



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 six months ended August 31, 2023 and 2022

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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 August 31, 2023 and February 28, 2023**

Expressed in Canadian Dollars

As at	Notes	August 31, 2023	February 28, 2023
ASSETS			
Current			
Cash		\$ 648,630	\$ 562,840
Receivables	8	51,460	73,551
Loan receivable	8	50,000	50,000
Prepaid expenses and deposits	4	375,600	329,530
Total current assets		1,125,690	1,015,921
Non-current assets			
Restricted cash	5	40,000	40,000
Equipment		2,589	2,935
Exploration and evaluation assets	5	5,787,575	5,580,870
TOTAL ASSETS		\$ 6,955,854	\$ 6,639,726
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	8	523,590	642,273
Loan payable	8	10,000	-
Total liabilities		\$ 533,590	\$ 642,273
SHAREHOLDERS' EQUITY			
Share capital	6	\$ 18,476,710	\$ 17,394,759
Reserves	7	4,579,493	3,797,026
Accumulated deficit		(16,633,939)	(15,194,332)
Total shareholders' equity		\$ 6,422,264	\$ 5,997,453
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 6,955,854	\$ 6,639,726

Events after reporting period (Note 11)

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

"Morgan Good"

Director

"Leighton Bocking"

Director

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

CARLYLE COMMODITIES CORP.**Condensed Consolidated Interim Statements of Loss and Comprehensive Loss (Unaudited)****For the Three and Six Months Ended August 31, 2023 and 2022**

Expressed in Canadian Dollars except number of shares

	Notes	Three Months Ended August 31,		Six Months Ended August 31,	
		2023	2022	2023	2022
General and administrative expenses					
Bank and interest charges		\$ 298	\$ 389	\$ 1,088	\$ 877
Consulting fees	8	105,417	45,000	295,000	57,500
Depreciation		167	141	346	451
Investor relations		205,705	2,456	513,866	3,101
Management fees	8	86,286	72,508	162,110	133,008
Office costs		26,826	25,291	46,022	52,558
Professional fees		29,294	36,541	62,884	42,768
Share-based payments	7,8	-	-	251,300	-
Transfer agent and filing fees		10,067	6,351	21,605	9,682
Travel and entertainment		3,761	9,188	15,001	19,135
Total general and administrative expenses		\$ (467,821)	\$ (197,865)	\$ (1,369,222)	\$ (319,080)
Other income (expenses)					
Gain (loss) on debt and trade payables settlement	6	(5,569)	7,500	(22,229)	52,412
Other income		-	42	-	42
Other expense		-	-	(48,156)	-
Net loss and comprehensive loss		\$ (473,390)	\$ (190,323)	\$ (1,439,607)	\$ (266,626)
Basic and diluted loss per common share		\$ (0.02)	\$ (0.03)	\$ (0.05)	\$ (0.04)
Weighted average number of common shares outstanding – basic and diluted		28,658,549	7,027,733	27,218,386	6,975,941

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 Six Months Ended August 31, 2023 and 2022**

Expressed in Canadian Dollars except number of shares

	Number of shares	Share capital	Reserves	Accumulated Deficit	Total shareholders' equity
Balance - February 28, 2022	6,774,713	\$ 15,375,237	\$ 2,282,081	\$ (12,830,496)	\$ 4,826,822
Shares issued to settle trade payables	254,650	74,913	-	-	74,913
Loss and comprehensive loss	-	-	-	(266,626)	(266,626)
Balance - August 31, 2022	7,029,363	\$ 15,450,150	\$ 2,282,081	\$ (13,097,122)	\$ 4,635,109
Balance - February 28, 2023	24,233,683	\$ 17,394,759	\$ 3,797,026	\$ (15,194,332)	\$ 5,997,453
Units issued in private placements	15,305,192	822,664	588,585	-	1,411,249
Finders' warrants issued	-	-	19,301	-	19,301
Share issuance costs	-	(18,489)	(12,969)	-	(31,458)
Stock options exercised	500,000	136,250	(63,750)	-	72,500
Shares issued to settle trade payables	1,246,846	141,526	-	-	141,526
Share-based payments	-	-	251,300	-	251,300
Loss and comprehensive loss	-	-	-	(1,439,607)	(1,439,607)
Balance - August 31, 2023	41,285,721	\$ 18,476,710	\$ 4,579,493	\$ (16,633,939)	\$ 6,422,264

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 Six Months Ended August 31, 2023 and 2022

Expressed in Canadian Dollars

For the six months ended	August 31, 2023	August 31, 2022
Cash (used in) provided by:		
OPERATING ACTIVITIES		
Loss for the period	\$ (1,439,607)	\$ (266,626)
Non-cash items:		
Depreciation	347	451
Loss (gain) on settlement of trade payables	22,229	(52,412)
Share-based payments	251,300	-
Changes in non-cash working capital items		
Receivables	22,091	22,943
Prepaid expenses and deposits	(46,070)	5,625
Trade payables and accrued liabilities	154,301	122,835
Net cash used in operating activities	\$ (1,035,409)	\$ (167,184)
INVESTING ACTIVITIES		
Expenditures on exploration and evaluation assets	\$ (360,393)	\$ -
Loans issued repaid	-	5,040
Net cash provided by (used in) investing activities	\$ (360,393)	\$ 5,040
FINANCING ACTIVITIES		
Proceeds from private placement	\$ 1,411,249	\$ -
Share issuance costs	(12,157)	-
Proceeds from stock options exercised	72,500	-
Advances from related parties	10,000	40,000
Net cash provided by financing activities	\$ 1,481,592	\$ 40,000
Net increase (decrease) in cash in the period	\$ 85,790	\$ (122,144)
Cash – beginning of the period	\$ 562,840	\$ 134,535
Cash – end of the period	\$ 648,630	\$ 12,391

Supplemental cash flow information

For the six months ended	August 31, 2023	August 31, 2022
Exploration and evaluation asset additions in trade payables	\$ 153,688	\$ -
Settlement of trade payables and debt through share issuance	141,526	74,913
Fair value of finders' warrants	19,301	-

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 Six Months Ended August 31, 2023 and 2022

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 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 trade on the Canadian Securities Exchange (the “CSE”) under the stock symbol “CCC”, on the Frankfurt Stock Exchange under the ticker “BJ4” and on the OTCQB Venture Market under the stock symbol “DLRYF”. 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.

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, 2023. 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 Six Months Ended August 31, 2023 and 2022

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.

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, 2023.

NOTE 4 – PREPAID EXPENSES AND DEPOSITS

	August 31, 2023	February 28, 2022
Consulting fees	\$ 72,333	\$ 73,333
Advertising and marketing	16,667	211,667
Investor relations	50,000	15,989
Management fees	47,774	10,000
Regulatory fees	8,428	18,541
Marketing	180,398	-
Total prepaid expenses and deposits	\$ 375,600	\$ 329,530

NOTE 5 – EXPLORATION AND EVALUATION ASSETS

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.

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.

Under the Agreement, the Company is required to pay an annual advance royalty payment of \$25,000 (paid – December 2022) paid to IMC and AMARC Resources Ltd. relating to the 2% net smelter returns royalty (the "NSR"). The NSR can be purchased by the Company at any time for \$2,000,000.

The Company deposited \$40,000 with the Ministry of Energy, Mines and Low Carbon Innovation 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.

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Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

For the Three and Six Months Ended August 31, 2023 and 2022

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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.

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 in the year ended February 28, 2022.

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

	Newton		Owl Lake		Total
Acquisition costs:					
Balance, February 28 and August 31, 2022	\$	4,632,993	\$	-	\$ 4,632,993
Balance, February 28 and August 31, 2023	\$	4,657,993	\$	-	\$ 4,657,993
Exploration costs:					
Balance, February 28, 2022	\$	123,483	\$	-	\$ 123,483
Permitting		16,500		-	16,500
Balance, August 31, 2022	\$	139,983	\$	-	\$ 139,983
Balance, February 28, 2023	\$	922,877	\$	-	\$ 922,877
Permitting		3,304		-	3,304
Targeting, planning and logistics		40,677		-	40,677
Equipment rental		11,722		-	11,722
Field personnel		90,321		-	90,321
Fuel		1,545		-	1,545
Consumables		9,089		-	9,089
Travel and meals		42,132		-	42,132
Project management		7,915		-	7,915
Balance, August 31, 2023	\$	1,129,582	\$	-	\$ 1,129,582
Balance, August 31, 2022	\$	4,772,976	\$	-	\$ 4,772,976
Balance, February 28, 2023	\$	5,580,870	\$	-	\$ 5,580,870
Balance, August 31, 2023	\$	5,787,575	\$	-	\$ 5,787,575

CARLYLE COMMODITIES CORP.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

For the Three and Six Months Ended August 31, 2023 and 2022

Expressed in Canadian Dollars except otherwise noted

NOTE 6 – SHARE CAPITAL

Authorized: unlimited number of common shares without par value.

	Number of shares	Amount
Balance, February 28, 2022	6,774,713	\$ 15,375,237
Shares issued to settle trade payables	254,650	74,913
Balance, August 31, 2022	7,029,363	\$ 15,450,150
Balance, February 28, 2023	24,233,683	\$ 17,394,759
Shares issued in private placements (a)	15,305,192	804,175
Shares issued upon stock option exercise (b)	500,000	136,250
Shares issued to settle trade payables (c)	1,246,846	141,526
Balance, August 31, 2023	41,285,721	\$ 18,476,710

(a) (i) On March 3, 2023, the Company closed the second tranche of the non-brokered private placement announced in February 2023 consisting of 140,000 units for gross proceeds of \$35,000.

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 \$0.375 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.

(ii) On March 22, 2023, the Company closed a non-brokered private placement by issuance of 1,341,664 units at a price of \$0.15 per unit for gross proceeds of \$201,250. Each unit consists of one common share and one-half warrant, with each entitling the holder to purchase one additional share at a price of \$0.375 for a period of 36 months following the issuance. In connection with the offering, the Company issued 53,333 finders' warrants, exercisable at a price of \$0.15 each into 53,333 units, valued at \$6,080. Each finder unit consists of one share and one-half of one warrant, with each warrant entitling the holder to purchase one share at a price of \$0.375 for a period of 36 months following the issuance. The finders' warrants were valued using the Black-Scholes pricing model with following assumptions: (i) share price of \$0.135, (ii) expected life of three years, (iii) dividend yield of 0%, (iv) risk-free rate of 4.02%, and (v) expected volatility of 163.5%.

(iii) On August 18, 2023, the Company closed the first tranche of a non-brokered private placement by issuance of 7,617,823 units at a price of \$0.085 per unit for gross proceeds of \$647,515. Each unit consists of one common share and one warrant, with each entitling the holder to purchase one additional share at a price of \$0.15 for a period of 36 months following the issuance. In connection with the offering, the Company issued 84,560 finders' warrants, exercisable at a price of \$0.15 each into 84,560 common shares of the Company, valued at \$6,680.

(iv) On August 30, 2023, the Company closed the first tranche of a non-brokered private placement by issuance of 6,205,705 units at a price of \$0.085 per unit for gross proceeds of \$527,485. Each unit consists of one common share and one warrant, with each entitling the holder to purchase one additional share at a price of \$0.15 for a period of 36 months following the issuance. In connection with the offering, the Company issued 58,400 finders' warrants, exercisable at a price of \$0.085 each into 58,400 common shares of the Company, valued at \$6,541.

(b) Issued 500,000 common shares for stock options exercised at an average price of \$0.145 per common share for proceeds of \$72,500. Upon exercise, \$63,750 relating to the fair value of the stock options was reclassified from reserves to share capital.

(c) Issued 1,246,846 common shares valued at \$141,526 to consultants to settle trade payables and accrued liabilities valued at \$119,297. The Company recognized a loss on settlement of trade payables and accrued liabilities equal to \$22,229 in the statement of loss.

CARLYLE COMMODITIES CORP.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

For the Three and Six Months Ended August 31, 2023 and 2022

Expressed in Canadian Dollars except otherwise noted

NOTE 7 – RESERVES

Warrants

	Number of warrants	Weighted Average Exercise Price
Balance, February 28, 2022	2,887,264	\$ 3.34
Cancelled	(200,000)	-
Expired	(131,464)	7.24
Balance, August 31, 2022	2,555,800	\$ 3.14
Balance, February 28, 2023	11,500,764	\$ 0.93
Issued	(a) 14,760,653	0.16
Balance, August 31, 2023	26,261,417	\$ 0.50

(a) (i) On March 3, 2023, the Company issued 70,000 share purchase warrants in connection with the second tranche of private placement announced in February 2023; see Note 6 for more details.

(ii) On March 22, 2023, the Company issued 670,832 share purchase warrants and 53,333 finders' warrants in connection with the non-brokered private placement described in Note 6.

(iii) On August 18, 2023, the Company issued 7,617,823 share purchase warrants and 84,560 finders' warrants in connection with the non-brokered private placement described in Note 6.

(iv) On August 30, 2023, the Company issued 6,205,705 share purchase warrants and 58,400 finders' warrants in connection with the non-brokered private placement described in Note 6.

Warrants outstanding as of August 31, 2023 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
June 28, 2024	0.38	400,000	400,000
June 28, 2024	0.25	34,400	34,400
June 30, 2024	0.38	100,000	100,000
June 30, 2024	0.25	16,000	16,000
March 27, 2025	2.00	266,666	266,666
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
February 24, 2026	0.38	370,000	370,000
February 24, 2026	0.25	56,000	56,000
March 3, 2026	0.38	70,000	70,000

CARLYLE COMMODITIES CORP.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

For the Three and Six Months Ended August 31, 2023 and 2022

Expressed in Canadian Dollars except otherwise noted

Expiry Date	Exercise Price, \$	Outstanding warrants	Outstanding and exercisable warrants
March 22, 2026	0.38	670,832	670,832
March 22, 2026	0.15	53,333	53,333
August 18, 2026	0.15	7,702,383	7,702,383
August 30, 2026	0.15	6,205,705	6,205,705
August 30, 2026	0.09	58,400	58,400
	0.50	26,261,417	26,261,417

The weighted average remaining contractual life of warrants, excluding Special Warrants, outstanding as of August 31, 2023 is 2.49 years (February 28, 2023 – 2.33 years).

Stock options

	Number of options	Weighted Average Exercise Price
Balance, February 28 and August 31, 2022	410,970	\$ 3.00
Balance, February 28, 2023	3,160,970	\$ 0.61
Granted	1,950,000	0.14
Exercised	(500,005)	0.15
Balance, August 31, 2023	4,610,965	\$ 0.46

The weighted average fair value of incentive stock options granted during the three and six months ended August 31, 2023 was \$nil and \$0.13, respectively (the three and six months ended August 31, 2022 - \$nil and \$nil, respectively). The weighted average fair value of share price at the time of exercise during the three and six months ended August 31, 2023 was \$0.10 and \$0.13, respectively (the three and six months ended August 31, 2022 - \$nil and \$nil, respectively).

The fair value of incentive stock options at the date of grant was estimated using the Black-Scholes Option Pricing Model using the following weighted average assumptions:

For the six months ended	August 31, 2023
Weighted average exercise price	\$ 0.145
Risk-free interest rate	2.77%
Expected life (years)	5.00
Expected volatility	178%
Expected dividends	0%
Forfeiture rate	0%

Stock options outstanding and exercisable as of August 31, 2023 are as follows:

Expiry Date	Exercise Price, \$	Outstanding options	Outstanding and exercisable options
October 29, 2023	17.50	33,751	33,751
March 21, 2024	17.50	5,714	5,714
May 15, 2025	1.50	117,500	117,500
February 19, 2026	1.40	254,000	254,000
November 14, 2027	0.22	1,600,000	1,600,000

CARLYLE COMMODITIES CORP.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

For the Three and Six Months Ended August 31, 2023 and 2022

Expressed in Canadian Dollars except otherwise noted

Expiry Date	Exercise Price, \$	Outstanding options	Outstanding and exercisable options
January 11, 2028	0.31	1,000,000	1,000,000
January 27, 2028	0.33	150,000	150,000
March 22, 2028	0.15	1,400,000	1,400,000
March 24, 2028	0.14	50,000	50,000
	0.46	4,610,965	4,610,965

The weighted average remaining contractual life of stock options outstanding and exercisable as at August 31, 2023 is 4.17 years (February 28, 2023 – 4.49 years).

NOTE 8 – 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 August 31,		Six Months Ended August 31,	
	2023	2022	2023	2022
Management fees	\$ 99,110	\$ 55,500	\$ 162,110	\$ 111,000
Consulting fees	7,500	7,500	15,000	15,000
Share-based payments	-	-	96,750	-
Total compensation	\$ 106,610	\$ 63,000	\$ 273,860	\$ 126,000

Due to related parties

As of August 31, 2023, \$244,150 (February 28, 2023, \$339,098) was included in trade payables and accrued liabilities for fees owed to related parties.

As of August 31, 2023, the Company had the following balances originated from transactions with a legal entity controlled by CEO:

As at	August 31, 2023	February 28, 2023
Receivables	\$ 238	\$ 187
Prepaid expenses and deposits	47,774	-
Loans receivable	50,000	50,000
	\$ 98,012	\$ 50,187

The legal entity with the officer in common advanced a loan of \$10,000 during the three months ended August 31, 2023. The loan bears no interest and due on demand.

CARLYLE COMMODITIES CORP.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

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NOTE 9 – 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
Loan receivable	Amortized cost
Financial liabilities	
Trade payables and accrued liabilities	Amortized cost
Loan payable	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 August 31, 2023, the Company is not exposed to significant interest rate risk.

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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	\$ 523,590	\$ 523,590	\$ 523,590	\$ -	\$ -
Loans and borrowings	10,000	10,000	10,000	-	-
Totals	\$ 533,590	\$ 533,590	\$ 533,590	\$ -	\$ -

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 10 – 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 11 – EVENTS AFTER REPORTING PERIOD

On September 12, 2023, the Company granted 2,500,000 stock options to certain officers, directors, and consultants of the Company for the purchase of up to 2,500,000 common shares of the Company. Each option vested immediately and is exercisable for a period of five years at an exercise price of \$0.125.

On September 12, 2023, the Company cancelled 162,039 stock options; 13,212 stock options expired on October 28, 2023 unexercised.

On September 26, 2023, 8,480 share purchase warrants with an exercise price of \$0.15 expiring on October 31, 2025 were exercised.

The Company issued 45,795 common shares subsequent to August 31, 2023 to settle select trade payables.

On October 18, 2023, the Company granted 300,000 stock option to a consultant of the Company for the purchase of up to 300,000 common shares of the Company. Each option vested immediately and is exercisable for a period of five years at an exercise price of \$0.17.