This Management's Discussion and Analysis ("MD&A") prepared as at June 24, 2020, reviews the financial condition and results of operations of Carlyle Commodities Corp. ("Carlyle" or the "Company") (formerly Delrey Metals Corp.) for the year ended February 29, 2020 and all other material events up to the date of this report. The following discussion should be read in conjunction with the Company's February 29, 2020 annual audited consolidated financial statements and related notes. The information in this MD&A is current as of June 24, 2020.

The financial data included in the discussion provided in this report has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretation Committee ("IFRIC"). All dollar amounts are in Canadian dollars, unless otherwise noted.

The Company's certifying officers are responsible for ensuring that the unaudited condensed interim financial statements and MD&A do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made. The Company's officers certify that the unaudited condensed interim financial statements and MD&A fairly present, in all material respects, the financial condition, results of operations and cash flows, of the Company as the date hereof.

DESCRIPTION AND OVERVIEW OF BUSINESS

Carlyle Commodities Corp. (formerly Delrey Metals Corp.) the "Company") was incorporated on October 18, 2017 under the Business Corporations Act of British Columbia. The Company's head office address is 3707 – 1111 Alberni Street, Vancouver, BC. The registered office address is located at 800 – 885 West Georgia Street, Vancouver, BC. The Company's common shares began trading on the Canadian Securities Exchange (the "CSE") on October 24, 2018, under the symbol "DLRY". On February 18, 2020, the Company changed its name to Carlyle Commodities Corp and continued trading under the symbol "CCC". The Company's condensed consolidated interim financial statements include the financial statements of the following subsidiaries:

Company	Place of Incorporation	Effective Interest
BC Vanadium Corp. ("BCVC")	British Columbia	100%
WEM Western Energy Metals Ltd. ("WEM")	British Columbia	100%

The principal business of the Company is the exploration and evaluation of mineral property interests. The success of the Company will be dependent on obtaining the necessary financing to evaluate and pursue these opportunities.

On February 18, 2020, the Company consolidated its issued and outstanding capital on the basis of one (1) post-consolidation share for each seven (7) pre-consolidation shares. All per share amounts in the financial statements and this MD&A have been retroactively restated.

The Company's consolidated financial statements have been prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company's ability to continue in the normal course of operations is dependent on its ability to raise equity financing or through the sale of its investments at amounts favorable to the Company. This indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

COVID-19

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations this time.

PERFORMANCE SUMMARY AND SUBSEQUENT EVENTS

During and subsequent to the year ended February 29, 2020, the Company:

- granted 1,600,000 stock options to various directors, officers, and consultants of the Company with an exercise price of $0.15 and life of 5 years. All options vested on grant;

- issued 932,291 common shares to Directors of the Company to settle accounts payable and accrued liabilities valued at $111,875;

- closed three tranches of a non-brokered private placement by issuing an aggregate of 15,827,000 units (each, a "Unit") at a price of $0.075 per Unit for gross proceeds of $1,187,025 as follows:

  (i) 2,666,667 Units on March 27, 2020;
  (ii) 8,628,333 Units on April 29, 2020; and
  (iii) 4,532,000 Units on Mary 15, 2020

- Each Unit consists of one common share and one common share purchase warrant entitling the holder to purchase one additional common share of the Company at a price of $0.20 per common share for a period of five years from the date of issuances. In connection with the offering, the Company paid an aggregate of $65,304 in cash commissions. All common shares issued in connection with the offering will be subject to voluntary escrow, pursuant to which 35% of the common shares will be released four months and one day from the issuance Date, 35% of the common shares will be released seven months and one day from the issuance date, and the remaining 30% of the common shares will be released ten months and one day from the issuance date;

- terminated the Four Corners option agreement due to unfavourable market conditions. Accordingly, as at February 29, 2020 all acquisition and exploration costs related to the property have been written-off and $397,228 was recognized to the statement of loss and comprehensive loss;

- entered into an amending agreement on the Sunset Mining Property option. Pursuant to the terms of the amending agreement, the Company has extended the second and third scheduled payments of exploration expenditures from June 30, 2019 and June 30, 2020 respectively to December 31, 2020 (as to $200,000) and December 31, 2021 (as to $700,000;

- consolidated its issued and outstanding capital on the basis of one (1) post-consolidation share for each seven (7) pre-consolidation shares;

- granted an aggregate of 71,427 stock options to various consultants with a life of 5 years and exercise price of $0.25;

- entered into a mineral property option agreement to acquire an undivided 80% right, title, and interest in the Four Corners Project, located in west-central Newfoundland, as discussed below. The Company has made initial payments on the option by paying $50,000 and issuing 171,427 common shares; and

- granted 85,714 stock options to a consultant with a life of 5 years and exercise price of $0.13. These options were subsequent exercised for proceeds of $78,000.

EXPLORATION AND EVALUATION ASSETS

A continuity of the Company's exploration and evaluation assets for the year ended February 29, 2020 is as follows:

	Sunset	Star / Porcher	Blackie / Peneece	Four Corners	Total
Acquisition costs:					
Balance, February 28, 2018	$ 15,000	$ -	$ -	$ -	$ 15,000
Additions	50,000	730,000	500,000	-	1,280,000
Balance, February 28, 2019	-	-	-	290,000	290,000
Additions	-	-	-	(290,000)	(290,000)
Balance, February 29, 2020	65,000	730,000	500,000	-	1,295,000
Exploration costs:					
Balance, February 28, 2018	3,000	-	-	-	3,000
Field Personnel	59,000	-	-	-	59,000
Sampling	21,182	-	-	-	21,182
Supplies and other	2,615	-	-	-	2,615
Travel and meals	17,698	-	-	-	17,698
Balance, February 28, 2019	103,495	-	-	-	103,495
Field Personnel	-	23,675	9,825	29,605	63,105
Sampling	-	68,488	74,368	2,325	145,181
Geological consulting	-	-	-	29,850	29,850
Supplies and other	-	3,661	300	36,573	40,534
Travel and meals	-	14,919	12,175	8,875	35,969
	-	-	-	(107,228)	(107,228)
Balance, February 29, 2020	103,495	110,743	96,668	-	310,906
Balance, February 28, 2019	$ 168,495	$ 730,000	$ 500,000	$ -	$ 1,398,495
Balance, February 29, 2020	$ 168,495	$ 840,743	$ 596,668	$ -	$ 1,605,906

Sunset Mining Property, British Columbia

On November 7, 2017, the Company entered into an agreement, whereby it will have the right to earn a 100% interest in the Sunset Property consisting of four mineral claims.

The Company will earn a 100% interest in the Property subject to a 2% Net Smelter Royalty, by completing $1,000,000 in exploration, making cash payments of $15,000 (paid) and issuing 95,238 common shares (issued during the year ended February 28, 2019) of the Company to the optionor. If there is a shortfall in exploration in any one year, the agreement can be maintained in good standings by making a payment in the equivalent cash, of the shortfall to the Optionor. On June 25, 2018, the $100,000 in exploration expenditure to incur by June 30, 2018 was extended to September 30, 2018.

Subsequent to the year ended February 29, 2020, the Company entered into an amending agreement. Pursuant to the terms of the amending agreement, the Company has extended the second and third scheduled payments of exploration expenditures from June 30, 2019 and June 30, 2020 respectively to December 31, 2020 (as to $200,000) and December 31, 2021 (as to $700,000).

BCVC Projects, British Columbia

On December 6, 2018, pursuant to the terms of an agreement the Company acquired 100% of issued and outstanding common shares of BCVC in exchange for 785,714 common shares and agreed to pay $10,000 in BCVC's existing payables. The acquisition of BCVC was accounted for as an asset acquisition. BCVC owns a 100% interest in the Star and the Porcher vanadium properties, located in northwestern British Columbia. The Company determined that of the 785,714 common shares issued, 500,000 common shares with a fair value of $1,260,000 were compensatory in nature and recognized these as share-based payments for the year ended February 28, 2019. The remaining 285,714 common shares issued were considered as the purchase price consideration of BCVC.

WEM Projects, British Columbia

On December 12, 2018, pursuant to the terms of an agreement the Company acquired 100% of issued and outstanding common shares of WEM in exchange for 607,143 common shares and agreed to pay $10,000 in WEM's existing payables. The acquisition of WEM was accounted for as an asset acquisition. WEM owns a 100% interest in the Blackie and the Peneece vanadium properties, located in northwestern British Columbia. The Company determined that of the 607,143 common shares issued, 321,429 common shares with a fair value of $551,250 were compensatory in nature and recognized these as share-based payments for the year ended February 28, 2019. The remaining 285,714 common shares issued were considered as the purchase price consideration of WEM.

Four Corners Project, Newfoundland

During the year ended February 29, 2020, the Company entered into a mineral property option agreement to acquire an undivided 80% right, title, and interest in the Four Corners Project, located in west-central Newfoundland. The option will be deemed to be exercised by the Company upon the Company:

a) paying the following amounts to the optionor:

- $25,000 upon entry into the term sheet *(paid)*;
- $25,000 upon executing the option agreement *(paid)*;
- $50,000 on or before the first anniversary date;
- $50,000 on or before the second anniversary date;
- $50,000 on or before the third anniversary date; and
- $250,000 on or before the earlier of the fourth anniversary date or the 30th day after completion of an approved exploration program.

b) issuing the following amounts of common shares to the optionor:

- 1,200,000 upon executing the option agreement *(issued)*;
- 2,600,000 on or before the first anniversary date;
- 3,600,000 on or before the second anniversary date;
- 2,600,000 on or before the third anniversary date; and
- 2,000,000 on or before the fourth anniversary date.

c) incurring the following exploration expenditures:

- $1,000,000 on or before the first anniversary date;
- $2,000,000 on or before the second anniversary date;
- $1,000,000 on or before the third anniversary date; and
- $1,000,000 on or before the fourth anniversary date.

Subsequent to the year ended February 29, 2020, due to unfavourable market conditions, the Company terminated the option agreement. Accordingly, as at February 29, 2020 all acquisition and exploration costs related to the property have been written-off and $397,228 was recognized to the statement of loss and comprehensive loss.

SELECTED ANNUAL INFORMATION

		Year ended February 29, 2020		Year ended February 28, 2019		Period from incorporation on October 17, 2019 to February 28, 2018
Total Assets	$	1,713,287	$	2,873,694	$	606,453
Shareholders' equity		1,109,249		2,496,168		597,328
Revenue		-		-		-
Comprehensive Loss		(1,926,695)		(3,099,707)		(319,483)
Basic and diluted loss per share		(0.38)		(1.11)		(0.07)

RESULTS OF OPERATIONS

During the year ended February 29, 2020, the Company incurred a loss of $1,926,695 (2019 - $3,099,707). Significant expenditures include the following:

Consulting fees – increased to $369,350 for the year ended February 29, 2020 (February 28, 2019 - $170,000) and represent corporate consulting fees in support of the Company as it proceeded with acquisition and exploration activities.

Depreciation – increased to $68,816 for the year ended February 29, 2020 (February 28, 2019 - $72,293) primarily due to the adoption of IFRS 16 and the capitalization of right-of-use assets prior to terminating the lease.

Investor relations fees – increased to $520,364 for the year ended February 29, 2020 (February 28, 2019 - $396,207). As the Company has become public, it has undergone significant investor relations and shareholder communications programs to promote and support healthy growth.

Management fees – increased to $219,500 for the year ended February 29, 2020 (February 28, 2019 - $83,500) and represents fees paid to the Company's Chief Executive Officer, Chief Financial Officer, and corporate secretary.

Office Costs – increased to $22,024 for the year ended February 29, 2020 (February 28, 2019 - $17,993) and represent various general and administrative costs required in setting up and maintaining the Company's corporate head office.

Professional fees – increased to $73,369 for the year ended February 29, 2020 (February 28, 2019 - $64,093). The fees are considered comparable year over year.

Share-based payments – decreased to $149,026 for the year ended February 29, 2020 (February 28, 2019 - $2,259,900) and represent a non-recurring, non-cash expense related to the fair value of 157,141 stock options granted to various consultants during the year. The prior year included significant share-based payments related to shares issued at the time of the acquisition of WEM and BCVC.

Transfer agent and filing fees – decreased to $30,521 for the year ended February 29, 2020 (February 28, 2019 - $40,861) as the Company was in the process of filing its prospectus in the comparative year.

Travel and entertainment – increased to $71,741 for the year ended February 29, 2020 (February 28, 2019 - $18,340) and relate to expenditures required for business development and the identification of strategic acquisition targets.

Write-off of exploration asset – increased to $397,228 for the year ended February 29, 2020 (February 28, 2019 - $nil) and represented the write-off of exploration and acquisition expenditures on the Four Corners Property as the Company has decided not to continue with the option.

SUMMARY OF QUARTERLY RESULTS

The following table summarizes information derived from the Company's financial statements for all completed from incorporation:

	February 28, 2020	November 30, 2019	August 31, 2019	May 31, 2019
Total Assets	$ 1,713,287	$ 2,159,199	$ 2,275,547	$ 2,460,292
Shareholders' equity	1,109,249	1,646,639	1,827,283	2,107,789
Revenue	-	-	-	-
Comprehensive Loss	(610,140)	(180,644)	(427,270)	(708,641)
Basic and diluted loss per share	(0.12)	(0.07)	(0.07)	(0.14)
	February 28, 2019	**November 30, 2018**	**August 31, 2018**	**May 31, 2018**
Total Assets	$ 2,873,694	$ 1,849,823	$ 798,928	$ 601,508
Shareholders' equity	2,496,168	1,846,673	780,665	567,670
Revenue	-	-	-	-
Comprehensive Loss	(2,349,967)	(613,067)	(57,015)	(79,658)
Basic and diluted loss per share	(0.49)	(0.21)	(0.00)	(0.07)

For the three-months ended February 29, 2020, the Company incurred a loss of $610,140 compared to $180,644 for the three-months ended November 30, 2019, $427,270 for the three-months ended August 31, 2019, and $708,641 for the three months ended Mary 31, 2019. During the fourth quarter of the year ended February 29, 2020, management of the Company focused on the consolidation of its share capital and obtaining equity financing to settle its liabilities while revaluating its strategic direction. During the process, the Company decided to discontinue with the Four Corners option, resulting in the write-off of $397,228 in costs associated with the property.

LIQUIDITY AND CAPITAL RESOURCES

The Company has not generated any cash flow from operations. Carlyle's financial success relies on management's ability find economically recoverable reserves in its exploration and evaluation asset.

In order to finance the acquisition of assets or a business and corporate overhead, the Company will be dependent on investor sentiment remaining positive towards the junior companies, and towards Carlyle Commodities Corp., in particular, so that funds can be raised through the sale of the Company's securities. Many factors have an influence on investor sentiment, including a positive climate from investors to support junior exploration companies, a company's track record and the experience and calibre of a company's management. There is no certainty that equity funding will be available at the times and in the amounts required to fund the Company's activities. Note 1 of the Company's 2020 audited financial statements further discusses the going concern issue. The financial statements do not include any adjustments that might result from these uncertainties.

The Company plans on financing its continued activities through equity financings. It is anticipated as general sentiment towards junior exploration companies remains positive, the Company can raise the necessary capital to secure and finance the acquisition of assets or a business. Debt financing has not been used to fund asset and business acquisitions; the Company has no current plans to use such financing. There are no other sources of financing that have been arranged by the Company. The Company's working capital for the year ended February 29, 2020 was a deficit of $503,233 compared to a working capital of $1,089,077 as at February 28, 2019. Subsequent to the year ended February 29, 2020, the Company improved its working capital position by raising $1,187,025 less commissions of $65,304 from equity financings and settling $111,875 in accounts payable and accrued liabilities through share issuance.

Cash and Financial Conditions

The Company had a cash balance of $55,973 as at February 29, 2020 compared to a cash balance of $1,231,092 as at February 28, 2019.

Operating activities: The Company used $1,155,633 in operations for the year ended February 29, 2020 (2019 - $704,651).

Investing activities: The Company used $93,236 in investing activities for the year ended February 29, 2020 (2019 - $130,322) related to exploration and evaluation activities on the Company's vanadium projects.

Financing activities: The Company generated $73,500 in financing activities for the year ended February 29, 2020 (2019 - $1,503,647) relating to proceeds of $78,000 from stock options exercised and $78,500 from private placement subscriptions received in advance, less lease payments of $59,500 and loans issued of $17,500 in the current year. In the prior year, the Company generated $1,770,000 in proceeds from the issuance of common shares less share issuance costs of $244,565 and received $18,787 on the exercise of stock options.

SECURITIES OUTSTANDING

As at the date of this MD&A the Company has 21,834,516 common shares, 15,827,000 share purchase warrants, and 2,092,000 stock options outstanding.

OUTLOOK

It is anticipated that in the continued and foreseeable future, Carlyle will rely on the equity markets to meet its financing needs. Should cash flow build through its business operations, the Company will be in a position to finance other initiatives from cash flow.

Without continued external funding to pursue and finance any business opportunities, there is substantial doubt as to the Company's ability to operate as a going concern. Although Carlyle has been successful in raising funds to date, there can be no assurance that additional funding will be available in the future.

Management and the Board of Directors continuously review and examine business proposals for the Company and conduct their due diligence in respect of the same.

OFF-BALANCE SHEET ARRANGEMENTS

At the date of this report, the Company had no off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

Related parties and related party transactions impacting the accompanying financial statements are summarized below and include transactions with the following individuals or entities:

Key management personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors, the Chief Executive Officer, and Chief Financial Officer. Key management personnel payments for the year ended February 29, 2020 included:

	Management fees	Consulting fees	Share-based payments	Total
Chief Executive Officer	$ 147,500	$ -	$ -	$ 147,500
Chief Financial Officer	36,000	-	-	36,000
Non-executive directors	-	105,000	-	105,000
	$ 183,500	$ 105,000	$ -	$ 288,500

Key management personnel payments for the year ended February 28, 2019 included:

	Management fees	Accounting fees	Consulting fees	Share-based payments	Total
Chief Executive Officer	$ 62,500	$ -	$ 49,049	$ 37,575	$ 149,124
Chief Executive Officer	9,000	-	-	-	9,000
Former Chief Financial Officer	-	18,938	-	4,697	23,635
Non-executive directors	-	-	25,000	75,150	100,150
	$ 71,500	$ 18,938	$ 74,049	$ 117,422	$ 281,909

As at February 29, 2020, $184,846 (February 28, 2019 - $669) was included in trade payables and accrued liabilities for fees owed to related parties and $nil (February 28, 2019 - $20,000) was included in prepaid expenses for amounts prepaid to related parties for travel advances and management fees.

During the year ended February 29, 2020, the Company issued a loan of $17,500 to a Company with an officer in common. The loan is non-interest bearing and repayable on demand.

The terms of the Sunset Property agreement included a property option payment of $9,000 to an optionor of the property, who is also a director of the Company. Under the terms of the acquisition agreements, the Company issued 300,000 common shares of the Company to a director of the Company on April 1, 2018.

PROPOSED TRANSACTIONS

There are currently no proposed asset or business acquisitions or dispositions, other than those in the ordinary course of business before the board of directors for consideration.

CRITICAL ACCOUNTING ESTIMATES

Carlyle Commodities Corp. prepares its financial statements in accordance with International Financial Reporting Standard ("IFRS") and requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period.

Estimates and assumption where there is significant risk of material adjustments to assets and liabilities in future accounting period include the recoverability of the carry value of the exploration and evaluation assets, the measurements for financial instrument, the measurement of share-based payments and the recoverability of deferred tax assets.

RECENT ACCOUNTING PRONOUNCEMENTS

The accounting policies adopted in the preparation of the condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended February 28, 2019 except for the adoption of IFRS 16 as discussed below.

IFRS 16, Leases

The Company adopted IFRS 16 - Leases ("IFRS 16") on March 1, 2019. The objective of the new standard is to eliminate the classification of leases as either operating or financing leases for a lessee and report all leases on the statement of financial position. The only exemption to this will be for leases that are one year or less in duration or for leases of assets with low values. Under IFRS 16 a lessee is required to recognize a right-of-use asset, representing its right to use the underlying asset, and a lease liability, representing its obligations to make lease payments. IFRS 16 also changes the nature of expenses relating to leases, as lease expenses previously recognized for operating leases are replaced with depreciation expense on capitalized right-of-use assets and finance or interest expense for the corresponding lease liabilities associated with the capitalized right-of-use leased assets.

The Company adopted IFRS 16 using the modified retrospective approach and did not restate comparative amounts for the year prior to first adoption. For all leases, the lease liability was measured at March 1, 2019 as the present value of any future minimum lease payments discounted using the appropriate incremental borrowing rate. The associated right of use assets was measured at the amount equal to the lease liability on March 1, 2019.

The following leases accounting policies have been applied as of March 1, 2019 on adoption of IFRS 16:

At inception of a contract, we assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. We assess whether the contract involves the use of an identified asset, whether we have the right to obtain substantially all of the economic benefits from use of the asset during the term of the arrangement and if we have the right to direct the use of the asset.

As a lessee, we recognize a right-of-use asset, and a lease liability at the commencement date of a lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received. The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain measurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate. Lease payments included in the measurement of the lease liability are comprised of:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- exercise prices of purchase options if we are reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in our estimate or assessment of the expected amount payable under a residual value guarantee, purchase, extension or termination option. Variable lease payments not included in the initial measurement of the lease liability are charged directly to profit.

As part of the initial application of IFRS 16, we have elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to profit on a straight-line basis over the lease term.

<u>Impact of transition to IFRS 16:</u>

Lease liabilities have been measured by discounting future lease payments at the incremental borrowing rate at March 1, 2019. The incremental borrowing rate applied was 10% per annum and represents the Company's best estimate of the rate of interest that it would expect to pay to borrow, on a collateralized basis, over a similar term, an amount equal to the lease payments in the current economic environment.

As of the initial date of application of IFRS 16, the Company has one office lease outstanding with a remaining noncancelable period of 19 months. The application of IFRS 16 to leases, previously classified as operating leases under IAS 17, resulted in the recognition of right-of-use assets of $149,310 included within property, equipment, and right-of-use assets and lease liabilities with no net impact on deficit.

FINANCIAL INSTRUMENTS AND RELATED RISKS

Financial assets and liabilities are classified in the fair value hierarchy according to the lowest level of input that is significant to the fair value measurement. Assessment of the significance of a particular input to the fair value measurement requires judgement and may affect placement within the fair value hierarchy levels. The hierarchy is as follows:

- Level 1:quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2:inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3:inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The carrying value of receivables, reclamation bond, and accounts payable and accrued liabilities approximates fair value due to the short-term nature of the financial instruments. Cash is valued at a level 1 fair value measurement and is carried at fair value through profit or loss. Receivables, reclamation bond, and accounts payable and accrued liabilities are carried at amortized cost.

Risk management

The Company is exposed to varying degrees to a variety of financial instrument related risks:

Credit risk

Credit risk is the risk of an unexpected loss of a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's cash and reclamation bond are held at a large Canadian financial institution in interest bearing accounts. The Company has no investment in asset backed commercial paper.

The Company's receivables consist of Goods and Services Tax receivable from the government of Canada and the Company considers credit risk associated with these amounts to be low.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company manages liquidity risk through its capital management as outlined below. Trades payable and accrued liabilities are due within one year.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest rate risk

   The Company's exposure to interest rate risk arises from the interest rate impact on cash. The Company's practice has been to invest cash at floating rates of interest, in order to maintain liquidity, while achieving a satisfactory return for shareholders. There is minimal risk that the Company would recognize any loss as a result of a decrease in the fair value of any guaranteed bank investment certificates included in cash as they are generally held with large financial institutions. As at February 29, 2020, the Company is not exposed to significant interest rate risk.

b) Foreign currency risk

   The majority of purchases are transacted in the Canadian dollar. Management believes the foreign exchange risk derived from currency conversions is not significant and therefore does not hedge its foreign exchange risk.

c) Price risk

   The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue acquisition, exploration and evaluation of mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes its components of shareholders' equity.

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

The Company currently is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management.

FINANCIAL INSTRUMENTS

The fair value of the Company's amounts receivable and trades payable and accrued approximate their carrying value, which is the amount recorded on the statement of financial position, due to their short terms to maturity. The Company's cash is measured at fair value, under the fair value hierarchy based on level one quoted prices in active markets for identical assets or liabilities.

FORWARD-LOOKING STATEMENTS

Certain information set forth in this document includes forward-looking statements. By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond Carlyle Commodities Corp.'s control, including but not limited to: general economic and business conditions, information included or implied in the various independently produced and published technical reports; cash flow projections; currency fluctuations; commodity price fluctuations; risks relating to our ability to obtain adequate financing for future activities; risks related to government regulations, including environmental regulations and other general market and industry conditions as well as those factors discussed in each management discussion and analysis, available on SEDAR at www.sedar.com.

Although Carlyle Commodities Corp. has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. Carlyle's actual results, programs and financial position could differ materially from those expressed in or implied by these forward-looking statements and accordingly, no assurance can be given that the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits Carlyle will derive from them. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and as such, undue reliance should not be placed on forward-looking statements.

The Company believes that the expectations reflected in these forward looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and as such forward looking statements contained into this report should not be relied upon. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward looking statements contained in this report. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to assumptions about general business and economic conditions, the availability of financing for the Company, the ability to attract and retain skilled staff and the ability to identify and secure a quality asset or a business with a view of completing a transaction subject to receipt of shareholder approval and acceptance by regulatory authorities.

The Company's forward-looking statements and information are based on the assumptions, beliefs, expectations and opinions of management as of the date of this MD&A. The Company will update forward-looking statements and information if and when, and to the extent required by applicable securities laws. Readers should not place undue reliance on forward-looking statements. The forward-looking statements contained herein are expressly qualified by this cautionary statement.

ADDITIONAL SOURCES OF INFORMATION

Additional information relating to Carlyle Commodities Corp. can be found on the SEDAR website at www.sedar.com.