

**CAIRO RESOURCES INC.**

**Condensed Interim Financial Statements**

**For the Six Months Ended August 31, 2020 and 2019**

**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, 2020	February 29, 2020
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 462,992	\$ 19,090
GST receivable	1,190	460
Prepaid expenses	416	962
	<b>\$ 464,598</b>	<b>\$ 20,512</b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 5,340	\$ 49,714
<b>Shareholders' Equity (Deficiency)</b>		
<b>Capital Stock</b> (note 4)	963,209	453,509
<b>Reserves</b> (note 4)	101,904	101,904
<b>Deficit</b>	(605,855)	(584,615)
	459,258	(29,202)
	<b>\$ 464,598</b>	<b>\$ 20,512</b>

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, 2020	Three months ended August 31, 2019	Six months ended August 31, 2020	Six months ended August 31, 2019
<b>Expenses</b>				
Filing fees	\$ 3,454	3,029	\$ 4,704	\$ 4,279
General and administrative	6,884	3,180	13,815	6,334
Professional fees	171	3,840	171	3,840
Transaction costs	1,800	4,475	2,550	7,975
<b>Loss and Comprehensive for the Period</b>	<b>\$ (12,309)</b>	<b>\$ (14,524)</b>	<b>\$ (21,240)</b>	<b>\$ (22,428)</b>
<b>Basic and Diluted Loss Per Common Share</b>	<b>\$ (0.00)</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>
<b>Weighted Average Number of Common Shares Outstanding</b>	<b>3,568,973</b>	<b>1,581,474</b>	<b>2,725,223</b>	<b>1,581,474</b>

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**CAIRO RESOURCES INC.**  
**Condensed Interim Statements of Changes in Equity**  
**Unaudited – Prepared by Management**  
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	Capital Stock		Reserves	Deficit	Equity
	Number	Amount			
<b>Balance, February 28, 2019</b>	<b>1,881,473</b>	<b>\$ 453,509</b>	<b>\$ 101,904</b>	<b>\$ (542,333)</b>	<b>\$ 13,080</b>
Net loss for the period	-	-	-	(22,428)	(22,428)
<b>Balance, August 31, 2019</b>	<b>1,881,473</b>	<b>\$ 453,509</b>	<b>\$ 101,904</b>	<b>\$ (564,761)</b>	<b>\$ (9,348)</b>
Net loss for the period	-	-	-	(19,854)	(19,854)
<b>Balance, February 29, 2020</b>	<b>1,881,473</b>	<b>\$ 453,509</b>	<b>\$ 101,904</b>	<b>\$ (584,615)</b>	<b>\$ (29,202)</b>
Proceeds from issuance of common shares	3,375,000	540,000	-	-	540,000
Share issue costs	-	(30,300)	-	-	(30,300)
Net loss for the period	-	-	-	(21,240)	(21,240)
<b>Balance, August 31, 2020</b>	<b>5,265,473</b>	<b>\$ 963,209</b>	<b>\$ 101,904</b>	<b>\$ (605,855)</b>	<b>\$ 459,258</b>

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, 2020	Six months ended August 31, 2019
<b>Operating Activities</b>		
Loss for period	\$ (21,240)	\$ (22,428)
Changes in working capital balances:		
GST receivable	(730)	(1,571)
Prepaid expenses	546	-
Accounts payable and accrued liabilities	(44,374)	7,783
<b>Cash Used by Operating Activities</b>	<b>(65,798)</b>	<b>(16,216)</b>
<b>Financing Activities</b>		
Proceeds from issuance of common shares	540,000	-
Share issuance costs paid	(30,300)	-
<b>Cash Provided by Financing Activities</b>	<b>509,700</b>	<b>-</b>
<b>Inflow (Outflow) of Cash</b>	<b>443,902</b>	<b>(16,216)</b>
<b>Cash, Beginning of Period</b>	<b>19,090</b>	<b>45,095</b>
<b>Cash, End of Period</b>	<b>\$ 462,992</b>	<b>\$ 28,879</b>

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

**CAIRO RESOURCES INC.**  
**Notes to the Condense Interim Financial Statements**  
**For the Six Months Ended August 31, 2020 and 2019**  
**(Expressed in Canadian Dollars)**

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**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.

At an annual and special meeting of its shareholders held on November 27, 2013, 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 NEX was accepted, and the TSX-V advised that the Company's trading symbol would change from "QAI.P" to "QAI.H".

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 the 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, 2020, the Company incurred loss of \$21,240 (2019 – 22,428) and as at August 31, 2020, had a deficit of \$605,855 (February 29, 2020 - \$584,615).

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 Condense Interim Financial Statements**  
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**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, 2020 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 27, 2020.

**(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).

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**2. BASIS OF PRESENTATION** (continued)

**(d) Adoption of new accounting standards and amendments**

The following outlines the new accounting standards and amendments adopted by the Company effective March 1, 2019:

*IFRS 16 Leases*

The Company adopted IFRS 16 *Leases* ("IFRS 16") using the modified retrospective approach. The comparative figures for the 2019 reporting period have not been restated and are accounted for under IAS 17 *Leases*, ("IAS 17") and IFRIC 4 *Determining Whether an Arrangement Contains a Lease*, as permitted under the specific transitional provisions in the standard. IFRS 16 requires lessees to recognize assets and liabilities for most leases. For lessors, there is little change to the existing accounting in IAS 17, *Leases*. The adoption of IFRS 16 did not have an impact on the Company's financial statements as the Company does not have any lease agreements.

**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, 2020 as disclosed in note 4 of the Company's annual financial statements for the year ended February 29, 2020.

**4. CAPITAL STOCK**

(a) Authorized

The Company has authorized an unlimited number of common shares without par value. As at August 31, 2020, the Company had 5,256,473 shares outstanding (February 29, 2020 - 1,881,473).

(b) Issued and outstanding

On July 16, 2020, the Company completed a non-brokered private placement of 3,375,000 common shares at a price of \$0.16 per share for gross proceeds of \$540,000. The Company incurred \$30,300 of share issue costs related to the private placement, which was offset against capital stock.

There were no capital stock transactions during six months ended August 31, 2019.

(c) Escrow shares

As at August 31, 2020 and February 29, 2020, 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.

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**4. CAPITAL STOCK (continued)**

(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, 2020 and 2019, the Company did not grant any stock options.

(e) Warrants

There were no warrants outstanding for the six months ended August 31, 2020 and 2019.

**5. RELATED PARTY TRANSACTIONS**

The Company’s related party 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 the President, CEO, CFO and a director of the Company	Rent

During the six months ended August 31, 2020, the Company paid \$4,500 (2019 - \$4,500) for rent to CDM Capital Partners Inc. and owed them \$788 (February 29, 2020 - \$5,513) as at August 31, 2020.

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**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 (deficiency). 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 year.

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. The net proceeds raised to date will only be sufficient to identify and evaluate a limited number of assets and businesses for the purpose of identifying and completing a Qualifying Transaction. However, additional funds will be required to finance the Company's Qualifying Transaction.

**7. COVID-19**

Since February 29, 2020, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to business globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.