CARLYLE
COMMODITIES

(formerly Delrey Metals Corp.)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
(Unaudited)

FOR THE THREE AND NINE MONTHS ENDED NOVEMBER 30, 2020 AND 2019

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

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

CARLYLE COMMODITIES CORP. (formerly Delrey Metals Corp.)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars - Unaudited)

As at		**November 30, 2020**		**February 29, 2020**
ASSETS				
Current assets				
Cash	$	90,197	$	55,973
Amounts receivable		4,424		20,082
Loan receivable (Note 9)		48,500		17,500
Prepaid expenses		108,278		7,250
Total current assets		251,399		100,805
Property, equipment, and right-of-use assets (Notes 4)		5,306		6,576
Exploration and evaluation advance (Note 5)		74,747		-
Exploration and evaluation assets (Note 5)		1,417,066		1,605,906
Total Assets	$	1,748,518	$	1,713,287
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Accounts payable	$	467,640	$	540,538
Accrued liabilities		10,000		63,500
Loan payable (Note 7)		300,000		-
Total liabilities		777,640		604,038
Shareholders' Equity				
Share capital (Note 8)		7,485,372		5,491,724
Subscriptions received in advance (Note 8)		-		72,750
Reserves (Note 8)		740,140		590,660
Deficit		(7,254,634)		(5,045,885)
Total Shareholders' Equity		970,878		1,109,249
Total Liabilities and Shareholders' Equity	$	1,748,518	$	1,713,287

Nature of Operations and Going Concern (Note 1)
Subsequent Event (Note 12)

APPROVED ON BEHALF OF THE BOARD ON JANUARY 27, 2021

"Morgan Good" Director *"Leighton Bocking"* Director

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

CARLYLE COMMODITIES CORP. (formerly Delrey Metals Corp.)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars - Unaudited)

	For the three months ended November 30, 2020	For the three months ended November 30, 2019	For the nine months ended November 30, 2020	For the nine months ended November 30, 2019
General and administrative expenses				
Bank and interest charges	$ 387	$ 406	$ 2,810	$ 1,889
Consulting fees (Note 9)	64,660	45,350	248,252	250,650
Depreciation (Note 4)	423	24,062	1,270	72,293
Investor relations fees	17,160	29,556	187,010	504,522
Management fees (Note 9)	60,375	55,500	159,375	164,000
Office costs	12,836	715	24,167	10,615
Professional fees	22,476	19,682	56,251	76,495
Share-based payments (Notes 8 and 9)	-	-	177,299	149,026
Transfer agent and filing fees	3,922	2,048	23,467	15,180
Travel and entertainment	881	1,008	12,508	58,641
	(183,120)	(178,327)	(892,409)	(1,303,311)
Other items				
Foreign exchange loss	-	-	-	(4,667)
Loss on shares issued on settlement of accounts payable (Note 8)	-	-	(27,969)	-
Lease accretion (Note 6)	-	(2,317)	-	(8,577)
Flow through premium income (Note 8)	99,040	-	99,040	-
Write-off of exploration and evaluation assets	(1,387,411)	-	(1,387,411)	-
Loss and comprehensive loss for the period	$ (1,471,491)	$ (180,644)	$ (2,208,749)	$ (1,316,555)
Loss per common share, basic and diluted	$ (0.06)	$ (0.04)	$ (0.11)	$ (0.26)
Weighted average number of common shares outstanding	24,888,175	5,075,229	19,483,868	4,992,320

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

CARLYLE COMMODITIES CORP. (formerly Delrey Metals Corp.)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
(Expressed in Canadian Dollars - Unaudited)

For the nine months ended		**November 30, 2020**		**November 30, 2019**
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss for the period	$	(2,208,749)	$	(1,316,555)
Items not affecting cash				
Depreciation		1,270		72,293
Lease accretion		-		8,577
Loss on shares issued on settlement of accounts payable		27,969		-
Flow through premium income (Note 8)		(99,040)		-
Write-off of exploration and evaluation assets		1,387,411		-
Share-based payments		177,299		149,026
Changes in non-cash working capital items:				
Amounts receivable		15,658		(5,614)
Prepaid expenses		(101,028)		142,936
Accounts payables and accrued liabilities		27,052		(197,663)
Net cash used in operating activities		(772,158)		(1,147,000)
CASH FLOWS FROM INVESTING ACTIVITIES				
Expenditures on exploration and evaluation assets		(771,146)		(93,235)
Advances toward exploration and evaluation expenditures		(74,747)		-
Loans issued		(31,000)		(17,500)
Net cash used in investing activities		(876,893)		(110,735)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from private placements		1,485,675		-
Proceeds from stock options exercised		56,250		78,000
Lease payments		-		(51,000)
Share issuance costs		(158,650)		-
Loan received		300,000		-
Net cash provided by financing activities		1,683,275		27,000
Change in cash for the period		34,224		(1,230,735)
Cash, beginning		55,973		1,231,092
Cash, ending	$	90,197	$	357

Supplemental Cash Flow Information (Note 9)

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

CARLYLE COMMODITIES CORP. (formerly Delrey Metals Corp.)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars - Unaudited)

	Shares	**Amount**	**Subscriptions received in advance**	**Reserves**	**Deficit**	**Total**
Balance, February 28, 2019	4,818,082	$ 5,104,960	$ -	$ 510,398	$ (3,119,190)	$ 2,496,168
Shares issued for exploration and evaluation assets	171,429	240,000	-	-	-	240,000
Stock options exercised	85,714	146,764	-	(68,764)	-	78,000
Share-based payments	-	-	-	149,026	-	149,026
Loss and comprehensive loss for the period	-	-	-	-	(1,316,555)	(1,316,555)
Balance, November 30, 2020	5,075,225	5,491,724	-	590,660	(4,435,745)	1,646,639
Subscriptions received in advance	-	-	72,750	-	-	72,750
Loss and comprehensive loss for the period	-	-	-	-	(610,140)	(610,140)
Balance, February 29, 2020	5,075,225	5,491,724	72,750	590,660	(5,045,885)	1,109,249
Shares issued for private placements	17,065,000	1,558,425	(72,750)	-	-	1,485,675
Options exercised	375,000	97,805	-	(41,555)	-	56,250
Shares issued for exploration and evaluation assets	1,600,000	469,000	-	-	-	469,000
Flow-through premium liability recognized	-	(99,040)	-	-	-	(99,040)
Share issuance costs	-	(158,650)	-	-	-	(158,650)
Share issuance costs – finders' warrants	-	(13,736)	-	13,736	-	-
Shares issued to settle accounts payable	932,291	139,844	-	-	-	139,844
Share-based payments	-	-	-	177,299	-	177,299
Loss and comprehensive loss for the period	-	-	-	-	(2,208,749)	(2,208,749)
Balance, November 30, 2020	25,047,516	$ 7,485,372	$ -	$ 740,140	$ (7,254,634)	$ 970,878

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

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

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 4302 – 1151 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 consolidated 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 have been retroactively restated.

These condensed consolidated interim 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 condensed consolidated interim 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.

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.

2. BASIS OF PREPARATION

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). These condensed interim financial statements are prepared using accounting policies consistent with the Company's annual audited consolidated financial statements issued under International Financial Reporting Standards ("IFRS") for the year ended February 29, 2020.

The condensed consolidated interim financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

2. BASIS OF PREPARATION *(cont'd…)*

Use of Estimates and Critical Judgments

The preparation of financial statements in accordance with IFRS requires the Company to use judgment in applying its accounting policies and make estimates and assumptions about reported amounts at the date of the financial statements and in the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

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

The preparation of financial statements in accordance with IFRS required the Company to make judgements, apart from those involving estimates, in applying accounting policies. The following are the most significant judgements that management has made in applying the Company's financial statements: the assessment of the Company's ability to continue as a going concern and the classification of exploration and evaluation assets.

Basis of Consolidation

These condensed consolidated interim financial statements include the financial statements of the Company and its controlled and wholly owned subsidiaries BCVC and WEM. Control is achieved where the Company has power over an entity, has exposure or rights to variable returns from its involvement with the entity and has the ability to use its power over the entity to affect the amount of the investor's returns. Subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases. All inter-company balances and transactions have been eliminated on consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES

The Company's accounting policies are the same as those applied in the Company's audited annual financial statements for the year ended February 29, 2020. These condensed consolidated interim financial statements should be read in conjunction with the Company's most recent audited annual financial statements for the year ended February 29, 2020.

(Expressed in Canadian Dollars)

4. PROPERTY, EQUIPMENT, AND RIGHT-OF-USE ASSETS

A continuity of the Company's property and equipment is as follows:

	Furniture and Fixtures	Computer Equipment	Right-of-Use Assets	Total
Cost				
Balance, February 28, 2019	$ 3,783	$ 6,044	$ -	$ 9,827
Adoption of IFRS 16 (Note 6)	-	-	149,310	149,310
Extinguishment of lease (Note 6)	-	-	(149,310)	(149,310)
Balance, February 29, 2020 and November 30, 2020	$ 3,783	$ 6,044	$ -	$ 9,827
Accumulated Depreciation				
Balance, February 28, 2019	$ 349	$ 882	$ -	$ 1,231
Depreciation expense (Note 6)	637	1,383	66,796	68,816
Extinguishment of lease (Note 6)	-	-	(66,796)	(66,796)
Balance, February 29, 2020	986	2,265	-	3,251
Depreciation expense (Note 6)	420	850	-	1,270
Balance, November 30, 2020	$ 1,406	$ 3,115	$ -	$ 4,521
As at February 29, 2020	$ 2,797	$ 3,779	$ -	$ 6,576
As at November 30, 2020	$ 2,377	$ 2,929	$ -	$ 5,306

5. EXPLORATION AND EVALUATION ASSETS

Sunset Mining Property, British Columbia

On November 7, 2017, the Company entered into an agreement to 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 Sunset 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). 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. On June 25, 2018, the $100,000 in exploration expenditures to incur by June 30, 2018 was extended to September 30, 2018.

During the period ended November 30, 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).

The Company will incur $1,000,000 of exploration as follows:

By June 30, 2018	$ 100,000	*(completed during the year ended February 28, 2019)*
By December 31, 2020	200,000	
By December 31, 2021	700,000	
	$ 1,000,000	

Excess expenditures from one year can be applied to the next period.

5. EXPLORATION AND EVALUATION ASSETS *(cont'd…)*

BCVC acquisition, 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 of 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. Subsequent to the period ended November 30, 2020, the Company has agreed to dispose of the properties in settlement of $25,000 in debt. Accordingly, for the period ended November 30, 2020, the Company has written the value of the properties down to $25,000 and recognized a write-off of $815,743 to profit or loss.

WEM acquisition, 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. Subsequent to the period ended November 30, 2020, the Company has agreed to dispose of the properties in settlement of $25,000 in debt. Accordingly, for the period ended November 30, 2020, the Company has written the value of the properties down to $25,000 and recognized a write-off of $571,668 to profit or loss.

Four Corners Property, British Columbia

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 paying an aggregate of $450,000 ($25,000 – paid), issuing an aggregate of 1,714,285 common shares *(171,427 common shares issued with a fair value of $240,000)*, and incurring an aggregate of $5,000,000 in exploration expenditures by the fourth anniversary date.

During 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 for the year then ended.

Cecilia Gold-Silver Property, State of Sonora

During the period ended November 30, 2020, the Company entered into an option agreement (the "Cecilia Agreement") with Riverside Resources Inc. ("Riverside"), an arm's length TSX Venture Exchange ("TSXV") listed issuer trading under the symbol "RRI", to purchase an undivided 100% interest in and to the 7,739 hectare Cecilia Gold-Silver Project (the "Property") located in the State of Sonora, Mexico.

Under the terms of the Cecilia Agreement, the Company has the option to acquire a 100% interest in the Property by:

a) making aggregate cash payments of $200,000 *($50,000 - paid)*;
b) issuing 1,500,000 common shares of the Company *(issued with a fair value of $450,000)*;
c) issuing 3,000,000 non-transferable special warrants; and
d) incurring an aggregate of $2,500,000 in exploration expenditures within 36 months of closing *($275,465 incurred to November 30, 2020)*.

5. EXPLORATION AND EVALUATION ASSETS *(cont'd…)*

Upon completion of the option Payments, the Company will be deemed to have exercised the option and will have earned an undivided 100% legal and beneficial interest in and to the Property, subject to a 2.5% net smelter return royalty ("NSR Royalty") to be granted to Riverside. During the period ended November 30, 2020, the Company advanced $350,000 to Riverside as operator of the project, of which $275,465 had been expended on exploration and evaluation activities as at November 30, 2020 with $74,747 remaining in exploration and evaluation advance.

Mack option agreement, British Columbia

During the period ended November 30, 2020, the Company entered into an option agreement (the "Mack Agreement") with United Mineral Services Ltd. ("UMS"), an arm's length private company. Under the terms of the Mack Agreement, the Company has the right to earn a 50% working interest in the Mack copper-molybdenum-gold property by funding $400,000 for an initial drill program as follows:

a) $50,000 on or before August 14, 2020 *(paid)*; and
b) $350,000 on the earlier of:
    a. within 5 days of notice from Amarc that it has received the necessary permit required for the agreed upon earn-in program for the Mack Property before September 30, 2020 *(paid)*; and
    b. April 1, 2021, if the permit is in-hand after September 30, 2020 but before April 1, 2021; or such other date as agreed to by the parties

The Company has agreed with UMS that Amarc Resources Ltd. ("Amarc") will operate the exploration program.

During the period ended November 30, 2020, the Company issued 100,000 common shares with a value of $19,000 to stake additional contiguous claims on the Mack property.

Jake option agreement, British Columbia

During the period ended November 30, 2020, the Company entered into an option agreement (the "Jake Agreement") with UMS, an arm's length private company. Under the terms of the Jake Agreement, the Company has the right to earn a 50% working interest in the Jake copper-molybdenum-gold property by funding $400,000 for an initial drill program as follows:

c) $100,000 on or before August 31, 2020; and
d) $300,000 on the earlier of:
    a. May 1, 2021, if Amarc has received the necessary permit required for the earn-in program for the Jake Property; and
    b. Within five days of notice that it has received the permit after May 1, 2021 but before September 30, 2021; or such other date as agreed to by the parties.

Amarc will operate the exploration program. As at November 30, 2020, the Company had not made any payments towards the Jake option agreement.

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS *(cont'd…)*

A continuity of the Company's exploration and evaluation assets is as follows:

	Sunset	Mack	Jake	Cecilia	Star / Porcher	Blackie / Peneece	Four Corners	Total
Acquisition costs:								
Balance, February 28, 2019	$ 65,000	$ -	$ -	$ -	$ 730,000	$ 500,000	$ -	$ 1,295,000
Additions	-	-	-	-	-	-	290,000	290,000
Write-off	-	-	-	-	-	-	(290,000)	(290,000)
Balance, February 29, 2020	65,000	-	-	-	730,000	500,000	-	1,295,000
Additions	-	19,000	-	500,000	-	-	-	519,000
Write-off	-	-	-	-	(705,000)	(475,000)	-	(1,180,000)
Balance, November 30, 2020	65,000	19,000	-	500,000	25,000	25,000	-	634,000
Exploration costs:								
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
Write-off	-	-	-	-	-	-	(107,228)	(107,228)
Balance, February 29, 2020	103,495	-	-	-	110,743	96,668	-	310,906
Field Personnel	-	-	-	131,498	-	-	-	131,498
Sampling	-	-	-	2,847	-	-	-	2,847
Drill program	-	400,000	-	-	-	-	-	400,000
Geological consulting	-	4,106	-	53,484	-	-	-	57,590
Supplies and other	-	-	-	9,274	-	-	-	9,274
Travel and meals	-	-	-	34,917	-	-	-	34,917
Project management	-	-	-	43,445	-	-	-	43,445
Write-off	-	-	-	-	(110,743)	(96,668)	-	(207,411)
Balance, November 30, 2020	103,495	404,106	-	275,465	-	-	-	783,066
Balance, February 29, 2020	$ 168,495	$ -	$ -	$ -	$ 840,743	$ 596,668	$ -	$ 1,605,906
Balance, November 30, 2020	$ 168,495	$ 423,106	$ -	$ 775,465	$ 25,000	$ 25,000	$ -	$ 1,417,066

(Expressed in Canadian Dollars)

6. LEASE LIABILITIES

As at February 28, 2019, the Company held one office lease with a remaining term of 19 months. Pursuant to the adoption of IFRS 16 during the year ended February 29, 2020, using an annual discount rate of 10%, the Company has recognized the impact of off-balance lease obligations as of March 1, 2020 of $149,310.

On November 15, 2019, the Company entered into an agreement with the lessor to terminate the lease term by paying a break-fee of $8,500. On the extinguishment of the lease, the Company reduced lease liabilities by $73,537 and right-of-us assets by $82,514 (Note 4) and recognized a corresponding loss on extinguishment of lease of $8,997 to the statement of loss and comprehensive loss. As at February 29, 2020, the Company has no further commitments or obligations with respect to leases.

The following is a reconciliation of the changes in the lease liabilities:

Lease liabilities		**February 28, 2019**
Balance, February 28, 2019	$	-
Adoption of IFRS 16		149,310
Lease accretion		9,227
Lease payments		(85,000)
Extinguishment of remaining lease liabilities		(73,537)
Balance, February 29, 2020 and November 30, 2020	$	-

7. LOAN PAYABLE

During the period ended November 30, 2020, the Company received a $300,000 short-term loan from an arm's-length party. The loan does not bear interest and is repayable on demand.

8. CAPITAL STOCK

Authorized capital stock

An unlimited number of common shares without par value, issuable in series.

Issued share capital

During the period ended November 30, 2020, the Company:

a) Closed three tranches of a private placement by issuing 15,827,000 units (each, a "Unit") at a price of $0.075 per Unit for gross proceeds of $1,187,025, of which $72,750 had been collected as at February 29, 2020, as follows:

   a. 2,666,667 Units on March 27, 2020;
   b. 8,628,333 Units on April 29, 2020; and
   c. 4,532,000 Units on May 15, 2020.

   Each unit consists of one common share and one warrant entitling the holder to purchase one additional common share at a price of $0.20 per common share for five years from the date of issuances. In connection with the offering, the Company paid an aggregate of $65,304 in finders' fees and incurred an additional $17,716 in other closing costs. 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; and

8. CAPITAL STOCK *(cont'd…)*

Issued share capital *(cont'd…)*

b) Issued 932,291 common shares valued at $139,844 to Directors of the Company to settle accounts payable and accrued liabilities valued at $111,875. The Company recognized a loss on the issuance of $27,969 to the statement of loss and comprehensive loss.

c) Issued 1,500,000 common shares valued at $450,000 as required under the Cecilia Agreement (Note 5);

d) Issued 175,000 common shares at a price of $0.15 per common share for proceeds of $26,250 on the exercise of stock options. Upon exercise, $19,392 relating to the fair value of the options was reclassified from reserves to share capital;

e) Closed a non-brokered private placement by issuing 1,238,000 flow-through units (each, a "FT Unit") at a price of $0.30 per FT Unit for gross proceeds of $371,400, of which $330,400 was receivable as at August 31, 2020. Each FT Unit was comprised of one flow-through share and one common share purchase warrant, each entitling the holder to acquire one non-flow-through common share at a price of $0.75 per common share for a period of two years. The Company paid finders' fees of $22,992 and issued 76,640 finders' warrants, exercisable at $0.30 for a period of two years. The finders' warrants were valued at $13,736 using the Black-Scholes pricing model using a share price of $0.22, expected life of two years, and a volatility of 198.84%. The Company incurred additional costs of $52,637 in connection with the financing. The Company used the residual method to calculate the fair value of the tax deduction attached with the flow-through common share and recorded a flow-through liability of $99,040. During the period ended November 30, 2020 the Company completed all required expenditures and $99,040 was recognized to profit or loss; and

f) Issued 100,000 common shares valued at $19,000 to obtain additional mineral claims on the Mack property (Note 5);

During the year ended February 29, 2020, the Company:

a) Issued 171,427 common shares with a fair value of $240,000 in connection with the Four Corners option agreement (Note 5).

b) Issued 85,712 common shares at a price of $0.91 per common share for proceeds of $78,000 on the exercise of stock options.

Stock options

During the year ended February 28, 2019, the Company adopted a stock option plan. The stock option plan provides that, the aggregate number of securities reserved for issuance will be 10% of the number of common shares of the Company issued and outstanding from time to time. In addition, the number of common shares which may be reserved for issuance on a yearly basis to any one individual upon exercise of all stock options held by such individual may not exceed 5% of the issued shares calculated at the time of grant. All options granted under the stock option plan will expire no later than the date that is five years from the date that such options are granted.

(Expressed in Canadian Dollars)

8. CAPITAL STOCK *(cont'd…)*

Stock options *(cont'd…)*

The following is a summary of stock options outstanding as at November 30, 2020 and February 29, 2020 and changes during the periods ended:

	Number of Stock Options	Weighted Average Exercise Price
Balance, February 28, 2019	420,573	$ 1.68
Granted	157,141	1.29
Exercised	(85,714)	0.91
Balance, February 29, 2020 – outstanding and exercisable	492,000	$ 1.69
Expired	(83,009)	1.40
Granted	1,600,000	0.15
Exercised	(375,000)	0.15
Balance, November 30, 2020 – outstanding and exercisable	1,633,991	$ 0.55

At November 30, 2020 the following stock options were outstanding:

Number outstanding	Number outstanding and exercisable	Exercise Price	Expiry Date
337,564	337,564	$ 1.75	October 29, 2023
57,142	57,142	$ 1.75	March 21, 2024
14,285	14,285	$ 1.75	March 24, 2024
1,225,000	1,225,000	$ 0.15	May 15, 2025(1)
1,633,991	1,633,991		

(1) subsequent to the period ended November 30, 2020, 50,000 of these options were exercised for proceeds of $7,500.

The weighted average fair value of incentive options granted during the period ended November 30, 2020 was $0.11 (year ended February 29, 2020 - $0.95). Total share-based payments recognized in the statement of shareholders' equity for the period ended November 30, 2020 was $177,299 (2019 - $149,026) for incentive options was recognized in the statement of loss and comprehensive loss. The fair value of incentive options at the date of grant was estimated using the Black-Scholes Option Pricing Model using the following weighted average assumptions:

	November 30, 2020	**February 29, 2020**
Weighted average exercise price	$0.15	$1.29
Risk-free interest rate	0.35%	1.49%
Expected life of option	5 years	5 years
Expected annualized volatility	100%	100%
Expected dividend rate	Nil	Nil

(Expressed in Canadian Dollars)

8. CAPITAL STOCK *(cont'd…)*

Warrants

The following is a summary of warrants as at November 30, 2020 and February 29, 2020 and changes during the periods ended:

	Number of Stock Options	Weighted Average Exercise Price
Balance, February 29, 2020	-	$ -
Granted	17,141,640	0.24
Balance, November 30, 2020	17,141,640	$ 0.24

At November 30, 2020 the following warrants were outstanding:

Number outstanding	Number outstanding and exercisable	Exercise Price	Expiry Date
2,666,667	2,666,667	$ 0.20	March 27, 2025
8,628,333	8,628,333	$ 0.20	April 29, 2025
4,532,000	4,532,000	$ 0.20	May 15, 2025
1,238,000	1,238,000	$ 0.75	August 31, 2022
76,640	76,640	$ 0.30	August 31, 2022
17,141,640	17,141,640		

9. RELATED PARTY TRANSACTIONS

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 period ended November 30, 2020 included:

	Management fees	Consulting fees	Share-based payments	Total
Chief Executive Officer	$ 114,375	$ -	$ 27,703	$ 142,078
Chief Financial Officer	27,000	-	-	27,000
Non-executive directors	-	45,000	33,244	78,244
	$ 141,375	$ 45,000	$ 60,947	$ 247,322

(Expressed in Canadian Dollars)

9. RELATED PARTY TRANSACTIONS

Key management personnel payments for the period ended November 30, 2019 included:

	Management fees	Consulting fees	Share-based payments	Total
Chief Executive Officer	$ 110,000	$ -	$ -	$ 110,000
Chief Financial Officer	27,000	-	-	27,000
Non-executive directors	-	67,500	-	67,500
	$ 90,500	$ 67,500	$ -	$ 204,500

As at November 30, 2020, $118,540 (February 29, 2020 - $184,846) was included in trade payables and accrued liabilities for fees owed to related parties. During the period ended November 30, 2020, the Company issued an aggregate of 932,291 common shares with a value of $139,844 to Directors of the Company to settle accounts payable of $111,875 (Note 8). The Company recognized a loss on the settlement of $27,969. As at November 30, 2020, $25,625 (February 29, 2020 - $nil) was included in prepaid expenses advanced to related parties.

During the period ended November 30, 2020, the Company issued a loan of $31,000 (year ended February 29, 2020 - $17,500) to a Company with an officer in common. The loan is non-interest bearing and repayable on demand.

10. SUPPLEMENTAL CASH FLOW INFORMATION

The Company had the following non-cash transactions:

	November 30, 2020	**November 30, 2019**
Prepaid expenses applied to lease payments	$ -	$ 25,500
Impact of IFRS 16 on property, equipment, and right-of-use assets	$ -	$ 149,310
Exploration and evaluation assets included in accounts payable	$ 229,828	$ 251,309
Exploration and evaluation assets included in accounts payable – opening	$ 271,403	$ -
Accounts payable settled by share issuance	$ 111,875	$ -
Value of flow-through premium liability on private placement	$ 99,040	$ -
Fair value of options reclassified on option exercised	$ 41,555	$ -
Fair value of finders' warrants granted for share issuance costs	$ 13,736	$ -
Fair value of common shares issued for exploration and evaluation asset	$ 469,000	$ 240,000

11. FINANCIAL AND CAPITAL RISK MANAGEMENT

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 amounts receivable 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. Amounts receivable and trade payables and accrued liabilities are carried at amortized cost.

11. FINANCIAL AND CAPITAL RISK MANAGEMENT *(cont'd…)*

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 is 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. Accounts 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 November 30, 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.

11. FINANCIAL AND CAPITAL RISK MANAGEMENT *(cont'd…)*

Risk management *(cont'd…)*

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

12. SUBSEQUENT EVENT

Subsequent to the period ended November 30, 2020, the Company closed an amalgamation agreement dated December 16, 2020 (the "Agreement") with Isaac Mining Corp. ("IMC"), an arm's length private British Columbia corporation, and 1269597 B.C. Ltd. ("NewCo"), a wholly-owned subsidiary of Carlyle, pursuant to which Carlyle acquired (the "Transaction") all of the issued and outstanding securities of IMC by way of "three-cornered" amalgamation.

Incorporated in September of 2020, IMC is a private British Columbia mineral exploration corporation which owns 100% of the Newton Gold Project (the "Newton Gold Project" or the "Project") located in the Clinton Mining Division of the Province of British Columbia.

Pursuant to the Agreement, the Company acquired all of the issued and outstanding IMC Shares by way of a "three-cornered" amalgamation (the "Amalgamation") whereby NewCo and IMC amalgamated pursuant to the provisions of the Business Corporations Act (British Columbia) to form one corporation, which continued under the name "Isaac Newton Mining Corp.", a wholly owned subsidiary of the Company. Accordingly, each of the common shares of IMC (each, an "IMC Share") were cancelled and, in consideration for such IMC Shares, each IMC shareholder (collectively, the "IMC Shareholders") received one common share in the capital of the Company for every IMC Share held by such shareholder. An aggregate of 20,562,000 common shares of the Company were issued to the IMC Shareholders in exchange for their respective IMC Shares as well as an aggregate of 9,531,000 warrants in replacement of IMC warrants.

Prior to the Closing, IMC issued an aggregate of 8,062,000 units (each, an "IMC Unit") at a price of $0.25 per IMC Unit for gross aggregate proceeds of $2,015,500. Each IMC Unit consists of one IMC Share and one half of one IMC Share purchase warrant (each, an "IMC Warrant"), with each full IMC Warrant entitling the holder to purchase one additional IMC Share at an exercise price of $0.50 per IMC Share for a period of 3 years from the date of issue, provided that if the closing price of the IMC Shares on any stock exchange on which the IMC Shares are then listed is at a price greater than $1.00 for a period of 10 consecutive trading days, IMC will have the right to accelerate the expiry date of the IMC Warrants by giving written notice to the holders of the IMC Warrants by news release or other form of notice permitted by the certificate representing the IMC Warrants that the IMC Warrants will expire on the date that is not less than 30 days from the date of such notice. In connection with the Closing, each IMC Warrant which issued and outstanding immediately prior to the effective time of the Amalgamation (inclusive of those IMC Warrants issued under the Pre-Transaction Financing) was cancelled and its holder received, in exchange therefor, one warrant (each, a "Replacement Warrant") to purchase one Share. The Replacement Warrants are on the same terms and conditions as the cancelled IMC Warrants.

In connection with the Transaction, Carlyle has entered into a termination agreement (the "Termination Agreement") with Amarc and AgraFlora Organics International Inc. (formerly Newton Gold Corp.) ("AgraFlora") pursuant to which the Company agreed to purchase for cancellation a residual 5% net profit interest royalty (the "NPI Royalty") on the Newton Gold Project held by AgraFlora. In consideration for the acquisition and termination of the NPI Royalty, Carlyle agreed to issue AgraFlora non-transferrable warrants to purchase 200,000 at an exercise price of $0.50 per common share for a period of 3 years from the date of issuance.

The Company has determined that the transaction does not meet the definition of a business combination and will treat the amalgamation as an asset acquisition.