



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

Condensed Consolidated Interim Financial Statements (Unaudited)
Expressed in Canadian Dollars, unless otherwise noted

For the three and nine months ended November 30, 2022 and 2021

Table of Contents

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION	
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS.....	
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY.....	
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS	
NOTE 1 – NATURE OF OPERATIONS AND GOING CONCERN	1
NOTE 2 - BASIS OF PREPARATION.....	1
NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES	2
NOTE 4 – EXPLORATION AND EVALUATION ASSETS	2
NOTE 5 – SHARE CAPITAL	6
NOTE 6 – RESERVES.....	7
NOTE 7 – RELATED PARTY TRANSACTIONS AND BALANCES	8
NOTE 8 – FINANCIAL INSTRUMENTS.....	9
NOTE 9 – SEGMENT REPORTING	10
NOTE 10 – EVENTS AFTER REPORTING PERIOD	10

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.**Condensed Consolidated Interim Statements of Financial Position (Unaudited)**

As of November 30, 2022 and February 28, 2022

Expressed in Canadian Dollars

	Notes	November 30, 2022	February 28, 2022
ASSETS			
Current assets			
Cash		\$ 984,607	\$ 134,535
Receivables		6,079	22,943
Loans receivable	7	50,000	55,040
Prepaid expenses	7	243,223	13,125
Total current assets		\$ 1,283,909	\$ 225,643
Non-current assets			
Restricted cash	4	\$ 40,000	\$ 40,000
Equipment		3,127	3,781
Exploration and evaluation assets	4	4,856,376	4,756,476
Total non-current assets		4,899,503	4,800,257
Total assets		\$ 6,183,412	\$ 5,025,900
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities		\$ 155,184	\$ 199,078
Total liabilities		\$ 155,184	\$ 199,078
SHAREHOLDERS' EQUITY			
Share capital	5	\$ 16,828,570	\$ 15,375,237
Reserves	6	3,370,204	2,282,081
Accumulated deficit		(14,170,546)	(12,830,496)
Total shareholders' equity		\$ 6,028,228	\$ 4,826,822
Total liabilities and shareholders' equity		\$ 6,183,412	\$ 5,025,900

Events after reporting period (Note 10)

Approved on behalf of the Board of Directors on January 30, 2023

"Morgan Good"

Director

"Leighton Bocking"

Director

CARLYLE COMMODITIES CORP.**Condensed Consolidated Interim Statements of Loss and Comprehensive Loss (Unaudited)****For the Three and Nine months Ended November 30, 2022 and 2021**

Expressed in Canadian Dollars except number of shares

	Notes	Three Months Ended November 30,		Nine Months Ended November 30,	
		2022	2021	2022	2021
General and administrative expenses					
Bank and interest charges		\$ 3,150	\$ 924	\$ 4,027	\$ 2,967
Consulting fees	7	335,100	97,500	392,600	527,901
Depreciation		204	266	655	853
Investor relations		49,684	5,226	52,785	170,015
Management fees	7	178,031	60,557	311,039	185,997
Office costs		26,307	27,477	78,875	82,918
Professional fees		33,925	40,558	76,693	66,398
Share-based payments	6,7	362,250	-	362,250	50,605
Transfer agent and filing fees		46,846	4,518	56,528	20,452
Travel and entertainment		37,919	12,647	57,054	33,511
Total general and administrative expenses		\$ (1,073,416)	\$ (249,673)	\$ (1,392,506)	\$ (1,141,617)
Other income (expenses)					
Gain (loss) on settlement of trade payables	5	\$ -	\$ (7,000)	\$ 52,412	\$ (45,792)
Other income		2	-	44	15,840
Loss and comprehensive loss for the period		\$ (1,073,414)	\$ (256,673)	\$ (1,340,050)	\$ (1,171,569)
Basic and diluted loss per common share		\$ (0.09)	\$ (0.04)	\$ (0.15)	\$ (0.20)
Weighted average number of common shares outstanding – basic and diluted		12,245,205	6,674,467	8,719,588	5,991,577

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

CARLYLE COMMODITIES CORP.**Condensed Consolidated Interim Statements of Changes in Equity (Unaudited)****For the Nine months Ended November 30, 2022 and 2021**

Expressed in Canadian Dollars except number of shares

	Number of shares	Share capital	Reserves	Accumulated deficit	Total shareholders' equity
Balance – February 29, 2021	4,890,050	\$ 13,139,486	\$ 2,314,506	\$ (8,563,456)	\$ 6,890,536
Stock options exercised	80,500	181,855	(83,030)	-	98,825
Shares issued for exploration and evaluation assets upon exercise of special warrants	50,000	150,000	-	-	150,000
Shares issued for acquisition of OWL Lake Resources Ltd.	1,464,998	1,904,498	-	-	1,904,498
Shares issued to settle trade payables	209,145	195,791	-	-	195,791
Share-based payments	-	-	50,605	-	50,605
Loss and comprehensive loss for the period	-	-	-	(1,171,569)	(1,171,569)
Balance – November 30, 2021	6,694,693	\$ 15,571,630	\$ 2,282,081	\$ (9,735,025)	\$ 8,118,686
Balance – February 28, 2022	6,774,713	\$ 15,375,237	\$ 2,282,081	\$ (12,830,496)	\$ 4,826,822
Shares issued in private placement	14,674,998	1,520,910	680,340	-	2,201,250
Share issuance costs	-	(142,490)	(63,740)	-	(206,230)
Share issuance costs – finders' warrants	-	-	109,273	-	109,273
Shares issued to settle trade payables	254,650	74,913	-	-	74,913
Share-based payments	-	-	362,250	-	362,250
Loss and comprehensive loss for the period	-	-	-	(1,340,050)	(1,340,050)
Balance – November 30, 2022	21,704,341	\$ 16,828,570	\$ 3,370,204	\$ (14,170,546)	\$ 6,028,228

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

CARLYLE COMMODITIES CORP.**Condensed Consolidated Interim Statements of Cash Flows (Unaudited)**

For the Nine months Ended November 30, 2022 and 2021

Expressed in Canadian Dollars

	Notes	Nine months Ended November 30,	
		2022	2021
OPERATING ACTIVITIES			
Loss for the period		\$ (1,340,050)	\$ (1,171,569)
<i>Non-cash items:</i>			
Depreciation		655	853
Loss on settlement of trade payables	5	(52,412)	45,792
Share-based payments		362,250	50,605
<i>Changes in non-cash working capital items:</i>			
Receivables		16,864	6,928
Prepaid expenses		(230,098)	76,783
Trade payables and accrued liabilities		56,882	195,325
Net cash used in operating activities		\$ (1,185,909)	\$ (795,283)
INVESTING ACTIVITIES			
Expenditures on exploration and evaluation assets	4	\$ (75,375)	\$ (139,697)
Advances toward exploration and evaluation expenditures		-	-
Cash received on acquisition of OWL Lake Resources Ltd.	4	-	872,494
Proceeds from loans repaid	7	5,040	-
Cash deposit with the Ministry of Mines		-	(40,000)
Net cash used in investing activities		\$ (70,335)	\$ 692,797
FINANCING ACTIVITIES			
Proceeds from private placement, net of share issuance costs		\$ 2,119,790	\$ -
Share issuance costs paid		(13,474)	-
Proceeds from stock options exercised	6	-	98,825
Advances (repayment) to related parties	7	-	136,990
Net cash generated from financing activities		\$ 2,106,316	\$ 235,815
Increase (decrease) in cash		\$ 850,072	\$ 133,329
Cash, beginning of period		134,535	161,161
Cash, end of period		\$ 984,607	\$ 294,490

Supplemental cash flow information

For the nine months ended:		November 30, 2022	November 30, 2021
Settlement of trade payables through issuance of shares	5	\$ 74,913	\$ 195,791
Finders' warrants	6	109,273	-
Share issuance costs in trade payables and accrued liabilities		5,300	-
Exploration and evaluation asset additions in accounts payable and accrued liabilities		7,198	-
Shares issued for exploration and evaluation assets	4,5	-	150,000
Shares issued on acquisition of OWL Lake Resources Corp.	4,5	-	1,904,498

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

CARLYLE COMMODITIES CORP.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

For the Three and Nine months Ended November 30, 2022 and 2021

Expressed in Canadian Dollars except otherwise noted

NOTE 1 – NATURE OF OPERATIONS AND GOING CONCERN

Carlyle Commodities Corp. (“CCC”, or the “Company”) was incorporated on October 18, 2017 under the Business Corporations Act of British Columbia. The Company’s head and registered office address is 5803 – 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%
ISAAC Mining Corp. (“IMC”)	British Columbia	100%
OWL Lake Resources Ltd. (“OWL”)	Ontario	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.

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.

On June 14, 2021, the Company entered into an amalgamation agreement (the “Agreement”) with OWL Lake Resources Ltd. (“OWL”), an arm’s length private British Columbia corporation, and 1305339 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 OWL by way of a “three-cornered” amalgamation.

NOTE 2 - BASIS OF PREPARATION

Statement of compliance

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of condensed consolidated interim financial statements, including IAS 34, *Interim Financial Reporting* and interpretations of the IFRS Interpretations Committee (“IFRIC”).

These condensed consolidated interim financial statements have been prepared on a historical cost basis. In addition, equity-classified share-based payment arrangements are measured at fair value at grant date pursuant to IFRS 2, *Share-based Payment*. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

These condensed consolidated interim financial statements do not include all of the information required for full annual consolidated financial statements and therefore should be read in conjunction with the Company’s most recent annual consolidated financial statements as at and for the year ended February 28, 2022. The effects of the adoption of new and amended IFRS pronouncements have been disclosed in the notes to these condensed consolidated interim financial statements.

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.

CARLYLE COMMODITIES CORP.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

For the Three and Nine months Ended November 30, 2022 and 2021

Expressed in Canadian Dollars except otherwise noted

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 Company applied judgment to determine whether the three-cornered amalgamation (refer to Note 4 for details) should be classified as an asset acquisition or business combination. The assessment was based on the definition of a business in accordance with IFRS 3.

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, IMC and OWL. 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.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES

The Company's accounting policies are the same as those applied to the Company's audited annual consolidated financial statements for the year ended February 28, 2022.

NOTE 4 – EXPLORATION AND EVALUATION ASSETS

Sunset Mining Property, British Columbia

On June 23, 2022, the Company terminated the Sunset Property option agreement.

Cecilia Gold-Silver Property, State of Sonora

On May 16, 2022, the Company terminated the Cecilia option agreement and cancelled unvested 200,000 special warrants previously issued to Riverside pursuant to the terms of the option agreement.

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"), a private British Columbia corporation, and 1269597 B.C. Ltd. ("NewCo"), a wholly-owned subsidiary of the Company.

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 2,056,210 common shares of the Company were issued to the IMC Shareholders in exchange for their respective IMC Shares as well as an aggregate of 953,100 warrants in replacement of IMC warrants. The warrants are exercisable at an exercise price of \$5 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: \$5, 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 Agra Ventures Ltd. (formerly Newton Gold Corp.) ("Agra") 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 Agra. In consideration for the acquisition and termination of the NPI Royalty, the Company agreed to issue Agra non-transferrable warrants to purchase 20,000 at an exercise price of \$5 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: \$5, expected life: 3 years, volatility: 161.58% and discount rate: 0.24%.

CARLYLE COMMODITIES CORP.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

For the Three and Nine months Ended November 30, 2022 and 2021

Expressed in Canadian Dollars except otherwise noted

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

Purchase price consideration	
Value of 2,056,210 common shares issued at \$2.50	\$ 5,140,525
Fair value of 953,100 warrants issued	1,192,874
Fair value of 20,000 warrants issued to Agra	25,031
	6,358,430
Assets and liabilities acquired	
Cash	\$ 1,097,078
Receivables	669,350
Newton Gold Project	4,592,330
Trade payables and accrued liabilities	(328)
	6,358,430
Total purchase price allocated	
	\$ 6,358,430

The Company deposited \$40,000 with the Ministry of Energy, Mines and Low Carbon Innovation (the “Ministry”) during the year ended February 28, 2022 as part of the exploration permit application requirement.

OWL Lake Resources Ltd amalgamation agreement, Ontario

On June 14, 2021, the Company entered into an amalgamation agreement (the “Agreement”) with OWL Lake Resources Ltd. (“OWL”), a private British Columbia corporation, and 1305339 B.C. Ltd. (“NewCo”), a wholly-owned subsidiary of the Company.

Incorporated in October of 2018, OWL is a private British Columbia mineral exploration corporation which owns 100% of the Owl Lake Property (the “Owl Lake Property” or the “Property”) located in the Hemlo-Schreiber Greenstone Belt in the Thunder Bay South Mining Division in the Province of Ontario.

Pursuant to the Agreement, the Company acquired all of the issued and outstanding OWL Shares by way of a “three-cornered” amalgamation (the “Amalgamation”) whereby NewCo and OWL amalgamated pursuant to the provisions of the Business Corporations Act (British Columbia) to form one corporation, which continued under the name “OWL Lake Mining Corp.”, a wholly owned subsidiary of the Company. Accordingly, each of the common shares of OWL (each, an “OWL Share”) were cancelled and, in consideration for such OWL Shares, each OWL shareholder (collectively, the “OWL Shareholders”) received one common share in the capital of the Company for every three and a half of OWL Share held by such shareholder. An aggregate of 1,371,427 common shares of the Company were issued to the OWL Shareholders in exchange for their respective OWL Shares.

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

In connection with the Transaction, the Company paid a finder’s fee to Triview Capital Ltd., a private Calgary corporation, by issuing 93,571 common shares. As the acquired entity did not constitute a business and majority of net assets acquired was cash, the finder’s fee was classified as share issuance cost.

CARLYLE COMMODITIES CORP.**Notes to Condensed Consolidated Interim Financial Statements (Unaudited)****For the Three and Nine months Ended November 30, 2022 and 2021**

Expressed in Canadian Dollars except otherwise noted

Purchase price consideration	
Value of 1,371,427 common shares issued at \$1.30	\$ 1,782,855
Assets and liabilities acquired	
Cash	\$ 872,494
Owl Lake Property	43,061
Trade payables and accrued liabilities	(54,334)
Transaction cost	921,634
Total purchase price allocated	\$ 1,782,855

As at February 28, 2022, the Company has determined it will not pursue exploration and evaluation of the OWL Lake Property and estimated its recoverable amount to be \$nil. Therefore, the company recognized a write-off of \$43,061 in the consolidated statement of loss and comprehensive loss.

CARLYLE COMMODITIES CORP.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

For the Three and Nine months Ended November 30, 2022 and 2021

Expressed in Canadian Dollars except otherwise noted

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

	Sunset	Mack	Cecilia	Star / Porcher	Blackie / Penece	Newton	Owl Lake	Total
Acquisition costs:								
		\$						
Balance, February 28, 2021	\$ 65,000	25,822	\$ 540,000	\$ -	\$ -	\$ 4,632,993	\$ -	\$ 5,263,815
Additions	-	-	112,500	-	-	-	43,061	155,561
Write-off	(65,000)	(25,822)	(652,500)	-	-	-	(43,061)	(786,383)
Balance, February 28, 2022 and November 30, 2022	-	-	-	-	-	4,632,993	-	4,632,993
Exploration costs:								
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	-	-	30,440	-	-	75,260	-	105,700
Supplies and other	-	-	2,076	-	-	-	-	2,076
Travel and meals	-	-	7,896	-	-	-	-	7,896
Permitting	-	-	-	-	-	48,223	-	48,222
Project management	-	-	13,636	-	-	-	-	13,636
Write-off	(103,495)	(429,106)	(731,843)	-	-	-	-	(1,264,444)
Balance, February 28, 2022	-	-	-	-	-	123,483	-	123,483
Permitting	-	-	-	-	-	62,698	-	62,698
Targeting, planning and logistics	-	-	-	-	-	36,364	-	36,364
Management fee	-	-	-	-	-	838	-	838
Balance, November 30, 2022	-	-	-	-	-	223,383	-	223,383
Balance, February 28, 2021	\$ 168,495	\$ 454,928	\$ 1,148,521	\$ -	\$ -	\$ 4,632,993	\$ -	\$ 6,404,937
Balance, February 28, 2022	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,756,476	\$ -	\$ 4,756,476
Balance, November 30, 2022	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,856,376	\$ -	\$ 4,856,376

CARLYLE COMMODITIES CORP.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

For the Three and Nine months Ended November 30, 2022 and 2021

Expressed in Canadian Dollars except otherwise noted

NOTE 5 – SHARE CAPITAL

The number of shares and per share amounts for the current and comparative figures in these condensed consolidated interim financial statements have been adjusted to reflect the changes resulting from a 10 for 1 share consolidation which took effect on September 6, 2022.

Authorized: unlimited number of common shares without par value.

		Number of Shares	Amount
Balance, February 29, 2021		4,890,050	\$ 13,139,486
Shares issued upon stock option exercise	(a)	80,500	181,855
Shares issued for OWL Lake Resources Ltd.	(b)	1,464,998	1,904,498
Shares issued for exploration and evaluation assets	(c)	50,000	150,000
Shares issued to settle trade payables	(d)	152,380	158,791
Balance, November 30, 2021		6,637,928	\$ 15,534,630
Balance, February 28, 2022		6,774,713	\$ 15,375,237
Shares issued in private placement, net of share issuance costs	(e)	14,674,998	1,378,420
Shares issued to settle trade payables	(f)	254,650	74,913
Balance, November 30, 2022		21,704,341	\$ 16,830,980

(a) Issued 80,500 for stock options exercised at an average price of \$1.20 per common share for proceeds of \$98,825. Upon exercise, \$83,030 relating to the fair value of the stock options was reclassified from reserves to share capital.

(b) Issued 1,464,998 common shares on acquisition of OWL Lake Property (Note 4).

(c) On July 13, 2021, issued 50,000 common shares upon exercise of 50,000 special warrants that vested pursuant to the Cecilia option agreement. Special warrants were valued at \$0.30 on grant date using the Black Scholes valuation model, but not recognized until the vesting and immediate exercise.

(d) Issued 152,380 common shares valued at \$158,791 to directors of the Company and consultants to settle trade payables and accrued liabilities valued at \$119,999. The Company recognized a loss on settlement of trade payables equal to \$19,736 and \$38,792 for the three and nine months ended November 30, 2021, respectively.

(e) Closed a non-brokered private placement by issuing 14,674,998 units (each, a "Unit") at a price of \$0.15 per Unit for gross proceeds of \$2,201,250 as follows:

- 6,918,332 Units on October 21, 2022
- 2,810,000 Units on October 31, 2022
- 4,946,666 Units on November 10, 2022

Each unit consists of one common share of the Company and one-half of a share purchase warrant. Each full share purchase warrant is exercisable for one common share of the Company at a price of \$0.30 for a period of three years following the closing of each tranche of the private placement. The warrants are subject to an acceleration provision whereby in the event the common shares have a closing price on the CSE of \$0.50 or greater per common share of the Company for a period of 10 consecutive trading days at any time from the date of issuance, the Company may accelerate the expiry date of warrants. In connection with the offering, the Company paid an aggregate of \$81,460 in finders' fees and incurred an additional \$15,498 in other closing costs, and issued 631,055 finders' warrants valued at \$109,273.

Finders' fees of \$56,282, 631,066 finders' warrants with a fair value of \$75,500 and additional closing costs of \$10,708 were allocated to common shares. See Note 6 for more details on share purchase warrants and finders' warrants.

(f) Issued 254,650 common shares valued at \$74,913 to directors of the Company and consultants to settle trade payables and accrued liabilities valued at \$127,325. The Company recognized a gain on settlement of trade payables and accrued liabilities equal to \$7,500 and \$52,412 for the three and nine months ended November 30, 2022, respectively.

CARLYLE COMMODITIES CORP.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

For the Three and Nine months Ended November 30, 2022 and 2021

Expressed in Canadian Dollars except otherwise noted

NOTE 6 – RESERVES

Warrants

		Number of Warrants	Weighted Average Exercise Price
Balance, February 28, 2021 and November 30, 2021		2,887,264	\$ 3.34
Balance, February 28, 2022		2,887,264	3.34
Issued	(a)	7,968,565	0.29
Cancelled	(b)	(200,000)	-
Expired		(131,464)	7.24
Balance, November 30, 2022		10,524,365	\$ 0.98

(a) The Company issued 7,337,499 share purchase warrants (warrants) and 631,066 finders' warrants in three tranches in relation to the non-brokered private placement described in the Note 5. Proceeds from the private placement were allocated between warrants and common shares on the relative fair value method and warrants were valued at \$1,228,887 using the Black Scholes option pricing model with the following range of assumptions: risk-free rates of 3.78%-4.11%, expected common share price volatilities of 195.6%-196.6%, dividend yield of 0%, and expected life of 3 years.

The finders' warrants were valued at \$109,273 using the Black Scholes option pricing model with the following range of assumptions: risk-free rates of 3.78%-4.11%, expected common share price volatilities of 195.6%-196.6%, dividend yield of 0%, and expected life of 3 years.

Finders' fees of \$25,177, 631,066 finders' warrants with a fair value of \$33,773 and additional closing costs of \$4,790 were allocated to warrants.

(b) On May 16, 2022, 200,000 outstanding Special warrants were cancelled upon the termination of the Cecilia Agreement (Note 4).

Warrants outstanding as of November 30, 2022 are as follows:

Expiry Date	Exercise Price, \$	Outstanding Warrants	Outstanding and Exercisable Warrants
November 20, 2023	5.00	144,100	144,100
November 25, 2023	5.00	124,000	124,000
November 27, 2023	5.00	135,000	135,000
December 8, 2023	5.00	570,000	570,000
March 27, 2025	2.00	266,667	266,667
April 29, 2025	2.00	862,833	862,833
May 15, 2025	2.00	453,200	453,200
October 21, 2025	0.30	3,459,166	3,459,166
October 21, 2025	0.15	298,266	298,266
October 31, 2025	0.30	1,405,000	1,405,000
October 31, 2025	0.15	132,000	132,000
November 10, 2025	0.30	2,473,333	2,473,333
November 10, 2025	0.15	200,800	200,800
	0.98	10,524,365	10,524,365

The weighted average remaining contractual life of warrants, excluding Special Warrants, outstanding as of November 30, 2022 is 2.66 years (February 28, 2022 – 2.53 years).

CARLYLE COMMODITIES CORP.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

For the Three and Nine months Ended November 30, 2022 and 2021

Expressed in Canadian Dollars except otherwise noted

Stock options

	Number of options		Weighted average exercise price
Balance, February 28, 2022 - outstanding and exercisable	410,970	\$	3.00
Granted	1,750,000		0.22
Balance, November 30, 2022 – outstanding and exercisable	2,160,970	\$	0.74

The weighted average remaining contractual life of stock options outstanding and exercisable as of November 30, 2022 is 4.55 years (February 28, 2022 – 3.54 years).

The weighted average fair value of incentive stock options granted in the three and nine months ended November 30, 2022 was \$0.21. Total share-based payments recognized in the condensed consolidated interim statement of shareholders' equity for the nine months ended November 30, 2022 was \$362,250. The fair value of incentive stock options at the grant date was estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	Three and nine months ended November 30, 2022
Weighted average exercise price	\$0.22
Risk-free interest rate	3.16%
Expected life (years)	5.00
Expected volatility	182%
Expected dividend yield	0%
Forfeiture rate	0%

NOTE 7 – RELATED PARTY TRANSACTIONS AND BALANCES

Key management personnel compensation

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 defines key management personnel as being the directors and key officers.

The compensation awarded to key management personnel is as follows:

	Three months ended November 30,		Nine months ended November 30,	
	2022	2021	2022	2021
Management fees	\$ 158,031	\$ 48,000	\$ 269,031	\$ 155,440
Consulting fees	7,500	15,000	22,500	45,000
Share-based payments	144,900	-	144,900	-
Total compensation	\$ 310,431	\$ 63,000	\$ 436,431	\$ 200,440

Due to related parties

As of November 30, 2022, \$39,698 (February 28, 2022, \$123,822) was included in trade payables and accrued liabilities for fees owed to related parties. As of November 30, 2022, the Company prepaid \$15,750 for management fees billed by CEO.

During the year ended February 28, 2022, the Company advanced a loan of \$50,000 to an officer of the Company. The loan is non-interest bearing and is due on September 1, 2023.

During the year ended February 28, 2022, the Company advanced a loan of \$5,040 to a legal entity with a director in common. The loan is non-interest bearing and repayable within 12 months from the commencement date. The loan was fully repaid in June 2022.

On June 29, 2022, the Company entered into a loan agreement with a related entity. The loan principal amount of \$75,000 bears no interest and is due in one year. The Company repaid the loan in full in October 2022.

CARLYLE COMMODITIES CORP.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

For the Three and Nine months Ended November 30, 2022 and 2021

Expressed in Canadian Dollars except otherwise noted

During the three and nine months ended November 30, 2022, Carlyle engaged a legal entity controlled by a director and executive of the Company to perform exploration and evaluation activities, the total cost of \$58,329 was partially capitalized to exploration and evaluation assets and partially expensed in the condensed consolidated interim statements of loss and comprehensive loss.

NOTE 8 – FINANCIAL INSTRUMENTS

Fair values

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs in the valuation techniques as follows:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The carrying values of cash, restricted cash, receivables, loans receivable, trade payables and accrued liabilities approximate their fair values due to the immediate or short-term nature of these instruments. There has been no significant change in credit and market interest rates since the date of its receipt.

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Change in assumptions could significantly affect the estimates.

The following table summarizes the classification of the Company's financial instruments under IFRS 9:

Financial assets	
Cash	Amortized cost
Restricted cash	Amortized cost
Receivables	Amortized cost
Loans receivable	Amortized cost
Financial liabilities	
Trade payables and accrued liabilities	Amortized cost

Capital and Risk Management

The Company's objective and policies for managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company manages its capital structure and makes changes based on economic conditions, risks that impact the operations and future significant capital investment opportunities. In order to maintain or adjust its capital structure, the Company may issue new equity instruments or raise additional debt financing.

The Company is exposed to a variety of financial risks by virtue of its activities: market risk, interest rate risk, liquidity risk and foreign currency risk. The Board of Directors has overall responsibility for the determination of the Company's capital and risk management objectives and policies while retaining ultimate responsibility for them. The Company's overall capital and risk management program has not changed throughout the period. It focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance. Risk management is carried out by the executive team under policies approved by the Board of Directors. The executive team identifies and evaluates financial risks in close cooperation with the Board of Directors.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest-bearing debt instrument has a fixed interest rate and is not subject to interest rate cash flow risk. As of November 30, 2022, the Company is not exposed to significant interest rate risk.

CARLYLE COMMODITIES CORP.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

For the Three and Nine months Ended November 30, 2022 and 2021

Expressed in Canadian Dollars except otherwise noted

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 generally relies on external financing or key management to provide sufficient liquidity to meet budgeted operating requirements. The following table sets forth details of the payment profile of financial liabilities based on their undiscounted cash flows:

	Total carrying amount	Contractual cash flows	Less than 1 year	1 to 5 years	More than 5 years
Trade payables and accrued liabilities	\$ 155,184	\$ 155,184	\$ 155,184	\$ -	\$ -
Total	\$ 155,184	\$ 155,184	\$ 155,184	\$ -	\$ -

Taking into consideration the Company's current cash position, volatile equity markets, global uncertainty in the capital markets and increasing cost pressures, the Company is continuing to review its needs to seek financing opportunities in accordance to its capital risk management strategy.

Foreign currency risk

Foreign currency risk is defined as the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The majority of purchases are transacted in the Canadian dollar. Management believes the foreign exchange risk derived from current conversions is not significant and therefore does not hedge its foreign exchange risk.

NOTE 9 – SEGMENT REPORTING

All the Company's operations are in the resource sector. The Company's mineral exploration and evaluation operations are based in Canada.

NOTE 10 – EVENTS AFTER REPORTING PERIOD

On December 16, 2022, the Company granted 325,000 incentive stock options to a consultant of the Company for the purchase of up to 325,000 common shares of the Company. Each incentive stock option vested immediately and exercisable for a period of five years at an exercise price of \$0.25 per common share.

The Company closed a non-brokered private placement by issuing 1,000,000 flow-through units (each, a "FT Unit") at a price of \$0.25 per FT Unit for gross proceeds of \$250,000 as follows:

- 800,000 FT Units on December 28, 2022
- 200,000 FT Units on December 29, 2022

Each FT unit is comprised of one flow-through common share of the Company and one-half of a share purchase warrant. Each full share purchase warrant is exercisable for one non-flow-through common share of the Company at a price of \$0.375 for a period of 18 months following the closing of each tranche of the private placement. The warrants are subject to an acceleration provision whereby in the event the common shares have a closing price on the CSE of \$0.50 or greater per common share of the Company for a period of 10 consecutive trading days at any time from the date of issuance, the Company may accelerate the expiry date of warrants. In connection with the offering, the Company paid an aggregate of \$12,600 in finders' fees and issued 50,400 finders' warrants.

On December 2, 2022 and January 4, 2023, the Company issued 128,983 and 78,606 common shares of the Company to settle certain trade payables.

On January 11, 2023, the Company issued 475,000 common shares and collected \$113,500 for exercise of the following incentive stock options:

- 150,000 incentive stock options at an exercise price of \$0.22
- 325,000 incentive stock options at an exercise price of \$0.25

CARLYLE COMMODITIES CORP.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

For the Three and Nine months Ended November 30, 2022 and 2021

Expressed in Canadian Dollars except otherwise noted

On January 12, 2023, the Company granted 1,000,000 incentive stock options to a consultant of the Company for the purchase of up to 1,000,000 common shares of the Company. Each incentive stock option vested immediately and exercisable for a period of five years at an exercise price of \$0.31 per common share.