

CERRO MINING CORP.

Condensed Interim Consolidated Financial Statements

Three Months Ended April 30, 2021

Expressed in Canadian dollars

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

The accompanying unaudited condensed interim consolidated financial statements of Cerro Mining Corp. for the three months ended April 30, 2021 have been prepared by the management of the Company and approved by the Company's board of directors.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Professional Accountants for a review of the condensed interim consolidated financial statements by an entity's auditor.

CERRO MINING CORP.

Condensed Interim Consolidated Statements of Financial Position
Expressed in Canadian dollars

	Notes	April 30 2021 \$	January 31, 2021 \$
ASSETS			
Current			
Cash		258,145	278,355
Restricted cash	5	2,719,300	-
Marketable securities	3	2,730	4,225
GST receivable		10,339	4,761
Total current assets		2,990,514	287,341
LIABILITIES			
Current			
Trade payables and accrued liabilities		215,795	51,222
Share subscriptions	5	2,719,300	-
Total current liabilities		2,935,095	51,222
EQUITY			
Share capital	6	42,203,804	42,228,051
Share-based payment reserve		9,263,967	9,263,967
Accumulated other comprehensive loss		(879,044)	(877,549)
Deficit		(50,533,308)	(50,378,350)
Total equity		55,419	236,119
Total equity and liabilities		2,990,514	287,341

Nature of operations and going concern (note 1)

Subsequent events (note 11)

Approved and authorized for issue by the board of directors on June 29, 2021:

“Andrew Bowering”

Andrew Bowering, Director

“Anthony Paterson”

Anthony Paterson, Director

CERRO MINING CORP.

Condensed Interim Consolidated Statements of Operations and Comprehensive Loss
Expressed in Canadian dollars

Three months ended April 30,	Notes	2021 \$	2020 \$
General and administrative expenses			
Exploration and evaluation costs		-	2,765
Financing		-	2,870
Foreign exchange (gain) loss		-	15,195
General and administrative		210	83
Management fees		2,325	8,191
Professional fees		139,650	3,665
Transfer agent and filing fees		12,773	4,736
		(154,958)	(37,505)
Other items			
Gain on sale of subsidiary		-	132,779
		-	132,779
Income (loss) for the period		(154,958)	95,274
Items that will not be reclassified to income (loss):			
Unrealized loss on marketable securities		(1,495)	(1,430)
Comprehensive income (loss) for the period		(156,453)	93,844
Comprehensive income (loss) per share, basic and diluted		(0.01)	0.01
Weighted average common shares outstanding, basic and diluted		17,243,929	7,243,929

CERRO MINING CORP.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Deficiency)

Expressed in Canadian dollars

	Number of Shares	Common Shares \$	Reserves \$	Accumulated Other Comprehensive Loss \$	Deficit \$	Equity (Deficiency) \$
Balance - January 31, 2020	7,243,929	41,734,214	9,263,967	(877,224)	(50,436,419)	(315,462)
Unrealized loss on marketable securities	-	-	-	(1,430)	-	(1,430)
Income for the period	-	-	-	-	95,274	95,274
Balance - April 30, 2020	7,243,929	41,734,214	9,263,967	(878,654)	(50,341,145)	(221,618)

	Number of Shares	Common Shares \$	Reserves \$	Accumulated Other Comprehensive Loss \$	Deficit \$	Equity \$
Balance - January 31, 2020	17,243,929	42,228,051	9,263,967	(877,549)	(50,378,350)	236,119
Share issue costs		(24,247)	-	-	-	(24,247)
Unrealized loss on marketable securities	-	-	-	(1,495)	-	(1,495)
Loss for the period	-	-	-	-	(154,958)	(154,958)
Balance - April 30, 2021	17,243,929	42,203,804	9,263,967	(879,044)	(50,533,308)	55,419

CERRO MINING CORP.

Condensed Interim Consolidated Statements of Cash Flows
Expressed in Canadian dollars

Three months ended April 30,	2021	2020
	\$	\$
Cash provided by (used in):		
Operating activities		
Income (loss) for the year	(154,958)	95,274
Adjustments for:		
Gain on sale of subsidiary	-	(132,779)
Finance costs	-	2,870
Changes in non-cash working capital items:		
GST receivable	(5,578)	84
Prepays and deposits	-	(5,915)
Trade payables and accrued liabilities	164,573	20,052
	4,037	(20,414)
Financing activities		
Share issue costs	(24,247)	-
Loans received	-	25,000
	(24,247)	25,000
Change in cash	(20,210)	4,586
Cash, beginning of period	278,355	3,674
Cash, end of period	258,145	8,260

Supplemental Disclosure

In the period ended April 30, 2021, the Company received \$2,719,300 as part of a subscription receipt financing (note 5). These amounts were to be held in escrow by Computershare Trust Company of Canada and were subsequently transferred to that company. The financing proceeds held at April 30, 2021 were not available to the Company and so not included in cash.

CERRO MINING CORP.

Notes to the Condensed Interim Consolidated Financial Statements

For the Three Months Ended April 30, 2021

Expressed in Canadian dollars

1. Nature Of Operations And Going Concern

Cerro Mining Corp. (“Cerro” or the “Company”) was incorporated pursuant to the *Business Corporations Act* of British Columbia and is an exploration stage company whose shares are listed on the NEX board of the TSX Venture Exchange (the “TSXV”). The Company’s head office and principal place of business is 1030 West Georgia Street, Suite 1507, Vancouver, BC, V6E 2Y3. Cerro and its subsidiaries are collectively referred to as the “Company”. The Company is contemplating a transaction with Cair by David Cosmetics Inc. See note 5 for further particulars.

These condensed interim consolidated financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. For the three months ended April 30, 2021, the Company has not generated any revenues and incurred negative cash flow from operations. As at April 30, 2021, the Company has a working capital of \$55,419 (January 31, 2021 – \$236,119), and an accumulated deficit of \$50,533,308 (January 31, 2021 - \$50,378,350). The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company’s liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These factors indicate the existence of a material uncertainty that may cast significant doubt on the Company’s ability to continue as a going concern. These condensed interim consolidated financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

The covid-19 pandemic has had adverse impacts on the Canadian and global economies, disruptions of financial markets and created uncertainty regarding the Company’s future operations. The covid-19 pandemic could adversely affect the ability of the Company to fund and enter into a transaction to acquire business assets. The extent to which the covid-19 pandemic impacts the Company’s business, results of operations and financial condition will depend on future developments which are highly uncertain and cannot be predicted. Such future developments include but are not limited to the effectiveness of vaccine programs, new covid-19 variants and remedial actions and stimulus measures adopted by governments.

Even after the covid-19 pandemic subsides, the Company may experience adverse impacts to its business as a result of any economic recession or depression that occurs. The Company cannot reasonably estimate the impact of the pandemic on its business, liquidity, capital resources or financial results.

2. Basis of Presentation

(a) Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with *IAS 34 - Interim Financial Reporting*. They do not include all of the information required for full annual financial statements and should be read in conjunction with the Company’s audited annual consolidated financial statements for the fiscal year ended January 31, 2021, which were prepared in accordance with International Financial Reporting Standards (“IFRS”). These condensed interim consolidated financial statements were approved by the Company’s board of directors on June 29, 2021.

(b) Accounting Policies

The same accounting policies and methods of computation have been employed in these interim financial statements as were used in the most recent annual financial statements.

CERRO MINING CORP.

Notes to the Condensed Interim Consolidated Financial Statements

For the Three Months Ended April 30, 2021

Expressed in Canadian dollars

2. Basis of Presentation (continued)

(c) Basis of Measurement

These financial statements have been prepared on a historical cost basis, except for the revaluation of certain financial assets and financial liabilities to fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

(d) Basis of Consolidation

These consolidated financial statements comprise the financial statements of Cerro and its subsidiaries, while still owned. These consolidated financial statements include all the assets, liabilities, revenues, expenses and cash flows of Cerro and its subsidiaries after eliminating inter-entity balances and transactions, including the accounts of Minera de Oro Arequipa and, until their disposition in March 2020, Compania Minera Cerro El Diablo and its subsidiary Sociedad Minera Capella Limitada.

(e) Use of Estimates and Judgments

The preparation of these condensed interim consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed interim consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These condensed interim consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the condensed interim consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company reviews its estimates and underlying assumptions on an ongoing basis.

Critical Judgments

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in these financial statements:

- Management is required to assess the functional currency of the Company. In concluding that the Canadian dollar is the functional currency of the Company, management considered the currency that mainly influences the operating expenditures in the jurisdiction in which the Company operates.
- The determination of categories of financial assets and financial liabilities has been identified as an accounting policy which involves judgments or assessments made by management.

CERRO MINING CORP.

Notes to the Condensed Interim Consolidated Financial Statements

For the Three Months Ended April 30, 2021

Expressed in Canadian dollars

2. Basis of Presentation (Continued)

- Management is required to determine whether or not the going concern assumption is appropriate for the Company at the end of each reporting period. Considerations taken into account include available information about the future including the availability of financing and revenue projection, also liquidity of its assets, current working capital balance, and future commitments of the Company.
- Judgment is required in determining whether deferred tax assets are recognized in the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets.

Estimation Uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the current and next fiscal financial years:

- Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxation authorities. Where the final outcome of these tax-related matters is different from the amounts that were originally recorded, such differences will affect the tax provisions in the period in which such determination is made.
- The Company estimates the expected manner and timing of the realization or settlement of the carrying value of its assets and liabilities and applies the tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement.
- The fair value of accrued liabilities at the time of initial recognition is made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors.

3. Marketable Securities

	April 30, 2021			January 31, 2021		
	Number	Cost \$	Fair Value \$	Number	Cost \$	Fair Value \$
Great Atlantic Resources Corp. (TSXV - GR)	6,500	880,000	2,730	6,500	880,000	4,225

CERRO MINING CORP.

Notes to the Condensed Interim Consolidated Financial Statements
For the Three Months Ended April 30, 2021
Expressed in Canadian dollars

4. Exploration and evaluation assets

Dorado Properties, Chile

The Company owned a 100% interest in the Dorado properties located in the Copiapo area of northern Chile. Part of the Dorado properties includes three exploration claims, acquired pursuant to a third-party option agreement with a Chilean company, which it disposed of in March 2020 as part of the disposal of its Chilean subsidiary for total consideration of \$1 resulting in a gain of \$132,779. Due to considerable uncertainty regarding the outlook for the Dorado Properties, the Company expensed exploration costs as incurred as set out below:

Period ended April 30,	2021	2020
	\$	\$
Office and storage fees	-	2,765
	-	2,765

5. Cair by David Cosmetics Inc.

In March 2021, the Company entered into an agreement with Cair by David Cosmetics Inc. ("CbD"), a Los Angeles-based company focused on a premium hair care and pet care products business.

The Company proposes to acquire all of the issued and outstanding common shares of CbD (the "CbD Shares") by way of a three-cornered amalgamation (the "Transaction") that will permit the Company to relist its common shares on Tier 2 of the TSXV. The resulting entity from the Transaction will continue the business of CbD.

It is expected that approximately 25,000,000 shares will be issued to the current shareholders of CbD as consideration for all of the issued and outstanding CbD Shares. The business of the resulting Issuer will be the business of CbD. On closing of the Transaction, Cerro will change its name to CAIR by David Cosmetics Inc.

In May 2021, the Company completed an offering of subscriptions receipts raising gross proceeds of \$10,109,000 by the issuance of 20,218,000 subscription receipts at a price of \$0.50 per subscription receipt (the "Concurrent Financing"). The gross proceeds of the Concurrent Financing have been deposited into escrow with Computershare Trust Company of Canada and will be held in escrow pending satisfaction or waiver of escrow release conditions including, among others, receipt of approval by the TSXV and approval by Cerro's disinterested shareholders of the acquisition by Cerro of all of the issued and outstanding common shares of CbD by way of the three-cornered amalgamation described above. When the escrow release conditions have been satisfied, the subscription receipts will result in the issuance of an additional 20,218,000 common shares of the Company. At April 30, 2021, the Company held \$2,719,300 of the Concurrent Financing proceeds; these monies were subsequently transferred to Computershare Trust Company of Canada

In connection with the Transaction, CbD completed an offering of unsecured convertible debentures (the "CbD Debentures") which raised up to \$6,300,000 (the "CbD Debenture Offering"). The principal amount of the CbD Debentures bear interest at a rate of 8% per year payable annually, and the CbD Debentures will become due and payable two years from the date of issuance. Prior to the Transaction, the CbD Debentures will be converted into CbD Shares on such terms and at such conversion price to be set out in the definitive CbD Debenture certificate, subject to approval by the TSX-V. The number of shares issuable to the holders of CbD Debentures will depend on the amount raised by CbD in the CbD debenture offering and the conversion price.

CERRO MINING CORP.

Notes to the Condensed Interim Consolidated Financial Statements
For the Three Months Ended April 30, 2021
Expressed in Canadian dollars

5. Cair by David Cosmetics Inc.

The Transaction will constitute a reverse takeover transaction and a reactivation of Cerro under the policies of the TSXV. Upon completion of the Transaction, the resulting issuer shares will be listed on the TSXV as a Tier 2 industrial issuer.

Completion of the Transaction is subject to approval of the Transaction by the TSXV and a number of conditions, including customary due diligence and approval by the shareholders of Cerro (if required by the TSXV) and CbD.

6. Share Capital

Authorized: Unlimited number of common shares without par value

In May 2020, the Company closed a non-brokered private placement and issued 10,000,000 units at a price of \$0.05 per unit for proceeds of \$500,000. Each unit comprised one common share and one share purchase warrant exercisable until May 18, 2021 at an exercise price of \$0.065 per share.

Warrants

Warrant transactions and the number of warrants outstanding are summarized below:

	Number	Weighted Avg. Exercise Price \$
January 31, 2020	-	-
Issued	10,000,000	0.065
January 31, 2021 and April 30, 2021	10,000,000	0.065

Subsequent to April 30, 2021, all warrants were exercised, raising proceeds of \$650,000.

7. Related Party Transactions

The Company incurred key management and board of directors compensation as follows:

Three months ended April 30,	2021 \$	2020 \$
Management fees	1,950	6,000
Total	1,950	6,000

Included in the above is \$1,950 (2020 - \$nil) for services provided by S2 Management Inc., a company controlled by the Company's CFO. At April 30 2021, accounts payable due to related parties were \$99,048 (January 31, 2021 - \$nil).

CERRO MINING CORP.

Notes to the Condensed Interim Consolidated Financial Statements

For the Three Months Ended April 30, 2021

Expressed in Canadian dollars

8. Segmented Information

The Company has one reportable operating segment, being that of a shell company seeking a new business venture.

9. Financial Instruments and Risk Management

(a) Fair values

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's consolidated statement of financial position as at April 30, 2021 as follows:

	Fair value measurements using			Balance, April 30, 2021 \$
	Quoted prices in active markets for identical instruments (Level 1) \$	Significant other observable inputs (Level 2) \$	Significant unobservable inputs (Level 3) \$	
Assets:				
Cash	258,145	–	–	258,145
Restricted cash	2,719,300			2,719,300
Marketable securities	2,730	–	–	2,730
	2,980,175	–	–	2,980,175

	Fair value measurements using			Balance, January 31, 2021 \$
	Quoted prices in active markets for identical instruments (Level 1) \$	Significant other observable inputs (Level 2) \$	Significant unobservable inputs (Level 3) \$	
Assets:				
Cash	278,355	–	–	278,355
Marketable securities	4,225	–	–	4,225
	282,580	–	–	282,580

The fair values of other financial instruments, which include GST receivable, accounts payable and accrued liabilities and loans payable, approximate their carrying values due to the relatively short-term maturity of these instruments.

CERRO MINING CORP.

Notes to the Condensed Interim Consolidated Financial Statements

For the Three Months Ended April 30, 2021

Expressed in Canadian dollars

9. Financial Instruments And Risk Management (Continued)

(b) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consists primarily of cash. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. GST receivable is due from the Government of Canada. The carrying amount of financial assets represents the maximum credit exposure.

(c) Liquidity Risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they fall due. All of the Company's financial liabilities have contractual maturities of less than 90 days. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities.

(d) Foreign Exchange Rate Risk

Foreign exchange risk is the risk that the Company's financial instruments will fluctuate in value as a result of movements in foreign exchange rates. The Company currently operates only in Canada but has an inactive subsidiary in Peru. The Company is exposed to foreign exchange risk due to fluctuations in the Peruvian sol as they affect residual liabilities. The Company does not use derivative instruments to hedge exposure to foreign exchange rate risk however management of the Company believes the exposure to foreign currency fluctuations is not significant.

10. Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash, marketable securities, and equity comprising issued share capital and share-based payment reserve.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its board of directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the year ended January 31, 2021.

11. Subsequent Events

Subsequent to April 30, the Company closed a subscription receipt offering as further described in note 5 and warrant holders exercised warrants to purchase 10,000,000 common shares at \$0.065 as described in note 6.