

CAIRO RESOURCES INC.

Financial Statements

Years Ended February 28, 2015 and 2014

(Expressed in Canadian Dollars)

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF CAIRO RESOURCES INC.

We have audited the accompanying financial statements of Cairo Resources Inc., which comprise the statements of financial position as at February 28, 2015 and 2014, and the statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Cairo Resources Inc. as at February 28, 2015 and 2014, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to note 1 in the financial statements, which describes matters and conditions that indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

Smythe Ratcliffe LLP

Chartered Accountants

Vancouver, British Columbia
June 25, 2015

CAIRO RESOURCES INC.
Statements of Financial Position
February 28, 2015 and 2014
(Expressed in Canadian Dollars)

	2015	2014
Assets		
Current		
Cash	\$ 58,247	\$ 97,068
GST receivable	697	11,635
Prepaid expenses	417	-
	\$ 59,361	\$ 108,703
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 19,759	\$ 100,195
Shareholders' Equity		
Capital Stock (note 6)	274,076	294,226
Reserves (note 6)	101,904	51,904
Deficit	(336,378)	(337,622)
	39,602	8,508
	\$ 59,361	\$ 108,703

Approved on behalf of the Board:

"Darryl Cardey" (signed)

Director

"Darren Devine" (signed)

Director

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

CAIRO RESOURCES INC.
Statements of Loss and Comprehensive Loss
Years Ended February 28, 2015 and 2014
(Expressed in Canadian Dollars)

	2015	2014
Expenses		
Filing fees	\$ 2,604	\$ 2,495
General and administrative	23,593	8,927
Professional fees	20,696	4,871
Fees associated with Qualifying Transactions	-	155,690
	(46,893)	(171,983)
Write-off of accounts payable (note 5)	48,137	-
Impairment loss (note 5)	-	(15,072)
Net Income (Loss) and Comprehensive Income (Loss) for the Year	\$ 1,244	\$ (187,055)
Basic and Diluted Earnings (Loss) Per Common Share	\$ 0.00	\$ (0.37)
Weighted Average Number of Common Shares Outstanding	514,124	500,000

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

CAIRO RESOURCES INC.
Statements of Changes in Equity
Years Ended February 28, 2015 and 2014
(Expressed in Canadian Dollars)

	Capital Stock		Reserves	Deficit	Equity
	Number	Amount			
Balance, February 28, 2013	900,000	\$ 294,226	\$ 51,904	\$ (150,567)	\$ 195,563
Net loss for the year	-	-	-	(187,055)	(187,055)
Balance, February 28, 2014	900,000	294,226	51,904	(337,622)	8,508
Cancellation of common shares held in escrow (note 6c)	(200,000)	(50,000)	50,000	-	-
Proceed from issuance of common shares	214,807	32,221	-	-	32,221
Share issue costs	-	(2,371)	-	-	(2,371)
Net income for the year	-	-	-	1,244	1,244
Balance, February 28, 2015	914,807	\$ 274,076	\$ 101,904	\$ (336,378)	\$ 39,602

*On October 29, 2014, the Company consolidated its issued and outstanding common shares and stock options on the basis of one new share for every five existing shares. Unless otherwise indicated, all references to capital stock and stock options presented in these financial statements and notes thereto are on a post-consolidation basis.

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

CAIRO RESOURCES INC.
Statements of Cash Flows
Years Ended February 28, 2015 and 2014
(Expressed in Canadian Dollars)

	2015	2014
Operating Activities		
Income (loss) for the year	\$ 1,244	\$ (187,055)
Items not involving cash		
Write-off of accounts payable	(48,137)	-
Impairment loss	-	15,072
	(46,893)	(171,983)
Changes in working capital balances		
GST receivable	10,938	(1,430)
Prepaid expenses	(417)	40,000
Accounts payable and accrued liabilities	(33,750)	79,924
Cash Used in Operating Activities	(70,122)	(53,489)
Investing Activity		
Loan to Socialitize Limited	-	(15,072)
Financing Activities		
Proceeds from issuance of common shares	32,221	-
Share issuance costs paid	(920)	-
Cash Provided by Financing Activities	31,301	-
Outflow of Cash	(38,821)	(68,561)
Cash, Beginning of Year	97,068	165,629
Cash, End of Year	\$ 58,247	\$ 97,068
Supplemental Non-Cash Financing Information		
Share issuance costs included in accounts payable and accrued liabilities	\$ 1,451	\$ -

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

CAIRO RESOURCES INC.
Notes to the Financial Statements
For the Years Ended February 28, 2015 and 2014
(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.

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". The Company's shares were suspended from trading pending completion of the Qualifying Transaction with Socialitize Limited ("Socialitize"), a company incorporated under the laws of Gibraltar, 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 the principals of the Company.

On June 11, 2014, the Company announced that it terminated its Qualifying Transaction with Socialitize (note 5) and that the Company continues to pursue other opportunities with a view to completing a Qualifying Transaction.

These 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 year ended February 28, 2015, the Company realized income of \$1,244 (2014 - loss of \$187,055) and as at February 28, 2015, had a deficit of \$336,378 (2014 - \$337,622).

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, 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 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 800 – 789 West Pender Street, Vancouver, British Columbia, Canada, V6C 1H2.

CAIRO RESOURCES INC.
Notes to the Financial Statements
For the Years Ended February 28, 2015 and 2014
(Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION

(a) Statement of compliance

These financial statements are prepared in accordance with IFRS, as issued by the International Accounting Standards Board ("IASB"). These financial statements have been prepared on a historical cost basis, except for financial assets and liabilities classified as financial instruments at fair value through profit or loss ("FVTPL"), which are stated at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting.

The significant accounting policies set out in note 3 have been applied consistently to all periods presented.

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

(b) Approval of the financial statements

These financial statements of the Company were approved by the Board of Directors and authorized for issue on June 25, 2015.

(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 on 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 IFRIC 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 except for the presentation of the impact of own credit risk on financial liabilities designated at fair value through profit or loss.

CAIRO RESOURCES INC.
Notes to the Financial Statements
For the Years Ended February 28, 2015 and 2014
(Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION

- (d) Recent accounting pronouncements not yet applied (Continued)

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.

3. SIGNIFICANT ACCOUNTING POLICIES

- (a) Financial instruments

- (i) Financial assets

The Company classifies its financial assets in the following categories: held-to-maturity, FVTPL, loans and receivables, and available-for-sale ("AFS"). The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at recognition.

Fair value through profit or loss

Financial assets are classified as FVTPL when the financial asset is held-for-trading or it is designated as FVTPL. A financial asset is classified as FVTPL when it has been acquired principally for the purpose of selling in the near future; it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit-taking or if it is a derivative that is not designated and effective as a hedging instrument. Upon initial recognition, attributable transaction costs are recognized in profit or loss when incurred. Financial instruments at FVTPL are measured at fair value, and changes therein are recognized in profit or loss. Cash is included in this category of financial assets.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are initially recognized at the transaction value and subsequently carried at amortized cost less impairment losses. The impairment loss on receivables is based on a review of all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified. Interest income is recognized by applying the effective interest rate method.

Held-to-maturity

Held-to-maturity financial assets are recognized on a trade-date basis and are initially measured at fair value using the effective interest rate method. The Company has no assets classified as held-to-maturity.

CAIRO RESOURCES INC.
Notes to the Financial Statements
For the Years Ended February 28, 2015 and 2014
(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Financial instruments (continued)

(i) Financial assets (continued)

Available-for-sale

AFS financial assets are non-derivatives that are either designated as AFS or not classified in any of the other financial assets categories. Changes in the fair value of AFS financial assets other than impairment losses are recognized as other comprehensive income and classified as a component of equity. The Company has no assets classified as AFS.

(ii) Financial liabilities

The Company classifies its financial liabilities in the following categories:

Borrowings and other financial liabilities

Borrowings and other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit or loss over the period to maturity using the effective interest method.

Borrowings and other financial liabilities are classified as current or non-current based on their maturity date. Financial liabilities include accounts payable and accrued liabilities.

(iii) Fair value hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - Inputs for assets or liabilities that are not based on observable market data.

(iv) Impairment of financial assets

The Company assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or group of financial assets.

CAIRO RESOURCES INC.
Notes to the Financial Statements
For the Years Ended February 28, 2015 and 2014
(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Cash

The Company considers cash to include amounts held in banks. The Company places its cash with major financial institutions in Canada.

(c) Share-based payments

The Company accounts for share-based payments using a fair value based method with respect to all share-based payments, to directors, employees and service providers. For directors and employees, the fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the period that the options are earned. For service providers, the fair value of the options is measured at the fair value of the goods or services received, unless related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of capital stock. When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured using the Black-Scholes option pricing model. The fair value is recognized as an expense with a corresponding increase in equity. This includes a forfeiture estimate, which is revised for actual forfeitures in subsequent periods.

Upon the exercise of the stock option, consideration received and the related amount transferred from reserves are recorded as capital stock.

(d) Loss per share

Basic loss per share is calculated using the weighted average number of common shares outstanding during the period. The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on earnings per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to repurchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options that would be anti-dilutive.

Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

(e) Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income/loss.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current period and any adjustment to income taxes payable in respect of previous periods. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

CAIRO RESOURCES INC.
Notes to the Financial Statements
For the Years Ended February 28, 2015 and 2014
(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Income taxes (continued)

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it provides a valuation allowance against that excess.

(f) Capital stock

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares and share options and warrants are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares, options or warrants are shown in equity as a deduction, net of tax, from the proceeds.

4. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Company classifies its financial instruments as follows:

- cash is classified as financial assets at FVTPL; and
- accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

The carrying values of financial assets and liabilities approximate their fair values due to the short-term maturity of these financial instruments.

The Company's risk exposure and the impact on the Company's financial instruments are summarized below

(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, 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.

CAIRO RESOURCES INC.
Notes to the Financial Statements
For the Years Ended February 28, 2015 and 2014
(Expressed in Canadian Dollars)

4. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

(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, 2015, the Company had cash of \$58,247 available to meet short-term business requirements and current liabilities of \$19,759. 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 due to 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.

5. LOAN TO SOCIALITIZE LTD.

On September 23, 2013, the Company entered into a loan agreement (the "Loan Agreement") with Socialitize in which the Company loaned Socialitize, interest-free, \$15,072.

On June 11, 2014, the Company announced that it terminated its Qualifying Transaction with Socialitize. Pursuant to the Loan Agreement, as a result of the termination of the Qualifying Transaction with Socialitize, the loan automatically converted into common shares of Socialitize on the basis of one share for every \$0.10 of loan amount outstanding. As a result, the Company received 150,717 shares of Socialitize.

The Company assessed the future recoverability of its loan to and its potential investment in Socialitize with reference to the estimated future profitability of Socialitize, and determined that it was not probable that Socialitize would generate future profits. As a result, an impairment charge equivalent to the loan amount of \$15,072 was recognized in the year ended February 28, 2014.

During the year ended February 28, 2015, the Company wrote-off \$48,137 relating to settlement of professional fees incurred in relation to the Qualifying Transaction that was terminated during the year.

6. CAPITAL STOCK

(a) Authorized

The Company has authorized an unlimited number of common shares without par value. As at February 28, 2015, the Company had outstanding 914,807 (2014 - 900,000) shares.

(b) Issued and outstanding

On February 4, 2015, the Company completed a non-brokered private placement of 214,807 common shares at a price of \$0.15 for gross proceeds of \$32,221. The Company incurred \$2,371 of share issue costs related to the private placement, which was offset against capital stock.

CAIRO RESOURCES INC.
Notes to the Financial Statements
For the Years Ended February 28, 2015 and 2014
(Expressed in Canadian Dollars)

6. CAPITAL STOCK (continued)

(c) Escrow shares

As at February 28, 2014, there were 400,000 common shares held in escrow.

On May 7, 2014, the Company transferred its listing from the Tier 2 board of the TSX-V to the NEX board. As a result, the Company cancelled 200,000 common shares held in escrow. Upon cancellation, the \$50,000 value originally recorded in capital stock relating to these shares was transferred to reserves.

As at February 28, 2015, there are 200,000 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 91,480, which is 10% of the issued common shares of the Company at the closing of the Company's IPO. 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 years ended February 28, 2015 and 2014, the Company did not grant any stock options.

The following summarizes the Company's stock options outstanding and stock option transactions for the years ended February 28, 2014 and 2015:

	Number of Options		Weighted Average Exercise Price
Outstanding and exercisable, February 28, 2013	80,000	\$	0.65
Cancelled	(40,000)	\$	0.65
Outstanding and exercisable, February 28, 2014	40,000	\$	0.65
Expired	(20,000)	\$	0.65
Outstanding and exercisable, February 28, 2015	20,000	\$	0.65

CAIRO RESOURCES INC.
Notes to the Financial Statements
For the Years Ended February 28, 2015 and 2014
(Expressed in Canadian Dollars)

6. CAPITAL STOCK (continued)

(d) Stock options (continued)

The following stock options were outstanding as at February 28, 2015:

Number of Options	Number of Options Exercisable	Exercise Price	Expiry Date
20,000	20,000	\$0.65	September 20, 2016

(e) Warrants

The following summarizes the Company's warrants outstanding and warrants transactions for years ended February 28, 2014 and 2013:

	Number of warrants		Weighted Average Exercise Price
Outstanding and exercisable, February 29, 2012, February 28, 2013	50,000	\$	0.50
Expired	(50,000)	\$	0.50
Outstanding as at February 28, 2014 and 2015	-	\$	-

7. 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 two directors, the President, CEO and CFO of the Company	Rent

During the year ended February 28, 2015, the Company paid \$3,750 (2014 - \$Nil) for rent to CDM Capital Partners Inc.

CAIRO RESOURCES INC.
Notes to the Financial Statements
For the Years Ended February 28, 2015 and 2014
(Expressed in Canadian Dollars)

8. 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 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.

9. INCOME TAXES

The provision for income taxes differs from the amount calculated using the Canadian federal and provincial statutory income tax rates of 26.0% (2014 - 25.9%) as follows:

	2015	2014
Net income (loss) for the year	\$ 1,244	\$ (187,055)
Statutory income tax rate	26.0%	25.9%
Income tax (recovery) at Canadian statutory rate	323	(48,447)
Temporary differences	(938)	(1,393)
Unused tax losses	615	49,840
Total income tax recovery	\$ -	\$ -

The significant components of the Company's temporary differences and unused tax losses that have not been included on the statements of financial position are as follows:

	2015	2014
Non-capital losses	\$ 312,823	\$ 305,060
Share issuance costs	10,427	17,061
	\$ 323,250	\$ 322,121

At February 28, 2015, the Company has tax loss carry-forwards of approximately \$312,000, which expire between 2030 and 2035.