

Consolidated Financial Statements of

## **CARLIN GOLD CORPORATION**

(AN EXPLORATION STAGE COMPANY)

For the three and nine months ended September 30, 2009 and 2008  
(Expressed in Canadian dollars)

(Interim Unaudited – Prepared by Management)

Notice to Reader:

These interim financial statements of Carlin Gold Corporation have been prepared by management and approved by the Audit Committee on behalf of the Board of Directors of the Company. In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed these interim financial statements, notes to financial statements and the related quarterly Management Discussion and Analysis.

**CARLIN GOLD CORPORATION**  
(an Exploration Stage Company)  
Consolidated Balance Sheets  
September 30, 2009 and December 31, 2008  
(Unaudited – prepared by Management)

	September 30 2009	December 31 2008
		(Audited)
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 618,208	\$ 548,657
Accounts receivable	4,985	4,565
Marketable securities ( <i>Note 4</i> )	364,851	230,918
Prepaid expenses	12,113	10,977
	<b>1,000,157</b>	795,117
Mineral property costs ( <i>Note 3a</i> )	1,147,229	1,395,863
Segregated cash	-	62,757
Reclamation bonds ( <i>Note 3(a)(i)</i> )	113,751	44,945
	<b>\$ 2,261,137</b>	<b>\$ 2,298,682</b>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 26,297	\$ 77,364
Amounts due to related parties ( <i>Note 6</i> )	2,563	4,740
	<b>28,860</b>	82,104
Future income tax liabilities	241,009	241,009
Total liabilities	269,869	323,113
Shareholders' equity:		
Share capital ( <i>Note 5</i> )	5,968,723	5,968,723
Contributed Surplus	562,958	562,367
Accumulated other comprehensive income	310,758	99,949
Deficit	(4,851,171)	(4,655,470)
	<b>1,991,268</b>	1,975,569
	<b>\$ 2,261,137</b>	<b>\$ 2,298,682</b>

See accompanying notes to financial statements.

**CARLIN GOLD CORPORATION**

(an Exploration Stage Company)

Consolidated Statements of Operations

For the three and nine months ended September 30, 2009 and 2008

(Unaudited – Prepared by Management)

	Three months ended		Nine months ended	
	Sept 30	Sept 30	Sept 30	Sept 30
	2009	2008	2009	2008
<b>Expenses:</b>				
Accounting and audit	\$ 8,200	\$ 10,000	\$ 17,728	\$ 38,095
General exploration	-	38	-	4,046
Insurance	4,649	1,492	14,202	4,372
Legal fees	5,221	6,169	9,719	19,720
Management and administration fees	13,500	13,500	57,851	40,500
Office	3,646	7,440	8,315	47,517
Regulatory fees	710	-	8,445	7,995
Rent	750	2,250	2,250	2,250
Stock based compensation (Note 5e)	-	4,223	591	27,614
Technical consulting	987	6,136	12,568	37,194
Transfer agent fees	1,929	3,449	4,975	8,445
Travel	-	-	856	33
<b>Loss before Other Items</b>	<b>(39,592)</b>	<b>(54,697)</b>	<b>(137,500)</b>	<b>(237,781)</b>
Interest Income	-	5,399	-	7,341
Foreign exchange gain (loss)	(28,669)	(2,307)	(57,126)	49,141
Mineral properties writedown	(3,963)	(360,108)	(13,820)	(648,345)
Expense recoveries	-	(132)	-	4,069
Income from sale of marketable securities	-	-	12,745	-
	<b>(32,632)</b>	<b>(357,148)</b>	<b>(58,201)</b>	<b>(587,794)</b>
<b>Loss for the period</b>	<b>\$ (72,224)</b>	<b>\$ (411,845)</b>	<b>\$ (195,701)</b>	<b>\$ (825,575)</b>
Loss per share (basic and fully diluted)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.02)
Weighted average number of common shares outstanding	41,271,803	41,271,803	41,271,803	41,271,803
<b>Other Comprehensive Income</b>				
Unrealized gain (loss) on marketable securities (Note 4)	21,851	(148,261)	210,809	(66,497)
Total Comprehensive Income (loss) for the period	\$ (50,373)	\$ (560,106)	\$ 15,108	\$ (892,072)

See accompanying notes to financial statements.

**CARLIN GOLD CORPORATION**  
(an Exploration Stage Company)  
Consolidated Statements of Shareholders' Equity  
For the period ended September 30, 2009  
(Unaudited – Prepared by Management)

	Number of Shares	Capital Stock \$	Contributed Surplus \$	Deficit \$	Accumulated Other Comprehensive Income \$	Total Shareholders' Equity \$
Balance, December 31, 2007	41,271,803	5,968,723	544,118	(3,745,882)	379,512	3,146,471
Net loss for the year	-	-	-	(909,588)	-	(909,588)
Adjustment to fair value of marketable securities	-	-	-	-	(279,563)	(279,563)
Stock-based compensation	-	-	18,249	-	-	18,249
Balance, December 31, 2008	41,271,803	\$ 5,968,723	\$ 562,367	\$ (4,655,470)	\$ 99,949	\$ 1,975,569
Net loss for the period	-	-	-	(195,701)	-	(195,701)
Adjustment to fair value of marketable securities	-	-	-	-	210,809	210,809
Stock-based compensation	-	-	591	-	-	591
Balance, September 30, 2009	41,271,803	\$ 5,968,723	\$ 562,958	\$ (4,851,171)	\$ 310,758	\$ 1,991,268

See accompanying notes to financial statements.

**CARLIN GOLD CORPORATION**

(an Exploration Stage Company)

## Consolidated Statements of Cash Flows

For the three and nine months ended September 30, 2009 and 2008

(Unaudited – Prepared by Management)

	Three months ended		Nine months ended	
	Sept 30	Sept 30	Sept 30	Sept 30
	2009	2008	2009	2008
Cash provided by (used in):				
Operations:				
Loss for the period	\$ (72,224)	\$ (411,847)	\$ (195,701)	\$ (825,575)
Items not affecting cash:				
Stock based compensation	-	4,223	591	27,614
Writedown of mineral properties	3,963	360,109	13,820	648,346
Change in non-cash operating working capital:				
Accounts receivable	1,360	185	(69)	1,116
Accounts payable	10,723	13,095	(53,244)	21,301
Prepaid expenses and deposits	(5,268)	(38,706)	(1,136)	(33,040)
	<b>(61,446)</b>	<b>(72,941)</b>	<b>(235,739)</b>	<b>(160,238)</b>
Investing activities:				
Mineral property expenditures	(56,218)	(351,888)	(148,725)	(485,465)
Reclamation bonds	10,310	4,077	(68,806)	(16,056)
Mineral property recoveries (Note 3a(i))	-	-	383,539	303,030
Gain on sale of marketable securities	-	-	76,525	-
Decrease in advances to Yunnan Carlin	43,952	2,858	62,757	22,352
	<b>(1,956)</b>	<b>(344,953)</b>	<b>305,290</b>	<b>(176,139)</b>
Increase (decrease) in cash	<b>(63,402)</b>	<b>(417,894)</b>	<b>69,551</b>	<b>(336,377)</b>
Cash, beginning of period	<b>681,610</b>	<b>1,019,865</b>	<b>548,657</b>	<b>938,348</b>
Cash, end of period	<b>\$ 618,208</b>	<b>\$ 601,971</b>	<b>\$ 618,208</b>	<b>\$ 601,971</b>
Supplemental disclosure of financing activities:				
Stock based compensation	\$ -	\$ 4,223	\$ 591	\$ 27,614
Proceeds from sale of marketable securities	\$ -	\$ -	\$ 76,525	\$ -

See accompanying notes to financial statements.

## **CARLIN GOLD CORPORATION**

(An Exploration Stage Company)

Notes to Consolidated Financial Statements

For the three and nine months ended September 30, 2009

(Unaudited – Prepared by Management)

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### **1. NATURE OF OPERATIONS AND GOING-CONCERN**

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

The Company is in the business of acquiring, exploring and developing mineral properties in Nevada, and has not yet determined whether its properties contain ore reserves that are economically recoverable. The Company has not generated any revenue since inception and has never paid any dividends and is unlikely to pay dividends or generate earnings in the immediate or foreseeable future.

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.

Several adverse conditions cast substantial doubt on the validity of this assumption. The Company has incurred significant operating losses over the past fiscal years, is currently unable to self-finance operations, has working capital of \$971,297 (Sept 30, 2008 - \$1,075,125), an accumulated deficit of \$4,889,393 (Sept 30, 2008 - \$4,237,711), limited resources, no source of operating cash flow and no assurances that sufficient funding will be available to conduct further exploration and development of its mineral interests.

The application of the going-concern concept is dependent upon the Company’s ability to generate future profitable operations and receive continued financial support from its creditors and shareholders. Management is actively seeking to raise the necessary capital to meet its funding requirements and has undertaken available cost cutting measures. There can be no assurance that management’s plan will be successful.

The business of mining and exploration involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of amounts shown for mineral interests is dependent on several factors. These include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of mineral interests.

### **2. SIGNIFICANT ACCOUNTING POLICIES**

The Company prepares its consolidated financial statements in accordance with Canadian generally accepted accounting principles. 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 subsidiary, Carlin Gold US Inc. (Nevada).

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

**CARLIN GOLD CORPORATION**

(An Exploration Stage Company)

Notes to Consolidated Financial Statements

For the three and nine months ended September 30, 2009

(Unaudited – Prepared by Management)

**(b) Basis of Presentation**

These interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles (“GAAP”) for interim financial statements and follow the same accounting policies and methods of application as the most recent annual financial statements for the year ended December 31, 2008. These interim financial statements do not contain all disclosures required by Canadian GAAP and accordingly should be read in conjunction with the audited 2008 annual financial statements and the notes thereto.

**(c) Recent Accounting Pronouncements**

*Mining Exploration Costs* - On March 27, 2009, the Canadian Institute for Chartered Accountants approved EIC-174, “Mining Exploration Costs”. The EIC provides guidance on capitalization of exploration costs related to mining properties in particular and on impairment of long-lived assets in general. The Company has applied this new abstract for the three months ended September 30, 2009, resulting in no impact on its financial statements.

**3. 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.

**(a) Nevada mineral property interests**

The following is a summary of the Company’s principal property interests, located in Nevada, USA.

	Pine Grove	Willow Creek	Currant Creek	Cortez Summit	Whisky Canyon	JDS	Total
Balance, December 31, 2008	\$ 387,088	\$ 472,579	\$ 128,496	\$ 119,253	\$ 272,325	\$ 16,122	\$ 1,395,863
Acquisition costs	3,679			13,593	45,722	12,610	75,605
Deferred expenditures							
Geology/geophysical	6,265	1,723	1,723	4,153	4,827	1,462	20,152
Property tax and maintenance fees	328	29,245	-	-	23,396	-	52,969
Mineral property writedowns	(13,820)	-	-	-	-	-	(13,820)
Cost recoveries	(383,539)	-	-	-	-	-	(383,539)
Balance, Sept 30, 2009	\$ (0)	\$ 503,547	\$ 130,219	\$ 136,999	\$ 346,269	\$ 30,195	\$ 1,147,229

**CARLIN GOLD CORPORATION**

(An Exploration Stage Company)

Notes to Consolidated Financial Statements

For the three and nine months ended September 30, 2009

(Unaudited – Prepared by Management)

**(i) Pine Grove Property**

Romarco Minerals Inc. did not meet its commitment of completing 3,500 feet of drilling in the Rockland Mine area by December 31, 2008, and accordingly, the Company entered into a settlement agreement with Romarco on March 13, 2009, to terminate the Exploration and Option to Enter Joint Venture Agreement. The Company received a combination of cash and reclamation bonds amounting to \$387,088 (US\$306,896) in settlement from Romarco. An amount of \$305,860 (US\$242,496) was received in cash as well as reclamation bonds valued at \$77,679 (US\$64,400).

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

On January 15, 2009 the Company made a payment of US\$25,000 to maintain its option on the Willow Creek property, and obtained a deferral until January 15, 2010 for the remaining US\$10,000 that was due under the original agreement.

**(iii) Whisky Canyon Property (formerly called Betty O'Neal Property)**

The Company amended the terms of its agreement on the Betty O'Neal property, such that in consideration for a US\$20,000 payment made in March 2009 the US\$35,000 payment due on August 27, 2009 is now deferred until August 27, 2010, and the drilling commitment of 6,000 ft. is reduced to 4,000 ft. and extended by one year to August 27, 2010.

In March 2009 the Company negotiated payment deferrals on two other agreements and a payment reduction on one of these agreements. The Company paid US\$20,000 to defer a July 23, 2009 US\$40,000 payment for a year to July 23, 2010. On the other agreement, a US\$25,000 payment due September 1, 2009 was deferred for a year to September 1, 2010 and reduced to \$10,000. The result is that starting on the 2010 anniversary dates, the total annual payments for these two agreements will be capped at US\$50,000. The capped payment replaces an annual payment schedule which would have ultimately escalated to an annual total of US\$115,000 for the two agreements.

**4. Marketable Securities**

At September 30, 2009 the Company owned the following marketable securities:

	Number of Shares		Book Value		Fair Value
Piedmont Mining Co.	300,000	\$	49,951	\$	8,351
Romarco Minerals Inc.	15,000		4,143		16,500
Constantine Metal Resources Ltd.	2,000,000		-		340,000
		\$	54,094	\$	364,851

At the beginning of the year the Company owned 227,600 shares of Romarco Minerals Inc., of which 212,600 shares were sold during the period for cash proceeds of \$65,722.



**CARLIN GOLD CORPORATION**

(An Exploration Stage Company)

Notes to Consolidated Financial Statements

For the three and nine months ended September 30, 2009

(Unaudited – Prepared by Management)

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

Authorized: unlimited common shares without par value

**(b) Warrants**

An amount of 3,260,000 warrants with an exercise price of \$0.30 expired on April 12, 2009. There were no warrants outstanding at September 30, 2009.

**(c) Escrow Shares**

At September 30, 2009, the Company had no more of its shares remaining in escrow. An amount of 846,236 Company shares were released from escrow in July 2009.

**(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 six 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, beginning of year	3,500,000	\$ 0.16
Outstanding, September 30, 2009	3,500,000	\$ 0.16

A summary of the Company's options as at September 30, 2009 is as follows:

Expiry Date	Weighted Average Exercise Price	Options Outstanding	Options Exercisable
November 2, 2009	\$ 0.13	2,100,000	2,100,000
June 27, 2010	\$ 0.13	800,000	800,000
July 17, 2011	\$ 0.275	375,000	375,000
October 17, 2011	\$ 0.28	50,000	50,000
March 7, 2012	\$ 0.28	75,000	75,000
August 7, 2012	\$ 0.28	100,000	100,000
	\$ 0.10	3,500,000	3,500,000

**CARLIN GOLD CORPORATION**

(An Exploration Stage Company)

Notes to Consolidated Financial Statements

For the three and nine months ended September 30, 2009

(Unaudited – Prepared by Management)

**(e) Stock-Based Compensation**

During the nine months ended September 30, 2009, 12,500 stock options granted during 2007 vested.

An amount of \$591 (2008 - \$27,614) has been recorded in the period ended September 30, 2009 as stock-based compensation expense, based on the graded vesting schedule of the Company's outstanding stock options. The following weighted average assumptions and resulting grant date fair value were used for the Black-Scholes option pricing model valuation of incentive options and finders warrants:

	2009	2008	2007
Risk-free interest rate	N/A	N/A	3.65%
Expected life of options and warrants	N/A	N/A	3 years
Annualized volatility	N/A	N/A	70%
Dividend rate	N/A	N/A	0.00%
Grant date fair value	N/A	N/A	\$0.09

**6. Related Party Transactions**

- (a) The following represents the details of related party transactions paid or accrued for the nine months ended September 30, 2009 and 2008:

	2009	2008
Administration and consulting fees paid to a company controlled by the president	\$ 9,000	\$ 6,000
Technical consulting fees and expenses paid to directors	22,357	26,460
Accounting and administration fees paid to a company 50% owned by an officer and director	31,500	21,000
	\$ 62,857	\$ 56,460

- (b) As at September 30, 2009, an amount of \$2,563 (2008 - \$4,600) was payable to a related party for consulting services and expenses. The amount is without interest or stated terms of repayment.

Related party transactions are in the ordinary course of business, occurring on terms that are similar to those of transactions with unrelated parties and are measured at the exchange amount.

**CARLIN GOLD CORPORATION**

(An Exploration Stage Company)

Notes to Consolidated Financial Statements

For the three and nine months ended September 30, 2009

(Unaudited – Prepared by Management)

**7. Segmented Information**

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

	Sept 30
	<u>2009</u>
Canada	\$ 954,435
<u>United States</u>	<u>1,306,703</u>
<u>Total</u>	<u>\$ 2,261,137</u>

**8. Subsequent Event**

Subsequent to the end of the quarter, the Company issued 600,000 stock options to purchase 600,000 shares of the Company at an exercise price of \$0.105 cents per share, expiring October 9, 2014.

# **CARLIN GOLD CORPORATION**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the three and nine month periods ended September 30, 2009

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# **CARLIN GOLD CORPORATION**

Management Discussion & Analysis

For the three and nine month periods ended September 30, 2009

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## **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.

The information in this Management’s Discussion and Analysis, or MD&A, is intended to assist the reader in the understanding and assessment of the trends and significant changes in the results of operations and financial conditions of Carlin. This MD&A should be read in conjunction with the unaudited consolidated financial statements of the Company, including the notes thereto, for the nine month period ended September 30, 2009, and the year ended December 31, 2008, respectively (the “financial statements”), which are prepared in accordance with Canadian generally accepted accounting principles for interim financial statements, and the annual MD&A and audited financial statements for the year ended December 31, 2008. This MD&A has taken into account information available up to and including November 27, 2009.

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

## **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 and Outlook**

Carlin’s did not conduct any significant field exploration activities in the 9 months ended September 30, 2009, and concentrated instead on further consolidating its mineral properties and negotiating deferrals on the Willow Creek/Currant Creek properties and the on the Whisky Canyon property. However, in November 2009 the Company completed a 4,000 foot drill program on the Whisky Canyon property (see below).

In March 2009 the Company reached a settlement agreement with Romarco Minerals Inc. (“Romarco”), the option holder on the Company’s Pine Grove project, with respect to a termination of Romarco’s option agreement. As part of the settlement Carlin received a combination of \$383,539 in cash and bonds from Romarco in March 2009. Subsequent to Romarco’s termination, Carlin terminated its interest in the Pine Grove property and wrote off its remaining investment in the property.

The Company recognizes the serious difficulties that have impacted the world’s financial markets during the past year, and the particular challenges that these conditions have presented to exploration stage companies. We are assessing ways to proceed that will allow us to advance our projects while at the same time preserving funds to ensure that we can continue our business. The recent deferral agreements on the Whisky Canyon property are a result of these efforts (see Nevada Exploration Projects below).

## **Cash Position of the Company**

The Company’s cash position consisting of cash at September 30, 2009, was \$618,208 (2008 - \$601,971). Our current cash balance is projected to be sufficient to meet our corporate and exploration obligations for the next year. Additional financing may be required to complete future mineral exploration programs. Our working capital position at September 30, 2009 was \$971,297 (2008 - \$1,075,124).

# CARLIN GOLD CORPORATION

Management Discussion & Analysis

For the three and nine month periods ended September 30, 2009

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## **Nevada Exploration Projects**

The Company currently controls four properties in Nevada through either lease agreements with property owners or direct ownership of unpatented mining claims. In addition to advancing the exploration programs on the existing property portfolio, the Company is also evaluating additional project opportunities. The principal projects are described below.

### Whisky Canyon Property, Lander County

The Company completed a nine-hole, 4,000 foot drilling program in November 2009, testing the Yankee target, which was described in a news release dated October 7, 2009. The drill program confirmed the subsurface continuation of the Yankee gold anomaly which had been defined at the surface. Although gold assay results were commonly anomalous in the 0.100-0.300 grams/ton range, ore grade values were not encountered.

In March 2009 the Company negotiated deferral agreements on three of the underlying agreements on the Whisky Canyon project. On the Betty O'Neal patented claims, the Company paid US\$20,000 to defer the US\$35,000 payment due August 27, 2009 out to August 27, 2010. Carlin also was able to defer the drilling commitment on the Betty O'Neal property due August 27, 2009 out to August 27, 2010, in addition to reducing the commitment from 6,000 ft. to 4,000 ft.

In March 2009 the Company negotiated payment deferrals on two other agreements and a payment reduction on one of these agreements. The Company paid US\$20,000 to defer a July 23, 2009 US\$40,000 payment for a year to July 23, 2010. On the other agreement, a US\$25,000 payment due September 1, 2009 was deferred for a year to September 1, 2010 and reduced to \$10,000. The result is that starting on the 2010 anniversary dates, the total annual payments for these two agreements will be capped at US\$50,000. The capped payment replaces an annual payment schedule which would have ultimately escalated to an annual total of US\$115,000 for the two agreements.

The deferral agreements have saved Carlin US\$60,000 in 2009 payments, and also defer and take an estimated US\$50,000-\$60,000 off our drilling commitment with the Betty O'Neal owners. This will also give the Company more flexibility in carrying out the exploration program.

### Cortez Summit, Eureka County

The Company has completed rock chip and soil sampling, geologic mapping and a gravity survey of the property. Gold values up to 0.447 g/t and anomalous Carlin-style pathfinder elements were encountered in the rock chip sampling. The gravity program was designed to help identify important structural features that could represent potential drill targets. Preliminary Interpretation of the gravity results suggests a number of significant structures for further evaluation. Additional detailed surface geochemical sampling and possibly additional geophysical work to follow up the gravity survey results, was planned for the 2009 field season. This work has been deferred until the 2010 field season. Results will then be evaluated and integrated with the existing data, and a decision will be made on the optimal way to proceed with drill target definition.

### Willow Creek, Elko County

On January 15, 2009 the Company made a payment of US\$25,000 to maintain its option on the Willow Creek property, and obtained a deferral until January 15, 2010 for the remaining US\$10,000 that was due under the original agreement.

In October the Company notified Piedmont Mining Company that Piedmont is in default in its obligations with respect to the Exploration Agreement and Option to Form Joint Venture, dated June 23, 2008. The default included failure to make payments, as well as a 2,175 foot shortfall in the firm 5,000 foot drilling commitment provided in the first year of the agreement. Piedmont has not cured these defaults, and the agreement has been terminated. The Company is currently exploring its options with respect to remedies for those defaulted obligations which survive termination of the agreement.

# CARLIN GOLD CORPORATION

Management Discussion & Analysis

For the three and nine month periods ended September 30, 2009

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## Pine Grove, Lyon County

In January 2009, Romarco terminated the Exploration and Option to Enter Joint Venture Agreement. Romarco and Carlin signed a Settlement and Release Agreement in March 2009, whereby Romarco agreed to pay US\$242,496 cash and transfer US\$64,400 in bonds posted with the US Forest Service to Carlin (completed). The payment and bond transfers satisfied Romarco's obligations provided in the Exploration and Option to Enter Joint Venture Agreement. Subsequent to Romarco's termination, the Company terminated its interest in the underlying Mining Lease and Option to Purchase Agreement on the property. The Company is working in cooperation with the owner to fulfill its reclamation obligations on the property.

During the third quarter the Company closed its office and ceased operation in China, and transferred the remaining funds it had left in China (\$43,952) back to Canada.

## **Results of Operations**

The Company's consolidated net loss for the period ended September 30, 2009 was \$233,923 (2008 - \$485,465).

In the nine months ended September 30, 2009, the Company incurred deferred costs of \$106,496 (2008 - \$485,465) for mineral property expenditures (before recoveries). These payments included US\$47,974 paid in order to defer upcoming option payments and drilling commitments on the Whisky Canyon property. These amounts were offset by a US\$242,496 cash payment received from Romarco in consideration of the Company agreeing to the termination of Romarco's agreement on the Pine Grove property. As part of the same termination agreement, the Company also received US\$64,400 worth of reclamation bonds from Romarco, which were transferred to the Company in April 2009.

The Company recorded \$210,809 of other comprehensive income for the period ended September 30, 2009 (2008 - \$66,497), due to an increase in the value of its equity holdings in marketable securities since the beginning of 2009. Carlin owns 2,000,000 free-trading shares of Constantine Metal Resources Ltd. (TSXV: CEM).

During the second quarter of 2009, Carlin sold 212,600 shares of Romarco Minerals Inc. from its Marketable Securities holdings, for net cash proceeds of \$65,722. Carlin recorded a \$12,745 gain on the sale of the Romarco shares, based on their book value of \$52,976

Operating costs before other items were \$137,501 in the period, compared with 2008 of \$237,781. General and administrative expenses for the Company continued to remain at relatively low levels, consistent with the preceding year. Non-cash expense for stock option compensation for the period was \$519 compared to \$23,391 for the previous year.

## Summary of Quarterly Results

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

<b>Quarter ended</b>	<b>Income (Loss)</b>	<b>Income (Loss) per share</b>
September, 2009	\$(110,446)	\$(0.01)
June 30, 2009	(89,888)	(0.01)
March 31, 2009	(33,589)	(0.01)
December 31, 2008	(132,759)	(0.01)
September, 2008	(411,845)	(0.01)
June 30, 2008	(348,096)	(0.01)
March 31, 2008	(16,888)	(0.01)
December 31, 2007	229,166	0.01

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For the three and nine month periods ended September 30, 2009

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The Company's operating costs for the third quarter of 2009 were \$39,593, compared to \$54,697 for the corresponding quarter last year, due to lower management and consulting expenses in 2009. The Company incurred expenditures of \$13,989 on mineral properties, as no field work was conducted on the Company's properties until after the end of the third quarter when the Whisky Canyon drill program was completed.

## Liquidity and Capital Resources

The Company had working capital of \$971,297 at September 30, 2009 (September 30, 2008 -\$1,075,124). As at September 30, 2009, the Company had cash of \$618,208 compared to \$601,971 at September 30, 2008. The Company received cash from the following sources during the period:

- \$65,722 from sale of Romarco shares
- \$305,860 (US\$242,496) from Romarco termination settlement agreement

Current assets excluding cash at September 30, 2009 consisted of accounts receivable, prepaid expenses, and marketable securities totaling \$381,949 (2008 - \$554,029). The Company owns shares in 3 publicly traded mineral exploration companies, including 2,000,000 shares of Constantine Metal Resources Ltd. (TSXV: CEM).

Current liabilities of \$18,137 (2008 - \$80,676) were comprised of trade accounts payable and accrued liabilities in the normal course of business, and included \$2,860 (2008 - \$4,600) payable to a related party.

The Company is dependent on equity capital to fund exploration and development of its mineral properties. Carlin will require additional working capital in the near term to fund planned exploration work and ongoing operating expenditures. Actual funding requirements may vary from those planned due to a number of factors, including the timing and progress of exploration activities.

## Future accounting changes

### 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. 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. The Company is in the process of reviewing the impact and initial adoption alternatives available under IFRS standards. The Company is currently evaluating the requirements and will report further on its implementation plan which is expected to be more fully addressed by the end of the 2010 fiscal year.

## Off-Balance Sheet Arrangements

The Company does not utilize off-balance sheet arrangements.



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## Transactions with Related Parties

Administration fees paid to a company controlled by the president	\$	9,000
Technical consulting fees and expenses paid to directors		22,537
Accounting and administration fees paid to a company 50% owned by an officer and director		31,500
	\$	62,857

At September 30, 2009, accounts payable and accrued liabilities totaling \$2,563 were payable to a related party. This amount was incurred in the ordinary course of business, is non-interest bearing, unsecured and due on demand.

## Outstanding Share Data

Carlin's authorized capital is an unlimited number of common shares without par value. As at November 27, 2009, the following common shares, options and share purchase warrants were outstanding:

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

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	375,000	\$0.275	July 17, 2011
Issued in 2006	50,000	50,000	\$0.28	October 17, 2011
Issued in 2007	75,000	75,000	\$0.28	March 7, 2012
Issued in 2007	100,000	100,000	\$0.28	August 12, 2012
	3,500,000	3,500,000	\$0.16*	

\* Weighted Average Exercise Price

Subsequent to the end of the quarter, the Company issued 600,000 stock options to purchase 600,000 shares of the Company at an exercise price of \$0.105 cents per share, expiring October 9, 2014.

## Approval

Mr. Robert Thomas, a director of the Company and a Qualified Person, has reviewed and approved the technical information contained in this report.

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.

## 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](http://www.sedar.com).