

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

Date and Subject of this Discussion and Analysis

This discussion and analysis, made as of July 20, 2007, is integral to, and should be read in conjunction with, the Company’s unaudited financial statements for the three months ended May 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.

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.

Results of Operations for the Three Months ended May 31, 2007

The income for the three months ended May 31, 2007 are the result of interest income earned less incurring administrative expenses.

Summary of Quarterly Results

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. For these reasons, the Company has not provided any historical quarterly results. The results of the most recent quarter are set out in the Company’s unaudited financial statements for the three months ended May 31, 2007 and discussed above.

Financial Condition, Liquidity and Capital Resources

As at May 31, 2007, the Company had cash resources of \$868,653 and working capital of \$851,395, excluding deferred financing costs.

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.

Carlyle Mining Corp.
Management Discussion and Analysis (Cont'd.)
May 31, 2007

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.

Additional Information

Securities issued at end of period

As at May 31, 2007 and the date of this report, the Company had 14,000,000 common shares issued and outstanding.

Initial Public Offering

The Company entered into an agency agreement wherein the agent has agreed to sell, on a commercially reasonable efforts basis, 2,000,000 common shares of the Company at \$0.10 each for gross proceeds of \$200,000 in connection with an initial public offering ("IPO") of the Company's common shares. The agent will be entitled to a commission of 7.5 % in cash and warrants entitling it to purchase an additional 200,000 common shares of the Company at \$0.10 each for a period of two years from the date the Company's common shares are listed for trading on the Exchange.

Effective on the date of filing with the BC Securities Commission of the preliminary prospectus relating to the IPO, the Company adopted a stock option plan, which allows the Company to issue options to certain directors, officers, employees and consultants of the Company. Options issued under the plan shall not exceed 10% of shares issued and outstanding at the closing of the IPO (including options granted by the Company to date). Upon listing, 950,000 options will be issued to directors and officers of the Company exercisable at \$0.15 per share and expiring five years from the date the Company's common shares are listed for trading on the Exchange.

Directors and Officers

Directors:

Paul Joyce
Bryce Roxburgh
Yale Simpson
Robert Reynolds

Officers:

President and CEO
Cecil Bond CFO

Contact Person

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