

CERRO MINING CORP.
Management's Discussion and Analysis
For the Period Ended April 30, 2021

Introduction	1
Forward-Looking Statements.....	1
Description of Business and Business Outlook	2
CAIR by David Cosmetics Inc.....	2
About CAIR by David Cosmetics Inc.....	2
The Transaction	2
CAIR by David Cosmetics Inc. Convertible Debenture Offering	3
Conditions of Closing of the Transaction	3
Related Party Transactions.....	3
Shareholder Approval	3
Resulting Issuer Directors and Officers.....	4
Sponsorship	4
Financial	5
Selected Financial Data	5
Results of Operations.....	5
Changes in Financial Condition	6
Liquidity And Capital Resources	6
Related Party Transactions.....	6
Significant Accounting Policies	6
Capital Disclosures	7
Financial Instruments	7
Share Capital	7
Private Placement.....	7
Warrants.....	8
Outstanding Share Data.....	8
Risks And Uncertainties.....	8
Approval.....	10

CERRO MINING CORP.
Management's Discussion and Analysis
Period Ended April 30, 2021

INTRODUCTION

This management's discussion and analysis ("MD&A") of Cerro Mining Corp. ("Cerro" or the "Company") was prepared as of June 29, 2021 and should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the period ended April 30, 2021 and audited consolidated financial statements and related notes for the year ended January 31, 2021. This MD&A is intended to provide the reader with a review of the Company's performance for the period ended April 30, 2021, 2021 and through to the date of this report, and the factors reasonably expected to impact future operations and results. This MD&A contains forward-looking statements that are subject to risk factors set out below.

The Company's unaudited condensed consolidated interim financial statements for the period ended April 30, 2021 were prepared in accordance with *IAS 34 – Interim Financial Reporting* and policies consistent with International Financial Reporting Standards ("IFRS") using accounting policies consistent with IFRS as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee. All financial amounts are reported in Canadian dollars unless otherwise indicated.

FORWARD-LOOKING STATEMENTS

This discussion contains forward-looking statements that are not based on historical fact, including without limitation statements containing the words "may", "plan", "will", "continue", "anticipates", "intends", "expects", and similar expressions. Forward-looking statements included in this document include statements with respect to the following:

- the Company's plan to complete the proposed transaction with CAIR by David Cosmetics Inc.;
- the business and outlook of CAIR by David Cosmetics Inc.;
- the expected timing and terms of the proposed transaction;
- the number of securities of the Company that may be issued in connection with the proposed transaction; and
- the ability to complete the proposed transaction and obtain all required shareholder and regulatory approvals for closing of the proposed transaction.

Forward-looking statements and information should be considered carefully. You should not place undue reliance on forward-looking statements and information as there can be no assurance that the Company's plans, intentions, or expectations upon which they are based will occur. By their nature, forward-looking statements and information involve numerous assumptions, known and unknown risks and uncertainties, both general and specific, which contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements and information will not occur and may cause actual results or events to differ materially from those anticipated in such forward-looking statements and information. The assumptions made by the Company include the economic viability of its properties, continued ability to raise sufficient capital to fund future activities and continued maintenance of title to claims (see *Risks and Uncertainties*). There are also other factors that may cause the actual results, events, or developments to be materially different from any future results, events or developments expressed or implied by such forward-looking statements and information. Such factors include, among others, the ability to maintain key individuals within the Company.

The Company will disclose any events and circumstances that occurred during the period that are reasonably likely to cause actual results to differ materially from material forward-looking information that the Company previously disclosed.

CERRO MINING CORP.

Management's Discussion and Analysis

Period Ended April 30, 2021

DESCRIPTION OF BUSINESS AND BUSINESS OUTLOOK

The Company is a public company and its shares are listed on the NEX board of the TSX Venture Exchange (the "TSXV") under the symbol "CRX.H". The Company was incorporated under the Business Corporations Act (British Columbia). Additional information relating to the Company is available on SEDAR at www.sedar.com. The Company's principal place of business is 1030 West Georgia Street – Suite 1507, Vancouver, BC, V6E 2Y3.

On November 24, 2020 The Investment Industry Regulatory Organization of Canada ("IIROC"), which oversees all investment dealers and trading, halted trading in the Company's shares at the request of the Company. The board and management plans to enter into a transaction with CAIR by David Cosmetics Inc. as described below, but the proposed transaction is subject to several conditions precedent and there can be no assurance that the proposed transaction will complete as described below or at all.

CAIR BY DAVID COSMETICS INC.

In March 2021 the Company entered into a non-binding letter of intent, as amended, 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 (the "Resulting Issuer") will continue the business of CbD summarized below.

About CAIR by David Cosmetics Inc.

CbD is a Los Angeles-based consumer brand company founded by David Babaii, a former celebrity hairstylist, entrepreneur, and philanthropist. CbD is commercializing a science-driven formulation portfolio of personal and pet care products which use natural, non-toxic ingredients, and cruelty-free testing. The first products to be rolled out as part of CbD's diversified product portfolio will be its Blu & Floyd pet care merchandise, with women's, men's and children's personal care products to follow.

The Transaction

The Transaction is expected to be completed by way of a three-cornered amalgamation among Cerro, CbD and a subsidiary to be incorporated which will be wholly owned by Cerro ("Cerro Subco"). Pursuant to the Transaction, CbD will amalgamate with Cerro Subco and the holders of CbD Shares will receive one common share of the Resulting Issuer (a "Resulting Issuer Share") for every one CbD Share held. CbD is in the process of consolidating its issued and outstanding CbD Shares on the basis of one post-consolidation CBD Share for every two pre-consolidation CbD Shares. It is expected that approximately 42,996,500 Resulting Issuer Shares (assuming conversion of all outstanding CbD convertible securities) will be issued to the current shareholders of CbD as consideration for all of the issued and outstanding CbD Shares pursuant to the amalgamation. The amalgamated company will become a wholly owned subsidiary of the Resulting Issuer and 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 Holdings Inc." or such other name as agreed to by the parties.

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

CERRO MINING CORP.
Management's Discussion and Analysis
Period Ended April 30, 2021

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 had received \$2,719,300 of the subscription receipt proceeds which were classified as restricted cash on the statement of financial position.

In connection with the closing of the initial tranche of the Concurrent Financing, the Company has agreed to pay finder's fees totalling \$263,670 which is equal to 6% of the amount of proceeds raised in the Concurrent Financing from purchasers introduced to Cerro by the finders. The finder's fees will be paid when the escrow release conditions have been met and the escrowed funds have been released to Cerro.

The Transaction will constitute a reverse takeover transaction and reactivation pursuant to 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.

CAIR by David Cosmetics Inc. Convertible Debenture Offering

In connection with the Transaction, CbD completed an offering of unsecured convertible debentures of CbD for gross proceeds of \$6,300,000. The debentures will mature on April 23, 2022 and bear interest rate at 8% per year and, subject to certain terms and conditions, will be convertible into up to 18,000,000 common shares of CbD based on a deemed conversion price of \$0.35 per share.

Conditions of Closing of the Transaction

Completion of the Transaction is subject to approval by the TSXV and several conditions, including, among others, satisfactory due diligence by Cerro related to CbD, the parties entering into a definitive amalgamation agreement ("Amalgamation Agreement") and other terms set out in the Company's February 8, 2021 news release.

Related Party Transactions

Andrew Bowering, director and chief executive officer of the Company, is also a shareholder, director and the chief financial officer of CbD. Mr. Bowering currently owns 3,262,500 CbD Shares. Anthony Paterson, a director of the Company, is also a shareholder of CbD and currently owns 1,150,000 CbD Shares. The Transaction is therefore considered a 'related party transaction' for the purposes of Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions ("MI 61-101"). The Company is relying on the exemptions from the formal valuation and minority shareholder approval requirements provided under MI 61-101.

As compensation for the introduction of CbD to Cerro by a finder, the Company will issue to the finder 1,750,000 common shares at closing of the Transaction. The finder is not a Non-Arm's Length Party (as such term is defined in the policies of the TSXV) of the Company. The finder's fee is subject to approval of the TSXV.

Shareholder Approval

If required by the TSXV, the Company will hold a special meeting of the shareholders of Cerro (the "Cerro Meeting") to seek approval of the Transaction by its disinterested shareholders, present in person or represented by proxy at the Cerro Meeting, holding more than 50% of the issued and outstanding common shares of Cerro. The votes of non-arm's length parties (within the meaning of TSXV policies) will be excluded, including the votes of Andrew Bowering, director and CEO of the Company, and Anthony Paterson, a director of the Company, and their respective associates (within the meaning of TSXV policies). The Company will deliver a management information circular to its shareholders, which will contain details regarding the Transaction, CbD,

CERRO MINING CORP.
Management's Discussion and Analysis
Period Ended April 30, 2021

the CbD debenture offering, and the Concurrent Financing, among other things. The Company will also file the management information circular under the Company's issuer profile on SEDAR at www.sedar.com.

At a special meeting of the shareholders of CbD (the CbD Meeting) to be held in accordance with the BCBCA, CbD will seek approval of the Transaction by special resolution passed by the holders of at least two-thirds of the issued and outstanding CBD shares present in person or represented by proxy.

In connection with the Transaction, CbD will use its commercially reasonable efforts to cause the directors, officers and significant shareholders of CbD identified by Cerro to enter into voting support agreements pursuant to which they will, at the CbD Meeting, agree to vote in favour of the Transaction.

Resulting Issuer Directors and Officers

On completion of the Transaction, the board of the Resulting Issuer will comprise five directors. It is expected that the directors and officers of the Resulting Issuer will be the following persons:

- David Babaii, Director and Chief Executive Officer
- Brian Ast, Chief Financial Officer
- Andrew Bowering, Director
- David Velisek, Director
- Anthony Paterson, Director
- Ravinder Kang, Director
- Kelly Willet, Chief Operating Officer
- Ariel Foxman, Chief Branding Officer

Sponsorship

Sponsorship of the Transaction may be required by the TSXV unless an exemption or waiver from this requirement can be obtained in accordance with the policies of the TSXV. Cerro intends to apply for a waiver of the sponsorship requirement; however, there is no assurance that a waiver from this requirement can or will be obtained.

Readers are cautioned that, except as disclosed in the filing statement or management information circular to be prepared in connection with the Transaction, any information released or received with respect to the Transaction may not be accurate or complete and should not be relied upon.

CERRO MINING CORP.
Management's Discussion and Analysis
Period Ended April 30, 2021

FINANCIAL

Amounts in the discussion below have been rounded to the nearest \$100.

Selected Financial Data

Quarterly

The following table summarizes selected financial information from the Company's unaudited financial statements for the last eight quarters:

Quarter Ended	Income (Loss) (\$)	Basic and Diluted Income (Loss) per Share (\$/share)
July 31, 2019	(54,212)	(0.01)
October 31, 2019	(46,043)	(0.01)
January 31, 2020	(7,124)	(0.00)
April 30, 2020	95,274	0.01
July 31, 2020	(12,170)	(0.00)
October 31, 2020	(11,525)	(0.00)
January 31, 2021	(13,510)	(0.00)
April 30, 2021	(154,958)	(0.01)

In this period, the Company did not generate any revenues or have any discontinued operations.

Below is a summary of significant variations in income (loss) from quarter to quarter:

- July 31, 2019 – The Company's loss increased due to expenditures incurred to satisfy filing obligations for fiscal 2019.
- April 30, 2020 – The Company recorded a \$132,800 gain on the sale of CMCD.
- April 30, 2021 – The Company incurred additional expenses in preparation for the Transaction.

Results of Operations

For the period ended April 30, 2021, the Company reported a loss of \$155,000 compared to income of \$95,300 for the three-month period ended April 30, 2020. The following provides information on the main components of the operating results:

- Exploration and evaluation costs in the prior period reflect expenditures to maintain and explore the Company's mineral properties that do not meet the test for capitalization. The Company incurred minimal expenses as the properties were on basic care and maintenance until their sale.
- Financing represents interest and other fees associated with debt instruments in the comparative period. These creditors subsequently waived payment of these fees when the loans were repaid in the prior fiscal year.
- Foreign exchange gain / loss reflects changes in the value of monetary financial assets and liabilities of the Company's subsidiaries.
- Management fees represent amounts incurred for management and accounting.
- Professional fees relate to legal and audit services. During the current period, the Company incurred significant legal fees associated with preparation for the Transaction. In the comparative period, professional fees related to maintenance of the corporate entity

CERRO MINING CORP.

Management's Discussion and Analysis

Period Ended April 30, 2021

and sale of CMCD. Legal fees relating to private placements were offset against the proceeds.

- Transfer agent and filing fees increased in the current quarter due to fees associated with the Transaction.
- Gain on sale of subsidiary in the prior period primarily reflects the book value of the net liabilities of CMCD, which was sold in March 2020 and which will not need to be settled by the Company.
- Unrealized loss on marketable securities represents the change in market value of the Company's investment in Great Atlantic Resources Corp. based on the closing share price at the period end.

Changes in Financial Condition

The main changes in the Company's financial position since January 31, 2021 were:

- Accounts payable increased as a result of costs associated with the Transaction.
- The Company received \$2,719,000 in respect of subscription receipts for the Transaction. These funds were subsequently transferred to Computershare to be held in escrow pending closing of the Transaction. The funds were not available for use by the Company at April 30, 2021 and were classified as restricted cash.

Liquidity And Capital Resources

The Company finances its operations and capital expenditures with cash generated from equity financings. As of April 30, 2021, the Company had cash (excluding restricted cash) of \$258,100 (January 31, 2021 – \$278,400) and working capital of \$55,400 (January 31, 2021 – \$236,100).

The following factors have a bearing on the Company's liquidity:

- In May 2021, warrant holders exercised warrants to purchase 10,000,000 common shares at \$0.065 per share, raising gross proceeds of \$650,000. See *Share Capital – Warrants*.
- In May 2021, the company completed a subscription receipts offering that raised gross proceeds of \$10,109,000. The gross proceeds of the Concurrent Financing have been deposited into escrow with Computershare Trust Company of Canada and will be released pending satisfaction or waiver of escrow release conditions. See *CAIR by David Cosmetics Inc. – The Transaction*. At April 30, 2021, the Company had received \$2,719,300 which it subsequently transferred to Computershare; these monies were not available to fund operations of the Company.
- In April 2021, CbD raised \$6,300,000 through an offering of unsecured convertible debentures. See *CAIR by David Cosmetics Inc. – CAIR by David Convertible Debenture Offering*.

Related Party Transactions

Key management personnel are comprised of the chief executive officer ("CEO") and chief financial officer ("CFO").

During the period ended April 30, 2021, the amount of \$1,950 (2020 - \$nil) was paid for services provided by a company controlled by the Company's CFO.

The proposed Transaction with CbD is considered a related party transaction. See *CAIR by David Cosmetics Inc.* above.

Significant Accounting Policies

The Company's consolidated financial statements have been prepared using accounting policies, judgements and estimates consistent with those used in the financial statements for the year ended January 31, 2021. The Company did not adopt any new accounting policies in fiscal 2022.

CERRO MINING CORP.
Management's Discussion and Analysis
Period Ended April 30, 2021

Capital Disclosures

The Company manages its capital, consisting of shareholders' equity, in a manner consistent with the risk characteristics of the assets it holds. All sources of financing are analyzed by management and approved by the board of directors.

The Company's objectives when managing capital are:

- to safeguard the Company's ability to continue as a going concern; and
- to ensure the Company has complied with resource property expenditure requirements in respect to issuances of flow-through shares.

The Company is meeting its objective of managing capital through its detailed review and performance of due diligence on all potential acquisitions, preparing short-term and long-term cash flow analysis to ensure adequate amount of liquidity and review of financial results.

Financial Instruments

Financial instruments, consisting of cash, GST receivable, marketable securities, accounts payable and accrued liabilities, and loans payable, approximate their fair values due to the short-term maturity of such instruments. Cash and marketable securities have been reported at fair value based on quoted prices in active markets.

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.

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. Following the 2020 sale of its principal Chilean subsidiaries, the Company does not have a material exposure to foreign currency fluctuations.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have assets or liabilities that are subject to floating interest rates. Accordingly, fluctuations in interest rates do not have a significant impact on the Company's results of operations.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has raised sufficient cash to achieve its short-term business objectives.

SHARE CAPITAL

Private Placement

In May 2021, the company completed a subscription receipts offering that raised gross proceeds of \$10,109,000. The gross proceeds of this financing have been deposited into escrow with Computershare Trust Company of Canada and will be released pending satisfaction or waiver of escrow release conditions. See *CAIR by David Cosmetics Inc. – The Transaction*.

CERRO MINING CORP.
Management's Discussion and Analysis
Period Ended April 30, 2021

Warrants

In May 2021, all holders of warrants from the May 2020 private placement exercised their warrants to purchase 10,000,000 common shares of the Company at an exercise price of \$0.065 per share, resulting in gross proceeds of \$650,000 and the issuance of 10,000,000 common shares of the Company.

Outstanding Share Data

At the date of this MD&A the following are outstanding:

- 27,243,929 common shares; and
- no share purchase warrants or stock options issued.

In addition to the currently issued shares, if the proposed CbD Transaction closes as planned, additional common shares of the Company will be issued:

- 24,996,500 common shares to the shareholders of CbD;
- 18,000,000 common shares to the holders of CbD convertible debentures (\$6,300,000 at \$0.35)
- 20,218,000 common shares on completion of the Concurrent Financing; and
- 1,750,000 shares as a finder's fee.

The maximum number of issued shares on completion of the CbD transaction is therefore estimated to be 92,208,429.

RISKS AND UNCERTAINTIES

In addition to general risks and uncertainties that affect all businesses, the Company's current and future operations are subject to the following Company-specific risks and uncertainties:

Inability to Complete a Amalgamation Agreement

The Company and CbD may not be able to come to terms on the form of an Amalgamation Agreement governing the Transaction.

Inability to Complete the Cair by David Cosmetics Inc. Transaction

Completion of the Transaction is subject to conditions, certain of which may be outside the control of both Cerro and CbD, including, without limitation, completing an Amalgamation Agreement, receiving necessary regulatory approvals, receiving requisite approvals of Cerro and CbD's shareholders. If the Transaction does not complete, the market price of Cerro's shares may decline. In addition, Cerro and CbD will each remain liable for significant consulting, accounting and legal costs relating to the Transaction and will not realize expected benefits of the Transaction.

Possible Termination of the Amalgamation Agreement

Each of Cerro and CbD is expected to have the right to terminate the Amalgamation Agreement and so the Transaction in certain circumstances. Certain costs related to the Transaction, such as legal, accounting and certain financial advisory fees must be paid by Cerro and CbD even if the Transaction does not complete.

CERRO MINING CORP.
Management's Discussion and Analysis
Period Ended April 30, 2021

Following Completion of the Transaction, the Resulting Issuer may Issue Additional Equity Securities

Following the completion of the Transaction, the Resulting Issuer may issue equity securities to finance its activities. If the Resulting Issuer were to issue additional equity securities, the ownership interest of existing shareholders may be diluted and some or all of the Resulting Issuer's financial measures on a per-share basis could be reduced.

The Transaction may Divert the Attention of Cerro's and CbD's Management

Work required to complete the Transaction could cause the attention of Cerro's and CbD's management to be diverted from the day-to-day operations. These disruptions could be exacerbated by a delay in the completion of the Transaction and could have an adverse effect on the business, operating results or prospects of Cerro or CbD regardless of whether the Transaction is ultimately completed, or of the Resulting Issuer if the Transaction is completed.

The Resulting Issuer's Industry is Highly Competitive

The Resulting Issuer will face vigorous competition from companies throughout the world, including large multinational consumer products companies that have many brands under ownership as well as other independent pet care and hair care brands, including those that may target the latest trends or specific demographics or distribution channels. The Resulting Issuer will have to compete with a high volume of new product introductions and existing products by diverse companies across several different distribution channels. Further particulars of the risks associated with the Resulting Issuer's business will be disclosed as part of the shareholder approval process.

Retaining Key Management

The success of the Company will be largely dependent upon the performance of its key officers, consultants and employees. Failure to retain key individuals or to attract or retain additional key individuals with necessary skills could have a materially adverse impact upon the Company's success.

Conflicts of Interest

The Company's directors and officers serve as directors or officers of other companies and have significant shareholdings in other resource companies. Accordingly, to the extent that such other companies may participate in the type of ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms.

In accordance with the laws of British Columbia, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

Coronavirus Pandemic

The current outbreak of covid-19 and any future emergence and spread of similar pathogens could have an adverse impact on global economic conditions, which may adversely impact the Company's operations, and the operations of its suppliers, contractors and service providers, the

CERRO MINING CORP.
Management's Discussion and Analysis
Period Ended April 30, 2021

ability to obtain financing and maintain necessary liquidity. While these effects are expected to be easing as vaccination rates increase, it is possible that the pandemic will grow in intensity and adversely affect the Company current and planned businesses. In particular stay-at-home orders and other government restrictions may also adversely the ability of the Company's to pursue planned business activities including completion of the Transaction.

APPROVAL

The Company's board of directors approved the Company's condensed audited consolidated financial statements and this MD&A for the period ended April 30, 2021 on June 29, 2021.