CARLYLE MINING CORP.

FINANCIAL STATEMENTS
(unaudited – prepared by management)

AUGUST 31, 2007

CARLYLE MINING CORP.

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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 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 financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Vancouver, Canada

October 26, 2007

CARLYLE MINING CORP.
BALANCE SHEET
(unaudited – prepared by management)

	August 31, 2007	February 28, 2007
ASSETS		
Current		
Cash	**$ 1,005,649**	$ 900,242
	$ 1,005,649	$ 900,242
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accrued liabilities	**$ 3,291**	$ 5,000
Shareholders' equity		
Share capital (Note 4)	**984,717**	900,000
Contributed Surplus	**66,216**	-
Deficit	**(48,575)**	(4,758)
	1,002,358	895,242
	$ 1,005,649	$ 900,242

Nature and continuance of operations (Note 1)

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

CARLYLE MINING CORP.
STATEMENT OF OPERATIONS AND DEFICIT
(unaudited – prepared by management)

	Three Months ended August 31, 2007	Six Months ended August 31, 2007
INCOME		
Interest	$ (6,183)	$ (11,828)
EXPENSES		
Administrative	1,157	1,987
Bank charges	100	243
Stock based compensation	53,415	53,415
	54,672	55,645
Net loss for the period	48,489	43,817
Deficit, beginning of period	86	4,758
Deficit, end of period	$ 48,575	$ 48,575
Basic and diluted loss per share (excluding escrow shares)	($ 0.01)	($ 0.01)

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

CARLYLE MINING CORP.
STATEMENT OF CASH FLOWS
(unaudited – prepared by management)

	Three months ended August 31 2007	Six months ended August 31 2007
OPERATING ACTIVITIES		
Net loss for the period	$ (48,489)	$ (43,817)
Adjustments:		
Stock-based compensation	53,415	53,415
	4,926	9,598
Changes in non-cash working capital		
Deferred charges	48,519	-
Accounts payable and accrued liabilities	(13,967)	(1,709)
	39,478	7,889
FINANCING ACTIVITIES		
Issue of share capital for cash	200,000	200,000
Share issue costs	(102,482)	(102,482)
	97,518	97,518
INCREASE IN CASH	136,996	105,407
CASH, BEGINNING OF PERIOD	868,653	900,242
CASH, END OF PERIOD	1,005,649	$ 1,005,649
Cash paid during the period for interest	$ -	$ -
Cash paid during the period for taxes	$ -	$ -

1. NATURE AND CONTINUANCE OF OPERATIONS

The Company was incorporated under the *Business Corporations Act* (BC) on January 24, 2007. The Company's common shares were listed and called for trading on the TSX Venture Exchange (the "Exchange") on August 7, 2007. The principal business of the Company is to identify, evaluate and then acquire an interest in a business or assets. Upon listing, the Company was classified as a capital pool corporation ("CPC") as defined in Exchange Policy 2.4.

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The financial statements do not include any adjustments to assets and liabilities should the Company be unable to continue in existence.

2. BASIS OF PRESENTATION

The preparation of these interim financial statements is based on accounting principles and practices consistent with those used in the preparation of annual financial statements. Certain information and footnote disclosure normally included in financial statements prepared in accordance with generally accepted accounting principles has been condensed or omitted. These interim period statements should be read together with the Company's most recent audited financial statements and the accompanying notes. In the opinion of the Company, these unaudited interim financial statements contain all adjustments necessary in order to present a fair statement of the results of the interim period presented.

3. COMPARATIVE FIGURES

The Company was incorporated on January 24, 2007 and as a consequence there were no results of operations for Comparative period ended August 31, 2006.

4. CAPITAL STOCK

The authorized share capital of the Company is unlimited without par value.

The Company has issued shares of its capital stock as follows:

	August 31, 2007		February 28, 2007	
	Number of Shares	**Amount**	Number of Shares	Amount
Balance, beginning of year	**14,000,000**	**$ 900,000**	-	$ -
Issued during the period/year for:				
Cash	**2,000,000**	**200,000**	14,000,000	$ 900,000
Share Issue costs	**-**	**(115,283)**	-	-
Balance, end of period / year	**16,000,000**	**$ 984,717**	14,000,000	$ 900,000

4. CAPITAL STOCK (Cont'd…)

Escrow shares

In the prior fiscal year the Company issued 14,000,000 common shares of which 10,400,000 are subject to an escrow agreement and may not be transferred without the consent of the Exchange. The escrow agreement provides, among other things, that 10% of such shares will be released from escrow upon the completion of a "Qualifying Transaction", as defined in Exchange Policy 2.4, and that 15% of such shares will be released every six months thereafter.

Transactions for the Issue of Share Capital
During the Six Months ended August 31, 2007

a) The Company completed an initial public offering of 2,000,000 shares at a price of $0.10 per share for gross proceeds of $200,000. The Company incurred costs totalling $115,283 in connection with this offering comprised of a finder's fee, the issuance of 200,000 agents warrants with a fair value of $12,801, legal fees, transfer agent fees, listing fees and other miscellaneous costs directly relating to the completion of the initial public offering.

5. Stock Option Plan

The Company has adopted an incentive stock option plan (the "Plan"), the essential elements of which are as follows: The aggregate number of shares of the Company's capital stock issuable pursuant to options granted under the Plan may not exceed 1,600,000. Options granted under the Plan may have a maximum term of five years. The exercise price of options granted under the Plan will not be less than the discounted market price of the shares (defined as the last closing market price of the Company's shares immediately preceding the grant date, less the maximum discount permitted by TSX Venture Exchange policy ("TSX-V")), or such other price as may be agreed to by the Company and accepted by the TSX-V. Options granted under the Plan are generally exercisable immediately following the grant, however certain options may be subject to vesting at times as determined by the directors of the Company and the TSX-V.

A summary of the status of options granted under the Plan as of August 31, 2007 and February 28, 2007, and changes during the period/year then ended, is as follows:

	August 31, 2007		February 28, 2007	
	Shares	**Weighted Average Exercise Price**	Shares	Weighted Average Exercise Price
Options outstanding, beginning of year	**-**	**$ -**	-	$ -
Granted	**950,000**	**0.15**	-	-
Forfeited / Cancelled	**-**	**-**	-	-
Exercised	**-**	**-**	-	-
Options outstanding, end of period/year	**950,000**	**$ 0.15**	-	$ -

Stock- Based Compensation

The fair value of options granted during the period ending August 31, 2007 was estimated at the grant date using the Black-Scholes option pricing model, with the following weighted average assumptions:

Expected annual Volatility	125%
Risk-free interest rate	4.55%
Expected life	2.0 years
Expected dividend yield	0.00%

Based on the above assumptions, the average fair value of each option granted and vested was approximately $0.06 accordingly compensation expense of $53,415 was recorded in the statement of operations for the period.

Warrants

At August 31, 2007 the Company had outstanding broker share purchase warrants exercisable to acquire 200,000 shares as follows:

Number	Exercise Price	Expiry Date
200,000	$ 0.15	July 24, 2009

The fair value of the agents warrants issued calculated using the Black-Scholes Model was $12,801 which has been included in share issue costs.

6. Contributed Surplus

Balance, beginning of year	$	-
Stock-based compensation expense		53,415
Agents Warrants		12,801
Balance, August 31, 2007	$	66,216

7. FINANCIAL INSTRUMENTS

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