



MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the year ended December 31, 2019

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## **Description of Business and Report Date**

The information in this Management's Discussion and Analysis ("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 Gold Corporation (the "Company" or "Carlin"). This MD&A should be read in conjunction with the audited consolidated financial statements of the Company, including the notes thereto, for the years ended December 31, 2019 and 2018, and other information relating to the Company on file with the Canadian provincial securities regulatory authorities on SEDAR at [www.sedar.com](http://www.sedar.com). The Company's annual audited consolidated financial statements for the years ended December 31, 2019 and 2018 have been prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A has taken into account information available up to and including April 27, 2020.

Carlin is an exploration stage company engaged in the identification, evaluation, acquisition and exploration primarily of gold properties in Nevada, USA and Yukon, Canada. The Company is a reporting issuer in British Columbia and Alberta, and trades on the TSX Venture Exchange under the symbol CGD.

This MD&A contains forward-looking statements. Please refer to the cautionary language at the end of this document.

## **Company Overview**

### *Marketable Securities Received from Spinout of Constantine Properties*

In August 2019, the Company received 83,333 shares of HighGold Mining Inc ("HighGold") as a result of the spinout of HighGold from Constantine Metal Resources Ltd. The Company received one share of HighGold for every three shares of Constantine that it held at August 1, 2019. As at December 31, 2019, the Company held 83,333 HighGold shares at a value of \$108,333.

### *Option Payment Received for Yukon Properties*

In May 2019 the Company received the second annual option payment from Fireweed Zinc Ltd. ("Fireweed") regarding the option agreement on a portion of the Company's Yukon Properties, which consisted of \$62,500 cash and 25,000 common shares of Fireweed. In November 2019, the Company sold its 25,000 Fireweed shares for cash proceeds of \$12,850.

### *Cortez Summit Property*

The Company's 100% owned Cortez Summit Property ("Property" or "Cortez Summit") is centrally located on the Cortez Trend, within what has become one of the most active gold exploration areas in Nevada. The Cortez Trend contains a major gold endowment that exceeds 50 million oz. total gold produced, reserves and resources (Nevada Bureau of Mines and Geology annual mineral reports, Barrick Gold Corporation annual reports). Cortez Summit is adjacent to Nevada Gold Mines' new 12.7 million ounce Goldrush deposit, which is currently being accessed from a 4 km twin exploration decline scheduled for completion November 2020 (Barrick 2019 annual report). Permitting is in progress and a final feasibility study is expected Q1 2021. Barrick's new and expanding "Fourmile"\* discovery, 1 km west of Cortez Summit, lies immediately north of Goldrush.

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The Company entered into an Exploration and Earn-In agreement with Barrick Gold Exploration Inc. ("Barrick") on Cortez Summit in November 2016. Barrick terminated the agreement in February 2018 after completing one core hole, SJV17-1D (vertical) to a depth of 5,171 ft. (1576 m). SJV17-1D was collared in the southwest portion of the Property in the vicinity of Carlin's previous shallow reverse circulation holes drilled in 2012 into upper plate lithologies, adjacent to an area referred to by Carlin geologists as the Fourmile structural corridor, a wide north-northwest trending zone defined by geological, geochemical and geophysical data.

SJV17-1D encountered a 592 ft. (180 m) interval of highly anomalous arsenic at 328-920 ft. (100-280 m) averaging 480 ppm, with strongly anomalous Carlin-style pathfinder elements including mercury (to 17 ppm), antimony (to 173 ppm) and thallium (to 6.3 ppm). Gold values include a 10 ft. (3 m) wide zone at 694-704 ft. (211-214 m) grading 2.6 grams/tonne (gpt). This thick anomalous interval is contained in upper plate rocks consisting of variably clay-altered, iron-oxide stained, brecciated hornfels and lesser mudstone/siltstone, with the most intense clay alteration and iron-oxide development at 652-798 ft. (199-243m.). Modest zones of anomalous arsenic and thallium occur further down the hole, including a 415 ft. (127 m) interval of anomalous thallium straddling the base of the Roberts Mountain Thrust. Local zones of brecciation, carbon development, and minor decalcification were also observed. No significant gold mineralization was encountered in the lower plate carbonate section.

Although the lack of gold mineralization in the lower plate portion of hole SJV17-1D was disappointing, the Company is encouraged by the presence of intense alteration, thick intervals of anomalous Carlin-type pathfinder elements and elevated gold values in upper plate rocks along the Fourmile structural corridor. Carlin's 2012 drilling encountered similar alteration and anomalous geochemistry, although to a lesser degree. Carlin geologists believe that this "shallow" zone penetrated in SJV17-1D potentially represents a mineralized structural conduit which could be used as a guide to target deeper gold mineralization in the receptive Devonian-age lower plate carbonate rocks.

Cortez Summit represents an excellent mining exploration opportunity located within one of the most well-endowed gold regions in North America. The Property has only been partially explored, as drilling to date has tested only a small portion of the ground in the southwest corner of the 4 square mile claim block. Several additional quality targets require evaluation, and the Company is assessing future exploration plans.

*\*Note: Quotation marks used around "Fourmile" are to distinguish the area of Barrick's high grade gold intersections on Barrick's property adjacent to Cortez Summit from the Fourmile structural corridor interpreted by Carlin geologists on the southwest portion of the Cortez Summit Property.*

#### *A Focus on Nevada Properties*

In addition to Cortez Summit, the Company controls one other Carlin-style target in Nevada by direct ownership of unpatented mining claims. Willow (47 claims) is located in an active exploration and mining area in northeast Nevada, highlighted by Newmont Goldcorp Corporation's ("Newmont") Long Canyon mine located 80 kilometers southwest.

#### *Option Agreement on Company's Yukon Property*

In April 2018, the Company and its joint venture partner (now HighGold Mining Inc.), entered into an option agreement giving Fireweed an option to purchase the Company's 50% interest in 624 claims in the Mac Pass area, Yukon. Total consideration to be paid to Carlin in order for Fireweed to acquire a 100% interest in the mineral claims includes an aggregate of \$250,000 in cash and issuance of 150,000 common shares of Fireweed. The Company has received \$100,000 cash and 50,000 Fireweed shares to date. The agreement

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includes a net smelter return royalty ("NSR") of 0.5 % on base metals and silver and a 2.0% NSR on all other metals. An additional payment of \$750,000 is payable upon Fireweed producing an indicated resource of 2.0 million tonnes on the optioned properties. The claims were staked in 2011 under the joint venture, and all option payments and royalties will be split 50% payable to Carlin and 50% payable to HighGold. In May 2018 the Company received its portion of the first payment from Fireweed, consisting of \$37,500 cash and 25,000 common shares of Fireweed. In May 2019 the Company received its portion of the second payment from Fireweed, consisting of \$62,500 cash and 25,000 common shares of Fireweed. Fireweed's Macmillan Pass Project contains a significant zinc-lead-silver endowment, and Fireweed currently reports an indicated and inferred resource containing 50.67 million tonnes grading 6.01% zinc, 2.99% lead, and 34.43 g/t silver (February 2018 NI43-101 report posted on [sedar.com](http://sedar.com)). This resource is contained within an area that Fireweed refers to as the "fertile corridor", a zone that their maps show extending onto the joint venture's Jerry claims (project maps on [www.fireweedzinc.com](http://www.fireweedzinc.com)).

### **Cortez Summit Exploration Project, Nevada U.S.A.**

The Cortez Summit Property consists of 142 unpatented claims located in the southern Cortez Mountains in Eureka County, Nevada, between the historic Buckhorn and Horse Canyon mines. Barrick's Cortez Hills operation (11 million oz gold pre-production reserve/resource) lies 4.0 miles (6.4 km) west of the Property. Plans are underway to expand underground mining at Cortez Hills into the Deep South area, which is scheduled to contribute to production in 2020. Cortez Summit is located within 1 kilometer of Barrick's Goldrush reserve/resource and "Fourmile" discovery. Barrick reports that, as of year-end 2019, attributable indicated resources at Goldrush were 6.6 M oz at a grade of 7.8 gpt, and attributable inferred resources were 1.3 M oz at a grade of 7.6 gpt, for a total of 7.8 M oz in indicated and inferred resources (Barrick's 61.5% share, Barrick 2019 annual report). At year-end 2019 the inferred resource at "Fourmile" was 1.89 M oz grading 10.86 gpt. Barrick has advanced Goldrush through the prefeasibility stage, and envisions annual underground production of 450,000 oz at average AISC of US\$665/oz. A final feasibility study is expected in Q1 2021. Development for the 4000 m twin exploration declines to access the ore body commenced in 2017 and decline construction was 61% completed by the end of 2019 (Barrick Q4 webcast). On March 11, 2019 Barrick and Newmont Goldcorp Corporation announced a joint venture agreement "combining their respective mining operations, assets, reserves, and talent in Nevada." The new JV entity, Nevada Gold Mines, is operated by Barrick(61.5% ownership) Goldrush is among the included assets, and at this time Fourmile is excluded, although "may be included at a later date if the required investment hurdles are satisfied." (news release on Barrick web site [www.barrick.com](http://www.barrick.com)). The agreement was executed and announced in a July 1<sup>st</sup> Barrick news release.

The Property is contiguous with Barrick claims on all sides and on the west boundary adjoins the Goldrush development project and the "Fourmile" discovery described by Barrick in its February 22, 2016 News Release. Barrick has completed additional drill holes on Fourmile, which has further delineated and expanded the mineralized area.

Carlin's primary target at Cortez Summit is Carlin-style mineralization in a structural and stratigraphic setting similar to that at the neighboring Goldrush reserve/resource. Much of this target is blind, being covered by Miocene-age post-mineral basaltic andesite and interlayered gravels. The Fourmile structural zone trends north-northwest for 4,500 ft. (1,370 m) within the southwestern part of the Property, and extends an additional 4 miles (6.5 km) on Barrick property to the north. Barrick geologists have mapped a pattern of surface alteration and have defined geochemical anomalies spatially associated with this structural zone (Barrick 2017 Q4 webcast). At Cortez Summit, Carlin geologists encountered a similar alteration and geochemistry pattern in limited upper plate rock exposures along the Fourmile structural zone on the west edge of the Property. The

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east extent of this pattern is unknown, as it is concealed along the entire west side of the Property by post-mineral Miocene gravels and basalts.

*Prior Drilling*

In August/September 2012 the Company completed an initial drill program on the southwest portion of the Property. The program consisted of seven vertical reverse circulation drill holes totaling 11,720 ft. (3573 m) ranging in depth between 1,500 and 1,800 ft. (450-550 m). Drilling confirmed Carlin-type geology, alteration and geochemistry in upper plate rocks within the limited area tested, but did not test lower plate stratigraphy. This drilling did encounter the contact metamorphic effects of the Mill Canyon stock, an important feature with respect to potential for a high grade target similar to Barrick's "Fourmile" success (see below).

In 2013, in order to explore for the deeper part of the stratigraphy which hosts mineralization at the Goldrush deposit, Carlin re-entered reverse circulation drill hole CS-12-2 with a core drill rig. This hole, CS12-2C, deepened from 1,760 ft. (536 m) to 4,032 ft. (1,229 m), encountered 373 ft. (114 m) of lower plate carbonate rocks below the Roberts Mountain Thrust. Carlin-type alteration features were encountered, including decalcification, clay alteration and calcite veining.

Core hole CS12-2C intersected the upper portion of the stratigraphic section which contains gold-bearing horizons at the nearby major Cortez area deposits. Exploration potential is further enhanced by high grade drill holes at Barrick's "Fourmile" discovery, north of their Goldrush resource and located adjacent to the Cortez Summit Property. Barrick states that these holes have encountered mineralization "well above the average grade of the indicated and inferred resources at Goldrush" (Barrick Feb. 22, 2016 news release). Recent results confirm this; for example 16.6 m grading 71.6 gpt and 16.8m grading 57.9 gpt (Barrick July 26 2018 webcast). Mineralization at Fourmile is described by Barrick as being a different style than at Goldrush; it is contained in similar lower plate units, but within the contact metamorphic zone adjacent to the Mill Canyon stock. Barrick points out similarities in mineralization style to the Deep Star and Deep Post mines on the Carlin Trend, two high grade underground operations. The six westernmost reverse circulation holes drilled by Carlin at Cortez Summit have encountered contact metamorphic alteration interpreted to be related to the Mill Canyon stock. Barrick's initial "Fourmile" success means that, in addition to the classic, Carlin-type replacement style mineralization style displayed at Goldrush, Cortez Summit also has excellent potential for higher grade more structurally controlled mineralization in rocks within and adjacent to the metamorphic aureole of the Mill Canyon stock.

*2017 Drilling*

Barrick completed a 5,171 ft. (1,576 m) vertical core hole, SJV17-1D, on the Property in May-July 2017, located along what is interpreted by Carlin geologists to be the east side of the Fourmile structural corridor in the vicinity of Carlin's shallow holes drilled in 2012. SJV17-1D encountered a wide 567 ft. (173 m) zone at 333-900 ft. (102-274 m) in upper plate rocks consisting of variably clay-altered, iron oxide-stained, brecciated hornfels and lesser mudstone/siltstone, with the most intense clay alteration and iron oxide development at 652-798 ft. (199-243 m). Associated with this alteration is a very thick interval, 592 ft. (180 m), of highly anomalous arsenic at 328-920 ft. (100-280 m) averaging 480 ppm, with accompanying additional strongly anomalous Carlin-style pathfinder elements including mercury (to 17 ppm), antimony (to 173 ppm) and thallium (to 6.3 ppm). Gold values in this alteration zone include a 10 ft. (3 m) zone at 694-704 ft. (211-214 m) grading 2.6 gpt. The favorable lower plate carbonate section was encountered at a depth of 4,234 ft. (1,290 m) and continued to the bottom of the hole, although no significant gold values were detected.

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*Exploration Potential*

While disappointed that the lower plate rocks encountered in SJV17-1D were not mineralized, the Company is encouraged by the strong alteration and pathfinder elements along with significant gold values encountered in upper plate rocks adjacent to the Fourmile structural corridor. The geometry of this "shallow" anomalous zone has not been defined. It potentially represents the upper level of a mineralized structural zone which could be used to guide exploration for deeper gold mineralization in lower plate carbonate rocks. A shallower silty to sandy carbonate section contained within the upper plate sequence was encountered by SJV17-1D and also in one of the early Carlin drill holes. This represents an additional potential host rock target, approximately 2,000 ft. (610 m) above the base of the Roberts Mountain Thrust.

The Property has only been partially explored, as drilling to date has tested only a small portion of the ground in the southwest corner of the 4 square mile claim block. SJV17-1D is the only drillhole to have fully penetrated the favorable lower plate section that hosts Barrick's nearby Goldrush reserve/resource and "Fourmile" discovery (see below). Hornfels alteration in upper plate rocks has been encountered in most of the Carlin/Barrick drill holes drilled on the Property, which is likely produced by the thermal effects of the nearby Jurassic age Mill Canyon quartz monzonite stock. The thermal contact zone around this stock is an important geological control of Barrick's high grade mineralization at their "Fourmile" discovery. This geological environment appears to extend east onto Cortez Summit and into the influence of the Company's northwest trending Fourmile structural corridor target.

The Company has evaluated existing ground and airborne geophysical survey data which has been helpful in better defining the Fourmile structural corridor and also in identifying several other structures on the Property. The geophysical information suggests the continuation of the Fourmile structural corridor at depth below the post-mineral cover. The Fourmile zone represents a high-quality target for classic Carlin-style mineralization where it intersects the favorable lower plate carbonate stratigraphy. The available geological and geophysical information suggests that several additional prospective northwest-trending structural zones are located parallel and east of the Fourmile structural corridor. Carlin geologists are encouraged by the exploration opportunities represented by these additional geological targets.

**Results of Operations**

In the year ended December 31, 2019, the Company incurred expenditures of \$74,580 (2018-\$106,710) on exploration properties, before write-downs of \$30,524 (2018-\$56,796).

The Company's consolidated net loss for the year ended December 31, 2019 was \$87,356 (2018-\$245,724). In May 2019, the Company recorded a recovery of exploration costs of \$79,250, from cash and shares from the receipt of option payments on some of its Yukon properties to Fireweed. In the year ended December 31, 2019, the Company recorded a gain on change of fair value investments of \$50,833, based on its investment holdings in Constantine, HighGold and Fireweed.

The Company's \$186,816 (2018-\$206,845) in operating costs for the year ended December 31, 2019 were lower than the previous year, due to reductions in rent and insurance. The Company does not foresee a material increase in its aggregate operating costs for the next year.



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**Selected Annual Information**

	2019	2018	2017
Operating loss before other items	\$ (186,816)	\$ (206,845)	\$ (401,287)
Net loss for the year	(87,356)	(245,724)	(441,614)
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)
Total assets	2,006,671	1,961,560	1,942,400
Total liabilities	534,276	401,809	136,925

**Summary of Quarterly Results**

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

	December 31 2019	September 30 2019	June 30 2019	March 31 2019
<i>Fiscal Quarter ended</i>				
Net income (loss)	\$ (67,578)	\$ (33,189)	\$ 59,454	\$ (46,043)
Net income (loss) per share	(0.00)	0.00	0.00	(0.00)
Total Assets	2,006,671	2,022,194	2,006,137	1,963,633

	December 31 2018	September 30 2018	June 30 2018	March 31 2018
<i>Fiscal Quarter ended</i>				
Net income (loss)	\$ (126,426)	\$ (90,851)	\$ 24,783	\$ (53,230)
Net income (loss) per share	(0.00)	(0.00)	0.00	(0.00)
Total Assets	1,961,560	1,911,787	1,966,739	1,972,579

In the three months ended December 31, 2019, the Company incurred expenditures of \$18,642 (2018-\$20,674) on exploration properties and write-downs of \$7,069 (2018-\$18,044).

The Company recorded a loss of \$67,578 for the three months ended December 31, 2019 (2018-\$126,426 loss). For the three months ended December 31, 2019, the Company's operating expenses remained at a consistently low level of \$44,506 (2018-\$50,557). The Company's overhead costs are not projected to materially increase over the next year.

**Financial Condition, Liquidity and Capital Resources**

The Company's cash position at December 31, 2019, was \$29,141 (2018 - \$47,876). At December 31, 2019, the Company had a working capital deficiency of \$344,886 (2018 - working capital deficiency of \$243,806).

In March 2019 the Company received \$30,332 in reclamation bond refunds regarding its properties in Nevada. In May 2019, the Company received a payment of \$62,500 and 25,000 common shares from Fireweed in connection with an option agreement between Fireweed and the Company for the purchase of a 100% interest in the Company's share of three Yukon properties owned by the Company and its joint venture partner, HighGold. In August 2019, the Company received 83,333 shares of HighGold which added \$108,833 to the value of its marketable securities at December 31, 2019. Subsequent to the year-end, the Company sold 42,000 shares of HighGold for cash proceeds of \$49,075.

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At December 31, 2019, current assets excluding cash consisted of accounts receivable, prepaid expenses, and marketable securities which totaled \$160,248 (2018 - \$110,127). At December 31, 2019, the Company had \$158,333 in marketable securities (2018 - \$107,500), which represented a significant component of the Company's working capital. The value of these investments is subject to market fluctuations and is therefore highly variable.

At December 31, 2019, the Company had \$534,276 (2018 - \$401,809) in current liabilities, of which \$452,798 (2018 - \$278,490) was due to related parties.

The Company is not in commercial production on any of its exploration and evaluation properties and accordingly, it does not generate cash from operations. The Company is dependent on raising funds through the issuance of shares, obtaining debt financing and/or attracting joint venture partners in order to undertake further exploration and development of its exploration and evaluation properties. There can, however, be no assurance the Company will be able to raise funds in the near future, in which case management may delay future exploration activities until funds become available.

#### *Loan Payable to Related Party*

In August 2018, the Company obtained a demand loan for \$65,940 (\$50,000 US) from Mr. K. Wayne Livingstone, president of the Company, for the purposes of paying claim fees that were due on the Company's US mineral properties and general working capital. The loan amount is subject to 10% interest per annum, and a total of \$4,282 interest expense has been incurred for the year ended December 31, 2019. In May 2019, the Company repaid an amount of \$45,551 on the loan. As at December 31, 2019, a total of \$27,164 is owing for outstanding principal and accrued interest on the loan. Subsequent to December 31, 2019, the Company repaid the entire amount of the loan plus accrued interest.

### **Changes in Accounting Policies**

#### New Accounting Pronouncements

Effective for annual periods beginning on or after January 1, 2019:

#### IFRS 16, Leases:

Under IFRS 16, the Company is required to review all its contracts to determine if they contain leases or lease-type arrangements. Virtually all leases are required to be accounted for as finance leases rather than operating leases, where the required lease payments are disclosed as a commitment in the notes to the financial statements. As a result, the Company will be required to recognize leased assets ("right-of-use" assets) and the related lease liability on the statement of financial position.

IFRS 16 is applicable to the Company's annual period beginning on January 1, 2019. Management has assessed that IFRS 16 did not have any effect on the Company's current financial statements, but could have an impact in the future.

#### **Off-Balance Sheet Arrangements**

The Company has not entered into any off-balance sheet financing arrangements.



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**Proposed Transactions**

There are no proposed transactions as of the date of this MD&A.

**Transactions with Related Parties**

Key management personnel compensation consists of the Chief Executive Officer, Chief Financial Officer ("CFO") and the Vice-President of Exploration. Aggregate compensation for the year ended December 31, 2019 was \$167,768 (2018 - \$166,203) for management and other fees, as described below.

The Company accrued a total of \$60,000 (2018 - \$60,000) for management and administration services to NS Star Enterprises Ltd., a company controlled by the president, during the year ended December 31, 2019. The Company accrued a total of \$60,000 (2018 - \$60,000) for accounting, management and administration services to Morfopoulos Consulting Associates Ltd., a company controlled by the CFO, during the year ended December 31, 2019. The Company paid or accrued a total of \$47,768 (2018 - \$46,203) from Mr. Robert Thomas, Vice-President of Exploration, for technical consulting and management and administration services during the year ended December 31, 2019.

As at December 31, 2019, a total of \$138,412 (2018 - \$89,894) is due to director Mr. Thomas for fees, technical consulting services and expenses incurred on behalf of the Company. As at December 31, 2019, a total of \$145,000 (2018 - \$85,000) is due to NS Star Enterprises Ltd. for management and administration services. As at December 31, 2019, a total of \$145,000 (2018 - \$85,000) is due to Morfopoulos Consulting Associates Ltd. for accounting, management and administration services. As at December 31, 2019, a total of \$23,402 (2018 - \$18,014) is due to Constantine for rent and Yukon joint venture expenses. As at December 31, 2019, a total of \$532 (2018 - \$532) is due to Mr. Livingstone for expenses incurred on behalf of the Company. All of the above amounts are unsecured, without interest or stated terms of repayment.

In August 2018, the Company obtained an unsecured loan from Mr. K. Wayne Livingstone, president and director of the Company, in the amount of \$65,940. The loan is payable on demand and has an interest rate of 10% per annum. In May 2019, the Company repaid an amount of \$45,551 on the loan. As at December 31, 2019, a total of \$27,164 is owing for outstanding principal and accrued interest on the loan. On February 25, 2020, the Company paid \$27,351 to related party NS Star Enterprises for the balance of principal and interest owing on the demand loan that was outstanding at December 31, 2019.

**Outstanding Share Data**

Carlin's authorized capital is an unlimited number of common shares without par value.

As at December 31, 2019 and as of the date of this report, the Company has 88,939,464 common shares outstanding.

The Company's outstanding stock options as at December 31, 2019 and as of the date of this report are as follows:

	Number	Exercise Price Weighted Average	Expiry Date
Issued in 2016	5,500,000	\$0.05	February 26, 2021
Issued in 2017	2,550,000	\$0.08	September 12, 2022
	8,050,000	\$0.06	

## **Management of Capital**

The Company manages its cash, common shares and stock options as capital. 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 requirements to which it is subject.

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, acquire or dispose of assets or adjust the amount of cash and cash equivalents.

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.

In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to keep its cash treasury on deposit in an interest bearing Canadian chartered bank account.

## **Use of Judgments and Estimates**

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenues and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances and which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

### *Critical accounting estimates*

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial period and include, but are not limited to, the following:

#### Share-based payments

The fair value of share-based payments is subject to the limitations of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including



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the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

*Critical Accounting Judgments*

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements include, but are not limited to, the following:

Going concern

The ability of the Company to continue as a going concern and meet its commitments as they become due, including completion of the acquisition, exploration and development of its mineral property interests, is dependent on the Company's ability to obtain the necessary financing. The Company will require additional capital to finance future operations and growth. If the Company is unable to obtain additional financing, the Company would be unable to continue. There can be no assurance that management's plans will be successful.

The business of mineral exploration involves a high degree of risk and there is no assurance that current exploration projects will result in future profitable mining operations. The Company has no source of revenue, and has significant cash requirements to meet its administrative overhead, pay its liabilities and maintain its mineral property interests. The recoverability of amounts shown for exploration and evaluation properties is dependent on several factors. These include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of these exploration and evaluation properties, and establish future profitable production, or realize proceeds from the disposition of exploration and evaluation properties. The carrying value of the Company's exploration and evaluation properties does not reflect current or future values.

These matters indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. These condensed consolidated financial statements do not include any adjustments relating to the recoverability of assets and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

Recovery of deferred tax assets

The Company estimates the expected manner and timing of the realization or settlement of the carrying value of its assets and liabilities and applies the tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement.

Functional currency

The Company applied judgment in determining its functional currency and the functional currency of its Nevada subsidiary. Functional currency was determined based on the currency in which funds are sourced and the degree of dependence by the subsidiary on the Company for financial support.

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Exploration and evaluation properties

Management is required to make judgments on the status of each mineral property and the future plans with respect to finding commercial reserves. The nature of exploration and evaluation activity is such that only a few projects are ultimately successful and some assets are likely to become impaired in future periods.

Assets or cash-generating units are evaluated at each reporting date to determine whether there are any indicators of impairments. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's exploration and evaluation properties.

Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit including geologic and metallurgic information, economic assessments/studies, accessible facilities and existing permits.

**Financial Instruments**

*Financial Assets*

The Company measures its financial assets in the following categories: amortized cost, or fair value through profit or loss. The measurement depends on the purpose for which the financial assets were acquired. Management determines the measurement of financial assets at recognition.

*Financial assets at amortized cost*

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, these financial assets are recorded at amortized cost using the effective interest method, except for short-term receivables when the recognition of interest would be immaterial. Financial assets in this category include accounts receivable.

*Financial assets at fair value through profit or loss ("FVTPL")*

All financial assets not classified as measured at amortized cost are measured at FVTPL. Derivative financial instruments that are not designated and effective as hedging instruments are classified as FVTPL. The Company has no designated hedges. Financial instruments classified as FVTPL are stated at fair value with any changes in fair value recognized in earnings for the period. Marketable securities, derivative investments and cash and cash equivalents are included in this category of financial assets.

*Impairment of financial assets*

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

## **Financial liabilities**

The Company classifies its financial liabilities in the following categories: other financial liabilities and financial liabilities at fair value through profit or loss.

### *Other financial liabilities*

Other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit or loss over the period to maturity using the effective interest method.

Other financial liabilities are classified as current or non-current based on their maturity date. Other financial liabilities include accounts payable and accrued liabilities.

### *Financial liabilities at fair value through profit or loss*

This category is comprised of derivative financial liabilities. Derivative financial liabilities are initially recognized at their fair value on the date the derivative contract is entered into and are subsequently re-measured at their fair value at each reporting period with changes in the fair value recognized in profit or loss.

The following table summarizes the fair value hierarchy under which the Company's financial instruments are valued.

- |         |  |
|---------|--|
| Level 1 | - Unadjusted quoted prices in active markets for identical assets or liabilities;  |
| Level 2 | - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and |
| Level 3 | - Inputs for the asset or liability that are not based upon observable market data.  |

## **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.

### *Liquidity risk*

Liquidity risk is the risk that the Company will be unable 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 is dependent on raising funds through the issuance of shares, obtaining debt financing and/or attracting joint venture partners in order to undertake further exploration and development of its mineral properties and finance office and administrative expenditures. There can be no assurance the Company will be able to raise funds in the future.

The Company has marketable securities, which are recorded as FVTPL. The Company may, from time to time, liquidate a portion of its holdings depending on market conditions and the Company's cash requirements.

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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.

At December 31, 2019, the Company had trade payables totaling \$54,314 (2018 - \$54,886), which are currently due and loans payable to a related party and other amounts due to related parties totaling \$479,962 (2018 - \$346,923) which are payable on demand.

*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 is exposed to credit risk on its cash. However, this risk is minimized as all amounts are held with major Canadian and American financial institutions. The Company's concentration of credit risk and maximum exposure thereto is as follows:

	December 31 2019	December 31 2018
Cash – Canada	\$ 26,595	\$39,286
Cash – USA	2,546	8,590
Total	\$ 29,141	\$ 47,876

*Market risk*

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to 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 accounts earn interest 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, 2019, certain of the Company's financial instruments are held in US dollars. The Company has operations in Nevada, USA. As a result, the Company is exposed to foreign currency risk from fluctuations between the Canadian and US dollar.

The Company does not use derivatives or similar techniques to manage currency risk.

As at December 31, 2019, the Company is exposed to foreign currency risk on US\$2,546 (2018 - US\$6,297) cash.

**(iii) Other price risk**

Other price risk is the risk that the future cash flows of a financial instrument will fluctuate due to 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 125% (2018 - 125%) change in market prices would change other comprehensive income/loss by approximately \$240,000 (2018 - \$134,000).

*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 exploration and evaluation 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 located in Nevada, U.S.A. and Yukon, Canada. 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 Nevada operations on an as-needed basis. The Company does not presently maintain political risk insurance for its U.S. 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.

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*Coronavirus global pandemic risk*

In March 2020, the world Health organization declared a global pandemic related to the virus known as Covid-19. The expected impacts on global commerce are anticipated to be far reaching. To date there have been significant declines in the equity markets, and the movement of people and goods has become restricted.

The Company's ability to fund ongoing operations and exploration is affected by the availability of financing. Due to market uncertainty the Company may be restricted in its ability to raise additional funding.

The impact of these factors on the Company is not yet determinable; however, they may have a material impact on the company's financial position, results of operations and cash flows in future periods. In particular, there may be heightened risk of going concern uncertainty.

**Forward-Looking Statements**

Some of the statements in this MD&A 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.

**Approval**

Mr. Robert Thomas, a director of the Company and a Qualified Person in compliance under National Instrument 43-101, 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 MD&A. A copy of this MD&A will be provided to anyone who requests it.

**Additional Information**

Additional disclosures pertaining to the Company's technical reports, management information circulars, material change reports, press releases and other information are available on the SEDAR website at [www.sedar.com](http://www.sedar.com).