

CARLISLE GOLDFIELDS LIMITED

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NOVEMBER 30, 2009

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

The accompanying unaudited consolidated interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles 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 the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

CARLISLE GOLDFIELDS LIMITED
Consolidated Interim Financial Statements
November 30, 2009

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CARLISLE GOLDFIELDS LIMITED**Consolidated Balance Sheet**

As at

November 30, 2009 August 31, 2009

ASSETS

Current assets

Cash and cash equivalents	\$	18,527	\$	48,087
Prepaid expenses and deposits		39,960		12,960
		58,487		61,047
Mineral properties and deferred exploration costs (Note 4)		7,080,425		7,053,066
Field and office equipment (Note 5)		4,473		8,946
	\$	7,143,385	\$	7,123,059

LIABILITIES

Current liabilities

Accounts payable and accrued liabilities (Note 6)	\$	629,474	\$	627,650
Income taxes payable (Note 7)		532,000		522,000
Accrued shareholders claim (Note 7)		855,000		855,000
		2,016,474		2,004,650
Convertible debenture (Note 8d)		35,000		83,205
Future income tax liability (Note 7)		582,000		582,000
		2,633,474		2,669,855

CONTINGENCIES (Note 10)

Shareholders' equity

Share capital (Note 8a)		7,178,974		7,001,474
Warrants (Note 8b)		8,673		8,673
Contributed surplus (Note 8c)		189,930		189,930
Accumulated deficit		(2,867,666)		(2,746,873)
		4,509,911		4,453,204
	\$	7,143,385	\$	7,123,059

CARLISLE GOLDFIELDS LIMITED**Interim Consolidated Statement of Operations, Comprehensive Loss and Deficit**

For the Three Months Ended November 30,	2009	2008
Revenues	\$ ---	\$ ---
Expenses		
Shareholders' claim (Note 7)	---	---
Shareholder relations and exchange fees	10,000	38,002
Professional fees	---	16,500
General and administrative	6	25,776
Rent and relocation costs	33,000	29,332
Consulting fees	47,155	---
Equipment rental	287	---
Travel	73	1,025
Financing expenses	25,799	---
Amortization	4,473	9,266
	120,793	119,900
Loss before income tax provision	(120,793)	(119,900)
Income tax provision	---	23,000
Net loss and comprehensive loss	\$ (120,793)	\$ (142,900)
Weighted average number of shares	49,695,158	40,235,159
Net loss per share	\$ 0.00	\$ 0.01

CARLISLE GOLDFIELDS LIMITED
Interim Consolidated Statement of Cash Flows

For the
 Three Months Ended November 30,

	2009	2008
Operating Activities		
Net loss for the period	\$ (120,793)	\$ (142,900)
Items not affecting cash		
Depreciation and depletion	4,473	9,266
Accretion expense	11,795	---
Future income taxes	---	(271,000)
Net change in non-cash operating items		
Prepaid expenses and deposits	(27,000)	(18,882)
Accounts payable and accrued liabilities	9,324	(35,821)
Investor claims	---	---
Income taxes payable	10,000	23,000
<u>Cash flows from operating activities</u>	<u>(102,201)</u>	<u>(165,337)</u>
Investing activities		
Investment in mining assets	(27,359)	(27,601)
<u>Cash flows from investment activities</u>	<u>(27,359)</u>	<u>(27,601)</u>
Financing activities		
Exercise of warrants	100,000	---
Subscriptions	---	129,000
<u>Cash flows from financing activities</u>	<u>100,000</u>	<u>129,000</u>
Net change in cash and cash equivalent	(29,560)	(63,938)
Cash and cash equivalent		
Beginning of the period	48,087	143,455
<u> End of the period</u>	<u>\$ 18,527</u>	<u>\$ 79,517</u>

Supplemental Cash Flow Information

Cash	\$ 18,527	\$ 79,517
Cash equivalent	---	---
Interest received	---	---
Interest paid	---	---
Income taxes paid	---	---
Issuance of common shares upon conversion of debenture	60,000	---
Issuance of common shares upon settlement of debt	17,500	---

CARLISLE GOLDFIELDS LIMITED

Notes to the Interim Consolidated Financial Statements
November 30, 2009

1. Nature of Operations

Carlisle Goldfields Limited ("**Carlisle**" or the "**Company**") was incorporated under the laws of the Province of Ontario on March 15, 2005 under the name AMPX Corporation. On May 19, 2006, AMPX Corporation filed Articles of Amendment changing its name to Carlisle Goldfields Limited. The Company's principal business activity is mineral exploration and mine development operating primarily in Manitoba and Ontario.

2. Going Concern

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles on a going concern basis, under which the Company is assumed to be able to realize its assets and discharge its liabilities in the normal course of business. Adverse conditions cast doubt on the validity of the assumption.

The Company is an exploration company and has no revenue to finance its operations. The Company's ability to continue as a going concern is dependent on raising money in the capital markets.

As presented in note 7, the Company has been assessed tax and penalties in respect of flow-through share financings and related expenditures. Liabilities in respect of income tax and penalties and related potential shareholder claims have been accrued in the accounts, representing an aggregate liability of \$1,387,000. The Company does not currently have the liquidity to pay these amounts.

Management believes that the Company can continue as a going concern based on the following strategies implemented or pursued by the Company:

- i) The Company expects to receive additional proceeds through private placements;
- ii) The ongoing rate of general and administrative costs has been significantly reduced;
- iii) Exploration activities are temporarily suspended;
- iv) Sufficient additional financing to support the Company through a period of reduced activity can be obtained; and
- v) Forbearance will be granted by Canada Revenue Agency and the shareholders in respect of the matter presented in note 7.

Management believes that the use of accounting principles applicable to a going concern is appropriate based on the above strategies pursued. If the going concern assumption is not appropriate then material adjustments may be necessary in the carrying amounts and/or classifications of assets and liabilities in these consolidated financial statements.

3. Summary of Significant Accounting Policies

Principles of consolidation

These consolidated financial statements include the accounts of Carlisle and its wholly-owned subsidiary, 632164 BC Ltd. Effective December 31, 2005, Carlisle acquired 100% of the outstanding common shares of 632164 BC Ltd., a previously inactive company. Following the decision in 2008 to allow the properties held by 632164 BC Ltd. to lapse, this subsidiary became inactive.

CARLISLE GOLDFIELDS LIMITED

Notes to the Interim Consolidated Financial Statements
November 30, 2009

3. Summary of Significant Accounting Policies - continued

Financial instruments

The Company's financial assets and liabilities consist of cash and cash equivalents, accounts receivable, accounts payable and accrued shareholder claims. Cash and cash equivalents are classified as held for trading and carried at fair value. The carrying amount included in the balance sheet approximates fair value due to the short-term maturity of these instruments. Accounts receivable, accounts payable and accrued shareholder claims are classified as other loans and receivables and carried at amortized cost. The carrying amount included in the balance sheet approximates amortized cost due to the short-term maturity of these instruments. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Mineral properties and deferred exploration costs

The Company is in the exploration stage and defers all expenditures to its mineral properties until such time as the property is put into economical production, sold or abandoned. Under this method, the amounts reported represent costs incurred to date less amounts amortized and/or written-off, and do not necessarily represent present or future values.

If the property is put into commercial production, the expenditures will be depleted based upon the proven reserves available. If the property is sold or abandoned, then the expenditures will be charged to operations. The Company does not accrue the estimated future costs of maintaining, in good standing, its mineral properties.

In the event that reserves are determined, the carrying values of a mineral property interest, on a property-by-property basis, will be reviewed by management at least annually to determine if they have become impaired. If impairment is deemed to exist, then the mineral property will be written down to its net recoverable value. The ultimate recoverability of the amounts capitalized is dependent upon the identification of economically recoverable ore reserves, the Company's ability to obtain the necessary financing to complete their development and to realize profitable production and proceeds from the disposition thereof. Management's estimates of recoverability of the Company's investment will be based on current conditions. However, it is possible that changes could occur in the near term, which could adversely affect management's estimates and may result in future write-downs of the capitalized property carrying values.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks and all highly liquid short-term investments with original maturities of three months or less.

Field and office equipment

Field and office equipment is amortized on a straight-line basis over the estimated useful life of the asset as follows:

Computer equipment	2 years
Mining equipment	3 years

Income taxes

Income taxes are calculated using the liability method. Temporary differences arising from the difference between the tax basis of an asset or liability and its carrying amount on the balance sheet are used to calculate future income tax liabilities or assets. Future income tax liabilities or assets are calculated using substantively enacted tax rates anticipated to apply in the periods that the temporary differences are expected to reverse. The effect of a change in a tax rate is recognized in income in the period that includes the date of enactment or substantive enactment. The recognition of future benefits is limited to the extent that the realization of such benefits is more likely than not.

CARLISLE GOLDFIELDS LIMITED

Notes to the Interim Consolidated Financial Statements
November 30, 2009

3. Summary of Significant Accounting Policies - continued

Flow-through shares

The resource expenditure deductions for income tax purposes related to exploratory and development activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian tax legislation. The future income taxes related to the taxable temporary difference that will arise when the qualifying expenditures are incurred are recorded at the time of renunciation, together with a corresponding reduction to the carrying value of the shares issued. If, subsequent to renunciation and recording of the future income tax liability, the renounced expenditures are not made or are not eligible for renunciation, a reduction in the future income tax liability is recorded together with a corresponding future income tax recovery.

Interest income is recognized when earned. Loss per share

Loss per share is calculated using the weighted average number of shares outstanding during the year. All outstanding options and warrants are anti-dilutive, and therefore have no effect on the determination of loss per share.

Stock-based compensation plan

The Company has an incentive stock option plan. The Company has adopted the recommendations of the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3870 - "Stock Based Compensation and Other Stock Based Payments" to account for stock based transactions with employees, directors and outside consultants. Accordingly, the fair value of stock options is charged to operations with an offsetting credit to contributed surplus. The fair value of stock options which vest immediately is recorded at the date of grant and the fair value of options that vest in the future is recognized on a graded basis over the vesting period. Any consideration received on exercise of stock options together with the related portion of contributed surplus is credited to share capital. The fair value of stock options is assessed using the Black-Scholes Option Pricing Model.

Asset retirement obligations

The Company has adopted CICA Handbook Section 3110 - "Asset Retirement Obligations" which does not have any impact on the consolidated financial statements since there are currently no projects under construction and therefore there is no legal obligation requiring remediation. However, as the development of any project commences, management will assess whether an asset retirement obligation ("ARO") liability will arise. At the point where such liability arises, the financial statement adjustment required will be to increase the project's property value and related ARO liability by the discounted value of the total liability. Thereafter, the Company will be required to record a charge to earnings each year to accrue the discounted ARO obligation amount to the final expected liability.

Use of estimates and measurement uncertainty

Estimates by management represent an integral component of financial statements prepared in conformity with Canadian generally accepted accounting principles. The estimates made in these consolidated financial statements reflect management's judgment based on past experiences, present conditions, and expectation of future events. Where estimates were made, the reported amounts for assets, liabilities, revenues and expenses may differ from the amounts that would otherwise be reflected if the ultimate outcome of all uncertainties and future events were known at the time these financial statements were prepared.

CARLISLE GOLDFIELDS LIMITED

Notes to the Interim Consolidated Financial Statements
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3. Summary of Significant Accounting Policies - continuedRecent and future accounting changes

The CICA has recently issued five new accounting standards that impact the Company, as follows:

- (i) On September 1, 2008, in accordance with the applicable transitional provisions, the Company applied the recommendations of Section 1400, "Going Concern" of the Canadian Institute of Chartered Accountants' Handbook. This new section, effective for fiscal years beginning on or after January 1, 2008, requires management to make an assessment of the entity's ability to continue as a going concern and to disclose material uncertainties related to events or conditions that may cast doubt upon the entity's ability to continue as a going concern.
- (ii) On September 1, 2008, in accordance with the applicable transitional provisions, the Company applied the recommendations of Section 1535, "Capital Disclosures". This new section, effective for fiscal years beginning on or after October 1, 2007 describes the required disclosure of the Company's objectives, policies and processes for managing capital, as well as its compliance with any externally imposed capital requirements.
- (iii) Section 3064, Goodwill and Intangibles, effective for fiscal years beginning on or after October 1, 2008. This section establishes standards for identifying, recognizing and measuring intangible assets. It clarifies which expenditures should be recognized as an expense, unless certain recognition criteria are met. Subsequent measurement of intangibles and goodwill has not changed. Management has not yet determined the impact of this new section on the financial statements.
- (iv) On September 1, 2008, in accordance with the applicable transitional provisions, the Company applied the recommendations of Section 3862, "Financial Instruments – Disclosure", and Section 3863, "Financial Instruments – Presentation". These new sections, effective for fiscal years beginning on or after October 1, 2007 require extensive disclosures of financial instruments focusing on their impact on financial position and performance and also on risk of recognized and unrecognized financial instruments
- (v) In February 2008, the Canadian Accounting Standards Board confirmed that public companies will be required to adopt International Financial Reporting Standards ("IFRS") for fiscal years beginning on or after January 1, 2011. The Company is currently carrying out the initial IFRS diagnostic to identify the impact of the transition to IFRS on its financial statements.

4. Mineral Properties and Deferred Exploration Costs

The following is a summary of the Corporation's mining assets:

	Doc Lac Property	Goodfish Property	Lynn Lake Property	Total
Balance, September 1, 2007	\$ 70,527	\$ 68,632	\$ 4,420,424	\$ 4,559,583
Deferred exploration costs	---	982	2,446,520	2,447,502
Disposition	(70,527)	---	---	(70,527)
Balance, August 31, 2008	---	69,614	6,866,944	6,936,558
Deferred exploration costs	---	---	116,508	116,508
Balance, August 31, 2009	---	69,614	6,983,452	7,053,066
Deferred exploration costs	---	737	26,622	27,359
Balance, November 30, 2009	\$ ---	\$ 70,351	\$ 7,010,474	\$ 7,080,425

There was no depreciation and depletion expense for the periods ended November 30, 2009 and 2008.

CARLISLE GOLDFIELDS LIMITED

Notes to the Interim Consolidated Financial Statements
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4. Mineral properties and Deferred Exploration Costs - continued

Effective December 31, 2005, Carlisle entered into a Property Acquisition Agreement ("Agreement") to acquire mining interests in various properties located in Manitoba, British Columbia and Ontario. The purchase price was satisfied through the issuance of 8,000,000 common shares at a market value of \$666,667. In addition, the properties are subject to a 1.0 to 3.0% net smelter return royalty.

Under the terms of the Agreement, Carlisle met all the required following transactions on or before December 31, 2006:

- (a) Complete a Going Public Transaction which is defined in the Agreement as either an initial public offering in Canada of Carlisle's common shares or a transaction that provides the holders of common shares with comparable liquidity;
- (b) Raise a minimum of \$2,000,000 prior to or concurrently with the Going Public Transaction which will provide the vendors with a minimum of 25% of the total common shares on a fully diluted basis; and
- (c) Pay \$50,000 within 30 days of completion of the Going Public Transaction.

In addition, Carlisle had incurred the required minimum of \$1,000,000 in expenditures on the properties by February 2007. On satisfaction of the foregoing, the Company earned its interest in the subject properties.

Lynn Lake Properties

The Lynn Lake properties are comprised of a diverse group of 128 gold exploration claims and 185 mining leases in the Lynn Lake Greenstone Belt of Northern Manitoba, covering approximately 20,000 hectares. The Company holds a 100% interest in various groups of properties comprised of 111 mining leases and 107 mining claims covering 16,466 hectares. In addition, the Company holds a 78.03% interest in the Nail-Franklin group of properties comprised of 73 mining leases and 14 mining claims covering 2,830 hectares, and a 50.31 % interest in the Shoe-Lace group of properties comprised of 6 mining claims covering 576 hectares.

Doc Property

The Company held a 100% interest in a gold prospect, consisting of the Eldorado 2 and Eldorado 4 claims totalling 400 hectares in the Unuk River Mineral District, Skeena Mining Division of British Columbia. Title to this property was allowed to lapse in fiscal 2008 and the costs to date were written off.

Goodfish Property

The Company holds a 100% interest in a gold property consisting of 16 patented mining claims covering 245.8 hectares in Morrisette Township, Larder Lake Mining Division, near the town of Kirkland Lake, Ontario.

5. Property, Plant and Equipment

November 30,	2009			2008		
	Costs	Accumulated Depreciation	Net Book Value	Costs	Accumulated Depreciation	Net Book Value
Computer equipment	\$ 59,012	\$ 58,362	\$ 650	\$ 57,712	\$ 49,500	\$ 8,212
Field equipment	38,856	35,034	3,842	38,856	25,243	13,613
	<u>\$ 97,868</u>	<u>\$ 93,396</u>	<u>\$ 4,473</u>	<u>\$ 96,568</u>	<u>\$ 74,743</u>	<u>\$ 21,825</u>

Depreciation expense for the three months ended November 30, 2009 was \$4,473 (2008 - \$9,266).

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6. Related Party Transactions

These consolidated financial statements include expenditures (either expensed or included with deferred exploration costs) incurred with shareholders, directors and/or companies controlled by them. These transactions have been measured at their exchange amounts, being the amounts agreed upon between the Company and the related parties, and are summarized as follows:

	2009	2008
Consulting fees expensed	\$ 45,000	\$ - - -

Included in accounts payable and accrued liabilities is \$207,600 (2008 - \$nil) in amounts due to these related parties.

During the period ending November 30, 2009 a director of the Company, converted \$60,000 of convertible debentures into 2,000,000 common shares and 2,000,000 warrants (each warrant entitled the holder to purchase one common share of the Company for \$0.05 per common share for a period of two (2) years from the date of conversion. The director exercised the 2,000,000 warrants, paid \$100,000 to the Company and received 2,000,000 common shares. (Note 8(a))

7. Income Tax - Flow-through Shares

During 2006, the Company raised gross proceeds of approximately \$4.7 million of flow-through share financing from investors. The gross proceeds of the financing were renounced to the investors as at December 31, 2006 and were to be used by the Company to incur qualifying Canadian exploration expenses by December 31, 2007. However, based on the Company's records, approximately \$1,200,000 of the gross proceeds renounced did not appear to have been used to incur qualifying Canadian exploration expenses by that date. As a consequence, the Company has accrued \$252,000 for Part XII.6 taxes and penalties on the \$1,200,000 shortfall (Note 10(a)).

During 2007, the Company raised gross proceeds of approximately \$2.1 million of flow-through share financing from investors (Note 10(a)). The gross proceeds of the financing were renounced to investors as at December 31, 2007 and were to be used by the Company to incur qualifying Canadian exploration expenses by December 31, 2008. However, based on the Company's records, it appears that an insufficient amount was spent by the Company on qualifying Canadian exploration expenses by that date. Accordingly, an additional \$70,000 has been accrued to account for Part XII.6 taxes and penalties related to the shortfall.

The Company has also accrued \$200,000 in 2009 on account of additional penalties and interest on past tax claims arising from the 2006 and 2007 flow-through financings and \$10,000 in the current fiscal period. In addition, \$855,000 has been accrued for potential claims which may arise as a result of possible reassessments denying personal tax deductions to the investors (Notes 10(a) and 10 (b)).

CARLISLE GOLDFIELDS LIMITED

Notes to the Interim Consolidated Financial Statements
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8. Share Capital

(a) Authorized and issued

The Company is authorized to issue an unlimited number of common shares and unlimited of special shares issued in series. Each common share and special share is entitled to one vote.

	Number	Amount
Balance September 1, 2007	32,608,296	\$ 5,084,885
Issued for cash (net)	7,426,863	2,079,522
Share issuance costs net of future		(156,670)
Renoucement of of future tax benefits		(603,000)
Balance, August 31, 2008	40,035,159	6,404,737
Issued for cash (net)	4,580,000	222,344
Conversion of debentures	2,333,333	67,983
Exercise of warrants	2,000,000	100,000
Reversal of renoucement of future tax benefits	- - -	206,410
Balance, August 31, 2009	48,948,492	7,001,474
Issuance upon the settlement of debt	350,000	17,500
Conversion of debentures	2,000,000	47,900
Exercise of warrants	2,000,000	112,100
Balance, November 30, 2009	53,298,492	\$ 7,178,974

In December 2007, the Company issued 7,426,863 flow-through shares at a price of \$0.28 for gross proceeds of \$2,079,522. In fiscal 2008, the Company filed the renoucement documents for these flow-through shares with the tax authorities to renounce the tax benefits associated with the resulting expenditures. A cash commission was paid of \$224,384 plus 652,686 warrants, valued at \$13,000 which were exercisable at \$0.28 until June 6, 2009, when they expired.

In December 2008, the Company issued 3,300,000 common shares at \$0.05 per share for gross proceeds of \$165,000.

In addition, in December 2008, the Company issued 1,280,000 units for \$0.05 per unit for gross proceeds of \$64,000. Each unit consisted of one common share and one common share warrant. Each warrant entitles the holder to acquire one common share at an exercise price of \$0.12 until December 5, 2010. The warrants were valued at \$6,656.

In June 2009, the Company issued 2,333,333 units upon conversion of \$70,000 of convertible debentures. Each unit consisted of one common share and one share purchase warrant. Each share purchase warrant entitles the holder to acquire one common share at an exercise price of \$0.05 at any time on or before June 4, 2011, two years from the date of conversion.

In July 2009, the Company issued 2,000,000 common shares upon the exercise of 2,000,000 share purchase warrants which had an expiry date of June 4, 2011 and an exercise price of \$0.05 each. Gross proceeds of the exercise of the warrants were \$100,000.

In October 2009, the Company issued 350,000 common shares to settle an outstanding liability of \$17,500.

In November 2009, the Company issued 2,000,000 units upon conversion of \$60,000 of convertible debentures. Each unit consisted of one common share and one share purchase warrant. Each share purchase warrant entitles the holder to acquire one common share at an exercise price of \$0.05 at any time on or before November 16, 2011, two years from the date of conversion. (Note 6)

CARLISLE GOLDFIELDS LIMITED

Notes to the Interim Consolidated Financial Statements
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8. Share capital - continued

In November 2009, the Company issued 2,000,000 common shares upon the exercise of 2,000,000 share purchase warrants which had an expiry date of November 16, 2011 and an exercise price of \$0.05 each. Gross proceeds of the exercise of the warrants were \$100,000. (Note 6)

(b) Warrants

The Company has the following common share purchase warrants outstanding as at November 30, 2009:

	Number	Amount
Balance, September 1, 2007	3,985,769	\$ 0.46
Expired during the period	(3,985,769)	0.46
Issued during the period	652,686	0.28
Balance, August 31, 2008	652,769	0.28
Issued during the period	3,613,333	0.07
Expired during the period	(652,769)	0.28
Exercised during the period	(2,000,000)	0.05
Balance, August 31, 2009	1,613,333	0.07
Issued during the period	2,000,000	0.05
Exercised during the period	(2,000,000)	0.05
Balance, November 30, 2009	1,613,333	\$ 0.07

The recorded value of the above noted warrants at November 30, 2009 and August 31, 2009 was \$8,673 and \$8,673 respectively.

The fair value of the warrants issued during the period was obtained by calculating at the grant date using the Black-Scholes method and utilizing the following assumptions:

Risk free interest rate	3.75%
Expected dividend yield	0%
Volatility	40%
Expected life	1.5 years

(c) Contributed Surplus

	Amount
Balance September 1, 2007	\$ 124,800
Warrant expired or exercised during the period and transferred to contributed surplus	145,730
Balance, August 31, 2008	270,530
Warrant expired or exercised during the period and transferred to contributed surplus	13,000
Stock based compensation reversed on cancellation of stock options	(93,600)
Balance, August 31, 2009 and November 30, 2009	\$ 189,930

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Notes to the Interim Consolidated Financial Statements
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8. Share capital - continued

(d) Debentures

On June 4, 2009 the Company issued convertible debentures for the subscription of a total principal amount of \$165,000. They are non-interest bearing, unsecured and fall due for repayment on April 3, 2011. Prior to maturity, the holders have the right to convert these securities into units at a conversion rate of \$0.03 per unit. Each unit is comprised of one common share and one share purchase warrant. Each share purchase warrant provides the holder with the right to purchase one additional common share at a price of \$0.05 at any time within two (2) years from the date of conversion. These share purchase warrants were valued at the time of financing at a fair value of \$0.00605 each.

The cost of the financing totalling \$35,354 was capitalized as a reduction of the funds raised and will be amortized as financing expense during the term of the loan. As part of the financing costs, broker warrants with a value of \$182 were issued providing the broker with the right to purchase \$13,200 of convertible debentures at any time within two years after closing. The debentures issuable upon exercise of the broker warrants are convertible into 440,000 common shares and 440,000 warrants and each such warrant may be exercised to purchase one common share of the Company for \$0.05 at any time within two years after the date of conversion.

During the year ended August 31, 2009, convertible debentures with a face value of \$70,000 were converted into units.

During the period ended November 30, 2009, convertible debentures with a face value of \$60,000 were converted into units.

As at November 30, 2009, convertible debentures with a face value of \$35,000 were outstanding at a carrying value of \$35,000.

(e) Stock Compensation

During fiscal 2007, the Company issued 1,200,000 incentive stock options to directors at an exercise price of \$0.305 per share. The incentive stock options expire on April 2012. The fair value of these incentive stock options granted was estimated using an option-pricing model. Assumptions used in the pricing model are as follows: risk free interest rate of 4%, dividend yield of 0%, volatility of 40% and an expected life of 3.5 years. The fair value of these incentive stock options was recorded as \$124,800 and this was expensed during fiscal 2007 and credited to contributed surplus. During 2009, 900,000 incentive stock options were cancelled, at an exercise price of \$0.305 per share. The related amount was credited to expense and debited to Contributed Surplus. Subsequent to November 30, 2009, the remaining 300,000 incentive stock options were cancelled. See Note 12(c).

9. Segmented Information

Management has determined that the Company carries on business in one operating segment only.

CARLISLE GOLDFIELDS LIMITED

Notes to the Interim Consolidated Financial Statements
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10. Contingencies Liabilities

(a) 2006 flow-through shares penalty taxes

In addition to the approximate \$1,200,000 shortfall referred to in Note 7, Canada Revenue Agency has assessed an additional approximate \$500,000 expenditure shortfall for a total shortfall of approximately \$1,700,000. The Company has objected to the additional \$500,000 assessment on the basis that qualifying Canadian exploration expenses were incurred. If the Company is not successful in its objection, there will be an additional \$103,000 of Part XII.6 taxes and penalties and an additional approximate \$240,000 of accrued shareholder claims. As management believes the objection will be successful, these amounts have not been recorded in these financial statements.

(b) 2007 flow-through shares penalty taxes

The Company, as at the balance sheet date, has an approximate shortfall of \$580,000 of qualifying Canadian exploration expenses relating to the \$2.1 million of flow-through financing referred to in Note 7. Accordingly, \$70,000 of Part XII.6 taxes and penalties and an additional \$271,000 of potential shareholder claims have been accrued.

(c) Premises

The Company leased premises with a term ending in January 31, 2013. During the 2009 fiscal year, the Company had difficulties meeting all of the conditions within the lease agreement and the landlord refused further access. Under the terms of the lease, the landlord has a potential claim for ongoing rent and other payments, of which \$60,000 has been accrued to the end of the current fiscal period.

11. Comparative Figures

Certain comparative amounts have been reclassified from those previously presented to conform to the presentation of current period's financial statement presentation.

12. Subsequent Events

(a) Private Placements

Subsequent to November 30, 2009, the Company closed a private placement in two tranches for a total of \$619,000 in gross proceeds. The Company issued 12,380,000 units in January 2010 at \$0.05 per unit, with each unit comprised of one common share of the Company and one common share purchase warrant. Warrants issued in the first tranche (8,230,000) give the holder the option to purchase one additional common share for each such warrant at \$0.10 until January 15, 2011. Warrants issued in the second tranche (4,150,000) give the holder the option to purchase one additional common share for each such warrant at \$0.10 until January 29, 2011.

(b) Debt Settlements

In January 2010, the Company agreed to settle \$34,000 of accounts payable owed to an exploration contractor by issuing 680,000 common shares at an issue price of \$0.05 per share.

(c) Stock Options

All 300,000 incentive options outstanding on November 30, 2009 were cancelled on January 15, 2010. On January 28, 2010, options on 6,800,000 common shares were granted to various officers, directors and consultants pursuant to the Company's stock option plan. Each such option entitles the holder to purchase one common share for \$0.10 at any time within five years subject to earlier termination under the terms of the stock option plan.