

**CAIRO RESOURCES INC.**  
**Management Discussion and Analysis (“MD&A”)**  
**for the year ended February 29, 2020**

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 29, 2020 should be read in conjunction with the Company’s audited financial statements and related notes for the year ended February 28, 2019. The effective date of this report is June 29, 2020. 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 December 22, 2017, the Company entered into a Letter of Intent with Sino Blockchain Holdings Inc. (“Sino”), a private British Columbia corporation, whereby Cairo will acquire all of the outstanding shares of Sino in exchange for common shares of Cairo.

On February 28, 2018, the Company announced that it and Sino have mutually agreed to terminate their Letter of Intent.

On November 7, 2018, the Company completed a non-brokered private placement of 300,000 common shares at a price of \$0.27 per common share for gross proceeds of \$81,000. The proceeds of the offering are being used by the Company towards general working capital purposes.

**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.

**PROPOSED TRANSACTION**

On September 30, 2019, the Company entered into arm’s length amalgamation agreement (the “Definitive Agreement”) in respect of a proposed business combination (the “Proposed Transaction”) that would result in the reverse takeover of Cairo by Swarmio Inc. (“Swarmio”). It was anticipated that the Proposed Transaction will constitute the Cairo’s “Qualifying Transaction” pursuant to Policy 2.4 of the TSX-V. Following the completion of the Proposed Transaction, the resulting entity (the “Resulting Issuer”) would have held all of the assets and continue the business of Swarmio.

On April 7, 2020, given the prevailing market conditions, the Company announced it has terminated the Definitive Agreement with Swarmio Inc.

## SUMMARY OF QUARTERLY RESULTS

The following selected financial data is prepared in accordance with IFRS:				
	3 months ended February 29, 2020	3 months ended November 30, 2019	3 months ended August 31, 2019	3 months ended May 31, 2019
Total revenue	\$0	\$0	\$0	\$0
Loss (income) before other items	\$(10,200)	\$30,054	\$14,524	\$7,904
Net loss (income)	\$(10,200)	\$30,054	\$14,524	\$7,904
Loss (income) per common share, basic and diluted	\$(0.01)	\$0.02	\$0.01	\$0.00
Total assets	\$20,512	\$21,646	\$31,296	\$40,993

The following selected financial data is prepared in accordance with IFRS:				
	3 months ended February 28, 2019	3 months ended November 30, 2018	3 months ended August 31, 2018	3 months ended May 31, 2018
Total revenue	\$0	\$0	\$0	\$0
Loss before other items	\$40,653	\$7,490	\$10,501	\$7,324
Net loss	\$40,653	\$7,490	\$10,501	\$7,324
Loss per common share, basic and diluted	\$0.03	\$0.00	\$0.01	\$0.01
Total assets	\$45,941	\$54,516	\$6,624	\$6,715

## SELECTED ANNUAL FINANCIAL INFORMATION

The following selected financial data is derived from the financial statements prepared in accordance with IFRS:			
	Year ended February 29, 2020	Year ended February 28, 2019	Year ended February 28, 2018
Total revenue	\$0	\$0	\$0
Income (loss) before other items	(\$42,282)	(\$65,968)	(\$35,778)
Net income (loss)	(\$42,282)	(\$65,968)	(\$35,778)
Income (loss) per common share, basic and diluted	(\$0.03)	(\$0.05)	(\$0.03)
Total assets	\$20,512	\$45,941	\$16,169
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 1,881,473 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 29, 2020 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 ended February 29, 2020 the Company recorded a net loss of \$42,282 compared to a net loss of \$65,968 in the year ended February 28, 2019. The decrease in net loss during the year ended February 29, 2020 was due to decrease in transaction costs in relation to the Proposed Transaction.

The Company's net loss for the year ended February 29, 2020 can be attributed to incurring filing fees of \$6,779, general and administrative costs of \$14,627, professional fees of \$11,401, and transaction costs of \$9,475. The decrease in transaction costs during the year ended February 29, 2020 was due to decrease of legal expense incurred in relation to the Proposed Transaction. The Company's net loss for the year ended February 28, 2019 can be attributed to incurring filing fees of \$6,779, general and administrative costs of \$22,249, professional fees of \$7,475, and transaction costs of \$29,465.

## **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 29, 2020 the Company had working capital deficit of \$29,202 compared to working capital of \$13,080 as at February 28, 2019.

As at February 29, 2020, the Company had cash of \$19,090 (February 28, 2019 - \$45,095) available to meet short-term business requirements and liabilities of \$49,714 (February 28, 2019 - \$32,861). 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. 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 favorable 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 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 the President, CEO, CFO and a director of the Company	Rent

During the year ended February 29, 2020, the Company paid \$9,000 (2019 - \$9,000) for rent to CDM Capital Partners Inc. and owed them \$5,513 (2019 - \$Nil) 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, 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

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.

## FINANCIAL INSTRUMENTS

The Company accounts for its financial instruments as follows:

Cash	FVTPL
Accounts payable and accrued liabilities	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	\$ 19,090
Other financial liabilities	\$ 49,714

The fair value of cash and accounts payable 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 29, 2020, the Company had cash of \$19,090 available to meet short-term business requirements and current liabilities of \$49,714. 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.

## **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**

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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)

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

Darryl Cardey  
Michael Sadhra  
Paul Reynolds (Chair)

### **Legal Counsel**

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### **Auditors**

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### **Transfer Agent**

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