CARLYLE MINING CORP.

FINANCIAL STATEMENTS

May 31, 2008

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

CARLYLE MINING CORP.
BALANCE SHEETS

	May 31, 2008	February 29, 2008
ASSETS		
Current		
Cash	**$ 967,352**	$ 1,000,154
Interest receivable	**4,094**	-
Goods and Services Tax receivable	**5,508**	4,271
	$ 976,954	$ 1,004,425
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	**$ 23,544**	$ 30,525
Shareholders' equity		
Share capital (Note 5)	**984,265**	984,265
Contributed surplus (Note 6)	**66,216**	66,216
Deficit	**(97,071)**	(76,581)
	953,410	973,900
	$ 976,954	$ 1,004,425

Basis of presentation (Note 2)

Subsequent event (Note 8)

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

CARLYLE MINING CORP.
STATEMENTS OF OPERATIONS AND DEFICIT

	Three Months Ended May 31, 2008	Three Months Ended May 31, 2007
EXPENSES		
Administrative	$ 25,639	$ 830
Transfer agent filing fees	1,223	-
Bank charges	115	143
Interest, net	(6,487)	(5,645)
Net loss (income) and comprehensive loss (income) for the period	20,490	(4,672)
Deficit, beginning of period	76,581	4,758
Deficit, end of period	$ 97,071	$ 86
Basic and diluted (loss) income per share (excluding escrow shares)	($0.01)	$0.00
Weighted average number of common shares outstanding	3,600,000	1,600,000

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

CARLYLE MINING CORP.
STATEMENTS OF CASH FLOWS

		Three Months Ended May 31, 2008		Three Months Ended May 31, 2007
OPERATING ACTIVITIES				
Net (loss) income for the period	$	(20,490)	$	4,672
Changes in non-cash working capital				
Deferred charges		-		(48,519)
Accounts payable and accrued liabilities		(8,218)		12,258
		(8,218)		(31,589)
Decrease in cash		(32,802)		(31,589)
Cash, beginning of period		1,000,154		900,242
Cash, end of period	$	971,446	$	868,653
Cash paid during the period for interest	$	-	$	-
Cash paid during the period for income taxes	$	-	$	-

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

1. NATURE OF BUSINESS

Carlyle Mining Corp. (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 "TSX-V") 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 TSX-V Policy 2.4.

2. BASIS OF PRESENTATION

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") 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 the classification and amount of assets and liabilities that may be required should the Company be unable to continue in existence.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Use of estimates

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, 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. Significant areas requiring the use of estimates include accrued liabilities; the determination of the assumptions used in the calculation of stock-based compensation expense and the valuation allowance for future income tax assets. Actual results could differ from those estimates used in the financial statements.

(b) Financial instruments

Financial instruments are classified into one of five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments are measured in the balance sheet at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities, which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification as follows: held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net income; available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the investment is no longer recognized or impaired, at which time the amounts would be recorded in net income.

(c) Loss per share

Basic earnings (loss) per share is calculated using the weighted average number of common shares outstanding during the year. The Company uses the treasury stock method for calculating diluted earnings (loss) per share. Under this method the dilutive effect on earnings per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. However, diluted loss per share is not presented where the effects of various conversions and exercise of options and warrants would be anti-dilutive. Shares held in escrow, other than where their release is subject to the passage of time, have not been included in the calculation of the weighted average number of common shares outstanding.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Comprehensive income

Comprehensive income (loss) is the overall change in the net assets of the Company for a period, other than changes attributable to transactions with shareholders. It is made up of net income and other comprehensive income (loss). Other comprehensive income (loss) consists of net income and other gains and losses affecting shareholders' equity that, under generally accepted accounting principles are excluded from net income. The Company has no items of other comprehensive income (loss) in any period presented. Therefore, net income as presented in the Company's statement of operations equals comprehensive income (loss).

(e) Stock-based compensation

The Company accounts for stock-based compensation using the fair value based method with respect to all stock-based payments to directors, employees and non-employees, including awards that are direct awards of stock and call for settlement in cash or other assets, or stock appreciation rights that call for settlement by the issuance of equity instruments. Under this method, stock-based payments are recorded as an expense over the vesting period or when the awards or rights are granted, with a corresponding increase to contributed surplus under shareholders' equity. When stock options are exercised, the corresponding fair value is transferred from contributed surplus to capital stock.

(f) Income taxes

The Company uses the asset and liability method of accounting for income taxes. Under this method, future income taxes are recognized for the future income tax consequences attributable to differences between financial statement carrying values and their corresponding tax values (temporary differences) and tax loss carry forwards. Future income tax assets and liabilities are measured using enacted or substantively enacted income tax rates expected to apply when the temporary differences are expected to be recovered or settled. The effect on future income tax assets and liabilities of a change in tax rates is included in income in the period in which the change occurs. The amount of future income tax assets recognized is limited to the amount that, in the opinion of management, is more likely than not to be realized.

(g) Foreign currency transaction

The Company's functional currency is the Canadian dollar. Where applicable, foreign currency transactions and balances are translated into Canadian dollars as follows:

- i) Monetary assets and liabilities, at the rate of exchange in effect as at the balance sheet date;
- ii) Non-monetary assets and liabilities, at the exchange rates prevailing at the time of the acquisition of assets or assumption of liabilities; and
- iii) Expenses, at the average rate of exchange by quarter.

Gains and losses arising from this translation of foreign currency are included in the determination of net loss for the year.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Accounting changes

i) Capital disclosures

In February 2007, the Canadian Institute of Chartered Accountants ("CICA") issued Handbook Section 1535, "Capital Disclosures", which requires the disclosure of both qualitative and quantitative information that provides users of financial statements with information to evaluate the entity's objectives, policies and procedures for managing capital. The new section is effective for the Company for the year beginning March 1, 2008. The initial adoption of this standard has no material impact on the classification and valuation of the Company's interim financial statements.

ii) Financial instruments

In February 2007, the CICA issued two new standards, Section 3862, "Financial Instruments Disclosures", and Section 3863, "Financial Instruments Presentation". These sections will replace the existing Section 3861, "Financial Instruments Disclosure and Presentation". Section 3862 provides users with information to evaluate the significance of the financial instruments of the entity's financial position and performance, nature and extent of risks arising from financial instruments, and how the entity manages those risks. Section 3863 deals with the classification of financial instruments, related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset. The new sections are effective for the Company for the year beginning March 1, 2008. The initial adoption of these standards has no material impact on the classification and valuation of the Company's interim financial statements.

iii) Going concern

In June 2007, the CICA amended Handbook Section 1400, "General Standards of Financial Statement Presentation", which requires management to make an assessment of a company's ability to continue as a going concern. When financial statements are not prepared on a going concern basis that fact shall be disclosed together with the basis on which the financial statements are prepared and the reason why the company is not considered a going concern. The new section is effective for the Company on March 1, 2008.

(i) Future accounting changes

iv) International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010 and earlier where applicable. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

4. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support its activities. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

Based upon the Company's life cycle it is dependent on external financing to fund its activities. In order to carry out the planned operations and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the three months ended May 31, 2008. The Company is not subject to externally imposed capital requirements.

5. SHARE CAPITAL

(a) Authorized and issued

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

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

	May 31, 2008		February 29, 2008	
	Number of Shares	**Amount**	Number of Shares	Amount
Balance, beginning of period	**16,000,000**	**$ 984,265**	14,000,000	$ 900,000
Issued during the period for:				
Cash	**-**	**-**	2,000,000	200,000
Share issue costs	**-**	**-**	-	(115,735)
Balance, end of period	**16,000,000**	**$ 984,265**	16,000,000	$ 984,265

During the year ended February 29, 2008, 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 $115,735 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.

(b) Escrow shares

Of the common shares issued, 10,400,000 are subject to an escrow agreement and may not be transferred without the consent of the TSX-V. 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 TSX-V Policy 2.4, and that a further 15% of such shares will be released every six months thereafter.

5. SHARE CAPITAL (continued)

(c) 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 common shares of the Company's share capital 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 common shares (defined as the last closing market price of the Company's common shares immediately preceding the grant date, less the maximum discount permitted by 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.

The status of options granted under the Plan as of May 31, 2008 and changes during the period then ended is as follows:

	Shares	Weighted Average Exercise Price	Expiry Date
Options outstanding, beginning of year	950,000	$ 0.15	July 24, 2012
Granted	-	-	
Options outstanding, end of period	950,000	$ 0.15	
Weighted average outstanding life of options	4.15 years		

(d) Stock-based compensation

The fair value of options granted during the year ended February 29, 2008 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 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 year ended February 29, 2008. No options were granted, exercised, or expired during the three month period ended May 31, 2008.

5. SHARE CAPITAL (continued)

(e) Warrants

At May 31 and February 29, 2008, the Company had outstanding broker share purchase warrants exercisable to acquire 200,000 shares as follows:

Number	Exercise Price	Expiry Date
200,000	$ 0.10	August 7, 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

	May 31, 2008	February 29, 2008
Balance, beginning of period	**$ 66,216**	$ -
Stock-based compensation expense	**-**	53,415
Agents' warrants	**-**	12,801
Balance, end of period	**$ 66,216**	$ 66,216

7. FINANCIAL INSTRUMENTS

a) Fair value

Financial instruments include cash and accounts payable and accrued liabilities, which approximate their fair value. Cash is designated as held for trading; and accounts payable and accrued liabilities are classified as other financial liabilities.

b) Interest rate risk

The Company is not exposed to significant interest rate price risk due to the short-term maturity of its monetary current assets and current liabilities.

c) Credit risk

The Company's financial asset that is exposed to credit risk consists of cash. The Company's cash is held at Tier 1 Canadian financial institutions.

d) Currency risk

The Company is exposed to currency risk to the extent expenditures incurred by the Company are denominated in currencies other than the Canadian dollar (primarily US dollars and Australian dollars). The Company does not utilize derivatives or other techniques to manage foreign currency risk.

8. SUBSEQUENT EVENT

On July 10, 2008 the Company entered into an agreement (the "Agreement") with Rowen Company Ltd. ("Rowen") for the option to acquire 100% (the "Option") of Sunland Properties Limited ("Sunland"). Sunland's wholly owned subsidiary, Rugby Mining Pty Limited, owns or controls certain mineral tenements located near Hawkwood in Queensland, Australia. Pursuant to the Agreement, the Company will, following shareholder approval and TSX Venture Exchange ("TSX-V") acceptance of the Qualifying Transaction, issue 200,000 shares to Rowen and repay A$240,000 in loans advanced to Sunland by Rowen to cover sunk costs and for exploration expenditures incurred to date. In addition, the Company will advance to Sunland, A$25,000 as a non-refundable deposit to maintain the properties in good standing while the transaction is being approved.

In order to maintain its Option, the Agreement provides that the Company must incur exploration expenditures totalling A$1.75 million (including 10,000 metres of bedrock drilling) within 30 months, of which A$500,000 to be incurred within 18 months, is a minimum commitment.

The Company can exercise the Option at any time within 30 months by issuing 6 million common shares to Rowen. If the Company exercises the Option all exploration expenditure commitments will cease.

Rowan is controlled by Bryce Roxburgh, a director of Carlyle, not a Non Arm's Length person; as a result this is a Related Party Transaction.

Sponsorship of a qualifying transaction of a capital pool company is required by the TSX-V unless exempt in accordance with TSX-V policies. The Company is currently reviewing the requirements for sponsorship. Trading in the Company's shares remain halted, and is expected to resume upon receipt of the sponsorship exemption or the appointment of a sponsor following Exchange and sponsor review of the Agreement.