Consolidated Financial Statements of

CARLIN GOLD CORPORATION

(AN EXPLORATION STAGE COMPANY)

For the years ended December 31, 2009 and 2008
(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 control 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, 2009 and 2008 and for the years 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.

“K. Wayne Livingstone”	*“Aris Morfopoulos”*
K. Wayne Livingstone President	Aris Morfopoulos CFO

Vancouver, British Columbia
March 26, 2010

SmytheRatcliffe
CHARTERED ACCOUNTANTS

AUDITORS' REPORT

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

We have audited the consolidated balance sheets of Carlin Gold Corporation (an exploration stage company) as at December 31, 2009 and 2008 and the consolidated statements of operations, shareholders' equity and cash flows for the years 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 audits.

We conducted our audits 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, 2009 and 2008 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

"Smythe Ratcliffe LLP" (signed)

Chartered Accountants

Vancouver, British Columbia
March 26, 2010

Smythe Ratcliffe LLP is a member firm of both the **PKF** International Limited network and **PKF** North America, which are, respectively, a network and an association of legally independent firms and does not accept any responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

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

	2009	2008
Assets		
Current assets:		
Cash	$ 463,477	$ 548,657
Accounts receivable	5,828	4,565
Marketable securities (Note 6)	554,345	230,918
Prepaid expenses	7,498	10,977
	1,031,148	795,117
Mineral property interests (Note 5)	1,269,919	1,395,863
Segregated cash (Notes 5(c) and 11)	-	62,757
Reclamation bonds	111,551	44,945
	$ 2,412,618	$ 2,298,682
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 34,119	$ 77,364
Amounts due to related parties (Note 9)	2,632	4,740
	36,751	82,104
Future income tax liabilities (Note 8)	131,128	241,009
	167,879	323,113
Shareholders' equity:		
Share capital (Note 7)	5,968,723	5,968,723
Contributed surplus	569,679	562,367
Accumulated other comprehensive income	423,224	99,949
Deficit	(4,716,887)	(4,655,470)
	2,244,739	1,975,569
	$ 2,412,618	$ 2,298,682

Nature of operations and going concern (Note 1)
Subsequent event (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)

	2009	2008
Expenses:		
Management and administration fees	$ 71,351	$ 54,000
Accounting and audit	33,044	53,867
Technical consulting	21,527	57,038
Insurance	18,797	18,610
Office	10,604	30,690
Regulatory fees	8,125	7,995
Stock-based compensation (Note 7(e))	7,312	18,249
Transfer agent fees	7,225	10,792
Legal fees	4,701	16,038
Rent	3,000	3,000
Travel	1,485	47
General exploration	-	4,233
Loss before other items and income tax	(187,171)	(274,559)
Interest income	-	21,747
Foreign exchange gain (loss)	(39,971)	83,841
Mineral property interests written-off	(10,028)	(804,750)
Gain on sale of marketable securities (Note 6)	12,745	-
	(37,254)	(699,162)
Loss before income tax	(224,425)	(973,721)
Future income tax recovery (Note 8)	163,008	64,133
Net loss for year	(61,417)	(909,588)
Other comprehensive income		
Unrealized gain (loss) on available-for-sale investments, net of tax	333,530	(279,563)
Realized gain on disposition of available-for-sale investments, net of tax	(10,255)	-
Total comprehensive income (loss) for year	$ 261,858	$ (1,189,151)
Loss per share (basic and fully diluted)	$ (0.001)	$ (0.021)
Weighted average number of common shares outstanding	41,271,567	41,271,567

See accompanying notes to consolidated financial statements.

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

	Number of Shares	Capital Stock	Contributed Surplus	Deficit	Accumulated Other Comprehensive Income	Total Shareholders' equity
Balance, December 31, 2007	41,271,567	$ 5,968,723	$ 544,118	$ (3,745,882)	$ 379,512	$ 3,146,471
Net loss for 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	41,271,567	5,968,723	562,367	(4,655,470)	99,949	1,975,569
Net loss for year	-	-	-	(61,417)	-	(61,417)
Unrealized gain on available-for-sale investments, net of tax	-	-	-	-	333,530	333,530
Realized gain on disposition of available-for-sale investments, net of tax	-	-	-	-	(10,255)	(10,255)
Stock-based compensation	-	-	7,312	-	-	7,312
Balance, December 31, 2009	41,271,567	$ 5,968,723	$ 569,679	$ (4,716,887)	$ 423,224	$ 2,244,739

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)

	2009	**2008**
Operating Activities:		
Net loss for year	$ (61,417)	$ (909,588)
Items not affecting cash:		
Future income tax recovery	(163,008)	(64,133)
Stock-based compensation	7,312	18,249
Mineral property interest written-off	10,028	804,750
Gain on sale of marketable securities	(12,745)	-
Asset retirement obligations	-	(17,995)
Change in non-cash operating working capital:		
Accounts receivable	(1,263)	9,503
Accounts payable and accrued liabilities	(43,245)	25,830
Prepaid expenses	3,479	(1,124)
Due to related parties	(2,108)	(3,301)
Cash used in operating activities	(262,967)	(137,809)
Investing Activities:		
Mineral property expenditures	(271,172)	(242,569)
Acquisition of reclamation bonds	(66,606)	(22,470)
Segregated cash	-	13,157
Mineral property recoveries (Note 5(a))	387,088	-
Proceeds on sale of marketable securities	65,720	-
Decrease in segregated cash	62,757	-
Cash provided by (used in) investing activities	177,787	(251,882)
Decrease in cash	(85,180)	(389,691)
Cash, beginning of year	548,657	938,348
Cash, end of year	$ 463,477	$ 548,657
Supplemental Cash Flow Information:		
Interest paid	$ -	$ -
Income taxes paid	$ -	$ -
Interest received	$ -	$ 21,747
Marketable securities received on mineral property	$ -	$ (15,781)

See accompanying notes to consolidated financial statements.

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. As at December 31, 2009, the Company has working capital of $994,397 (2008 - $713,013), and an accumulated deficit of $4,716,887 (2008 - $4,655,470). The continuation of the Company as a going concern is dependent upon the ability of the Company to obtain necessary equity financing to continue operations and to determine the existence, discovery and successful exploitation of economically recoverable reserves in its mineral properties, confirmation of the Company’s interests in the underlying properties and the attainment of profitable operations or realize proceeds from their sale. Management believes the Company has sufficient working capital and cash reserves to maintain current levels of operations and continue as a going concern for the following year.

The Company may periodically have to raise additional funds to fund projects and continue operations and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future.

2. SIGNIFICANT ACCOUNTING POLICIES

The Company prepares its consolidated financial statements in accordance with Canadian generally accepted accounting principles with the Canadian dollar as the Company’s functional and reporting curency. 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 subsidiaries, as follows:

- Toquima Minerals Corp. (British Columbia) (“TQM”)
- Carlin Gold US Inc. (Nevada) (“Carlin US”)
- Aurelius Financial Corp. (B.V.I.)
- Yunnan Carlin Mining Corp. (China) (“Yunnan Carlin”)

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) 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 property acquisition, exploration and development costs are capitalized, net of recoveries, on an individual prospect basis until such time as an economic ore body is defined or the prospect is abandoned. Costs for a producing property 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 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.

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.

(c) Asset Retirement Obligations (“ARO”)

The Company recognizes an estimate of the liability associated with an ARO in the financial statements at the time the liability is incurred. The estimated fair value of the ARO is recorded as a long-term liability, with a corresponding increase in the carrying amount of the related asset. The liability amount is increased each reporting period due to the passage of time and the amount of accretion is charged to earnings in the period. The 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. As at December 31, 2009, the Company has determined that it has no material AROs.

(d) Income Taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method of tax allocation, future income tax assets and liabilities are determined based on differences between the financial statement carrying values and their respective income tax basis (temporary differences). Future income tax assets and liabilities are measured using the tax rates expected to be in effect when the temporary differences are likely to reverse. The effect on future income tax assets and liabilities of a change in tax rates is included in operations in the period in which the change is enacted or substantially assured. The amount of future income tax assets recognized is limited to the amount of the benefit that is more likely than not to be realized.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Stock-Based Compensation

The Company accounts for stock-based compensation using a fair value based method with respect to all stock-based payments to directors, employees and non-employees. For directors and employees, the fair value of the options is measured at the date of grant. For non-employees, the fair value of the options is measured on the earlier of the date at which the counterparty performance is completed or the date the performance commitment is reached or the date at which the equity instruments are granted if they are fully vested and non-forfeitable. The fair value of the options is accrued and charged to operations, with the offset credit to contributed surplus. For directors and employees the options are recognized over the vesting period, and for non-employees the options are recognized over the related service period. If and when the stock options are ultimately exercised, the applicable amounts of contributed surplus are transferred to share capital.

(f) 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 rate of exchange on the date of the transaction.

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

(g) Loss per Share

Basic earnings (loss) per share is calculated using the weighted average number of common shares outstanding during the year. The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on earnings per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to repurchase common shares at the average market price during the year. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that 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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) 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 the fair value of marketable securities, net recoverable amount of mineral property interests, accrued liabilities, AROs, the variables used in the calculation of stock-based compensation, the determination of the valuation allowance for future income tax assets and amount 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.

(i) Financial Instruments

All financial instruments are classified as one of the following: held-to-maturity, loans and receivables, held-for-trading, available-for-sale or other financial liabilities. Financial assets and liabilities held-for-trading are measured at fair value with gains and losses recognized in net income. Financial assets held-to-maturity, loans and receivables, and other financial liabilities are measured at amortized cost using the effective interest method. Available-for-sale financial instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) and reported in shareholders' equity. Any financial instrument may be designated as held-for-trading upon initial recognition.

Transaction costs that are directly attributable to the acquisition or issuance of financial instruments that are classified as other than held-for-trading, which are expensed as incurred, are included in the initial carrying value of such instruments.

(j) Comprehensive Income

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 (loss) and other comprehensive income (loss). Other comprehensive income (loss) consists of gains and losses affecting shareholders' equity that under Canadian generally accepted accounting principles are excluded from net income (loss).

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Changes in Accounting Policies

(i) EIC-173, Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

In January 2009, the EIC issued EIC-173, “Credit Risk and the Fair Value of Financial Assets and Financial Liabilities”, which clarifies that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and liabilities, including derivative instruments. EIC-173 is to be applied retrospectively without restatement of prior periods in interim and annual financial statements for periods ending on or after the date of issuance of EIC-173. The Company adopted this recommendation in its fair value determinations effective January 1, 2009 with no significant impact on its consolidated financial statements.

(ii) EIC-174, Mining Exploration Costs

In March 2009, the EIC issued EIC-174, “Mining Exploration Costs”, which provides guidance on capitalization of exploration costs related to mining properties. It also provides guidance for development and exploration stage entities that cannot estimate future cash flows from its properties in assessing whether impairment in such properties is required. EIC-174 also provides additional discussion on recognition for long-lived assets. There was no impact of this change on the consolidated financial statements as a result of the Company adopting this recommendation in its fair value determinations.

(l) Future Accounting Changes

(i) International Financial Reporting Standards (“IFRS”)

In February 2008, the Canadian Accounting Standards Board ("AcSB") confirmed that January 1, 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canadian generally accepted accounting principles. The IFRS standards will be effective for the Company for interim and annual financial statements relating to the Company’s fiscal year beginning on January 1, 2011. The effective date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the interim periods and year ended December 31, 2010. While the Company has begun the planning and scoping phase of the transition to IFRS for fiscal 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

(ii) Business Combinations

In January 2009, the CICA issued Handbook Section 1582, “Business Combinations”, Section 1601, “Consolidated Financial Statements”, and Section 1602, “Non-Controlling Interests”. These sections replace the former Section 1581, “Business Combinations”, and Section 1600, “Consolidated Financial Statements”, and establish a new section for accounting for a non-controlling interest in a subsidiary.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Future Accounting Changes (continued)

(ii) Business Combinations (continued)

Sections 1582 and 1602 will require net assets, non-controlling interests and goodwill acquired in a business combination to be recorded at fair value and non-controlling interests will be reported as a component of equity. In addition, the definition of a business is expanded and is described as an integrated set of activities and assets that are capable of being managed to provide a return to investors or economic benefits to owners. Acquisition costs are not part of the consideration and are to be expensed when incurred. Section 1601 establishes standards for the preparation of consolidated financial statements.

These new sections apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption of these sections is permitted as of the beginning of a fiscal year. All three sections must be adopted concurrently.

3. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the presentation adopted in the current year.

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company has classified its financial instruments as follows:

- Cash and segregated cash – held-for-trading
- Marketable securities – available-for-sale
- Due to related parties – other financial liabilities
- Accounts payable and accrued liabilities – other financial liabilities.

The principal risks to which the Company's financial instruments are exposed are described below.

(a) Fair Value

The carrying values of cash, amounts due to related parties, and accounts payable and accrued liabilities approximate their fair values due to the short-term nature 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(c)).

(b) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk on its cash and segregated cash is minimized to the extent that cash and segregated cash are placed with major financial institutions.

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

(c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities.

The Company has a portfolio of marketable securities, which are available-for-sale. The Company may, from time to time, liquidate a portion of its holdings depending on market conditions and the Company's cash requirements. Depending on timing, the Company's ability to liquidate these securities is subject to price fluctuations and market conditions, which may affect the Company's ability to liquidate the securities in a timely manner.

(d) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

(i) Interest Rate Risk

The Company is not exposed to significant interest rate risk. The Company's bank account earns interest income at variable rates. Future cash flows from interest income on cash will be affected by interest rate fluctuations.

(ii) Foreign Currency Risk

As at December 31, 2009, certain of the Company's financial instruments are held in foreign currencies, primarily the US dollar. The Company's significant operations are in Nevada, USA. As a result, the Company is exposed to foreign currency risk from fluctuations between the Canadian and US dollars. In 2008, the Company also maintained a bank account in China with funds held in renminbi ("RMB"). This account was closed in 2009. The Company does not use derivatives or similar techniques to manage currency risk.

As at December 31, 2009 and 2008, the Company is exposed to foreign currency risk as follows:

	2009		**2008**	
	US	RMB	US	RMB
Cash	$ 21,370	-	$ 28,180	-
Segregated cash	-	-	50,998	3,576
Marketable securities	32,134	-	35,000	-
Reclamation bond	106,141	-	41,700	-
Accounts payable and accrued liabilities	(500)	-	(28,853)	-
Net foreign exposure	$ 159,145	-	$ 127,025	3,576

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

(d) Market Risk (continued)

(ii) Foreign Currency Risk (continued)

Based on the above net foreign currency exposure as at December 31, 2009, and assuming all other variables remain constant, an 11**%** (2008 **-** 10%) weakening or strengthening of the Canadian dollar against the US dollar would result in an increase/decrease of $20,802 (2008 - $15,472) in the Company's income (loss); such effect on the RMB is not material.

(iii) Other Price Risk

Other price risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from currency risk or interest rate risk. The Company's marketable securities are carried at market value, and are therefore directly affected by fluctuations in the market value of the underlying securities. The Company's sensitivity analysis suggests that a 20% change in market prices would change the value of the investments by approximately $110,000.

5. MINERAL PROPERTY INTERESTS

(a) Nevada Mineral Property Interests

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

	Iowa Canyon	Dome HiHo	Golconda Summit	Loomis	Pine Grove	Willow Creek/Currant Creek	Cortez Summit	Whisky Canyon	JDS	Total
Balance, December 31, 2007	$ 134,545	$ 204,445	$ 122,662	$ 190,454	$ 530,875	$ 660,146	$ 60,638	$ 70,060	$ -	$ 1,973,825
Acquisition costs	-	-	-	-	-	31,980	-	85,280	1,066	118,326
Deferred expenditures										
Geology/geophysical	56	477	-	-	2,132	198,907	44,305	73,207	2,024	321,108
Property tax and maintenance fees	-	6,136	56	-	-	38,528	14,310	43,778	13,032	115,840
Expenditures for the year	56	6,613	56	-	2,132	269,415	58,615	202,265	16,122	555,274
Recovery of expenditures	-	-	-	-	-	(328,486)	-	-	-	(328,486)
Write-off of mineral property interests	(134,601)	(211,058)	(122,718)	(190,454)	(145,919)	-	-	-	-	(804,750)
Balance, December 31, 2008	-	-	-	-	387,088	601,075	119,253	272,325	16,122	1,395,863
Acquisition costs	-	-	-	-	3,592	-	-	46,200	-	49,792
Deferred expenditures										
Geology/geophysical	-	-	-	-	6,116	3,362	4,056	126,656	1,428	141,618
Property tax and maintenance fees	-	-	-	-	320	28,550	14,270	23,384	13,238	79,762
Expenditures for the year	-	-	-	-	10,028	31,912	18,326	196,240	14,666	271,172
Recovery of expenditures	-	-	-	-	(387,088)	-	-	-	-	(387,088)
Write-off of mineral property interests	-	-	-	-	(10,028)	-	-	-	-	(10,028)
Balance, December 31, 2009	$ -	$ -	$ -	$ -	$ -	$ 632,987	$ 137,579	$ 468,565	$ 30,788	$ 1,269,919

5. MINERAL PROPERTY INTERESTS (Continued)

(a) Nevada Mineral Property Interests (continued)

(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.

During 2008, the Company terminated its option on ICP and wrote-off its investment of $134,601.

(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. As part of this agreement, the Company assumed an option to purchase the 20 HiHo claims (contiguous to the Dome claims).

During 2008, based on a review of the property, the Company terminated its option on the Dome/HiHo property and wrote-off its investment of $211,058.

(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.

During 2008, based on a review of the property, the Company terminated its option on the Golconda Summit Property and wrote-off its investment of $122,718.

(iv) Loomis Property

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

During 2008, based on a review of the property, the Company terminated its mineral property interests on the Loomis Property and wrote-off its investment of $190,454.

(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 was to also incur mineral property exploration expenditures of US$100,000 by March 17, 2007 (US$50,000 satisfied by TQM).

5. MINERAL PROPERTY INTERESTS (Continued)

(a) Nevada Mineral Property Interests (continued)

(v) Pine Grove Property (continued)

The continuing commitments acquired by the Company were as follows:

- March 17, 2007: cash payment of US$600,000 (paid); mineral property exploration expenditures of US$50,000 (completed);
- March 17, 2008: payment of US$65,000 (paid by Romarco Minerals Inc. ("Romarco"));
- March 17, 2009 to 2019: payment of US$75,000 per year; and
- March 17, 2020: payment of US$5,000.

The above payments were subject to a net smelter return of 3% to 4%, depending on the price of gold. The Company had 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 on January 28, 2005. Pursuant to this agreement (amended on January 31, 2007), Romarco assumed all of the Company's cash payment obligations 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:

Performance Date	Annual Work Commitment
December 31, 2005	US$325,000 (completed)
December 31, 2006	US$275,000 (US$93,424 completed)
December 31, 2007	US$300,000 (US$481,576 completed)
December 31, 2008	US$600,000 (completed)
December 31, 2009	US$500,000.

The December 31, 2006 work commitment shortfall of US$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 common shares of Romarco having a value of $29,503 (US$25,000) as at the close of regulatory approval (delivered) (completed in 2007);
- 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);
- To complete 7,500 feet of drilling on the east side of the property by December 31, 2007 (completed); and
- To complete 3,500 feet of drilling in the Rockland Mine area by no later than December 31, 2008.

5. MINERAL PROPERTY INTERESTS (Continued)

(a) Nevada Mineral Property Interests (continued)

(v) **Pine Grove Property** (continued)

Romarco did not meet the 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, resulting in a write-down of the carrying value of the Company's interest in the Pine Grove Property at December 31, 2008 to this amount. Concurrent with this transaction, in March 2009 the Company terminated its interest in the Pine Grove Property and wrote-off its remaining interest in the project.

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

In January 2010, prior to the January 15 anniversary date, the Company terminated its option agreement (described below) related to the Gibbs land portion of Willow Creek.

On January 15, 2004, TQM had acquired an option to earn title to 480 acres of private land (the Gibbs land) accompanying 119 TQM-owned QA/QC claims (collectively, the Willow Creek property) located in Elko County. The commitments acquired by the Company were as follows:

- January 15, 2008: payment of US$30,000 (paid);
- January 15, 2009: payment of US$35,000 (US$25,000 paid; US$10,000 deferred to January 15, 2010);
- 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 was subject to a net smelter royalty of 3% when the gold price was less than US$500 per ounce and 4% when it was greater than US$500 per ounce. The Company had the right to repurchase up to 50% of the royalty for US$500,000 for each one-half percentage point. The Company was obligated to issue 450,000 common shares upon completion of a positive feasibility study.

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

5. MINERAL PROPERTY INTERESTS (Continued)

(a) Nevada Mineral Property Interests (continued)

(vi) Willow Creek and Currant Creek Properties (continued)

On June 18, 2008, the Company entered into an exploration agreement with option to form a joint venture with Piedmont Mining Company ("Piedmont") with regard to the Willow Creek property. Under the terms of the agreement, Piedmont had the right to earn a 51% interest in the property by completing the following:

- US$3,500,000 of exploration work over five years;
- Piedmont paid US$300,000 cash to the Company upon signing of the agreement. This sum was for Piedmont's first year work commitment, which included a minimum 5,000 feet of exploratory drilling. The payment by Piedmont included US$51,101 for the Company's past property maintenance payments, and the assumption of the Company's US$17,773 reclamation bond for the first phase of drilling. Piedmont also issued 100,000 shares of its common stock valued at US$15,781 to the Company;
- After Piedmont completes the first year firm work commitment, Piedmont had the right to keep the agreement in effect by paying the Company US$10,000 on each June 18 anniversary and by completing expenditures according to the following annual schedule;
- US$500,000 by June 18, 2010;
- US$700,000 by June 18, 2010;
- US$1,000,000 by June 18, 2010; and
- US$1,000,000 by June 18, 2010.

Upon Piedmont earning a 51% interest in the property, the parties had agreed to enter into a joint venture.

In October 2009, the Company notified Piedmont that Piedmont was in default of its obligations and subsequently terminated the agreement.

(vii) Cortez Summit Property

The Company has owned a 100% interest in 83 unpatented lode claims on the Cortez trend since 2007. There is no underlying agreement pertaining to the Cortez Summit Property.

(viii) Whisky Canyon Property (formerly called 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.

5. MINERAL PROPERTY INTERESTS (Continued)

(a) Nevada Mineral Property Interests (continued)

(viii) Whisky Canyon Property (formerly called 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 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);
- August 27, 2009: cash payment of US$35,000 (deferred to 2010);
- August 27, 2010: cash payment of US$50,000 (deferred to 2011);
- August 27, 2011: cash payment of US$60,000 (deferred to 2012);
- August 27, 2012: cash payment of US$70,000 (deferred to 2013);
- August 27, 2013 to 2017: cash payments of US$80,000 (each deferred one year); and
- August 27, 2018: cash payment of US$100,000 (deferred to 2019).

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.

In March 2009, the Company amended the terms of its agreement in consideration for a US$20,000 payment (paid), such that the cash commitments due on August 27, 2009 and each anniversary date thereafter are deferred by one year and the drilling commitment of 6,000 feet is reduced to 4,000 feet and extended by one year to August 27, 2010 (completed).

5. MINERAL PROPERTY INTERESTS (Continued)

(a) Nevada Mineral Property Interests (continued)

(viii) Whisky Canyon Property (formerly called Betty O'Neal Property) (continued)

On September 1, 2007, the Company entered 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 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 (paid);
- September 1, 2008: payment of US$20,000 (paid);
- 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;
- 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.

On May 29, 2008, the Company entered into an exploration agreement with Barrick on a property in the Whisky Canyon prospect area. The property consists of a total of 102 unpatented claims controlled by Barrick; 66 claims are owned directly by Barrick and 36 claims are held by Barrick through a lease agreement with a third party.

Under the terms of the agreement, the Company has the option to acquire 60% of Barrick's interest in the property by completing expenditures totaling US$650,000 over five years, and assuming the underlying lease obligations, which includes making annual payments of US$40,000 on July 23 of each year until 2024 in order to maintain the option. The Company has a firm obligation to spend a minimum of $50,000 of the earn-in obligation within the first year of the agreement, of which $59,664 was spent at December 31, 2008. Upon completion of the required expenditures, the Company has the option to enter into an exploration, development and mine operating agreement, with the Company holding a 60% interest and Barrick holding a 40% interest. If the Company exercises its option, Barrick has the option to participate or give up its interest and retain

5. MINERAL PROPERTY INTERESTS (Continued)

(a) Nevada Mineral Property Interests (Continued)

(viii) Whisky Canyon Property (formerly called Betty O'Neal Property) (Continued)

a net smelter returns royalty interest ranging between 0.5% to 3.0%. If Barrick elects to participate, the Company and Barrick will bear additional exploration expenditures in the proportions of their respective interests. If a party's interest is diluted to less than 10%, it will be converted to a non-working 2% net smelter return royalty.

In March 2009, the Company amended the terms of the BET claims agreement and the underlying lease of the Barrick agreement (same owner as BET claims owner) as follows: in consideration for a US$20,000 payment, the US$25,000 payment due on September 1, 2009 is deferred to September 1, 2010, and the US$40,000 lease payment due on July 23, 2009 (underlying lease in Barrick agreement) is deferred to July 23, 2010. Also, starting on the 2010 anniversary dates, the total annual payments payable under the BET claims agreement and the underlying lease of the Barrick agreement will be capped at an aggregate of US$50,000.

On September 2, 2008, the Company completed a purchase agreement with Victory Exploration Inc. ("Victory") for two patented mining claims, the Emma and Silva claims, in the Whisky Canyon prospect area. A purchase price of US$12,500 was paid upon signing of the agreement. Victory retains a 3% net smelter return royalty on the two patented claims. The Company has the option to acquire all or part of the royalty for US$500,000 for each percentage point.

(ix) JDS Property

On September 2, 2008, the Company completed a purchase agreement with Lincoln Gold Corporation ("Lincoln") for 32 JDS and 45 LGC unpatented claims (77 total), Eureka County, Nevada. A purchase price of US$1,000 was paid upon signing of the agreement. Lincoln retains a 2% net smelter return royalty on the claims. The Company has the option to acquire up to 1% of the royalty for US$500,000 for each one-half percentage point.

(b) AROs

The Company has assessed that it does not have any AROs that are reasonably determinable at this time.

(c) Segregated Cash

The amount represents US dollars and RMB cash held in Chinese bank accounts that were being used to fund general exploration and investigation of potential new projects in China.

5. MINERAL PROPERTY INTERESTS (Continued)

(d) 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 are highly speculative and contain 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.

The amounts shown for acquisition costs and deferred exploration expenditures represent costs incurred to date and do not necessarily reflect present or future values. These costs will be depleted over the useful lives of the properties upon commencement of commercial production or written off if the properties are abandoned or the claims allowed to lapse.

(e) Environmental

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 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.

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.

(f) Title to mineral property interests

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.

6. MARKETABLE SECURITIES

At December 31, 2009 and 2008, the Company owned the following marketable securities:

	2009			2008		
	Number of Shares	Cost	Fair Value	Number of Shares	Cost	Fair Value
Piedmont	300,000	$49,951	$ 6,745	300,000	$ 49,951	$ 10,226
Romarco	15,000	4,143	27,600	227,600	57,118	38,692
Constantine Metal Resources Ltd. ("Constantine")	2,000,000	-	520,000	2,000,000	-	182,000
		$54,094	$554,345		$107,069	$230,918

As of December 31, 2008, 600,000 Constantine shares were held in escrow. At December 31, 2009, all 2,000,000 Constantine shares had been released from escrow and were free trading. Constantine is related to the Company through two common directors. The Company's investment in Constantine represents an ownership interest of 3.2% at December 31, 2009 (2008 – 6%).

During the year ended December 31, 2009, the Company sold 212,600 shares in Romarco for net proceeds of $65,720 resulting in a realized gain of $12,745.

7. SHARE CAPITAL

(a) **Authorized**: unlimited common shares without par value.
Issued and outstanding: 41,271,567

(b) Warrants

At December 31, 2009, the Company had no outstanding warrants:

Exercise Price	Expiry Date	Outstanding at December 31, 2008	Issued	Exercised	Expired	Outstanding at December 31, 2009
$ 0.30	April 12, 2009	3,000,000	-	-	(3,000,000)	-
$ 0.30	April 12, 2009	260,000	-	-	(260,000)	-
		3,260,000	-	-	(3,260,000)	-

At December 31, 2008, the Company has the following outstanding warrants:

Exercise Price	Expiry Date	Outstanding at December 31, 2007	Issued	Exercised	Expired	Outstanding at December 31, 2008
$ 0.30	April 12, 2009	3,000,000	-	-		3,000,000
$ 0.30	April 12, 2009	260,000	-	-		260,000
		3,260,000	-	-		3,260,000

7. SHARE CAPITAL (Continued)

(b) Warrants (Continued)

Warrants outstanding at December 31, 2009 and 2008 are as follows:

	2009			2008		
	Number of Warrants	Exercise Price	Expiry Date	Number of Warrants	Exercise Price	Expiry Date
Placement warrants	-	-	-	3,000,000	$ 0.30	April 12, 2009
Finders' warrants	-	-	-	260,000	$ 0.30	April 12, 2009
	-			3,260,000		

Each of these warrants were subject to the following: if the Company's shares closed at $0.60 or higher for a period of ten consecutive business days, the warrant holders had 30 days to exercise their warrants or they would be cancelled.

(c) Escrow Shares

At December 31, 2008, 1,692,474 shares were subject to an escrow agreement. All of these shares were released from escrow as of December 31, 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 three months thereafter until fully vested. The maximum number of options to be granted under this plan is 4,127,108 options.

A summary of the status of the Company's stock options at December 31, 2009 and 2008 and changes during the years then ended are as follows:

	2009		2008	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of year	3,500,000	$ 0.160	3,500,000	$ 0.160
Options granted to directors	525,000	$ 0.105	-	-
Options granted to consultants	75,000	$ 0.105	-	-
Options expired during the year	(2,100,000)	$ 0.130	-	-
Outstanding, end of year	2,000,000	$ 0.170	3,500,000	$ 0.160

7. SHARE CAPITAL (Continued)

(d) Share Purchase Options (Continued)

A summary of the Company's options as at December 31, 2009 is as follows:

Expiry Date	Exercise Price	Number of Options Outstanding	Weighted Average Remaining Contractual Life (in years)	Number of Options Exercisable (vested)
June 27, 2010	$ 0.13	800,000	0.49	800,000
July 17, 2011	$ 0.28	375,000	1.54	375,000
October 17, 2011	$ 0.28	50,000	1.79	50,000
March 7, 2012	$ 0.28	75,000	2.18	75,000
August 7, 2012	$ 0.28	100,000	2.60	100,000
October 9, 2014	$ 0.11	600,000	4.78	150,000
		2,000,000	2.17	1,550,000

A summary of the Company's options as at December 31, 2008 is as follows:

Expiry Date	Exercise Price	Number of Options Outstanding	Weighted Average Remaining Contractual Life (in years)	Number of Options Exercisable (vested)
November 2, 2009	$ 0.130	2,100,000	0.84	2,100,000
June 27, 2010	$ 0.130	800,000	1.49	800,000
July 17, 2011	$ 0.275	375,000	2.54	375,000
October 17, 2011	$ 0.280	50,000	2.79	50,000
March 7, 2012	$ 0.280	75,000	3.18	75,000
August 7, 2012	$ 0.280	100,000	3.60	87,500
		3,500,000	1.33	3,487,500

(e) Stock-Based Compensation

During the year ended December 31, 2009, 12,500 stock options granted in 2007 vested and 150,000 options granted in 2009 vested.

7. SHARE CAPITAL (Continued)

(e) Stock-Based Compensation (Continued)

An amount of $7,312 (2008 - $18,249) has been recorded in the year ended December 31, 2009 as stock-based compensation expense.. The fair value of each option grant was estimated as at the date of the grant using the Black-Scholes option pricing model with the following weighted average assumptions and resulting fair value:

	2009	2008
Risk-free interest rate	2.6%	N/A
Expected life of options	5 years	N/A
Annualized volatility	113%	N/A
Dividend rate	0.00%	N/A
Grant date fair value	$ 0.06	N/A

8. INCOME TAXES

The reconciliation of income tax provision computed at the Canadian statutory rate of 30% (2008 - 31%) to reported income tax provision is as follows:

	2009	2008
Income tax benefit computed at Canadian statutory rates	$ 67,328	$ 265,170
Difference in foreign tax rates	(11,169)	15,803
Other items deductible for tax purposes	(132,425)	28,859
Write-down of mineral properties	-	(163,522)
Change in timing differences	87,873	47,870
Change in valuation allowance	183,362	(60,552)
Effect of change in tax rates	(31,961)	-
Other	-	(69,495)
Income tax recovery	$ 163,008	$ 64,133

As at December 31, 2009, the Company has non-capital losses in Canada amounting to $1,160,604 that may be used to offset taxable income in future years expiring up to 2029 and capital losses of $3,516,241 that may be used to offset future capital gains. The Company also has non-capital losses in the United States amounting to $894,466 that may be used to offset taxable income in future years in the United States expiring up to 2029.

In addition, the Company has resource property tax amounts in Canada in the amount of $1,333,620, and in the United States in the amount of $708,966 that may be applied to reduce taxable income in future years.

8. INCOME TAXES (Continued)

Significant components of the Company's future income tax assets and liabilities are as follows:

	2009	2008
Future income tax liabilities		
Mineral property interests	$ 131,128	$ 241,009
Marketable securities	62,146	23,900
	193,274	264,909
Future income tax assets		
Non-capital loss carry-forwards	603,214	767,700
Net capital loss carry-forwards	439,530	457,111
Share issue costs	8,850	17,800
Mineral property interests	333,405	346,800
Total future tax assets	1,384,999	1,589,411
Valuation allowance	(1,322,853)	(1,565,511)
Future income tax liability	$ 131,128	$ 241,009

9. RELATED PARTY TRANSACTIONS

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

	2009	2008
Administration and consulting fees paid to a company controlled by the president	$ 17,961	$ 12,000
Technical consulting fees and expenses paid to directors ($7,703 capitalized to mineral property interests and $21,527 expensed)	29,230	39,442
Accounting and administration fees paid to a company 50% owned by an officer and director	42,000	42,000
	$ 89,191	$ 93,442

(b) As at December 31, 2009, an amount of $2,632 (2008 - $4,740) was payable to related parties for consulting services. 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.

10. MANAGEMENT OF CAPITAL

The Company manages its common shares, stock options and warrants as capital (see Note 7). There has been no change in the nature of the Company's capital during the year ended December 31, 2009. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure, which optimizes the costs of capital at an acceptable risk. The Company does not have any externally imposed capital restrictions.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, or acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

There were no changes in the Company's approach to capital management during the year.

11. SEGMENTED INFORMATION

The Company has one operating segment, mineral exploration and development. The Company's assets by geographical location at December 31, 2009 and 2008 are as follows:

		2009		2008
Canada	$	976,385	$	733,801
United States		1,436,233		1,503,578
China		-		61,303
	$	2,412,618	$	2,298,682

Assets held in China in 2008 consisted of cash restricted for the use of operating expenses in China. Chinese operations have since been dismantled and the cash was released into unrestricted bank accounts held in Canada.

12. SUBSEQUENT EVENT

On March 1, 2010, the Company sold 15,000 marketable security shares for net proceeds of $29,975.

CARLIN GOLD CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended December 31, 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 audited consolidated financial statements of the Company, including the notes thereto, for the year ended December 31, 2009, (the "financial statements"). This MD&A has taken into account information available up to and including April 23, 2010.

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

Some of the statements in this document constitute "forward looking statements". Where Carlin expresses an expectation or belief as to future events or results, including management plans and objectives, and projections of exploration results, such expectation or belief is expressed in good faith and is believed to have a reasonable basis. The Company makes no representation that reasonable business people in possession of the same information would reach the same conclusions. While these statements represent our best current judgment, they are subject to risks and uncertainties that could cause actual results to vary, the specifics of which are detailed in disclosures with the heading "Risk Factors" in the Company's periodic filings with securities regulators. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Forward-looking statements in this MD&A are made as of the date of this MD&A or, in the case of documents incorporated by reference herein, as of the date of such documents, and Carlin does not assume the obligation to update any forward looking statement.

Company Overview and Outlook

In 2009 Carlin completed one field exploration program and concentrated on further consolidating its mineral properties and negotiating deferrals on the Whisky Canyon property. The Company completed a 4,000 foot drill program on the Whisky Canyon property in October 2009 (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 $387,088 ($306,096 US) 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 is 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 at December 31, 2009, was $463,477 (2008 - $548,657). 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 December 31, 2009 was $994,397 (2008 - $713,013).

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. Consideration for these deferrals was a payment of US$20,000. On one agreement a July 23, 2009 US$40,000 payment was deferred 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 saved Carlin US$60,000 in 2009 payments, and deferred an estimated US$50,000-$60,000 from our drilling commitment with the Betty O'Neal owners. The deferral agreements also gave the Company more flexibility in carrying out the exploration program.

Cortez Summit, Eureka County

In 2009 the Company completed very limited soils sampling on the property. The 2008 program included 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

In January 2009 the Company made a payment of US$25,000 to maintain its option on the 480 acre Gibbs portion of 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 January 2010, prior to the due date of the option payment, the Company terminated its option on the Gibbs land.

The Company had an exploration agreement with Piedmont Mining Company ("Piedmont") on the Willow Creek property, since June 2008, however in October 2009 the Company notified Piedmont that it was in default in its obligations with respect to the Exploration Agreement and Option to Form Joint Venture. 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 did not cure these defaults, and the agreement was terminated before the end of 2009. The Company is continuing to explore its options with respect to remedies for those defaulted obligations which survive termination of the agreement.

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.

Closure of China Office

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 year ended December 31, 2009, 2009 was $61,417 (2008 - $909,588).

In the year ended December 31, 2009, 2009, the Company incurred deferred costs of $271,172 (2008 – $242,569) for mineral property expenditures (before recoveries). These payments included $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 $323,275 of other comprehensive income for the year ended December 31, 2009 (2008 - $279,563), due to an increase in the value of its 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 $187,171 in the year, compared with $274,559 in 2008. 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 year was $7,312 compared to $18,249 for the previous year.

Selected Annual Information

Selected annual information for the three years ended December 31, 2009, 2008 and 2007 are as follows:

	2009	2008	2007
Loss before other items	$ 187,171	$ 274,559	$ 357,066
Net loss for the year	$61,417	$909,588	1,536,095
Basic and diluted loss per share	0.001	0.02	0.04
Total assets	2,412,618	2,298,682	3,595,383
Total liabilities	167,879	323,113	436,912
Total shareholders' equity	2,244,739	1,975,569	3,146,471

Summary of Quarterly Results

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

Quarter ended	Income (Loss)	Income (Loss) per share
December 31, 2009	$ 172,506	$ 0.01
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)

The Company recorded a net income of $172,506 for the fourth quarter of 2009, compared to a loss of $(132,759) for the last quarter of 2008, due to lower mineral property write-offs in 2009 ($10,028), compared to 2008 ($804,750), and due to higher future income tax recovery reported in 2009 of $163,008 (2008 - $64,133) . The Company incurred expenditures of $122,447 on mineral properties in the fourth quarter, the bulk of which was expended on a drill program at the Whisky Canyon property.

Liquidity and Capital Resources

The Company had working capital of $994,397 at December 31, 2009 (2008 -$713,013). As at December 31, 2009, the Company had cash of $463,477 compared to $548,657 at December 31, 2008. The Company received cash from the following sources during the year:

- $65,722 from sale of Romarco shares
- $305,860 (US$242,496) from Romarco termination settlement agreement
- $43,952 from cash recovered from closure of China operations

Current assets excluding cash at December 31, 2009, 2009 consisted of accounts receivable, prepaid expenses, and marketable securities totaling $554,345 (2008 - $230,918). 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 $36,751 (2008 - $82,104) were comprised of trade accounts payable and accrued liabilities in the normal course of business, and included $2,632 (2008 - $4,740) 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.

Transactions with Related Parties

		2009		2008
Administration and consulting fees paid to a company controlled by the president	$	17,961	$	12,000
Technical consulting fees and expenses paid to directors		29,230		39,442
Accounting and administration fees paid to a company 50% owned by an officer and director		42,000		42,000
	$	89,191	$	93,442

At December 31, 2009, accounts payable and accrued liabilities totaling $2,632 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 April 14, 2010, the following common shares, options and share purchase warrants were outstanding:

The Company has 41,271,567 common shares outstanding.

The Company's outstanding stock options are as follows:

	Number	Vested (exercisable)	Exercise Price per Share	Expiry Date
Issued in 2005	800,000	800,000	$0.13	June 27, 2010
Issued in 2006	375,000	375,000	$0.28	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
Issued in 2009	600,000	150,000	$0.11	October 9, 2014
	2,000,000	1,550,000		

Significant Accounting Policies

Basis of Consolidation

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

Toquima Minerals Corp. (British Columbia) ("TQM")
Carlin Gold US Inc. (Nevada) ("Carlin US")
Aurelius Financial Corp. (B.V.I.)
Yunnan Carlin Mining Corp. (China) ("Yunnan Carlin")

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

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, net of recoveries, 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 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.

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.

Asset Retirement Obligations ("ARO")

The Company recognizes an estimate of the liability associated with an ARO in the financial statements at the time the liability is incurred. The estimated fair value of the ARO is recorded as a long-term liability, with a corresponding increase in the carrying amount of the related asset. The capitalized amount will be depleted on a straight-line basis over the estimated life of the asset. The liability amount is increased each reporting period due to the passage of time and the amount of accretion is charged to earnings in the period. The 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. As at December 31, 2009, the Company has determined that it has no material AROs.

Income Taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method of tax allocation, future income tax assets and liabilities are determined based on differences between the financial statement carrying values and their respective income tax basis (temporary differences). Future income tax assets and liabilities are measured using the tax rates expected to be in effect when the temporary differences are likely to reverse. The effect on future income tax assets and liabilities of a change in tax rates is included in operations in the period in which the change is enacted or substantially assured. The amount of future income tax assets recognized is limited to the amount of the benefit that is more likely than not to be realized.

Stock-Based Compensation

The Company accounts for stock-based compensation using a fair value based method with respect to all stock-based payments measured and recognized, to directors, employees and non-employees. For directors and employees, the fair value of the options is measured at the date of grant. For non-employees, the fair value of the options is measured on the earlier of the date at which the counterparty performance is completed or the date the performance commitment is reached or the date at which the equity instruments are granted if they are fully vested and non-forfeitable. The fair value of the options is accrued and charged to operations, with the offset credit to contributed surplus. For directors and employees the options are recognized over the vesting period, and for non-employees the options are recognized over the related service period. If and when the stock options are ultimately exercised, the applicable amounts of contributed surplus are transferred to share capital.

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 rate of exchange on the date of the transaction.

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

Loss per Share

Basic earnings (loss) per share is calculated using the weighted average number of common shares outstanding during the year. The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on earnings per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to repurchase common shares at the average market price during the year. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that 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.

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 the fair value of marketable securities, net recoverable amount of mineral property interests, accrued liabilities, AROs, the variables used in the calculation of stock-based compensation, the determination of the valuation allowance for future income tax assets and amount 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.

Financial Instruments

All financial instruments are classified as one of the following: held-to-maturity, loans and receivables, held-for-trading, available-for-sale or other financial liabilities. Financial assets and liabilities held-for-trading are measured at fair value with gains and losses recognized in net income. Financial assets held-to-maturity, loans and receivables, and other financial liabilities are measured at amortized cost using the effective interest method. Available-for-sale financial instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) and reported in shareholders' equity. Any financial instrument may be designated as held-for-trading upon initial recognition.
Transaction costs that are directly attributable to the acquisition or issuance of financial instruments that are classified as other than held-for-trading, which are expensed as incurred, are included in the initial carrying value of such instruments.

Comprehensive Income

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 (loss) and other comprehensive income (loss). Other comprehensive income (loss) consists of net income (loss) and other gains and losses affecting shareholders' equity that under Canadian generally accepted accounting principles are excluded from net income (loss).

Changes in Accounting Policies

EIC-173, Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

In January 2009, the EIC issued EIC-173, "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities", which clarifies that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and liabilities, including derivative instruments. EIC-173 is to be applied retrospectively without restatement of prior periods in interim and annual financial statements for periods ending on or after the date of issuance of EIC-173. The Company adopted this recommendation in its fair value determinations effective January 1, 2009 with no significant impact on its consolidated financial statements.

EIC-174, Mining Exploration Costs

In March 2009, the EIC issued EIC-174, "Mining Exploration Costs", which provides guidance on capitalization of exploration costs related to mining properties. It also provides guidance for development and exploration stage entities that cannot estimate future cash flows from its properties in assessing whether impairment in such properties is required. EIC-174 also provides additional discussion on recognition for long-lived assets. There was no impact of this change on the consolidated financial statements as a result of the Company adopting this recommendation in its fair value determinations.

Future Accounting Changes

International Financial Reporting Standards ("IFRS")

In February 2008 the Accounting Standards Board confirmed that International Financial Reporting Standards (IFRS) will replace Canadian GAAP for publicly accountable enterprises for financial periods beginning on and after January 1, 2011. The Company's first mandatory filing under IFRS, which will be the first quarter of 2011, will contain IFRS-compliant information on a comparative basis, as well as reconciliations for that quarter and as at the January 1, 2010 transition date. Although IFRS uses a conceptual framework similar to Canadian GAAP, there are significant differences in recognition, measurement and disclosure. The Company has developed the framework of a plan for IFRS convergence and has started the implementation process. Detailed analysis of the differences between IFRS and the Company's accounting policies and assessment of the various alternatives for first time adoption of IFRS are in progress. Management's assessment to date indicates that there will be revisions to the Company's disclosures on adoption of IFRS, but there will be no major financial impact or accounting policy or procedural changes. However, it is recognized that the IFRS requirements, in particular related to the mining industry, are evolving in advance of the transition date, and such changes may alter this preliminary assessment.

Business Combinations

In January 2009, the CICA issued Handbook Section 1582, "Business Combinations", Section 1601, "Consolidated Financial Statements", and Section 1602, "Non-Controlling Interests". These sections replace the former Section 1581, "Business Combinations", and Section 1600, "Consolidated Financial Statements", and establish a new section for accounting for a non-controlling interest in a subsidiary.

Sections 1582 and 1602 will require net assets, non-controlling interests and goodwill acquired in a business combination to be recorded at fair value and non-controlling interests will be reported as a component of equity. In addition, the definition of a business is expanded and is described as an integrated set of activities and assets that are capable of being managed to provide a return to investors or economic benefits to owners. Acquisition costs are not part of the consideration and are to be expensed when incurred. Section 1601 establishes standards for the preparation of consolidated financial statements.

These new sections apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption of these sections is permitted as of the beginning of a fiscal year. All three sections must be adopted concurrently. The Company is currently evaluating the impact of the adoption of these sections.

Critical Accounting Estimates

The most significant accounting estimate for the Company relates to the carrying value of its mineral property assets. All deferred mineral property expenditures are reviewed, on a property-by-property basis, to consider whether there are any conditions that may indicate impairment. When the carrying value of a property exceeds its net recoverable amount that may be estimated by quantifiable evidence of an economic geological resource or reserve, joint venture expenditure commitments or the Company's assessment of its ability to sell or otherwise realize net cash flows from the property for an amount exceeding the deferred costs, a provision is made for the impairment of value.

Management's estimates of mineral prices and operating, capital and reclamation costs are subject to certain risks and uncertainties which may affect the recoverability of mineral property costs. Although management has made its best estimate of these factors, it is possible that changes could occur in the near term that could adversely affect management's estimate of the net cash flow to be generated from its properties.

Another significant accounting estimate relates to accounting for stock-based compensation. The Company uses the Black-Scholes Option Pricing Model. Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimates, and therefore the existing models no not necessarily provide a reliable single measure of the fair value of the Company's stock options granted/vested during the year.

Estimates are also used in the determination of valuation allowances for future income tax assets. Management has made its best estimate of such allowances, however actual results may differ from those estimates and would impact future results of operations and cash flows.

Risk Factors

Companies operating in the mining industry face many and varied kind of risks. Following are the risk factors most applicable to the Company.

Industry

Exploring and developing mineral resource projects bears a high potential for a variety 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.

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.

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.

Political Risk

The resource properties on which the Company is pursuing its exploration and development activities are all located in the United States of America. 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 United States operations on an as-needed basis. The Company does not presently maintain political risk insurance for its foreign exploration projects.

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.

Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2009, the Company had a cash balance of $463,477 to settle current liabilities of $36,751. All of the Company's financial liabilities have maturities of 30 days or are due on demand and are subject to normal trade terms.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises four types of risk: interest rate risk, foreign currency risk, commodity price risk and other price risk.

(a) Interest rate risk

The Company is not exposed to significant interest rate risk. The Company's bank account earns interest income at variable rates. Future cash flows from interest income on cash will be affected by interest rate fluctuations.

(b) Foreign currency rate risk

As at December 31, 2009, certain of the Company's financial instruments are held in foreign currencies, primarily the US dollar. The Company's significant operations are in Nevada, USA. As a result, the Company is exposed to foreign currency risk from fluctuations between the Canadian and US dollars. In 2008, the Company also maintained a bank account in China with funds held in renminbi ("RMB"). This account was closed in 2009. The Company does not use derivatives or similar techniques to manage currency risk.

As at December 31, 2009 and 2008, the Company is exposed to foreign currency risk as follows:

	2009		2008	
	US	RMB	US	RMB
Cash	$ 21,370	-	$ 28,180	-
Segregated cash	-	-	50,998	3,576
Marketable securities	32,134	-	35,000	-
Reclamation bond	106,141	-	41,700	-
Accounts payable and accrued liabilities	(500)	-	(28,853)	-
Net foreign exposure	$ 159,145	-	$ 127,025	3,576

Based on the above net foreign currency exposure as at December 31, 2009, and assuming all other variables remain constant, an 11% (2008 - 10%) weakening or strengthening of the Canadian dollar against the US dollar would result in an increase/decrease of $20,802 (2008 - $15,472) in the Company's income (loss); such effect on the RMB is not material.

(c) Commodity Price Risk

Mineral prices may fluctuate significantly from period to period, and even if commercial quantities of gold and other minerals are developed, a profitable market may not exist for the sale of such minerals. If a profitable market does not exist, the Company could have to cease operations.

(d) Other Price Risk

Other price risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from currency risk or interest rate risk. The Company's marketable securities are carried at market value, and are therefore directly affected by fluctuations in the market value of the underlying securities. The Company's sensitivity analysis suggests that a 20% change in market prices would change the value of the investments by approximately $110,000.

Sensitivity analysis

The carrying value of cash, receivables, accounts payable and accrued liabilities, and due to related parties approximate their fair values due to the relatively short periods to maturities of these financial instruments.

Based on management's knowledge of and experience in the financial markets, management does not believe that the Company's current financial instruments will be materially affected by credit risk, liquidity risk or market risk.

The Company does not utilize off-balance sheet arrangements.

Disclosure Controls and Procedures

Management is responsible for the design, establishment and maintenance of disclosure controls and procedures over the public disclosure of financial and non-financial information regarding the Company and internal control over financial reporting to provide reasonable assurance regarding the integrity of the Company's financial information and reliability of its financial reporting. Management maintains appropriate information systems, procedures and controls to ensure integrity of the financial statements and to ensure that information used internally and disclosed externally is complete and reliable.

Corporate Governance

Management of the Company is responsible for the preparation and presentation of the interim and annual financial statements and notes thereto, MD&A and other information contained in this MD&A. Additionally, it is management's responsibility to ensure the Company complies with the laws and regulations applicable to its activities.

The Company's management is held accountable to the Board of Directors ("Directors"), each member of which is elected annually by the shareholders of the Company. The Directors are responsible for reviewing and approving the annual audited financial statements and MD&A. Responsibility for the review and approval of the Company's unaudited interim financial statements and MD&A is delegated by the Directors to the Audit Committee, which is comprised of three directors, two of whom are independent of management. Additionally, the Audit Committee pre-approves audit and non-audit services provided by the Company's auditors.

The auditors are appointed annually by the shareholders to conduct an audit of the financial statements in accordance with generally accepted auditing standards. The external auditors have complete access to the Audit Committee to discuss the audit, financial reporting and related matters resulting from the annual audit as well as assist the members of the Audit Committee in discharging their corporate governance responsibilities.

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.