

Cairo Resources Inc. Announces Letter Agreement for Qualifying Transaction with Bangles Gold Pty. Ltd.

Vancouver, British Columbia--(Newsfile Corp. - January 26, 2021) - **Cairo Resources Inc.** (TSXV: QAI.H) ("**Cairo**"), a capital pool company listed on the TSX Venture Exchange (the "**Exchange**"), is pleased to announce that it has entered into a binding letter agreement (the "**Letter Agreement**") dated January 26, 2021 with Bangles Gold Pty Ltd. ("**Bangles**") in respect of a proposed business combination (the "**Proposed Transaction**"). It is anticipated that the Proposed Transaction will constitute the "Qualifying Transaction" of Cairo in accordance with Policy 2.4 - *Capital Pool Companies* of the Exchange.

About Bangles

Bangles is a private company existing under the laws of Australia and is based in Floreat, Western Australia, and, immediately prior to closing of the Proposed Transaction, will have 1,500,000 common shares (the "**Bangles Shares**") outstanding, and no outstanding securities exchangeable or convertible into Bangles Shares.

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 ("**GSNSW**") 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 through out 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. and Red Mountain Mining Ltd..

Bangles is in the process of completing the flying and post processing of an aero-magnetic survey covering all of the ELA's which will be used to identify and prioritize initial gold targets for a phase 1 exploration program to include scout drilling.

Jason Bontempo and Nick Rowley, the controlling shareholders of Bangles, reside in Australia.

A press release with further information in respect of Bangles, including significant financial information, will follow in accordance with the policies of the Exchange.

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 Shares, and the shareholders of Bangles will receive Cairo Shares in exchange for their Bangles 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.

Prior to the closing of the Proposed Transaction, Cairo will have 5,256,473 Cairo Shares issued and outstanding. It is intended that an aggregate of 5,000,000 Cairo Shares and C\$112,500 will be issued and paid pro rata to the shareholders of Bangles in exchange for 100% of the Bangles Shares. It is anticipated that the resulting entity (the "**Resulting Issuer**") will continue the business of Bangles under a name to be mutually agreed to by the parties (the "**Name Change**").

A finder's fee of 386,161 Cairo Shares will be payable by Cairo to an arm's length third party in connection with the closing of the Proposed Transaction (the "**Finder's Fees**").

Certain common shares of the Resulting Issuer to be issued pursuant to the Proposed Transaction are expected to be subject to restrictions on resale or escrow under the policies of the Exchange, including the securities to be issued to "Principals" (as defined under Exchange policies), which will subject to the escrow requirements of the Exchange.

The completion of the Proposed Transaction remains subject to a number of terms and conditions, including, among other things: the negotiation and execution of the Definitive Agreement; no material adverse changes occurring in respect of either Cairo or Bangles; the Name Change shall have been implemented; completion of the Concurrent Financing described below; Bangles shall have obtained a technical report in connection with the Proposed Transaction prepared in accordance with National Instrument 43-101 - *Standards of Disclosure for Mineral Projects*; the parties obtaining all necessary consents, orders and regulatory and shareholder approvals, including the conditional approval of the Exchange; completion of a thorough business, legal and financial review by each party of the other party; and other standard conditions of closing for a transaction in the nature of the Proposed Transaction.

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.

Upon execution of the Definitive Agreement, and subject to the approval of the Exchange, Cairo will advance secured loans of up to C\$250,000 to Bangles, which will be repayable to Cairo on demand in the event that the Definitive Agreement is terminated. The loan will be used by Bangles for working capital purposes.

Concurrent Financing

In connection with the Proposed Transaction, the parties will arrange a concurrent financing of units of Cairo ("**Units**") for gross proceeds of C\$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 Share and one-half of a share purchase warrant of Cairo ("**Warrants**"), with each whole Warrant exercisable for a period of eighteen (18) months at a price of C\$0.40 per Cairo Share. The Concurrent Financing may be structured as a subscription receipt offering. Other than in connection with the Concurrent Financing, neither party will issue any shares or rights exchangeable or exercisable into shares of such party prior to closing of the Proposed Transaction.

The proceeds of the Concurrent Financing will be used to fund a proposed phase 1 exploration program on the ELA's and for general working capital.

A further news release will be issued confirming the final terms of the Concurrent Financing once determined.

Summary of Proposed Directors and Officers of the Resulting Issuer

In conjunction with and upon closing of the Transaction, the board of directors and management of the Resulting Issuer is expected to include Ian Harris (CEO), Matthew Roma (CFO), Shawn Khunkhun (independent director), Jason Bontempo (independent director), Darren Devine (independent director) and such other directors and officers as may be agreed to by the parties.

The following is a brief description of the directors and officers of the Resulting Issuer who have been identified as of the date hereof:

Ian Harris - CEO

Mr. Harris is a mining engineer and executive with over 20 years' experience in leading worldwide mining projects. He has mining and management experience in over 20 countries, with a wide range of mining methods, commodities, project phases and sizes, successful advancing project in some of the most challenging environments. Mr. Harris was CEO of AMAK Mining Company (first private operating mining company in Saudi Arabia), and also served as Senior VP and Country Manager of Corriente Resources Inc. in Ecuador and was directly involved in the operations and negotiations that led to the sale of Corriente for C\$690 million to CRCC-Tongguan Investment (Canada) Co. Ltd.

Matthew Roma - CFO

Mr. Roma is currently the Chief Financial Officer of Oro X Mining Corp. Mr. Roma is a Chartered Professional Accountant (CPA) with over 10 years of financial management experience. Prior to joining Oro X, Mr. Roma was the Director of Finance for Core Gold Inc. until the sale of Core Gold to an Australian mining Company. Mr. Roma articulated at Deloitte LLP where he specialized in assurance and advisory services for publicly listed mining companies based both in Canada and the United States.

Shawn Khunkhun - Independent Director

Mr. Khunkhun has over 15 years of experience in the capital markets, mineral exploration and development sector. He is currently, CEO and Director of Dolly Varden Silver Corp (TSXV:DV). Mr. Khunkhun has an extensive network of high net worth retail and institutional investors, analysts, brokers and private equity groups. He has facilitated over C\$1B in equity raised for resources companies over the past 17 years as a CEO, director, advisor or consultant.

Jason Bontempo - Independent Director

Mr. Bontempo has 22 years' experience in public company management, corporate advisory, investment banking and public company accounting, since qualifying as a chartered accountant with Ernst & Young. Mr. Bontempo has worked primarily serving on the board and the executive management of minerals and resources public companies focusing on advancing, financing and developing mineral resource assets and business development. Mr. Bontempo also provides corporate advice services for the financing of resource companies across multiple capital markets and resource asset acquisitions and divestments.

Darren Devine - Independent Director

Mr. Devine is the principal of CDM Capital Partners a leading Vancouver based corporate finance advisory services to private and public companies. In this role, Mr. Devine acts as founder, board member and management advisor with respect to direct and indirect listings on Canadian and international stock exchanges, public and private financings, corporate governance, and the structuring of mergers, acquisitions and dispositions.

Mr. Devine is currently an active member of the TSX Venture Exchange's Advisory Committee, advising the stock exchange on policy decisions in relation to listing requirements for public and going public transaction.

Mr. Devine is qualified as a barrister and solicitor in British Columbia and in England & Wales and prior to founding CDM Capital Partners, practiced exclusively in the areas of corporate finance and securities law in Vancouver, Canada and London, England.

Additional information on the board and management of the Resulting Issuer will be provided once identified. No insiders of the Resulting Issuer are expected other than the board and management.

Sponsorship of a Qualifying Transaction

Sponsorship of a qualifying transaction is required by the Exchange unless exempt in accordance with Exchange policies. Cairo is currently reviewing the requirements for sponsorship and may apply for an exemption from the sponsorship requirements pursuant to the policies of the Exchange, however, there is no assurance that an exemption is available or that Cairo will ultimately obtain an exemption if one is available. Cairo intends to include any additional information regarding sponsorship in a subsequent press release.

Other Information relating to the Proposed Transaction

The Proposed Transaction will not constitute a "Non-Arm's Length Qualifying Transaction" (as such term is defined in the policies of the Exchange) for Cairo. Accordingly, the Proposed Transaction will not require the approval of the shareholders of Cairo.

The Proposed Transaction will require the approval of the shareholders of Bangles. Bangles intends to hold a shareholder meeting to seek all necessary approvals, the details of which will be disclosed once available.

In accordance with the policies of the Exchange, the Cairo Shares are currently halted from trading and will remain so until such time as the Exchange determines, which, depending on the policies of the Exchange, may not occur until completion of the Proposed Transaction.

Additional information concerning the Proposed Transaction, Cairo, Bangles and the Resulting Issuer will be provided once determined in a subsequent news release and in the Filing Statement to be filed by Cairo in connection with the Proposed Transaction and which will be available in due course under Cairo's SEDAR profile at www.sedar.com (<https://www.newsfilecorp.com/redirect/xLpMIJ8kD>).

About Cairo Resources Inc.

Cairo is designated as a Capital Pool Company under Exchange Policy 2.4. Cairo has not commenced commercial operations and has no assets other than cash. Cairo's objective is to identify and evaluate businesses or assets with a view to completing a Qualifying Transaction. Any proposed Qualifying Transaction must be approved by the Exchange and, in the case of a Non-Arm's Length Qualifying Transaction, must also receive majority approval of the minority shareholders. Until the completion of a Qualifying Transaction, Cairo will not carry on any business other than the identification and evaluation of businesses or assets with a view to completing a proposed Qualifying Transaction.

For further information regarding Cairo and the Proposed Transaction, please contact Darryl Cardey, President and Chief Executive Officer, at (604) 638-8063.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Completion of the Proposed Transaction is subject to a number of conditions, including but not limited to, Exchange acceptance and if applicable pursuant to Exchange Requirements, majority of the minority shareholder approval. Where applicable, the Proposed Transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the Proposed Transaction will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the management information circular or filing statement to be prepared in connection with the Proposed Transaction, any information released or received with respect to the Proposed Transaction may not be accurate or complete and should not be relied upon. Trading in the securities of a capital pool company should be considered highly speculative.

The TSX Venture Exchange Inc. has in no way passed upon the merits of the Proposed Transaction and has neither approved nor disapproved the contents of this press release.

All information contained in this news release with respect to Cairo and Bangles was supplied by the parties, respectively, for inclusion herein, and Cairo and its respective directors and officers have relied on Bangles for any information concerning such party.

This news release does not constitute an offer to sell or a solicitation of an offer to sell any of the securities in the United States. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws and may not be offered or sold within the United States or to U.S. Persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.

The information in this news release includes certain information and statements about management's view of future events, expectations, plans and prospects that constitute forward looking statements, including statements relating to the completion of the Proposed Transaction, the proposed business of the Resulting Issuer, the completion of the Concurrent Financing, completion of a NI 43-101 technical report prior to the Proposed Transaction, the proposed directors and officers of the Resulting Issuer, the completion of the Name Change, Exchange sponsorship requirements and intended application for exemption therefrom, shareholder, director and regulatory approvals, and future press releases and disclosure. These statements are based upon assumptions that are subject to significant risks and uncertainties. Because of these risks and uncertainties and as a result of a variety of factors, the actual results, expectations, achievements or performance of each of Cairo and Bangles may differ materially from those anticipated and indicated by these forward looking statements. Any number of factors could cause actual results to differ materially from these forward-looking statements as well as future results. Although each of Cairo and Bangles believes that the expectations reflected in forward looking statements are reasonable, they can give no assurances that the expectations of any forward looking statements will prove to be correct. Except as required by law, each of Cairo and Bangles disclaims any intention and assume no obligation to update or revise any forward looking statements to reflect actual results, whether as a result of new information, future events, changes in assumptions, changes in factors affecting such forward looking statements or otherwise.

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