

Consolidated Financial Statements of

CARLIN GOLD CORPORATION

(AN EXPLORATION STAGE COMPANY)

FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Expressed in Canadian dollars)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements of Carlin Gold Corporation are the responsibility of the Company's management. The consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles and reflect management's best estimates and judgment based on information currently available.

Management has developed and maintains a system of internal controls to ensure that the Company's assets are safeguarded, transactions are authorized and properly recorded and financial information is reliable.

The Board of Directors is responsible for ensuring management fulfills its responsibilities for financial reporting and internal controls through an audit committee, which is comprised primarily of non-management directors. The Audit Committee reviews the results of the audit and the annual consolidated financial statements prior to their submission to the Board of Directors for approval.

The consolidated financial statements as at December 31, 2007 and for the year then ended have been audited by Smythe Ratcliffe LLP, Chartered Accountants, and their report outlines the scope of their examination and gives their opinion on the consolidated financial statements.

The consolidated financial statements as at December 31, 2006 and for the year then ended were audited by another firm of auditors and their report dated May 8, 2007 outlines the scope of their examination and gives their opinion on the consolidated financial statements.

"K. Wayne Livingstone"

K. Wayne Livingstone
President

Vancouver, British Columbia
April 4, 2008

AUDITORS' REPORT

TO THE SHAREHOLDERS OF CARLIN GOLD CORPORATION (An Exploration Stage Company)

We have audited the consolidated balance sheet of Carlin Gold Corporation (an Exploration Stage Company) as at December 31, 2007 and the consolidated statements of operations, shareholders' equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2007 and the results of its operations, its changes in shareholders' equity and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The consolidated financial statements as at December 31, 2006 and for the year then ended were audited by another firm of auditors who gave an unqualified opinion in their report dated May 8, 2007.

"Smythe Ratcliffe LLP" (signed)

Chartered Accountants

Vancouver, British Columbia
April 4, 2008

CARLIN GOLD CORPORATION
 (an Exploration Stage Company)
Consolidated Balance Sheets
December 31
 (Expressed in Canadian dollars)

	2007	2006
		(note 11)
Assets		
Current		
Cash and cash equivalents	\$ 938,348	\$ 1,024,226
Accounts receivable	14,068	20,060
Marketable securities (notes 3 and 6)	548,900	61,785
Prepaid expenses	9,853	10,543
	<u>1,511,169</u>	<u>1,116,614</u>
Mineral Property Interests (note 5(a))	1,973,825	3,080,536
Segregated Cash (note 5(b))	75,914	100,564
Reclamation Bond	22,475	22,475
	<u>\$ 3,583,383</u>	<u>\$ 4,320,189</u>

Liabilities

Current		
Accounts payable and accrued liabilities (note 12)	\$ 51,534	\$ 109,122
Amounts due to related parties (note 8)	8,041	5,500
	<u>59,575</u>	<u>114,622</u>
Asset Retirement Obligations (note 5(a)(ii))	17,995	17,995
Future Income Tax Liabilities (note 9)	359,342	630,425
	<u>436,912</u>	<u>763,042</u>

Shareholders' Equity

Share Capital (note 7)	5,968,723	5,298,774
Contributed Surplus	544,118	476,860
Accumulated Other Comprehensive Income	457,612	-
Deficit	(3,823,982)	(2,218,487)
	<u>3,146,471</u>	<u>3,557,147</u>
	<u>\$ 3,583,383</u>	<u>\$ 4,320,189</u>

Nature and continuance of operations (note 1)

Contingency (note 12)

Approved on behalf of the Board:

"K. Wayne Livingstone"

"Dale Bennett"

..... Director Director

K. Wayne Livingstone

Dale Bennett

See accompanying notes to consolidated financial statements.

CARLIN GOLD CORPORATION
(an Exploration Stage Company)
Consolidated Statements of Operations
Years Ended December 31
(Expressed in Canadian dollars)

	2007	2006 (note 11)
Expenses		
Accounting and audit	\$ 33,047	\$ 31,099
Bank charges	1,444	620
General exploration	5,807	63,305
Insurance	6,850	3,642
Legal fees	63,929	15,296
Management and administration fees	65,154	54,000
Office	11,147	59,313
Regulatory fees	15,955	11,705
Rent	4,953	11,998
Shareholders' communications	6,584	24,601
Stock-based compensation (note 7(e))	44,170	121,187
Technical consulting	81,153	36,943
Transfer agent fees	13,149	17,302
Travel	3,724	1,325
Loss Before Other Items	357,066	452,336
Other Items		
Recovery of accounts payable	(29,772)	-
Interest income	(32,753)	(29,953)
Foreign exchange loss (gain)	18,569	(2,869)
Write-off of mineral property interests	1,292,385	-
Write-off of accounts receivable	-	5,237
	1,248,429	(27,585)
Net Loss for Year	\$ 1,605,495	\$ 424,751
Loss per Share	\$0.04	\$0.01
Weighted Average Number of Common Shares Outstanding	40,139,154	33,883,286

See accompanying notes to consolidated financial statements.

CARLIN GOLD CORPORATION
(an Exploration Stage Company)
Consolidated Statements of Shareholders' Equity
(Expressed in Canadian dollars)

	Number of Shares	Capital Stock	Contributed Surplus	Deficit	Accumulated Other Comprehensive Income	Total Shareholders' Equity
Balance, December 31, 2005	26,467,077	\$ 2,776,100	\$ 355,673	\$ (1,793,736)	\$ -	\$ 1,338,037
Net loss for year				(424,751)		(424,751)
Exercise of warrants	4,800,000	720,000	-	-	-	720,000
Shares issued to acquire subsidiary (note 4(c))	6,772,226	1,774,324	-	-	-	1,774,324
Shares issued for mineral property interest	135,000	28,350	-	-	-	28,350
Stock-based compensation	-	-	121,187	-	-	121,187
Balance, December 31, 2006	38,174,303	5,298,774	476,860	(2,218,487)	-	3,557,147
Effect of accounting change (note 3(a))	-	-	-	-	51,001	51,001
	38,174,303	5,298,774	476,860	(2,218,487)	51,001	3,608,148
Net loss for year	-	-	-	(1,605,495)	-	(1,605,495)
Adjustment for fair value of marketable securities	-	-	-	-	406,611	406,611
Other comprehensive loss	-	-	-	-	-	(1,198,884)
						2,409,264
Private placement, net of share issue costs	3,000,000	655,912	23,088	-	-	679,000
Exercise of warrants	50,000	10,000	-	-	-	10,000
Shares issued for mineral property interest	47,500	4,037	-	-	-	4,037
Stock-based compensation	-	-	44,170	-	-	44,170
Balance, December 31, 2007	41,271,803	\$ 5,968,723	\$ 544,118	\$ (3,823,982)	\$ 457,612	\$ 3,146,471

See accompanying notes to consolidated financial statements.

CARLIN GOLD CORPORATION
(an Exploration Stage Company)
Consolidated Statements of Cash Flows
Years Ended December 31
(Expressed in Canadian dollars)

	2007	2006
		(note 11)
Operating Activities		
Net loss for the year	\$ (1,605,495)	\$ (424,751)
Items not involving cash:		
Stock-based compensation (note 7(e))	44,170	121,187
Write-off of mineral property interests	1,292,385	-
Changes in non-cash operating working capital:		
Accounts receivable	5,992	23,701
Accounts payable and accrued liabilities	(57,588)	75,816
Prepaid expenses	690	3,065
Cash Used in Operating Activities	(319,846)	(200,982)
Investing Activities		
Acquisition costs	-	(124,198)
Due from (to) related parties	2,541	(16,275)
Investment in Constantine Metal Resources Ltd.	-	(20,000)
Expenditures on mineral property interests	(482,223)	(508,683)
Segregated cash	24,650	89,535
Reclamation bond	-	(20,467)
Working capital from acquisition	-	(28,379)
Cash Used in Investing Activities	(455,032)	(628,467)
Financing Activities		
Issuance of common shares on private placement	690,000	720,000
Issuance of common shares on exercise of warrants	10,000	-
Share issuance costs on private placement	(11,000)	-
Cash Provided by Financing Activities	689,000	720,000
Decrease in Cash	(85,878)	(109,449)
Cash and Cash Equivalents, Beginning of Year	1,024,226	1,133,675
Cash and Cash Equivalents, End of Year	\$ 938,348	\$ 1,024,226
Components of Cash and Cash Equivalents		
Cash	\$ 238,348	\$ 324,226
Term deposit	700,000	700,000
	\$ 938,348	\$ 1,024,226
Supplemental Disclosure of Non-Cash Financing Activities		
Interest paid	\$ -	\$ -
Income taxes paid	\$ -	\$ -
Interest received	\$ 32,753	\$ 29,953
Marketable securities received on mineral property option	\$ (29,503)	\$ -
Shares issued for mineral property interest	\$ 4,037	\$ -
Finders' warrants on private placement	\$ 23,088	\$ 121,187

See accompanying notes to consolidated financial statements.

Carlin Gold Corporation
(an Exploration Stage Company)
Notes to the Consolidated Financial Statements
Years Ended December 31, 2007 and 2006
(Expressed in Canadian dollars)

1. Nature and Continuance of Operations

Carlin Gold Corporation (the "Company") was incorporated under the Canada *Business Corporations Act* and trades on the TSX Venture Exchange.

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles on a going-concern basis, which assumes that the Company will be able to continue operations, and realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. These financial statements do not include any adjustments to the recoverability of assets and classification of liabilities that might be necessary should the Company be unable to continue as a going-concern.

The Company is an exploration stage company that engages principally in the acquisition, exploration and development of mineral properties in Nevada. As an exploration stage company, it is currently unable to self-finance its operations. As discussed in the following notes to the financial statements, the recovery of the Company's investment in its mineral property interests and attainment of profitable operations is dependent upon the discovery, development and sale of mineral reserves, the ability to joint venture or sell its property interests and the ability to raise sufficient capital to finance operations. The ultimate outcome of these operations cannot be determined at this time as they are contingent on future matters. Should the Company be unable to discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the balance sheet.

2. Significant Accounting Policies

The following is a summary of significant accounting policies used in the preparation of these consolidated financial statements:

(a) Basis of consolidation

These consolidated financial statements include the accounts of the Company's wholly-owned integrated subsidiaries, as follows:

- Toquima Minerals Corp. (British Columbia) ("TQM")
- Toquima Minerals US Inc. (Nevada) ("TQM US")
- Carlin Gold Inc. (Nevada)
- Aurelius Financial Corp. (British Virgin Islands) ("Aurelius")
- Yunnan Carlin Mining Corp. (China) ("Yunnan Carlin")
- Constantine Metal Resources Ltd. (British Columbia) ("Constantine").

TQM and TQM US are consolidated from the date of acquisition on July 13, 2006, as described in note 4(c).

Constantine has been consolidated as a subsidiary from the date of acquisition on April 18, 2006 to the completion of Constantine's initial public offering ("IPO") on July 31, 2006, at which time the Company's ownership interest in Constantine was diluted to 13.5% (note 4(d)). At the time of acquisition, Constantine was a new private company in the formative stages of acquiring its mineral property assets and completing an IPO. The investment in Constantine has been accounted for on the cost basis after the ownership interest was reduced to 13.5%.

On December 31, 2007, TQM US merged with Carlin Gold Inc., with Carlin Gold Inc. being the surviving corporate entity.

All significant intercompany balances and transactions have been eliminated upon consolidation.

Carlin Gold Corporation
(an Exploration Stage Company)
Notes to the Consolidated Financial Statements
Years Ended December 31, 2007 and 2006
(Expressed in Canadian dollars)

2. Significant Accounting Policies (Continued)

(b) Cash and Cash Equivalents

The Company considers cash and cash equivalents to include amounts held in banks and highly liquid investments that are readily convertible to known amounts of cash with terms of one year or less from their date of acquisition.

(c) Loss per Share

Loss per share is calculated using the weighted average number of common shares outstanding during the year. The Company uses the treasury stock method for calculating diluted loss per share. However, diluted loss per share is not presented where the effects of conversions and exercise of options and warrants would be anti-dilutive. Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

(d) Stock-Based Compensation

The Company has a stock option plan that is described in note 7. The Company accounts for all grants of options to employees, non-employees and directors in accordance with the fair value method for accounting for stock-based compensation using the Black-Scholes option pricing method. Stock-based payments are recorded as an expense over the vesting period or when awards or rights are granted, with a corresponding increase to contributed surplus. When stock options are exercised, the corresponding fair value is transferred from contributed surplus to share capital.

(e) Foreign Currency Translation

Amounts recorded in foreign currency are translated into Canadian dollars as follows:

- (i) Monetary assets and liabilities, at the rate of exchange in effect as at the balance sheet date;
- (ii) Non-monetary assets, at historical exchange rates; and
- (iii) Revenue and expenses, at the average rate of exchange by month.

Gains and losses arising from this translation of foreign currency are included in net loss for the year.

(f) Mineral Property Interests

The Company is in the process of exploring its mineral property interests and has not yet determined whether these properties contain ore reserves that are economically recoverable.

Mineral exploration and development costs are capitalized on an individual prospect basis until such time as an economic ore body is defined or the prospect is abandoned. Costs for a producing prospect are amortized on a unit-of-production method over the estimated life of the ore reserves, while costs for the prospects abandoned are written off.

The recoverability of the amount capitalized for the undeveloped mineral property interests is dependent upon the determination of economically recoverable ore reserves, confirmation of the Company's interest in the underlying mineral claims, the ability to option its property interests, the ability to obtain the necessary financing to complete their development and future profitable production or proceeds from the disposition thereof. The Company assesses the carrying value of its mineral property interests quarterly, or whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If assets are considered to be impaired, the amount of the impairment is charged to operations in the period the impairment is determined.

Carlin Gold Corporation
(an Exploration Stage Company)
Notes to the Consolidated Financial Statements
Years Ended December 31, 2007 and 2006
(Expressed in Canadian dollars)

2. Significant Accounting Policies (Continued)

(f) **Mineral Properties (Continued)**

From time to time the Company may acquire or dispose of a mineral property interest pursuant to the terms of an option agreement. As such options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded at the time of the agreement. Option payments are recorded as property costs or recoveries when the payments are made or received.

(g) **Management's Estimates**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements, and the reported amounts of revenues and expenses during the reported period. Areas requiring the use of estimates include determining the fair value of financial instruments, the recoverability of mineral property interests, the determination of accrued liabilities, estimation of asset retirement obligation, determining the variables used in the calculation of fair value of stock-based compensation, the determination of the valuation allowance for future income tax assets and the estimate of future income tax liability. Management believes the estimates are reasonable; however, actual results could differ from those estimates and could impact future results of operations and cash flows.

(h) **Asset Retirement Obligations**

The Company recognizes a legal liability for obligations relating to retirement of property and equipment, and arising from the acquisition, construction, development or normal operation of those assets. Such asset retirement costs must be recognized at fair value when a reasonable estimate of fair value can be estimated in the period in which it is incurred, added to the carrying value of the asset, and amortized into income on a systematic basis over its useful life. The asset retirement obligation ("ARO") can also increase or decrease due to changes in the estimates of timing of cash flows or changes in the original estimated undiscounted cost. Actual costs incurred upon settlement of the ARO are charged against the ARO to the extent of the liability recorded.

(i) **Income Taxes**

The asset and liability method is used for determining future income taxes. Under the asset and liability method, the change in the net future tax asset or liability is included in income. The income tax effects of temporary differences at the time when income and expenses are recognized in accordance with Company accounting practices and the time they are recognized for income tax purposes are reflected as future income tax assets or liabilities. Future income tax assets and liabilities are measured using the enacted or substantively enacted tax rates that are expected to apply to taxable income in the years in which temporary differences are expected to be recovered or settled. A valuation allowance is established, as needed, to reduce the future income tax asset to the amount that is more likely than not to be realized.

Carlin Gold Corporation
(an Exploration Stage Company)
Notes to the Consolidated Financial Statements
Years Ended December 31, 2007 and 2006
(Expressed in Canadian dollars)

2. Significant Accounting Policies (Continued)

(j) Changes in Accounting Policies

(i) Financial Instruments

Effective January 1, 2007, the Company adopted Canadian Institute of Chartered Accountants' ("CICA") Handbook Section 3855, "financial instruments – recognition and measurement", which establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. The Company classifies its debt and marketable equity securities into held-to-maturity, trading or available-for-sale categories. Debt securities are classified as held-to-maturity when the Company has the positive intent and ability to hold the securities to maturity. Debt securities for which the Company does not have the intent or ability to hold to maturity are classified as available-for-sale. Held-to-maturity securities are recorded as either short-term or long-term on the balance sheet based on contractual maturity date and are stated at amortized cost. Marketable securities that are bought and held principally for the purpose of selling them in the near term are classified as trading securities and are reported at fair value, with unrealized gains and losses recognized in earnings. Debt and marketable equity securities not classified as held-to-maturity or as trading are classified as available-for-sale and are carried at fair market value, with the unrealized gains and losses, net of tax, included in the determination of comprehensive income and reported in shareholders' equity.

On the date of adoption, the Company re-measured its financial assets and liabilities as appropriate. Any adjustment to the previous carrying amount is recognized as an adjustment to deficit at the beginning of the fiscal year, except when a financial asset is classified as available-for-sale. For available-for-sale financial assets, the adjustment is included as the opening balance of accumulated other comprehensive income, which will be subsequently recognized in operations on disposition of the financial assets. In accordance with this standard, prior period financial statements have not been restated.

(ii) Comprehensive Income (Loss)

Effective January 1, 2007, the Company adopted CICA Handbook Section 1530, "comprehensive income", which establishes standards for presentation and disclosure of a statement of comprehensive income (loss). Comprehensive income (loss) is the overall change in the net assets of the Company for a period, other than changes attributable to transactions with shareholders. It is made up of net income and other comprehensive income (loss). The historical make up of net income has not changed. Other comprehensive income (loss) consists of other gains and losses affecting shareholders' equity that, under generally accepted accounting principles are excluded from net income. For the Company, such items consist primarily of unrealized gains and losses on marketable equity investments.

(k) Future Accounting Changes

(i) Capital Disclosures

In February 2007, the CICA issued Handbook Section 1535, "Capital Disclosures", which requires the disclosure of both qualitative and quantitative information that provides users of financial statements with information to evaluate the entity's objectives, policies and procedures for managing capital. The new section is effective for years beginning on or after October 1, 2007. The Company is in the process of assessing the impact of this new section on its consolidated financial statements.

Carlin Gold Corporation
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Notes to the Consolidated Financial Statements
Years Ended December 31, 2007 and 2006
(Expressed in Canadian dollars)

2. Significant Accounting Policies (Continued)

(k) **Future Accounting Changes (Continued)**

(ii) **International Financial Reporting Standards (“IFRS”)**

In 2006, the Canadian Accounting Standards Board (“AcSB”) published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian generally accepted accounting principles with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada’s own generally accepted accounting principles. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

(iii) **Financial Instruments**

In February 2007, the CICA issued two new standards, Section 3862, “Financial Instruments Disclosures”, and Section 3863, “Financial Instruments Presentation”. These sections will replace the existing Section 3861, “Financial Instruments Disclosure and Presentation”. Section 3862 provides users with information to evaluate the significance of the financial instruments of the entity’s financial position and performances, nature and extent of risks arising from financial instruments, and how the entity manages those risks. Section 3863 deals with the classification of financial instruments, related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset. The new sections are effective for years beginning on or after October 1, 2007. The Company is in the process of assessing the impact of this new section on its consolidated financial statements.

3. Financial Instruments

Marketable securities are classified as available-for-sale securities. Such securities are measured at fair market value in the financial statements with unrealized gains or losses recorded in other comprehensive loss. At the time securities are sold or otherwise disposed of, gains or losses are included in net loss. Marketable securities held in escrow are not quoted in an active market and are therefore carried at cost. As these are released from escrow, they will be classified as available-for-sale at that time.

Cash and cash equivalents and restricted cash are classified as held-for-trading. Accounts payable and accrued liabilities, due to related parties and AROs are classified as other liabilities.

(a) **Fair value**

The carrying values of cash and cash equivalents, accounts payable and accrued liabilities, and amounts due to related parties approximate their fair values due to the short-term maturity of these financial instruments.

The fair value of marketable securities is based on quoted market values as disclosed in note 6.

The carrying value of segregated cash best approximates its fair value as this consists of cash held in foreign bank accounts (note 5(b)).

Carlin Gold Corporation
(an Exploration Stage Company)
Notes to the Consolidated Financial Statements
Years Ended December 31, 2007 and 2006
(Expressed in Canadian dollars)

3. Financial Instruments (Continued)

(b) **Credit risk**

The Company is exposed to credit risk with respect to its cash and cash equivalents and restricted cash. This risk is minimized to the extent that cash and cash equivalents and restricted cash are placed with major financial institutions.

(c) **Currency risk**

The Company is exposed to currency risk as it conducts operations in other countries. The Company does not utilize derivatives or other techniques to manage foreign currency risk.

4. Toquima Minerals Corp. Acquisition

Under a plan of arrangement (the "Arrangement"), the Company completed the following transactions to acquire TQM and TQM US:

- (a) On April 8, 2006, pursuant to the Arrangement, the Company acquired 2,000,000 shares of Constantine, a subsidiary of TQM at a cost of \$20,000, representing 99.99% of the outstanding shares of Constantine. The acquisition has been accounted for as a purchase of assets. Constantine had a nominal fair value of \$20,000 for the net assets, which represented the cash on the balance sheet of the company at acquisition. Constantine was consolidated as a subsidiary from the acquisition of the shares on April 18, 2006 to the completion of Constantine's IPO on July 31, 2006 which reduced the Company's ownership interest in Constantine to 13.5% (note 4(d)).
- (b) On June 30, 2006, the Company signed a promissory note for \$878,712 bearing interest at 6.5% per annum, due on demand (the "Promissory Note"), to TQM in exchange for 5,540,913 newly issued shares of Constantine. TQM had sold its subsidiary, Toquima North Inc., to Constantine in April 2006 in exchange for 5,540,913 shares of Constantine. At the time of the transaction, TQM was an arm's length entity. As part of the Arrangement, the Company issued 5,540,913 special warrants to the TQM shareholders, at no cost to TQM shareholders. The special warrants were exercisable into either 5,540,913 shares of Constantine that Carlin held on the completion of Constantine's IPO or into 5,540,913 shares of the Company if the IPO of Constantine did not complete. On July 31, 2006, Constantine closed its IPO, at which time the special warrants were exchanged on a one-for-one basis for the 5,540,913 shares of Constantine held by Carlin.
- (c) On July 13, 2006, the Company completed the acquisition of 100% of the shares of TQM. The Company issued 6,772,226 shares at a value of \$1,774,324, assumed the \$878,712 Promissory Note (for the cost of the 5,540,913 shares of Constantine (see note 4(b)) and incurred transaction costs totalling \$139,198, to acquire 100% of the TQM shares. TQM, a wholly-owned subsidiary of Toquima Minerals US Inc., held interests in eight gold exploration properties in Nevada. The acquisition of the 5,540,913 shares of Constantine was required by the shareholders of TQM within the Arrangement to have the shareholders of TQM agree to the acquisition by the Company of TQM. The cost of the investment for the 5,540,913 shares of Constantine to the Company of \$878,712 has been included in the cost of the acquisition of TQM.

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(Expressed in Canadian dollars)

4. Toquima Minerals Corp. Acquisition (Continued)

(c) (Continued)

The acquisition was accounted for as a purchase of assets. For accounting purposes, each common share issued for the purchase has been valued at an average price of \$0.262 per share. The consideration paid has been allocated to the identifiable assets and liabilities acquired, as follows:

Fair market value of net assets acquired	
Cash	\$ 37,822
Receivables and prepaid assets	7,607
Marketable securities	61,730
Reclamation bond	20,467
Promissory note and accrued interest	878,712
Mineral property interests	2,765,812
Accounts payable	(2,739)
Payable to related parties and Carlin	(330,365)
Asset retirement obligation	(16,387)
Future income tax liability	(630,425)
	\$ 2,792,234
Total consideration	
Common shares issued	\$ 1,774,324
Transaction costs	139,198
Cost of the investment in Constantine	878,712
	\$ 2,792,234

(d) On July 13, 2006, Constantine completed its IPO. Due to the Company not acquiring shares of Constantine pursuant to the IPO and due to the exchange of special warrants for 5,540,913 shares of Constantine (note 4(b)), the Company's investment in Constantine was reduced from 99.99% to 13.5%, and has been accounted for on the cost basis thereafter.

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Notes to the Consolidated Financial Statements
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5. Mineral Property Interests

(a) Nevada Mineral Property Interests

The following is a summary of the Company's principal property interests, located in Nevada, U.S.A.

	Iowa Canyon	Dome HiHo	Golconda Summit	Loomis	Pine Grove	Swales Mountain	Willow Creek	Currant Creek	Kietzke	Winnemucca	Cortez Summit	Betty O'Neal	Total
Balance, December 31, 2005	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,050	\$ 5,905	\$ -	\$ -	\$ 11,955
Toquimia acquisition July 13, 2006	401,174	201,093	371,443	165,640	553,875	287,561	401,430	147,521	234,221	1,854	-	-	2,765,812
Acquisition costs	7,543	-	7,543	-	-	-	22,628	-	11,314	11,314	-	-	60,342
Shares issued for mineral property interests	9,587	9,175	9,588	-	-	-	-	-	-	-	-	-	28,350
Deferred expenditures													
Geology/geophysical	49,096	-	26,799	-	3,278	-	7,357	8,123	16,721	460	-	-	111,834
Property tax and maintenance fees	16,988	-	8,027	8,230	-	10,575	13,445	5,893	38,325	760	-	-	102,242
Expenditures for the year	484,388	210,268	423,400	173,870	557,153	298,136	444,860	161,537	300,581	14,388	-	-	3,068,581
Balance, December 31, 2006	484,388	210,268	423,400	173,870	557,153	298,136	444,860	161,537	306,631	20,293	-	-	3,080,536
Acquisition costs	10,750	-	-	-	-	-	26,875	-	-	-	-	26,875	64,500
Shares issued for mineral property interests	-	4,037	-	-	-	-	-	-	-	-	-	-	4,037
Deferred expenditures													
Geology/geophysical	145,527	483	81,183	8,604	2,903	5,055	7,267	2,168	13,378	-	15,080	34,914	316,562
Property tax and maintenance fees	9,797	407	19,218	7,980	322	232	20,861	7,328	2,687	-	45,558	8,271	122,661
Expenditures for the year	166,074	4,927	100,401	16,584	3,225	5,287	55,003	9,496	16,065	-	60,638	70,060	507,760
	650,462	215,195	523,801	190,454	560,378	303,423	499,863	171,033	322,696	20,293	60,638	70,060	3,588,296
Recovery of expenditures	-	(10,750)	-	-	(29,503)	-	(10,750)	-	-	-	-	-	(51,003)
Write-off of mineral property interests	(428,918)	-	(316,032)	-	-	(265,597)	-	-	(262,175)	(19,663)	-	-	(1,292,385)
Write-off of related future income taxes	(86,999)	-	(85,107)	-	-	(37,826)	-	-	(60,521)	(630)	-	-	(271,083)
Balance, December 31, 2007	\$ 134,545	\$ 204,445	\$ 122,662	\$ 190,454	\$ 530,875	\$ -	\$ 489,113	\$ 171,033	\$ -	\$ -	\$ 60,638	\$ 70,060	\$ 1,973,825

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5. Mineral Properties (Continued)

(a) **Nevada Mineral Properties** (Continued)

Except for the Cortez Summit and Betty O'Neal, the Nevada properties were acquired through the acquisition of TQM as disclosed in note 4. Accordingly, the Company assumed the prior mineral property interest acquisition terms entered into by TQM, and the outstanding obligations assumed by the Company from the date of acquisition as set out below:

(i) **Iowa Canyon Property ("ICP")**

On July 21, 2003 (amended January 12, 2004 and June 28, 2004), TQM entered into a 20 year Mining Lease and Option to Purchase Agreement with a private company whereby the Company would lease 48 ICP claims located in Lander County. The continuing commitments acquired by the Company are as follows:

- Cash payment of US\$6,667 (paid) and issuance of 45,000 common shares (issued) on July 21, 2006
- Cash payment of US\$8,333 (deferred) and issuance of 47,500 common shares (deferred) on July 21, 2007; and
- Annual cash payments of US\$8,333 on July 21 of each year thereafter until commencement of commercial production.

The cash payments for 2007 and 2008 and share issuance for 2007 have been deferred for two years from the original due date.

In addition to the above, the Company is to pay a production royalty of 1% to 1.33% depending on the price of gold. The option to purchase the ICP claims can be exercised by completion of a positive feasibility study and then by paying the sum of US\$1,000 and issuing an additional 450,000 common shares of the Company. The Company has the option to acquire half of the royalty for US\$500,000 for each one-half percentage point.

Effective February 27, 2004 (amended April 25, 2006), TQM acquired an option to purchase three lode claims comprising the Chem property, located adjacent to the ICP claims. The continuing commitments acquired by the Company are as follows:

- US\$10,000 by February 27, 2007 (paid);
- US\$15,000 by February 27, 2008 (paid subsequent to December 31, 2007); and
- US\$75,000 by February 27, 2009

On November 9, 2007, the Company gave notice of termination on the Chem option agreement.

Based on exploration results obtained during the year, management decided that the capitalized cost of these properties exceeded their estimated recoverable value and, therefore, wrote-down the value by \$515,917 during 2007.

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5. Mineral Properties (Continued)

(a) **Nevada Mineral Properties** (Continued)

(ii) **Dome/HiHo Property**

On July 21, 2003 (amended January 12, 2004 and June 28, 2004), TQM entered into a 20 year Mining Lease and Option to Purchase Agreement with a private company whereby the Company would lease 24 claims comprising the Dome claims, located in Lander County. The continuing commitments acquired by the Company are as follows:

- Cash payment of US\$8,333 (paid) and issuance of 47,500 common shares (issued) on July 21, 2007; and
- Annual cash payments of US\$8,333 on July 21 of each year thereafter until commencement of commercial production.

In addition to the above, the Company is to pay a production royalty of 1% to 1.33% depending on the price of gold. The option to purchase can be exercised by completion of a positive feasibility study and then by paying the sum of US\$1,000 and issuing an additional 450,000 common shares of the Company. The Company has the option to acquire one-half of the royalty for US\$500,000 for each one-half percentage point.

As part of the above agreement, the Company assumed an option to purchase the 20 HiHo claims (contiguous to the Dome claims above). The continuing commitments acquired by the Company are as follows:

- April 13, 2007: payment of US\$10,000 (paid);
- April 13, 2008: payment of US\$20,000 (paid subsequent to December 31, 2007); and
- April 13, 2009: payment of US\$160,000.

The above payments are subject to a production royalty of 2%, of which 1% can be purchased for US\$1,000,000, and a 1% net smelter return royalty on the Dome claims.

On April 26, 2005, TQM signed an exploration and option to joint venture agreement with Piedmont Mining Company Inc. ("Piedmont") whereby Piedmont can earn a 51% interest in the property by making US\$71,000 in cash payments to the Company (US\$61,000 received to date) and by spending US\$2,000,000 on exploration expenditures over a five-year period. Piedmont also agreed to assume all of the Company's cash payment obligations related to the underlying agreements related to these claims.

The Company has recorded an ARO for \$17,995 related to this property for required reclamation work.

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5. Mineral Properties (Continued)

(a) Nevada Mineral Properties (Continued)

(iii) Golconda Summit Property

On July 21, 2003 (amended January 12, 2004 and June 28, 2004), TQM entered into a Mining Lease and Option to Purchase Agreement with a private company whereby the Company would lease 31 CUS claims located in Humboldt County. The continuing commitments acquired by the Company are as follows:

- Cash payment of US\$6,667 (paid) and issuance of 45,000 common shares (issued) on July 21, 2006;
- Cash payment of US\$8,333 (deferred) on September 21, 2007 and issuance of 45,000 common shares (deferred) on July 21, 2007; and
- Annual cash payments of US\$8,333 on July 21 of each year thereafter until commencement of commercial production.

The cash payments for 2007 and 2008 and share issuance for 2007 have been deferred for two years from the original due date.

In addition to the above, the Company is to pay a production royalty of 1% to 1.33% depending on the price of gold. The option to purchase can be exercised by completion of a positive feasibility study and then by paying the sum of US\$1,000 and issuing an additional 450,000 common shares of the Company. The Company has the option to acquire one-half of the royalty for US\$500,000 for each one-half percentage point.

Based on exploration results obtained during the year, management determined the capitalized cost of this property exceeded its estimated recoverable value and, therefore, the Company wrote-down the value by \$401,139 during 2007.

(iv) Loomis Property

The Company has title to 32 claims in Elko County and is obligated to issue a discovery payment of 450,000 common shares upon completion of a positive feasibility study.

(v) Pine Grove Property

Effective March 17, 2004 (amended August 25, 2004), TQM acquired an option to earn a 100% interest in 138 claims situated in Lyon County by making a total of US\$1,080,000 in advance royalty payments by March 17, 2021 (US\$125,000 paid by TQM). The Company is to also incur mineral property exploration expenditures of US\$100,000 by March 17, 2007 (US\$50,000 satisfied by TQM). The continuing commitments acquired by the Company are as follows:

- March 17, 2007: cash payment of US \$60,000 (paid); mineral property exploration expenditure of US\$50,000 (performed);
- March 17, 2008: payment of US\$65,000 (paid subsequent to December 31, 2007);
- March 17, 2009 to 2019: payment of US\$75,000 per year; and
- March 17, 2020: payment of US\$5,000.

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5. Mineral Properties (Continued)

(a) **Nevada Mineral Properties** (Continued)

(v) **Pine Grove Property** (Continued)

The above payments are subject to a net smelter return of 3% to 4%, depending on the price of gold. The Company has the option to acquire 2% of the royalty for US\$1,000,000 for each percentage point.

TQM entered into an Exploration and Option to Enter Joint Venture Agreement with Romarco Minerals Inc. ("Romarco") on January 28, 2005. Pursuant to this agreement (amended on January 31, 2007), Romarco assumed all of the Company's cash payment obligation relating to the underlying agreement and could earn a 60% interest in this property by spending US\$2,000,000 on exploration over a five-year period according to the following schedule:

<u>Performance Date</u>	<u>Annual Work Commitment</u>
December 31, 2005	US\$325,000 (completed)
December 31, 2006	US\$275,000 (US \$93,424 completed)
December 31, 2007	US\$481,576 (completed)
December 31, 2008	US\$600,000
December 31, 2009	US\$500,000

The December 31, 2006 work commitment shortfall of \$181,576 was deferred until December 31, 2007. This amendment has no effect on the remaining commitments of Romarco under the original agreement for 2007 to 2009. In consideration for this deferral, Romarco agreed to the following:

- Issue and deliver to the Company shares of the capital stock of Romarco having a value of \$29,503 (US\$25,000) as at the close of regulatory approval (delivered) (note 6);
- Assume the Company's payment obligation to the underlying property owner due March 17, 2007 and pay the Company an additional US\$20,000 (paid) included by the Company as an expense recovery;
- Commit to complete 7,500 feet of drilling on the east side of the property by December 31, 2007 (completed); and
- Commit to complete 3,500 feet of drilling in the Rockland Mine area by no later than December 31, 2008.

(vi) **Swales Mountain Property**

On June 23, 2004, TQM acquired an option to earn a 100% interest in 228 lode mining claims situated in Elko County. In order for the Company to earn its interest, it is required to make exploration expenditures of US\$500,000 by June 23, 2008.

During 2007, based on a review of the property, the Company terminated its option on the Swales Mountain property and wrote-off its investment of \$298,368.

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5. Mineral Properties (Continued)

(a) **Nevada Mineral Properties** (Continued)

(vii) **Willow Creek and Currant Creek Properties**

Effective January 15, 2004, TQM acquired an option to earn title to 480 acres of private land accompanying 89 TQM-owned QA/QC claims (collectively, called the Willow Creek property) located in Elko County. The continuing commitments acquired by the Company are as follows:

- January 15, 2006: payment of US\$20,000 (paid);
- January 15, 2007: payment of US\$25,000 (paid);
- January 15, 2008: payment of US\$30,000 (paid subsequent to December 31, 2007);
- January 15, 2009: payment of US\$35,000;
- January 15, 2010: payment of US\$40,000;
- January 15, 2011: payment of US\$45,000; and
- January 15, 2012 to 2017: payment of US\$50,000 per year.

The property is subject to a net smelter royalty of 3% when the gold price is less than US\$500 per ounce and 4% when it is greater than US\$500 per ounce. The Company can repurchase up to 50% of the royalty for US\$500,000 for each one-half percentage point. The Company is obligated to issue 450,000 common shares upon completion of a positive feasibility study.

On June 23, 2004, TQM entered an Option Agreement with Placer Dome Exploration, now Barrick Gold Corporation ("Barrick"), to earn a 100% interest in the Currant Creek Property, 39 lode mining claims situated in Elko County (Currant Creek). In order for the Company to earn its interest, it is required to incur further exploration expenditures as follows:

- June 23, 2006: mineral property exploration expenditure of US\$50,000 (incurred);
- June 23, 2007: mineral property exploration expenditure of US\$200,000; and
- June 23, 2008: mineral property exploration expenditure of US\$200,000.

The property is also subject to a net smelter return royalty of 2%.

A June 2005 amendment to the agreement added the Company's QA/QC claims to the area of interest and eliminated the optionor's right of first offer during the option period.

On April 13, 2007, the Company completed a Second Amendment to the Option Agreement with Barrick, and eliminated the work commitment requirement in exchange for an additional 1% net returns royalty on certain properties in the area of interest.

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5. Mineral Properties (Continued)

(a) **Nevada Mineral Properties (Continued)**

(vii) **Willow Creek and Currant Creek Properties (Continued)**

In November 2007, the Company signed a letter of intent with Piedmont whereby Piedmont can earn up to a 51% interest in the Company's Willow Creek Gold property.

Piedmont paid \$10,000 on signing the letter of intent, and the parties agreed to prepare and execute an Exploration Agreement with Option to Form Joint Venture (the "Agreement") prior to December 31, 2007. The agreement was not executed prior to December 31, 2007 and, accordingly, the letter of intent has expired.

The property consists of 480 acres of private fee land plus 158 unpatented lode claims and is located approximately 30 miles north-northwest of Wells, Nevada.

(viii) **Kietzke Property**

During 2007, based on a review of the property, the Company terminated its exploration license and wrote-off \$322,696.

(ix) **Winnemucca Property**

In October 2005, TQM acquired an exploration license and option to lease covering certain mineral claims in Humboldt County, near Winnemucca in Nevada's Getchell Trend. The terms of the exploration license were US\$5,000 payable on signing (paid), and US\$10,000 and US\$15,000 on the first anniversary (paid) and second anniversary, respectively.

During 2007, the Company terminated the exploration license agreement and wrote-off \$20,293.

(x) **Cortez Summit Property**

During 2007, the Company staked 85 lode claims in a strategic location on the Cortez gold trend.

(xi) **Betty O'Neal Property**

On August 27, 2007, the Company entered into a ten year renewable lease agreement on a precious metals prospect in Lander County, Nevada, located near Battle Mountain on the Battle Mountain – Eureka Mineral Trend. The property consists of patented claims and fee land totaling approximately 625 acres.

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5. Mineral Properties (Continued)

(a) **Nevada Mineral Properties (Continued)**

(xi) **Betty O'Neal Property (Continued)**

Under the terms of the agreement, the Company may acquire a 100% leasehold right to these claims and fee land by making the following cash payments totaling US\$640,000 over the next ten years as follows:

- August 27, 2007: cash payment of US\$15,000 (paid);
- August 27, 2008: cash payment of US\$25,000 (paid subsequent to December 31, 2007);
- August 27, 2009: cash payment of US\$35,000;
- August 27, 2010: cash payment of US\$50,000;
- August 27, 2011: cash payment of US\$60,000;
- August 27, 2012: cash payment of US\$70,000;
- August 27, 2013 to 2017: cash payments of US\$80,000; and
- August 27, 2018: cash payment of US\$100,000.

A cash payment of US\$100,000 continues on each anniversary date thereafter as long as any development or mining operations are being carried out. All annual payments are advances against a net smelter return royalty ranging from 3.25% at a gold price of US\$500 per ounce or less, to 5.25% at a gold price of greater than US\$1,000. The Company can repurchase up to 1.25% of the royalty for US\$1,000,000 for each one-quarter percentage point. The agreement requires the Company to complete US\$200,000 in exploration expenditures, including 6,000 feet of drilling, during the first two years of the agreement. To maintain the agreement in good standing, the Company must incur an additional \$300,000 in exploration expenditures by the end of the fifth year, which includes an additional 6,000 feet of drilling by the end of the fourth year. The Company has the right to terminate the lease at any time, subject to the requirement to complete the initial US\$200,000 of exploration expenditures, including the 6,000-foot drilling commitment.

On July 23, 2007, the Company entered into a letter agreement to enter into a 20 year renewable lease and option to purchase agreement for 23 BET unpatented mineral claims located adjacent to the Betty O'Neal property. Under the terms of the agreement, the Company is obligated to make cash payments of and incur exploration expenditures totaling US\$900,000, according to the following schedule:

- Upon signing of the letter agreement: payment of US\$10,000 (paid);
- March 1, 2008: payment of US\$10,000;
- September 1, 2008: payment of US\$20,000;
- September 1, 2009: payment of US\$25,000 and incur mineral property exploration expenditures of US\$50,000;
- September 1, 2010: payment of US\$30,000;
- September 1, 2011: payment of US\$35,000 and incur mineral property exploration expenditures of US\$100,000;
- September 1, 2012: payment of US\$40,000;
- September 1, 2013: payment of US\$45,000 and incur mineral property exploration expenditures of US\$200,000;
- September 1, 2014: payment of US\$50,000;
- September 1, 2015: payment of US\$50,000 and incur mineral property exploration expenditures of US\$250,000;

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5. Mineral Properties (Continued)

(a) **Nevada Mineral Properties** (Continued)

(xi) **Betty O'Neal Property** (Continued)

- September 1, 2016: payment of US\$60,000;
- September 1, 2017: payment of US\$75,000 and incur mineral property exploration expenditures of US\$300,000; and
- September 1, 2018 and each subsequent year: payment of US\$75,000.

The BET property is also subject to a net smelter return royalty of 2.5% to 4%, depending on the price of gold. The Company has the option to acquire up to 1% of the royalty for US\$500,000 for each one-half percentage point.

(b) **Segregated Cash**

The amount represents the remaining US and Renminbi cash held in Chinese bank accounts that are being used to fund general exploration and investigation of potential new projects in China.

(c) **Realization of assets**

The investment in and expenditures on mineral property interests comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the establishment of legal ownership, the attainment of successful production from the properties or proceeds from their disposal.

Resource exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore.

(d) **Environmental**

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions.

If the restrictions adversely affect the scope of exploration and development on the mineral property interests, the potential for production on the property may be diminished or negated.

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

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5. Mineral Properties (Continued)

(e) **Title**

Title to mineral property interests involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties are in good standing.

6. Marketable Securities

At December 31, 2007, the Company owned the following marketable securities, which have been restated at December 31, 2006 at market value, according to the change in accounting policy described in note 2:

	2007			2006		
	Number of Shares	Book Value	Fair Value	Number of Shares	Book Value	Fair Value
Piedmont Mining Co.	200,000	\$ 34,170	\$ 60,000	200,000	\$ 34,170	\$ 40,786
Romarco Minerals Inc. (note 5(a)(v))	227,600	57,118	56,900	100,000	27,615	30,000
Constantine Metal Resources Ltd.	2,000,000	-	432,000	2,000,000	-	42,000
		\$ 91,288	\$ 548,900		\$ 61,785	\$ 112,786

The Company's Constantine shares are subject to an escrow agreement. At December 31, 2007, 800,000 of the above Constantine shares had been released from escrow and were free-trading. 600,000 Constantine shares will be released from escrow in each of 2008 and 2009. Shares held in escrow are not tradable and, accordingly, adjusted from cost to fair value upon release from escrow.

7. Share Capital

(a) **Details of Share Capital are as follows:**

- (i) Authorized:
Unlimited common shares without par value
- (ii) On July 13, 2006, the Company completed the acquisition of Toquima (note 4(c)) in consideration of the issuance of 6,772,226 common shares at an average price of \$0.262 per share.
- (iii) On November 21, 2006, the Company issued 135,000 common shares at a price of \$0.21 per share for property payments on the Iowa Canyon, Dome/HiHo and Golconda Summit properties.
- (iv) During 2006, 4,800,000 warrants were exercised at a price of \$0.15 per warrant for total proceeds of \$720,000.
- (v) On May 11, 2007, the Company completed a non-brokered private placement consisting of 3,000,000 units priced at \$0.23 per unit for gross proceeds of \$690,000, each unit consisting of one common share and one transferable warrant, exercisable at \$0.30 per share to April 12, 2009. There were cash costs of \$11,000 and 260,000 finders' warrants issued on the same terms as the above, with a fair value of \$23,088 applied to share issuance costs and contributed surplus.

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7. Share Capital (Continued)

(a) Details of Share Capital are as follows: (Continued)

(vi) On December 12, 2007, the Company issued 47,500 common shares at a price of \$0.085 per share for a property payment obligation on the Dome/HiHo property (5(a)(ii)).

(vii) During 2007, 50,000 warrants were exercised at a price of \$0.20 per warrant for total proceeds of \$10,000.

(b) Warrants

At December 31, 2007 and 2006, the Company had the following share purchase warrants outstanding:

	Number of Warrants	Weighted Average Exercise Price
Outstanding, December 31, 2005 and 2006	6,500,000	\$ 0.20
Issued as part of financing	3,000,000	\$ 0.30
Issued as finder's fee	260,000	\$ 0.30
Expired	(6,450,000)	\$ (0.20)
Exercised	(50,000)	\$ (0.20)
Outstanding, December 31, 2007	3,260,000	\$ 0.30
Warrants exercisable, December 31, 2007	3,260,000	\$ 0.30

Warrants outstanding at December 31, 2007 and 2006 are as follows:

	2007			2006		
	Number of Warrants	Exercise Price	Expiry Date	Number of Warrants	Exercise Price	Expiry Date
Placement warrants	3,000,000	\$ 0.30	April 12, 2009	6,500,000	\$ 0.20	September 26, 2007
Finders' warrants	260,000	\$ 0.30	April 12, 2009	-	-	-
	3,260,000			6,500,000		

(c) Escrow Shares

At December 31, 2007, 3,384,950 (2006 - 4,231,189) shares were held in escrow with 846,236 shares released from escrow in January 2008, and 846,236 shares to be released from escrow every six months thereafter to July 2009.

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7. Share Capital (Continued)

(d) Share Purchase Options

The Company has established a share purchase option plan whereby the board of directors may, from time to time, grant options to directors, officers, employees or consultants. Options granted must be exercised no later than five years from the date of grant or such lesser period as determined by the Company's board of directors. The exercise price of an option is not less than the closing price of the stock on the last trading day preceding the grant date. Options vest 25% on the grant date and 12.5% each three months thereafter until fully vested. The associated stock based compensation expense is recognized on a straight-line basis over the vesting period. The maximum number of options to be granted under this plan is 3,950,000 options.

Stock option transactions and the number of stock options outstanding are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding, December 31, 2005	3,300,000	\$ 0.13
Options to directors	375,000	\$ 0.275
Options to consultant	50,000	\$ 0.28
Options cancelled	(200,000)	\$ (0.13)
Outstanding, December 31, 2006	3,525,000	\$ 0.15
Options to directors	100,000	\$ 0.28
Options to consultant	75,000	\$ 0.28
Options cancelled	(200,000)	\$ (0.13)
Outstanding, December 31, 2007	3,500,000	\$ 0.16
Options exercisable, December 31, 2007	3,350,000	\$ 0.15

A summary of the Company's options as at December 31, 2007 and 2006 is as follows:

Expiry Date	Exercise Price per Share	Number of Options	Number of Options	Vested (exercisable)	
		2007	2006	2007	2006
November 2, 2009	\$ 0.130	2,100,000	2,300,000	2,100,000	2,300,000
June 27, 2010	\$ 0.130	800,000	800,000	800,000	800,000
July 17, 2011	\$ 0.275	375,000	375,000	328,125	140,625
October 17, 2011	\$ 0.280	50,000	50,000	37,500	12,500
March 7, 2012	\$ 0.280	75,000	-	46,875	-
August 12, 2012	\$ 0.280	100,000	-	37,500	-
		3,500,000	3,525,000	3,350,000	3,253,125

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7. Share Capital (Continued)

(d) Stock-Based Compensation

During the year ended December 31, 2007, the Company granted 175,000 (2006 - 425,000) incentive options with a fair value of \$44,170 (2006 - \$121,187) for consulting fees. During the year ended December 31, 2007, the Company granted 260,000 finders' warrants related to the May 2007 private placement that vested on the date of grant. These finders' warrants had a fair value of \$23,088 (2006 - \$Nil) and have been recorded as share issue costs.

The following weighted average assumptions were used for the Black-Scholes option pricing model valuation of incentive options and finders warrants:

	2007	2006
Risk-free interest rate	3.65%	4.27%
Expected life of options and warrants	3 years	3 years
Annualized volatility	70%	77%
Dividend rate	0.00%	0.00%

8. Related Party Transactions

(a) The following represents the details of related party transactions paid or accrued:

	2007	2006
Administration and consulting fees paid to a company controlled by the president	\$ 15,000	\$ 42,559
Technical consulting fees and expenses paid to directors	53,442	73,153
Accounting and administration fees paid to a company 50% owned by an officer and director	42,000	36,000
	\$ 110,442	\$ 151,712

(b) As at December 31, 2007, accounts payable and accrued liabilities includes \$8,041 (2006 - \$5,500) payable to related parties for consulting services. These amounts were incurred in the ordinary course of business, are non-interest bearing, unsecured and due on demand.

Related party transactions are in the ordinary course of business and are measured at the exchange amount.

(c) During the year ended December 31, 2006, the Company issued 67,500 shares at a price of \$0.21 per share to a director of the Company in regard to property payment obligations for the Iowa Canyon, Dome/HiHo and Golconda Summit mineral properties.

Carlin Gold Corporation
(an Exploration Stage Company)
Notes to the Consolidated Financial Statements
Years Ended December 31, 2007 and 2006
(Expressed in Canadian dollars)

9. Income Taxes

(a) Reconciliation of accounting and taxable income:

	2007	2006
		(note 11)
Effective tax rate (British Columbia and Nevada)	31%	32.5%
Income tax computed at statutory rates	\$ 498,000	\$ 138,000
Temporary differences not recognized in year	(401,000)	(8,000)
Permanent difference not recognized in year	(4,000)	(39,000)
Unrecognized tax losses	(93,000)	(91,000)
	\$ -	\$ -

(b) The Company has non-capital losses in Canada and the United States that may be applied to reduce taxable income in future years. As at December 31, 2007, these amounted to \$1,538,000 (2006 - \$1,045,000). These non-capital losses began expiring in 2007.

(c) The Company has resource property tax credits in Canada and the United States that may be applied to reduce taxable income in future years. As at December 31, 2007, these amounted to \$2,881,000 (2006 - \$5,204,000).

(d) The components of the future income tax liability is as follows:

	2007	2006
		(note 11)
Future income tax liabilities		
Accounting over tax value of mineral property interests	\$ 359,000	\$ 630,000
Accounting over tax value of marketable securities	142,000	-
Total future tax liabilities	501,000	630,000
Future income tax assets		
Non-capital loss carry-forwards	477,000	340,000
Share issue costs	32,000	21,000
Tax over accounting value of mineral property interests	281,000	690,000
Total future tax assets	790,000	1,051,000
Valuation allowance	(648,000)	(1,051,000)
Future income tax liability	\$ 359,000	\$ 630,000

The effective income tax rate is the rate that is estimated to be applicable when the timing differences reverse.

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10. Segmented Information

The Company has one operating segment, which is mineral exploration. The Company's assets by geographical location are as follows:

	2007	2006
		(note 11)
Canada	\$ 2,058,562	\$ 1,042,399
United States	2,096,385	3,177,226
China	75,914	100,564
Total	\$ 4,230,861	\$ 4,320,189

11. Comparative Figures

Certain of the comparative figures have been reclassified to conform to the current year's presentation.

12. Contingency

During the year, the Company had a recovery of accounts payable, as the amount has been outstanding longer than two years, and the vendor no longer requests payment.

CARLIN GOLD CORPORATION

MANAGEMENT DISCUSSION AND ANALYSIS (AMENDED)

For the year ended December 31, 2007

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CARLIN GOLD CORPORATION

Management Discussion & Analysis (Amended)
For the year ended December 31, 2007

1.1 Description of Business and Report Date

Carlin Gold Corporation ("Carlin" or the "Company") is an exploration stage company engaged in the acquisition and exploration of prospective gold properties and is currently focusing its exploration activities in Nevada. The Company is a reporting issuer in Alberta and British Columbia and trades on the TSX Venture Exchange under the symbol CGD.

This Management Discussion and Analysis ("MD&A") has been prepared by management as of April 17, 2008 and should be read in conjunction with the audited consolidated financial statements and related notes thereto of the Company for the year ended December 31, 2007, which were prepared in accordance with Canadian generally accepted accounting principles.

Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations.

This MD&A was amended on May 2, 2008 to include additional information in Section 1.4, Summary of Quarterly Results.

Forward-Looking Statements

When used in this document, words like "anticipate", "believe", "estimate", "expect" and similar expressions are intended to identify forward-looking statements. Such statements are used to describe management's future plans, objectives and goals for the Company and therefore, involve inherent risks and uncertainties. The reader is cautioned that actual results, performance, or achievements may be materially different from those implied or expressed in such statements.

Company Overview

Last year the Company acquired Toquima Minerals Corporation ("Toquima") and its interests in eight gold exploration properties in Nevada. Since the acquisition the Company has actively explored and evaluated the properties, dropping 3 of the properties and adding two additional properties to its Nevada portfolio.

Cash Position of the Company

The Company's total cash position consisting of cash and term deposits at December 31, 2007 was \$938,348 (2006 - \$1,024,226) and is projected to be sufficient to meet our corporate and exploration requirements for the current year. The Company completed a private placement financing on May 11, 2007 for gross proceeds of \$690,000. Additional financing may be required to complete future mineral exploration programs. Our working capital position at December 31, 2007 was \$1,451,594 (2006 - \$1,001,992).

Nevada Exploration Projects

The Company currently controls eight properties in Nevada through either lease agreements with property owners or direct ownership of unpatented mining claims. Joint venture exploration partners are earning an interest in two of Carlin's projects. During the year the Company dropped the Swales Mountain, Winnemucca and Kietzke properties. In addition to advancing the exploration programs on the existing property portfolio, the Company is also actively evaluating additional project opportunities. The principal projects and joint exploration programs are described below.

Cortez Summit, Eureka County

The Company owns a 100% interest in 85 lode claims in a strategic location on the Cortez gold trend. The claims are located between the Horse Canyon and Buckhorn mines, both former gold producers controlled by Barrick Gold Corporation. The similar stratigraphic setting to Barrick's Horse Canyon deposit attracted the Company to the area. The Horse Canyon open pit is located approximately 1.5 miles southwest of the west edge of the Company's claims, and the Buckhorn open pit occurs approximately ½ mile northeast of the east

CARLIN GOLD CORPORATION

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edge of the claims. The Horse Canyon mine produced gold ore between 1984 and 1993, however exact figures are unavailable because they are included in Barrick's overall Cortez production figures. The Buckhorn Mine produced 109,422 oz gold and 409,887 oz silver during the period 1988-1993. A 1993 geologic resource for the Buckhorn Mine was at 1.1 million tons grading 0.11 opt Au as reported in Nevada Bureau of Mines and Geology publications. Other notable projects in the area are the ET Blue discovery (Barrick), located approximately 1.4 miles south, and the Cortez Hills deposit (Barrick), approximately 4 miles west. Barrick's 2006 annual report reported their 60% portion of proven and probable reserves at Cortez Hills at 5.1 million ounces gold. In Q1 2008 Barrick purchased the remaining 40% of the Cortez project, which includes the Cortez Hills deposit.

The above mentioned gold projects in the vicinity of Carlin's claims, except the Buckhorn Mine, are classic "Carlin-style", hosted in Paleozoic sedimentary rocks. The main target at Cortez Summit is Carlin-style mineralization similar in nature to the nearby properties controlled by Barrick. The Company has completed limited select rock chip sampling. Gold values up to 0.447 g/t and anomalous Carlin-style pathfinder elements were encountered in this limited sampling. Geologic mapping has been completed. A limited soil sampling program as well as a gravity survey is planned for spring 2008. The gravity program will help identify important structural features.

Pine Grove, Lyon County (Joint Exploration Agreement with Romarco Minerals Inc.)

Romarco (R:TSXV) is earning a 60% interest in the project by completing expenditures of US\$2,000,000 prior to December 31, 2009, with an option to elect to earn an additional 10% interest (total 70%) by committing to take the project to final feasibility within three years of Romarco's initial earn-in. Romarco completed \$858,657 of expenditures on the project in 2007, bringing total expenditures to \$1,246,666.

The property consists of 170 unpatented claims and includes the old Rockland mine, which produced an estimated 50,000 ounces of gold between 1870 and the late 1930's. Exploration conducted from 1987 to 1999 has resulted in several promising gold-bearing intercepts, including 100 ft. of 1.291 g/t (incl. 10 ft. of 6.125 g/t), and 30 ft. of 2.816 g/t (incl. 5 ft. of 9.20 g/t) on the eastern portion of the property. Two miles west, in the vicinity of the historic Rockland Mine, previous drill intercepts include 130 ft. of 1.16 g/t (incl. 10 ft. of 8.56 g/t).

Romarco completed a five-hole, follow-up reverse circulation and core drilling program (total 7,684 ft/2,343m) on the East Pine Grove Corridor area in the first half of 2007. Hole PG-36C returned 195 feet of 1.09 g/t gold including 120 feet of 1.78 g/t gold and 5 feet of 20.9 g/t gold and 99 g/t silver. The 20.9 g/t value is the highest grade gold interval drilled to date on the property. The 2007 holes represent significant step-outs to the north, west and south along the north-northeast trending corridor of low-grade mineralization identified in the 2006 drilling. The 2007 drill holes were drilled to test extensions of a northeast trending, west-dipping mineralized zone interpreted from the 2006 drilling. The west-dipping target zone was tested, and significant mineralization does not appear to extend in a west plunging zone. The mineralized zone is now interpreted to be vertical or steeply east-dipping, with a hypothesized basement feeder zone expected at depth below the 2006 intercepts. The east side of the known low-grade gold mineralization remains untested at depth.

Romarco is in the process of obtaining permits to drill the second target on the Pine Grove property - the Rockland Mine area. The Rockland Mine is an epithermal vein target and produced 50,000 ounces of gold between 1870 and the late 1930's. Drilling is expected to commence in early summer 2008.

A portion of the property has been proposed for wilderness designation by the Nevada Wilderness Project, a private non-profit organization. There is strong local and governmental opposition to this proposal

Willow Creek, Elko County

Willow Creek (also includes the Currant Creek prospect) is an early stage property, and represents a Carlin style target within a potential new gold belt. The property consists of 158 unpatented claims and 480 acres of fee land located on the northern end of the Snake Mountains, approximately 40 miles from the town of Wells.

CARLIN GOLD CORPORATION

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In 2006 the Company completed geologic mapping and rock chip sampling, followed by drill target definition. The exploration target is a Carlin-style, disseminated gold deposit likely hosted in platy silty carbonate rocks of the Roberts Mountains Formation and similar lithologies in the lower and middle Hanson Creek Formation. Two specific target areas have been identified for drilling: north of Currant Creek and the Willow Creek area. The Company is very encouraged with Willow Creek, and believes that the property could potentially represent a new Nevada gold belt. The recent favorable drilling results reported by Fronteer Development Group at Long Canyon, located 50 miles southeast of Willow Creek, support this.

A Notice of Intent for drilling up to 11 holes has been acknowledged by the Bureau of Land Management and a reclamation bond for the project has been paid. The Company is evaluating its options on how to proceed at Willow Creek, as several organizations have expressed an interest in a joint venture project.

Betty O'Neal Property, Lander County

Effective August 27, 2007, Carlin entered into a 10 year, renewable lease agreement on a precious metals prospect in Lander County, Nevada, located near the town of Battle Mountain on the Battle Mountain – Eureka Mineral Trend. The property consists of patented claims and fee land totaling approximately 625 acres. It was the site of historic silver production during 1882 to 1929.

Under the terms of the agreement the Company has made an initial payment of US\$15,000. The agreement provides for annual payments, totaling \$640,000 over the next 10 years, which escalate to US\$100,000 on the eleventh anniversary and which continue as long as any development or mining operations are being carried out. All annual payments are advances against a net smelter return royalty ranging from 3.25% at a gold price of US\$500 per ounce or less, to 5.25% at a gold price of greater than US\$1,000. The agreement requires the Company to complete US\$200,000 in exploration expenditures, including 6,000 feet of drilling, during the first 2 years of the agreement, and \$300,000 during the following three years. The Company has the right to terminate the lease at any time, subject to the requirement to complete the US\$200,000 of drilling expenditures.

During the third quarter the Company also signed a letter of intent for the acquisition of 23 adjoining unpatented claims.

An extensive exploration database exists on the Betty O'Neal property, and the Company has initiated data compilation as well as a field program. Confirmation rock chip and soil sampling, as well as geologic mapping has been completed, A soil survey has been initiated to extend the existing soil grid.

Dome-HiHo, Lander County (Joint Exploration Agreement with Piedmont Mining Co.)

The 44 claim property is located along the northern Battle Mountain Trend, within the Lone Tree – Marigold – Trenton Canyon subtrend of gold deposits. The target is an intrusive-related sedimentary-hosted gold deposit, occurring either along north-south range front structures or along northwest-trending, dike-filled faults that cut a variety of lithologies of the Havallah Formation, which constitutes the upper plate of the Golconda Thrust Fault.

Piedmont Mining Co. can earn a 51% interest by spending \$2,000,000US over five years for exploration on the property and by making \$71,000US cash payments to Carlin (\$41,000 received to date).

Following a 14 hole 5,315 foot reverse circulation drill program on the north half of the property in 2005, Piedmont refocused its efforts to south half of the property near Mill Creek. Following a drill targeting program, Piedmont completed a 3,035 foot, 5 hole program in the Mill Creek area in October 2007. Results confirm the geological model of gold-bearing northwest structures, commonly occupied by altered granodioritic dikes.

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Iowa Canyon and Golconda Summit

In 2007 a drilling program was completed on the Iowa Canyon and Golconda Summit properties which did not yield encouraging results and which led to the write-down of those properties during the year.

Yunnan China Earn-in

Although Carlin ceased exploration work in China in 2006, the Company continues to maintain an office in Kunming, China while considering and investigating other potential opportunities in China. At the end of the year the Company had \$75,914 (2006 - \$100,564) in segregated funds to Yunnan Carlin Mining Corporation, representing the remaining cash that was advanced three years ago for the Yunnan earn-in. These advances have been used to fund general administration and further investigation of potential new projects in China.

1.2 Results of Operations

The Company's consolidated net loss for the year ended December 31, 2007 was \$1,605,495 (2006 - \$424,751).

In the year ended December 31, 2007, the Company spent \$507,760 (2006 – \$302,769) on mineral property expenditures: \$64,500 for acquisition and property payments, \$122,661 for property tax and maintenance fees, and \$316,562 for exploration costs. A major drilling program was completed on the Iowa Canyon and Golconda Summit properties during the second quarter, which did not yield encouraging results and which led to the write-off of those properties.

Non-cash expense for stock option compensation for the year was \$44,170 compared to \$121,187 for the previous year.

The Company had \$457,612 of other comprehensive income during the period, mostly due to an increase in the share price of Constantine Metal Resources Ltd. Carlin owns 2,000,000 shares of Constantine Metal Resources Ltd. of which 800,000 were free-trading and 1,200,000 were held in escrow at December 31, 2007. A further 300,000 shares were released from escrow since December 31, 2007.

The Company received an additional 127,600 shares of Romarco Minerals Inc. in April 2007, which added \$29,503 to its Marketable Securities at the end of the year.

The Company acquired a new property in Nevada (Cortez Summit property) consisting of 85 lode mining claims, at a cost of \$32,702, during the second quarter.

As a result of its 2007 exploration programs, the Company wrote down the value of its Iowa Canyon property by \$515,917 during the year. Similarly, the Company wrote down the value of its Golconda Summit property by \$401,139 in 2007. The Swales Mountain, Winnemucca and Keitzke properties were fully written off, with writedown costs of \$303,423, \$20,393 and \$322,696, respectively.

1.3 Selected Annual Information

Selected annual information from the audited financial statements for the three years ended December 31, 2007, 2006 and 2005:

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	2007	2006	2005
Loss before adjustments	\$ 357,066	\$ 452,336	\$ 603,806
Loss for the year	1,605,495	424,751	1,345,431
Basic and diluted loss per share	0.04	0.01	0.06
Total assets	3,595,383	4,320,189	1,393,118
Total liabilities	436,912	763,042	55,081
Total shareholders' equity	3,146,471	3,557,147	1,338,037

1.4 Summary of Quarterly Results

In the fourth quarter the Company spent a total of \$32,496 on its mineral properties in Nevada, with \$8,076 going to acquisition/lease payments and \$24,420 on exploration costs.

The Company's net income for the quarter was \$229,766 (2006-\$141,022 loss). The Company realized a fourth quarter gain due to a several year-end adjustments: there was a "gain" of \$271,083 due to a reduction in a prior quarter's mineral property writedown as a result of adjustment to its related future income tax liability; there was a \$29,772 gain on reduction of an accounts payable account written off from the previous year; and there were adjustments totaling \$43,480 in reductions to other mineral property writedowns during the year.

Its operating loss before adjustments was \$67,530 in the fourth quarter. Management and administration costs of \$22,057 made up the largest component of the quarter's operating expenses. This was followed by non-cash stock based compensation expense of \$21,206. General and administrative expenses for the Company continued to remain at relatively low levels, consistent with the preceding year. The Company earned \$4,880 in interest income during the quarter.

The following is a summary of certain consolidated financial information concerning the Company for each of the last eight quarters:

Quarter ended	Total Revenues	Income (Loss)	Income (Loss) per share
December 31, 2007	\$ 4,880	\$ 229,766	\$0.01
September 30, 2007	22,810	(1,287,715)	(0.03)
June 30, 2007	4,021	(462,071)	(0.01)
March 31, 2007	1,042	(85,475)	(0.01)
December 31, 2006	5,417	(141,022)	(0.01)
September 30, 2006	16,572	(136,837)	(0.01)
June 30, 2006	1,983	(188,555)	(0.01)
March 31, 2006	5,981	(107,531)	(0.01)

1.5 Liquidity and Capital Resources

The Company had working capital of \$1,451,594 at December 31, 2007 (2006 -\$1,001,992). As at December 31, 2007, the Company had cash and cash equivalents of \$938,348 compared to \$1,024,226 at December 31, 2006.

The increase in working capital was due to a January 1, 2007 change in accounting policy regarding the accounting presentation of marketable securities (see Section 3.4). The adoption of the new accounting policy had the effect of increasing the stated value the Company's marketable securities by \$457,612 since December 31, 2006.

Current assets excluding cash and cash equivalent at December 31, 2007 consisted of account receivable, prepaid expenses, and marketable securities totaling \$572,821 (2006 - \$92,388). The Company owns

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shares in 3 publicly traded mineral exploration companies. At December 31, 2007 the market value of the Company's marketable securities increased by \$457,612 since December 31, 2006, primarily due to an increase in the market price of Constantine Metal Resources Ltd. (TSXV: CEM).

Current liabilities of \$59,575 (2006 - \$114,622) were comprised of trade accounts payable and accrued liabilities in the normal course of business, and included \$8,041 (2006 - \$5,500) in amounts payable to related parties.

The Company received \$10,000 from the exercise of 50,000 warrants during the year.

A \$690,000 private placement financing at \$0.23 per unit was completed on May 11, 2007. With the addition of these funds, it is projected that the Company's cash position will be sufficient to meet its corporate and property obligations for the next year.

1.6 Off-Balance Sheet Arrangements

The Company does not utilize off-balance sheet arrangements.

1.7 Transactions with Related Parties

Administration fees paid to a company controlled by the president	\$	15,000
Technical consulting fees and expenses paid to directors		53,442
Accounting and administration fees paid to a company 50% owned by an officer and director		42,000
	\$	110,442

1.8 Certification of Filing

Based on their knowledge, the President and Chief Financial Officer of the Company have reviewed the current filing and certified that the consolidated financial statements for the period, together with the other financial information included in the annual filings fairly present in all material respects the financial condition, results of operations and cash flows.

1.9 Critical Accounting Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to select accounting policies and make estimates. Such estimates may have a significant impact on the financial statements. Actual amounts could differ materially from the estimates used and, accordingly, affect the results of the operations. These include:

- the carrying values of mineral properties
- the determination of the valuation allowance for future income tax assets
- the estimate of future income tax liabilities
- the estimate of asset retirement obligation; and
- the valuation of stock-based compensation expense.

2.0 Financial Instruments and Other Instruments

The Company's financial instruments consist of cash and cash equivalents, marketable securities, accounts receivable, reclamation bond, accounts payable and accrued liabilities, and amounts due to related parties. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from the financial instruments. The fair value of these financial instruments, other than marketable securities, approximates their carrying value due to their short-term maturity or

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capacity of prompt liquidation. The fair value of the marketable securities is disclosed in Note 6 of the audited December 31, 2007 consolidated financial statements of the Company.

2.1 Risks and Uncertainties

Companies operating in the mining industry face many and varied kind of risks. While risk management cannot eliminate the impact of all potential risks, the Company strives to manage such risks to the extent possible and practical. Following are the risk factors most applicable to the Company.

2.2 Industry

Exploring and developing mineral resource projects bears a high potential for all manner of risks. Additionally, few exploration projects successfully achieve development due to factors that cannot be predicted or foreseen. Moreover, even one such factor may result in the economic viability of a project being detrimentally impacted such that it is not feasible or practical to proceed. The Company closely monitors its risk based activities and employs experienced consulting, engineering, insurance and legal advisors to assist in its risk management reviews.

Although the Company has taken steps to verify the title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

2.3 Metal Prices

The principal activity of the Company is the exploration and development of gold resource properties. The feasible development of such properties is highly dependent upon the price of gold. A sustained and substantial decline in commodity gold prices could result in the write-down, termination of exploration and development work or loss of its interests in identified resource properties. Although such prices cannot be forecasted with certainty, the Company carefully monitors factors which could affect gold commodity prices in order to assess the feasibility of its resource projects.

2.4 Political Risk

Some resource properties on which the Company is considering pursuing exploration and development activities are located in China. While the political climate is considered by the Company to be stable, there can be no assurances that this will continue indefinitely. To alleviate such risk, the Company funds its China operations on an as-needed basis. The Company does not presently maintain political risk insurance for its foreign exploration projects.

For those resource properties on which the Company has acquired interests in Nevada, the Company funds these activities through its wholly owned subsidiary on an as-needed basis.

2.5 Environmental

Exploration and development projects are subject to the environmental laws and regulations of the country within which the Company is conducting its operations. As such laws are subject to change, the Company carefully monitors proposed and potential changes and management believes the Company remains in compliance with current environmental regulations in the relevant jurisdictions.

2.6 Exploration Stage Company

Carlin does not have an operating history and has no operating revenues and is unlikely to generate any in the foreseeable future. It anticipates that its existing cash resources will be sufficient to cover its projected funding requirements for the current year. If its exploration program is successful, additional funds will be required for further exploration to prove economic deposits and to bring such deposits to production.

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Additional funds will also be required for the Company to acquire and explore other mineral interests. The Company has limited financial resources and there is no assurance that sufficient additional funding will be available to fulfill its obligations or for further exploration and development, on acceptable terms or at all. Failure to obtain additional funding on a timely basis could result in delay or indefinite postponement of further exploration and development and could cause the Company to forfeit its interests in some or all of its properties or to reduce or terminate its operations.

3.0 Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported on a timely basis to senior management, so that appropriate decisions can be made regarding public disclosure. As at the end of the period covered by this management's discussion and analysis, management evaluated the effectiveness of the Company's disclosure controls and procedures as required by Canadian securities laws.

The President and Chief Financial Officer are responsible for establishing and maintaining disclosure controls and procedures and internal control over financial reporting for the Company, and they believe:

- the disclosure controls and procedures provide reasonable assurance that material information relating to the Company, including its consolidated subsidiary, are made known to them, particularly during the period in which the annual filings are being prepared; and
- the internal control over financial reporting provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Canadian generally accepted accounting principles.

Due to the small size of the Company, there is a lack of segregation of duties which is an internal control weakness. Management mitigates this risk through direct involvement of senior management in day to day operations and board review and audit committee communications on major transactions. It is unlikely that this weakness can be properly addressed until the Company grows to a significant size. During the period ended December 31, 2007, there were no significant changes in the Company's internal control over financial reporting that occurred that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

The President and Chief Financial Officer of the Company have evaluated the effectiveness of the Company's disclosure controls and procedures in place as at December 31, 2007. Based on this evaluation, it was determined that certain weaknesses existed in internal controls over financial reporting. In addition, the Company has not fully completed its review and evaluation of the design of internal control over financial reporting as envisioned under MI 52-109. The Company expects to complete its assessment in fiscal 2008. As is indicative of many small companies, the lack of segregation of duties and effective risk assessment were identified as areas where weaknesses existed. The existence of these weaknesses is to be mitigated by senior management monitoring, which exists. The Company is taking steps to augment and improve the design of procedure and controls impacting these areas of weakness over internal control over financial reporting.

3.1 Proposed Transactions

At the present time, there are no proposed transactions that are required to be disclosed.

3.2 Additional Disclosure for Venture Issuers Without Significant Revenue

Additional disclosure concerning Carlin's general and administrative expenses and resource property costs is provided in the Company's Consolidated Statement of Operations and Schedule of Resource Property Costs contained in its audited consolidated financial statements for December 31, 2007 that are available on SEDAR (which can be accessed through www.sedar.com).

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3.3 Outstanding Share Data

Carlin's authorized capital is unlimited common shares without par value. As at April 19, 2008, the following common shares, options and share purchase warrants were outstanding:

The Company has 41,271,803 common shares outstanding.

- The Company has 3,260,000 warrants outstanding to purchase 3,260,000 shares at a price of \$0.30 per share, which expire on April 12, 2009. Each warrant is subject to the following: if the Company's shares close at \$0.60 or higher for a period of 10 consecutive business days, the warrant holders will have 30 days to exercise their warrants or they will be cancelled.

The Company's outstanding stock options are as follows:

	Number	Vested (exercisable)	Exercise Price per Share	Expiry Date
Issued in 2004	2,100,000	2,100,000	\$0.13	November 2, 2009
Issued in 2005	800,000	800,000	\$0.13	June 27, 2010
Issued in 2006	375,000	328,125	\$0.275	July 17, 2011
Issued in 2006	50,000	37,500	\$0.28	October 17, 2011
Issued in 2007	75,000	46,875	\$0.28	March 7, 2012
Issued in 2007	100,000	37,500	\$0.28	August 12, 2012
	3,500,000	3,350,000	\$0.16*	

* Weighted Average Exercise Price

3.4 Accounting Policies and Changes to Prior Year:

The accounting policies of the Company are disclosed in Note 2 of the audited consolidated financial statements for the year ended December 31, 2007.

The consolidated financial statements of the Company have been prepared on the basis of accounting principles applicable to a going concern which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The Company's continued existence is dependent upon its ability to raise additional financing and to generate profitable operations in the future. The consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate because management believes that the actions already taken or planned, such as future equity financings, search for optionees for resource properties, will mitigate the adverse conditions and events which raise doubts about the validity of the going concern assumption used in preparing these financial statements. If the going concern assumption were not appropriate for these consolidated financial statements, then adjustments would be necessary in the carrying values of assets and liabilities, the reported revenue and expenses and the consolidated balance sheet classifications used.

Some of the prior year's figures have been restated for comparative purposes and to conform to current year presentation.

On January 1, 2007, the Company adopted the new accounting recommendations of the Canadian Institute of Chartered Accountants for the recognition, measurement and disclosure of financial instruments, hedges and comprehensive income effective for the current fiscal year. This requires that all non-derivative financial assets be measured at fair value with changes in fair value of available-for-sale marketable securities disclosed in other comprehensive income. Since this is the first year in which this policy has been applied, the opening balance of accumulated other comprehensive income includes the difference between cost and

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fair value for marketable securities at the end of the previous fiscal year. The current year's gains in value are recognized in other comprehensive income. The adoption of this accounting policy will have an effect on opening accumulated other comprehensive income of \$51,001, at January 1, 2007 and the opening marketable securities balance of \$112,786, being the fair market value at December 31, 2006.

When securities are sold and gains or losses are realized, these gains or losses will be removed from other comprehensive income and reported in the Consolidated Statement of Operations. The transition provisions do not require restatement of previous financial statements. The fair values of securities which are traded on a recognized exchange are reported at the closing price on the balance sheet date or the last date on which the shares traded.

4.0 Approval

The Board of Directors of the Company has approved the disclosure contained in this annual MD&A. A copy of this annual MD&A will be provided to anyone who requests it.

4.1 Additional Information

Additional disclosures pertaining to the Company's technical report, management information circulars, material change reports, press releases and other information are available on the SEDAR website at www.sedar.com.