

**CARLYLE MINING CORP.**

**FINANCIAL STATEMENTS**  
**(unaudited – prepared by management)**

**MAY 31, 2007**

**CARLYLE MINING CORP.**

**NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

The accompanying unaudited interim financial statements of Carlyle Mining Corp. (the "Company") have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Vancouver, Canada

July 20, 2007

**CARLYLE MINING CORP.**  
**BALANCE SHEET**  
(unaudited – prepared by management)

	May 31 2007	February 28 2007
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 868,653	\$ 900,242
Deferred charges	<u>48,519</u>	<u>-</u>
	<u>\$ 917,172</u>	<u>\$ 900,242</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accrued liabilities	<u>\$ 17,258</u>	<u>\$ 5,000</u>
<b>Shareholders' equity</b>		
Capital stock (Note 4)	900,000	900,000
Deficit	<u>(86)</u>	<u>(4,758)</u>
	<u>899,914</u>	<u>895,242</u>
	<u>\$ 917,172</u>	<u>\$ 900,242</u>

**Nature and continuance of operations** (Note 1)

The accompanying notes are an integral part of these financial statements.

**CARLYLE MINING CORP.**  
STATEMENT OF OPERATIONS AND DEFICIT  
(unaudited – prepared by management)  
FOR THE THREE MONTHS ENDED MAY 31, 2007

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<b>INCOME</b>	
Interest	\$ 5,645
<b>EXPENSES</b>	
Administrative	830
Bank charges	<u>143</u>
	<u>973</u>
<b>Net income for the period</b>	4,672
<b>Deficit, beginning of period</b>	<u>(4,758)</u>
<b>Deficit, end of period</b>	<u>\$ (86)</u>
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<b>Basic earnings and diluted per share</b> (excluding escrow shares)	\$ 0.00

The accompanying notes are an integral part of these financial statements.

**CARLYLE MINING CORP.**  
**STATEMENT OF CASH FLOWS**  
(unaudited – prepared by management)  
**FOR THE THREE MONTHS ENDED MAY 31, 2007**

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**CASH FLOW FROM OPERATING ACTIVITIES**

Income for the period	\$ 4,672
Changes in non-cash working capital item:	
Deferred charges	(48,519)
Accrued liabilities	<u>12,258</u>
Net cash provided by operating activities	(31,589)

**Cash, beginning of period** 900,242

**Cash, end of period** \$ 868,653

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**Cash paid during the period for interest** \$ -

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**Cash paid during the period for taxes** \$ -

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The accompanying notes are an integral part of these financial statements.

**CARLYLE MINING CORP.**  
NOTES TO THE FINANCIAL STATEMENTS  
(unaudited – prepared by management)  
May 31, 2007

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**1. NATURE AND CONTINUANCE OF OPERATIONS**

The Company was incorporated under the *Business Corporations Act* (BC) on January 24, 2007. It intends to make an application to have its common shares listed and called for trading on the TSX Venture Exchange (the “Exchange”). The principal business of the Company is to identify, evaluate and then acquire an interest in a business or assets. Upon listing, the Company will be classified as a capital pool corporation (“CPC”) as defined in Exchange Policy 2.4.

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The financial statements do not include any adjustments to assets and liabilities should the Company be unable to continue in existence.

**2. BASIS OF PRESENTATION**

These interim period financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles. The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of annual financial statements. Certain information and footnote disclosure normally included in financial statements prepared in accordance with generally accepted accounting principles has been condensed or omitted. These interim period statements should be read together with the Company’s most recent audited financial statements and the accompanying notes. In the opinion of the Company, these unaudited interim financial statements contain all adjustments necessary in order to present a fair statement of the results of the interim period presented.

**3. COMPARTIVE FIGURES**

The Company was incorporated on January 24, 2007 and as a consequence there were no results of operations for comparative period ended May 31, 2006.

**4. CAPITAL STOCK**

Authorized  
Unlimited common shares, without par value

Issued

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	Number of Shares	Amount
Issued		
For cash	<u>14,000,000</u>	<u>\$ 900,000</u>
Balance, February 28 and May 31, 2007	<u>14,000,000</u>	<u>\$ 900,000</u>

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**CARLYLE MINING CORP.**  
NOTES TO THE FINANCIAL STATEMENTS  
(unaudited – prepared by management)  
MAY 31

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**4. CAPITAL STOCK (Cont'd...)**

**Escrow shares**

Of the common shares issued, 10,400,000 are subject to an escrow agreement and may not be transferred without the consent of the Exchange. The escrow agreement provides, among other things, that 10% of such shares will be released from escrow upon the completion of a “Qualifying Transaction”, as defined in Exchange Policy 2.4, and that 15% of such shares will be released every six months thereafter.

**5. FINANCIAL INSTRUMENTS**

The Company's financial instruments consist of cash and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risk arising from these financial instruments. The fair value of these financial instruments approximates their carrying value, unless otherwise noted.

**6. INITIAL PUBLIC OFFERING**

- (a) The Company entered into an agency agreement wherein the agent has agreed to sell, on a commercially reasonable efforts basis, 2,000,000 common shares of the Company at \$0.10 each for gross proceeds of \$200,000 in connection with an initial public offering (“IPO”) of the Company’s common shares. The agent will be entitled to a commission of 7.5 % in cash and warrants entitling it to purchase an additional 200,000 common shares of the Company at \$0.10 each for a period of two years from the date the Company’s common shares are listed for trading on the Exchange.
- (b) Effective on the date of filing with the BC Securities Commission of the preliminary prospectus relating to the IPO, the Company adopted a stock option plan, which allows the Company to issue options to certain directors, officers, employees and consultants of the Company. Options issued under the plan shall not exceed 10% of shares issued and outstanding at the closing of the IPO (including options granted by the Company to date). Upon listing, 950,000 options will be issued to directors and officers of the Company exercisable at \$0.15 per share and expiring five years from the date the Company’s common shares are listed for trading on the Exchange.