

CERRO MINING CORP.

Condensed Interim Consolidated Financial Statements

Nine Months Ended October 31, 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 nine months ended October 31, 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 Chartered Professional Accountants of Canada 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	October 31 2021 \$	January 31, 2021 \$
ASSETS			
Current			
Cash		564,180	278,355
Restricted cash	5	9,276,000	-
Marketable securities	3	2,113	4,225
GST receivable		16,968	4,761
Total current assets		9,859,261	287,341
LIABILITIES			
Current			
Trade payables and accrued liabilities		70,627	51,222
Total current liabilities		70,627	51,222
EQUITY			
Share capital	6	42,877,051	42,228,051
Subscription receipts	6	9,227,790	-
Share-based payment reserve		9,263,967	9,263,967
Accumulated other comprehensive loss		(879,661)	(877,549)
Deficit		(50,700,513)	(50,378,350)
Total equity		9,788,634	236,119
Total equity and liabilities		9,859,261	287,341

Nature of operations and going concern (note 1)

Approved and authorized for issue by the board of directors on December 15, 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 October 31,		Nine Months Ended October 31,	
	Note	2021	2020	2021	2020
		\$	\$	\$	\$
General and administrative expenses					
Exploration and evaluation costs	4	-	-	-	2,765
Financing		-	-	-	3,245
Foreign exchange (gain) loss		-	-	-	13,724
General and administrative		1,292	14	1,502	1,142
Management fees	7	10,623	3,850	12,948	16,041
Professional fees		149,682	7,054	289,332	35,886
Transfer agent and filing fees		16,130	6,613	28,903	14,177
Loss from operations		(177,727)	(17,531)	(332,685)	(86,980)
Other items					
Other income		-	-	-	1,774
Gain on settlement of liabilities		-	6,006	-	24,006
Gain on dissolution of subsidiary		10,522	-	10,522	-
Gain on sale of subsidiary	5	-	-	-	132,779
Income (loss) for the period		(167,205)	(11,525)	(322,163)	71,579
Items that will not be reclassified to income (loss):					
Unrealized gain (loss) on marketable securities		(617)	1,300	(2,112)	(585)
Comprehensive income (loss) for the period		(167,822)	(10,225)	(324,275)	70,994
Income (loss) per share, basic and diluted		(0.01)	(0.00)	(0.01)	0.01
Weighted average common shares outstanding, basic and diluted		27,243,929	17,243,929	23,434,405	13,411,812

Cerro Mining Corp.

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

Expressed in Canadian dollars

	Number of Shares	Number of Subscription Receipts	Common Shares \$	Share Subscription Received \$	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)
Issuance of common shares	10,000,000	-	500,000	-	-	-	-	500,000
Share issue costs	-	-	(6,163)	-	-	-	-	(6,163)
Unrealized loss on marketable securities	-	-	-	-	-	(585)	-	(585)
Income for the period	-	-	-	-	-	-	71,579	71,579
Balance - October 31, 2020	17,243,929	-	42,228,051	-	9,263,967	(877,809)	(50,364,840)	249,369

	Number of Shares	Number of Subscription Receipts	Common Shares \$	Share Subscription Received \$	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
Subscription receipts	-	20,218,000	-	9,276,000	-	-	-	9,276,000
Exercise of warrants	10,000,000	-	650,000	-	-	-	-	650,000
Share issue costs	-	-	(1,000)	(48,210)	-	-	-	(49,210)
Unrealized loss on marketable securities	-	-	-	-	-	(2,112)	-	(2,112)
Loss for the period	-	-	-	-	-	-	(322,163)	(322,163)
Balance - October 31, 2021	27,243,929	20,218,000	42,877,051	9,227,790	9,263,967	(879,661)	(50,700,513)	9,788,634

Cerro Mining Corp.

Condensed Interim Consolidated Statements of Cash Flows
Expressed in Canadian dollars

Nine months ended October 31,	2021	2020
	\$	\$
Cash provided by (used in):		
Operating activities		
Income (loss) for the period	(322,163)	71,579
Adjustments for:		
Gain on sale of subsidiary	-	(132,779)
Gain on settlement of debt	-	(24,006)
Gain on dissolution of subsidiary	(10,522)	-
Finance costs	-	3,250
Changes in non-cash working capital items:		
GST receivable	(12,207)	(2,845)
Trade payables and accrued liabilities	29,927	(75,450)
	(314,965)	(160,251)
Financing activities		
Shares issued for cash, net of costs	-	493,837
Share issue costs	(49,210)	-
Subscription receipt offering	9,276,000	-
Exercise of warrants	650,000	-
Loans received	-	25,000
Loans repaid	-	(55,000)
Restricted cash	(9,276,000)	-
	600,790	463,837
Change in cash	285,825	303,586
Cash, beginning of period	278,355	3,674
Cash, end of period	564,180	307,260

Cerro Mining Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended October 31, 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 a shell company seeking a new business venture. Cerro’s 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 Friday’s Dog 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 nine months ended October 31, 2021, the Company has not generated any revenues and incurred negative cash flow from operations. As at October 31, 2021, the Company has working capital of \$512,634 excluding restricted cash (January 31, 2021 – \$236,119) plus restricted cash of \$9,276,000 (January 31, 2021 - \$nil) (see note 5), and an accumulated deficit of \$50,700,513 (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 December 15, 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 Nine Months Ended October 31, 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 until its dissolution in September 2021 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 Nine Months Ended October 31, 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

	October 31, 2021			January 31, 2021		
	Number	Cost \$	Fair Value \$	Number	Cost \$	Fair Value \$
Great Atlantic Resources Corp. (TSXV - GR)	6,500	880,000	2,113	6,500	880,000	4,225

Cerro Mining Corp.

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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 October 31,	2021	2020
	\$	\$
Office and storage fees	-	2,765
	-	2,765

5. Friday's Dog Inc.

In July 2021, the Company entered into a definitive agreement with CAIR by David Cosmetics Inc., a Los Angeles-based company focused on a premium hair care and pet care products business. In the interim, the principal of CAIR by David Cosmetics Inc. passed away and the company's operating plan was updated, including being renamed 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 will continue the business of FDI. On closing of the Transaction, Cerro will change its name to Friday's Dog Holdings Inc.

It is now contemplated that the Transaction will close by December 31, 2021 with the option of an extension to February 28, 2022 with approval of the boards of directors of both the Company and FDI. The Company expects to issue approximately 25,000,000 shares to the current shareholders of FDI as consideration for all of the issued and outstanding FDI Shares. The Transaction will constitute a reverse takeover transaction and a reactivation of Cerro under the policies of the TSXV.

In May 2021, as described in more detail in note 6, the Company completed an offering of subscription receipts that, as revised, raised gross proceeds of \$9,276,000 to fund the operations of FDI. The funds are in escrow with Computershare Trust Company of Canada. The financing is conditional on several approvals and it is intended that the financing proceeds will be released from escrow and available to the Company on closing of the Transaction.

In connection with the Transaction, FDI completed an offering of unsecured convertible debentures (the "FDI Debentures") which raised \$6,300,000. The principal amount of the FDI Debentures bears interest at 8% per year payable annually, and the FDI Debentures are due April 23, 2023. Prior to the Transaction, the FDI Debentures are to be converted into 18,000,000 FDI Shares, subject to approval by the TSX-V.

Completion of the Transaction is subject to approval of the Transaction by the TSXV and several conditions, including customary due diligence.

Cerro Mining Corp.

Notes to the Condensed Interim Consolidated Financial Statements
For the Nine Months Ended October 31, 2021
Expressed in Canadian dollars

6. Share Capital

Authorized: Unlimited number of common shares without par value

In May 2021, the Company completed an offering of subscription 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 were deposited into escrow with Computershare Trust Company of Canada and were to be held in escrow until September 30, 2021 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 FDI by way of the three-cornered amalgamation described above.

Due to the changes in FDI's circumstances, the Company sought and received approval to extend the escrow period since it was not possible to satisfy the escrow terms by September 30, 2021. Under the amended terms, each Subscription will be automatically exchanged for one common share and one-half of a share purchase warrant exercisable at a price of \$1.00 for two years following the closing of the Transaction. The amendment also 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. Subscribers holding 1,666,666 subscription receipts voted against or withheld their approval for the amended terms; their investment of \$833,000 plus interest of \$465 was returned to them.

The subscription receipts financing, as revised, raised gross proceeds of \$9,276,000 and may result in the issuance of 18,552,000 common shares and warrants to purchase up to 9,276,000 common shares at \$1.00 per share for a period of 24 months from closing of the Transaction. The Company will pay finders' fees of \$223,000 on closing.

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

In May 2021, warrants to purchase 10,000,000 shares 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 October 31,		Nine Months Ended October 31,	
	2021	2020	2021	2020
	\$	\$	\$	\$
Management fees	670	2,520	8,910	11,850

Included in the above is \$8,910 (2020 - \$5,850) for services provided by S2 Management Inc., a company controlled by the Company's CFO. At October 31 2021, accounts payable due to related parties were \$5,147 (January 31, 2021 - \$nil).

Cerro Mining Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended October 31, 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 follows:

	Fair value measurements using			Balance, October 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	564,180	–	–	564,180
Restricted cash	9,276,000			9,276,000
Marketable securities	2,113	–	–	2,113
	<u>9,842,293</u>	<u>–</u>	<u>–</u>	<u>9,842,293</u>

	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
	<u>282,580</u>	<u>–</u>	<u>–</u>	<u>282,580</u>

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.

(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.

Cerro Mining Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended October 31, 2021

Expressed in Canadian dollars

9. Financial Instruments and Risk Management (continued)

(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.

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.