CERRO MINING CORP.

Management's Discussion and Analysis

For the Period Ended July 31, 2021

INTRODUCTION

This management's discussion and analysis ("MD&A") of Cerro Mining Corp. ("Cerro" or the "Company") was prepared as of September 29, 2021 and should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the period ended July 31, 2021 and the 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 July 31, 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 interim consolidated financial statements for the period ended July 31, 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.

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 amend the terms of a pending subscription receipts financing;
- the Company's plan to complete the proposed transaction with Friday's Dog Inc.;
- the business and outlook of Friday's Dog 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 proposed business transactions and continued ability to raise sufficient capital to fund future activities (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.

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) (the "BCBCA"). Additional information relating to the Company is available under the Company's profile 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 Friday's Dog 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.

In September 2021, the Company received notice that its inactive subsidiary in Peru had been dissolved. The Company no longer has any subsidiaries.

Unless otherwise indicated, all financial amounts are expressed in Canadian dollars. Amounts denominated in United States dollars are denoted by "US$".

FRIDAY'S DOG INC.

In July 2021 the Company entered into a definitive 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 definitive agreement superseded a non-binding letter of intent. In September 2021, the founder of CbD passed away, resulting in changes to the transaction previously contemplated. The Company and CbD entered into an amended definitive agreement and, in conjunction with this change, the name of the business was changed to "Friday's Dog Inc." ("FDI").

The Company proposes to acquire all of the issued and outstanding common shares of FDI (the "FDI 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 FDI summarized below.

About Friday's Dog Inc.

FDI is a Los Angeles-based consumer brand company founded by David Babaii, a former celebrity hairstylist, entrepreneur, and philanthropist. FDI is commercializing a science-driven formulation portfolio of personal and pet care products which use natural, non-toxic ingredients, and cruelty-free testing. Following Mr. Babaii's passing, FDI appointed Richard Scheiner as CEO. Mr. Scheiner has served in senior management positions for Time Incorporated, The Walt Disney Company, Kingworld, and The Guthy-Renker Corporation.

FDI expects that the first products to be rolled out as part of a planned diversified product portfolio will be its "Friday's Dog" pet care merchandise. The pet care product portfolio currently comprises nine SKUs which are focused on several product categories: wash and care products, high-quality medicated aids, premium calming treats and grooming tools. The majority of the products are for pet wash and care/grooming.

FDI has entered into a private label and manufacturing supply agreement with Synergy. Synergy is in the business of manufacturing specialty consumer products and associated packaging materials and will be the contract manufacturer for the pet wash and care products formulation and packaging.

The Transaction

The Transaction is expected to be completed by way of a three-cornered amalgamation among Cerro, FDI and a subsidiary that is wholly owned by Cerro ("Cerro Subco"). Pursuant to the Transaction, FDI will amalgamate with Cerro Subco and the holders of FDI Shares will receive one common share of the Resulting Issuer (a "Resulting Issuer Share") for every one FDI Share held. It is expected that approximately 42,996,500 Resulting Issuer Shares (assuming conversion of all outstanding FDI convertible securities) will be issued to the current shareholders of FDI as consideration for all of the issued and outstanding FDI 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 FDI. On closing of the Transaction, Cerro will change its name to "Friday's Dog Holdings Inc."

In accordance with policies of the TSXV, Resulting Issuer Shares issued to certain Principals of the Resulting Issuer and their respective Associates (within the meaning of TSXV policies) will be escrowed and released in stages over a three-year period and some of the Resulting Issuer Shares issued to former non-Principal shareholders of FDI will be subject to the TSXV's seed share resale restrictions. In addition, all Resulting Issuer Shares issued to former shareholders and convertible debenture holders of FDI will be subject to one-year or two-year pooling requirements, as applicable.

Pursuant to the terms of the amended amalgamation agreement, completion of the Transaction is subject to the satisfaction or waiver of various conditions, including but not limited to the following:

- approval of the Transaction by the TSXV or such other recognized stock exchange in Canada as mutually agreed to between FDI and Cerro (the "Exchange");
- approval of the Transaction by Cerro's disinterested shareholders in accordance with the BCBCA and applicable Exchange policies;
- approval of the Transaction by the disinterested shareholders of FDI;
- no dissent rights having been exercised by shareholders of FDI in excess of 10% of the issued FDI Shares;
- the convertible debentures of FDI will have been converted into FDI Shares;
- at least 67% of Cerro's subscription receipts issued in the private placement that raised $10,109,000 will have been exchanged for common shares and warrants of Cerro and the subscription funds for such subscription receipts currently held in escrow will have been released to Cerro; and
- the Transaction will have completed not later than December 31, 2021, although the respective boards of directors of each of FDI and Cerro shall have the option to mutually extend the deadline to a later date on or before February 28, 2022.

In connection with the entry into the amended amalgamation agreement, FDI disclosed to Cerro that an aggregate of US$1.85 million of invoices paid by FDI to certain vendors in connection with certain purported equipment/product acquisitions associated with the business of FDI cannot be substantiated by FDI. FDI is currently reviewing its legal options and currently intends to seek reimbursement of the invoices paid from the vendors and/or their affiliates. There is no assurance that any such amounts will be recovered. The amended amalgamation agreement has certain termination provisions.

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 will be listed on the TSXV as a Tier 2 industrial issuer.

Subscription Receipt Financing

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 ("Subscription Receipts") at a price of $0.50 per subscription receipt (the "Concurrent Financing"). As of July 31, 2021 and also the date of this MD&A, the Company had not received $150,000 of the financing proceeds. The Company has deposited $10,109,000 into escrow with Computershare Trust Company of Canada (the "Subscription Receipt Agent") which will be held in escrow pending satisfaction or waiver of escrow release conditions including, among others, receipt of approval by the TSXV, approval by Cerro's disinterested shareholders of the acquisition by Cerro of all of the issued and outstanding common shares of FDI by way of the three-cornered amalgamation described above and approval of an amendment to the escrow terms of the financing as described below. When the escrow release conditions have been satisfied, the subscription receipts will result in the issuance of up to an additional 20,218,000 common shares of the Company.

The escrow agreement contemplated obtaining satisfaction or waiver of the escrow release conditions (the "Escrow Release Conditions") on or before September 30, 2021 (the "Extension Deadline"). Following the changes to the structure of the Transaction, Cerro is soliciting the written resolution of the Subscription Receiptholders holding not less than two thirds of the aggregate number of outstanding Subscription Receipts (the "Minimum Approval Threshold") to a proposed amendment to the Subscription Receipt Agreement, which among other things, amends the terms of the Subscription Receipts such that each Subscription will be automatically exchanged for one common share and one half of a share purchase warrant (each whole warrant a "Warrant") exercisable at a price of $1.00 for two years following the closing of the Transaction, and extends the deadline for satisfaction or waiver of all Escrow Release Conditions to December 31, 2021 or such later date on or before February 28, 2022 as the board of directors of the Company may determine (except as otherwise may be extended in accordance with the terms of the Subscription Receipt Agreement) (the "Extraordinary Resolution").

If the Company does not reach the Minimum Approval Threshold in favour of the Extraordinary Resolution on or before the Extension Deadline then all of the Subscription Receipts will be cancelled by the Subscription Receipt Agent effective as of November 1, 2021, without any action on the part of the holders thereof (including the surrender of Subscription Receipt certificates). In such event, the holder will be entitled to receive, and the Subscription Receipt Agent and the Company will pay to the holder, the aggregate amount of $0.50 per Subscription Receipt (together with the subscription receipt interest earned thereon less any withholding tax required to be withheld in respect thereof), all as more particularly set out in the Subscription Receipt Agreement. There is no assurance that the Extraordinary Resolution will be approved by the requisite number of Subscription Receiptholders before the Extension Deadline.

If any Subscription Receiptholder elects to vote against or withhold consent in the form of proxy then the Subscription Receipts held by such holder will be cancelled by the Subscription Receipt Agent as of September 30, 2021, without any action on the part of the holder thereof, and such holder will thereafter have no rights under the Subscription Receipt Agreement except to receive from the escrowed funds, an amount equal to the aggregate purchase price of the Subscription Receipts then held, plus a pro rata share of subscription receipt interest earned thereon (less any withholding tax required to be withheld in respect thereof). Such amount (less any withholding tax required to be withheld), will be returned to each holder of a Subscription Receipt by the Subscription Receipt Agent in accordance with the Subscription Receipt Agreement.

Upon satisfaction or waiver of the Escrow Release Conditions or such other date as determined in accordance with the terms of the Subscription Receipt Agreement (the "Termination Date"), each Subscription Receipt will be automatically exchanged for one Cerro common share and one half of a Warrant and the escrowed funds will be released from escrow by the Subscription Receipt

Agent to Cerro. If the Escrow Release Conditions have not been satisfied or waived by the Termination Date, the escrowed funds will be returned to the holders of the Subscription Receipts and the Subscription Receipts will be cancelled in accordance with the terms of the Subscription Receipt Agreement. The Subscription Receipts, and the common shares and warrants of the Company issuable upon exchange, are subject to a statutory hold period of four months and one day following the closing date of the Concurrent Financing in accordance with applicable securities law.

The proceeds of the Concurrent Financing are intended to be used by the Company following closing of the Transaction for the following purposes: tooling for both bottles and over caps, bottles and over cap production, bottle filling and cost of materials, asset production for marketing, packaging and packaging design work, ongoing marketing and inventory costs for roll out of SKUs, website development and marketing costs, transaction expenses, listing fees and general working capital expenses.

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.

Friday's Dog Inc. Convertible Debenture Offering

In connection with the Transaction, FDI completed an offering of unsecured convertible debentures of FDI 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 FDI based on a deemed conversion price of $0.35 per share.

Related Party Transactions

Andrew Bowering, director and chief executive officer of the Company, is also a shareholder, director and the chief financial officer of FDI. Mr. Bowering currently owns 1,450,000 FDI Shares. Anthony Paterson, a director of the Company, is also a shareholder of FDI and currently owns 575,000 FDI Shares and convertible debentures convertible into an aggregate 2,476,663 FDI 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 FDI 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.

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:

- Andrew Bowering, Director
- David Velisek, Director
- Anthony Paterson, Director

- Ravinder Kang, Director
- Michael Kobler, Director
- Richard Scheiner, Chief Executive Officer
- Brian Ast, Chief Financial Officer
- Kelly Willett, Chief Operating Officer
- Ariel Foxman, Chief Branding Officer
- Steve Elston, Chief Creative Officer

FINANCIAL

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

Selected Financial Data

Quarterly Data

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)
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)
July 31, 2021	(137,270)	(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:

- April 30, 2020 – The Company recorded a $132,800 gain on the sale of a subsidiary.
- April 30, 2021 and July 31, 2021 – The Company incurred additional expenses in preparation for the Transaction.

Results of Operations

For the six months July 31, 2021, the Company reported a loss of $292,200 compared to income of $83,100 for the comparative period ended July 31, 2020. For the quarter ended July 31, 2021, the Company reported a loss of $137,300 compared to a loss of $12,200 for the three-month period ended July 31, 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 in March 2020.

- Financing represents interest and other fees associated with debt instruments in the comparative period. The 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 and sale of a subsidiary (Compania Minera Cerro El Diablo) in March 2020. Legal fees relating to private placements were offset against the proceeds.
- Transfer agent and filing fees increased in the current quarter due to activity associated with the Transaction.
- Gain on sale of subsidiary in the prior period primarily reflects the book value of the net liabilities the subsidiary that 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:

- The Company generated $650,000 from the exercise of share purchase warrants in May 2021.
- Accounts payable increased as a result of costs associated with the Transaction.
- Computershare Trust Company of Canada is holding $10,109,000 in escrow pending closing of the Transaction. The funds were not available for use by the Company at July 31, 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 July 31, 2021, the Company had cash (excluding restricted cash) of $497,000 (January 31, 2021 – $278,400) and working capital of $10,502,500 (January 31, 2021 – $236,100), although $10,109,000 represents restricted cash that was not available to fund the Company's operations.

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

- In May 2021, the Company completed a Subscription Receipts offering that raised gross proceeds of $10,109,000, although $150,000 of this amount has not been collected from subscribers. The gross proceeds were deposited into escrow with Computershare Trust Company of Canada to be released pending satisfaction or waiver of escrow release conditions. See *Friday's Dog Inc. – The Transaction.* It was contemplated that the escrow agreement would terminate on or before September 30, 2021. Due to the changes outlined above, it will be necessary to extend the escrow term. It is possible that some or all of the Subscription Receipt financing proceeds will be returned to investors, which could have a material impact on the ability of the Company to close the transaction with FDI and operate successfully.
- In April 2021, FDI raised $6,300,000 through an offering of unsecured convertible debentures. See *Friday's Dog Inc. 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 July 31, 2021, the amount of $6,290 (2020 - $3,330) was paid for services provided by a company controlled by the Company's CFO.

The proposed Transaction with FDI is considered a related party transaction. See *Friday's Dog Inc.* above.

Significant Accounting Policies

The Company's condensed interim 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.

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 primary objective when managing capital is to safeguard the Company's ability to continue as a going concern. The Company is meets its objective of managing capital through a 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, although $150,000 of this amount has not been collected from subscribers to date. 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 *Friday's Dog Inc. – Subscription Receipt Financing*.

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;
- 20,218,000 subscription receipts (convertible into 20,218,000 common shares);and
- no share purchase warrants or stock options issued.

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

- 24,707,750 common shares to the shareholders of FDI;
- 18,000,000 common shares to the holders of FDI convertible debentures ($6,300,000 at $0.35)
- 1,000,000 common shares to the holders of FDI warrants exercisable up until September 27, 2022 at an exercise price of $0.05, if exercised prior to closing;
- 10,109,000 warrants to purchase common shares at $1.00 for a period of two years following closing upon escrow release conditions being met, conversion of subscription receipts and subject to approval of 66-2/3% of the Subscription Receiptholders of the Extraordinary Resolution amending the subscription receipt agreement between the subscription receipt agent and the Company; and
- 1,750,000 shares as a finder's fee.

The maximum number of issued shares on completion of the proposed FDI Transaction is therefore estimated to be 103,028,679.

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 Amend Computershare Escrow Terms

The Company may not receive sufficient support to extend the escrow period and so may have to return some or all of the subscription receipt financing proceeds.

Inability to Complete the Friday's Dog Inc. Transaction

Completion of the Transaction is subject to conditions, certain of which may be outside the control of both Cerro and FDI, including, without limitation, receiving necessary regulatory approvals, receiving requisite approvals of Cerro and FDI's shareholders. If the Transaction does not complete, the market price of Cerro's shares may decline. In addition, Cerro and FDI 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 FDI 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 FDI even if the Transaction does not complete.

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 FDI's Management

Work required to complete the Transaction could cause the attention of Cerro's and FDI'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 FDI 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 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 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's current and planned businesses. In particular, stay-at-home orders and other government restrictions may also adversely affect the ability of the Company to pursue planned business activities including completion of the Transaction.

APPROVAL

The Company's board of directors approved the Company's unaudited condensed interim consolidated financial statements and this MD&A for the period ended July 31, 2021 on September 29, 2021.