

CAIRO RESOURCES INC.

Condensed Interim Financial Statements

For the Six Months Ended August 31, 2017 and 2016

Unaudited – Prepared by Management

(Expressed in Canadian Dollars)

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed interim financial statements they must be accompanied by a notice indicating that these condensed interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

CAIRO RESOURCES INC.
Condensed Interim Statements of Financial Position
Unaudited – Prepared by Management
(Expressed in Canadian Dollars)

	August 31, 2017	February 28, 2017
Assets		
Current		
Cash	\$ 22,065	\$ 42,820
GST receivable	546	880
Prepaid expenses	417	882
	\$ 23,028	\$ 44,582
Liabilities		
Current		
Accounts payable and accrued liabilities (note 5)	\$ 665	\$ 10,539
Shareholders' Equity (Deficiency)		
Capital Stock (note 4)	372,726	372,726
Reserves (note 4)	101,904	101,904
Deficit	(452,267)	(440,587)
	22,363	34,043
	\$ 23,028	\$ 44,582

Approved on behalf of the Board:

"Darryl Cardey" (signed)
 Director

"Michael Sadhra" (signed)
 Director

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

CAIRO RESOURCES INC.
Condensed Interim Statements of Loss and Comprehensive Loss
Unaudited – Prepared by Management
(Expressed in Canadian Dollars)

	Three months ended August 31, 2017	Three months ended August 31, 2016	Six months ended August 31, 2017	Six months ended August 31, 2016
Expenses				
Filing fees	\$ 3,479	3,379	\$ 3,479	\$ 4,629
General and administrative	3,385	5,860	6,985	12,087
Professional fees	900	4,165	1,216	6,665
Loss and Comprehensive for the Period	\$ (7,764)	\$ (13,404)	\$ (11,680)	\$ (23,381)
Basic and Diluted Loss Per Common Share	\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.02)
Weighted Average Number of Common Shares Outstanding	1,581,473	1,581,473	1,581,473	1,248,140

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

CAIRO RESOURCES INC.
Condensed Interim Statements of Changes in Equity
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	Capital Stock		Reserves	Deficit	Equity
	Number	Amount			
Balance, February 29, 2016	914,807	\$ 274,076	\$ 101,904	\$ (377,937)	\$ (1,957)
Proceed from issuance of common shares	666,666	100,000	-	-	100,000
Share issue costs	-	(1,350)	-	-	(1,350)
Net loss for the period	-	-	-	(23,381)	(23,381)
Balance, August 31, 2016	1,581,473	\$ 372,726	\$ 101,904	\$ (401,318)	\$ 73,312
Net loss for the period	-	-	-	(39,269)	(39,269)
Balance, February 28, 2017	1,581,473	\$ 372,726	\$ 101,904	\$ (440,587)	\$ 34,043
Net loss for the period	-	-	-	(11,680)	(11,680)
Balance, August 31, 2017	1,581,473	\$ 372,726	\$ 101,904	\$ (452,267)	\$ 22,363

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

CAIRO RESOURCES INC.
Condensed Interim Statements of Cash Flows
Unaudited – Prepared by Management
(Expressed in Canadian Dollars)

	Six months ended August 31,	Six months ended August 31,
	2017	2016
Operating Activities		
Loss for period	\$ (11,680)	\$ (23,381)
Changes in working capital balances:		
GST receivable	334	2,069
Prepaid expenses	465	1,063
Accounts payable and accrued liabilities	(9,874)	(4,819)
Cash Used by Operating Activities	(20,755)	(25,068)
Financing Activities		
Proceeds from issuance of common shares	-	100,000
Share issuance costs paid	-	(1,350)
Cash Used by Financing Activities	-	98,650
Change in cash	(20,755)	73,582
Cash, Beginning of Period	42,820	3,616
Cash, End of Period	\$ 22,065	\$ 77,198

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

CAIRO RESOURCES INC.
Notes to the Financial Statements
For the Six Months Ended August 31, 2017 and 2016
(Expressed in Canadian Dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

Cairo Resources Inc. (the "Company") was incorporated under the *Business Corporations Act* of British Columbia on February 8, 2010. The Company was classified as a capital pool corporation ("CPC"), as defined in TSX Venture Exchange Policy 2.4 and the Company's common shares traded on the TSX Venture Exchange (the "TSX-V"). As a CPC, the principal business of the Company was to identify, evaluate and then acquire an interest in a business or assets (the "Qualifying Transaction") within 24 months from the date the Company's shares were listed for trading on the TSX-V.

On May 7, 2014, the Company announced that it was unable to complete a Qualifying Transaction within its 24 month deadline, including extensions, and that it was required by the TSX-V to transfer its listing from the Tier 2 board of the TSX-V to the NEX. The Company's application to the TSX-V for transfer to the NEX was accepted and upon listing on the NEX, the Company cancelled 200,000 (post consolidated) escrowed common shares held by Principals of the Company.

These unaudited condensed interim financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. For the six ended August 31, 2017, the Company incurred loss of \$11,680 (2016 – \$23,381) and as at August 31, 2017, had a deficit of \$452,267 (February 28, 2017 - \$440,587).

The Company's continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition of or participation in an interest in properties, assets or businesses. At present, the Company has not completed its Qualifying Transaction within the required period and consequently has no current operating income or cash flows. Without additional financing, the Company will be unable to fund its ongoing operations for the next twelve months. The Company intends to finance its future requirements through a combination of debt and/or equity issuance. There is no assurance that the Company will be able to obtain such financings or obtain them on favourable terms. These uncertainties cast significant doubt on the Company's ability to continue as a going concern. The Company will need to raise sufficient working capital to maintain operations. These unaudited condensed interim financial statements do not include any adjustments related to the recoverability of assets and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

The head office and records office of the Company are located at 1430 – 800 West Pender Street, Vancouver, British Columbia, Canada, V6C 2V6.

CAIRO RESOURCES INC.
Notes to the Financial Statements
For the Six Months Ended August 31, 2017 and 2016
(Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION

(a) Statement of Compliance

These unaudited condensed interim financial statements were prepared in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting. Accordingly, they do not include all of the information and disclosures required by IFRS for annual financial statements. These unaudited condensed financial statements should be read in conjunction with the Company’s annual financial statements for the year ended February 29, 2016 which were prepared in accordance with IFRS as issued by the International Accounting Standards Board (“IASB”). These unaudited condensed interim financial statements have been prepared using the same accounting policies and methods of application as the latest annual financial statements. In the opinion of management, all adjustments (consisting of normal and recurring accruals) considered necessary for fair presentation have been included. The results for interim periods are not necessarily indicative of results for the entire year. The preparation of these unaudited condensed interim financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of these unaudited condensed interim financial statements and the reported amounts of expenses during the period. As a result, actual amounts may differ from those estimates.

The Company’s functional and presentation currency is the Canadian dollar.

(b) Approval of the financial statements

These unaudited condensed interim financial statements of the Company were approved by the Board of Directors and authorized for issue on October 12, 2017.

(c) Critical accounting judgments and estimates

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates include accrued liabilities, the determination of share-based payments and the recoverability of deferred tax assets.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Information about critical judgments in applying accounting policies that have the most significant effect of amounts recognized in the financial statements is included in the going concern assessment (see Note 1).

(d) Recent accounting pronouncements not yet applied

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRS Interpretations Committee that are mandatory for future accounting periods. The Company has not early-adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its financial statements.

CAIRO RESOURCES INC.
Notes to the Financial Statements
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2. BASIS OF PRESENTATION (continued)

(d) Recent accounting pronouncements not yet applied (continued)

IFRS 9 *Financial Instruments: Classification and Measurement* addresses classification and measurement of financial assets and liabilities, including impairment of financial assets, and hedge accounting. Under this standard, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. The accounting model for financial liabilities is largely unchanged from IAS 39 except for the presentation of the impact of own credit risk on financial liabilities designated at FVTPL.

The new general hedge accounting principles under IFRS 9 are aimed to align hedge accounting more closely with risk management. This new standard does not fundamentally change the types of hedging relationships or the requirement to measure and recognize ineffectiveness; however it is expected to provide more hedging strategies that are used for risk management to qualify for hedge accounting and introduce more judgment to assess the effectiveness of a hedging relationship. IFRS 9 is mandatorily effective for annual periods beginning on or after January 1, 2018. The Company is in process of evaluating the impact of IFRS 9 on the Company's financial statements.

The amendment to IAS 7 *Statement of Cash Flows* requires entities to provide disclosures that enable users of the financial statements to evaluate changes in liabilities arising from financing activities. This amendment is mandatorily effective for annual periods beginning on or after March 1, 2017.

3. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Company's financial instruments are exposed to certain financial risks, including credit risk, liquidity risk and market risk. There have been no significant changes to the Company's credit risk, liquidity risk and market risk for the six months ended August 31, 2017 as disclosed in note 4 of the Company's annual financial statements for the year ended February 28, 2017.

4. CAPITAL STOCK

(a) Authorized

The Company has authorized an unlimited number of common shares without par value. As at August 31, 2017, the Company had 1,581,473 shares outstanding (February 28, 2017: 1,581,473).

(b) Issued and outstanding

On May 31, 2016, the Company completed a non-brokered private placement of 666,666 common shares at a price of \$0.15 per common share for gross proceeds of \$100,000. The Company incurred \$1,350 of share issue costs related to the private placement, which was offset against capital stock.

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4. CAPITAL STOCK (continued)

(c) Escrow shares

As at August 31, 2017 and February 28, 2017, there are 299,999 common shares being held in escrow and are subject to a TSX-V mandated CPC Escrow Agreement. These escrow shares may not be transferred, assigned or otherwise dealt with without the consent of the regulatory authorities or in accordance with the CPC Escrow Agreement following the Company's completion of a Qualifying Transaction.

(d) Stock options

The Company adopted a stock option plan (the "Plan") that allows the Company to issue options to certain directors, officers, employees and consultants of the Company. The Board shall specify the number of shares that will be placed under option, the option price and the period during which options may be exercised. The number of options granted to one person shall not exceed 5% of the outstanding shares at the time of granting the options. If employment with the Company is terminated, other than through death, options not exercised will expire within the later of 12 months after completion of the Qualifying Transaction and 90 days after the termination date. Until a Qualifying Transaction is completed, the maximum number of shares to be reserved under the Plan shall not exceed 158,147 which is 10% of the issued common shares of the Company at the closing of the Company's initial public offerings. Following the completion of a Qualifying Transaction the maximum number of shares reserved for issuance under the Plan shall not exceed 10% of the shares issued and outstanding as at the date of the grant of options.

During the six months ended August 31, 2017 and 2016, the Company did not grant any stock options.

The following summarizes the Company's stock options outstanding and stock option transactions for the six months ended August 31, 2017 and 2016:

	Number of Options	Weighted Average Exercise Price
Outstanding and exercisable, February 29, 2016 and August 31, 2016	20,000	\$ 0.65
Expired	(20,000)	\$ 0.65
Outstanding and exercisable, February 28, 2017 and August 31, 2017	-	\$ 0.65

(e) Warrants

There were no warrants outstanding for the six months ended August 31, 2017 and 2016.

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Notes to the Financial Statements
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5. RELATED PARTY TRANSACTIONS

The Company's related parties and key management personnel consist of companies owned by the executive officer and directors as follows:

	Relationship	Nature of Transactions
CDM Capital Partners Inc.	Partially owned by the President, CEO, CFO and a director of the Company	Rent

During the six months ended August 31, 2017, the Company paid \$4,500 (2016: \$4,500) for rent to CDM Capital Partners Inc.

6. CAPITAL MANAGEMENT

The Company is actively looking to acquire an interest in a business or assets and this involves a high degree of risk. The Company has not determined whether it will be successful in its endeavours and does not generate cash flows from operations. The Company's primary source of funds comes from the issuance of capital stock. The Company does not use other sources of financing that require fixed payments of interest and principal due to lack of cash flow from current operations, and is not subject to any externally imposed capital requirements.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern.

The Company defines its capital as shareholders' equity. Capital requirements are driven by the Company's general operations. To effectively manage the Company's capital requirements, the Company monitors expenses and overhead to ensure costs and commitments are being paid.

There have been no changes to the Company's approach to capital management during the period.

Although the Company has been successful at raising funds in the past through the issuance of capital stock, it is uncertain whether it will continue this financing.