

# FORM 5

## QUARTERLY LISTING STATEMENT

Name of Listed Issuer: CARLYLE COMMODITIES CORP. (the "Issuer").

Trading Symbol: CCC

### SCHEDULE A: FINANCIAL STATEMENTS

*The unaudited interim financial statements for the three months ended May 31, 2021 are attached hereto.*

### SCHEDULE B: SUPPLEMENTARY INFORMATION

1. Related party transactions

*Refer to Note 8 of the unaudited financial statements for the three months ended May 31, 2021, which are attached hereto as Schedule A.*

2. Summary of securities issued and options granted during the period.

(a) summary of securities issued during the period,

Date of Issue	Type of Security (common shares, convertible debentures, etc.)	Type of Issue (private placement, public offering, exercise of warrants, etc.)	Number	Price	Total Proceeds	Type of Consideration (cash, property, etc.)	Describe relationship of Person with Issuer (indicate if Related Person)	Commission Paid
Mar. 8, 2021	Common shares	Compensation	200,000	\$0.075	\$15,000	Consultant services	Third party	N/A
April 6, 2021	Common shares	Compensation	200,000	\$0.075	\$15,000	Consultant services	Third party	N/A
April 20, 2021	Common shares	Stock option exercise	555,000	\$0.115	\$63,825	Cash	Third party	N/A
April 23, 2021	Common shares	Compensation	52,631	\$0.1425	\$7,500	Consultant services	Third party	N/A
April 26, 2021	Common shares	Stock option exercise	250,000	\$0.14	\$35,000	Cash	Third party	N/A

May 5, 2021	Common shares	Compensation	137,994	\$0.1087	\$15,000	Consultant services	Third party	N/A
May 20, 2021	Common shares	Compensation	71,428	\$0.105	\$7,500	Consultant services	Third party	N/A

(b) summary of options granted during the period,

Date	Number	Name of Optionee if Related Person and relationship	Generic description of other Optionees	Exercise Price	Expiry Date	Market Price on date of Grant
April 13, 2021	555,000	N/A	Third party consultant	\$0.115	April 23, 2023	\$0.11

**3. Summary of securities as at the end of the reporting period.**

*See Note 7 of the unaudited interim financial statements for the three months ended May 31, 2021, which are attached hereto as Schedule A.*

**4. List the names of the directors and officers, with an indication of the position(s) held, as at the date this report is signed and filed.**

<i>Morgan Good</i>	<i>President, Chief Executive Officer and Director</i>
<i>Mike Blady</i>	<i>Director</i>
<i>Leighton Bocking</i>	<i>Director</i>
<i>Bennett Liu</i>	<i>Chief Financial Officer</i>
<i>Andrew Brown</i>	<i>Corporate Secretary</i>

**SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS**

*Management's Discussion & Analysis of the unaudited interim financial statements for the three months ended May 31, 2021 is attached hereto as Schedule B.*

## Certificate Of Compliance

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The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Quarterly Listing Statement.
2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 5 Quarterly Listing Statement is true.

Dated July 30, 2021.

**Morgan Good**  
Name of Director or Senior Officer

**/s/ Morgan Good**  
Signature

**Chief Executive Officer**  
Official Capacity

<b>Issuer Details</b> Name of Issuer		For Quarter Ended	Date of Report YY/MM/D
<b>Carlyle Commodities Corp.</b>		<b>May 31, 2021</b>	<b>July 30, 2021</b>
Issuer Address			
<b>#620 – 1111 Melville St.</b>			
City/Province/Postal Code		Issuer Fax No. ( )	Issuer Telephone No. ( )
<b>Vancouver, B.C. V6Z 2E6</b>		<b>N/A</b>	<b>(604) 620-9804</b>
Contact Name		Contact Position	Contact Telephone No.
<b>Morgan Good</b>		<b>CEO</b>	<b>(604) 620-9804</b>
Contact Email Address		Web Site Address	
<a href="mailto:morgan@carlylecommodities.com">morgan@carlylecommodities.com</a>		<a href="https://www.carlylecommodities.com/">https://www.carlylecommodities.com/</a>	

**SCHEDULE A**

**FINANCIAL STATEMENTS**

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**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
<b>ASSETS</b>		
<b>Current assets</b>		
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
<b>Equipment (Notes 4)</b>	4,573	4,883
<b>Exploration and evaluation advance (Note 5)</b>	18,005	141,327
<b>Exploration and evaluation assets (Note 5)</b>	<u>6,531,539</u>	<u>6,404,937</u>
	<u>\$ 6,770,217</u>	<u>\$ 7,086,079</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 179,205	\$ 181,773
Accrued liabilities	<u>10,000</u>	<u>13,770</u>
	189,205	195,543
<b>Shareholders' Equity</b>		
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>
	<u>\$ 6,770,217</u>	<u>\$ 7,086,079</u>

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	<b>May 31, 2021</b>	<b>May 31, 2020</b>
<b>General and administrative expenses</b>		
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	<u>3,358</u>	<u>4,918</u>
	<u>(518,954)</u>	<u>(400,863)</u>
<b>Other items</b>		
Loss on shares issued on settlement of accounts payable (Note 7)	<u>(19,056)</u>	<u>(27,969)</u>
<b>Loss and comprehensive loss for the period</b>	<u>\$ (538,010)</u>	<u>\$ (428,832)</u>
<b>Loss per common share, basic and diluted</b>	<u>\$ (0.02)</u>	<u>\$ (0.04)</u>
<b>Weighted average number of common shares outstanding, basic and diluted</b>	<u>25,957,007</u>	<u>10,910,751</u>

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	<b>May 31, 2021</b>	<b>May 31, 2020</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
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>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
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>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
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>
<b>Change in cash for the period</b>	<b>(33,609)</b>	<b>498,453</b>
<b>Cash, beginning of the period</b>	<u>161,161</u>	<u>55,973</u>
<b>Cash, ending of the period</b>	<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				
<b>Balance, February 29, 2020</b>	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)
<b>Balance, May 31, 2020</b>	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)
<b>Balance, February 28, 2021</b>	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)
<b>Balance, May 31, 2021</b>	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:

<b>Company</b>	<b>Place of Incorporation</b>	<b>Effective Interest</b>
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
<b>Cost</b>					
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
<b>Accumulated Depreciation</b>					
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
<b>As at February 28, 2021</b>	\$	2,238	\$	2,645	\$ 4,883
<b>As at May 31, 2021</b>	\$	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	(completed during the year ended February 28, 2019)
By December 31, 2021		200,000	
By December 31, 2022		700,000	
	\$	1,000,000	

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

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

**BCVC acquisition, British Columbia**

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

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:

<b>Date</b>	<b>Cash</b>	<b>Shares</b>	<b>Exploration Expenditures</b>
Upon execution of the LOI	\$ 10,000 (paid)	-	\$ -
Upon closing	40,000 (paid)	1,500,000 (issued)	-
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:

<b>Vesting Date</b>	<b>No. of Special Warrants Vested / Converted</b>
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.

<b>Purchase price consideration</b>	
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
	6,358,430
<b>Assets and liabilities acquired</b>	
Cash	1,097,078
Accounts receivable	669,350
Newton Gold Project	4,592,330
Accounts payable	(328)
	6,358,430
<b>Total purchase price allocated</b>	<b>\$ 6,358,430</b>

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**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
<b>Acquisition costs:</b>							
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
<b>Exploration costs:</b>							
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
<b>Balance, February 28, 2021</b>	<b>\$ 168,495</b>	<b>\$ 454,928</b>	<b>\$ 1,148,521</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,632,993</b>	<b>\$ 6,404,937</b>
<b>Balance, May 31, 2021</b>	<b>\$ 168,495</b>	<b>\$ 454,928</b>	<b>\$ 1,273,012</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,635,104</b>	<b>\$ 6,531,539</b>

**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

**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:

	<b>May 31, 2021</b>	<b>May 31, 2020</b>
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.

**SCHEDULE B**

**MANAGEMENT DISCUSSION AND ANALYSIS**

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

(formerly Delrey Metals Corp.)

**CARLYLE COMMODITIES CORP.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FOR THE PERIODS ENDED MAY 31, 2021 AND 2020**

## **INTRODUCTION**

This Management's Discussion and Analysis ("MD&A") prepared as at July 30, 2021, reviews the financial condition and results of operations of Carlyle Commodities Corp. ("Carlyle" or the "Company") (formerly Delrey Metals Corp.) for the period ended May 31, 2021 and all other material events up to the date of this report. The following discussion should be read in conjunction with the Company's May 31, 2021 condensed consolidated interim financial statements and its February 28, 2021 annual audited consolidated financial statements and related notes.

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

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

## **DESCRIPTION AND OVERVIEW OF BUSINESS**

Carlyle Commodities Corp. (formerly Delrey Metals Corp.) the "Company") was incorporated on October 18, 2017 under the Business Corporations Act of British Columbia. The Company's head office address is 620 – 1111 Melville Street, Vancouver, BC. The registered office address is located at 800 – 885 West Georgia Street, Vancouver, BC. The Company's common shares began trading on the Canadian Securities Exchange (the "CSE") on October 24, 2018, under the symbol "DLRY". On February 18, 2020, the Company changed its name to Carlyle Commodities Corp and continued trading under the symbol "CCC". The Company's condensed consolidated interim financial statements include the financial statements of the following subsidiaries:

Company	Place of Incorporation	Effective Interest
BC Vanadium Corp. ("BCVC")	British Columbia	100%
WEM Western Energy Metals Ltd. ("WEM")	British Columbia	100%
ISSAC 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 one (1) post-consolidation share for each seven (7) pre-consolidation shares. All per share amounts in the financial statements and this MD&A have been retroactively restated.

The Company's 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.

### *COVID-19*

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

## **PERFORMANCE SUMMARY AND SUBSEQUENT EVENTS**

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

- Issued 452,631 common shares at an average price of \$0.12 per share with a gross amount of \$52,500 to two consultants of the Company for consulting services;
- Issued 805,000 common shares for options exercised at an average price of \$0.12 per share.
- 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.

## **EXPLORATION AND EVALUATION ASSETS**

### **Sunset Mining Property, British Columbia**

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

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

During the year ended February 28, 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 June 30, 2019 and June 30, 2020 respectively to December 31, 2020 (as to \$200,000) and December 31, 2021 (as to \$700,000).

### **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 Carlyle, pursuant to which Carlyle acquired (the “Transaction”) all of the issued and outstanding securities of IMC by way of “three-cornered” amalgamation.

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

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

### **Cecilia Gold-Silver Property, State of Sonora**

**CARLYLE COMMODITIES CORP.** (formerly Delrey Metals Corp.)

**Management's Discussion and Analysis**

For the period ended May 31, 2021

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During the year ended February 28, 2021, the Company entered into an option agreement (the "Cecilia Agreement") with Riverside Resources Inc. ("Riverside"), an arm's length TSX Venture Exchange ("TSXV") listed issuer trading under the symbol "RRI", to purchase an undivided 100% interest in and to the 7,739 hectare Cecilia Gold-Silver Project (the "Property") located in the State of Sonora, Mexico.

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

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

During the year ended February 28, 2021, the Company advanced \$750,000 to Riverside as operator of the project, of which \$608,673 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. 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.

The Company is currently in the process of drilling preparation, which includes hand building drill pads for person-portable drilling at the San Jose target, widening and improvement of foot trails/roads, and preparation of the drill and the work camp for the upcoming drill program.

**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"), an arm's length private company. Under the terms of the Mack Agreement, the Company has the right to earn a 50% working interest in the Mack copper-molybdenum-gold property by funding \$400,000 for an initial drill program as follows:

- a) \$50,000 on or before August 14, 2020 (*paid*); and
- b) \$350,000 on the earlier of:
  - i. 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 subsequent to August 31, 2020*); and
  - ii. 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 month of September 2020, the Company commenced its planned 600m drill program, conducted by Amarc Resources Ltd., a Company affiliated with UMS.

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.

**Jake option agreement, British Columbia**

During the year ended February 28, 2021, the Company entered into an option agreement (the "Jake Agreement") with UMS, an arm's length private company. Under the terms of the Jake Agreement, the Company has the right to earn a 50% working interest in the Jake copper-molybdenum-gold property by funding \$400,000 for an initial drill program as follows:

- a) \$100,000 on or before August 31, 2020; and
- b) \$300,000 on the earlier of:
  - i. May 1, 2021, if Amarc has received the necessary permit required for the earn-in program for the Jake Property; and
  - ii. 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.

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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.

**BCVC Projects, British Columbia**

On December 6, 2018, pursuant to the terms of an agreement, the Company acquired 100% of issued and outstanding common shares of BCVC in exchange for 785,714 common shares and agreed to pay \$10,000 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 Projects, British Columbia**

On December 12, 2018, pursuant to the terms of an agreement the Company acquired 100% of issued and outstanding common shares of WEM in exchange for 607,143 common shares and agreed to pay \$10,000 in WEM's existing payables. The acquisition of WEM was accounted for as an asset acquisition. WEM owns a 100% interest in the Blackie and the 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.

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

	<b>Sunset</b>	<b>Mack</b>	<b>Cecilia</b>	<b>Star / Porcher</b>	<b>Blackie / Penece</b>	<b>Newton</b>	<b>Total</b>
<b>Acquisition costs:</b>							
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)	(487,000)	-	(1,205,000)
Disposal	-	-	-	(12,500)	(12,500)	-	(25,000)
Balance, February 28, 2021 and May 31, 2021	65,000	25,822	540,000	-	-	4,632,993	5,263,815
<b>Exploration costs:</b>							
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
<b>Balance, February 28, 2021</b>	\$ 168,495	\$ 454,928	\$ 1,148,521	\$ -	\$ -	\$ 4,632,993	\$ 6,404,937
<b>Balance, May 31, 2021</b>	\$ 168,495	\$ 454,928	\$ 1,273,012	\$ -	\$ -	\$ 4,635,104	\$ 6,531,539



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**SUMMARY OF QUARTERLY RESULTS**

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

		<b>May 31, 2021</b>		<b>February 28, 2021</b>		<b>November 30, 2020</b>		<b>August 31, 2020</b>
Total Assets	\$	6,770,217	\$	7,086,079	\$	1,748,518	\$	2,581,798
Shareholders' equity		6,581,012		6,890,536		970,878		2,062,970
Revenue		-		-		-		-
Comprehensive Loss		(538,010)		(1,308,822)		(1,471,491)		(308,426)
Basic and diluted loss per share		(0.02)		(0.06)		(0.06)		(0.01)

  

		<b>May 31, 2020</b>		<b>February 29, 2020</b>		<b>November 30, 2019</b>		<b>August 31, 2019</b>
Total Assets	\$	2,370,543	\$	1,713,287	\$	2,159,199	\$	2,275,547
Shareholders' equity		2,028,815		1,109,249		1,646,639		1,827,283
Revenue		-		-		-		-
Comprehensive Loss		(428,832)		(610,140)		(180,644)		(427,270)
Basic and diluted loss per share		(0.04)		(0.12)		(0.07)		(0.07)

**DISCUSSION OF QUARTERLY RESULTS**

During the period ended May 31, 2021, the Company incurred a loss of \$538,010 (2020 - \$428,832). Significant expenditures include the following:

**Consulting fees** – increased to \$257,901 for the period ended May 31, 2021 (2020 - \$68,525) and represent corporate consulting fees in support of the Company as it proceeded with acquisition and exploration activities.

**Investor relations fees** – increased to \$129,572 for the period ended May 31, 2021 (2020 - \$81,912). The Company had undergone significant investor relations and shareholder communications programs to promote and support healthy growth.

**Management fees** – increased to \$55,500 for the period ended May 31, 2021 (2020 - \$46,500) and represents fees paid to the Company's Chief Executive Officer, Chief Financial Officer, and corporate secretary.

**Office Costs** – increased to \$11,226 for the period ended May 31, 2021 (2020 - \$2,557) and represent various general and administrative costs required in setting up and maintaining the Company's operations.

**Share-based payments** – increased to \$50,605 for the period ended May 31, 2021 (2020 - \$177,299) and represent a non-recurring, non-cash expense related to the fair value of 555,000 stock options granted to various consultants during the year.

**LIQUIDITY AND CAPITAL RESOURCES**

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

In order to finance the acquisition of assets or a business and corporate overhead, the Company will be dependent on investor sentiment remaining positive towards the junior companies, and towards Carlyle Commodities Corp., in particular, so that funds can be raised through the sale of the Company's securities. Many factors have an influence on investor sentiment, including a positive climate from investors to support junior exploration companies, a company's track record and the experience and calibre of a company's management. There is no certainty that equity funding will be available at the times and in the amounts required to fund the Company's activities. Note 1 of the Company's May

31, 2021 consolidated financial statements further discusses the going concern issue. The financial statements do not include any adjustments that might result from these uncertainties.

The Company plans on financing its continued activities through equity financings. It is anticipated as general sentiment towards junior exploration companies remains positive, the Company can raise the necessary capital to secure and finance the acquisition of assets or a business. Debt financing has not been used to fund asset and business acquisitions; the Company has no current plans to use such financing. There are no other sources of financing that have been arranged by the Company. The Company's working capital deficiency for the period ended May 31, 2021 was \$26,895 compared to a working capital deficit of \$339,389 as at February 28, 2021.

### **Cash and Financial Conditions**

The Company had a cash balance of \$127,552 as at May 31, 2021 compared to a cash balance of \$161,161 as at February 28, 2021.

*Operating activities:* The Company used \$311,633 in operations for the period ended May 31, 2021 (2020 - \$460,227).

*Investing activities:* The Company received \$179,199 in investing activities for the period ended May 31, 2021 (2020 – used \$ 72,575) related to payments towards exploration and evaluation activities of \$6,283 (2020 - \$41,575) and received \$185,482 (2020 - \$31,000) loans issued.

*Financing activities:* The Company generated \$98,825 in financing activities for the period ended May 31, 2021 (2020– \$1,031,255) relating to proceeds of \$nil (2020 - \$1,114,275) from private placements and proceeds of \$98,825 (2020 - \$nil) less \$nil (2020 - \$83,020) in share issuance costs.

### **SECURITIES OUTSTANDING**

As at the date of this MD&A the Company has 65,264,210 common shares, 29,872,640 share purchase warrants, and 4,123,991 stock options outstanding.

### **OUTLOOK**

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

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

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

### **OFF-BALANCE SHEET ARRANGEMENTS**

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

### **TRANSACTIONS WITH RELATED PARTIES**

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

#### *Key management personnel*

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors, the Chief Executive Officer, and Chief Financial Officer. Key management personnel payments for the period ended May 31, 2021 included:

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	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

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.

**PROPOSED TRANSACTIONS**

There are currently no proposed asset or business acquisitions or dispositions, other than those disclosed in this MD&A and the Company's consolidated financial statements.

**CRITICAL ACCOUNTING ESTIMATES**

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

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

**RECENT ACCOUNTING PRONOUNCEMENTS**

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended February 28, 2021.

**FINANCIAL INSTRUMENTS AND RELATED RISKS**

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

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

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

### **Risk management**

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

#### *Credit risk*

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

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

#### *Liquidity risk*

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

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

#### *Market risk*

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

##### a) Interest rate risk

The Company's exposure to interest rate risk arises from the interest rate impact on cash. The Company's practice has been to invest cash at floating rates of interest, in order to maintain liquidity, while achieving a satisfactory return for shareholders. There is minimal risk that the Company would recognize any loss as a result of a decrease in the fair value of any guaranteed bank investment certificates included in cash as they are generally held with large financial institutions. As at 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.

#### *Capital management*

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

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

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

## **FINANCIAL INSTRUMENTS**

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

## **FORWARD-LOOKING STATEMENTS**

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

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

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

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

## **ADDITIONAL SOURCES OF INFORMATION**

Additional information relating to Carlyle Commodities Corp. can be found on the SEDAR website at [www.sedar.com](http://www.sedar.com).