



## **PRESIDENT'S LETTER of February 20<sup>th</sup>, 2013**

**By James Rogers P.Geo., CIM – President & CEO**

**Dear King's Bay Gold Shareholders,**

Over the past 2 years, the new Board of Directors and management team of King's Bay Gold Corporation (TSX.V: KBG) have been hard at work to clean up and improve the company's regulatory reporting and internal administrative and accounting standards. We've also been working hard at developing and advancing an exciting collection of 6 exploration properties in northwestern Ontario – 5 gold properties within the emerging Rainy River / Kenora and Sturgeon Lake gold camps and 1 nickel-copper-diamond property located just east of the Town of Fort-Frances.

I took the reins as President and CEO in January 2013 because I sincerely believe that the company can succeed. Based on my exploration and mining experience combined with strategic mine plan training, I look at a property or area to see **what it can be**. Utilizing advances in exploration technology such as multiple survey geophysics, low cost assays, mining equipment, bulk mining and metallurgical advances, I think that new mines can be found on our properties. The new Gold Hill-Black Jack, our 20% interest in Coventry Resources Inc.'s Meston & Sullivan Prospects at Cameron Lake, and the Menary Gold properties located within the Rainy River / Kenora gold camp as well as the Darkwater Gold Mine at Sturgeon Lake Claims are the 4 properties that, in my opinion, show the most potential for our company at this time. With the discovery of new veins and the historical bulk samples from Menary of 1,000 tons (T) at 0.50 ounces gold (Au) per ton (O/T), historical bulk samples from Gold Hill of 220T at 4.95 Au O/T, from Black Jack of 50T at 0.33 Au O/T and with the Darkwater property having values of up to 0.67 Au O/T over 5 feet (ft.) for a 515 ft. length, there is strong potential in the future for cash flows generated by bulk sampling / micro-mining exploration.\*

Due to the current dismal state of the economy in general and the capital markets for junior mineral exploration companies in particular, management with the support of the Board of Directors decided in late July 2012 to pursue a low burn and non-dilutive strategy. The low burn strategy involves the minimization or curtailment of all exploration activities and the reduction of administrative overheads to an absolute minimum until such time that there is a marked improvement in the economy and capital markets. Should economic circumstances or capital markets improve, then the company will be making a decision at that time to initiate a new brokered or non-brokered private placement. In the interim, and for the purposes of leveraging our company's limited capital resources, I will continue to pursue opportunities with parties known to me to do earn-in option agreements, joint-venture agreements or sell whole or partial interests in our portfolio of exploration properties.

TSX.V: KBG

**KING'S BAY GOLD**  
CORPORATION

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*\* King's Bay Gold Corporation is not treating the above bulk sample estimates as a National Instrument 43-101 defined resource verified by a Qualified Person. As such, the estimates and results as described herein are historical and should not be relied upon.*

King's Bay Gold Corporation is a junior microcap company focused on early stage and high risk projects that may have high to very high reward potential for our shareholders. In the current environment of risk adverse capital markets, this type of exploration capital is very difficult to secure. In order to grow and do the work necessary to make the discoveries that we believe are waiting for us to find, the company must be able to attract new investors and joint-ventures to finance and explore our best projects.

Under current market conditions, our company has a market capitalization of approximately \$2.0 to \$2.5 million (KBG's recent trading range of \$0.02 to \$0.025 multiplied by 97.7 million common shares issued and outstanding). The sub-5 cent market price of our common shares during the last 12 months, coupled with a capital structure of almost 100 million common shares issued and outstanding, has inhibited our ability to raise new capital for our exploration programs. On a more positive note, our company currently has liquid financial assets that includes 3,667,500 common shares of Mega Precious Metals Inc. (TSX.V: MGP) and 250,000 common shares of Mainstream Minerals Corporation (TSX.V: MJO). A portion of these marketable securities will be sold over next few months with the proceeds being allocated to the payment of the company's outstanding 2012 accounts payable and to our 2013 Q1 and Q2 operating expenses. The timing for the sale of these marketable securities will be greatly dependent on market pricing and the depth of market liquidity. For better or worse, the current financial position of King's Bay Gold is directly tied to the market value of the almost 3.7 million Mega common shares that we currently hold.

In spite of these macro-economic problems, and given the relative strength of the price of gold and of other mineral commodities at this time, staking and drilling activity in and around the company's properties by large and well established companies is continuing to expand, notably in the Kenora / Rainy River and Sturgeon Lake gold camps of northwestern Ontario. With a continued focus on the exploration for gold, I believe that going forward into fiscal 2013 and beyond, subject to finances and the availability of equity financing, the long-term prospects for the Corporation remain positive.

The bottomline is that our company is made up of talented and hard working people who collectively have the desire and ability to work on the company's existing properties portfolio with the goal of making a world class mine making discovery. It is our hope that investors will see King's Bay Gold as a revitalized going concern that is ready, willing and hopefully able to make new and economically significant discoveries.

On behalf of your Board of Directors and the management team, we thank you for your ongoing support.

Sincerely,

James Rogers

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