



CARLYLE
C O M M O D I T I E S

(formerly Delrey Metals Corp.)

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

FOR THE THREE MONTHS ENDED MAY 31, 2021

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	May 31, 2021	February 28, 2021
ASSETS		
Current assets		
Cash	\$ 127,552	\$ 161,161
Amounts receivable	30,647	29,516
Loan receivable (Note 8)	20,000	205,482
Prepaid expenses (Note 6)	<u>37,901</u>	<u>138,773</u>
	216,100	534,932
Equipment (Notes 4)	4,573	4,883
Exploration and evaluation advance (Note 5)	18,005	141,327
Exploration and evaluation assets (Note 5)	<u>6,531,539</u>	<u>6,404,937</u>
	\$ 6,770,217	\$ 7,086,079
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 179,205	\$ 181,773
Accrued liabilities	<u>10,000</u>	<u>13,770</u>
	189,205	195,543
Shareholders' Equity		
Share capital (Note 7)	13,400,397	13,139,486
Reserves (Note 7)	2,282,081	2,314,506
Deficit	<u>(9,101,466)</u>	<u>(8,563,456)</u>
	<u>6,581,012</u>	<u>6,890,536</u>
	\$ 6,770,217	\$ 7,086,079

Nature of Operations and Going Concern (Note 1)
Subsequent Events (Note 11)

APPROVED ON BEHALF OF THE BOARD ON JULY 30, 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 STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars - Unaudited)

For the three months ended	May 31, 2021	May 31, 2020
General and administrative expenses		
Bank and interest charges	\$ 850	\$ 1,749
Consulting fees (Note 8)	257,901	68,525
Depreciation (Note 4)	310	423
Investor relations fees	129,572	81,912
Management fees (Note 8)	55,500	46,500
Office costs	11,226	2,557
Professional fees	4,385	8,829
Share-based payments (Notes 7 and 8)	50,605	177,299
Transfer agent and filing fees	5,247	8,151
Travel and entertainment	3,358	4,918
	(518,954)	(400,863)
Other items		
Loss on shares issued on settlement of accounts payable (Note 7)	(19,056)	(27,969)
Loss and comprehensive loss for the period	\$ (538,010)	\$ (428,832)
Loss per common share, basic and diluted	\$ (0.02)	\$ (0.04)
Weighted average number of common shares outstanding, basic and diluted	25,957,007	10,910,751

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

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

For the three months ended	May 31, 2021	May 31, 2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	\$ (538,010)	\$ (428,832)
Items not affecting cash		
Depreciation	310	423
Loss on shares issued on settlement of accounts payable	19,056	27,969
Share-based payments	50,605	177,299
Changes in non-cash working capital items:		
Amounts receivable	(1,131)	2,237
Prepaid expenses	100,872	(130,463)
Accounts payables and accrued liabilities	<u>56,665</u>	<u>(108,860)</u>
Net cash used in operating activities	<u>(311,633)</u>	<u>(460,227)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditures on exploration and evaluation assets	(6,283)	(41,575)
Loans issued	<u>185,482</u>	<u>(31,000)</u>
Net cash used in investing activities	<u>179,199</u>	<u>(72,575)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from private placements	-	1,114,275
Proceeds from stock options exercised	98,825	-
Share issuance costs	<u>-</u>	<u>(83,020)</u>
Net cash provided by financing activities	<u>98,825</u>	<u>1,031,255</u>
Change in cash for the period	(33,609)	498,453
Cash, beginning of the period	<u>161,161</u>	<u>55,973</u>
Cash, ending of the period	<u>\$ 127,552</u>	<u>\$ 554,426</u>

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 INTERIMS STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars - Unaudited)

	<u>Share capital</u>		Subscriptions received in advance	Reserves	Deficit	Total
	Number	Amount				
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	15,827,000	1,187,025	(72,750)	-	-	1,114,275
Share issuance costs	-	(83,020)	-	-	-	(83,020)
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	-	-	-	-	(428,832)	(428,832)
Balance, May 31, 2020	21,834,516	6,735,573	-	767,959	(5,474,717)	2,028,815
Shares issued for private placements	1,238,000	371,400	-	-	-	371,400
Shares issued for acquisition of Isaac Mining Corp	20,562,100	5,140,525	-	-	-	5,140,525
Warrants issued for acquisition of Isaac Mining Corp	-	-	-	1,217,905	-	1,217,905
Options exercised	425,000	110,846	-	(47,096)	-	63,750
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	-	(28,807)	-	-	-	(28,807)
Share issuance costs – finders' warrants	-	(13,736)	-	13,736	-	-
Shares issued to settle accounts payable	3,240,893	453,725	-	-	-	453,725
Share-based payments	-	-	-	362,002	-	362,002
Loss and comprehensive loss for the period	-	-	-	-	(3,088,739)	(3,088,739)
Balance, February 28, 2021	48,900,509	\$ 13,139,486	\$ -	\$ 2,314,506	\$ (8,563,456)	\$ 6,890,536
Options exercised	805,000	181,855	-	(83,030)	-	98,825
Shares issued to settle accounts payable	662,053	79,056	-	-	-	79,056
Share-based payments	-	-	-	50,605	-	50,605
Loss and comprehensive loss for the period	-	-	-	-	(538,010)	(538,010)
Balance, May 31, 2021	50,367,562	\$ 13,400,397	\$ -	\$ 2,282,081	\$ (9,101,466)	\$ 6,581,012

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

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 5803 – 1151 West Georgia Street, Vancouver, BC. The registered office address is located at 620 – 1111 Melville 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%
ISAAC Mining Corp. (“IMC”)	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 1 post-consolidation share for each 7 pre-consolidation shares. All per share amounts have been retroactively restated.

On October 15, 2020, the Company acquired all of the outstanding share capital of ISAAC Mining Corp. (“IMC”). 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.

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 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.

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 28, 2021. These 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 consolidated 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.

Basis of Consolidation

These condensed consolidated interim financial statements include the financial statements of the Company and its controlled and wholly owned subsidiaries BCVC, WEM and IMC. 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 28, 2021. 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 28, 2021.

4. EQUIPMENT

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

	Furniture and Fixtures	Computer Equipment	Total
Cost			
Balance, February 28, 2020	\$ 3,783	\$ 6,044	\$ 9,827
Addition	-	-	-
Balance, February 28, 2021 and May 31, 2021	\$ 3,783	\$ 6,044	\$ 9,827
Accumulated Depreciation			
Balance, February 28, 2020	\$ 986	\$ 2,265	\$ 3,251
Depreciation expense	559	1,134	1,693
Balance, February 29, 2021	1,545	3,399	4,944
Depreciation expense	112	198	310
Balance, May 31, 2021	\$ 1,657	\$ 3,597	\$ 5,254
As at February 28, 2021	\$ 2,238	\$ 2,645	\$ 4,883
As at May 31, 2021	\$ 2,126	\$ 2,447	\$ 4,573

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 standing 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.

Subsequent to the period ended May 31, 2021, 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 December 31, 2020 and December 31, 2021 respectively to December 31, 2021 (as to \$200,000) and December 31, 2022 (as to \$700,000).

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

By June 30, 2018	\$ 100,000	<i>(completed during the year ended February 28, 2019)</i>
By December 31, 2021	200,000	
By December 31, 2022	700,000	
	<u>\$ 1,000,000</u>	

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.

During the year ended February 28, 2021, the Company has agreed to dispose of the properties in settlement of \$12,500 in debt. Accordingly, for the year ended February 28, 2021, the Company has written the value of the properties down to \$nil and recognized a write-off of \$828,243 to statement of loss and comprehensive 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 Penece 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.

During the year ended February 28, 2021, the Company has agreed to dispose of the properties in settlement of \$12,500 in debt. Accordingly, for the year ended February 28, 2021, the Company has written the value of the properties down to \$Nil and recognized a write-off of \$584,168 to statement of loss and comprehensive loss.

Cecilia Gold-Silver Property, State of Sonora

During the year ended February 28, 2021, the Company entered into an option agreement (the "Cecilia Agreement") with Riverside Resources Inc. ("Riverside"), a TSX Venture Exchange ("TSXV") listed issuer trading under the symbol "RRI", to purchase an undivided 100% interest in and to 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:

Date	Cash	Shares	Exploration Expenditures
Upon execution of the LOI	\$ 10,000 (<i>paid</i>)	-	\$ -
Upon closing	40,000 (<i>paid</i>)	1,500,000 (<i>issued</i>)	-
12 months from Closing	50,000	-	750,000
24 months from Closing	50,000	-	500,000
36 months from Closing	50,000	-	1,250,000
	<u>\$ 200,000</u>	<u>1,500,000</u>	<u>\$ 2,500,000</u>

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 year ended February 28, 2021, the Company advanced \$750,000 to Riverside as operator of the project, of which \$608,991 had been expended on exploration and evaluation activities as at February 28, 2021 with \$141,327 remaining in exploration and evaluation advance. During the period ended May 31, 2021, the company incurred additional \$124,491 on exploration and evaluation activities.

On closing, the Company issued 3,000,000 special warrants to Riverside, which will automatically vest and convert into one share of the Company, for no additional consideration, with the following vesting schedule:

Vesting Date	No. of Special Warrants Vested / Converted
12 months from Closing	500,000
24 months from Closing	500,000
12 months from Closing	500,000
24 months from Closing	500,000
36 months from Closing	500,000
	3,000,000

The special warrants will be cancelled if the Cecilia Agreement is terminated and have therefore been accounted for consistent with other option payments and will be recognized as acquisition costs as they vest.

Mack option agreement, British Columbia

During the year ended February 28, 2021, the Company entered into an option agreement (the "Mack Agreement") with United Mineral Services Ltd. ("UMS"), a private company. The Company has agreed with UMS that Amarc Resources Ltd. ("Amarc") will operate the exploration program.

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

During the year ended February 28, 2021, the Company issued 100,000 common shares with a value of \$19,000 to stake additional contiguous claims on the Mack property.

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

Jake option agreement, British Columbia

During the year ended February 28, 2021, the Company entered into an option agreement (the “Jake Agreement”) with UMS, a 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 February 28, 2021, the Company had not made any payments towards the Jake option agreement or capitalized exploration expenditures. During the period ended May 31, 2021, the Jake Agreement was terminated.

Isaac Mining Corp amalgamation agreement, British Columbia

On December 16, 2020, the Company entered into an amalgamation agreement (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 the Company, pursuant to which the Company 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 20,562,100 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. The warrants are exercisable at an exercise price of \$0.50 per common share for a period of 3 years from the date of issuance. The value of \$1,192,874 was determined using the Black Scholes option pricing model using the following assumptions: exercise price: \$0.50, expected life: 3 years, volatility: 161.58% and discount rate: 0.24%.

In connection with the Transaction, the Company 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, the Company 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 value of \$25,031 was determined using the Black Scholes option pricing model using the following assumptions: exercise price: \$0.50, expected life: 3 years, volatility: 161.58% and discount rate: 0.24%.

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

Isaac Mining Corp amalgamation agreement, British Columbia (cont'd...)

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.

Purchase price consideration	
Value of 20,562,100 common shares issued at \$0.25	\$ 5,140,525
Fair value of 9,531,000 warrants issued	1,192,874
Fair value of 200,000 warrants issued to AgraFlora	25,031
	<hr/> 6,358,430
 Assets and liabilities acquired	
Cash	1,097,078
Accounts receivable	669,350
Newton Gold Project	4,592,330
Accounts payable	(328)
	<hr/>
Total purchase price allocated	<hr/> \$ 6,358,430 <hr/>

CARLYLE COMMODITIES CORP. (formerly Delrey Metals Corp.)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the period ended May 31, 2021
(Expressed in Canadian Dollars - Unaudited)

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

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

	Sunset	Mack	Cecilia	Star / Porcher	Blackie / Penece	Newton	Total
<i>Acquisition costs:</i>							
Balance, February 29, 2020	\$ 65,000	\$ -	\$ -	\$ 730,000	\$ 500,000	\$ -	\$ 1,295,000
Additions	-	25,822	540,000	-	-	4,632,993	5,198,815
Write-off	-	-	-	(717,500)	(487,500)	-	(1,205,000)
Disposal	-	-	-	(12,500)	(12,500)	-	(25,000)
Balance, February 28 and May 31, 2021	65,000	25,822	540,000	-	-	4,632,993	5,263,815
<i>Exploration costs:</i>							
Balance, February 29, 2020	103,495	-	-	110,743	96,668	-	310,906
Field Personnel	-	-	115,379	-	-	-	115,379
Sampling	-	-	200,648	-	-	-	200,648
Drill program	-	425,000	-	-	-	-	425,000
Geological consulting	-	4,106	64,491	-	-	-	68,597
Supplies and other	-	-	78,009	-	-	-	78,009
Travel and meals	-	-	61,196	-	-	-	61,196
Project management	-	-	88,798	-	-	-	88,798
Write-off	-	-	-	(110,743)	(96,668)	-	(207,411)
Balance, February 28, 2021	103,495	429,106	608,521	-	-	-	1,141,122
Field Personnel	-	-	24,870	-	-	-	24,870
Sampling	-	-	44,404	-	-	-	44,404
Geological consulting	-	-	31,609	-	-	2,111	33,720
Supplies and other	-	-	2,076	-	-	-	2,076
Travel and meals	-	-	7,896	-	-	-	7,896
Project management	-	-	13,636	-	-	-	13,636
Balance, May 31, 2021	103,495	429,106	733,012	-	-	2,111	1,267,724
Balance, February 28, 2021	\$ 168,495	\$ 454,928	\$ 1,148,521	\$ -	\$ -	\$ 4,632,993	\$ 6,404,937
Balance, May 31, 2021	\$ 168,495	\$ 454,928	\$ 1,273,012	\$ -	\$ -	\$ 4,635,104	\$ 6,531,539

6. PREPAID EXPENSE

As at May 31, 2021, the Company had prepaid expenses of \$37,901 (February 28, 2021 - \$138,773) to vendors and Consultants.

7. CAPITAL STOCK

Authorized capital stock

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

Issued share capital

During the period ended May 31, 2021, the Company:

- a) Issued 662,053 common shares to two consultants of the Company for consulting services;
- b) Issued 805,000 common shares for options exercised at an average price of \$0.12 per share;

During the year ended February 28, 2021, 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;

- b) Issued 4,173,184 common shares valued at \$593,569 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 \$47,831 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 425,000 common shares at an average price of \$0.26 per common share for proceeds of \$110,846 on the exercise of stock options. Upon exercise, \$47,096 relating to the fair value of the options was reclassified from reserves to share capital;

7. CAPITAL STOCK (cont'd...)

- 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. 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 \$5,815 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;
- f) Issued 100,000 common shares valued at \$19,000 to obtain additional mineral claims on the Mack property (Note 5); and
- g) Issued 20,562,100 common shares valued at \$5,140,525 as required under the Isaac Mining Corp amalgamation agreement (Note 5).

Stock options

The Company has 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.

The following is a summary of stock options outstanding as at May 31, 2021 and February 28, 2021 and changes during the period then ended:

	Number of Stock Options	Weighted Average Exercise Price
Balance, February 29, 2020	492,000	\$ 1.69
Expired	(83,009)	1.40
Granted	4,390,000	0.14
Exercised	(425,000)	0.15
Balance, February 28, 2021 – outstanding and exercisable	4,373,991	\$ 0.29
Granted	555,000	0.115
Exercised	(805,000)	0.12
Balance, May 31, 2021 – outstanding and exercisable	4,123,991	\$ 0.30

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7. CAPITAL STOCK (cont'd...)

At May 31, 2021 the following stock options were outstanding:

Number outstanding	Number 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
1,175,000	1,175,000	\$ 0.15	May 15, 2025
2,540,000	2,540,000	\$ 0.14	February 19, 2026
4,123,991	4,123,991	\$ 0.30	

The weighted average fair value of incentive options granted during the period ended May 31, 2021 was \$0.29 (year ended February 28, 2021 - \$0.12). Total share-based payments recognized in the statement of shareholders' equity for the period ended May 31, 2021 was \$50,605 (2021 - \$177,299) 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:

	May 31, 2021	February 28, 2021
Weighted average exercise price	\$0.115	\$0.20
Risk-free interest rate	0.24%	0.30%
Expected life of option	2 years	4 years
Expected annualized volatility	195%	161%
Expected dividend rate	Nil	Nil

Warrants

The following is a summary of warrants as at May 31, 2021 and February 28, 2021 and changes during the periods ended:

	Number of Stock Warrants	Weighted Average Exercise Price
Balance, February 28, 2021	29,872,640	\$ 0.33
Issued	-	-
Balance, May 31, 2021	29,872,640	\$ 0.33

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7. CAPITAL STOCK (cont'd...)

Warrants (cont'd...)

At May 31, 2021 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
1,441,000	1,441,000	\$ 0.50	November 20, 2023
1,240,000	1,240,000	\$ 0.50	November 25, 2023
1,350,000	1,350,000	\$ 0.50	November 27, 2023
5,700,000	5,700,000	\$ 0.50	December 8, 2023
3,000,000	-	\$ -	Termination of the Cecilia Agreement (Note 5)
29,872,640	26,872,640		

8. 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 May 31, 2021 included:

	Management fees	Consulting fees	Share-based payments	Total
Chief Executive Officer	\$ 39,350	\$ -	\$ -	\$ 39,350
Chief Financial Officer	9,000	-	-	9,000
Non-executive directors	-	15,000	-	15,000
	\$ 48,350	\$ 15,000	\$ -	\$ 63,350

Key management personnel payments for the period ended May 31, 2020 included:

	Management fees	Consulting fees	Share-based payments	Total
Chief Executive Officer	\$ 37,500	\$ -	\$ 27,703	\$ 65,203
Chief Financial Officer	9,000	-	-	9,000
Non-executive directors	-	15,000	33,244	48,244
	\$ 46,500	\$ 15,000	\$ 60,947	\$ 122,447

8. RELATED PARTY TRANSACTIONS

As at May 31, 2021, \$90,300 (February 28, 2021 - \$74,550) was included in trade payables and accrued liabilities for fees owed to related parties. As at May 31, 2021, \$17,901.42 (February 28, 2021 - \$35,500) was included in prepaid expenses advanced to related parties.

During the year ended February 28, 2021, the Company issued a loan of \$150,000 to an officer of the Company. The loan is non-interest bearing and repayable on demand. During the period ended May 31, 2021, the Company received a loan repayment of \$130,000.

During the year ended February 28, 2021, the Company issued a loan of \$55,482 to a Company with an officer in common. The loan is non-interest bearing and repayable on demand. During the period ended May 31, 2021, the Company received a loan repayment of \$55,482.

9. SUPPLEMENTAL CASH FLOW INFORMATION

The Company had the following non-cash transactions:

	May 31, 2021	May 31, 2020
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	\$ -	\$ 199,449
Exploration and evaluation assets included in accounts payable – opening	\$ 3,003	\$ -
Accounts payable settled by share issuance	\$ 60,000	\$ -
Fair value of common shares issued for exploration and evaluation asset	\$ -	\$ 240,000

10. 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).

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

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.

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 May 31, 2021, 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.

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

Risk management (*cont'd...*)

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.

11. SUBSEQUENT EVENTS

Subsequent to the period ended May 31, 2021, the Company closed an amalgamation agreement with OWL Lake Resources Corp. and 1305339 BC Ltd, pursuant to which the Company acquired all of the issued and outstanding common shares of OWL Lake Resources Corp. by way of "three-cornered" amalgamation. As consideration, the Company issued 13,714,286 of its common shares to the shareholders of OWL Lake Resources Corp. In connection with the amalgamation, the Company issued 935,713 common shares in the capital of the Company for finder's fees.