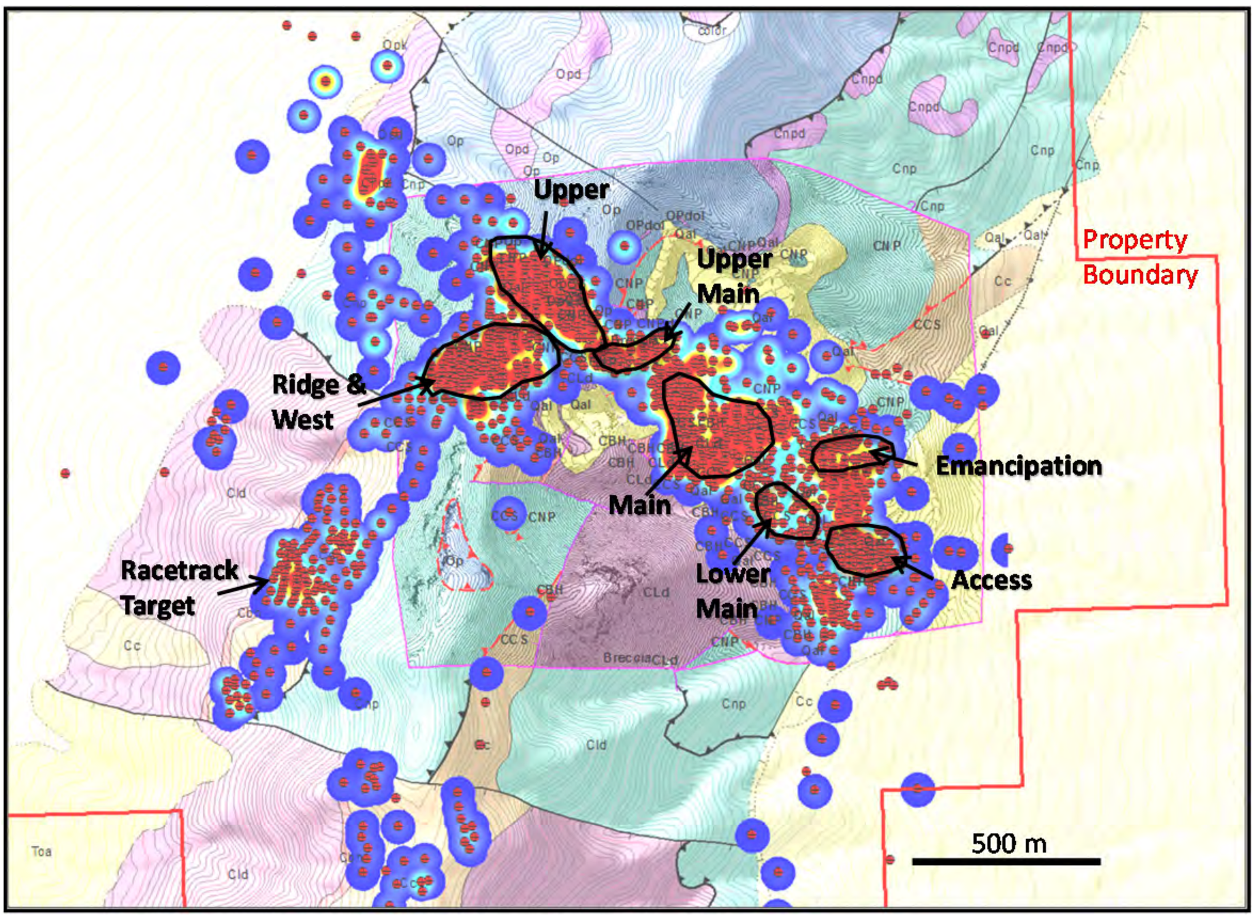
7.2 Mineralization

7.2.1 Location of Mineralization

The gold mineralization identified and drilled thus far on the Kinsley project is located primarily along a northwest-trending corridor near the center of the ACE (southern) claim block and in a north-trending corridor in the southwestern portion of the ACE claim block (Figure 7.9). This mineralization is located primarily in areas where the Candland Shale and Big Horse Limestone, the primary hosts of mineralization, are exposed on the surface. Figure 7.9 illustrates the approximate outlines of pits developed on the main deposits at Kinsley, including the Access, Emancipation, Lower Main, Main, Upper Main, Upper, Ridge, and West Ridge pits, as well as the extent of historical drilling. The gold endowment in each drill hole was summed to produce a gridded map showing areas with significant clusters of gold intercepts in drill holes that fall outside of the existing pits. A number of these clusters are present around the margins of the Access, Emancipation, Lower Main, and Main pits.

Overall, known mineralization trends northwest, which primarily follows exposure of the Candland Shale and Big Horse Limestone. A subsidiary northeast trend is present on the west side of the range in the vicinity of the unmined Racetrack target, which also follows exposure of the Candland Shale and Big Horse Limestone.

Figure 7.9 Map Showing the Locations and Names of Mined Deposits



Drill holes are shown as red dots. Gridded map is a summation of gold endowment in each drill hole. Warmer colors depict larger gold endowment, as well as more closely spaced drill holes. Of note are red areas outside of the main pits, which represent clusters of closely spaced drill holes with significant assay results.

7.2.2 Description

Gold mineralization at Kinsley is present in both unoxidized and oxidized form. Monroe *et al.* (1988) report that gold in unoxidized rocks is present as micron-sized or smaller particles associated with silica, calcite, and pyrite with lesser arsenopyrite, sphalerite, and cinnabar based on petrographic studies. Gold in oxidized rocks is associated with silica, calcite, and iron oxides including goethite, limonite, jarosite, hematite, and scorodite. Unoxidized mineralization is found only in drill holes.

Mineralization falls within the following categories: 1) stratabound/low-angle fault-hosted mineralization in the Candland Shale (oxidized and unoxidized); 2) jasperoid-hosted mineralization in the Big Horse Limestone (mainly oxidized); and 3) dissolution breccia-hosted mineralization in the Notch Peak Limestone (mainly oxidized) (Figure 7.10).

Figure 7.10 Photos of Mineralization Types at Kinsley

A: Typical appearance of oxidized Candland Shale and Big Horse Limestone. B: Unoxidized Candland Shale with silicification and very fine-grained pyrite. This interval assayed 20 g Au/t. C: Detail of oxidized mineralization in the Candland Shale. This interval assayed ~7 g Au/t. D: Silicified, quartz veined and oxidized interval in the Big Horse Limestone.

7.2.3 Distribution

Stratabound disseminated gold in calcareous siltstone of the Candland Shale comprises the most important mineralized zones at Kinsley, followed by mineralized jasperoids in the Big Horse Limestone and silicified dissolution breccias in the Notch Peak Formation. These deposits commonly display relatively uniform distribution of gold values between 0.7 and 1.7 g Au/t and are tabular in shape and variable in thickness, depending on the thickness of the favorable host rock. All of the mined deposits are oxidized, with low to moderate amounts of limonite after pyrite.

In the Emancipation deposit, mineralized zones occur in siltstone members of a limestone, siltstone, and a bedded clay sequence of the Candland Shale. Gold grades and continuity of mineralization are more erratic in the Emancipation deposit than in the other Candland deposits to the northwest. Local high-grade intercepts are common in the Emancipation deposit, with grades as high as 12 g Au/t. This deposit appears to occur higher in the Candland section than the other deposits. The Candland Shale is approximately 110 meters to 130 meters thick in the Emancipation area, and the underlying Lamb Dolomite is approximately 70 meters thick, as seen in Pilot Gold drill hole PK005C. This contrasts with the thickness of the Candland Shale in the Main deposit, which is commonly between 60 and 75 meters thick.

Stratabound disseminated gold mineralization is also present in the Notch Peak Formation, although the distribution is less uniform than in the siltstone and tends to concentrate along bedding planes and fractures.

Gold-bearing jasperoid zones up to 15 meters thick occur in the Big Horse Limestone throughout the property. Outcrops of these jasperoids led to the discovery of the Kinsley deposit, although they represent a small percentage of the total ore mined.

Alteration and mineralization also occur locally in the unnamed limestone unit beneath the Lamb Dolomite. Pilot Gold's late 2011 drill program included three drill holes (PK001C, PK003C, and PK005C) that penetrated the Lamb Dolomite/Unnamed Cambrian limestone contact. Anomalous gold values coupled with moderate to strong silica alteration were present in all three holes at this contact. Rock-chip and soil samples from outcrops of the lower limestone on the west side of the ridge, south of the main trend, contain anomalous gold, although this has not been confirmed by drilling. Similarly, Alta geologists speculated that oxide mineralization in the lower limestone also occurs on the east side of the ridge northeast of the Main deposit and in the vicinity of the Access and Emancipation deposits. There remain, however, insufficient drill data to substantiate this stratigraphic interpretation.

Oxidized disseminated gold also occurs in zones of karst development in the Notch Peak Formation, forming most of the mineralization mined in the Ridge and Upper deposits. Gold mineralization in these deposits is hosted by karst breccia and cave-fill sediments with introduced silica and disseminated pyrite that was subsequently oxidized. These deposits form irregular mineralized zones that are commonly associated with high-angle northwest-striking faults.

Some members of the Candland Shale, and possibly unnamed strata below the Lamb Dolomite, also contain unoxidized disseminated gold mineralization referred to as carbonaceous or refractory mineralization in Alta reports. Limited metallurgical analyses on drill cuttings from one of these zones in the Emancipation deposit suggest that gold is bound by sulfide minerals, as indicated by the inability to remove gold with thiosulfate leaching (McClelland, 1997). These areas of sulfide mineralization were first identified by Cominco and occur throughout the main trend, notably northwest of the Ridge deposit, north and east of the Main deposit, and south of the Access deposit. As with the zones of oxide mineralization, sulfide mineralization occurs in stratabound pods of variable thickness, up to as much as 27 meters, and inconsistent lateral continuity. Dark gray siltstone with variable, very fine-grained disseminated pyrite is the most common host rock for these deposits. Several drill holes in the Emancipation deposit include an upper oxide mineralized zone and lower carbonaceous mineralized zone. In drill cuttings, this transition is defined by subtle color changes caused by the oxidation of pyrite but little to no noticeable change in the host-rock type. In general, the unoxidized mineralized zones contain higher gold grades than the oxide zones. A rough estimate for average grade is 2.4 g Au/t, although local intercepts with grades greater than 3.4 g Au/t are common. Alta did not pursue these deposits because they were not amenable to heap leaching (MacFarlane, 2010).

8.0 DEPOSIT TYPE

The gold mineralization at Kinsley is best described as sediment-hosted, Carlin-type gold mineralization. Carlin-type gold deposits are a class of gold deposits that are not unique to Nevada, but they exist in far greater numbers and total resource size in northern Nevada than anywhere else in the world. They are characterized by concentrations of very finely disseminated gold in silty, carbonaceous, and calcareous rocks. The gold is present as micron-size to sub-micron-size disseminated grains, often internal to iron-sulfide minerals (arsenical pyrite is most common) or with carbonaceous material in the host rock. Free particulate gold, and particularly visible free gold, is not a common characteristic of these deposits; significant placer alluvial concentrations of gold are therefore not commonly associated with eroded Carlin-type gold deposits.

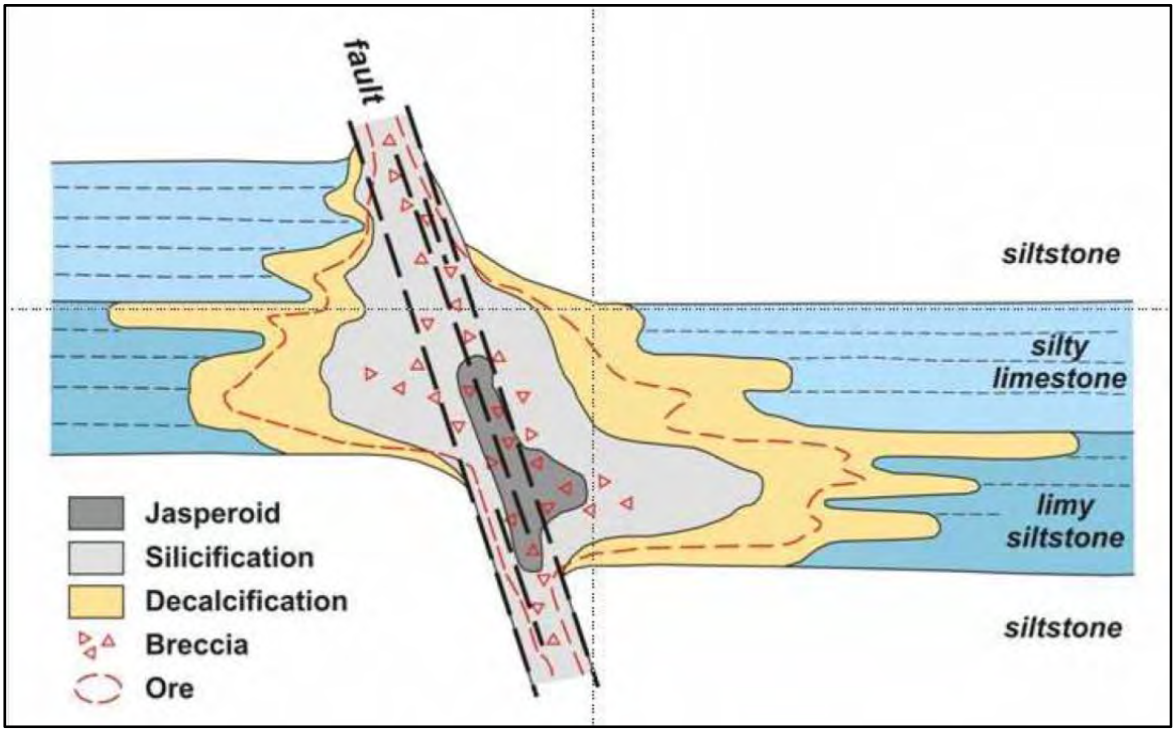
All Carlin-type deposits in Nevada have some general characteristics in common, although there is a wide spectrum of variants. Anomalous concentrations of arsenic, antimony, and mercury are typically associated with the gold mineralization; thallium, tungsten, and molybdenum may also be present in trace amounts. Alteration of the gold-bearing host rocks of Carlin-type deposits is typically manifested by decalcification, often with the addition of silica, addition of fine-grained disseminated sulfide minerals, remobilization and/or the addition of carbon, and late-stage barite and/or calcite veining. Small amounts of white clays (illite) can also be present. Decalcification of the host produces volume loss, with incipient collapse brecciation that enhances the fluid channel ways of the mineralizing fluids. Due to the lack of free particulate gold, Carlin-type deposits generally do not have a coarse-gold assay problem common in many other types of gold deposits.

Deposit configurations and shapes are quite variable. Carlin-type deposits are typically at least somewhat stratiform in nature, with mineralization localized within specific, favorable stratigraphic units. Fault and solution breccias can also be primary hosts to mineralization (Figure 8.1).

The mineralization identified at Kinsley shares many of the characteristics of Carlin-type gold mineralization, including:

- Stratigraphic control of mineralization: mineralization is hosted primarily in limestone, particularly in silty, thin-bedded units.
- Structural control on mineralization: mineralization occurs in karst cavities, collapse breccias, high-angle faults, and anticlinal fold hinges.
- Geochemical association: elevated arsenic, mercury, antimony, and thallium accompany the gold mineralization, while silver and base-metal concentrations are generally low.
- Alteration: mineralization is associated with decalcification, silicification/jasperoid, clay, and pyrite, arsenical pyrite, and arsenopyrite and their oxidized variants.

Figure 8.1 Cross-Section of a Hypothetical Carlin-Type Sediment-Hosted Gold Deposit
(From Robert *et al.*, 2007)



The Kinsley project also displays some characteristics that are unlike typical Carlin-type gold deposits. The general location of the project is outside the known major gold deposit trends in Nevada. Host rocks at Kinsley are Cambrian-Ordovician platform to platform-margin carbonates, whereas the majority of Nevada Carlin-type deposits are in Ordovician-Devonian platform margin and slope facies rocks. Finally, mineralization at Kinsley is hosted in plastically deformed rocks that display boudinage structures, which is not characteristic of Carlin-type deposits.

The geological setting of mineralization at Kinsley is similar to that of Newmont Mining Corp.'s Long Canyon gold deposit, located 90 kilometers to the north. The stratigraphy at Kinsley is similar in nature and rock type to the main hosts of mineralization at Long Canyon, which hosts gold mineralization immediately above and below a dolomite horizon of similar nature and thickness to the Lamb Dolomite. The sedimentary rocks at Kinsley were ductilely deformed during a Mesozoic orogenic event and were subjected to protracted early to mid-Tertiary extensional deformation, a history similar to that recorded at Long Canyon, where mineralization is controlled by boudinage of the dolomite horizon during the Mesozoic event and northeast-trending high- and low-angle normal faults developed during Tertiary extension. Of particular interest at Kinsley is whether boudinage is present on a large scale as is seen at Long Canyon. At Long Canyon, boudinage of an 80-meter-thick dolomite horizon exerts a first-order control on distribution of gold mineralization, with mineralization focused in and around boudin necks and cracks in the dolomite. If present at Kinsley, the Lamb Dolomite represents a similar environment for boudinage on a large scale.

9.0 EXPLORATION BY PILOT GOLD

A number of companies have conducted exploration on the Kinsley property since its discovery in 1984. A large dataset has been recovered from these past programs, although not all of the data have been recovered. Programs by prior operators are discussed in Section 6.0, while exploration by Pilot Gold is discussed below.

Pilot Gold acquired an interest in the Kinsley property in September 2011 and has conducted the following exploration activities to date:

- Claim staking (described in Section 4.2);
- Geological pit mapping;
- Reconnaissance compilation of surface geological data into a regional map;
- Surface sampling;
- Compilation of drill data, including assay and geological data, into a comprehensive database;
- Construction of 65 geological cross sections that have been digitized into GEMS® mining software to create a three-dimensional model of the property; and
- Drilling of six core holes for validation purposes (described in Section 10.0).

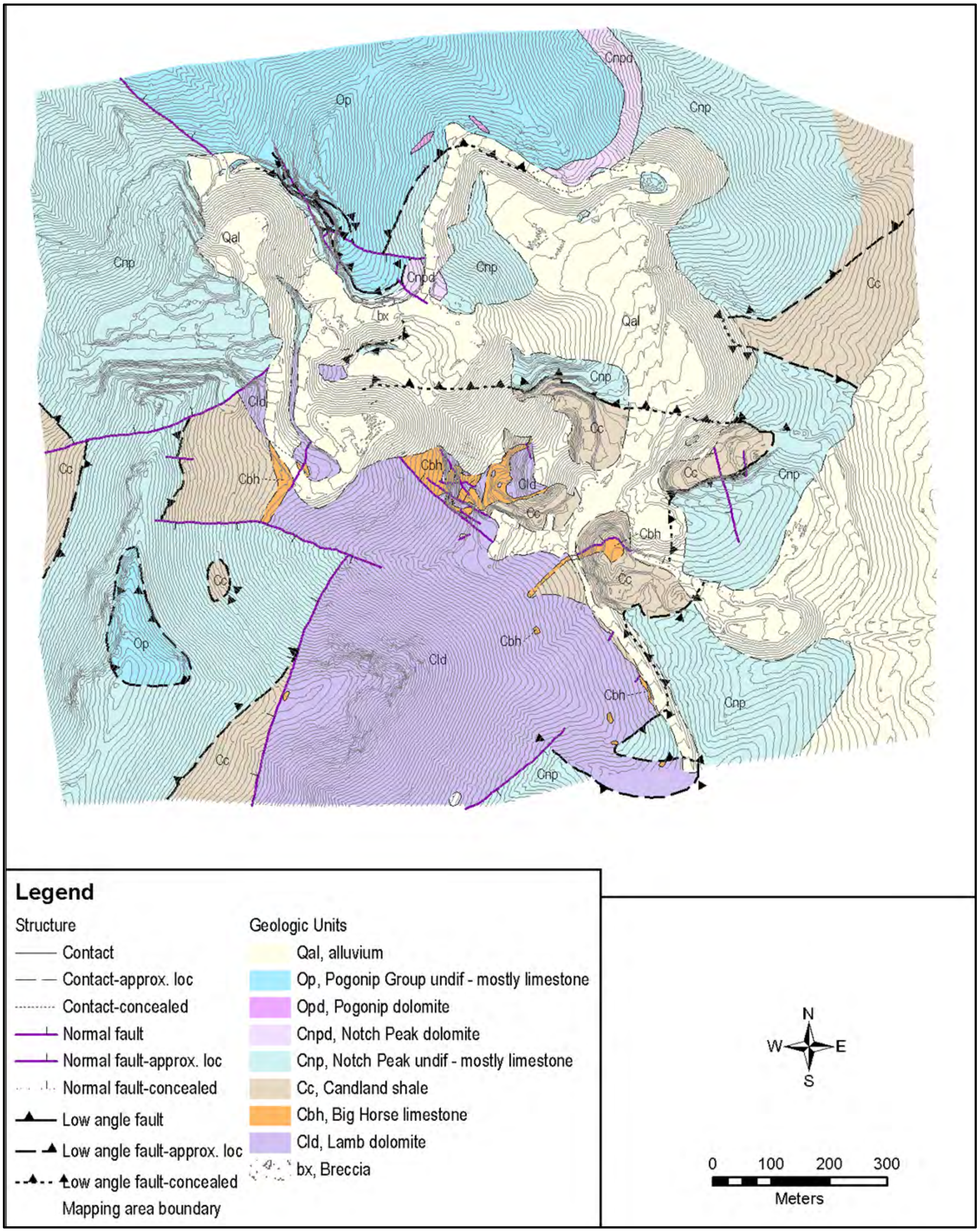
9.1.1 Geologic Mapping

Several generations of surface mapping have been carried out over the last three decades, including mapping by Cominco and Animas. This mapping was incorporated into Pilot Gold's mapping program in 2011.

R. Hannink of Pilot Gold conducted detailed geological pit mapping from October to December 2011 (Figure 9.1). This work confirmed the major geological and structural interpretations of previous operators, including the presence of low-angle faults at geological contacts, as well as the presence of one or more northwest-trending high-angle faults in the mine area. Features not well documented in previous mapping but seen during this effort include the presence of at least two ductile fabrics in the Candland Shale and a number of north- to northeast-trending high-angle faults and shear zones. The pit mapping will continue to be refined as it is integrated with the three-dimensional model derived from the drill data.

Compilation of previous surface mapping, air photo structural and geologic interpretation, and field checks were employed by Dr. M. Smith during the fall of 2011 in order to construct a geological map of the Kinsley Mountains, including both blocks of claims (Figure 7.1). More detailed mapping of the areas outside of the pits will be undertaken in 2012.

Figure 9.1 Geologic Map of the Kinsley Mine Area
(Mapping by R. Hannink, 2011)



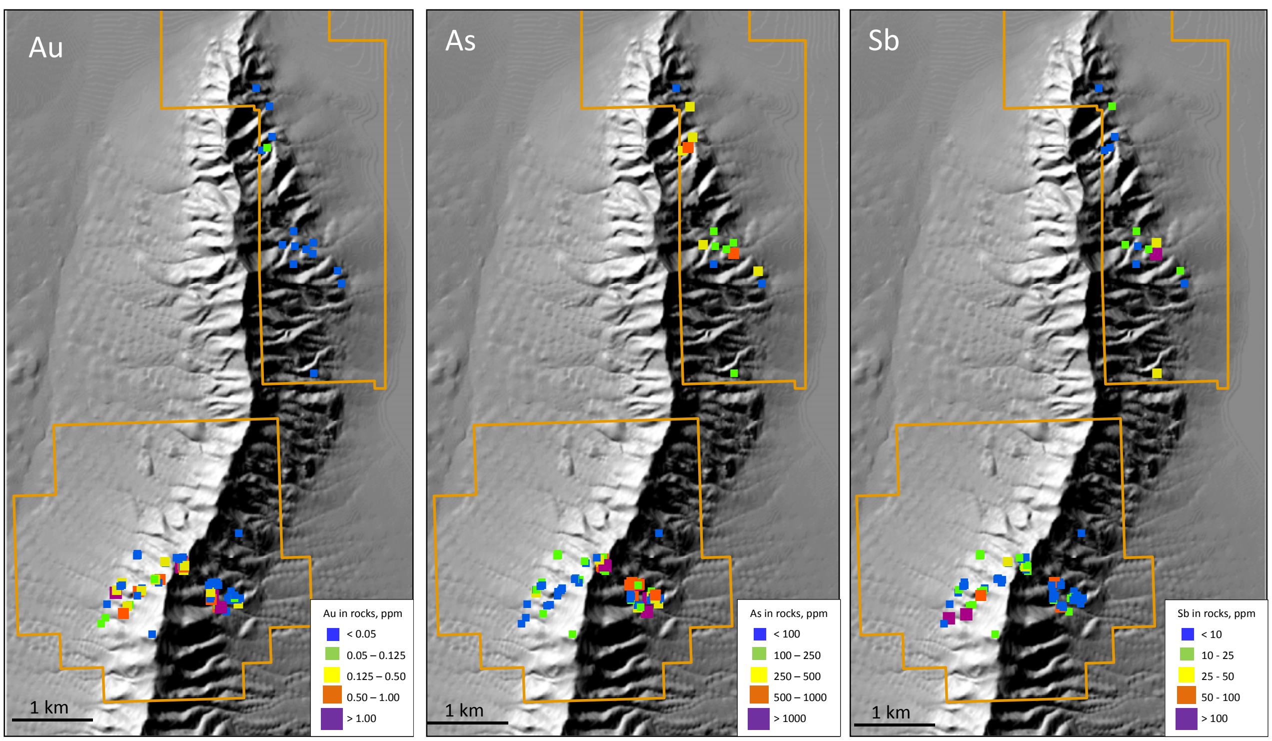
9.1.2 Surface Sampling

Pilot Gold has collected a total of 100 rock-chip samples; results are summarized in Figure 9.2. Although gold concentrations in samples from the northern claim block are low, pathfinder element concentrations, including As and Sb, are relatively high.

Rock-chip sampling was incorporated into the geological pit mapping effort conducted late in 2011. Samples were acquired to help define alteration types and structural orientations that are key to the Kinsley mineralization.

In addition, minor outcrop sampling has been conducted generally northeast of the Kinsley mine area. A number of north-northeast and northwest-trending structures, with accompanying alteration, silicification, and/or jasperoid development, have been identified and spot sampled. Though initial results indicate weak to no gold, these few early samples contain strong pathfinder elements (Ag, As, Sb, Hg, Tl), which are associated with gold mineralization at Kinsley. Extensive follow-up sampling will be conducted in 2012.

Figure 9.2 Summary of Pilot Gold Rock-Chip Sample Results



9.1.3 Three-Dimensional Modeling

Pilot Gold is in the process of compiling a three-dimensional geological model for the southern claim block at the Kinsley property to aid in drill targeting and future resource estimation. Sixty-five east-west geological sections were created on 50-meter spacings over the property, using surface geological mapping and down-hole geology. Example sections are presented in Figure 7.5. Sections were scanned and digitized in GEMS© to create three-dimensional surfaces of lithologic and structural contacts.

9.1.4 Topographic and Air Photo Control

Accurate topographic information is critical to determining the extent of mined and unmined mineralization. For the mine area, Pilot Gold obtained a digital topographic map with two-foot (0.61-meter) contours produced by the BLM during reclamation efforts at the mine. This map was stitched to a less-precise digital topographic map produced from contouring a DEM database for topographic control property-wide. The very accurate BLM map is not adequate for determination of mined and unmined material, however, as some of the pits have been partially backfilled. For this purpose, it was necessary to digitize contour intervals from a paper map of the final pits. Pilot Gold also purchased air photos from the BLM that were used to produce a detailed orthophoto that covers most of the southern claim block. Survey control for creation of the air photo was established in the field by All Points North Surveying and Mapping of Elko, Nevada.

9.1.5 Database

Pilot Gold received a digital database of drill-hole collar locations and gold assays for most of the historic holes. Some of the collar locations were validated by Pilot Gold in the field, although most are no longer visible due to subsequent mining and reclamation. General lithologic data were available for Cominco and Hecla drill holes that uses a numbering system corresponding to lithologic type. Adding geological data for the Alta drill holes required hand-entering data from summary logs and assigning a number based on comparison with the Cominco numbering system. Geological data for all holes are now in the digital database, with the exception of the three Pan American holes, for which no data are available.

10.0 DRILLING

10.1 Summary

The following discussion regarding the various historic drilling programs undertaken at Kinsley is based on company reports and other data recently acquired by Pilot Gold as part of their acquisition of the project. These records are incomplete and sometimes conflicting. Not all of the historical data available have been reviewed in detail, and Pilot Gold is continuing to attempt to locate and obtain additional data. While the authors are confident that the following information is largely accurate, it is likely that further details will become evident as the project progresses.

Available records indicate that an estimated 1,164 holes have been drilled across the range since 1984, including the six core holes drilled by Pilot Gold in 2011 (Table 10.1). The Pilot Gold project database includes 1,143 of these holes, of which 1,059 are within the current property boundary. The data in Table 10.1 were compiled by Pilot Gold from a digital collar file of unknown origin and completeness, with additional data taken from historic drill logs. Pilot Gold's working project database includes only those holes that appear to have reasonable location information and data. It should be noted that there are small discrepancies between Table 10.1 and the 2007 technical report (Cowdery, 2007) with respect to the number of Cominco and Hecla holes; these differences have not yet been resolved.

The vast majority of the historic drill holes are located within and along the Kinsley trend. Based on limited checking of presently available drill collars and the relationship of the location of the holes with respect to access roads (Figure 10.1), most of these holes appear to have accurate collar locations. Since much of the drilling was designed to test shallow oxidized target zones, the average down-hole depth of the historic drill holes is less than 67 meters. Thirty historic holes from the current project database were drilled to down-hole depths of greater than 150 meters, two of which penetrated to depths greater than 300 meters.

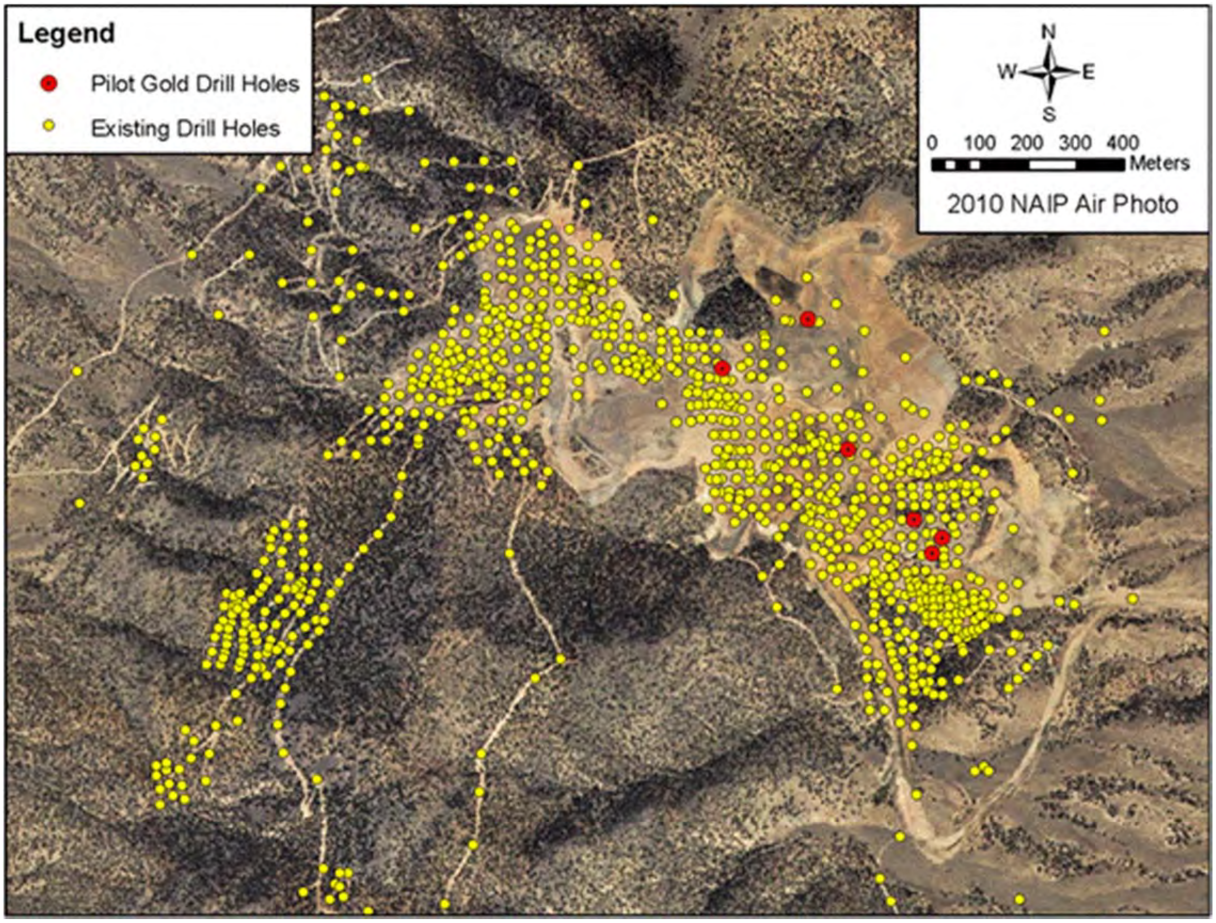
Pilot Gold conducted a six-hole core-drilling program during the last quarter of 2011. The program was designed to begin to confirm mineralization intersected by historic RC drill holes near the margins of historic open pits. In combination with the historic data, this drilling provides confidence that significant oxidized and unoxidized gold mineralization remains at Kinsley.

Table 10.1 Summary of Drilling at Kinsley

Company	Years	RC Holes	RC Meters	Core Holes	Core Meters	Rotary Holes	Rotary Meters	Total DH's	Total Meters
Cominco	1986-1991	428	32,147	2	9	2	835	432	32,991
Hecla	1992	64	3,335	0	0			64	3,335
Alta	1993-1997	652	39,605	7	303			659	39,908
Pan American	2004	3	863	0	0			3	863
Pilot Gold	2011	0	0	6	1,267			6	1,267
Total		*1,147*	*75,950*	*15*	*1,579*	*2*	*835*	*1,164*	*78,364*

Figure 10.1 shows the location of holes drilled by Pilot Gold and previous operators. The project database uses UTM Zone 11 coordinates with NAD 83 datum expressed in meters.

Figure 10.1 Historic and Pilot Gold Drill-Hole Locations in the Kinsley Mine Area



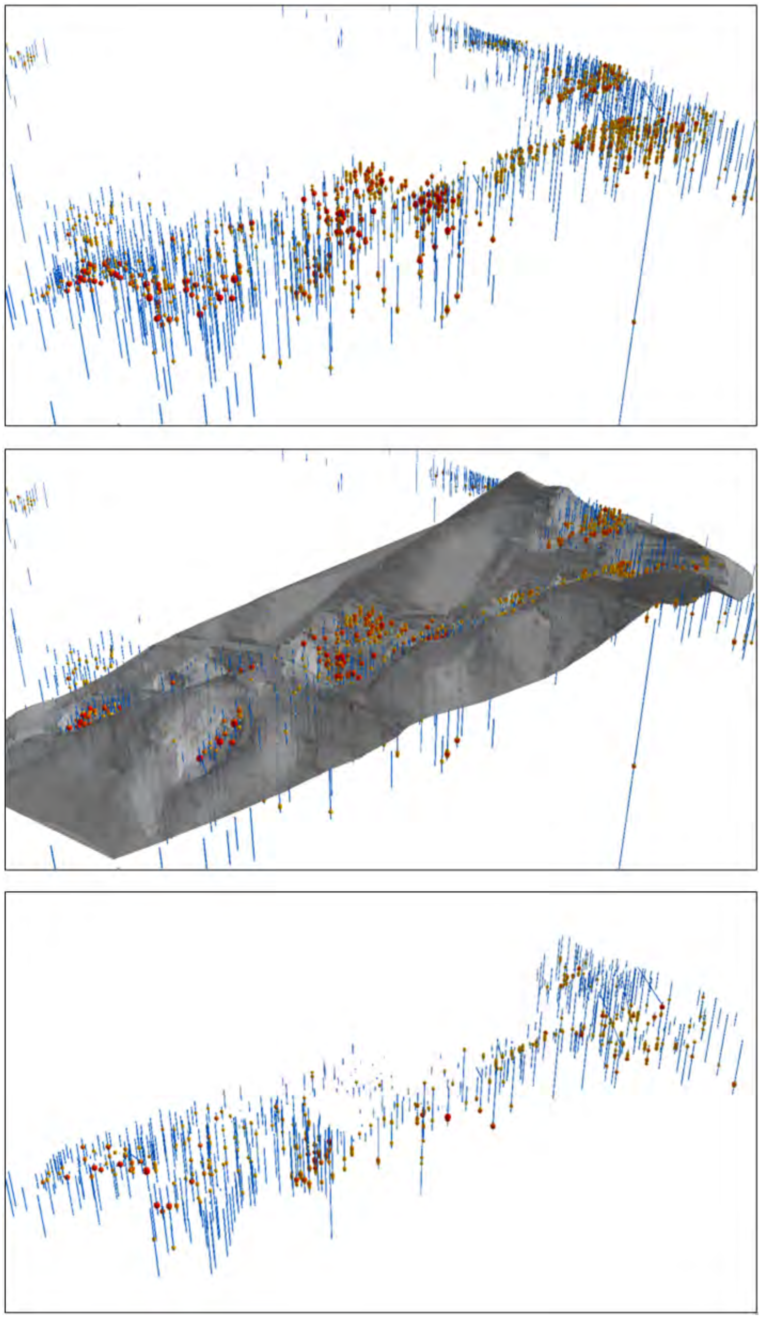
Only nine of the historic holes are known to have been drilled at an angle, as is one of Pilot Gold's holes. Since the gold mineralization generally dips at shallow angles, vertically orientated holes are adequate for defining the mineralized zones and yield intersections that are likely to be close to true widths.

While most of the gold intersected by the historic holes at Kinsley was subsequently mined, a total of 272 intercepts from 250 drill holes (including Pilot Gold's 2011 holes) fall outside of the pit limits using a cutoff grade of 0.3 g Au/t and up to four meters of internal waste; these intercepts are listed in Appendix B.

Within this set of intercepts, gold endowment, as measured by g Au/t multiplied by the length of the intercept in meters, ranges from a high of 108.32 (Pilot Gold hole PK004C from a 16.9-meter-long interval averaging 6.40 g Au/t) to a low of 3.44 in several Alta holes. The average for the entire dataset is 8.1 meters with an average grade of 1.53 g Au/t, starting at an average depth of 50.3 meters. The median grade and intercept length are 1.22 g Au/t and 7.6 meters, respectively.

Drill intercepts in the mine area are shown in Figure 10.2 using a thematic representation of assay intervals.

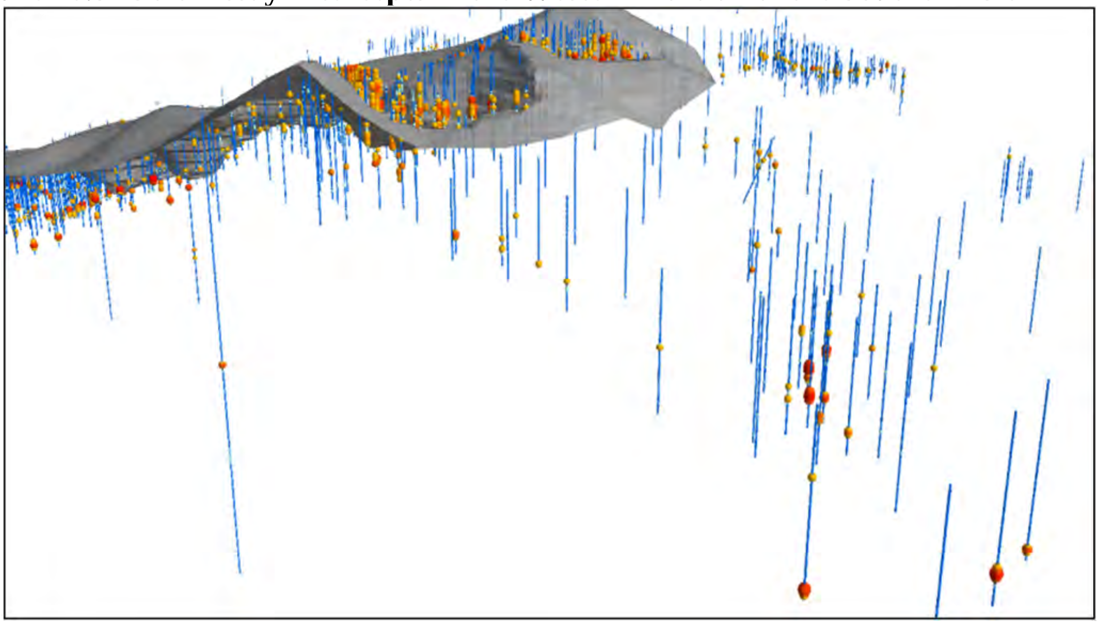
Figure 10.2 Oblique West-Southwest View of Assay Intervals in the Kinsley Mine Area



Yellow dots represent assay intervals >0.62 g Au/t, up to 18.5 g Au/t in larger red dots. Top: all assays in the database. Middle: all assays in database with post-mining topography shown. Bottom: database clipped to post-mining topography, showing only assay intervals that fall outside of the mined pit limits.

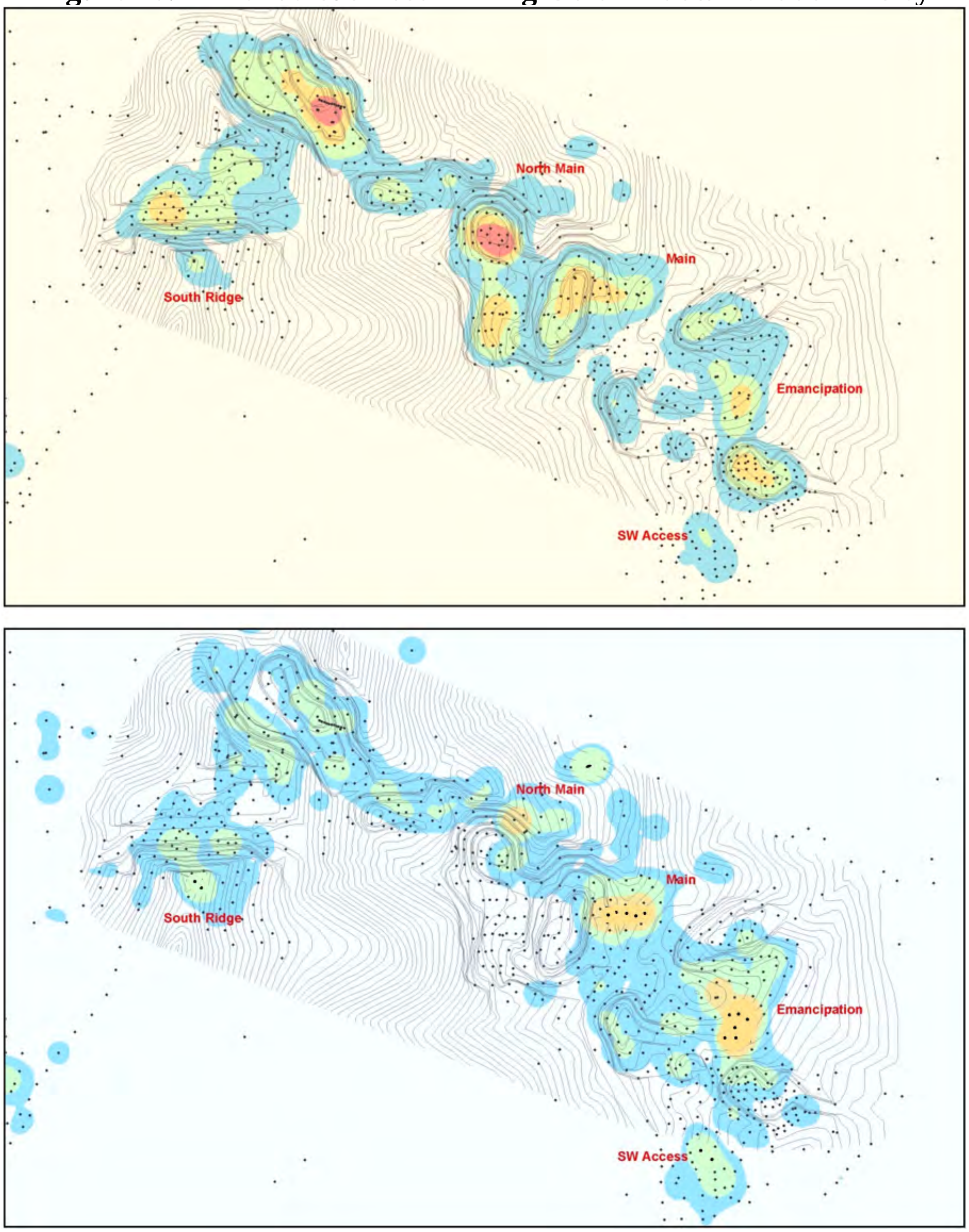
Figure 10.3 illustrates assay intervals in the area to the west of the mine, while Figure 10.4 shows pre- and post-mining gold content of the drill holes as gridded vertical sums of the gold intersections of each hole.

Figure 10.3 Gold Assay Intercepts in the Western Portion of the Southern Claim Block



Oblique three-dimensional view to the south-southeast, showing the Ridge and Upper pits (top), Racetrack area (top right), and intercepts to the northwest of the mined area (bottom right).

Figure 10.4 Pre- versus Post-Mining Gold Endowment at Kinsley



Endowment in drill holes is depicted as a gridded vertical sum of gold intercepts in drill holes. Top: pre-mining gold endowment. Bottom: post-mining gold endowment. Color ranges on the two figures are not exactly equivalent, as the range of values is greater in the unmined dataset relative to the mined dataset. Post-mining topography is shown on both images.

10.2 Cominco

Cominco appears to have drilled a total of 432 holes for 32,991 meters between 1986 and 1991. The 2007 technical report (Cowdery, 2007) cited three different totals (435, 433, and 350 holes) for Cominco's drilling based on various reports. MDA has identified 428 Cominco holes based on currently available reports, as described below, and the current project database includes 421 holes drilled by Cominco.

Monroe *et al*. (1988) indicated that from 1986 to 1988, Cominco's contract drilling was all completed using RC rigs, but in a December 2, 1986 memorandum about metallurgical testing, Monroe indicates that conventional rotary drilling was conducted in 1986; this discrepancy cannot be resolved at present.

Monroe *et al*. (1988) provide the following summary of the 1986 to 1988 drilling programs completed at Kinsley. Drilling began in the spring of 1986. A total of 67 holes were drilled in four drilling programs in 1986, 37 holes by drilling contractors and 30 by Simco (Monroe *et al*., 1988; Cominco owned and operated at least one Simco drill at Kinsley). The Main Zone was discovered by hole K-1, the Upper Zone by hole K-21, and the Access Zone by Simco hole KS-214 (the 40^{th} hole drilled at Kinsley). In 1987, 85 holes were drilled by contractors and 49 by Simco, with a further 201 holes completed in 1988. The 1987 and 1988 programs concentrated on infill drilling of the Main and Upper zones at 100-foot (30-meter) centers and step-out drilling along the Kinsley trend. The 402 holes completed through 1988 totalled 92,000 feet (28,042 meters) of drilling. All contractor holes were drilled using RC rigs. In addition to this drilling, two core holes (SC-1 and SC-2) were drilled with the Simco drill for a total of about 9 meters. SC-1 was drilled at the Main Zone, while SC-2 was drilled as an offset of K-40 at the Upper Zone. Eklund Drilling of Carlin, Nevada, performed most of the contract drilling during this period. Both track-mounted and truck-mounted drills were used.

Monroe *et al.* (1988) also state that holes K-1 through K-121 and KS-201 through KS-285 were drilled in 1986 and 1987. This implies that 121 contractor holes were drilled in this period, compared to the 122 summarized above, as well as 85 Simco holes, as opposed to the 79 mentioned above (or 81, if the two short core holes are included). Such discrepancies in company summary reports are not unusual and can be caused by counts that do or do not include holes abandoned prior to intersecting targeted mineralized zones that were subsequently re-drilled.

Ten assessment holes were drilled in 1989 (Wodzicki, 1989), and two deep "rotary" holes were drilled in 1990 (Monroe, 1990). While the term "rotary" could be used to describe an RC hole, the depths of the two holes are consistent with the use of convention rotary methods. One of the deep holes (K-424) was drilled at the Main Zone to a depth of 259 meters, while the other (K-425) was drilled approximately 300 meters north-northeast of the Upper Zone and drilled to a depth of 576 meters. Twelve vertical assessment holes were drilled in 1991 with Cominco's Simco truck-mounted drill (McMaster, 1991).

No other information about the drill rigs or procedures for Cominco's drilling programs is presently available.

10.3 Hecla

Hecla appears to have drilled about 64 RC holes for a total of 3,335 meters in 1992. The 2007 technical report (Cowdery, 2007) indicated discrepancies among previous reports, which had totals of 62, 64, and 60 Hecla holes. A tabulation of Hecla holes dated August 3, 1992 lists 61 holes. No information about who performed the drilling or the type of rigs or procedures used is presently available. Hecla reportedly discovered the West Ridge deposit with drilling in 1992 (Jones, 1994)

10.4 Alta

Alta began drilling at Kinsley in 1993 and utilized a number of different drilling contractors throughout the years. In 1993, Alta contracted with C&L Drilling ("C&L"); the core drilling contractor they used is unknown. In 1994, C&L and Christiansen Drilling were used, while in 1995, Hackworth Drilling, Saga Drilling, and Tonto Drilling ("Tonto") were the contractors. Tonto, Stratagrout Drilling ("Stratagrout"), and Drift Drilling ("Drift") were the contractors in 1996; a total of 387 holes were drilled during the year (King *et al*., 1997). In 1997, the last year Alta drilled at Kinsley, Stratagrout and Drift were the drilling contractors on the property, and a total of 167 RC holes were drilled for a total of 10,688 meters. No information on types of rigs or drilling procedures used is presently available.

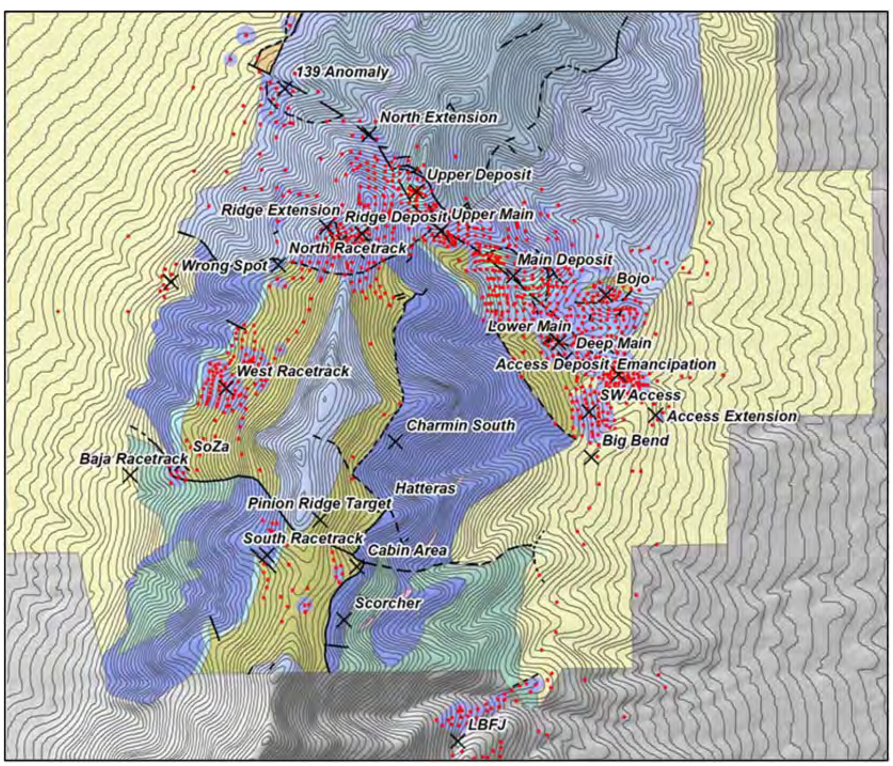
Alta appears to have drilled a total of 659 holes at Kinsley, including seven core and 652 RC holes.

In drilling programs through 1997, Cominco and Alta identified and tested a number of exploration targets, summarized in Figure 10.5, and carried out infill and step-out drilling on existing targets.

10.5 Pan American

Pan American drilled three RC holes in 2004 for a total of 863 meters. No information is presently available concerning the drilling contractor, type of rig, or drilling procedures used by Pan American. Other than collar locations, Pilot Gold currently has no other drill data, but additional data are held by a third party and may be accessible in the future.

Figure 10.5 Map of Deposits and Exploration Targets Defined by Cominco and Alta
(After MacFarlane, 2010)



10.6 Pilot Gold

Pilot Gold drilled six core holes at Kinsley in late 2011 for a total of 1,267 meters. Hole locations are shown on Figure 10.1. The drilling contractor was Major Drilling America, Inc. ("Major Drilling") of Salt Lake City, Utah and Elko, Nevada. All holes were drilled with HQ-size core (6.4-centimeter diameter). One drill hole, PK003C, required completion of the drill hole with smaller NQ core (4.8-centimeter diameter) from 261 meters to total depth at 283 meters due to stuck HQ rods in broken ground. The Pilot Gold drilling program is summarized in Table 10.2.

Subsequent to drilling, drill holes were abandoned according to Nevada state regulations. Drill collars were marked in the field after completion with a cement plug, wire, and metal tag.

Table 10.2 Core Holes Drilled by Pilot Gold in 2011

Hole ID	Az.	Incl.	Length (ft)	Length (m)	Target Area
PK001C	-	-90	707	215.5	Main Pit
PK002C	090	-68	476.5	145.2	Main Pit
PK003C	-	-90	927	282.5	Main Pit North
PK004C	-	-90	562	171.3	Emancipation Area
PK005C	-	-90	917	279.5	Emancipation Area
PK006C	-	-90	567	172.8	Emancipation Area
Total			*4156.5*	*1266.9*	

The core was initially quick-logged on site at Kinsley and, after delivery to Pilot Gold's Elko warehouse, it was logged directly into digital files by a Pilot Gold geologist. The digital logs included fields for rock type, color, alteration, mineralization, and structural data, with a separate log for breccia descriptions. Rock Quality Designation ("RQD") was also captured in the logs. The core was photographed both wet and dry for archival and geotechnical purposes. The logs captured data largely in numerical or letter code format. Completed logs were imported into an Access database. The core was then cut in Pilot Gold's Elko warehouse, sampled, and delivered to ALS for sample preparation in Elko.

Significant results from Pilot Gold's 2011 drill program are summarized in Table 10.3**.**

Table 10.3 Summary of Gold Assay Results from Core Holes Drilled by Pilot Gold in 2011

Hole ID		From (m)	To (m)	Length (m)	g Au/t	g Ag/t
PK001C		88.5	105.3	16.8	1.64	3.3
PK002C		111.7	120.4	8.7	6.23	2.1
	incl	*117.3*	*120.4*	*3*	*12.05*	*3.5*
	and	131.7	135.0	3.4	0.33	1.9
PK003C		102.7	110.2	7.5	6.75	1.4
	incl	*107.0*	*110.2*	*3.2*	*13.52*	*2.3*
PK004C		42.7	61.1	18.4	5.91	2.5
	incl	*45.7*	*53.5*	*7.8*	*11.93*	*4.2*
	and	148.0	152.1	4.1	0.54	2.1
PK005C		36.9	39.6	2.7	0.65	0.2
	and	159.6	165.0	5.5	0.58	1.6
	and	166.7	167.6	0.9	0.06	2790.0
PK006C		53.0	63.4	10.4	0.95	2.8

10.7 Drill-Hole Collar Surveys

Review of historic drill logs shows that the majority of the historic drill collars at Kinsley were surveyed in the Nevada State Plane Coordinate system. Alta did their own surveying. No survey records are available other than drill logs that have the X, Y, and Z coordinates hand entered on them.

Holes drilled by previous operators are very difficult to locate in the field due to subsequent mining, other disturbance, and reclamation, as well as the fact that most previous holes were drilled by small track rigs without the use of a sump. Alta's drill holes were marked with small aluminum tags on a wooden stake, most of which are no longer affixed to the collars, such that small piles of cuttings are the only evidence remaining for most drill holes.

Most drill-hole collars project onto the accurate project topographic base discussed above with little vertical error, suggesting that they were surveyed, and down-hole geology generally agrees with adjacent holes. However, a number of holes have collars that project well above the original topography. Research is currently being undertaken in an attempt to correct these problems. Suspect collar locations will be flagged in the project database so that decisions regarding their use can be made at the appropriate time.

Pilot Gold's drill-hole collars were surveyed at the end of the drilling program by All Points North Surveying and Mapping of Elko, Nevada using a geodetic survey-grade Trimble 4000-series GPS receiver with a base station for real-time correction. Accuracy of the measurements is ±2 centimeters in the X and Y directions and ±3 centimeters in the Z direction.

10.8 Down-Hole Surveys

No down-hole directional surveying data exist from the previous historic drilling programs at Kinsley. There were no down-hole surveys completed on any Alta drill holes (J. Robinson, written communication, 2012). Most of the historic drilling at Kinsley was relatively shallow, and the majority of the drill holes were vertical, so it is unlikely that significant deviation occurred in all but the deepest drill holes.

Down-hole surveys for Pilot Gold's drill holes were completed with a Reflex E-Z Shot electronic solid-state single-shot down-hole camera supplied by Major Drilling. Readings were taken at the collar and at approximately 30-meter intervals down hole. Significant hole deviation was not encountered.

11.0 SAMPLE PREPARATION, ANALYSES, AND SECURITY

The following sections summarize the extent of MDA's knowledge regarding the sample preparation, analysis, security, and quality control/quality assurance protocols used in the various drilling and surface-sampling programs at Kinsley. The commercial analytical laboratories known to have been used by the exploration and mining companies that operated at Kinsley, as well as the sample preparation and analytical procedures known to have been used by these laboratories to obtain the gold assays, are, or were at the time, well recognized and widely used in the minerals industry. It is important to note, however, that the Alta drill samples, which comprise approximately half of the Kinsley database, were analyzed at their own laboratory, and it is possible that some of Cominco's drill samples were analyzed at Cominco's in-house laboratory. Of further note is the fact that it is possible that some of the Alta analytical results in the project database may have been derived from cyanide-leach analyses, which often yield partial gold determinations, as opposed to fire-assaying methods, which are assumed to be total-gold analyses.

Little is known of the sample security and chain-of-custody of the drill samples from the historic exploration programs. While important information regarding Cominco's quality control/quality assurance programs has been found, more data compilation is possible, and efforts to locate such data from the other historic operators should continue.

The predominant sample length for the drill intervals is five feet (1.524 meters) or less, which is significantly less than the thickness of the bulk-tonnage style of mineralization at Kinsley.

11.1 Historic Drilling Programs

11.1.1 Cominco

Cominco wanted to complete their RC drilling without the injection of drilling fluids because they recognized that drilling dry can significantly improve sample quality (Monroe *et al.*, 1988). During the period 1986 through 1988, Cominco drilled approximately 60% of their RC drill holes dry and 40% wet; drill rigs with higher-capacity compressors were more successful at completing holes without injecting water than those with lower capacities. Drilling conditions were reported to be generally good, although the continued use of RC methods was highly recommended due to structural complexity and the number of cavities intersected during drilling.

Sampling was done by the drill contractors at five-foot (1.524-meter) intervals, as is customary for RC drilling, although Cominco personnel frequently checked the sampling techniques and procedures. Dry samples were split through a Gilson splitter and two samples were bagged, one for assay and one as a duplicate sample stored for later use in metallurgical tests or for check assaying. Wet samples were split through either a Gilson splitter or an inverted cone wet splitter; Cominco reported that both of these methods experienced problems and recommended that future drilling contracts require that rotary splitters designed for wet sampling be provided.

Cominco apparently analyzed all drill samples from holes K-1 through K-61 and KS-201 through KS-285 by fire assay with an AA finish (Monroe *et al*., 1988; Turner, 1988). There is a discrepancy between Cominco reports as to whether holes K-62 through K-121 were by fire assay with an AA finish (Monroe *et al*., 1988) or by fire assay with a gravimetric finish (Turner, 1988). Gold in the 1991 drill samples was analyzed by fire assay with gravimetric finish, while silver, arsenic, mercury, and antimony were analyzed by ICP-AES.

Assay certificates for Cominco's drill samples are not currently available, although attempts are being made to obtain them. As discussed below, standards and duplicates from the 1986 and 1987 drilling programs were analyzed by ALS at their Sparks, Nevada laboratory. Since there is little to be gained by assaying standards inserted into the drill-sample stream at a different laboratory than the one that analyzed the drill samples, this strongly suggests that the 1986 and 1987 drill samples were analyzed at ALS. Furthermore, drill samples from the 1991 assessment drilling were analyzed by ALS in Sparks, Nevada (McMaster, 1991). The laboratory(s) used for the 1988 and 1990 drill programs is not known; it is likely that these drill samples were analyzed at either ALS or Cominco's in-house laboratory.

11.1.2 Alta

Alta drilled more than 80% of their RC holes dry (J. Robinson, written communication, 2012). Sampling was done by the drill contractors at five-foot (1.524-meter) intervals. A center-return hammer was used on some holes, but most were drilled with a conventional hammer assembly. Drillers emptied the cyclone into a Gilson dry splitter and bagged the samples after the first split. MDA has no information on how Alta sampled their seven core holes.

The drill samples were sent to Alta's laboratory at the Taylor Mill Site near Ely, Nevada, and analyzed for gold only. Details of laboratory procedures are unknown, but it is reported that, for the earlier phases of drilling, the gold results were reported as AA analyses, which indicate the cyanide-soluble gold content of the samples were reported (as opposed to total gold analyses provided by fire-assay techniques; J. Robinson, oral communication, 2012). Starting with holes drilled at the Emancipation area, laboratory personnel split the samples at the laboratory and produced a fire assay with AA finish as well as a cyanide-soluble analysis, apparently due to carbonaceous and/or sulfidic nature of the material, which could lead to very low cyanide-soluble results. Wilson (1995b) states that drill samples were routinely analyzed by cyanide-soluble methods, with "mineralized" samples then fire assayed as well, at least for the 1995 drill program. There is evidence that at least some of the drill samples from the 1994 drilling program were analyzed by American Assay Laboratories ("American Assay") (Wilson, 1995a; see Section 11.5.2).

Alta's samples were collected daily at the drill rig by Alta geologists and transported directly to Alta's laboratory near Ely for processing. Samples were under the supervision of Alta employees at all times (J. Robinson, oral communication, 2012).

11.1.3 Hecla and Pan American

No information is available regarding sample preparation, analysis, and security for the Hecla and Pan American drilling programs.

11.2 Pilot Gold

Geologists were on site during the entire drilling program. Drill core was collected at the drill site by Pilot Gold personnel. After quick logging of the drill core at Kinsley, the core was transported by Pilot Gold geologists to a secure logging and core cutting facility attached to Pilot Gold's Elko office. Core was cut and sampled by a contractor from Rangefront Geological Consulting of Elko, Nevada. Samples were picked up from the core-cutting facility by ALS and transported to their Elko preparation facility. Pulps were sent directly from the Elko laboratory to Reno and Vancouver for assaying and geochemical analysis, respectively.

All drill core was sampled except for backfill and pad-fill material. Sampled intervals were identified based on geological considerations and varied from approximately 1 to 2 meters, averaging 1.4 meters. All core was photographed wet and dry. Rangefront Geological Consulting personnel then cut the core into halves using diamond saws and sampled the core at the core-cutting facility at the Pilot Gold office. Half-core samples were sent for assaying, with the remaining half stored in the Pilot Gold Elko office. For samples where field duplicates were taken, both the originals and the field duplicates were ¼-core samples. Pilot Gold employs a blind numbering system for both core and RC sampling, such that the hole number and down-hole footage are not known to the laboratory. After cutting, samples were retrieved from the cutting facility by ALS personnel and transported to their Elko, Nevada preparation facility.

The primary assay laboratory for Pilot Gold is ALS. The ALS Vancouver analytical facility is certified to ISO 9001:2008 standards and has received ISO/IEC 17025:2005 accreditation from the Standards Council of Canada (SCC) for all methods used to analyze samples from the Kinsley project, including ICP-MS. The ALS Reno lab, which was responsible for fire assaying of all samples from the Kinsley project, is certified to ISO 9001:2008 standards and has received ISO/IEC 17025:2005 accreditation from the Standards Council of Canada (SCC) for this method. ALS was chosen as Pilot Gold's primary laboratory based on a rigorous audit of all Nevada assay laboratory facilities by consultant Barry Smee in 2008 for Fronteer Gold (Pilot Gold is a product of the 2011 acquisition of Fronteer Gold by Newmont Mining).

Pilot Gold samples were prepared and analyzed by ALS. The entire sample submitted by Pilot Gold is crushed to 8 to 10 mesh, following which a 400-gram sub-sample is obtained using a riffle splitter (the larger than standard split for pulverizing allows for subsequent replicate analyses, cyanide-leach analyses, check assaying, *etc*., if desired). The split is then pulverized to a nominal 150 mesh. The standard gold assay for the Kinsley drill samples uses fire assaying of a 30-gram charge and an atomic absorption spectroscopy ("AAS") finish (ALS code AuAA23), and a 41-element ICP analyses is also run on all samples (ME-MS41). Samples that return values of 5 g Au/t or higher are re-analyzed by fire assay with a gravimetric finish (AuGRA21). ALS also completes cyanide-soluble analyses on most samples with reported values of 0.2 g Au/t or higher. For this procedure, 30 grams of sample pulp are continually rolled and leached for one hour at room temperature in 60 milliliters of 0.25% NaCN, maintained at a pH of 11 to 12. Gold is then analyzed by AAS (AuAA13).

All data from logging and assaying are verified on site and uploaded to a database maintained at the Pilot Gold Elko server.

11.3 Historic Surface Sampling

11.3.1 Cominco

Cominco geologists collected rock, soil, and stream-sediment samples and entered the sample location, rock type, soil horizon, *etc*. on paper cards.

Cominco used its in-house lab, Cominco American Incorporated Mobile Geochemical Laboratory in Spokane, Washington, as well as ALS in North Vancouver, B.C. (called Chemex Labs Ltd. at the time) and Barringer Laboratories, Inc. of Sparks, Nevada for analyses of the rock samples. The rock samples were assayed for gold by fire assaying AA finish, and for Ag, As, Sb, and sometimes other elements by ICP.

For soil and stream-sediment samples, Cominco used its in-house laboratory; ALS also analyzed some of the soil samples. Samples were analyzed for gold by fire assay with AA finish, as well as a suite of elements by "semi-quantitative multi-element ICP."

11.3.2 Alta

Alta geologists collected rock and soil samples and entered data regarding location, rock type, soil horizon, *etc*. on paper cards.

Alta appears to have used Chemical and Mineralogical Services of Salt Lake City for analysis of at least some of their soil samples, which were analyzed for Au, Pb, Ag, Zn, and Cu; the method used for analysis of soil samples is not known. Most soil and rock samples were analyzed at Alta's in-house analytical laboratory.

11.3.3 Animas

The Animas soil samples were collected by a contractor. Animas geologists spot checked sample sites in the field to confirm that the soil pits were properly dug and located. The soil samples were located using hand-held GPS units. The ALS facility in Sparks, Nevada analyzed the samples for gold by fire assay with ICP finish; 51-element geochemical analyses were completed by ICP-MS determinations on 0.5-gram sample aliquots.

Stream-sediment samples were submitted to ALS for preparation and analysis. All samples were sieved to -80 mesh and analyzed for gold by fire-assay with ICP finish and for 51-element geochemistry using ICP-MS on a 0.5 gram sample aliquot. No drainage-sediment samples were collected from the disturbed and mine-contaminated drainages in the area of past operations.

Rock-chip samples were analyzed by ALS in Sparks, Nevada for gold by fire assay with ICP finish, and for 51-element geochemistry by ICP-MS on a 0.5 gram sample aliquot. All samples were well-described. Sample locations were determined with hand-held GPS and are considered accurate to better than four meters.

11.4 Pilot Gold

Pilot Gold's geologists collected rock samples and either entered sample descriptions directly into a hand-held ArcPad®/GPS unit for direct upload into ArcMap® or by use of a GPS unit with hand–written descriptions that were later entered into a spreadsheet. Sampling was conducted as random chip sampling and random grab sampling of selective rock outcroppings. Samples were delivered directly to ALS's Elko preparation laboratory for standard sample preparation and assayed by ALS in Reno, Nevada and North Vancouver, B.C. for gold by fire assay with AA finish and for 41 elements by ICP-MS, respectively.

11.5 Quality Assurance/Quality Control Programs

11.5.1 Cominco

Cominco's quality assurance/quality control ("QA/QC") program for drilling completed through 1988 included the insertion of standards and duplicates into the sample stream at the rate of approximately one standard and one duplicate for each 40 drill samples (Monroe *et al.*, 1988). In addition, check assays were run on a set of mineralized drill samples. No evidence of the use of blanks has been found, and the nature of QA/QC programs after 1988, if any, is not known.

Cominco QA/QC results for the 1986 and 1987 drilling programs, which includes holes K-1 through K-121 and KS-201 through KS-285, are summarized by Turner (1988). Six different standards were inserted with the drill samples; the source of the standards (*e.g.*, commercial or in-house standards) is not known. Turner (1988) stated that, "*The nominal "accepted" values for each of the standards was determined by having analyses performed by several labs, using several techniques (usually AA, but with some fire-gravimetric) and averaging the results*."

The standards and duplicate samples were analyzed by ALS of North Vancouver, B.C (Chemex Labs Ltd. at that time); it is assumed that the associated drill samples were also analyzed by ALS. Analyses from holes K-1 through K-61 were by fire assay with AA finish ("FA/AA"), while those from holes K-62 through K-121 were by fire assay with gravimetric finish ("FA/GRAV").

Table 11.1 Cominco Standard Results – 1986-1987 Drilling Programs

Standard	Accepted Value (g Au/t)	Mean of ALS Analyses		Number of ALS Analyses	
		FA/AA	FA/GRAV	FA/AA	FA/GRAV
A	0.065	0.074	0.065	18	10
B	0.363	0.282	0.297	17	21
C	0.813	0.773	0.959	22	7
D	2.137	2.199	2.498	19	19
E	5.650	5.203	5.865	22	4
F	5.984	6.223	7.409	20	14

Turner concluded the following:

- Standards returned values that "agree relatively well with the normal accepted values for the standard."
- Duplicate analyses of separate splits (known today as "field duplicates") show only "minor" variation between the splits. The correlation between duplicate analyses was "excellent at both high and low values."
- Fire-assay samples analyzed with gravimetric finish returned results 10 to 15% higher than those with AA finish. The percentage difference increased with increasing gold value. Monroe *et al.* (1988) noted that this finding was particularly important to the Kinsley drill results in that all drill-hole analyses up to hole K-120 were done by fire assaying with an AA finish (note discrepancy of this range of holes with those of Turner (1988)), and all subsequent analyses were done by fire assay/gravimetric methods (perhaps the change was in part due to the QA/QC results).
- Standards analyzed with AA finish returned values averaging 2.7% lower than expected values, whereas standards analyzed with gravimetric finish averaged 10.6% higher.

Some portion of the bias described above may be due to use of gravimetric analyses on low-grade samples and AA analyses on relatively high-grade samples.

Turner (1988) examined field-duplicate data and believed that the close correlation between the original and field-duplicate samples strongly suggested that the sampling procedures used yielded representative samples for each sample interval.

Cominco also performed a "lab performance analysis" by sending splits of RC sample cuttings from 70 sample intervals from various 1986 and 1987 drill holes to American Assay, Barringer Laboratories, Rocky Mountain Geochemical of Nevada, and GD Resources, Inc. ("GD Resources"), all located in Sparks, Nevada, as well as Cone Geochemical Inc. of Lakewood, Colorado and Geochemical Services Inc. of Torrance, California. Copies of the original assay certificates from these laboratories are included in the report by Monroe *et al.* (1988). It appears that most, if not all, of these commercial laboratories received the 70 sample splits, prepared pulps, and analyzed the pulps for gold by fire assaying with gravimetric finishes (charge size varied by laboratory). At least some of the laboratories then re-analyzed the pulps by fire assaying with an AA finish, perhaps as a follow-up to the standard results discussed above.

The fire assay data from these studies, including the original analyses of the samples, need to be compiled and analyzed. Drill logs should be used to identify original samples, standards, and duplicates.

11.5.2 Alta

Alta was known to use their own assay laboratory at the Taylor mill site near Ely, Nevada as the primary laboratory. The Alta mine laboratory was monitored through the use of an internal QA/QC program for blast-hole samples from Alta's nearby Easy Junior Mine (J. Robinson, written communication, 2012). According to J. Robinson, former mine geologist for Alta at Kinsley and currently working with Pilot

Gold, standards were inserted at the Alta laboratory and duplicate splits were also created and analyzed at the Alta laboratory. The results of these QA/QC programs are not presently available.

A set of 25 field duplicates comprised of splits of RC cuttings from five-foot (1.524-meter) sample intervals collected at the drill rig were analyzed by American Assay (A splits) in June 1994 and the Alta mine laboratory (B splits) in January 1995 (Wilson, 1995a). The samples were taken from holes A-532, A-550, and A-551, all drilled in 1994. The American Assay fire-assay and cyanide-leach analyses of these samples are systematically higher grade than those from the Alta mine laboratory. The source of this bias cannot be determined; factors such as subsampling at the drill rig, subsampling by the analytical laboratories, and analytical differences could be involved. The project database uses the American Assay analyses, which, based on the dates of the analyses provided above, appear to be the original drill-sample analyses.

An additional set of 41 field duplicates from six 1995 RC holes (A-552, A-553, A-554, A-555, A-556, and A-560) were analyzed by American Assay; in this case, the Alta mine laboratory assayed the original drill splits (Wilson, 1995b). Following the preparation and analyses by American Assay, the American Assay pulps were sent back to Alta and assayed by the mine laboratory. While the Alta laboratory completed cyanide-soluble analyses on all of the samples, fire assays were completed on only 28 samples. Excluding three samples that Alta believed to have sample numbering problems, the mean of the 25 American Assay fire-assay results is identical to the Alta mine laboratory mean (2.91 g Au/t). However, Alta's re-assays of the American Assay pulps are systematically higher, and the mean of the re-assays (3.09 g Au/t) is 6% higher than the American Assay mean.

11.5.3 Hecla and Pan American

No information is available on QA/QC programs of Hecla and Pan American.

11.5.4 Pilot Gold

The QA/QC program instituted by Pilot Gold for the Kinsley 2011 drilling program included analyses of standards, blanks, field duplicates, and duplicate pulps. Future programs will employ check assaying by Inspectorate America Corp. ("Inspectorate") of Sparks, Nevada. Inspectorate was selected as Pilot Gold's secondary laboratory under advisement from consultant Barry Smee. The QA/QC program was designed to ensure that at least one standard, blank, or field duplicate was inserted into the drill-sample stream for every 30 drill samples, which is the number of samples in each ALS analytical batch. All holes drilled by Pilot Gold at Kinsley were subject to this QA/QC program.

11.5.4.1 Certified Standards

Certified standards were used to evaluate the analytical accuracy and precision of the ALS analyses during the time the drill samples were analyzed. Four certified standards were prepared by Minerals Exploration and Environmental Geochemistry ("MEG") of Carson City, Nevada. The standards were produced from coarse-reject material obtained from RC drilling at the Long Canyon gold deposit. Due to similarities in the nature of mineralization between Long Canyon and Kinsley, the same standards were deemed acceptable for use at the Kinsley project. The certified values and standard deviations are reported in Table 11.2.

Table 11.2 Pilot Gold Certified Standards – 2011 Drilling Program

Standard ID	Source	Certified Value (g Au/t)	Standard Deviation
FGS10	MEG	14.263	0.520
FGS30	MEG	2.249	0.080
FGS40	MEG	1.853	0.057
FGS50	MEG	0.327	0.039

The standards were assigned sample numbers in sequence with their accompanying drill samples and were inserted into the drill-sample stream at the Elko office. Analyses were completed by ALS as described above. A total of 20 standards were analyzed.

In the case of normally distributed data (note that most assay datasets from metal deposits are positively skewed), approximately 95% of the standard analyses should lie within the two standard-deviation limits of the certified value, while only about 0.3% of the analyses should lie outside of the three standard-deviation limits. All standard analyses that fall outside of the three-standard deviation limits are therefore considered failures, as are two consecutive samples would lie between the two- and three-standard deviation limits (unless further investigations prove otherwise). Failures trigger laboratory notification of potential problems and a re-run of all samples included with the failed standard result.

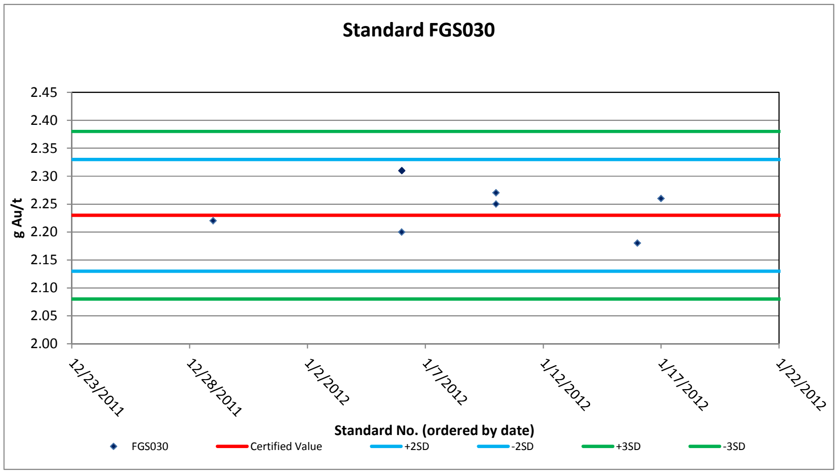
Lab performance, as measured by the standards, was continuously monitored by use of a graphing function, an example of which is presented in Figure 11.1. Results for three of the four standards employed during the Pilot Gold 2011 drilling program are shown on Figure 11.1. Only a single sample from FGS 010 was used, so the graph is not shown. Out of the 20 standards analyzed in the 2011 program, there were no failures, and only a single sample fell outside of the two-standard-deviation range.

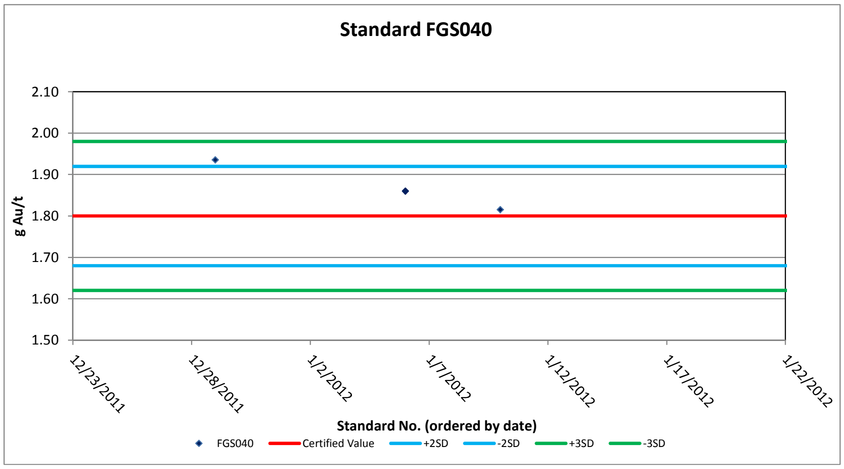
11.5.4.2 Field Duplicates

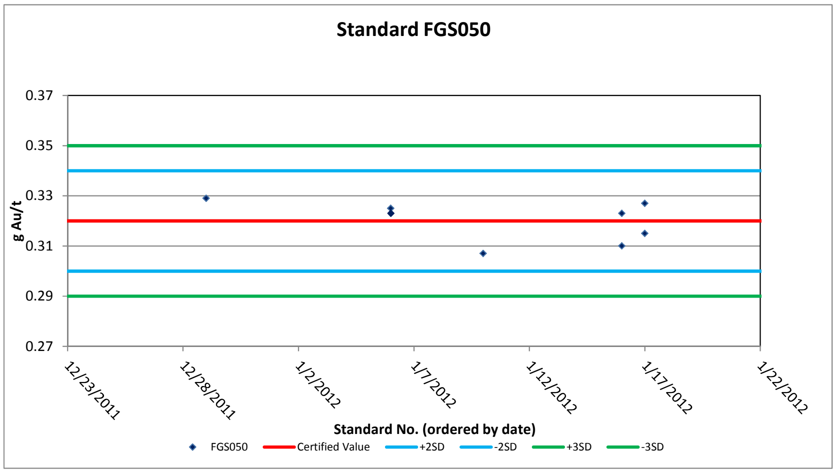
Field duplicates are secondary splits of drill samples. In the case of Pilot Gold's drill core, the field duplicates are ¼-splits of the core, and the original samples that are being duplicated are also ¼ splits. Field duplicates are mainly used to assess inherent geologic variability and sampling variance.

Core duplicate data analyzed by ALS are available for all holes drilled by Pilot Gold at Kinsley in 2011. A total of 17 field duplicates were analyzed, which is an insufficient number to derive statistically meaningful conclusions.

Figure 11.1 Pilot Gold Standard Analyses







11.5.4.3 Preparation Blanks

Preparation blanks are coarse samples of barren material that are used to detect possible laboratory contamination, which is most common during sample preparation stages. In order for analyses of blanks to be meaningful, therefore, they must be sufficiently coarse to require the same crushing stages as the drill samples. It is also important for blanks to be placed in the sample stream immediately after mineralized samples, which would be the source of most cross-contamination issues. Blank results that are greater than five times the detection limit (0.025 g Au/t based on the 0.005 g Au/t detection limit for the Kinsley analyses) are typically considered failures that require further investigation and possible re-assay of associated drill samples.

Pilot Gold used coarse blank material from a bulk sample of barren rhyolite provided by MEG. The blank is coarse enough to require primary and secondary crushing, thereby allowing for the entire sample preparation and sub-sampling process experienced by the drill samples to be monitored. Of the 25 ALS analyses of the blanks as part of the 2011 drilling program, there was one failure of 0.026 g Au/t. The sample was not within a mineralized interval and no action was taken. Another blank, which immediately followed a highly mineralized interval, returned 0.012 g Au/t, and the analyses of the 22 remaining blanks were less than the detection limit.

11.5.5 Discussion of QA/QC Results

It is difficult to assess the adequacy of historical drilling programs with respect to QA/QC procedures due to a lack of data. It is known that Cominco employed a system of insertion of standards and duplicates at regular intervals, but the source, certification, and results of the standard analyses are not known at present. There is no evidence that blanks were part of Cominco's QA/QC program. While a check assaying program was carried out that involved six labs, the results have not been located. Assay certificates are not currently available for Cominco drilling programs, but an attempt is being made to acquire them.

Even less is known about Alta's QA/QC procedures. Standards and duplicates were inserted at the lab, but no additional information is known, and no evidence exists of the insertion of blanks. A proprietary (and not well-documented) cyanide-soluble assay method was used for most holes, with conventional fire assay methods used on some holes. It is unlikely that assay certificates are available for any of the Alta drill holes.

Although the quantity of QA/QC data compiled to date is small, due to the limited amount of drilling completed, Pilot Gold has implemented a rigorous QA/QC program at Kinsley that will continue to be employed in future drilling programs, although MDA recommends that preparation duplicates are added to the QA/QC protocols.

11.6 Core-RC Comparisons

The six core holes drilled by Pilot Gold in 2011 were designed to begin the process of confirming the historical drill data. Each hole is located near the collar coordinates of an Alta (A-series) or Cominco (K-series) RC hole lying near the margins of historic open pits. The degree to which each of the Pilot Gold holes might represent a true twin of an historic hole is limited by uncertainties related to the exact location of the historic holes. Results from the 2011 Pilot Gold diamond drill holes are compared with data from corresponding Alta and Cominco RC holes in Table 11.3 and Figure 11.2. In Table 11.3, total gold endowments of the selected intercepts are calculated as the mean grade of the interval multiplied by the interval length, and the distance between the two holes in each set is given in the "Separation" column.

Table 11.3 Statistical Comparisons of Pilot Gold Core Holes vs. Nearby Historic RC Holes

RC Hole	From (m)	To (m)	Length (m)	Mean (g Au/t)	Median (g Au/t)	Mean x meters	Pilot Core	From (m)	To (m)	Length (m)	Mean (g Au/t)	Median (g Au/t)	Mean x meters	Separation (m)
A-947	88.4	106.7	18.3	1.16	1.06	21.21	PK001C	88.5	105.3	16.8	1.87	0.94	27.42	4.2
K-196A	88.4	97.5	9.1	5.22	4.85	47.76	PK002C	111.7	121.9	10.2	5.31	5.31	54.44	3.0
A-1077	102.1	117.4	15.2	1.47	0.93	22.47	PK003C	102.7	116.1	13.4	4.58	0.84	51.09	4.4
A-1074	39.6	54.9	15.2	5.92	1.51	90.29	PK004C	36.3	54.9	18.6	5.08	1.92	102.4	6.0
A-912	51.8	61	9.1	7.97	8.40	72.84	PK005C	51.7	56.9	5.2	0.24	0.24	1.23	4.0
A-915	42.7	61	18.3	2.62	1.13	48.04	PK006C	43.9	64.9	21.0	0.61	0.37	12.38	5.5

Intervals are based on a 0.1 g Au/t cutoff.

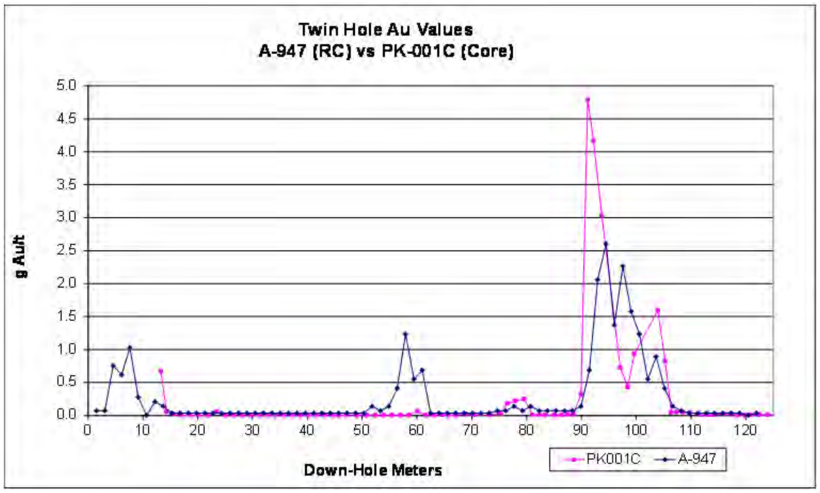
The hole pairs with PK001C, 002C, 003C and 004C in Figure 11.2 show that the main zones of mineralization intersected by the core and historic RC holes compare well in terms of the lengths of the mineralized intervals and their overall gold-grade morphologies. The close correspondence of the core and RC morphologies for these four core-RC sets indicates that each hole in the pair intersected similar geology within the main mineralized zones. In contrast, the poor correspondence of the gold-grade morphologies in the PK001C-A947 pair at levels above the main mineralized zone suggest that the RC hole intersected some secondary mineralized zones that the core hole did not. In the case of the PK004C-A1074 pair, the core hole intersected significant mineralization immediately below the main zone of mineralization, and this geology appears to be absent in the RC hole. While the core and RC results from the main mineralized zones generally compare well for these four sets of holes, the grade-times-thickness values of the core holes are higher in every case (Table 11.3).

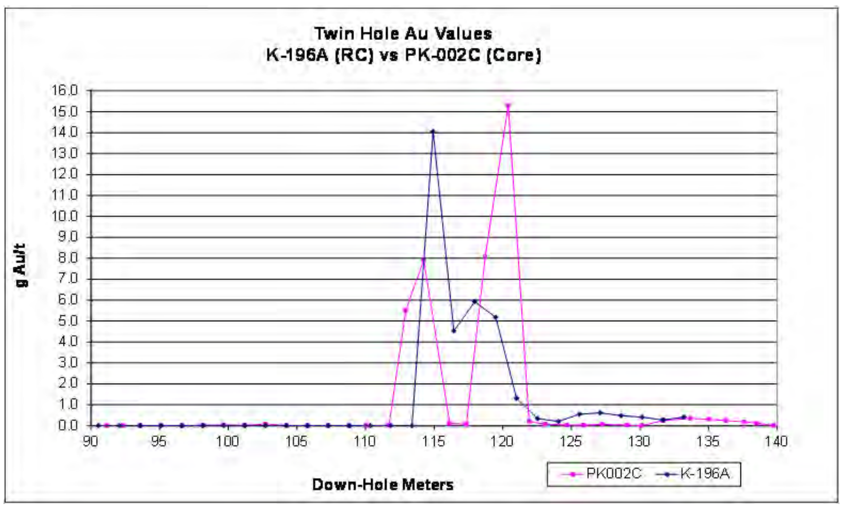
The down-hole gold-grade morphologies of the PK005C pair do not compare well at all; the main zone of mineralization intersected in the historic RC hole is not apparent in the Pilot Gold core hole. Since no recovery problems were experienced in the core hole, the lack of correspondence in the gold-grade morphologies suggest that the geology intersected by each of the holes in the pair is different. One explanation for this is the location of the historic RC hole is inaccurate.

The gold-grade morphologies of the last hole set (PK006C and A915) correlate well, but the magnitudes of the grades returned from the core hole are significantly lower than those intersected by the RC hole. This could be due to a natural decrease in grade at the margin of a mineralized zone and/or by a location problem with the RC hole (*i.e.*, the holes are farther apart than the database suggests).

The down-hole gold-grade plots are also useful in detecting possible down-hole contamination in RC holes. While hole A1077 could possibly have a 'tail' of gold values immediately below the main zone of mineralization, the evidence is not compelling, and, as a whole, the six RC holes in these graphs show no evidence of contamination problems.

Figure 11.2 Down-Hole Plots of Pilot Gold Core vs. Historic RC Gold Values





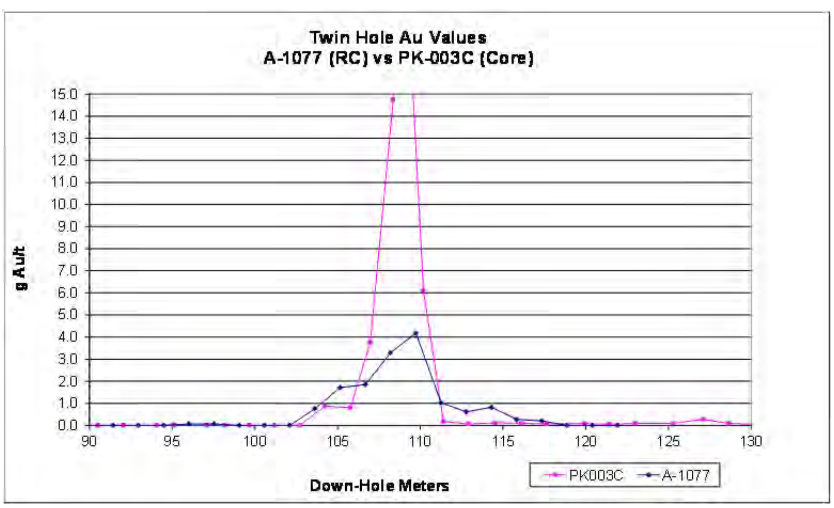
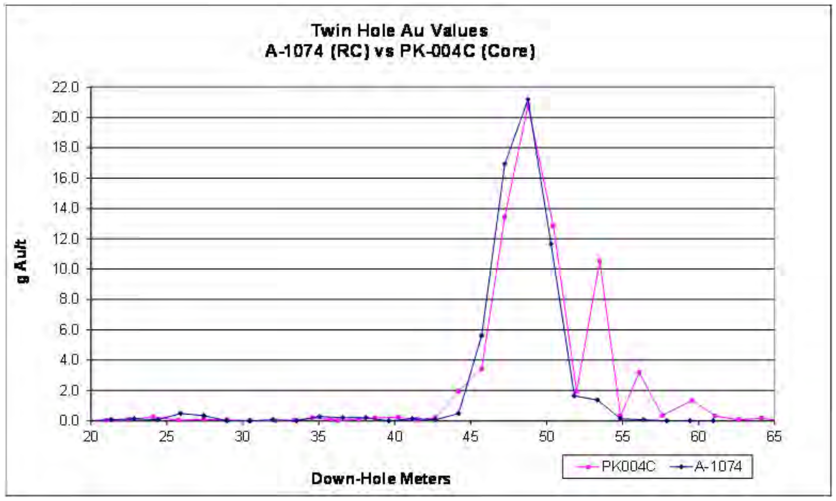
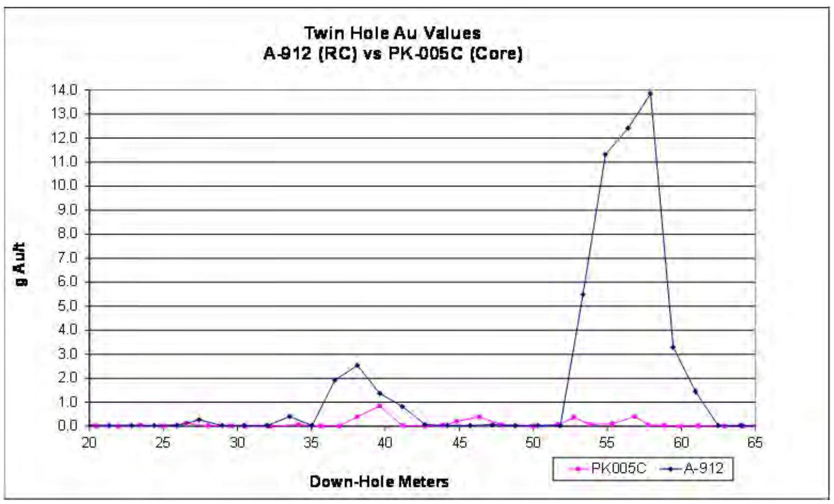
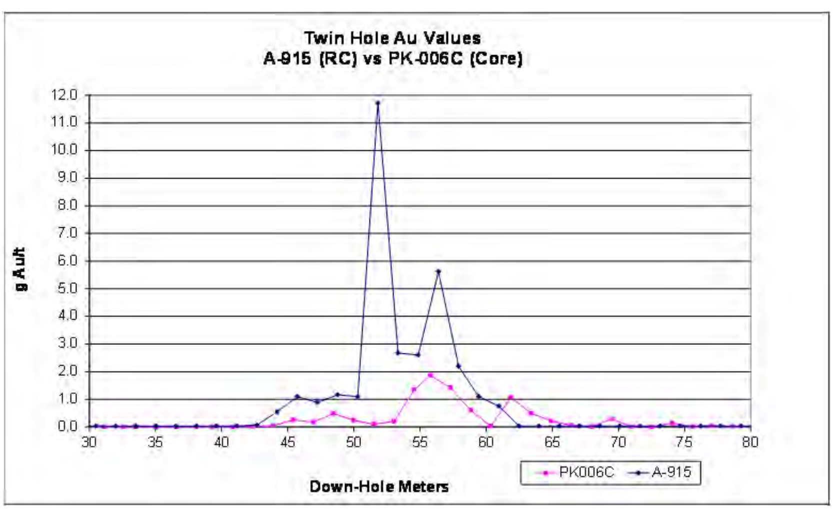


Figure 11.2 Down-Hole Plots of Pilot Gold Core vs. Historic RC Gold Values, cont.







11.7 Subsampling Study

GD Resources completed a subsampling study in 1988 for Cominco using nine unspecified samples weighing 14 to 32 kilograms (Kay, 1988). Each sample was homogenized and then split into three subsamples (A, B, and C splits). The A sample was completely pulverized to -75 microns (-200 mesh) and then split into eight subsamples that were analyzed by fire assay using 50-gram charges. The B sample was split into eight subsamples of 0.4 to 1.5 kilograms, each of which was pulverized to -75 microns and fire assayed. The C sample was subdivided into four size fractions to determine gold content by sieve fraction.

After completing all analyses, GD Resources concluded that reverse-circulation splits of approximately 0.4 to 1.5 kilograms that are entirely pulverized are sufficient to yield representative assays, and the screen fractions generally show a relatively high proportion of the contained gold in the -75 micron fraction.

12.0 DATA VERIFICATION

In consideration of the data summarized below, as well as information provided elsewhere in this report, MDA believes the Kinsley project data are acceptable for the purposes used in this report. The compilation of historic data is ongoing as of the effective date of this report, and it is likely that further information will be added to Pilot Gold's historical database.

12.1 Assay Database Audit

As of the effective date of this report, no certificates were available for comparison to the drill-hole assay database that was obtained as part of the acquisition of the Kinsley property, although analytical results are handwritten on drill logs. At the point Pilot Gold believes all historic data have been acquired, or prior to any resource estimation that incorporates the historical assay data, whichever is sooner, a full audit of the database, including the drill-hole collar, assay, and geologic information, should be undertaken using any and all materials available.

12.2 Drill-Hole Collar Checks

As part of the site visit, MDA collected handheld GPS measurements of five of the six Pilot Gold drill-hole locations. The "x" and "y" coordinates measured by MDA have an average difference of ±1 meter, while the average difference in elevation is 4 meters. While evidence of historic drill sites, including piles of RC cuttings, was noted in the field, no definitive historic drill-hole collar locations were observed.

12.3 Independent Verification of Mineralization

Mr. Gustin visited the Kinsley property on February 10, 2012. In addition to the visit to the project site, a review of the digital drill-hole database and other compiled geologic data at the Pilot Gold office in Elko was conducted, and Pilot Gold drill core archived at the core storage facility connected to the office was inspected.

As part of the review of mineralized intervals within the Pilot Gold drill core, MDA collected three independent samples for assaying. Each of these samples consisted of selected pieces of drill core collected more-or-less representatively from the half-core of a Pilot Gold sample interval. An additional sample of outcropping mineralization was collected by MDA at the project site.

MDA maintained continuous custody of the samples and delivered them directly to the ALS facility in Reno, Nevada for assaying. Gold was determined by 30-gram fire assaying with gravimetric finish (ALS code GRA21). The results of these independent samples are provided in Table 12.1. Since the MDA samples are not exact duplicates of the Pilot Gold drill samples, a direct comparison of the results with those of Pilot Gold is not given, although the magnitudes of the MDA gold results are similar to those returned by Pilot Gold.

Table 12.1 MDA Independent Sample Results

Sample	Description	g Au/t
MDA-PK02-1	Core sample from hole PK002	13.1
MDA-PK04-2	Core sample from hole PK004	20.2
MDA-PK05-3	Core sample from hole PK005	0.5
MDA-UP-1	chip sample from exposure in Upper pit	4.6

The site visit included inspections of all of Alta's open pits. The production of gold from the project is a matter of public record. The MDA independent sampling is sufficient to confirm the presence of gold mineralization in concentrations similar to those reported by Pilot Gold from their 2011 core drilling program.

13.0 MINERAL PROCESSING AND METALLURGICAL TESTING

Various metallurgical tests were carried out by both Cominco and Alta in the 1980s and early 1990s and are summarized below.

13.1 Cominco

Cominco carried out metallurgical testing from 1986 to 1988. Results are summarized in a 1988 Cominco year-end report, with copies of the original laboratory reports included in the appendices (Monroe *et al.*, 1988). In early 1986, Minerals Processing of Sparks, Nevada conducted bottle-roll tests on five sample composites from what Cominco variously described as RC, rotary, or conventional rotary holes drilled at the Main Zone (Minerals Processing, 1986a; Monroe *et al*., 1988). Samples were pulverized to minus-80 mesh prior to the test. Gold extractions from these tests ranged from 75.0 to 96.3%, averaging 86.5%. Additional bottle-roll tests by Minerals Processing in September 1986 included two on rejects from RC, rotary, or conventional rotary drill-hole composites from the Main Zone and a third from rejects of drill-hole composites of the Upper Zone (Minerals Processing, 1986b, 1986c). Testing included 96- and 72-hour agitated bottle-roll cyanide-leach tests. Main Zone extractions were 82.2% and 83.5%, and the sample from the Upper Zone yielded an extraction of 78.3%.

Metallurgical testing for Cominco in 1987 and 1988 was conducted by McClelland Laboratories, Inc. ("McClelland") of Reno, Nevada (Table 13.1). McClelland conducted bottle-roll tests on five cuttings composites in 1987 that included four composites that were readily amenable to direct cyanidation at the cuttings feed size and one pyritic (unoxidized) sample from the margins of the North Main Zone. The unoxidized sample returned an extraction of 22.7%, which indicated it was not amenable to recovery by direct cyanidation (McClelland, 1987). Tail screen analyses of the five composites showed that, in general, residual gold values were fairly evenly distributed throughout the various size fractions. Cyanide consumptions and lime requirements were low.

Initial column percolation leach tests of three relatively high-grade bulk samples were carried out in April 1988 by McClelland (Monroe *et al.*, 1988; McClelland, 1988a). Samples were crushed to a nominal minus 2-inch feed size. Cyanide consumptions were fairly low. Direct agitated cyanidation tests were also conducted on each sample.

A "preg-robbing" test series was conducted by McClelland on a single sample from the Access Zone (McClelland, 1988b; Monroe *et al.*, 1988); these results are not shown on Table 13.1. A total of 5.9% of the gold was extracted in eight hours, at which time dissolved values began to be re-adsorbed by the sample. Only 11.8% of the contained gold was extracted by the end of the 48-hour leach cycle. The combined data indicated that the sample contained gold-bearing carbonaceous material and displayed severe "preg-robbing" characteristics which were not markedly reversible by carbon-in-leach ("CIL")/cyanidation treatment.

Additional summary information for the Cominco test work completed by McClelland is provided in Section 13.2.

13.2 Alta

Upon acquiring the Kinsley project, Alta undertook additional metallurgical testing, including column tests on representative core samples from five holes from the deposit to confirm Cominco's results from tests on surface bulk samples and RC sample cuttings. Alta's results compared well with Cominco's results. Alta also ran bottle-roll tests on all rock types suspected of being carbonaceous and conducted acid generation/acid neutralization studies on waste rocks.

Alta (1994) summarized results of metallurgical testing that McClelland conducted for them soon after acquiring Kinsley, along with the results of most of Cominco's metallurgical testing performed by McClelland. The following summary of the McClelland results for both companies is taken from Alta's metallurgical review (Alta, 1994).

A total of 52 metallurgical tests are included on Table 13.1. The average extraction of all tests from within the "reserve" outlined by Cominco and Alta was 80%, with cyanide solubilities generally ranging between 60% and 93%. The average extraction from all column tests was 80.3%, and the average of all bottle-roll tests included within the "reserve" was 79.3%. The Access deposit results shown on Table 13.1 were considered to be from an exploration target and were not included as part of the "reserve."

Extractions from the Main deposit were somewhat higher than those from the Ridge and Upper deposits. Thirteen bottle-roll tests and six column-leach tests from the Main deposit averaged 81.8% and 83.2% extraction, respectively. Four bottle-roll tests from the Ridge deposit averaged 76.1% extraction. Ten bottle-roll tests from the Upper deposit averaged 78.2% extraction, and four column-leach tests from the Upper Deposit averaged 76.1% extraction. Within deposits, column-leach and bottle-roll test results were nearly identical.

Alta concluded that the Kinsley mineralization was generally readily amenable to recovery by cyanidation. Column tests consistently showed rapid gold extraction rates, with about 70% of the gold extracted after seven days and nearly complete extraction after about 21 days. Gold extraction did not appear to be significantly influenced by crush size or duration of tests. Extraction did appear to be somewhat grade dependent, particularly in the Upper deposit, where lower-grade intervals typically showed lower extractions than higher-grade materials, with extractions of the lower-grade materials ranging from 48% to 72%. For the combined deposits, extractions ranged from about 76% to 90% for material grading 3.4 g Au/t and from 64% to 82% for materials grading 0.7 g Au/t.

Alta used an average recovery of 74% in its "feasibility" study to account for the poorer solution distribution and channeling effects anticipated in the actual heaps. Cominco had estimated the overall recovery to be 75%.

Table 13.1 Results of McClelland's Metallurgical Testing on Cominco and Some Alta Samples

(Alta, 1994)

Sample	Description	Head (Calc)	Head (Assay)	% Extr.	Tail	Size	Test	Time
MAIN DEPOSIT								
LM	L. Main surface bulk	0.137	0.139	92.7%	0.010	-200m	Bottle Roll	48 hours
M	Main Surface bulk	0.287	0.284	93.4%	0.019	-200m	Bottle Roll	48 hours
MC-2	Main RC	0.027	0.027	81.5%	0.005	0.25"	Bottle Roll	48 hours
MB-2	Main RC	0.062	0.059	77.4%	0.014	0.25"	Bottle Roll	48 hours
MC-1	Main RC	0.080	0.074	83.8%	0.013	0.25"	Bottle Roll	48 hours
MB-1	Main RC	0.054	0.053	79.6%	0.011	0.25"	Bottle Roll	48 hours
MA-1	Main RC	0.051	0.057	78.4%	0.011	0.25"	Bottle Roll	48 hours
MA-2	Main RC	0.045	0.043	73.3%	0.012	0.25"	Bottle Roll	48 hours
MA-3	Main RC	0.053	0.052	86.8%	0.007	0.25"	Bottle Roll	48 hours
Comp 3	Main, Siltstone, RC	0.046	0.048	78.3%	0.010	0.25"	Bottle Roll	72 hours
Comp 1	Main, Silicified, RC	0.046	0.046	89.1%	0.005	0.25"	Bottle Roll	72 hours
LM	L. Main surface bulk	0.137	0.144	83.9%	0.022	2"	Column	63 days
MC	Main Comp Trench	0.080	0.080	81.3%	0.015	1"	Column	46 days
MC	Main Comp Trench	0.078	0.081	80.8%	0.015	2"	Column	60 days
MC	Main Comp Trench	0.079	0.077	81.0%	0.015	2"	Column	63 days
55-1	Deep, outside Main RC	0.069	0.065	0.00%	0.069	0.25"	Bottle Roll	72 hours
55-2	Deep, outside Main RC	0.031	0.030	67.7%	0.010	0.25"	Bottle Roll	72 hours
A2/10	Alta Main (516) silts	0.024	0.018	75.0%	0.006	-10m	Bottle Roll	96 hours
A3/12	Alta Main (516) jasp	0.088	0.120	73.9%	0.023	-10m	Bottle Roll	96 hours
Met 2	Alta (516, 520, 521)	0.052	0.053	76.9%	0.012	1"	Column	50 days
Met 3	Alta (516) clay	0.060	0.051	95.0%	0.003	1"	Column	50 days
Average of 13 Bottle Roll Tests				81.8%				
Average of 6 Column Tests				83.2%				
RIDGE DEPOSIT								
UR-1	Ridge RC	0.058	0.067	69.0%	0.018	0.25"	Bottle Roll	48 hours
UR-2	Ridge RC	0.058	0.059	75.9%	0.014	0.25"	Bottle Roll	48 hours
A4	Alta (517) mixed	0.042	0.067	78.6%	0.009	-10m	Bottle Roll	96 hours
AR	Alta Ridge reduced	0.055		54.5%	0.022	-10m	Bottle Roll	96 hours
AMRO	Alta Mixed Ridge ox.	0.052		80.8%	0.010	-10m	Bottle Roll	96 hours
Average of 4 Bottle Roll Tests				**76.1%**				
UPPER DEPOSIT								
U	Upper surface bulk	0.092	0.087	90.2%	0.009	-200m	Bottle Roll	48 hours
UB-1	Upper RC	0.037	0.038	48.6%	0.019	0.25"	Bottle Roll	48 hours
UA-2	Upper RC	0.035	0.038	77.1%	0.008	0.25"	Bottle Roll	48 hours
UC-2	Upper RC	0.028	0.033	67.9%	0.009	0.25"	Bottle Roll	48 hours
UC-3	Upper RC	0.037	0.039	73.0%	0.010	0.25"	Bottle Roll	48 hours
UA-1	Upper RC	0.042	0.039	88.1%	0.005	0.25"	Bottle Roll	48 hours
UC-1	Upper RC	0.024	0.029	79.2%	0.005	0.25"	Bottle Roll	48 hours
Comp 4	Upper, sparry RC	0.037	0.034	86.5%	0.005	0.25	Bottle Roll	72 hours
Comp 5	Upper, micritic RC	0.066	0.064	84.8%	0.010	0.25	Bottle Roll	72 hours
U Comp	Upper comp. trench	0.045	0.047	82.2%	0.008	2"	Column	60 days
U7-8	Upper, low trench	0.022	0.030	63.6%	0.008	2"	Column	49 days
U	Upper surface bulk	0.086	0.082	80.3%	0.017	2"	Column	63 days
U Comp	Upper comp trench	0.047	0.047	80.9%	0.009	ROM	Loaded vat	71 days
U 7-8	Upper, low trench	0.029	0.030	55.2%	0.013	ROM	Loaded vat	56 days
A 5	Alta (519) jasperoid	0.025	0.027	72.0%	0.007	-10m	Bottle Roll	96 hours
A 6	Alta (519) ls, carb	0.022	0.025	27.3%	0.017	-10m	Bottle Roll	96 hours
A 7	Alta (519) carb ls	0.025	0.023	0.00%	0.025	-10m	Bottle Roll	96 hours
A 8	Alta (519) mixed ls	0.044	0.067	52.3%	0.021	-10m	Bottle Roll	96 hours
A NUP	Alta N. Upper	0.044		86.4%	0.006	-10m	Bottle Roll	96 hours
Met 1	Alta Upper-Ridge core	0.037	0.043	78.4%	0.008	1"	Column	50 days
Average of 10 Bottle Roll Tests				**78.2%**				
Average of 4 Column Tests				**76.1%**				
ACCESS DEPOSIT								
37	Access, shallow RC	0.069	0.068	0.00%	0.069	0.25"	Bottle Roll	72 hour
A-1	Access, RC	0.052	0.053	0.00%	0.052	0.25"	Bottle Roll	48 hour
A-2	Access, RC	0.145	0.151	84.1%	0.023	0.25"	Bottle Roll	48 hour
A-3	Access, RC	0.066	0.061	90.9%	0.006	0.25"	Bottle Roll	48 hour
Comp 2	Access, py siltstone	0.022	0.020	22.7%	0.017	0.25"	Bottle Roll	72 hour
A522	Alta (522)	0.204	0.145	71.1%	0.059	-1"	Bottle Roll	96 hour
Average of 3 Bottle Roll Tests				**82.0%**				

Bottle-roll tests conducted subsequent to the test work summarized above were completed using both apparent mixed oxidized/unoxidized material and carbonaceous drill cuttings from the Emancipation pit area. McClelland conducted two thiosulfate bottle-roll tests on a carbonaceous composite of drill-cuttings from Alta holes A-1074 and A-1075 in the summer of 1997 (McClelland, 1997). Gold extractions from the bottle-roll tests were reported to be 0.6% and 1.2% of the head-grade values. McClelland stated that thiosulfate was not an effective lixiviant for recovering precious metals from this sample, and concluded the precious metals are locked within either a sulfide or silicate matrix and therefore not available for direct leaching (McClelland, 1997). In 1997, Kappes, Cassiday & Associates ("KCA") conducted bottle-roll tests on two composites from the same two drill holes (A1074 and A1075). Two tests were performed on each composite – one using a direct-cyanide bottle-roll leach test and the other a CIL/cyanide-leach bottle test (KCA, 1997). The composite created from an apparent mixed oxidized/unoxidized interval in hole A1075 reported gold extraction of 40.2% for the direct leach and 45.0% for the CIL/cyanide leach. The second composite, a mixture of material from both of the holes, reported 0% gold extractions for both tests.

13.3 Alta Heap-Leach Recoveries

While it is difficult state recoveries in most heap-leach operations accurately, due in part to the lack of heap-feed head grade data, estimations of the Alta heap-leach recoveries have been reported. Overall gold recovery in 1997 was estimated at approximately 68% (King *et al*., 1997). Cowdery (2007) reported an average recovery from Alta's operation in 1995 through 1997 as 73% (see Table 6.2 and related discussion).

14.0 MINERAL RESOURCE ESTIMATES

There are no current mineral resource estimates for the Kinsley project.

15.0 MINERAL RESERVE ESTIMATES

There are no current mineral reserve estimates for the Kinsley project.

16.0 ADJACENT PROPERTIES

In 2007, a large area of the Kinsley Mountains, completely surrounding the south claim block of what is now Pilot Gold's Kinsley property and extending northward along the crest and west side of the range, was staked by Kinsley Resources, Inc. ("Kinsley Resources"), a California-based private corporation. The company website indicates that their property, which is comprised of unpatented mining claims, exceeds 5,666 hectares (14,000 acres).

In the fall of 2011, Pilot Gold staked 128 KN claims to the north and east of the Kinsley Resources claim block to cover an extensive area of open ground on the north end of the Kinsley Range; this is the northern claim block of Pilot Gold's current Kinsley project. The KN claims are contiguous with the Kinsley Resources claims on the southern and western borders.

In the fall of 2011, Barrick Gold Exploration, Inc. staked a large number of claims along the eastern flank of the Kinsley Mountains due east and south of the Kinsley mine site.

17.0 OTHER RELEVANT DATA AND INFORMATION

Other than the specific-gravity data discussed below, MDA is not aware of any other information relevant to this technical report on the Kinsley project that is not discussed herein.

17.1 Specific Gravity Determinations

Cominco carried out a number of specific-gravity ("SG") determinations (Table 17.1). The materials used for the determinations include one assay pulp from each of three bulk metallurgical samples, selected rock samples from the same three bulk metallurgical samples, and four samples of core from the two shallow Simco holes drilled at the Main and Upper zones (SC-1 and SC-2). The rock-grabs from the bulk samples and the core samples were measured by McClelland; the source of the pulp determinations is not known.

Table 17.1 Cominco Specific Gravity Determinations

Material	Sample	Deposit	Type	SG Determinations			Average SG Value	
							Wet	Dry
Bulk Samples: Pulps	1	Lower Main	wet	2.41	2.31	2.30	2.34	
	2	Main	wet	2.35	2.36	2.39	2.37	
	3	Upper	wet	2.29	2.31	2.38	2.33	
Bulk Samples: Rock Grabs	1	Lower Main	wet	2.56	2.69	2.56	2.60	
	2	Main	wet	2.59	2.68	2.62	2.63	
	3	Upper	wet	2.62	2.59	2.63	2.61	
	1	Lower Main	dry	2.46	2.64	2.41		2.50
	2	Main	dry	2.74	2.57	2.53		2.61
	3	Upper	dry	2.59	2.63	2.51		2.58
Core Samples	KSC-1 1.75-3.53 m	Main	wet	2.62			2.62	
	KSC-2 1.52-4.27 m	Upper	wet	2.68			2.68	
	KSC-2 4.27-7.19 m	Upper	wet	2.67			2.67	
	KSC-2 7.19-9.11 m	Upper	wet	2.63			2.63	
	KSC-1 1.75-3.53 m	Main	dry	2.61				2.61
	KSC-2 1.52-4.27 m	Upper	dry	2.67				2.67
	KSC-2 4.27-7.19 m	Upper	dry	2.62				2.62
	KSC-2 7.19-9.11 m	Upper	dry	2.60				2.60

The low SG values derived from the pulps can be attributed to the incorporation of the pore-space voids within the pulped material into the measurements. The Main Zone core sample consisted of silicified/jasperoidal material, while the remaining three core samples were comprised of unsilicified limestone.

The SG values of the dry samples are most applicable to resource and reserve estimations. The average of the dry bulk specific gravities is 2.58.

Down-hole neutron-activation (natural gamma and gamma-gamma density) measurements were also carried out by Summit Geotechnical Consulting of Reno, Nevada in 1988 within mineralized intervals from several open drill holes in the Upper, Main, and Access zones, which produced an average SG value of 2.58 (Summit Geotechnical Consulting, 1988), although a number of problems plagued the study and the reliability of the results was questioned.

Cominco reported (Monroe *et al.*, 1988) that the results from all of their testing suggest the average SG value of “ore” at Kinsley ranged from 2.50 to 2.65. In the end, Cominco chose a value of 2.46 as a “conservative estimate” of the SG for use in their historical “ore reserve” calculations (see Section 6.3), although further testing was recommended.

Alta reported the Kinsley mineralization has an average SG of 2.56, although no backup data are presently available to support this estimate. An SG of 2.46 was used in the Alta historical “reserve” estimates summarized in Section 6.3 (Alta Gold, 1994), which is the same SG used by Cominco in their estimates.

No specific gravity data have been collected from the 2011 drill core to date, although Pilot Gold plans to determine the specific gravity of samples from this core and core from future drilling programs.

18.0 SUMMARY AND CONCLUSIONS

The Kinsley property hosts a past-producing heap-leach mine from which Alta produced approximately 138,000 ounces of gold in the late 1990s from a number of shallow pits that exploited oxidized portions of a sediment-hosted gold deposit. Pilot Gold acquired an interest in the project through a Mining Option Agreement in September 2011. Consultants have advised Pilot Gold that no outstanding reclamation liabilities associated with the Alta mining operations can be assigned to the company.

Gold typically occurs as 1) jasperoid-hosted oxide mineralization in the Big Horse Limestone; 2) stratabound and structurally hosted oxide and sulfide mineralization within the Candland Shale; and 3) dissolution/collapse-breccia-hosted oxide mineralization in the Notch Peak Formation. All three of these formations are of Upper Cambrian age.

Metallurgical testing to date has concentrated on oxidized mineralization, with positive results that are supported by estimated recoveries from Alta's heap-leach operation. More limited work has been completed on unoxidized mineralization, which has shown that the tested materials are not amenable to direct cyanidation.

While the compilation of historic data remains an ongoing process, it appears that a total of about 1,158 generally shallow drill holes were drilled at Kinsley at various times between 1986 and 2004, prior to Pilot Gold's six-hole core drilling program in 2011. Including the 2011 program, approximately 250 of the holes drilled at Kinsley have potentially significant, unmined gold intercepts.

No systematic exploration programs have been executed at the Kinsley property since 1997. Since its acquisition of the property, Pilot Gold has completed the first detailed pit mapping and has compiled available drill and surface data into a project database, which are the necessary first steps in gaining an understanding of the controls on mineralization that can be used to identify targets in untested areas.

The most obvious potential for development of potentially economic gold resources at Kinsley lies in relatively shallow oxidized, unoxidized, and mixed mineralization within the northwest-trending Kinsley mine area. Two such targets include:

- unmined oxide mineralization as defined by a significant number of historic intercepts with high cyanide-soluble/fire-assay ratios, and supported by the relatively high-grade intercepts returned from three Pilot Gold core holes drilled to the east and north of the Main pit; and

- unmined mixed and unoxidized mineralization as defined by a large number of intercepts from historical intercepts and supported by three Pilot Gold core holes.

Pilot Gold has identified north- to northeast-trending high-angle faults in the pit area that appear to continue to the north along strike, where they are manifested by geochemically anomalous jasperoid bodies. Claims have been added to the property to address the possibility of undiscovered mineralization to the north along these trends.

The gold mineralization that was mined by Alta has a strong northwest-trending alignment, and a number of possibly analogous, steeply dipping northwest-trending faults have also been identified to the north.

Pilot Gold has also demonstrated that silicification and weak gold mineralization are present over significant widths below the Middle Cambrian Lamb Dolomite, which underlies the mineralized units exploited by Alta's operations. The Lamb Dolomite was previously thought to be a lower boundary to the mineralization, and therefore few drill holes have been drilled to depths sufficient to test units beneath it. Mineralization at the Long Canyon deposit, located 90 kilometers to the north of the property, occurs immediately above and below a dolomite horizon that is similar in nature and thickness to the Lamb Dolomite. This opens up the possibility of additional targets at depth at Kinsley that may be analogous to the mineralized setting at Long Canyon.

The stratigraphic section at Kinsley was ductilely deformed during a Mesozoic orogenic event and was subjected to protracted early to mid-Tertiary extensional deformation, a history similar to that recorded at Long Canyon, where mineralization is controlled by boudinage of the dolomite horizon during the Mesozoic event and northeast-trending high- and low-angle normal faults developed during Tertiary extension. The identification of high-angle structures that may have acted as conduits to the known mineralization in the Kinsley mine area will be critical to identifying targets below the Lamb Dolomite.

Finally, the Pogonip Group, which overlies the extreme northern portion of the mineralization tested by drilling to date, remains virtually untested. The base of this unit also hosts mineralization at Long Canyon.

19.0 RECOMMENDATIONS

The project drill data outline relatively shallow gold mineralization adjacent to the historic open pits at Kinsley. Beyond this shallow mineralization, there is excellent potential for the discovery of new mineralization to the north, as well as in zones hosted by stratigraphic units other than those presently known to be mineralized throughout the project area. The Kinsley project clearly warrants significant additional investment.

Upcoming exploration at Kinsley is recommended to include the following:

- Core and RC drilling in the southeast portion of the mine area, with the goal of validating historic drill data, infill drilling the area north of the Main pit, and step-out drilling of known zones of mineralization;
- Reconnaissance work within the northern claim block, including geologic mapping and geochemical sampling, and drill testing of defined targets;
- Construction of three-dimensional geological and mineralization models;
- Metallurgical testing of unoxidized and mixed oxidized/unoxidized mineralization;
- Mineral Resource estimation; and
- Biological and cultural studies pursuant to the submission of a Plan of Operations, which will allow for more comprehensive drilling on the property in subsequent exploration programs.

Table 19.1 summarizes the approximate costs to complete the work outlined above. None of the items listed is dependent on the results of any other item.

Table 19.1 Recommended 2012 Exploration Budget for Kinsley

Item	Estimated Cost
Geology	$ 65,000
Drilling (~10,000 meters of RC and ~2,000 meters of core)	1,525,000
Assaying and Geochemistry	380,000
Metallurgy	50,000
Resource Estimation	85,000
Environmental permitting & related studies	100,000
Land & Legal	95,000
Total	*$2,300,000*

Note: personnel and overhead costs not included.

MDA recommends that preparation duplicates are added to the QA/QC protocols for the next drilling program. Additional efforts should also be made to identify and compile all historic QA/QC data as the internal company reports are reviewed in detail.

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21.0 DATE AND SIGNATURE PAGE

Effective Date of report:	February 15, 2012
Completion Date of report:	March 26, 2012

"Michael M. Gustin"
Michael M. Gustin, CPG

March 26, 2012
Date Signed

"Moira Smith"
Moira Smith, P.Geo.

March 26, 2012
Date Signed

"Kent Samuelson"
Kent Samuelson

March 26, 2012
Date Signed

22.0 CERTIFICATES OF AUTHORS

MICHAEL M. GUSTIN, CPG

I, Michael M. Gustin, CPG, do hereby certify that I am currently employed as Senior Geologist by Mine Development Associates, Inc., 210 South Rock Blvd., Reno, Nevada 89502 and:

1. I earned a Bachelor of Science degree in Geology from Northeastern University (1979) and a Doctor of Philosophy degree in Economic Geology from the University of Arizona (1990). I have been a practicing geologist in the mining industry for more than 25 years. I am an SME Registered Member, an AIPG Certified Professional Geologist, and hold professional licenses in the states of Utah (#5541396-2250) and Washington (#2297).
2. I have read the definition of "qualified person" set out in National Instrument 43-101 ("NI 43-101") and certify that by reason of my education, affiliation with a professional association (as defined in NI 43-101), and past relevant work experience, I fulfill the requirements to be a "qualified person" for the purposes of NI 43-101. I am independent of Pilot Gold Inc. and Nevada Sunrise Gold Corporation and their subsidiaries, as defined in Section 1.5 of NI 43-101 and in Section 1.5 of the Companion Policy to NI 43-101.
3. I visited the Kinsley project site on February 10, 2012.
4. I am responsible for all Sections in this report titled, "*Technical Report on the Kinsley Project, Elko County, Nevada, U.S.A.*", dated March 26, 2012 (the "Technical Report"), subject to my reliance on other experts identified in Section 3.0 of the Technical Report.
5. Other than my work for Pilot Gold, I have had no prior involvement with the property or project that is the subject of the Technical Report.
6. As of the date of the certificate, to the best of my knowledge, information, and belief, the Technical Report contains all the scientific and technical information that is required to be disclosed to make the Technical Report not misleading.
7. I have read NI 43-101 and Form 43-101F1, and the Technical Report has been prepared in compliance with that instrument and form.
8. The Technical Report contains information relating to mineral titles, permitting, environmental issues, regulatory matters, and legal agreements. I am not a legal, environmental or regulatory professional, and do not offer a professional opinion regarding these issues.
9. A copy of this report is submitted as a computer readable file in Adobe Acrobat© PDF© format. The requirements of electronic filing necessitate submitting the report as an unlocked, editable file. I accept no responsibility for any changes made to the file after it leaves my control.

Dated March 26, 2012

"Michael M. Gustin"

Michael M. Gustin

MOIRA T. SMITH

I, **Moira T. Smith**, P. Geo., do hereby certify that:

1) I am a geologist residing at 928 Hardrock Place, Spring Creek, NV 89815, and employed by Pilot Gold (USA) Inc. as Chief Geologist.
2) I am a graduate of Pomona College, with a B.A in Geology in 1983. I obtained a M.Sc. in Geology from Western Washington University in 1986, and a Ph.D. in Geology from University of Arizona in 1990. I have practiced my profession continuously since 1990.
3) I am a Professional Geoscientist (P.Geo.) registered in good standing with the Association of Professional Engineers and Geoscientists of British Columbia (#122720);
4) I have worked on the property continuously since September, 2011 and have relevant experience having led or participated in geological studies supporting 6 advanced exploration and development projects and/or operations, in 4 different countries.
5) I have read the definition of "qualified person" set out in National Instrument 43-101 ("NI 43-101") and certify that by reason of my education, affiliation with professional associations (as deemed in NI 43-101) and past relevant work experience, I fulfill the requirements to be a "qualified person" for the purposes of NI 43-101.
6) I assisted in the preparation of and am responsible for Sections 5, 7, 8, and 9 of the report entitled "***Updated Technical Report on the Kinsley Mountain Project, Elko County, Nevada***", dated March 26, 2012, (the "Technical Report") relating to the Kinsley Property. I have worked on the property in a technical capacity since September, 2011 and personally visited the site most recently in February, 2012.
7) As of March 26, 2012, and to the best of my knowledge, information and belief, the Technical Report contains all scientific and technical information that is required to be disclosed to make the Technical Report not misleading.
8) I am not aware of any material fact or material change with respect to the subject matter of the Technical Report that is not reflected in the Technical Report, the omission to disclose which make the Technical Report misleading.
9) I am not independent of the issuers applying all the tests in Section 1.5 of NI 43-101 and acknowledge that I hold securities of Pilot Gold Inc. in the form of stock and stock options.
10) I have read NI 43-101 and Form 43-101F1, and the Technical Report has been prepared in compliance with that instrument and form.
11) I consent to the filing of the Technical Report with any stock exchange and other regulatory authority and any publication by them, including electronic publication in the public company files on their websites accessible by the public, of the Technical Report.

Dated this 26th day of March, 2012 in Elko, Nevada

"Moira Smith"

Moira Smith
Chief Geologist
Pilot Gold (USA) Inc.

APPENDIX A

KINSLEY MOUNTAIN PROJECT FEDERAL LODE MINING CLAIMS

as of February 1, 2012

(Compiled and provided by Pilot Gold)

ACE, SOZA, and TRUST Claims, Owned by Nevada Sunrise LLC
KN Claims, Owned by Pilot Gold (USA) Inc.
Sections 1 and 12, Township 26 North, Range 67 East
Sections 5-8, Township 26 North, Range 68 East
Section 36, Township 27 North, Range 67 East
Sections 7-8, 16-18, 20-21, 28-29, and 31-33, Township 27 North, Range 68 East
Mt. Diablo Base Line & Meridian

Claim Name	Location Date	Amendment Date	BLM Serial Number	BLM Recording Date	County Document Number	County Recording Date
ACE 5554	10/25/2000		NMC821967	12/27/2000	465496	12/20/2000
ACE 5555	10/25/2000		NMC821968	12/27/2000	465497	12/20/2000
ACE 5556	10/25/2000		NMC821969	12/27/2000	465498	12/20/2000
ACE 5557	10/25/2000		NMC821970	12/27/2000	465499	12/20/2000
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ACE 5648	10/26/2000		NMC821971	12/27/2000	465500	12/20/2000
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ACE 5649	10/26/2000		NMC821972	12/27/2000	465501	12/20/2000
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ACE 5650	10/26/2000		NMC821973	12/27/2000	465502	12/20/2000
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ACE 5651	10/26/2000		NMC821974	12/27/2000	465503	12/20/2000
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ACE 5652	10/26/2000		NMC821975	12/27/2000	465504	12/20/2000
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		03/29/2001		NA	468507	04/02/2001
ACE 5653	10/25/2000		NMC821976	12/27/2000	465505	12/20/2000
ACE 5654	10/25/2000		NMC821977	12/27/2000	465506	12/20/2000
ACE 5655	10/25/2000		NMC821978	12/27/2000	465507	12/20/2000
ACE 5656	10/25/2000		NMC821979	12/27/2000	465508	12/20/2000
ACE 5657	10/25/2000		NMC821980	12/27/2000	465509	12/20/2000
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ACE 5749	10/26/2000		NMC821982	12/27/2000	465511	12/20/2000
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ACE 5750	10/26/2000		NMC821983	12/27/2000	465512	12/20/2000
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ACE 5751	10/26/2000		NMC821984	12/27/2000	465513	12/20/2000

Claim Name	Location Date	Amendment Date	BLM Serial Number	BLM Recording Date	County Document Number	County Recording Date
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ACE 5753	10/27/2000		NMC821986	12/27/2000	465515	12/20/2000
ACE 5754	10/27/2000		NMC821987	12/27/2000	465516	12/20/2000
ACE 5755	10/25/2000		NMC821988	12/27/2000	465517	12/20/2000
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ACE 5756	10/25/2000		NMC821989	12/27/2000	465518	12/20/2000
ACE 5848	10/27/2000		NMC821990	12/27/2000	465519	12/20/2000
ACE 5849	10/27/2000		NMC821991	12/27/2000	465520	12/20/2000
ACE 5850	10/27/2000		NMC821992	12/27/2000	465521	12/20/2000
ACE 5851	10/27/2000		NMC821993	12/27/2000	465522	12/20/2000
ACE 5852	10/27/2000		NMC821994	12/27/2000	465523	12/20/2000
TRUST #1	4/25/2001		NMC824004	6/25/2001	470181	5/1/2001
TRUST #2	4/25/2001		NMC824005	6/25/2001	470182	5/1/2001
TRUST #3	4/25/2001		NMC824006	6/25/2001	470183	5/1/2001
TRUST #4	4/26/2001		NMC824007	6/25/2001	470184	5/1/2001
ACE 5745	4/26/2001		NMC824008	6/25/2001	470185	5/1/2001
ACE 5746	4/26/2001		NMC824009	6/25/2001	470186	5/1/2001
ACE 5747	4/26/2001		NMC824010	6/25/2001	470187	5/1/2001
ACE 5845	4/26/2001		NMC824011	6/25/2001	470188	5/1/2001
ACE 5846	4/26/2001		NMC824012	6/25/2001	470189	5/1/2001
ACE 5847	4/26/2001		NMC824013	6/25/2001	470190	5/1/2001
ACE 5448	4/7/2002		NMC829976	7/1/2002	485151	7/1/2002
ACE 5449	4/7/2002		NMC829977	7/1/2002	485152	7/1/2002
ACE 5450	4/7/2002		NMC829978	7/1/2002	485153	7/1/2002
ACE 5451	4/6/2002		NMC829979	7/1/2002	485154	7/1/2002
ACE 5452	4/6/2002		NMC829980	7/1/2002	485155	7/1/2002
ACE 5453	4/6/2002		NMC829981	7/1/2002	485156	7/1/2002
ACE 5454	4/6/2002		NMC829982	7/1/2002	485157	7/1/2002
ACE 5455	4/6/2002		NMC829983	7/1/2002	485158	7/1/2002
ACE 5543	4/4/2002		NMC829984	7/1/2002	485159	7/1/2002
ACE 5544	4/6/2002		NMC829985	7/1/2002	485160	7/1/2002
ACE 5545	4/6/2002		NMC829986	7/1/2002	485161	7/1/2002
ACE 5548	4/7/2002		NMC829987	7/1/2002	485162	7/1/2002
ACE 5549	4/7/2002		NMC829988	7/1/2002	485163	7/1/2002
ACE 5550	4/7/2002		NMC829989	7/1/2002	485164	7/1/2002
ACE 5551	4/6/2002		NMC829990	7/1/2002	485165	7/1/2002
ACE 5552	4/6/2002		NMC829991	7/1/2002	485166	7/1/2002
ACE 5553	4/6/2002		NMC829992	7/1/2002	485167	7/1/2002

Claim Name	Location Date	Amendment Date	BLM Serial Number	BLM Recording Date	County Document Number	County Recording Date
ACE 5644	4/4/2002		NMC829993	7/1/2002	485168	7/1/2002
ACE 5645	4/4/2002		NMC829994	7/1/2002	485169	7/1/2002
ACE 5646	4/4/2002		NMC829995	7/1/2002	485170	7/1/2002
ACE 5640	10/13/2003		NMC857758	12/17/2003	512092	12/22/2003
ACE 5641	10/13/2003		NMC857759	12/17/2003	512093	12/22/2003
ACE 5642	10/13/2003		NMC857760	12/17/2003	512094	12/22/2003
ACE 5643	10/13/2003		NMC857761	12/17/2003	512095	12/22/2003
ACE 5658	10/14/2003		NMC857762	12/17/2003	512096	12/22/2003
ACE 5659	10/14/2003		NMC857763	12/17/2003	512097	12/22/2003
ACE 5660	10/14/2003		NMC857764	12/17/2003	512098	12/22/2003
ACE 5740	10/13/2003		NMC857765	12/17/2003	512099	12/22/2003
ACE 5741	10/13/2003		NMC857766	12/17/2003	512100	12/22/2003
ACE 5742	10/13/2003		NMC857767	12/17/2003	512101	12/22/2003
ACE 5743	10/13/2003		NMC857768	12/17/2003	512102	12/22/2003
ACE 5744	10/13/2003		NMC857769	12/17/2003	512103	12/22/2003
ACE 5757	10/13/2003		NMC857770	12/17/2003	512104	12/22/2003
ACE 5758	10/14/2003		NMC857771	12/17/2003	512105	12/22/2003
ACE 5759	10/14/2003		NMC857772	12/17/2003	512106	12/22/2003
ACE 5760	10/14/2003		NMC857773	12/17/2003	512107	12/22/2003
ACE 5840	10/13/2003		NMC857774	12/17/2003	512108	12/22/2003
ACE 5841	10/13/2003		NMC857775	12/17/2003	512109	12/22/2003
ACE 5842	10/13/2003		NMC857776	12/17/2003	512110	12/22/2003
ACE 5843	10/13/2003		NMC857777	12/17/2003	512111	12/22/2003
ACE 5844	10/13/2003		NMC857778	12/17/2003	512112	12/22/2003
ACE 5940	10/13/2003		NMC857779	12/17/2003	512113	12/22/2003
ACE 5941	10/13/2003		NMC857780	12/17/2003	512114	12/22/2003
ACE 5942	10/13/2003		NMC857781	12/17/2003	512115	12/22/2003
ACE 5943	10/13/2003		NMC857782	12/17/2003	512116	12/22/2003
ACE 5944	10/13/2003		NMC857783	12/17/2003	512117	12/22/2003
ACE 5945	10/13/2003		NMC857784	12/17/2003	512118	12/22/2003
ACE 5946	10/13/2003		NMC857785	12/17/2003	512119	12/22/2003
ACE 5947	10/13/2003		NMC857786	12/17/2003	512120	12/22/2003
ACE 5948	10/13/2003		NMC857787	12/17/2003	512121	12/22/2003
ACE 5949	10/13/2003		NMC857788	12/17/2003	512122	12/22/2003
ACE 5950	10/13/2003		NMC857789	12/17/2003	512123	12/22/2003
ACE 6043	10/13/2003		NMC857790	12/17/2003	512124	12/22/2003
ACE 6044	10/13/2003		NMC857791	12/17/2003	512125	12/22/2003
ACE 6045	10/13/2003		NMC857792	12/17/2003	512126	12/22/2003
ACE 6046	10/13/2003		NMC857793	12/17/2003	512127	12/22/2003
ACE 6047	10/13/2003		NMC857794	12/17/2003	512128	12/22/2003
ACE 6048	10/13/2003		NMC857795	12/17/2003	512129	12/22/2003
ACE 6049	10/13/2003		NMC857796	12/17/2003	512130	12/22/2003

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ACE 6050	10/13/2003		NMC857797	12/17/2003	512131	12/22/2003
ACE 6143	10/13/2003		NMC857798	12/17/2003	512132	12/22/2003
ACE 6144	10/13/2003		NMC857799	12/17/2003	512133	12/22/2003
ACE 6145	10/13/2003		NMC857800	12/17/2003	512134	12/22/2003
ACE 6146	10/13/2003		NMC857801	12/17/2003	512135	12/22/2003
ACE 6147	10/13/2003		NMC857802	12/17/2003	512136	12/22/2003
ACE 6148	10/13/2003		NMC857803	12/17/2003	512137	12/22/2003
ACE 6149	10/13/2003		NMC857804	12/17/2003	512138	12/22/2003
ACE 6150	10/13/2003		NMC857805	12/17/2003	512139	12/22/2003
SOZA #1	1/16/2004		NMC859898	1/21/2004	513715	2/3/2004
SOZA #2	1/16/2004		NMC859899	1/21/2004	513716	2/3/2004
SOZA #3	1/16/2004		NMC859900	1/21/2004	513717	2/3/2004
ACE 5853	7/28/2004		NMC876718	9/10/2004	523766	9/13/2004
ACE 5854	7/28/2004		NMC876719	9/10/2004	523767	9/13/2004
ACE 5855	7/28/2004		NMC876720	9/10/2004	523768	9/13/2004
ACE 5856	7/28/2004		NMC876721	9/10/2004	523769	9/13/2004
ACE 5857	7/28/2004		NMC876722	9/10/2004	523770	9/13/2004
ACE 5858	7/28/2004		NMC876723	9/10/2004	523771	9/13/2004
ACE 5951	7/28/2004		NMC876724	9/10/2004	523772	9/13/2004
ACE 5952	7/28/2004		NMC876725	9/10/2004	523773	9/13/2004
ACE 5953	7/28/2004		NMC876726	9/10/2004	523774	9/13/2004
ACE 5954	7/28/2004		NMC876727	9/10/2004	523775	9/13/2004
ACE 5955	7/28/2004		NMC876728	9/10/2004	523776	9/13/2004
ACE 5956	7/28/2004		NMC876729	9/10/2004	523777	9/13/2004
ACE 5957	7/28/2004		NMC876730	9/10/2004	523778	9/13/2004
ACE 5958	7/28/2004		NMC876731	9/10/2004	523779	9/13/2004
ACE 6051	7/29/2004		NMC876732	9/10/2004	523780	9/13/2004
ACE 6052	7/29/2004		NMC876733	9/10/2004	523781	9/13/2004
ACE 6053	7/29/2004		NMC876734	9/10/2004	523782	9/13/2004
ACE 6054	7/29/2004		NMC876735	9/10/2004	523783	9/13/2004
ACE 6055	7/29/2004		NMC876736	9/10/2004	523784	9/13/2004
ACE 6056	7/29/2004		NMC876737	9/10/2004	523785	9/13/2004
ACE 6057	7/29/2004		NMC876738	9/10/2004	523786	9/13/2004
ACE 6058	7/29/2004		NMC876739	9/10/2004	523787	9/13/2004
ACE 6151	7/29/2004		NMC876740	9/10/2004	523788	9/13/2004
ACE 6152	7/29/2004		NMC876741	9/10/2004	523789	9/13/2004
ACE 6153	7/29/2004		NMC876742	9/10/2004	523790	9/13/2004
ACE 6154	7/29/2004		NMC876743	9/10/2004	523791	9/13/2004
ACE 6155	7/29/2004		NMC876744	9/10/2004	523792	9/13/2004
ACE 6156	7/29/2004		NMC876745	9/10/2004	523793	9/13/2004
ACE 6157	7/29/2004		NMC876746	9/10/2004	523794	9/13/2004
ACE 6158	7/29/2004		NMC876747	9/10/2004	523795	9/13/2004

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ACE 5446	9/4/2004		NMC880251	10/26/2004	525664	10/27/2004
ACE 5447	9/4/2004		NMC880252	10/26/2004	525664	10/27/2004
KN-1	10/25/2011		NMC1063529	1/9/2012	650126	12/27/2011
KN-2	10/25/2011		NMC1063530	1/9/2012	650127	12/27/2011
KN-3	10/25/2011		NMC1063531	1/9/2012	650128	12/27/2011
KN-4	10/25/2011		NMC1063532	1/9/2012	650129	12/27/2011
KN-5	10/25/2011		NMC1063533	1/9/2012	650130	12/27/2011
KN-6	10/25/2011		NMC1063534	1/9/2012	650131	12/27/2011
KN-7	10/25/2011		NMC1063535	1/9/2012	650132	12/27/2011
KN-8	10/25/2011		NMC1063536	1/9/2012	650133	12/27/2011
KN-9	10/25/2011		NMC1063537	1/9/2012	650134	12/27/2011
KN-10	10/25/2011		NMC1063538	1/9/2012	650135	12/27/2011
KN-11	10/25/2011		NMC1063539	1/9/2012	650136	12/27/2011
KN-12	10/25/2011		NMC1063540	1/9/2012	650137	12/27/2011
KN-13	10/25/2011		NMC1063541	1/9/2012	650138	12/27/2011
KN-14	10/25/2011		NMC1063542	1/9/2012	650139	12/27/2011
KN-15	10/25/2011		NMC1063543	1/9/2012	650140	12/27/2011
KN-16	10/25/2011		NMC1063544	1/9/2012	650141	12/27/2011
KN-17	10/25/2011		NMC1063545	1/9/2012	650142	12/27/2011
KN-18	10/25/2011		NMC1063546	1/9/2012	650143	12/27/2011
KN-19	10/26/2011		NMC1063547	1/9/2012	650144	12/27/2011
KN-20	10/26/2011		NMC1063548	1/9/2012	650145	12/27/2011
KN-21	10/26/2011		NMC1063549	1/9/2012	650146	12/27/2011
KN-22	10/26/2011		NMC1063550	1/9/2012	650147	12/27/2011
KN-23	10/26/2011		NMC1063551	1/9/2012	650148	12/27/2011
KN-24	10/26/2011		NMC1063552	1/9/2012	650149	12/27/2011
KN-25	10/26/2011		NMC1063553	1/9/2012	650150	12/27/2011
KN-26	10/26/2011		NMC1063554	1/9/2012	650151	12/27/2011
KN-27	10/26/2011		NMC1063555	1/9/2012	650152	12/27/2011
KN-28	10/26/2011		NMC1063556	1/9/2012	650153	12/27/2011
KN-29	10/26/2011		NMC1063557	1/9/2012	650154	12/27/2011
KN-30	10/26/2011		NMC1063558	1/9/2012	650155	12/27/2011
KN-31	10/26/2011		NMC1063559	1/9/2012	650156	12/27/2011
KN-32	10/26/2011		NMC1063560	1/9/2012	650157	12/27/2011
KN-33	10/26/2011		NMC1063561	1/9/2012	650158	12/27/2011
KN-34	10/26/2011		NMC1063562	1/9/2012	650159	12/27/2011
KN-35	10/26/2011		NMC1063563	1/9/2012	650160	12/27/2011
KN-36	10/26/2011		NMC1063564	1/9/2012	650161	12/27/2011
KN-38	10/26/2011		NMC1063565	1/9/2012	650162	12/27/2011
KN-39	10/26/2011		NMC1063566	1/9/2012	650163	12/27/2011
KN-40	10/26/2011		NMC1063567	1/9/2012	650164	12/27/2011
KN-41	10/26/2011		NMC1063568	1/9/2012	650165	12/27/2011

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KN-42	10/26/2011		NMC1063569	1/9/2012	650166	12/27/2011
KN-43	10/26/2011		NMC1063570	1/9/2012	650167	12/27/2011
KN-44	10/26/2011		NMC1063571	1/9/2012	650168	12/27/2011
KN-45	10/26/2011		NMC1063572	1/9/2012	650169	12/27/2011
KN-46	10/26/2011		NMC1063573	1/9/2012	650170	12/27/2011
KN-47	10/26/2011		NMC1063574	1/9/2012	650171	12/27/2011
KN-48	10/26/2011		NMC1063575	1/9/2012	650172	12/27/2011
KN-49	10/26/2011		NMC1063576	1/9/2012	650173	12/27/2011
KN-50	10/26/2011		NMC1063577	1/9/2012	650174	12/27/2011
KN-51	10/26/2011		NMC1063578	1/9/2012	650175	12/27/2011
KN-52	10/26/2011		NMC1063579	1/9/2012	650176	12/27/2011
KN-53	10/26/2011		NMC1063580	1/9/2012	650177	12/27/2011
KN-54	10/26/2011		NMC1063581	1/9/2012	650178	12/27/2011
KN-55	10/26/2011		NMC1063582	1/9/2012	650179	12/27/2011
KN-58	10/26/2011		NMC1063583	1/9/2012	650180	12/27/2011
KN-59	10/26/2011		NMC1063584	1/9/2012	650181	12/27/2011
KN-60	10/26/2011		NMC1063585	1/9/2012	650182	12/27/2011
KN-61	10/26/2011		NMC1063586	1/9/2012	650183	12/27/2011
KN-62	10/26/2011		NMC1063587	1/9/2012	650184	12/27/2011
KN-63	10/26/2011		NMC1063588	1/9/2012	650185	12/27/2011
KN-64	10/26/2011		NMC1063589	1/9/2012	650186	12/27/2011
KN-65	10/26/2011		NMC1063590	1/9/2012	650187	12/27/2011
KN-66	10/26/2011		NMC1063591	1/9/2012	650188	12/27/2011
KN-67	10/26/2011		NMC1063592	1/9/2012	650189	12/27/2011
KN-68	10/27/2011		NMC1063593	1/9/2012	650190	12/27/2011
KN-69	10/27/2011		NMC1063594	1/9/2012	650191	12/27/2011
KN-70	10/27/2011		NMC1063595	1/9/2012	650192	12/27/2011
KN-71	10/27/2011		NMC1063596	1/9/2012	650193	12/27/2011
KN-72	10/27/2011		NMC1063597	1/9/2012	650194	12/27/2011
KN-73	10/27/2011		NMC1063598	1/9/2012	650195	12/27/2011
KN-74	10/27/2011		NMC1063599	1/9/2012	650196	12/27/2011
KN-75	10/27/2011		NMC1063600	1/9/2012	650197	12/27/2011
KN-78	10/27/2011		NMC1063601	1/9/2012	650198	12/27/2011
KN-79	10/27/2011		NMC1063602	1/9/2012	650199	12/27/2011
KN-80	10/27/2011		NMC1063603	1/9/2012	650200	12/27/2011
KN-81	10/27/2011		NMC1063604	1/9/2012	650201	12/27/2011
KN-82	10/27/2011		NMC1063605	1/9/2012	650202	12/27/2011
KN-83	10/27/2011		NMC1063606	1/9/2012	650203	12/27/2011
KN-84	10/27/2011		NMC1063607	1/9/2012	650204	12/27/2011
KN-85	10/27/2011		NMC1063608	1/9/2012	650205	12/27/2011
KN-86	10/27/2011		NMC1063609	1/9/2012	650206	12/27/2011
KN-87	10/27/2011		NMC1063610	1/9/2012	650207	12/27/2011

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KN-88	10/27/2011		NMC1063611	1/9/2012	650208	12/27/2011
KN-89	10/27/2011		NMC1063612	1/9/2012	650209	12/27/2011
KN-90	10/27/2011		NMC1063613	1/9/2012	650210	12/27/2011
KN-91	10/27/2011		NMC1063614	1/9/2012	650211	12/27/2011
KN-92	10/27/2011		NMC1063615	1/9/2012	650212	12/27/2011
KN-93	10/27/2011		NMC1063616	1/9/2012	650213	12/27/2011
KN-94	10/27/2011		NMC1063617	1/9/2012	650214	12/27/2011
KN-95	10/27/2011		NMC1063618	1/9/2012	650215	12/27/2011
KN-96	10/27/2011		NMC1063619	1/9/2012	650216	12/27/2011
KN-97	10/27/2011		NMC1063620	1/9/2012	650217	12/27/2011
KN-98	10/27/2011		NMC1063621	1/9/2012	650218	12/27/2011
KN-99	10/27/2011		NMC1063622	1/9/2012	650219	12/27/2011
KN-100	10/27/2011		NMC1063623	1/9/2012	650220	12/27/2011
KN-101	10/27/2011		NMC1063624	1/9/2012	650221	12/27/2011
KN-102	10/27/2011		NMC1063625	1/9/2012	650222	12/27/2011
KN-103	10/27/2011		NMC1063626	1/9/2012	650223	12/27/2011
KN-104	10/27/2011		NMC1063627	1/9/2012	650224	12/27/2011
KN-105	10/27/2011		NMC1063628	1/9/2012	650225	12/27/2011
KN-106	10/27/2011		NMC1063629	1/9/2012	650226	12/27/2011
KN-107	10/27/2011		NMC1063630	1/9/2012	650227	12/27/2011
KN-108	10/27/2011		NMC1063631	1/9/2012	650228	12/27/2011
KN-109	10/27/2011		NMC1063632	1/9/2012	650229	12/27/2011
KN-110	10/28/2011		NMC1063633	1/9/2012	650231	12/27/2011
KN-111	10/28/2011		NMC1063634	1/9/2012	650232	12/27/2011
KN-112	10/28/2011		NMC1063635	1/9/2012	650233	12/27/2011
KN-113	10/28/2011		NMC1063636	1/9/2012	650234	12/27/2011
KN-114	10/28/2011		NMC1063637	1/9/2012	650235	12/27/2011
KN-115	10/28/2011		NMC1063638	1/9/2012	650236	12/27/2011
KN-116	10/28/2011		NMC1063639	1/9/2012	650237	12/27/2011
KN-117	10/28/2011		NMC1063640	1/9/2012	650238	12/27/2011
KN-118	10/28/2011		NMC1063641	1/9/2012	650239	12/27/2011
KN-119	10/28/2011		NMC1063642	1/9/2012	650240	12/27/2011
KN-120	10/28/2011		NMC1063643	1/9/2012	650241	12/27/2011
KN-121	10/28/2011		NMC1063644	1/9/2012	650242	12/27/2011
KN-122	10/28/2011		NMC1063645	1/9/2012	650243	12/27/2011
KN-123	10/28/2011		NMC1063646	1/9/2012	650244	12/27/2011
KN-124	10/28/2011		NMC1063647	1/9/2012	650245	12/27/2011
KN-125	10/28/2011		NMC1063648	1/9/2012	650246	12/27/2011
KN-126	10/28/2011		NMC1063649	1/9/2012	650247	12/27/2011
KN-127	10/28/2011		NMC1063650	1/9/2012	650248	12/27/2011
KN-128	10/28/2011		NMC1063651	1/9/2012	650249	12/27/2011
KN-129	10/28/2011		NMC1063652	1/9/2012	650250	12/27/2011

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KN-130	10/28/2011		NMC1063653	1/9/2012	650251	12/27/2011
KN-131	10/28/2011		NMC1063654	1/9/2012	650252	12/27/2011
KN-132	10/28/2011		NMC1063655	1/9/2012	650253	12/27/2011
KN-133	10/28/2011		NMC1063656	1/9/2012	650254	12/27/2011
ACE 6001	*12/22/2011*		*NMC1066043*	2/3/2012	651728	2/3/2012
ACE 6002	*12/22/2011*		*NMC1066044*	2/3/2012	651729	2/3/2012
ACE 6003	*12/22/2011*		*NMC1066045*	2/3/2012	651730	2/3/2012

APPENDIX B: UNMINED GOLD INTERCEPTS

(Compiled and provided by Pilot Gold)

Significant gold intercepts from all historic and current programs that fall outside of mined pits. Intervals were calculated using a cut-off of 0.009 oz Au/ton (0.309 g Au/t), and a maximum of four meters of internal waste. Gold endowment is represented by gold in g/t multiplied by the interval in meters, as shown in the last column of the table.

Hole-ID	From (m)	To (m)	Interval (m)	oz Au/ton	g Au/t	g/t x m
PK004C	42.7	59.6	16.9	0.187	6.40	108.32
A-1074	42.7	53.3	10.7	0.245	8.41	89.67
K-139	94.5	118.9	24.4	0.090	3.09	75.31
A-1075	38.1	57.9	19.8	0.110	3.78	74.84
A-912	51.8	61.0	9.1	0.232	7.96	72.76
A-1130	105.2	117.3	12.2	0.149	5.10	62.21
A-1053	39.6	50.3	10.7	0.154	5.26	56.16
PK002C	111.7	120.4	8.7	0.182	6.22	54.04
K-196A	88.4	105.2	16.8	0.089	3.05	51.15
PK003C	102.7	110.2	7.5	0.197	6.74	50.33
A-915	42.7	61.0	18.3	0.077	2.62	47.91
K-308	134.1	149.4	15.2	0.079	2.70	41.18
A-603	70.1	83.8	13.7	0.088	3.00	41.13
K-078	65.5	79.2	13.7	0.084	2.87	39.30
K-383	67.1	86.9	19.8	0.049	1.68	33.19
A-1132	86.9	103.6	16.8	0.054	1.86	31.21
A-955	48.8	67.1	18.3	0.048	1.64	30.06
PK001C	88.5	105.3	16.8	0.048	1.63	27.39
K-118	39.6	61.0	21.3	0.035	1.19	25.31
K-312	153.9	164.6	10.7	0.068	2.32	24.79
A-635	80.8	96.0	15.2	0.047	1.62	24.63
A-1061	21.3	25.9	4.6	0.152	5.21	23.80
A-909	50.3	59.4	9.1	0.076	2.59	23.70
K-384	64.0	85.3	21.3	0.032	1.09	23.23
A-562	96.0	112.8	16.8	0.040	1.38	23.07
A-609	29.0	35.1	6.1	0.107	3.66	22.34
K-322	35.1	42.7	7.6	0.086	2.93	22.34
A-604	57.9	70.1	12.2	0.053	1.81	22.02
A-1077	102.1	114.3	12.2	0.052	1.78	21.71
K-077	77.7	96.0	18.3	0.034	1.18	21.50
K-055	74.7	83.8	9.1	0.068	2.35	21.45
A-1131	112.8	121.9	9.1	0.068	2.34	21.40
A-917	53.3	65.5	12.2	0.051	1.74	21.19
A-947	89.9	105.2	15.2	0.040	1.36	20.77
A-807	15.2	35.1	19.8	0.030	1.04	20.67
A-932	30.5	42.7	12.2	0.048	1.65	20.15

Hole-ID	From (m)	To (m)	Interval (m)	oz Au/ton	g Au/t	g/t x m
A-978	86.9	99.1	12.2	0.046	1.56	19.00
H-469	51.8	62.5	10.7	0.052	1.78	18.95
A-957	62.5	83.8	21.3	0.026	0.89	18.89
A-945	91.4	103.6	12.2	0.045	1.52	18.58
K-101	89.9	97.5	7.6	0.071	2.42	18.48
A-630	80.8	94.5	13.7	0.039	1.35	18.48
A-595	25.9	39.6	13.7	0.037	1.28	17.54
A-718	32.0	45.7	13.7	0.037	1.26	17.33
K-365	118.9	128.0	9.1	0.055	1.87	17.07
A-1121	96.0	108.2	12.2	0.041	1.40	17.01
A-869	9.1	22.9	13.7	0.036	1.24	17.01
A-936	39.6	45.7	6.1	0.081	2.79	17.01
A-1079	35.1	50.3	15.2	0.032	1.10	16.81
K-094	65.5	80.8	15.2	0.032	1.10	16.75
A-514	30.5	41.1	10.7	0.046	1.57	16.75
H-439	41.1	44.2	3.0	0.161	5.50	16.75
K-027	15.2	18.3	3.0	0.160	5.46	16.65
K-368	82.3	88.4	6.1	0.079	2.71	16.49
A-1016	41.1	51.8	10.7	0.045	1.54	16.39
A-1085	0.0	13.7	13.7	0.035	1.19	16.39
A-1086	9.1	19.8	10.7	0.044	1.51	16.08
A-907	38.1	45.7	7.6	0.062	2.11	16.08
H-453	10.7	29.0	18.3	0.026	0.88	16.02
K-037	27.4	36.6	9.1	0.050	1.70	15.55
K-380	62.5	76.2	13.7	0.032	1.10	15.08
A-1120	18.3	25.9	7.6	0.057	1.96	14.93
A-954	65.5	77.7	12.2	0.035	1.21	14.72
H-436	32.0	41.1	9.1	0.046	1.59	14.51
K-349	39.6	51.8	12.2	0.035	1.19	14.51
K-189	114.3	121.9	7.6	0.055	1.90	14.46
A-628	10.7	16.8	6.1	0.069	2.36	14.40
H-438	33.5	54.9	21.3	0.019	0.65	13.88
A-1040	32.0	36.6	4.6	0.088	3.01	13.78
K-129A	65.5	85.3	19.8	0.020	0.70	13.78
A-1153	44.2	50.3	6.1	0.065	2.23	13.57
H-435	24.4	30.5	6.1	0.065	2.23	13.57
H-437	68.6	71.6	3.0	0.129	4.40	13.41
A-924	91.4	115.8	24.4	0.016	0.55	13.36
K-090	103.6	117.3	13.7	0.027	0.93	12.73
A-618	71.6	77.7	6.1	0.061	2.07	12.63
K-137	106.7	114.3	7.6	0.047	1.60	12.21
A-930	36.6	45.7	9.1	0.038	1.31	12.00

Hole-ID	From (m)	To (m)	Interval (m)	oz Au/ton	g Au/t	g/t x m
K-129	62.5	68.6	6.1	0.057	1.96	11.95
A-1055	41.1	44.2	3.0	0.111	3.80	11.59
A-948	94.5	105.2	10.7	0.031	1.08	11.48
H-461	50.3	57.9	7.6	0.044	1.49	11.38
A-946	59.4	67.1	7.6	0.044	1.49	11.38
K-158	73.2	89.9	16.8	0.019	0.67	11.17
A-953	62.5	74.7	12.2	0.027	0.92	11.17
K-056	57.9	64.0	6.1	0.053	1.82	11.12
A-551	44.2	56.4	12.2	0.026	0.90	10.96
K-004	61.0	74.7	13.7	0.023	0.79	10.86
A-617	38.1	44.2	6.1	0.052	1.78	10.86
A-686	19.8	24.4	4.6	0.069	2.37	10.86
A-1142	111.3	117.3	6.1	0.051	1.75	10.65
K-362	61.0	64.0	3.0	0.101	3.46	10.54
A-862	4.6	15.2	10.7	0.029	0.98	10.44
K-122	74.7	82.3	7.6	0.039	1.34	10.23
A-605	62.5	68.6	6.1	0.049	1.68	10.23
K-018	62.5	67.1	4.6	0.065	2.24	10.23
A-912	35.1	41.1	6.1	0.049	1.66	10.13
H-497	82.3	89.9	7.6	0.039	1.33	10.13
H-456	10.7	24.4	13.7	0.021	0.73	10.07
K-303	158.5	166.1	7.6	0.038	1.30	9.92
PK006C	53.0	63.4	10.4	0.028	0.95	9.83
A-753	12.2	19.8	7.6	0.038	1.29	9.81
A-602	12.2	19.8	7.6	0.038	1.29	9.81
K-040	105.2	112.8	7.6	0.038	1.29	9.81
K-073	105.2	114.3	9.1	0.031	1.06	9.66
H-458	18.3	24.4	6.1	0.046	1.58	9.60
A-593	3.0	10.7	7.6	0.036	1.25	9.50
A-1126	39.6	48.8	9.1	0.030	1.04	9.50
K-055	103.6	112.8	9.1	0.029	1.00	9.19
A-696	71.6	79.2	7.6	0.035	1.19	9.08
K-008	18.3	29.0	10.7	0.025	0.84	8.98
A-719	30.5	42.7	12.2	0.021	0.73	8.87
A-806	29.0	33.5	4.6	0.057	1.94	8.87
A-809	29.0	39.6	10.7	0.024	0.82	8.77
K-261	47.2	51.8	4.6	0.055	1.89	8.66
A-710	54.9	65.5	10.7	0.024	0.81	8.66
H-457	56.4	65.5	9.1	0.028	0.95	8.66
H-469	71.6	79.2	7.6	0.033	1.12	8.56
K-319	21.3	32.0	10.7	0.023	0.80	8.56
A-940	22.9	27.4	4.6	0.054	1.85	8.46

Hole-ID	From (m)	To (m)	Interval (m)	oz Au/ton	g Au/t	g/t x m
A-592	0.0	15.2	15.2	0.016	0.55	8.46
A-804	4.6	13.7	9.1	0.026	0.90	8.25
A-631	24.4	35.1	10.7	0.023	0.77	8.25
A-958	57.9	67.1	9.1	0.026	0.89	8.14
A-974	10.7	18.3	7.6	0.031	1.07	8.14
A-1105	10.7	19.8	9.1	0.026	0.88	8.04
A-808	16.8	29.0	12.2	0.019	0.65	7.93
K-091	50.3	56.4	6.1	0.038	1.30	7.93
A-606	47.2	53.3	6.1	0.038	1.28	7.83
K-424	77.7	79.2	1.5	0.146	5.00	7.62
A-779	29.0	39.6	10.7	0.021	0.71	7.62
A-623	25.9	29.0	3.0	0.073	2.50	7.62
K-137	89.9	102.1	12.2	0.018	0.62	7.52
A-875	42.7	47.2	4.6	0.048	1.64	7.52
H-454	68.6	76.2	7.6	0.028	0.97	7.41
A-963	24.4	27.4	3.0	0.071	2.43	7.41
A-685	45.7	48.8	3.0	0.070	2.40	7.31
K-346	16.8	21.3	4.6	0.046	1.59	7.25
K-425	295.7	300.2	4.6	0.046	1.58	7.20
A-966	1.5	13.7	12.2	0.017	0.58	7.10
A-996	18.3	25.9	7.6	0.027	0.93	7.10
A-1057	45.7	50.3	4.6	0.045	1.53	6.99
A-819	22.9	33.5	10.7	0.019	0.64	6.84
K-315	91.4	99.1	7.6	0.026	0.89	6.78
A-845	4.6	15.2	10.7	0.019	0.64	6.78
A-838	16.8	24.4	7.6	0.026	0.88	6.68
K-081	91.4	100.6	9.1	0.021	0.72	6.58
A-754	1.5	13.7	12.2	0.016	0.54	6.58
K-374	62.5	74.7	12.2	0.016	0.53	6.47
A-1056	44.2	48.8	4.6	0.041	1.39	6.37
A-559	96.0	103.6	7.6	0.024	0.84	6.37
A-627	61.0	67.1	6.1	0.031	1.04	6.37
A-597	29.0	33.5	4.6	0.041	1.39	6.37
K-399	86.9	91.4	4.6	0.040	1.38	6.32
H-436	47.2	50.3	3.0	0.061	2.07	6.32
K-115	33.5	38.1	4.6	0.040	1.38	6.32
K-049	80.8	86.9	6.1	0.030	1.04	6.32
A-1118	42.7	56.4	13.7	0.013	0.46	6.26
K-145	76.2	82.3	6.1	0.030	1.01	6.16
K-198	79.2	85.3	6.1	0.030	1.01	6.16
A-952	50.3	56.4	6.1	0.030	1.01	6.16
K-145	57.9	62.5	4.6	0.039	1.34	6.11

Hole-ID	From (m)	To (m)	Interval (m)	oz Au/ton	g Au/t	g/t x m
A-605	47.2	53.3	6.1	0.029	0.99	6.05
A-951	47.2	53.3	6.1	0.029	0.99	6.05
A-865	9.1	15.2	6.1	0.029	0.99	6.05
A-625	47.2	54.9	7.6	0.023	0.79	6.05
A-1039	35.1	38.1	3.0	0.057	1.95	5.95
K-143	6.1	9.1	3.0	0.057	1.93	5.90
H-470	59.4	65.5	6.1	0.028	0.97	5.90
K-177	42.7	48.8	6.1	0.028	0.96	5.85
A-1017	12.2	15.2	3.0	0.056	1.92	5.85
K-346	42.7	48.8	6.1	0.028	0.94	5.74
A-1082	41.1	50.3	9.1	0.018	0.63	5.74
K-198	50.3	54.9	4.6	0.037	1.26	5.74
K-074	44.2	47.2	3.0	0.055	1.87	5.69
A-708	36.6	39.6	3.0	0.054	1.85	5.64
A-562	6.1	15.2	9.1	0.018	0.62	5.64
A-758	0.0	3.0	3.0	0.054	1.85	5.64
K-348	19.8	22.9	3.0	0.053	1.82	5.53
K-037	51.8	54.9	3.0	0.053	1.82	5.53
K-400	86.9	89.9	3.0	0.053	1.80	5.48
A-866	7.6	19.8	12.2	0.013	0.45	5.43
A-813	0.0	4.6	4.6	0.035	1.19	5.43
A-1003	105.2	111.3	6.1	0.026	0.89	5.43
K-010	7.6	13.7	6.1	0.026	0.88	5.38
A-578	32.0	39.6	7.6	0.020	0.70	5.32
A-1141	99.1	103.6	4.6	0.033	1.14	5.22
K-014	42.7	48.8	6.1	0.025	0.86	5.22
K-401B	22.9	24.4	1.5	0.100	3.42	5.22
A-633	30.5	36.6	6.1	0.025	0.86	5.22
A-1090	24.4	36.6	12.2	0.013	0.43	5.22
K-320	15.2	25.9	10.7	0.014	0.48	5.17
K-241	50.3	61.0	10.7	0.014	0.48	5.17
A-917	70.1	77.7	7.6	0.020	0.67	5.11
A-926	57.9	61.0	3.0	0.049	1.68	5.11
A-928	77.7	85.3	7.6	0.020	0.67	5.11
K-015	120.4	126.5	6.1	0.024	0.83	5.06
A-926	77.7	82.3	4.6	0.032	1.10	5.01
K-028	54.9	57.9	3.0	0.048	1.64	5.01
A-863	7.6	16.8	9.1	0.016	0.55	5.01
A-515	38.1	47.2	9.1	0.016	0.55	5.01
H-487	39.6	44.2	4.6	0.032	1.10	5.01
H-488	117.3	121.9	4.6	0.032	1.08	4.96
A-546	7.6	15.2	7.6	0.019	0.65	4.96

Hole-ID	From (m)	To (m)	Interval (m)	oz Au/ton	g Au/t	g/t x m
K-341	61.0	64.0	3.0	0.048	1.63	4.96
A-572	0.0	6.1	6.1	0.024	0.80	4.91
A-740	61.0	64.0	3.0	0.047	1.61	4.91
H-476	35.1	44.2	9.1	0.016	0.53	4.85
A-1037	132.6	138.7	6.1	0.023	0.79	4.80
K-142	103.6	106.7	3.0	0.046	1.58	4.80
K-317	102.1	106.7	4.6	0.031	1.05	4.80
A-534	0.0	6.1	6.1	0.023	0.79	4.80
A-590	0.0	7.6	7.6	0.018	0.63	4.80
A-908	18.3	22.9	4.6	0.031	1.05	4.80
K-124	41.1	47.2	6.1	0.023	0.79	4.80
K-362	41.1	44.2	3.0	0.046	1.58	4.80
A-558	10.7	13.7	3.0	0.045	1.54	4.70
K-205	15.2	18.3	3.0	0.045	1.52	4.65
A-560	71.6	76.2	4.6	0.029	1.00	4.59
A-616	36.6	39.6	3.0	0.044	1.51	4.59
A-946	100.6	103.6	3.0	0.044	1.51	4.59
A-867	15.2	22.9	7.6	0.018	0.60	4.59
A-528	36.6	41.1	4.6	0.029	0.99	4.54
A-1002	16.8	19.8	3.0	0.043	1.47	4.49
H-481	21.3	27.4	6.1	0.022	0.74	4.49
H-492	0.0	6.1	6.1	0.022	0.74	4.49
A-947	54.9	61.0	6.1	0.021	0.72	4.38
K-394	86.9	89.9	3.0	0.042	1.44	4.38
A-705	35.1	39.6	4.6	0.027	0.94	4.28
A-1082	16.8	24.4	7.6	0.016	0.56	4.28
A-579	0.0	6.1	6.1	0.021	0.70	4.28
A-980	39.6	41.1	1.5	0.080	2.74	4.18
K-046	67.1	70.1	3.0	0.040	1.37	4.18
A-1031	41.1	45.7	4.6	0.027	0.91	4.18
A-552	80.8	83.8	3.0	0.040	1.37	4.18
A-1066	6.1	9.1	3.0	0.039	1.34	4.07
A-837	0.0	6.1	6.1	0.020	0.67	4.07
A-561	79.2	83.8	4.6	0.026	0.89	4.07
A-1028	19.8	22.9	3.0	0.039	1.34	4.07
K-029	18.3	21.3	3.0	0.039	1.32	4.02
A-584	32.0	35.1	3.0	0.038	1.30	3.97
A-559	54.9	59.4	4.6	0.025	0.87	3.97
A-561	99.1	105.2	6.1	0.019	0.65	3.97
K-100	102.1	106.7	4.6	0.025	0.87	3.97
A-541	30.5	38.1	7.6	0.015	0.52	3.97
A-938	24.4	27.4	3.0	0.038	1.30	3.97

Hole-ID	From (m)	To (m)	Interval (m)	oz Au/ton	g Au/t	g/t x m
K-416	18.3	27.4	9.1	0.013	0.43	3.91
A-694	65.5	73.2	7.6	0.015	0.51	3.86
A-717	12.2	15.2	3.0	0.037	1.27	3.86
K-366	41.1	47.2	6.1	0.019	0.63	3.86
A-655	35.1	36.6	1.5	0.072	2.47	3.76
A-903	76.2	82.3	6.1	0.018	0.62	3.76
A-1098	21.3	27.4	6.1	0.018	0.62	3.76
H-470	71.6	74.7	3.0	0.036	1.22	3.71
K-035	59.4	61.0	1.5	0.071	2.43	3.71
A-1073	97.5	100.6	3.0	0.035	1.20	3.65
A-931	85.3	88.4	3.0	0.035	1.20	3.65
K-385	68.6	71.6	3.0	0.035	1.20	3.65
A-736	22.9	29.0	6.1	0.018	0.60	3.65
A-887	0.0	6.1	6.1	0.018	0.60	3.65
A-947	3.0	7.6	4.6	0.023	0.80	3.65
A-918	59.4	67.1	7.6	0.014	0.48	3.65
H-486	45.7	51.8	6.1	0.017	0.58	3.55
A-906	16.8	21.3	4.6	0.023	0.78	3.55
K-038	0.0	4.6	4.6	0.023	0.78	3.55
K-123	62.5	70.1	7.6	0.014	0.47	3.55
K-379	85.3	93.0	7.6	0.013	0.46	3.50
H-452	1.5	6.1	4.6	0.022	0.76	3.50
K-238	9.1	13.7	4.6	0.022	0.76	3.50
A-597	42.7	45.7	3.0	0.033	1.13	3.44
A-582	18.3	22.9	4.6	0.022	0.75	3.44
A-741	39.6	42.7	3.0	0.033	1.13	3.44