

CAIRO RESOURCES INC.
Management Discussion and Analysis (“MD&A”)
for the year ended February 28, 2021

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, 2021 should be read in conjunction with the Company’s audited financial statements and related notes for the year ended February 28, 2021. The effective date of this report is March 19, 2021. 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 September 30, 2019, the Company entered into arm’s length amalgamation agreement in respect of a proposed business combination (the “Swarmio Proposed Transaction”) that would result in the reverse takeover of Cairo by Swarmio Inc. (“Swarmio”). It was anticipated that the Swarmio 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.

On July 16, 2020, the Company completed a non-brokered private placement of 3,375,000 common shares at \$0.16 per common share for gross proceeds of \$540,000. The Company paid finders’ fee of \$30,300.

On January 26, 2021, the Company entered into a binding letter agreement (the “Letter Agreement”) in respect of a proposed business combination (the “Proposed Transaction”) that would result in the reverse takeover of Cairo by Bangles Gold Pty Ltd. (“Bangles”). See ‘Proposed Transaction’ below for further details.

COVID-19

Since March 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 which may impact the Company’s ability to obtain external financing as required for the Proposed Transaction described in note 8. 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 January 26, 2021, the Company entered into a Letter Agreement with Bangles in respect of the “Proposed Transaction. It is anticipated that the Proposed Transaction will constitute the Cairo’s “Qualifying Transaction” pursuant to Policy 2.4 of the TSX-V.

Bangles is the holder of a 100% legal and beneficial interest in three (3) exploration licence applications (“ELA’s”) located in New South Wales (“NSW”), Australia. ELA 6056, ELA 6058 and ELA 6059 cover an area of ~680 km² over sections of the mineralised Koonenberry Fault and associated secondary faults and splays located in the north west of NSW, Australia. Geoscientists from the Geological Survey of NSW have concluded that “mineralisation styles and structural development in the Koonenberry Orogenic Belt are remarkably similar to the Victorian Goldfields in the Western Lachlan Orogen” (Greenfield and Reid, 2006). In their detailed assessment and comparison, they highlighted similarities in the style of mineralisation, mineral associations, metal associations, hydrothermal alteration, structural setting, timing of metamorphism and the age of mineralisation, association with I-type magmatism, and the character of the sedimentary host rocks. Mineralisation in the Koonenberry region is classified as orogenic gold and is typical of turbidite-hosted/slate-belt gold provinces (Greenfield and Reid, 2006). The region hosts the historic Albert Goldfield, which was discovered in the late 1800s and was centred on several gold mining centres located throughout the district.

The Koonenberry region is an emerging gold district, with significant interest being shown by listed and unlisted explorers of late. This includes Australian Stock Exchange listed Manhattan Corporation Ltd. (ASX:MHC) and Red Mountain Mining Ltd. (ASX:RMX).

Summary of the Proposed Transaction

The Letter Agreement contemplates that Cairo and Bangles will negotiate and enter into a definitive agreement in respect of the Proposed Transaction (the “Definitive Agreement”), pursuant to which it is anticipated that Cairo will acquire all of the issued and outstanding Bangles common shares, and the shareholders of Bangles will receive Cairo common shares in exchange for their Bangles common shares. The Proposed Transaction will be structured as a share exchange or other structure based on the advice of the parties’ respective advisors and taking into account various securities, tax, operating and other considerations.

Pursuant to the Proposed Transaction, Cairo intends to issue an aggregate of 5,000,000 Cairo common shares and \$112,500 of cash consideration will be paid pro rata to the shareholders of Bangles in exchange for 100% of the Bangles common shares. A finder’s fee of 386,161 Cairo common shares will be payable by Cairo to an arm’s length third party in connection with the closing of the Proposed Transaction.

The completion of the Proposed Transaction remains subject to a number of terms and conditions. Upon completion of the Proposed Transaction, it is anticipated that the Resulting Issuer will be listed as a Tier 2 Mining Issuer on the Exchange, with Bangles as its primary operating subsidiary.

In connection with the Proposed Transaction, Cairo and Bangles entered a Promissory Note Agreement dated February 4, 2021. Under the terms of the Promissory Note Agreement, Cairo will advance secured loans of up to \$250,000 to Bangles, which are non-interest bearing and have a term of one year. In the event that the Definitive Agreement is terminated, these loans will be due on demand and bear interest at 10%, compounded monthly. The loans are secured by the common shares of Bangles. The loans will be used by Bangles for working capital purposes. During the year ended February 28, 2021, the Company advanced \$125,000 to Bangles under the terms of the Promissory Note Agreement.

In connection with the Proposed Transaction, the parties will arrange a concurrent financing of units of Cairo (“Units”) for gross proceeds of \$2,100,000 or such lesser or greater amount agreed to by the parties, at a price of C\$0.28 per Unit (the “Concurrent Financing”). Each Unit will consist of one Cairo common share and one-half of a share purchase warrant of Cairo (“Warrants”), with each whole Warrant exercisable for a period of eighteen months at a price of C\$0.40 per Cairo common share. The Concurrent Financing may be structured as a subscription receipt offering.

SUMMARY OF QUARTERLY RESULTS

| The following selected financial data is prepared in accordance with IFRS: | | | | |
|--|----------------------------------|----------------------------------|--------------------------------|-----------------------------|
| | 3 months ended February 28, 2021 | 3 months ended November 30, 2020 | 3 months ended August 31, 2020 | 3 months ended May 31, 2020 |
| Total revenue | \$0 | \$0 | \$0 | \$0 |
| Loss before other items | \$23,920 | \$12,313 | \$12,309 | \$8,931 |
| Net loss | \$23,920 | \$12,313 | \$12,309 | \$8,931 |
| Loss per common share, basic and diluted | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Total assets | \$439,574 | \$450,014 | \$464,598 | \$15,249 |

| 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 increase in net loss in Q4 2021 relates to increased spending on professional fees in relation to the Proposed Transaction with Bangles as described above.

The income recognized in Q4 2020 relates to an expense recovery related to the termination of the Swarmio Proposed Transaction as described above.

SELECTED ANNUAL FINANCIAL INFORMATION

| The following selected financial data is derived from the financial statements prepared in accordance with IFRS: | | | |
|--|------------------------------|------------------------------|------------------------------|
| | Year ended February 28, 2021 | Year ended February 29, 2020 | Year ended February 28, 2019 |
| Total revenue | \$0 | \$0 | \$0 |
| Loss before other items | (\$57,473) | (\$42,282) | (\$65,968) |
| Net loss | (\$57,473) | (\$42,282) | (\$65,968) |
| Loss per common share, basic and diluted | (\$0.01) | (\$0.03) | (\$0.05) |
| Total assets | \$439,574 | \$20,512 | \$45,941 |
| 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 5,256,473 (February 29, 2020 – 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 28, 2021 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 28, 2021, the Company recorded a net loss of \$57,473 compared to a net loss of \$42,282 in the year ended February 29, 2020. The increase in net loss was mainly due to increased general and administrative costs and legal fees in relation to the Proposed Transactions.

The Company's net loss for the year ended February 28, 2021 can be attributed to incurring filing fees of \$7,204, general and administrative costs of \$25,792, professional fees of \$13,812 and transaction costs of \$10,665. 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 increase in general and administrative costs was mainly due to additional news release disseminated in relation to the Proposed Transaction and monthly administrative fees incurred since April 2020.

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, 2021 the Company had working capital of \$420,775 compared to working capital deficit of \$29,202 as at February 29, 2020.

As at February 28, 2021, the Company had cash of \$313,674 (February 29, 2020 - \$19,090) available to meet short-term business requirements and liabilities of \$18,799 (February 29, 2020 - \$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. 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 28, 2021, the Company paid \$9,000 (2020 - \$9,000) for rent to CDM Capital Partners Inc. and owed them \$Nil (February 29, 2020 - \$5,513) as at February 28, 2021.

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.

FINANCIAL INSTRUMENTS

The Company accounts for its financial instruments as follows:

| | |
|--|----------------|
| Cash | FVTPL |
| Loans receivable | Amortized cost |
| Accounts payable and accrued liabilities | Amortized cost |

The carrying value of the financial instruments is shown in the table below:

| | |
|--|------------|
| Cash | \$ 313,674 |
| Loans receivable | \$ 125,000 |
| Accounts payable and accrued liabilities | \$ 18,799 |

The fair value of cash, loans receivable 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, 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 loans receivable.

Credit risk is minimized by ensuring that cash is placed with a major Canadian financial institution with a strong investment-grade rating by a primary ratings agency. The carrying amount of these financial assets represents the maximum credit exposure.

(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, 2021, the Company had cash of \$313,674 available to meet short-term business requirements and current liabilities of \$18,799. 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.

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