

**CAIRO RESOURCES INC.**  
**Management Discussion and Analysis (“MD&A”)**  
**for the year ended February 28, 2017**

The following discussion and analysis of the operations, results, and financial position of Cairo Resources Inc. (“Cairo” or “the Company”) for the year ended February 28, 2017 should be read in conjunction with the Company’s audited financial statements and related notes for the year ended February 28, 2017. The effective date of this report is June 28, 2017. All figures are presented in Canadian dollars, unless otherwise indicated.

**COMPANY OVERVIEW**

Cairo is a Capital Pool Company (“CPC”) as defined in TSX Venture Exchange (the “TSX-V”) Policy 2.4. The principal business of the Company is the identification and evaluation of assets or businesses and once identified or evaluated, to negotiate an acquisition of or participation in a business subject to receipt of shareholder approval, if required, and acceptance by regulatory authorities with a view to completing a Qualifying Transaction. The Company has not commenced commercial operations and has no significant assets other than cash. Until such time that the Company completes a Qualifying Transaction (as such term is defined in TSX-V Policy 2.4), corporate expenditures will continue to be restricted to costs of raising equity financing, administrative costs to maintain the Company in good standing and costs to identify and evaluate potential business opportunities for the purposes of completing a Qualifying Transaction.

On January 14, 2013, the Company entered into a share exchange agreement (the “Agreement”) with Socialitize Limited (“Socialitize”), a company incorporated under the laws of Gibraltar, and the shareholders of Socialitize (the “Shareholders”). Pursuant to the Agreement, the Shareholders agreed to sell, and the Company agreed to acquire, all of the shares in the capital of Socialitize in exchange for 3,000,000 common shares of the Company.

On November 27, 2013, at an annual and special meeting of its shareholders, the Company received majority disinterested shareholder approval to transfer to the TSX-V’s NEX board (the “NEX”); and conditional upon listing on the NEX, to cancel 200,000 escrowed common shares held by Principals of the Company. The Company’s application to the TSX-V for transfer to the NEX was accepted. The Company’s common shares were suspended from trading pending completion of the Qualifying Transaction with Socialitize, or a termination of that transaction subject to the satisfactory review by the TSX-V of an application from the Company.

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. Upon listing on the NEX, the Company cancelled 200,000 escrowed common shares held by Principals of the Company.

On June 11, 2014, the Company announced that it terminated its Qualifying Transaction with Socialitize and that the Company continues to pursue other opportunities with a view to completing a Qualifying Transaction.

On August 11, 2014, Kal Malhi resigned as CEO, President and a director. Also, Rauni Malhi resigned as a director, and Michael Sadhra resigned as CFO and Secretary. The Company appointed Darryl Cardey as CEO, CFO, President, Secretary and a director; and Darren Devine and Paul Reynolds were appointed as directors of the Company.

On October 29, 2014, the Company consolidated its issued and outstanding common shares on the basis of one new common share for every five then existing common shares.

On February 4, 2015, the Company completed a non-brokered private placement of 214,807 common shares at a price of \$0.15 per common share for gross proceeds of \$32,221. The proceeds of the offering are being used by the Company for identifying and completing a qualifying transaction and for working capital purposes. Each of Darren Devine, Darryl Cardey and Paul Reynolds acquired 33,333 common shares under the Offering that are subject to the Company's CPC Escrow Agreement dated January 30, 2011.

On April 20, 2016, Darren Devine resigned as a director of the Company.

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 proceeds of the offering are being used by the Company towards general working capital purposes.

On February 28, 2017, the Company appointed Greg Smith, Manolo Zuniga and James B. Taylor as directors of the Company.

### **SUMMARY OF QUARTERLY RESULTS**

The following selected financial data is prepared in accordance with IFRS:				
	3 months ended February 28, 2017	3 months ended November 30, 2017	3 months ended August 31, 2016	3 months ended May 31, 2016
Total revenue	\$0	\$0	\$0	\$0
Loss before other items	\$28,102	\$11,167	\$13,404	\$9,977
Net loss	\$28,102	\$11,167	\$13,404	\$9,977
Loss per common share, basic and diluted	\$0.02	\$0.01	\$0.01	\$0.01
Total assets	\$44,582	\$63,919	\$78,537	\$100,495

The following selected financial data is prepared in accordance with IFRS:				
	3 months ended February 29, 2016	3 months ended November 30, 2015	3 months ended August 31, 2015	3 months ended May 31, 2015
Total revenue	\$0	\$0	\$0	\$0
Loss before other items	\$11,749	\$11,198	\$10,596	\$8,016
Net loss	\$11,749	\$11,198	\$10,596	\$8,016
Loss per common share, basic and diluted	\$0.01	\$0.01	\$0.01	\$0.01
Total assets	\$8,087	\$14,623	\$23,054	\$39,325

### **SELECTED FINANCIAL INFORMATION**

The following selected financial data is derived from the financial statements prepared in accordance with IFRS:			
	Year ended February 28, 2017	Year ended February 29, 2016	Year ended February 28, 2015
Total revenue	\$0	\$0	\$0
Income (loss) before other items	(\$62,650)	(\$41,559)	(\$46,893)
Net income (loss)	(\$62,650)	(\$41,559)	\$1,244
Income (loss) per common share, basic and diluted	(\$0.04)	(\$0.05)	\$0.00
Total assets	\$44,582	\$8,087	\$59,361
Long term debt	\$0	\$0	\$0
Dividends paid/payable	\$0	\$0	\$0

## **DISCLOSURE OF OUTSTANDING SHARE DATA**

As of the date of this MD&A, the Company had 1,581,473 issued and outstanding common shares, of which 299,999 common shares are held in escrow which are subject to an TSX-V mandated CPC Escrow Agreement and may not be transferred, assigned or otherwise dealt without the consent of the regulatory authorities or in accordance with the CPC Escrow Agreement following the Company's completion of a Qualifying Transaction.

As at February 28, 2017 and as at the date of this report, there are no outstanding options and warrants.

## **RESULTS OF OPERATIONS**

The Company does not have any operations and will not conduct any business other than the identification and evaluation of businesses and assets for potential acquisition. During the year February 28, 2017 the Company recorded net loss of \$62,650 compared to a net loss of \$41,559 in the year ended February 29, 2016.

The Company's net loss for the year ended February 28, 2017 can be attributed to incurring general and administrative costs of \$21,937, transaction costs of \$19,051, professional fees of \$13,120 and filing fees of \$8,542. The Company's loss for the year ended February 29, 2016 was attributed to incurring general and administrative costs of \$29,647, professional fees of \$7,115 and filing fees of \$4,797.

## **LIQUIDITY AND CAPITAL RESOURCES**

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements.

As at February 28, 2017, the Company had working capital of \$34,043 compared to working deficiency of \$1,957 as at February 29, 2016.

As at February 28, 2017, the Company had cash of \$42,820 (February 29, 2016 - \$3,616) available to meet short-term business requirements and liabilities of \$10,539 (February 29, 2016 - \$10,044). The Company's accounts payable and accrued liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company has no long term debt.

At present, the Company has not completed its Qualifying Transaction and consequently has no current operating income or cash flows. During the year end ended February 28, 2017 the Company received proceeds from the non-brokered private placement for identifying and completing a qualifying transaction and working capital purposes. However, 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.

## **OFF-BALANCE SHEET ARRANGEMENTS**

There are no off-balance sheet arrangements.

## **CONTRACUAL COMMITMENTS**

There are no contractual commitments.

## TRANSACTIONS WITH RELATED PARTIES

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

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

During the year ended February 28, 2017, the Company paid \$9,000 (2016 - \$9,000) for rent to CDM Capital Partners Inc. and owed them \$nil (2016 - \$1,733) at year-end.

## 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 going concern assessment.

## RECENT ACCOUNTING PRONOUNCEMENTS

*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.

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 *Financial Instruments: Recognition and Measurement*, except for the presentation of the impact of 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 March 1, 2018. The Company is in the 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.

## FINANCIAL INSTRUMENTS

The Company accounts for its financial instruments as follows:

Cash and accounts receivable	Loans and receivables
Accounts payable and accrued liabilities and loans payable	Financial liabilities measured at amortized cost

The classification of the financial instruments as well as their carrying values is shown in the table below:

Cash and accounts receivable	\$	43,700
Other financial liabilities	\$	10,539

The fair value of cash, accounts receivable and accounts payables and accrued liabilities approximates their carrying value due to their short-term maturity.

The Company is exposed to potential loss from various risks including commodity price risk, exploration and development risk, environmental risk, credit risk, liquidity risk and interest rate risk. These risks are described in more details in Risk and Uncertainties section of this MD&A.

## RISK AND UNCERTAINTIES

The Company's financial performance is likely to be subject to the following risks:

1. The Company has not commenced commercial operation, and has no assets other than cash, has no history of earnings and shall not generate earnings to pay dividends until at least after the completion of the Qualifying Transaction;
2. Until the completion of the Qualifying Transaction, the Company is not permitted to carry on any business other than the identification of and evaluation of potential Qualifying Transactions;
3. The Company only has limited funds with which to identify and evaluate potential Qualifying Transactions and there can be no assurance that the Company will be able to identify or complete a suitable Qualifying Transaction.

The following are risks related to the Company's financial instruments:

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Concentration of credit risk exists with respect to the Company's cash and short term investments as all amounts are held at a single major Canadian financial institution.

Credit risk is minimized by ensuring that these financial assets are placed with a major Canadian financial institution with a strong investment-grade rating by a primary ratings agency.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements. At February 28, 2017, the Company had cash of \$42,820 available to meet short-term business requirements and current liabilities of \$10,539. The Company's accounts payable and accrued liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk. The Company is not exposed to significant market risk.

## **DISCLOSURE OF INTERNAL CONTROLS**

Management has established processes to provide sufficient knowledge to support representations that reasonable diligence has been exercised to ensure that:

- (i) the audited financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the financial statements, and
- (ii) the audited financial statements fairly present in all material respects the financial condition, results of operations and cash flow of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

- (i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- (ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP. The issuer's certifying officers are responsible for ensuring that processes are in place to provide them

with sufficient knowledge to support the representations they are making in the certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

## **MANAGEMENT’S RESPONSIBILITY FOR FINANCIAL STATEMENTS**

The information provided in this report, including the financial statements is the responsibility of Management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgements and have been properly reflected in the accompanying financial statements.

## **FORWARD-LOOKING STATEMENTS**

Certain sections of this Management Discussion and Analysis may contain forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from actual future results. The risks, uncertainties and other factors that could influence actual results are described in the “Risks and Uncertainties” section of this report. The forward-looking statements contained herein are based on information available as of the date of this report.

## **CORPORATE DIRECTORY**

### **Head Office**

Cairo Resources Inc.  
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### **Officers and Directors**

Darryl Cardey (Chief Executive Officer, Chief Financial Officer, President, Secretary and Director)

Michael Sadhra (Director)  
Paul Reynolds (Director)  
Greg Smith (Director)  
Manolo Zuniga (Director)  
James B. Taylor (Director)

### **Members of the Audit Committee**

Darryl Cardey  
Michael Sadhra  
Paul Reynolds (Chair)

### **Legal Counsel**

Owen Bird Law Corporation  
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### **Auditors**

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### **Transfer Agent**

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