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FINAL PROSPECTUS

Initial Public Offering

May 29, 2007

CARLYLE MINING CORP. (a capital pool company)

OFFERING: \$200,000 (2,000,000 COMMON SHARES)

Price: \$0.10 per Common Share

Carlyle Mining Corp. (the “**Corporation**”) hereby qualifies for distribution, through its agent, Haywood Securities Inc. (the “**Agent**”), 2,000,000 common shares in the share capital of the Corporation for aggregate gross proceeds of \$200,000 (the “**Offering**”). The purpose of this Offering is to provide the Corporation with a minimum of funds with which to identify and evaluate businesses or assets with a view to completing a Qualifying Transaction, as hereinafter defined. Any proposed Qualifying Transaction must be approved by the TSX Venture Exchange Inc. (the “**Exchange**”) and, in the case of a Non Arm’s Length Qualifying Transaction, as hereinafter defined, must also receive Majority of the Minority Approval, as hereafter defined, in accordance with Policy 2.4 of the Exchange (the “**CPC Policy**”). The Corporation is a Capital Pool Company (“**CPC**”). It has not commenced commercial operations and has no assets other than a minimum amount of cash. Except as specifically contemplated in the CPC Policy, until the Completion of the Qualifying Transaction, the Corporation will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a proposed Qualifying Transaction. See “*Business of the Corporation*” and “*Use of Proceeds*”.

	Common Shares	Price to Public	Agent’s Commission⁽¹⁾	Net Proceeds to the Corporation⁽²⁾
Per Common Share	1	\$0.10	\$0.0075	\$0.0925
Total Offering	2,000,000	\$200,000	\$15,000	\$185,000

- (1) *A cash commission of 7.5% of the gross proceeds of the Offering will be paid to the Agent. The Agent will also be paid a corporate finance fee of \$7,500 (plus GST), will be reimbursed by the Corporation for its reasonable expenses and legal fees plus disbursements and will be granted the Agent’s Warrants referred to below. See “Plan of Distribution - Agency Agreement and Agent’s Compensation”.*
- (2) *Before deducting the other costs of this issue estimated at \$55,000 which includes legal and audit fees and other expenses of the Corporation, the Agent’s corporate finance fee and legal fees and the listing fee payable to the Exchange. See “Use of Proceeds”.*

This Offering is made on a “commercially reasonable efforts” basis by the Agent and is subject to the completion of a minimum subscription of 2,000,000 common shares for gross proceeds to the Corporation of \$200,000. The offering price of the common shares was determined by negotiation between the Corporation and the Agent. All funds received from subscriptions for common shares will be held by the Agent pursuant to the terms of the Agency Agreement. If the minimum subscription is not completed within 90 days of the issuance of a receipt for the final prospectus or such other time as may be consented to by the Agent and persons or companies who subscribed within that period, all subscription monies will be returned to subscribers without interest or deduction, unless the subscribers have otherwise instructed the Agent.

Pursuant to the Agency Agreement, the Agent and any sub-agents will receive Warrants (the “**Agent’s Warrants**”) to purchase that number of common shares equal to 10% of the aggregate number of common shares sold pursuant to this Offering, being 200,000 common shares, at a price of \$0.10 per common share and which may be exercised for a period of 24 months from the date of the listing of the common shares on the

Exchange. The Agent's Warrants are qualified for distribution under this prospectus. See "*Plan of Distribution - Agency Agreement and Agent's Compensation*".

This prospectus also qualifies for distribution options to be granted to the directors and officers of the Corporation (the "**Stock Options**") at the Closing of the Offering. The Stock Options entitle the holders to purchase an aggregate of 950,000 common shares at a price of \$0.15 per common share for a period of 5 years from the date of grant. See "*Options to Purchase Securities*".

Other than the initial distribution of the 2,000,000 common shares pursuant to this prospectus, the grant of the Agent's Warrants and the grant of the Stock Options, trading in all securities of the Corporation is prohibited during the period between the date a receipt for the preliminary prospectus is issued by the securities commission that is designated the principal regulator pursuant to National Policy 43-201 and the time the common shares are listed for trading on the Exchange except, subject to prior acceptance of the Exchange, where appropriate registration and prospectus exemptions are available under securities legislation or where the applicable securities regulatory authority grants a discretionary order.

The Exchange has conditionally accepted the listing of the Corporation's Common Shares. Listing is subject to the Corporation fulfilling all of the requirements of the Exchange.

Investment in the common shares offered by this prospectus is highly speculative due to the nature of the Corporation's business and its present stage of development. This Offering is suitable only to those investors who are prepared to risk the loss of their entire investment. See "*Risk Factors*".

Haywood Securities Inc., as agent, conditionally offers these common shares, on a "commercially reasonable efforts" basis, if, as and when subscriptions are accepted by the Corporation, subject to prior sale, in accordance with the terms and conditions of the Agency Agreement referred to under "*Plan of Distribution*" and subject to the approval of certain legal matters by DuMoulin Black LLP, Barristers & Solicitors, Vancouver, British Columbia, on behalf of the Corporation and by McCullough O'Connor Irwin LLP, Barristers & Solicitors, Vancouver, British Columbia, on behalf of the Agent. Pursuant to the CPC Policy, no purchaser of common shares is permitted to directly or indirectly purchase more than 2% of the total common shares offered under this prospectus, or 40,000 common shares (\$4,000). In addition, the maximum number of common shares that may directly or indirectly be purchased by that purchaser, together with any Associates or Affiliates of that purchaser, is 4% of the total number of common shares offered under this prospectus, or 80,000 common shares (\$8,000). Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that share certificates evidencing the common shares in definitive form will be available for delivery at the Closing.

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TABLE OF CONTENTS

GLOSSARY	1
PROSPECTUS SUMMARY	7
THE CORPORATION.....	9
BUSINESS OF THE CORPORATION.....	9
Preliminary Expenses.....	9
Proposed Operations until Completion of a Qualifying Transaction	9
Method of Financing.....	9
Criteria for a Qualifying Transaction.....	9
Filings and Shareholder Approval of a Non-Arm's Length Qualifying Transaction	10
Minimum Listing Requirements	10
Trading Halts, Suspensions and Delisting.....	11
Refusal of Qualifying Transaction	11
USE OF PROCEEDS.....	12
Net Proceeds.....	12
Permitted Use of Funds.....	13
Restrictions on Use of Proceeds.....	13
Private Placements for Cash.....	14
Prohibited Payments to Non Arm's Length Parties	14
PLAN OF DISTRIBUTION	15
Agency Agreement and Agent's Compensation	15
Commercially Reasonable Efforts Offering and Minimum Distribution.....	15
Other Securities to be Distributed	15
Determination of Price	15
Conditional Listing Approval.....	16
Subscriptions by and Restrictions on the Agent.....	16
Restrictions on Trading.....	16
DESCRIPTION OF SHARE CAPITAL.....	16
Common Shares	16
CAPITALIZATION.....	16
OPTIONS TO PURCHASE SECURITIES	17
PRIOR SALES.....	17
ESCROWED SECURITIES	18
Escrowed Securities on Qualifying Transaction	19
Escrowed Securities on Private Placement	20
PRINCIPAL SHAREHOLDERS.....	20
DIRECTORS, OFFICERS AND PROMOTER.....	21
Other Corporate Information.....	23
Other Reporting Issuer Experience	23
Corporate Cease Trade Orders or Bankruptcies.....	24
Penalties or Sanctions.....	24
Personal Bankruptcies.....	24
Conflicts of Interest.....	24
Executive Compensation.....	25
DILUTION.....	25
RISK FACTORS.....	26
LEGAL PROCEEDINGS	27
RELATIONSHIP BETWEEN THE CORPORATION AND THE AGENT	27
RELATIONSHIP BETWEEN THE CORPORATION AND PROFESSIONAL PERSONS.....	27
AUDITOR, TRANSFER AGENT AND REGISTRAR	28
INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS.....	28
MATERIAL CONTRACTS	28
OTHER MATERIAL FACTS	28
DIVIDEND POLICY.....	28

PROMOTERS.....	28
PURCHASERS' STATUTORY RIGHTS.....	28
CERTIFICATE OF THE CORPORATION	39
CERTIFICATE OF THE PROMOTERS	39
CERTIFICATE OF THE AGENT	40

GLOSSARY

“**Affiliate**” means a company that is affiliated with another company as described below:

A company is an “Affiliate” of another company if:

- (a) one of them is the subsidiary of the other, or
- (b) each of them is controlled by the same Person.

“**Agency Agreement**” means the agency agreement dated as of May 29, 2007 between the Corporation and the Agent.

“**Agent**” means Haywood Securities Inc. with an office at Vancouver, British Columbia.

“**Agent’s Warrants**” means the warrants to be issued by the Corporation to the Agent and any sub-agents entitling the Agent and any sub-agents to purchase that number of common shares equal to 10% of the aggregate number of common shares sold pursuant to this Offering, being 200,000 common shares, at a price of \$0.10 per common share and which may be exercised for a period of 24 months from the day the common shares are listed on the Exchange.

“**Aggregate Pro Group**” means all Persons who are members of any “Pro Group” whether or not the Member is involved in a contractual relationship with the Corporation to provide financing, sponsorship and other advisory services, and specifically means:

- (a) Subject to subparagraphs (b), (c) and (d) “**Aggregate Pro Group**” shall include, either individually or as a group:
 - (i) the Member;
 - (ii) employees of the Member;
 - (iii) partners, officers and directors of the Member;
 - (iv) Affiliates of the Member: and
 - (v) Associates of any parties referred to in subparagraphs (i) through (iv).
- (b) The Exchange may, in its discretion, include a Person or party in the “**Aggregate Pro Group**” for the purposes of a particular calculation where the Exchange determines that the Person is not acting at arm’s length to the Member;
- (c) The Exchange may, in its discretion, exclude a Person from the “**Aggregate Pro Group**” for the purposes of a particular calculation where the Exchange determines that the Person is acting at arm’s length to the Member;
- (d) The Member may deem a Person who would otherwise be included in the “**Aggregate Pro Group**” pursuant to subparagraph (a) to be excluded from the “**Aggregate Pro Group**” where the Member determines that:
 - (i) the Person is an affiliate or associate of the Member acting at arm’s length of the Member;
 - (ii) the associate or affiliate has a separate corporate and reporting structure;

- (iii) there are sufficient controls on information flowing between the Member and the associate or affiliate; and
- (iv) the Member maintains a list of such excluded Persons.

“Agreement in Principle” means any enforceable agreement or any other agreement or similar commitment which identifies the fundamental terms upon which the parties agree or intend to agree which:

- (a) identifies assets or a business to be acquired which would reasonably appear to constitute Significant Assets and the acquisition of which would reasonably appear to constitute a Qualifying Transaction;
- (b) identifies the parties to the Qualifying Transaction;
- (c) identifies the consideration to be paid for the Significant Assets or otherwise identifies the means by which the consideration will be determined; and
- (d) identifies the conditions to any further formal agreements to complete the transaction; and

in respect of which there are no material conditions to Closing (other than receipt of shareholder approval and Exchange acceptance), the satisfaction of which is dependent upon third parties and beyond the reasonable control of the Non Arm’s Length Parties to the CPC or the Non Arm’s Length Parties to the Qualifying Transaction.

“Associate” when used to indicate a relationship with a Person or company, means:

- (a) an Issuer of which the Person beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10 percent of the voting rights attached to all outstanding voting securities of the Issuer;
- (b) any partner of the Person;
- (c) any trust or estate in which the Person has a substantial beneficial interest or in respect of which the Person serves as trustee or in a similar capacity; and
- (d) in the case of a Person who is an individual:
 - (i) that Person’s spouse or child, or
 - (ii) any relative of that Person or of his spouse who has the same residence as that person;

but

- (e) where the Exchange determines that two Persons shall, or shall not, be deemed to be associates with respect to a Member firm, Member corporation or holding company of a Member corporation, then such determination shall be determinative of their relationships in the application of applicable Exchange rules with respect to that Member firm, Member corporation or holding company.

“Closing” means the completion of the Offering.

“Company” unless specifically indicated otherwise, means a corporation, unincorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual.

“**Completion of the Qualifying Transaction**” means the date the Final Exchange Bulletin is issued by the Exchange.

“**Control Person**” means any Person that holds or is one of a combination of Persons that holds a sufficient number of any of the securities of an Issuer so as to affect materially the control of that Issuer, or that holds more than 20% of the outstanding voting securities of an Issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the Issuer.

“**Corporation**” means Carlyle Mining Corp., a corporation incorporated under the *Business Corporations Act* (British Columbia), having its registered office in the City of Vancouver, in the Province of British Columbia.

“**CPC**” means a corporation:

- (a) that has been incorporated or organized in a jurisdiction in Canada;
- (b) that has filed and obtained a receipt for a preliminary CPC prospectus from one or more of the securities regulatory authorities in compliance with the CPC Policy; and
- (c) in regard to which the Final Exchange Bulletin has not yet been issued.

“**CPC Policy**” means Policy 2.4 of the Exchange.

“**Eligible Charitable Organization**” means:

- (a) any “Charitable Organization” or “Public Foundation” which is a “Registered Charity”, but is not a “Private Foundation” (as such terms are defined in the *Income Tax Act* (Canada)), or
- (b) a “Registered National Arts Service Organization” (as such terms are defined in the *Income Tax Act* (Canada)).

“**Escrow Agreement**” means the escrow agreement dated May 18, 2007 among the Corporation, the Trustee and the founding shareholders of the Corporation.

“**Exchange**” means the TSX Venture Exchange Inc.

“**Final Exchange Bulletin**” means the Exchange bulletin issued following closing of the Qualifying Transaction and the submission of all required documentation and that evidences the final Exchange acceptance of the Qualifying Transaction.

“**initial public offering**” or “**IPO**” means a transaction that involves an Issuer issuing securities from its treasury pursuant to its first prospectus.

“**Insider**” if used in relation to an Issuer, means:

- (a) a director or senior officer of the Issuer;
- (b) a director or senior officer of the company that is an Insider or subsidiary of the Issuer;
- (c) a Person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of the Issuer; or
- (d) the Issuer itself if it holds any of its own securities.

“**Issuer**” means a company and its subsidiaries which have any of its securities listed for trading on the Exchange and, as the context requires, any applicant company seeking a listing of its securities on the Exchange.

“Majority of the Minority Approval” means the approval of the Qualifying Transaction by the majority of the votes cast by shareholders, other than:

- (a) Non Arm’s Length Parties to the CPC;
- (b) Non Arm’s Length Parties to the Qualifying Transaction; and
- (c) in the case of a Related Party Transaction:
 - (i) if the CPC holds its own shares, the CPC, and
 - (ii) a Person acting jointly or in concert with a Person referred to in paragraph (a) or (b) in respect of the transaction;

at a properly constituted meeting of the common shareholders of the CPC.

“Member” means a Person who has executed the Members’ Agreement, as amended from time to time, and is accepted as and becomes a member of the Exchange under the Exchange requirements.

“Members’ Agreement” means the members’ agreement among the Exchange and each Person who, from time to time, is accepted as and becomes a member of the Exchange under the Exchange requirements.

“Minimum Listing Requirements” means the minimum financial, distribution and other standards that must be met by applicants seeking a listing on a particular tier of the Exchange.

“Non Arm’s Length Party” means in relation to a company, a Promoter, officer, director, other Insider or Control Person of that company (including an Issuer) and any Associates or Affiliates of any of such Persons. In relation to an individual, means any Associate of the individual or any company of which the individual is a Promoter, officer, director, Insider or Control Person.

“Non Arm’s Length Parties to the Qualifying Transaction” means the Vendor(s), any Target Company(ies) and includes, in relation to Significant Assets or Target Company(ies), the Non Arm’s Length Parties of the Vendor(s), the Non Arm’s Length Parties of any Target Company(ies) and all other parties to or associated with the Qualifying Transaction and Associates or Affiliates of all such other parties.

“Non Arm’s Length Qualifying Transaction” means a proposed Qualifying Transaction where the same party or parties or their respective Associates or Affiliates control the CPC and the Significant Assets which are the subject of the proposed Qualifying Transaction.

“Offering” means the offering of common shares in accordance with the terms of this prospectus.

“Person” means a company or individual.

“Personal Information” means any information about an identifiable individual, and includes the information contained in any Items in this prospectus that are analogous to Items 4.2, 6.7, 11.1, 13.1, 14. 15, and 21 of Exchange Form 3A, *Information Required in a CPC Prospectus*.

“Principal” means:

- (a) a Person who acted as a Promoter of the Issuer within two years before the IPO prospectus or the Final Exchange Bulletin;
- (b) a director or senior officer of the Issuer or any of its material operating subsidiaries at the time of the IPO prospectus or Final Exchange Bulletin;

- (c) a 20% holder – a Person that holds securities carrying more than 20% of the voting rights attached to the Issuer’s outstanding securities immediately before and immediately after the Issuer’s IPO or immediately after the Final Exchange Bulletin for non IPO transactions;
- (d) a 10% holder – a Person that:
 - (i) holds securities carrying more than 10% of the voting rights attached to the Issuer’s outstanding securities immediately before and immediately after the Issuer’s IPO or immediately after the Final Exchange Bulletin for non IPO transactions; and
 - (ii) has elected or appointed, or has the right to elect or appoint, one or more directors or senior officers of the Issuer or any of its material operating subsidiaries.

In calculating these percentages, include securities that may be issued to the holder under outstanding convertible securities in both the holder’s securities and the total securities outstanding.

A company, trust, partnership or other entity more than 50% held by one or more Principals will be treated as a Principal. (In calculating this percentage, include securities of the entity that may be issued to the Principal under outstanding convertible securities in both the Principals’ securities of the entity and the total securities of the entity outstanding.) Any securities of the issuer that this entity holds will be subject to escrow requirements.

A Principal’s spouse and their relatives that live at the same address as the Principal will also be treated as Principals and any securities of the issuer they hold will be subject to escrow requirements.

“**Promoter**” has the meaning specified in section 1(1) of the *Securities Act* (British Columbia).

“**Qualifying Transaction**” means a transaction where a CPC acquires Significant Assets, other than cash, by way of purchase, amalgamation, merger or arrangement with another company or by other means.

“**Related Party Transaction**” has the meaning ascribed to that term under Appendix 5B of the Exchange - Ontario Securities Commission Rule 61-501, and includes a related party transaction that is determined by the Exchange, to be a Related Party Transaction. The Exchange may deem a transaction to be a Related Party Transaction where the transaction involves Non Arm’s Length Parties, or other circumstances exist which may compromise the independence of the Issuer with respect to the transaction.

“**Resulting Issuer**” means the Issuer that was formerly a CPC that exists upon issuance of the Final Exchange Bulletin.

“**SEDAR**” means System for Electronic Document Analysis and Retrieval.

“**Significant Assets**” means one or more assets or businesses which, when purchased, optioned or otherwise acquired by the CPC, together with any other concurrent transactions, would result in the CPC meeting the Minimum Listing Requirements.

“**Sponsor**” means a Member that meets the criteria specified in the Exchange Policy 2.2 which has an agreement with an Issuer to undertake the functions of sponsorship as required by that policy and various other Exchange policies.

“**Target Company**” means a company to be acquired by the CPC as its Significant Asset pursuant to a Qualifying Transaction.

“**Trustee**” means Computershare Investor Services Inc., a trust corporation having an office in the City of Vancouver, in the Province of British Columbia.

“**Vendor**” or “**Vendors**” means one or all of the beneficial owners, of the Significant Assets (other than a Target Company(ies)).

A company is “**controlled**” by a Person if:

- (a) voting securities of the company are held, other than by way of security only, by or for the benefit of that Person, and
- (b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the company; and

A Person beneficially owns securities that are beneficially owned by:

- (a) a company controlled by that Person, or
- (b) an Affiliate of that Person or an Affiliate of any company controlled by that Person.

PROSPECTUS SUMMARY

The following is a summary of the principal features of this distribution and should be read together with the more detailed information and financial data and statements contained elsewhere in this prospectus.

- Business of the Corporation** The principal business of the Corporation will be the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. The Corporation has not commenced commercial operations and has no assets other than a minimum amount of cash. The Corporation has commenced the process of identifying potential acquisitions. To date, the Corporation has not yet identified a company or assets for a potential Qualifying Transaction. Furthermore, the Corporation has not entered into an Agreement in Principle. See “*Business of the Corporation*”.
- Offering** 2,000,000 common shares are being offered and qualified under this prospectus at a price of \$0.10 per common share. In addition, the Corporation will issue to the Agent and any sub-agent Warrants to purchase that number of common shares equal to 10% of the aggregate number of common shares sold pursuant to this Offering, being 200,000 common shares, at a price of \$0.10 per common share and which may be exercised for a period of 24 months from the date the common shares are listed on the Exchange. The Agent’s Warrants are qualified for distribution under this prospectus. See “*Plan of Distribution*”.
- Stock Options** At the Closing of the Offering, the Corporation intends to grant Stock Options to the directors and officers to purchase an aggregate of 950,000 common shares at a price of \$0.15 per common share for a period of 5 years from the date of grant. The Stock Options are qualified for distribution under this prospectus.
- Use of Proceeds** The total net proceeds to the Corporation, including total cash proceeds raised prior to this Offering and total proceeds of this Offering, net of all Offering expenses, will be approximately \$1,030,000. The Corporation estimates incurring general and administrative costs until the Completion of the Qualifying Transaction of up to \$50,000, which will reduce the total net funds available for pursuing a Qualifying Transaction to approximately \$980,000 under the Offering. The net funds available will provide the Corporation with a minimum of funds with which to identify and evaluate assets or businesses, for acquisition with a view to completing a Qualifying Transaction. The Corporation may not have sufficient funds to secure such businesses or assets once identified and evaluated and additional funds may be required. Until Completion of the Qualifying Transaction and except as otherwise provided in the CPC Policy, a maximum of the lesser of \$210,000 or up to 30% of the gross proceeds realized (\$330,000 based upon \$1,100,000 after giving effect to this Offering) may be used for purposes other than evaluating businesses or assets. See “*Use of Proceeds*”
- Directors and Management**
- | | |
|-----------------|---|
| Bryce Roxburgh | Chairman, Director and Promoter |
| Yale Simpson | Director |
| Paul Joyce | President, Chief Executive Officer, Director and Promoter |
| Robert Reynolds | Director |
| Cecil Bond | Chief Financial Officer |
- See “*Directors, Officers and Promoter*” and “*Promoter*”.

Escrow

All of the 10,000,000 issued and outstanding common shares of the Corporation which were issued at \$0.05 per share (“Discount Seed Shares”), plus an additional 400,000 common shares owned by Non Arm's Length Parties which were issued at \$0.10 per share, will be deposited in escrow pursuant to the terms of the Escrow Agreement and will be released from escrow in stages over a period of up to three years after the date of the Final Exchange Bulletin. See “Escrowed Securities”.

Risk Factors

Investment in the common shares must be regarded as highly speculative due to the proposed nature of the Corporation’s business and its present stage of development. The Corporation was only recently incorporated and has no active business or assets other than cash. The Corporation does not have a history of earnings, nor has it paid any dividends and will not generate earnings or pay dividends until at least after the Completion of the Qualifying Transaction. The Offering is only suitable to investors who are prepared to rely entirely on the directors and management of the Corporation and can afford to risk the loss of their entire investment. The directors and officers of the Corporation will devote only part of their time and attention to the affairs of the Corporation and there are potential conflicts of interest to which some of the directors and officers of the Corporation will be subject in connection with the operations of the Corporation. Assuming completion of the Offering, an investor will suffer an immediate dilution (based on the gross proceeds from this and prior issuances without deduction of selling and related expenses) per Common Share of \$0.036 or 36%. There can be no assurance that an active and liquid market for the Corporation’s common shares will develop and an investor may find it difficult to resell the common shares. Until Completion of the Qualifying Transaction, the Corporation will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. The Corporation has only limited funds with which to identify and evaluate possible Qualifying Transactions and there can be no assurance that the Corporation will be able to identify or complete a suitable Qualifying Transaction.

The Qualifying Transaction may involve the acquisition of a business or assets located outside of Canada. It may therefore be difficult or impossible to effect service of notice to commence legal proceedings upon any directors, officers and experts outside of Canada and it may not be possible to enforce against such persons or companies judgments obtained in Canadian courts predicated upon the civil liability provisions applicable to securities laws in Canada. See “*Business of the Corporation*”, “*Directors, Officers and Promoter*”, “*Capitalization*”, “*Dilution*”, “*Risk Factors*” and “*Conflicts of Interest*”.

THE CORPORATION

The Corporation was incorporated on January 24, 2007 pursuant to the provisions of the *Business Corporations Act* (British Columbia) under the name “Carlyle Mining Corp.”.

The registered and records office of the Corporation is located at 10th Floor, 595 Howe Street Vancouver, British Columbia V6C 2T5. The head office of the Corporation is located at 1260 – 999 West Hastings Street Vancouver, British Columbia V6C 2W2.

BUSINESS OF THE CORPORATION

Preliminary Expenses

As at May 29, 2007, the Corporation had incurred expenses of \$42,455. Certain of the Offering proceeds may be utilized to satisfy the obligations of the Corporation related to the Offering, including the expenses of its auditors, legal counsel and the Agent's counsel. See “*Use of Proceeds*”. As of the date of this Prospectus the Corporation has incurred, since February 28, 2007, being the date of the most recent balance sheet included herein, aggregate expenses of \$37,090 relating to the costs of completing its listing and administration of the Corporation, including office rental costs, audit and accounting fees and retainers and Exchange filing fees.

Proposed Operations until Completion of a Qualifying Transaction

The Corporation proposes to identify and evaluate businesses and assets with a view to completing a Qualifying Transaction. Any proposed Qualifying Transaction must be accepted by the Exchange and, in the case of a Non Arm's Length Qualifying Transaction, is also subject to Majority of the Minority Approval in accordance with the CPC Policy. The Corporation has not conducted commercial operations other than to enter into discussions for the purpose of identifying potential acquisitions or interests. The Corporation currently intends to primarily pursue a Qualifying Transaction in the resource sector but there is no assurance that this sector will, in fact, be the business sector of a proposed Qualifying Transaction or of the Corporation following the Completion of the Qualifying Transaction.

Until Completion of a Qualifying Transaction, the Corporation will not carry on any business other than the identification and evaluation of businesses or assets with a view to completing a potential Qualifying Transaction. With the consent of the Exchange, this may include the raising of additional funds in order to finance an acquisition. Except as described under “*Private Placement for Cash*”, and “*Restrictions on Use of Proceeds*”, the funds raised pursuant to this Offering and any subsequent financing will be utilized only for the identification and evaluation of potential Qualifying Transactions and not for any deposit, loan or direct investment in a potential acquisition.

Although the Corporation has commenced the process of identifying potential acquisitions with a view to completing the Qualifying Transaction, the Corporation has not yet entered into an Agreement in Principle.

Method of Financing

The Corporation may use cash, bank financing, the issuance of treasury shares, public debt or equity financing or a combination of these for the purpose of financing its proposed Qualifying Transaction. **A Qualifying Transaction financed by the issue of treasury shares could result in a change in the control of the Corporation and may cause the shareholders' interest in the Corporation to be further diluted.**

Criteria for a Qualifying Transaction

The Corporation will consider acquisitions of assets or businesses operated or located both inside and outside of Canada, as permitted by the CPC Policy. All potential acquisitions will be screened initially by management of the Corporation to determine their economic viability. Approval of acquisitions will be made by the board of

directors. The board of directors will examine proposed acquisitions having regard to sound business fundamentals, utilizing the expertise and experience of the directors. The board of directors of the Corporation must approve any proposed Qualifying Transaction. In exercising their powers and discharging their duties in relation to a proposed Qualifying Transaction, the directors will act honestly and in good faith having regard to the best interests of the Corporation and will exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Filings and Shareholder Approval of a Non-Arm's Length Qualifying Transaction

Upon the Corporation reaching an Agreement in Principle, the Corporation must issue a comprehensive news release, at which time the Exchange generally will halt trading in the Corporation's common shares until the filing requirements of the Exchange have been satisfied as set forth under "*Trading Halts, Suspensions and Delisting*". Within 75 days after issuance of such news release, the Corporation is required to submit for review to the Exchange either an information circular that complies with applicable corporate and securities laws or a filing statement that complies with Exchange requirements. An information circular must be submitted where there is a Non Arm's Length Qualifying Transaction. A filing statement must be submitted where the Qualifying Transaction is not a Non Arm's Length Qualifying Transaction. The information circular or filing statement, as applicable, must contain prospectus level disclosure of the Target Company and the Corporation, assuming Completion of the Qualifying Transaction, and be prepared in accordance with the CPC Policy and Form 3B1 or Form 3B2, as the case may be, of the Exchange. Upon acceptance by the Exchange, the Corporation must then either:

- (a) file the filing statement on SEDAR at least seven business days prior to closing of the Qualifying Transaction, and issue a news release which discloses the scheduled closing date for the Qualifying Transaction as well as the fact that the filing statement is available on SEDAR, or
- (b) mail the information circular and related proxy material to its shareholders and file same on SEDAR in order to obtain the Majority of the Minority Approval of the Qualifying Transaction or other requisite approval, at a meeting of shareholders.

Unless waived by the Exchange, the Corporation will also be required to retain a Sponsor, who must be a Member of the Exchange, and who will be required to submit to the Exchange a Sponsor Report prepared in accordance with the policies of the Exchange. The Corporation will no longer be considered to be a CPC upon the Exchange having issued the Final Exchange Bulletin. The Exchange will generally not issue the Final Exchange Bulletin until the Exchange has received:

- (a) in the case of a Non Arm's Length Qualifying Transaction, confirmation of Majority of Minority Approval of the Qualifying Transaction;
- (b) confirmation of closing of the Qualifying Transaction; and
- (c) all post-meeting or final documentation, as applicable, otherwise required to be filed with the Exchange pursuant to the CPC Policy.

Upon issuance of the Final Exchange Bulletin, the CPC Policy will generally cease to apply, with the exception of the escrow provisions of the CPC Policy and the restrictions in the CPC Policy precluding the Corporation from completing a reverse takeover for a period of one year from the Completion of the Qualifying Transaction.

Minimum Listing Requirements

The Resulting Issuer must satisfy the Exchange's Minimum Listing Requirements for the particular industry sector in either Tier 1 or Tier 2 as prescribed under the applicable policies of the Exchange.

Trading Halts, Suspensions and Delisting

The Exchange will generally halt trading in the common shares from the date of the public announcement of an Agreement in Principle until all filing requirements of the Exchange have been satisfied, which includes the submission of a Sponsorship Acknowledgment Form, where the Qualifying Transaction is subject to sponsorship. In addition, personal information forms, or, if applicable, declarations, for all individuals who may be directors, senior officers, Promoters, or Insiders of the Resulting Issuer must be filed with the Exchange and any preliminary background searches that the Exchange considers necessary or advisable, must also be completed, before the trading halt will be lifted by the Exchange.

Even if all filing requirements have been satisfied and preliminary background checks completed, the Exchange may continue or reinstate a halt in trading of the common shares for public policy reasons including:

- (a) the unacceptable nature of the business of the Resulting Issuer, or
- (b) the number of conditions precedent to, or the nature and number of deficiencies required to be resolved prior to, completion of the Qualifying Transaction, are so significant or numerous as to make it appear to the Exchange that the halt should be reinstated or continued.

A trading halt may also be imposed by the Exchange where the Corporation fails to file the supporting documents relating to the Qualifying Transaction within a period of 75 days after public announcement of the Agreement in Principle or if the Corporation fails to file post-meeting or final documents, as applicable, within the time required. A trading halt may also be imposed if a Sponsor terminates its sponsorship.

The Exchange may suspend from trading or delist the common shares of the Corporation where the Exchange has not issued a Final Exchange Bulletin to the Corporation within 24 months of the date of listing. In the event that the common shares of the Corporation are delisted by the Exchange, within 90 days from the date of such delisting, the Corporation shall wind up and shall make a pro rata distribution of its remaining assets to its shareholders, unless shareholders, pursuant to a majority vote exclusive of the votes of Non Arm's Length Parties to the Corporation, determine to deal with the remaining assets in some other manner. See "*Filings and Shareholder Approval of a Non-Arm's Length Qualifying Transaction*".

If the Corporation has not completed a Qualifying Transaction within the time frame prescribed by the CPC Policy, it may apply for listing on NEX rather than be delisted. In order to be eligible to list on the NEX, the Corporation must:

- (i) cancel the seed shares purchased by Non Arm's Length Parties to the Corporation at a discount to the IPO price, in accordance with section 11.2(a) of the CPC Policy, as if the Corporation had delisted from the Exchange; and
- (ii) obtain majority shareholder approval for listing on the NEX, exclusive of the votes of Non Arm's Length Parties of the Corporation.

Refusal of Qualifying Transaction

The Exchange, in its sole discretion, may not accept a Qualifying Transaction where:

- (a) the Resulting Issuer fails to satisfy the applicable Minimum Listing Requirements of the Exchange;
- (b) the aggregate number of securities of the Resulting Issuer owned, directly or indirectly, by:
 - (i) a Member firm of the Exchange;

(ii) registrants, unregistered corporate finance professionals, employee shareholders and partners of such Member firm; and

(iii) associates of any such person,

collectively, would exceed 20% of the issued and outstanding securities of the Resulting Issuer;

(c) the Resulting Issuer will be a financial institution, finance company, finance issuer or mutual fund, as defined in the securities legislation;

(d) the majority of the directors and senior officers of the Resulting Issuer are not residents of Canada or the United States or are individuals who have not demonstrated positive association as directors or officers with public companies that are subject to a regulatory regime comparable to the companies listed on a Canadian exchange; or

(e) notwithstanding the definition of a Qualifying Transaction, there is any other reason for denying acceptance of the Qualifying Transaction.

USE OF PROCEEDS

Net Proceeds

The gross proceeds to be received by the Corporation from the sale of the common shares offered by this prospectus will be \$200,000. The gross proceeds received by the Corporation from the sale of common shares prior to the date of this prospectus were \$900,000. From the aggregate gross proceeds of \$1,100,000 will be deducted the expenses and costs of this issue (including legal, accounting, printing, regulatory fees and the Agent's commission) estimated in the aggregate to be approximately \$70,000. The Corporation estimates that \$1,030,000 will be available to the Corporation from the sale of common shares distributed by this prospectus and prior sales of common shares.

The following indicates the principal uses to which the Corporation proposes to use the total funds available to the Corporation upon the completion of this Offering:

Item	Total Offering
Gross cash proceeds raised prior to this Offering ⁽¹⁾	\$900,000
Expenses and costs incurred	0 ⁽²⁾
Gross cash proceeds to be raised pursuant to this Offering	\$200,000
Estimated expenses and costs to complete the Offering ⁽³⁾	\$(70,000)
Estimated net proceeds available on completion of the Offering⁽⁴⁾	\$1,030,000
Estimated general and administrative expenses until completion of a Qualifying Transaction	\$50,000
Funds available for identifying and evaluating assets or business prospects⁽⁴⁾⁽⁵⁾	\$980,000

(1) See "Prior Sales".

(2) No issue costs have been allocated towards the issuance of these shares. See the Corporation's balance sheet as at February 28, 2007.

(3) Includes listing fees, Agent's commission and fees, the Corporation's legal fees, audit fees and other expenses.

(4) In the event the Agent exercises the Agent's Warrants there will be available to the Corporation a maximum of an additional \$20,000 which will be added to the working capital of the Corporation. In the event the directors and officers exercise the Stock Options there will be available to the Corporation a maximum of an additional \$142,500 which will be added to the working capital of the Corporation. There is no assurance that any of these options or warrants will be exercised.

- (5) *In the event that the Corporation enters into an Agreement in Principle prior to spending the entire \$980,000 on identifying and evaluating assets or businesses, the remaining funds may be used to finance or partially finance the acquisition of Significant Assets or for working capital after Completion of the Qualifying Transaction.*

Until required for the Corporation's purposes, the proceeds will be invested only in securities of, or those guaranteed by, the Government of Canada or any Province or Territory of Canada or the Government of the United States of America, in certificates of deposit or interest bearing accounts of Canadian chartered banks, trust companies or credit unions.

The proceeds from this Offering and any prior sale of common shares, after deducting the expenses associated with this Offering, will only be sufficient to identify and evaluate a finite number of assets and businesses, and additional funds may be required to finance any acquisition to which the Corporation may commit.

Permitted Use of Funds

Until the Completion of the Qualifying Transaction and except as otherwise specifically provided by the CPC Policy and described in "*Restrictions on Use of Proceeds*", "*Private Placements for Cash*", and "*Prohibited Payments to Non-Arm's Length Parties*", the gross proceeds realized from the sale of all securities issued by the Corporation will be used by the Corporation only to identify and evaluate businesses or assets and obtain shareholder approval for a proposed Qualifying Transaction.

The proceeds may be used for expenses incurred for the preparation of:

- (i) valuations or appraisals;
- (ii) business plans;
- (iii) feasibility studies and technical assessments;
- (iv) sponsorship reports;
- (v) engineering or geological reports;
- (vi) financial statements, including audited financial statements;
- (vii) fees for legal and accounting services; and
- (viii) Agent's fees, costs and commissions,

relating to the identification and evaluation of assets or businesses and, in the case of a Non Arm's Length Qualifying Transaction, the obtaining of shareholder approval for the Corporation's proposed Qualifying Transaction.

In addition, with the prior acceptance of the Exchange, up to an aggregate of \$225,000 may be advanced as a refundable deposit or secured loan by the Corporation to a Vendor or Target Company, as the case may be, for a proposed arm's length Qualifying Transaction that has been publicly announced at least 15 days prior to the date of such advance, due diligence with respect to the Qualifying Transaction is well underway and either a Sponsor has been engaged or sponsorship has been waived by the Exchange. A maximum aggregate amount of \$25,000 may also be advanced as a non-refundable deposit, unsecured deposit or advance to a Vendor or Target Company, as the case may be, to preserve assets without the prior acceptance of the Exchange.

Restrictions on Use of Proceeds

Until Completion of a Qualifying Transaction, not more than the lesser of 30% of the gross proceeds from the sale of all securities issued by the Corporation (\$330,000 based upon \$1,100,000 after giving effect to this

Offering) or \$210,000, will be used for purposes other than those described above. For greater certainty, expenditures which are not included as “*Permitted Uses of Funds*”, listed above, include:

- (a) listing and filing fees (including SEDAR fees);
- (b) other costs for the issuance of securities, (including legal, accounting and audit expenses) relating to the preparation and filing of this prospectus; and
- (c) administrative and general expenses of the Corporation, including:
 - (i) office supplies, office rent and related utilities;
 - (ii) printing costs (including the printing of this prospectus and share certificates);
 - (iii) equipment leases; and
 - (iv) fees for legal advice and audit expenses, other than those described above under “*Permitted Use of Funds*”.

No proceeds will be used to acquire or lease a vehicle.

Private Placements for Cash

After the closing of the Offering and until the Completion of the Qualifying Transaction, the Corporation will not issue any securities unless written acceptance of the Exchange is obtained before issuance. Prior to the completion of a Qualifying Transaction, the Exchange generally will not accept a private placement by the Corporation where the gross proceeds raised from the issuance of securities both prior to and pursuant to the Offering, together with any proceeds anticipated to be raised upon closing of the private placement, will exceed \$2,000,000. The only securities issuable pursuant to such a private placement will be common shares. Subject to certain limited exceptions, any common shares issued pursuant to the private placement to Non Arm’s Length Parties to the Corporation and to Principals of the Resulting Issuer will be subject to escrow.

Prohibited Payments to Non Arm’s Length Parties

Except as described under “*Options to Purchase Securities*” and “*Restrictions on Use of Proceeds*”, the Corporation has not made, and until the Completion of the Qualifying Transaction will not make, any payment of any kind, directly or indirectly, to a Non Arm’s Length Party to the Corporation or a Non Arm’s Length Party to the Qualifying Transaction, or to a person engaged in investor relations activities, by any means, including:

- (a) remuneration, which includes but is not limited to salaries, consulting fees, management contract fees or directors’ fees, finders’ fees, loans, advances and bonuses, and
- (b) deposits and similar payments.

Further, no such payment will be made on or after the Completion of a Qualifying Transaction if such payment relates to services rendered or obligations incurred prior to or in connection with the Qualifying Transaction.

Notwithstanding the above, the Corporation may reimburse a Non Arm’s Length Party to the Corporation for reasonable expenses for office supplies, office rent and related utilities, equipment leases (excluding vehicle leases), and legal services (provided that neither the lawyer providing the legal services nor any member of the law firm providing the services is a Promoter of the Corporation or in the case of a law firm, no member of the firm, owns greater than 10% of the outstanding common shares of the Corporation), and the Corporation may also reimburse a Non Arm’s Length Party to the Corporation for reasonable out-of-pocket expenses incurred in pursuing the business of the Corporation described in “*Permitted Use of Funds*”.

The foregoing restrictions on the use of proceeds and prohibitions on payments to Non Arm's Length Parties and persons engaged in investor relations activities continue to apply until the Completion of the Qualifying Transaction.

PLAN OF DISTRIBUTION

Agency Agreement and Agent's Compensation

Pursuant to the Agency Agreement, the Corporation has appointed the Agent as its agent to offer for sale on a commercially reasonable efforts basis to the public of 200,000 common shares, at a price of \$0.10 per Common Share for aggregate gross proceeds of \$200,000, subject to the terms and conditions in the Agency Agreement. The Agent will receive a commission of 7.5% of the aggregate gross proceeds from the sale of the common shares. In addition, the Corporation will pay the Agent a corporate finance fee of \$7,500 plus GST and will pay the Agent's expenses and legal fees, estimated at \$7,500, plus disbursements and taxes.

The Corporation has also agreed to grant to the Agent and any sub-agents non-transferable Agent's Warrants which entitles the Agent or its sub-agents to purchase an aggregate of 200,000 common shares at a price of \$0.10 per Common Share and which may be exercised for a period of 24 months from the date the common shares are listed for trading on the Exchange. The Agent's Warrants are qualified for distribution under this prospectus. The Agent intends to sell to the public any common shares issued by it upon the exercise of the Agent's Warrants. Not more than 50% of the common shares received on the exercise of the Agent's Warrants may be sold by the Agent prior to the Completion of the Qualifying Transaction. The remaining 50% may be sold after the Completion of the Qualifying Transaction.

The Agent has agreed to use its commercially reasonable efforts to secure subscriptions for the common shares offered hereunder on behalf of the Corporation and may make co-brokerage arrangements with other investment dealers at no additional cost to the Corporation. The obligations of the Agent under the Agency Agreement may be terminated at its sole discretion on the basis of its assessment of the state of financial markets and may also be terminated on the occurrence of certain events as stated in the Agency Agreement.

Commercially Reasonable Efforts Offering and Minimum Distribution

The total Offering is for 2,000,000 common shares at a price of \$0.10 per common share for total gross proceeds of \$200,000. Under the CPC Policy, no purchaser of common shares is permitted to directly or indirectly purchase more than 2% of the total common shares in the Offering, or 40,000 common shares (\$4,000). In addition, the maximum number of common shares that may directly or indirectly be purchased by that purchaser, together with any Associates or Affiliates of that purchaser, is 4% of the total number of common shares in the Offering, or 80,000 common shares (\$8,000). The funds received from the Offering will be held by the Agent, and will not be released until proceeds of \$200,000 have been deposited. The total subscription must be completed within 90 days of the date a receipt for the prospectus is issued, or such other time as may be consented to by the Agent or persons or companies who subscribed within that period, failing which the Agent will remit the funds collected to the original subscribers without interest or deduction, unless subscribers have otherwise instructed the Agent.

Other Securities to be Distributed

The Corporation also proposes to grant Stock Options to purchase 950,000 common shares to directors and officers of the Corporation in accordance with the policies of the Exchange, which Stock Options are qualified for distribution under this prospectus. See "*Options to Purchase Securities*".

Determination of Price

The Offering price of the common shares hereunder was determined by negotiation between the Corporation and the Agent.

Conditional Listing Approval

The Exchange has conditionally accepted the listing of the Corporation's Common Shares. Listing is subject to the Corporation fulfilling all of the requirements of the Exchange.

Subscriptions by and Restrictions on the Agent

The Agent has advised the Corporation that to the best of its knowledge and belief, none of the directors, officers, employees or contractors of the Agent or any Associate or Affiliate of the foregoing have subscribed for common shares of the Corporation.

The aggregate number of common shares permitted to be owned directly or indirectly by the directors, officers, employees or contractors of the Agent or any Associate or Affiliate of the foregoing, is 20% of the issued and outstanding common shares of the Corporation exclusive of common shares reserved for issuance at a future date.

Restrictions on Trading

Other than the initial distribution of the common shares pursuant to this prospectus, the grant of the Agent's Warrants and the grant of the Stock Options to the directors and officers, no securities of the Corporation will be permitted to be issued during the period between the date a receipt for the preliminary prospectus is issued by the securities commission that is designated the principal regulator pursuant to National Policy 43-201 and the time the common shares are listed for trading on the Exchange, except subject to prior acceptance of the Exchange, where appropriate registration and prospectus exemptions are available under securities legislation or where the applicable securities regulatory authorities grant a discretionary order.

DESCRIPTION OF SHARE CAPITAL

Common Shares

The Corporation is authorized to issue an unlimited number of common shares without nominal or par value of which, as at the date hereof, 14,000,000 are issued and outstanding as fully paid and non-assessable, 2,000,000 common shares are reserved for issuance pursuant to the Offering, 200,000 common shares are reserved for issuance pursuant to the Agent's Warrants, and 950,000 common shares are reserved for issuance pursuant to the Stock Options. See "*Plan of Distribution*".

The holders of common shares are entitled to dividends, if, as and when declared by the board of directors of the Corporation, to one vote per share at meetings of the shareholders of the Corporation and, upon dissolution, to share equally in such assets of the Corporation as are distributable to the holders of common shares. All common shares to be outstanding after completion of this Offering will be fully paid and non-assessable.

CAPITALIZATION

Designation of Security	Amount Authorized	Amount Outstanding as of February 28, 2007 ⁽¹⁾	Amount Outstanding as of the date hereof ⁽¹⁾	Amount Outstanding After Giving Effect to the Offering ⁽²⁾⁽³⁾
Common Shares	unlimited	\$900,000 (14,000,000 common shares)	\$900,000 (14,000,000 common shares)	\$1,100,000 (16,000,000 common shares)
Long Term Debt	nil	nil	nil	nil

(1) As at February 28, 2007 and as the date hereof, the Corporation had not commenced commercial operations.

(2) The Corporation has reserved a maximum of 200,000 common shares at \$0.10 per share pursuant to the Agent's Warrants, and a maximum of 950,000 common shares at \$0.15 per share pursuant to the Stock Options. See "*Plan of Distribution*".

(3) Based on gross proceeds of the Offering of \$200,000 and before deducting the Agent's commission, fees and expenses and the other costs of this Offering, estimated at \$70,000.

OPTIONS TO PURCHASE SECURITIES

The Corporation has adopted an incentive stock option plan (the "**Option Plan**") which provides that the board of directors of the Corporation may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and technical consultants to the Corporation, non-transferable options to purchase Common Shares, provided that the number of Common Shares reserved for issuance will not exceed 10% of the issued and outstanding Common Shares. Such options will be exercisable for a period of up to 5 years from the date of grant. In connection with the foregoing, the number of Common Shares reserved for issuance to any individual director or officer will not exceed five percent (5%) of the issued and outstanding Common Shares and the number of Common Shares reserved for issuance to all technical consultants will not exceed two percent (2%) of the issued and outstanding Common Shares. Options granted to an optionee that does not continue as a director, officer, technical consultant or employee of the Resulting Issuer have a maximum term of the greater of 12 months after Completion of the Qualifying Transaction and 90 days following cessation of the optionee's position with the Corporation, provided that if the cessation of office, directorship, or technical consulting arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option. Any Common Shares acquired pursuant to the exercise of options prior to Completion of the Qualifying Transaction must be deposited in escrow and will be subject to escrow until the Final Exchange Bulletin is issued. See "*Escrowed Securities*".

As at the date hereof, the Corporation has reserved 950,000 Shares pursuant to the Directors' and Officers' Options. The Directors' and Officers' Options are expected to be allocated on the following basis, will be granted at the Closing and will be qualified for distribution pursuant to this prospectus.

Optionee	Number of Common Shares Reserved Under Option under the Offering	Exercise Price	Expiry Date
Paul Joyce	300,000	\$0.15	5 Years from the Date of Grant
Bryce Roxburgh	200,000	\$0.15	5 Years from the Date of Grant
Cecil Bond	150,000	\$0.15	5 Years from the Date of Grant
Robert Reynolds	150,000	\$0.15	5 Years from the Date of Grant
Yale Simpson	150,000	\$0.15	5 Years from the Date of Grant
Total	<u>950,000</u>		

PRIOR SALES

Since the date of incorporation of the Corporation, 14,000,000 common shares have been issued as follows:

Date	Number of Common Shares	Issue Price Per Share	Aggregate Issue Price	Consideration Received
January 24, 2007	1 ⁽¹⁾	\$0.001	\$0.001	Cash
March 14, 2007	10,000,000 ⁽²⁾	\$0.05	\$500,000	Cash
March 14, 2007	4,000,000	\$0.10	\$400,000	Cash

(1) *This share was subsequently cancelled and returned to treasury.*

(2) *These common shares will be held in escrow. See "Escrowed Securities".*

(3) *400,000 of these common shares, which were issued to Non-Arm's Length Parties, will be held in escrow. See "Escrowed Securities".*

There have been no sales of common shares to any entity that would be deemed a member of a Pro Group as such term is defined in the Exchange's policies.

ESCROWED SECURITIES

A total of 10,000,000 common shares issued prior to this Offering at a price of \$0.05 per common share, plus an additional 400,000 common shares issued to Non Arm's Length Parties at a price of \$0.10 per common share, and all common shares that may be acquired from treasury of the Corporation by Non Arm's Length Parties of the Corporation either under the Offering or otherwise prior to Completion of the Qualifying Transaction and all common shares acquired by members of the Aggregate Pro Group prior to this Offering will be deposited with the Trustee under the Escrow Agreement.

All common shares acquired on exercise of stock options prior to the Completion of a Qualifying Transaction must also be deposited in escrow and will be subject to escrow until the Final Exchange Bulletin is issued.

In addition, all common shares of the Corporation acquired in the secondary market prior to the Completion of a Qualifying Transaction by a Control Person are required to be deposited in escrow. Subject to certain exemptions permitted by the Exchange, all securities of the Corporation held by Principals of the Resulting Issuer will also be escrowed.

Notwithstanding the foregoing, common shares acquired by Principals of the Corporation or Principals of the Resulting Issuer pursuant to a private placement will not be subject to escrow provided that various conditions, as set forth in the CPC Policy, are met. See "*Escrowed Securities on Private Placement*".

The following table sets out, as at the date hereof, the number of common shares which are held in escrow.

Name and Municipality of Residence of Shareholder	Number of Common Shares Escrowed	Percentage of Common Shares of the Corporation Prior to Giving Effect to the Offering	Percentage of Common Shares of the Corporation After Giving Effect to the Offering ⁽¹⁾
Yale R. Simpson West Vancouver, British Columbia	1,050,000	7.5%	6.6%
Bryce Roxburgh Makati, Philippines	1,800,000 ⁽²⁾	12.9%	11.3%
Paul Joyce Turrumurra, NSW, Australia	1,800,000	12.9%	11.3%
Rogo Investments Pty Ltd. ⁽³⁾ c/o R.G. Reynolds Sydney, NSW, Australia	600,000	4.3%	3.8%
Cecil Bond Langley, British Columbia	600,000	4.3%	3.8%
John Haggman Mosman, NSW, Australia	1,850,000	13.2%	11.6%
Donna Simpson West Vancouver, British Columbia	1,000,000	7.1%	6.3%
Christopher Torrey Westleigh, Australia	500,000	3.6%	3.1%
Mary Jean Garlan Donnaville, Las Pinas, Philippines	500,000	3.6%	3.1%
388469 B.C. Ltd. c/o Bill McCartney Vancouver, British Columbia	500,000	3.6%	3.1%
Murray Oliver Vancouver, British Columbia	200,000	1.4%	1.3%
Total	<u>10,400,000</u>	81.5%	71.2%

(1) Assuming no common shares are purchased by these persons under the Offering.

(2) Includes 1,200,000 common shares owned by Rowen Company Limited which is controlled by Bryce Roxburgh.

(3) Robert Reynolds owns over 95% of the voting shares of Rogo Investments Pty Ltd.

Where the common shares of the Corporation which are required to be held in escrow are held by a non-individual (a “**holding company**”), each holding company pursuant to the Escrow Agreement, has agreed, or will agree, not to carry out any transactions during the currency of the Escrow Agreement which would result in a change of control of the holding company, without the consent of the Exchange. Any holding company must sign an undertaking to the Exchange that, to the extent reasonably possible, it will not permit or authorize any issuance of securities or transfer of securities that could reasonably result in a change of control of the holding company. In addition, the Exchange may require an undertaking from any control person of the holding company not to transfer shares of that company.

Under the Escrow Agreement, 10% of the escrowed common shares will be released from escrow on the issuance of the Final Exchange Bulletin (the “**Initial Release**”) and an additional 15% will be released on the dates 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the Initial Release.

If the Resulting Issuer meets the Exchange’s Tier 1 Minimum Listing Requirements either at the time the Final Exchange Bulletin is issued or subsequently, the release of the escrowed common shares will be accelerated. An accelerated escrow release will not commence until the Resulting Issuer has made application to the Exchange for listing as a Tier 1 Issuer and the Exchange has issued a bulletin that announces the acceptance for listing of the Resulting Issuer on Tier 1 of the Exchange.

The Exchange’s prior consent must be obtained before a transfer within escrow of escrowed common shares. Generally, the Exchange will only permit a transfer within escrow to be made to incoming Principals in connection with a proposed Qualifying Transaction.

If a Final Exchange Bulletin is not issued, the escrowed common shares will not be released. Under the Escrow Agreement, each Non Arm’s Length Party to the Corporation who holds escrowed common shares acquired at a price below the offering price under this prospectus has irrevocably authorized and directed the Trustee to immediately:

- (a) cancel all of those escrowed common shares upon the issuance by the Exchange of a bulletin delisting the common shares; or
- (b) if the Corporation lists on NEX, either:
 - (i) cancel all Seed Shares purchased by Non-Arm’s Length Parties to the CPC at a discount from the IPO price, in accordance with section 11.2(a) of the CPC Policy, or
 - (ii) subject to majority shareholder approval, cancel an amount of Seed Shares purchased by Non-Arm’s Length Parties to the CPC so that the average cost of the remaining Seed Shares is at least equal to the IPO price.

Escrowed Securities on Qualifying Transaction

Generally, if at least 75% of the securities issued pursuant to the Qualifying Transaction are “Value Securities”, then all the securities issued to Principals of the Resulting Issuer pursuant to the Qualifying Transaction will be deposited into escrow pursuant to a value security escrow agreement (the “**Value Security Escrow Agreement**”). “Value Securities” are securities issued pursuant to a transaction for which the deemed value of the securities at least equals the value ascribed to the asset, using a valuation method acceptable to the Exchange, or securities that are otherwise determined by the Exchange to be Value Securities and required to be placed in escrow under a Value Security Escrow Agreement. However, if at least 75% of the securities issued pursuant to the Qualifying Transaction are not Value Securities, all securities issued pursuant to the Qualifying Transaction will be deposited into a surplus security escrow agreement (a “**Surplus Security Escrow Agreement**”).

The principal distinction between a Value Security Escrow Agreement and a Surplus Security Escrow Agreement is the time period for release of securities from escrow. In the case of a Resulting Issuer that will be a Tier 2 Issuer when the Final Exchange Bulletin is issued, the Value Security Escrow Agreement provides for a three year escrow release mechanism with 10% of the escrowed securities being releasable at the time of the Final Exchange Bulletin, and 15% of the escrowed securities being releasable every 6 months thereafter, on each of the 6, 12, 18, 24, 30 and 36 month anniversaries of the Final Exchange Bulletin. In the case of a Resulting Issuer that will be a Tier 2 Issuer, when the Final Exchange Bulletin is issued, the Surplus Security Escrow Agreement provides for a six-year escrow release mechanism with:

- (a) 5% of the escrowed securities being releasable in 6 month intervals on each of the 6, 12, 18 and 24 month anniversaries of the Final Exchange Bulletin; and
- (b) 10% of the escrowed securities being releasable in 6 month intervals on each of the 30, 36, 42, 48, 54, 60, 66 and 72 months after the Final Exchange Bulletin.

In the case of a Resulting Issuer that will be a Tier 1 Issuer when the Final Exchange Bulletin is issued, the Value Security Escrow Agreement provides for an 18 month escrow release mechanism with 25% of the escrowed securities being releasable at the time of the Final Exchange Bulletin, with 25% of the escrowed securities being releasable every 6 months thereafter. In the case of a Resulting Issuer that will be a Tier 1 Issuer when the Final Exchange Bulletin is issued, the Surplus Security Escrow Agreement provides for a three-year escrow release mechanism with:

- (a) 10% of the escrowed securities being releasable upon the issuance of the Final Exchange Bulletin, and
- (b) 15% of the escrowed securities being releasable in 6 month intervals on each of the 6, 12, 18, 24, 30 and 36 months after the Final Exchange Bulletin.

Escrowed Securities on Private Placement

Securities issued pursuant to a private placement to Principals of the Corporation and the proposed Resulting Issuer will generally be exempt from escrow requirements where:

- (a) the private placement is announced at least five trading days after the news release announcing the Agreement in Principle and the pricing for the financing is at not less than the discounted market price, as determined in accordance with the policies of the Exchange; or
- (b) the private placement is announced concurrently with the Agreement in Principle and:
 - (i) at least 75% of the proceeds from the private placement are not from Principals of the Corporation or the proposed Resulting Issuer,
 - (ii) if subscribers, other than Principals of the Corporation or the proposed Resulting Issuer, will obtain securities subject to hold periods, then in addition to any resale restrictions under applicable securities legislation, any securities issued to such Principals will be subject to a four month hold period, and
 - (iii) none of the proceeds of the private placement are allocated to pay compensation or to settle indebtedness owing to Principals of the Resulting Issuer.

PRINCIPAL SHAREHOLDERS

The following table lists those persons who own 10% or more of the issued and outstanding common shares as at the date hereof:

Name and Municipality of Residence of Shareholder	Type of Ownership	Number of Shares	Percentage of Shares Owned Prior to Giving Effect to the Offering	Percentage of Shares Owned After Giving Effect to the Offering ⁽¹⁾
Paul Joyce Turramurra, NSW, Australia	Direct	1,800,000	12.9%	11.3% ⁽³⁾
Bryce Roxburgh Makati, Philippines	Direct/indirect	1,800,000 ⁽²⁾	12.9%	11.3% ⁽⁴⁾
John Haggman Mosman, NSW, Australia	Direct	1,850,000	13.2%	11.6% ⁽⁵⁾

(1) Assuming that no common shares are purchased by current shareholders under the Offering.

(2) Includes 1,200,000 common shares owned by Rowen Company Limited which is controlled by Bryce Roxburgh.

(3) On a fully-diluted basis, assuming the exercise of all Stock Options and the Agent's Warrants, including 300,000 Stock Options expected to be granted at Closing to Mr. Joyce, this number would be 12.2%. See "Options to Purchase Securities".

(4) On a fully-diluted basis, assuming the exercise of all Stock Options and the Agent's Warrants, including 200,000 Stock Options expected to be granted at Closing to Mr. Roxburgh, this number would be 11.7%. See "Options to Purchase Securities".

(5) On a fully-diluted basis, assuming the exercise of all Stock Options and the Agent's Warrants, this number would be 10.8%.

DIRECTORS, OFFICERS AND PROMOTER

The following are the names and municipalities of residence of the directors and officers of the Corporation, their positions and offices with the Corporation and their principal occupations during the last five years:

Bryce Roxburgh – Makati, Philippines - 60 years of age – Director, Chairman, and Promoter

Bryce Roxburgh graduated with a Bachelor of Science degree in geology and geophysics from Sydney University in 1970 and has 30 years experience in the exploration and mining industry including successfully negotiating numerous joint venture agreements. Between 1971 and 1989, he worked for international mining groups, Amoco Minerals Australia Company and Cyprus Mines Corporation, where as Regional Manager for Eastern Australia & South East Asia he was responsible for the exploration teams which discovered the Selwyn, Red Dome and Junction Reef ore-bodies. Between 1989 and 2000, he was Exploration Manager for Arimco N.L. and Climax Mining Limited in East Australia, South East Asia and South America where he was responsible for the teams which discovered the Dinkidi ore-body in the Philippines, and the La Cabeza gold deposit in Argentina. From July, 2000 to September 2003, he worked as an independent consultant until becoming CEO for Exeter Resource Corporation in September 2003, where he has worked until now.

Mr. Roxburgh will devote approximately 5% of his time to the Corporation, or such greater amount of time as is necessary to perform the work required in connection with the management of the Corporation and completion of the Qualifying Transaction.

Yale Simpson – West Vancouver, British Columbia - 59 years of age – Director

Yale Simpson has a Bachelor of Applied Science (geological engineering) from the University of British Columbia. Yale has more than thirty years experience as a senior geologist, exploration manager and CEO of companies involved in exploration and development projects in Australia, Africa, Eastern Europe and Argentina. He and his exploration teams are credited with the exploration and development of the Porphyry, Mt. Wilkinson, Tuckabiana and Whistler gold mines in Australia. His particular expertise is in strategic planning and corporate communications. Yale is currently chairman of Exeter Resource Corporation and a director of Diamonds North Resources Ltd., Dynasty Metals and Mining Inc. and is the President and a director of the Britannia Beach Historical Society, operator of the British Columbia Museum of Mining. Since January 1992, he has been the President of Canaust Resource Consultants Ltd.

Mr. Simpson will devote approximately 5% of his time to the Corporation, or such greater amount of time as is necessary to perform the work required in connection with the management of the Corporation and completion of the Qualifying Transaction.

Paul Joyce – Turramurra, N.S.W., Australia - 56 years of age – President, Chief Executive Officer, Director and Promoter

Paul Joyce graduated as a geologist from Macquarie University, Sydney in 1972 and completed a postgraduate Diploma of Geoscience, majoring in Mineral Economics, from Macquarie University in 1991. Paul has over 30 years of international mineral exploration experience and is a Fellow of the Australian Institute of Geoscientists. His past work experience includes Exploration Manager - Climax Mining Ltd and senior geologist for Cyprus Gold Australia (Formerly Cyprus Mines Corporation and Amoco Minerals Corporation). He has been the Technical Manager for King Eagle Resources Pty Ltd. since January 2004 and was the Country Manager-Philippines for Climax Arimco Mining Corp. from January 2001 to December 2003. He is currently a director of King Eagle Resources Pty Ltd, Titan Mines Ltd and Perlco Pty Limited and is an independent consultant to the mining industry. Paul has extensive exploration and development experience of gold and copper deposits in Australia, South East Asia, Central and South America.

Mr. Joyce will devote approximately 80% of his time to the Corporation, or such greater amount of time as is necessary to perform the work required in connection with the management of the Corporation and completion of the Qualifying Transaction.

Robert Reynolds – Wildes Meadow, N.S.W., Australia - 59 years of age – Director

Robert Reynolds is a Chartered Accountant and has been working in the mining and exploration industry for 28 years. Robert has been involved with exploration, development and mining companies with operations in Australia, Africa, New Zealand, New Guinea, Vanuatu and Fiji. Those companies included Delta Gold Ltd, Hampton Gold Mining Areas PLC, Golden Plateau NL and Alkane Exploration NL. He joined Delta Gold in 1984 and was responsible for corporate planning, finance and administration. He was involved with the development of the Granny Smith Mine and Kanowna Belle mine in Western Australia and the Hartley Platinum Mine in Zimbabwe. He was an Executive Director of Delta Gold Ltd. from 1987 to 1996. He is currently Chairman of Avoca Resources Ltd in Australia and has held board positions with Ballarat Goldfields Ltd, Highlake Resources Ltd and Triton Resources Ltd.

Mr. Reynolds will devote approximately 5% of his time to the Corporation, or such greater amount of time as is necessary to perform the work required in connection with the management of the Corporation and completion of the Qualifying Transaction.

Cecil Bond – Langley, British Columbia - 50 years of age – Chief Financial Officer

Cecil Bond is a Chartered Accountant with 20 years of experience. He spent 7 years working for 2 major international accounting firms in South Africa and Canada and 5 years in private business in South Africa. His recent experience has been in the junior mining industry where he has spent the last 8 years as the chief financial officer of a number of public companies. He has been the CFO of Exeter Resource Corporation since April 2005, the CFO of Christopher James Gold Corp. since January 2006 and a director of Argosy Minerals Inc. since September 1996. He has also held the positions of CEO and CFO of Argosy Minerals at various times from September 1996 to April 2005.

Mr. Bond will devote approximately 5% of his time to the Corporation, or such greater amount of time as is necessary to perform the work required in connection with the management of the Corporation and completion of the Qualifying Transaction.

Other Corporate Information

Pursuant to the provisions of the *Business Corporations Act* (British Columbia), the Corporation is required to have an audit committee. The general function of the audit committee is to review the overall audit plan and the Corporation's system of internal controls, to review the results of the external audit and to resolve any potential dispute with the Corporation's auditor. The Audit Committee of the Corporation currently consists of Yale Simpson, Robert Reynolds and Bryce Roxburgh. The Chairman of the Audit Committee is Yale Simpson.

In addition to any other requirements of the Exchange, the Exchange expects management of the Corporation to meet a high management standard. The directors and officers of the Corporation believe that, on a collective basis, management possesses the appropriate experience, qualifications and history to be capable of identifying, investigating and acquiring a Significant Asset.

Prior to this Offering, the directors and officers beneficially own, directly or indirectly, or have control or direction over, an aggregate of 5,850,000 common shares (41.8%) in the capital of the Corporation. Prior to this Offering, Paul Joyce and Bryce Roxburgh, the Promoters of the Corporation, beneficially own and control, directly and indirectly, 3,600,000 common shares (25.8%) in the capital of the Corporation. See "*Principal Shareholders*".

Other Reporting Issuer Experience

The following table sets out the directors, officers and Promoter of the Corporation that are, or have been within the last five years, directors, officers or Promoters of other issuers that are or were reporting issuers in any Canadian jurisdiction:

Name of Director, Officer or Promoter	Name of Reporting Issuer	Name of Exchange or Market	Position	Term
Robert Reynolds	Avoca Resources Ltd.	ASX	Director	March 2002 to present
Cecil Bond	Exeter Resource Corporation	TSXV, AMEX, Frankfurt	Chief Financial Officer	April 2005 to Present
	Christopher James Gold Corp.	TSXV	Chief Financial Officer	January 2006 to Present
	Argosy Minerals Inc.	ASX	Director President, Chief Financial Officer	September 1996 to Present At various times between March 1997 to April 2005
	Argosy Mining Corp. ⁽¹⁾	VSE	Director, Chief Financial Officer	August 1998 to April 2005
Bryce Roxburgh	Exeter Resource Corporation	TSXV, AMEX, Frankfurt	President & CEO	2003 to Present

Name of Director, Officer or Promoter	Name of Reporting Issuer	Name of Exchange or Market	Position	Term
Yale Simpson	Exeter Resource Corporation	TSXV, AMEX Frankfurt	Director	June 2003 to Present
	Exeter Resource Corporation	TSXV, AMEX Frankfurt	Chairman	September 2003 to Present
	Diamonds North Resources Ltd.	TSXV	Director	March 2002 to Present
	Tournigan Gold Corporation	TSXV	Director	August 2002 to June 2005
	Dynasty Mines and Metals. Christopher James Gold Corp.	TSXV TSXV	Director Chairman	September 2003 to Present May 3, 2007 to Present

(1) *Became a 100% subsidiary of Argosy Minerals Inc. in 1999.*

Corporate Cease Trade Orders or Bankruptcies

No director, officer, Insider or Promoter or principal shareholder of the Corporation is, or within ten years before the date of the prospectus, has been, a director, officer, Insider or Promoter of any other issuer that, while that person was acting in that capacity, was the subject of a cease trade or similar order, or an order that denied such issuer access to any statutory exemptions for a period of more than 30 consecutive days or became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Penalties or Sanctions

Other than as set out below, no director, officer, Insider or Promoter of the Corporation, or a shareholder of the Corporation holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation, has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or has been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that would likely be considered important to a reasonable investor in making an investment decision.

Personal Bankruptcies

No director, officer, Insider or Promoter of the Corporation, or a shareholder of the Corporation holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation, or a personal holding company of any such persons has, within the 10 years before the date of this prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or has been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold such person's assets.

Conflicts of Interest

There are potential conflicts of interest to which the directors, officers, Insiders and Promoters of the Corporation may be subject in connection with the operations of the Corporation. All of the directors, officers, Insiders and Promoters are engaged in and will continue to be engaged in corporations or businesses which may be in competition with the search by the Corporation for businesses or assets in order to close a Qualifying Transaction. Accordingly, situations may arise where some or all of the directors, officers, Insiders and Promoters will be in direct competition with the Corporation. Conflicts, if any, will be subject to the procedures and remedies as provided under the *Business Corporations Act* (British Columbia).

Executive Compensation

Except as set out below or otherwise disclosed in this prospectus, prior to Completion of a Qualifying Transaction, no payment of any kind has been made, or will be made, directly or indirectly, by the Corporation to a Non Arm's Length Party to the Corporation or a Non Arm's Length Party to the Qualifying Transaction, or to any person engaged in investor relations activities in respect of the securities of the Corporation or any Resulting Issuer by any means, including:

- (a) remuneration, which includes but is not limited to:
 - (i) salaries;
 - (ii) consulting fees;
 - (iii) management contract fees or directors' fees;
 - (iv) finder's fees;
 - (v) loans, advances, bonuses; and
- (b) deposits and similar payments.

Although the Corporation may reimburse Non Arm's Length Parties for the Corporation's reasonable allocation of rent, secretarial services and other general administrative expenses, at fair market value ("**Permitted Reimbursement**"), there have been no such reimbursements since incorporation. No reimbursement may be made for any payment made to lease or buy a vehicle.

The directors and officers of the Corporation may also be granted stock options.

Following Completion of the Qualifying Transaction, it is anticipated that the Corporation shall pay compensation to its directors and officers. However, no payment other than the Permitted Reimbursements will be made by the Corporation or by any party on behalf of the Corporation, after Completion of the Qualifying Transaction, if the payment relates to services rendered or obligations incurred or in connection with the Qualifying Transaction.

DILUTION

Purchasers of common shares under this prospectus will suffer an immediate dilution of \$0.036 or 36% on the basis of there being 16,000,000 common shares of the Corporation issued and outstanding following completion of this Offering. Dilution has been computed on the basis of total gross proceeds to be raised by this prospectus and from sales of securities prior to the filing of this prospectus, without deduction of commissions or related expenses incurred by the Corporation, and is set forth below:

Item	Total Offering
Gross proceeds of prior share issues	\$ 900,000
Gross proceeds of this Offering	\$ 200,000
Total gross proceeds after this Offering	\$ 1,100,000
Estimated issuance costs of this Offering	\$ (70,000)
Total net proceeds	\$ 1,030,000
Offering price per share	\$ 0.100
Proceeds per share after this Offering	\$ 0.064
Dilution per share to subscriber	\$ 0.036
Percentage of dilution in relation to offering price	36%

RISK FACTORS

Investment in the common shares must be regarded as highly speculative due to the proposed nature of the Corporation's business and its present stage of development. The following are risk factors associated with the Corporation:

- (a) the Corporation was only recently incorporated, has not commenced commercial operations and has no assets other than cash. It has no history of earnings, and shall not generate earnings or pay dividends until at least after Completion of the Qualifying Transaction;
- (b) investment in the common shares offered by this prospectus is highly speculative given the proposed nature of the Corporation's business and its present stage of development;
- (c) the directors and officers of the Corporation will devote only a portion of their time to the business and affairs of the Corporation and some of them are or will be engaged in other projects or businesses such that conflicts of interest may arise from time to time. See "*Conflicts of Interests*";
- (d) assuming completion of the Offering, an investor will suffer an immediate dilution to its investment of 36% or \$0.036 per Common Share calculated as set forth under "*Dilution*" above;
- (e) the Corporation is relying solely on its past business success of its directors and officers to identify a Qualifying Transaction of merit. The success of the Corporation is dependent upon the efforts and abilities of its management team. The loss of any member of the management team could have a material adverse effect upon the business and prospects of the Corporation. In such event, the Corporation will seek satisfactory replacements but there can be no guarantee that appropriate personnel may be found;
- (f) there can be no assurance that an active and liquid market for the Corporation's common shares will develop and an investor may find it difficult to resell its common shares;
- (g) until Completion of a Qualifying Transaction, the Corporation is not permitted to carry on any business other than the identification and evaluation of potential Qualifying Transactions;
- (h) the Corporation has only limited funds with which to identify and evaluate potential Qualifying Transactions and there can be no assurance that the Corporation will be able to identify a suitable Qualifying Transaction;
- (i) even if a proposed Qualifying Transaction is identified, there can be no assurance that the Corporation will be able to successfully complete the transaction;
- (j) Completion of a Qualifying Transaction is subject to a number of conditions including acceptance by the Exchange and, in the case of a Non Arm's Length Qualifying Transaction, Majority of the Minority Approval;
- (k) unless the shareholder has the right to dissent and be paid fair value in accordance with applicable corporate or other law, a shareholder who votes against a proposed Non Arm's Length Qualifying Transaction for which Majority of the Minority Approval by shareholders has been given, will have no rights of dissent and no entitlement to payment by the Corporation of fair value for the common shares;
- (l) upon public announcement of a proposed Qualifying Transaction, trading in the common shares of the Corporation will be halted and will remain halted for an indefinite period of time, typically until a Sponsor has been retained and certain preliminary reviews have been conducted. The common shares of the Corporation will be reinstated to trading before the Exchange has reviewed the transaction and before the Sponsor has completed its full review. Reinstatement to trading provides no assurance with

respect to the merits of the transaction or the likelihood of the Corporation completing the proposed Qualifying Transaction;

- (m) trading in the common shares of the Corporation may be halted at other times for other reasons, including for failure by the Corporation to submit documents to the Exchange in the time periods required;
- (n) the Exchange will generally suspend trading in the Corporation's common shares or delist the Corporation in the event that the Exchange has not issued a Final Exchange Bulletin within 24 months from the date of listing;
- (o) neither the Exchange nor any securities regulatory authority passes upon the merits of the proposed Qualifying Transaction;
- (p) in the event that management of the Corporation resides outside of Canada or the Corporation identifies a foreign business as a proposed Qualifying Transaction, investors may find it difficult or impossible to effect service of notice to commence legal proceedings upon any management resident outside of Canada or upon the foreign business and may find it difficult or impossible to enforce against such persons, judgments obtained in Canadian courts;
- (q) the Qualifying Transaction may be financed in all or part by the issuance of additional securities by the Corporation and this may result in further dilution to the investor, which dilution may be significant and which may also result in a change of control of the Corporation; and
- (r) subject to prior acceptance by the Exchange, the Corporation may be permitted to loan or advance up to an aggregate of \$225,000 of its proceeds to a target business without requiring shareholder approval and there can be no assurance that the Corporation will be able to recover that loan.

As a result of these factors, this Offering is suitable only for investors who are willing to rely solely on management of the Corporation and who can afford to lose their entire investment. Those investors who are not prepared to do so should not invest in the common shares.

LEGAL PROCEEDINGS

The Corporation is not currently a party to any legal proceedings, nor is the Corporation currently contemplating any legal proceedings, which are material to its business. Management of the Corporation is currently not aware of any legal proceedings contemplated against the Corporation.

RELATIONSHIP BETWEEN THE CORPORATION AND THE AGENT

The Corporation is not a related or connected issuer (as such terms are defined in National Instrument 33-105, "*Underwriting Conflicts*") to the Agent.

RELATIONSHIP BETWEEN THE CORPORATION AND PROFESSIONAL PERSONS

Certain legal matters relating to this Offering will be passed upon by DuMoulin Black LLP, Vancouver, British Columbia, on behalf of the Corporation, and by McCullough O'Connor Irwin LLP, Vancouver, British Columbia on behalf of the Agent. As of the date hereof, neither DuMoulin Black LLP nor McCullough O'Connor Irwin LLP has any beneficial interest in the securities of the Corporation. However, partners, associates or employees of such firms may subscribe for common shares pursuant to this Offering.

Neither DuMoulin Black LLP nor McCullough O'Connor Irwin LLP, any of the partners thereof, nor any of the solicitors therein that are primarily responsible for the preparation of or for advice to the Corporation in connection with this prospectus, is, or is expected to be, elected, appointed, or employed as a director, senior

officer, or employee of the Corporation, a Promoter of the Corporation, or an associate or affiliate of such Promoter or of the Corporation.

AUDITOR, TRANSFER AGENT AND REGISTRAR

The auditor of the Corporation is Smythe Ratcliffe LLP, Chartered Accountants, Vancouver, British Columbia.

Computershare Investor Services Inc. at its office located in Vancouver, British Columbia, is the transfer agent and registrar for the Corporation's common shares.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

The directors and officers have all acquired common shares. See "*Principal Shareholders*".

MATERIAL CONTRACTS

The Corporation has not entered into any contracts material to investors in the common shares hereunder within the two years prior to the date hereof, other than the following:

1. Transfer Agency and Registrarship Agreement dated as of May 18, 2007 between the Corporation and the Trustee.
2. Agency Agreement dated as of May 29, 2007 between the Corporation and the Agent. See "*Plan of Distribution*".
3. Escrow Agreement dated as of May 18, 2007 among the Corporation, the Trustee and those shareholders that executed such agreement. See "*Escrowed Securities*".

Copies of these agreements will be available for inspection at the offices of DuMoulin Black LLP, solicitors of the Corporation, located at 10th floor, 595 Howe Street, Vancouver, British Columbia, V6C 2T5 during ordinary business hours while the securities offered by this prospectus are in the course of distribution and for a period of 30 days thereafter.

OTHER MATERIAL FACTS

To management's knowledge, there are no other material facts about the common shares being distributed that are not otherwise disclosed in this prospectus, or are necessary in order for the prospectus to contain full, true and plain disclosure of all material facts relating to the common shares being distributed

DIVIDEND POLICY

To date, the Corporation has not paid any dividends on its outstanding common shares. The future payment of dividends will be dependent upon the financial requirements of the Corporation to fund further growth, financial condition of the Corporation and other factors which the board of directors of the Corporation may consider in the circumstances. It is not contemplated that any dividends will be paid in the immediate or foreseeable future.

PROMOTERS

Paul Joyce and Bryce Roxburgh are considered to be the Promoters of the Corporation in that he took the initiative in founding and organizing the Corporation. See also "*Prior Sales*" and "*Principal Shareholders*".

PURCHASERS' STATUTORY RIGHTS

Securities legislation of the Provinces of British Columbia, Alberta and Ontario provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business

days after receipt or deemed receipt of a prospectus and any amendment. The securities legislation further provides a purchaser with remedies for rescission or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

CARLYLE MINING CORP.**Financial Statements
February 28, 2007**

<u>Index</u>	<u>Page</u>
Auditors' Report to the Directors	1
Financial Statements	
Balance Sheets	2
Statements of Operations and Deficit	3
Statements of Cash Flows	4
Notes to Financial Statements	5-7

AUDITORS' REPORT

To the Directors of
Carlyle Mining Corp.

We have audited the balance sheet of Carlyle Mining Corp. as at February 28, 2007 and the statements of operations and deficit and cash flows for the initial 36-day period then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at February 28, 2007 and the results of its operations and its cash flows for the initial 36-day period then ended in accordance with Canadian generally accepted accounting principles.

"Smythe Ratcliffe LLP" (signed)

Chartered Accountants
Vancouver, British Columbia

April 12, 2007, except as to Note 6,
which is as of May 29, 2007

CARLYLE MINING CORP.
BALANCE SHEET
AS AT FEBRUARY 28, 2007

ASSETS

Current

Cash

\$ 900,242

LIABILITIES AND SHAREHOLDERS' EQUITY

Current

Accrued liabilities

\$ 5,000

Shareholders' equity

Capital stock (Note 3)

900,000

Deficit

(4,758)

895,242

\$ 900,242

Nature and continuance of operations (Note 1)

On behalf of the Board:

"Yale Simpson"

Yale Simpson

Director

"Bryce Roxburgh"

Bryce Roxburgh

Director

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

CARLYLE MINING CORP.
STATEMENT OF OPERATIONS AND DEFICIT
FOR THE INITIAL 36-DAY PERIOD ENDED FEBRUARY 28, 2007

INCOME

Interest	\$ <u>607</u>
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EXPENSES

Professional fees	5,000
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Bank charges	<u>365</u>
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	<u>5,365</u>
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Net loss for the period and deficit, end of period	\$ (4,758)
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Loss per share

Loss per share has not been presented since escrow shares are excluded from the earnings per share calculation and other shares were issued effective on February 28, 2007.

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

CARLYLE MINING CORP.
STATEMENT OF CASH FLOWS
FOR THE INITIAL 36-DAY PERIOD ENDED FEBRUARY 28, 2007

CASH FLOW FROM OPERATING ACTIVITIES

Loss for the period	\$ (4,758)
Changes in non-cash working capital item:	
Accrued liabilities	<u>5,000</u>
Net cash provided by operating activities	<u>242</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from the issuance of shares	<u>900,000</u>
Net cash provided by financing activities	<u>900,000</u>

Change in cash for the period and cash, end of period	\$ 900,242
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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
FOR THE INITIAL 36-DAY PERIOD ENDED FEBRUARY 28, 2007

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. SIGNIFICANT ACCOUNTING POLICIES

Use of estimates

The preparation of financial statements in accordance 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 date of the financial statements and the reported amounts of revenues and expenses during the period. Significant areas requiring the use of management estimates include accrued liabilities. Actual results could differ from these estimates.

Deferred financing costs

Costs directly identifiable with the raising of capital will be charged against the related capital stock. Costs related to shares not yet issued are recorded as deferred financing costs. These costs will be deferred until the issuance of the shares to which the costs relate, at which time the costs will be charged against the related capital stock or charged to operations if the shares are not issued. Deferred financing costs consist of legal fees and agent fees.

Future income taxes

Future income taxes are recorded using the asset and liability method whereby future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Future tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that enactment or substantive enactment occurs. To the extent that the Company does not consider it more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.

Earnings per share

Basic earnings per share are calculated using the weighted average number of common shares outstanding during the period. Shares held in escrow, other than those where their release is subject to the passage of time, are not included in the calculation of weighted average number of common shares outstanding.

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 recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. However, diluted loss per share is not presented where the effect of various conversions and exercise of options and warrants would be anti-dilutive.

CARLYLE MINING CORP.
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE INITIAL 36-DAY PERIOD ENDED FEBRUARY 28, 2007

2. **SIGNIFICANT ACCOUNTING POLICIES** (Cont'd...)

Stock-based compensation

The Company uses the fair value method whereby the Company recognizes compensation costs for the granting of all stock options and direct awards of stock. Compensation costs are typically recognized over the vesting period. Any consideration paid by the option holder to purchase shares is credited to capital stock.

3. **CAPITAL STOCK**

Authorized
 Unlimited common shares, without par value

Issued

	Number of Shares	Amount
Issued		
For cash	14,000,000	\$ 900,000
Balance, February 28, 2007	14,000,000	\$ 900,000

Share Issuances

During the period, the Company issued 10,000,000 common shares at \$0.05 each for gross proceeds of \$500,000. All of these common shares 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. During the period, the Company additionally issued 4,000,000 common shares at \$0.10 each for gross proceeds of \$400,000.

4. **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.

CARLYLE MINING CORP.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INITIAL 36-DAY PERIOD ENDED FEBRUARY 28, 2007

5. SEGMENTED INFORMATION

The Company currently operates in one business segment in Canada.

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 will adopt 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 adoption of the plan, 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.

CONSENT OF AUDITORS OF THE COMPANY

To: The Directors of Carlyle Mining Corp.

We have read the Prospectus of Carlyle Mining Corp. (the "Company") dated May 29, 2007 relating to the Offering of 2,000,000 common shares of the Company at a price of \$0.10 per common share for gross proceeds of \$200,000. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the use in the above-mentioned Prospectus of our auditors' report to the directors of the Company on the balance sheet of the Company as at February 28, 2007 and the statements of operations and deficit and cash flows for the initial 36-day period then ended. Our report is dated April 12, 2007, except as to note 6 which is as of May 29, 2007.

Vancouver, British Columbia

"Smythe Ratcliffe LLP" (signed)

May 29, 2007

Chartered Accountants

CERTIFICATE OF THE CORPORATION**DATE:** May 29, 2007

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part 9 of the *Securities Act* (British Columbia), Part 9 of the *Securities Act* (Alberta) and Part XV of the *Securities Act* (Ontario), and the regulations thereunder.

"Paul Joyce"

Paul Joyce
 President and Chief Executive Officer
"Cecil Bond"

Cecil Bond
 Chief Financial Officer
ON BEHALF OF THE BOARD*"Bryce Roxburgh"*

Bryce Roxburgh
 Director
"Yale Simpson"

Yale Simpson
 Director
CERTIFICATE OF THE PROMOTERS

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part 9 of the *Securities Act* (British Columbia), Part 9 of the *Securities Act* (Alberta) and Part XV of the *Securities Act* (Ontario), and the regulations thereunder.

"Bryce Roxburgh"

Bryce Roxburgh
"Paul Joyce"

Paul Joyce

CERTIFICATE OF THE AGENT

DATE: May 29, 2007

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part 9 of the *Securities Act* (British Columbia), Part 9 of the *Securities Act* (Alberta) and Part XV of the *Securities Act* (Ontario), and the regulations thereunder.

HAYWOOD SECURITIES INC.

Per: "Frank Stronach"

Frank Stronach

Vice President, Corporate Finance

ACKNOWLEDGEMENT – PERSONAL INFORMATION

The undersigned hereby acknowledges and agrees that it has obtained the express written consent of each individual to:

- (a) the disclosure of Personal Information by the undersigned to the Exchange (as defined in Appendix 6B) pursuant to this Prospectus; and
- (b) the collection, use and disclosure of Personal Information by the Exchange for the purposes described in Appendix 6B or as otherwise identified by the Exchange, from time to time.

DATED: May 29, 2007

CARLYLE MINING CORP.

Per: *"Paul Joyce"*
Paul Joyce
President and Chief Executive Officer