

**CARLYLE MINING CORP.**  
(the “Company”)  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**OF THE COMPANY’S FINANCIAL CONDITION AND RESULTS OF OPERATIONS**  
**FOR THE SIX MONTHS ENDED AUGUST 31, 2007**

**Date and Subject of this Discussion and Analysis**

This discussion and analysis, made as of October 15, 2007, is integral to, and should be read in conjunction with, the Company’s unaudited financial statements for the six months ended August 31, 2007, the Company’s audited financial statements for the period ended February 28, 2007 and the Company’s prospectus dated May 29, 2007. These documents, and additional information relating to the Company, are available for viewing at [www.sedar.com](http://www.sedar.com).

**Description of Business**

The principal business of the Company is to identify, evaluate and then acquire an interest in a business or assets. The Company is classified as a Capital Pool Company as defined in TSX Venture Exchange Policy 2.4.

The Company does not have active business operations or assets other than cash and has not entered into any written or oral agreements for the acquisition of an asset or business at this time.

The Company was incorporated on January 24, 2007. Its first financial year end was for the period from incorporation to February 28, 2007 and the Company became a reporting issuer in May, 2007. The Company’s only asset during such periods was cash. The results of the most recent quarter are set out in the Company’s unaudited financial statements for the three months ended August 31, 2007 and discussed below.

The Company began 2007 with 14,000,000 shares outstanding and ended the period with 16,000,000 shares outstanding. During the period, the Company received net proceeds of \$165,058 from the completion of the initial public offering. 200,000 Agents warrants were issued in connection with this offering.

Pursuant to the adoption of an incentive stock option plan 950,000 options exercisable at a price of \$0.15 per share were granted during the period.

**Results of Operations for the Six Months ended August, 2007**

The net loss for the six months ended August 31, 2007 is the result of interest income earned less administrative and stock based compensation expenses incurred.

**Comparison to Prior Quarterly Periods**

	2007	
	2 <sup>nd</sup> Quarter	1 <sup>st</sup> Quarter
Interest	\$ 6,163	\$ 5,645
Administrative Expenses	1,157	973
Stock Based Compensation	53,415	-
Deferred Charges	-	48,519

The quarterly results above reflect the Company’s focus on its public listing. Future Activity will be focused on the selection of a property for its “Qualifying Transaction”.

**Financial Condition, Liquidity and Capital Resources**

As at August 31, 2007, the Company had cash resources of \$1,005,649 and working capital of \$1,002,358. Should the Company enter into a “Qualifying Transaction” it will be required to raise additional funds through the issuance of capital stock.

**Carlyle Mining Corp.**  
**Management Discussion and Analysis (Continued)**  
**August 31, 2007**

**Critical Risk Factors**

The Company has no active business or assets other than cash. It does not have a history of earnings, nor has it paid any dividends and will not generate earnings or pay dividends until at least after the completion of a “Qualifying Transaction” as that term is defined under Exchange policy.

The Company has only limited funds with which to identify and evaluate possible Qualifying Transactions and there can be no assurance that the Company will be able to identify or complete a suitable Qualifying Transaction.

**Financial Instruments**

The Company’s financial instruments consist of cash and accounts payable. Unless otherwise noted, it is management’s opinion that the Company is not exposed to significant interest, currency, or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying value, unless otherwise noted.

**Management’s Responsibility and Oversight**

Management is responsible for reviewing the contents of this document along with the interim quarterly financial statements to ensure the reliability and timeliness of the Company’s disclosure while providing another level of review for accuracy and oversight.

There have been no changes in the Company’s disclosure controls and procedures during the three months ended August 31, 2007.

**Internal Controls and Procedures over Financial Reporting**

Management is responsible for the design of the Company’s internal control over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian generally accepted accounting principles. It should be noted that a control system, no matter how well conceived or operated, can only provide reasonable assurance, not absolute assurance, that the objectives of the control system are met.

There have been no changes in the Company’s internal controls and procedures over financial reporting during the three months ended August 31, 2007.

**Additional Information**

*Securities issued during the period*

During the period, the Company issued 2,000,000 common shares in connection with an initial offering of common shares to the public in August, 2007.

*Securities issued at the end of the period*

As at August 31, 2007 and the date of this report the Company had 16,000,000 common shares issued and outstanding.

As at August 31, 2007, and the date of this report the Company had outstanding options and warrants as follows:

	<u>Number</u>	<u>Exercise Price</u>	<u>Expiry</u>
Options:	950,000	\$0.15	July 24, 2012
Warrants:	200,000	\$0.15	July 24, 2009

**Carlyle Mining Corp.**  
**Management Discussion and Analysis (Continued)**  
**August 31, 2007**

**Additional Information (continued)**

*Directors and Officers*

Directors:

Paul Joyce  
Bryce Roxburgh  
Yale Simpson  
Robert Reynolds

Officers:

Paul Joyce, President and CEO  
Cecil Bond, CFO

*Contact Person*

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