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For Immediate Release

**CERRO MINING CORP. ANNOUNCES LETTER OF INTENT FOR A
PROPOSED REVERSE TAKEOVER TRANSACTION WITH
CAIR BY DAVID COSMETICS INC.**

Vancouver, B.C., February 8, 2021 – Cerro Mining Corp. (NEX: CRX.H) ("**Cerro**" or the "**Company**") is pleased to announce that on February 7, 2021, it entered into a non-binding letter of intent ("**LOI**") 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 TSX Venture Exchange (the "**TSXV**"). The resulting entity from the Transaction (the "**Resulting Issuer**") will continue the business of CbD described below.

The Transaction

The Transaction will be completed by way of a three-cornered amalgamation under the *Business Corporations Act* (British Columbia) ("**BCBCA**") among Cerro, CbD and a subsidiary to be incorporated under the BCBCA 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 24,100,000 Resulting Issuer Shares 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 Cosmetics Inc.

In connection with the Transaction, CbD intends to complete an offering of unsecured convertible debentures (the "**CbD Debentures**") to raise up to \$6,000,000 (the "**CbD Debenture Offering**"). The principal amount of the CbD Debentures will bear interest at a rate of 8% per annum payable annually, and the CbD Debentures will become due and payable two years from the date of issuance. The definitive terms and conditions of the CbD Debentures will be contained in a CbD Debenture certificate. 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 TSXV. The number of such Resulting Issuer Shares issuable to the holders of CbD Debentures will depend on the amount raised by CbD in the CbD Debenture Offering.

The Transaction will constitute a reverse takeover transaction pursuant to Policy 5.2 *Change of Business and Reverse Takeovers* (the "**RTO Policy**") of the TSXV and a Reactivation (as defined in Policy 2.6 *Reactivation of NEX Companies* of the TSXV) of Cerro as a company currently listed on the NEX Board of the TSXV. Upon completion of the Transaction, the Resulting Issuer Shares will be listed on the TSXV as a Tier 2 industrial issuer.

Conditions of Closing of the Transaction

Completion of the Transaction is subject to approval of the Transaction by the TSXV and a number of conditions, including, among others, the following:

- satisfactory due diligence by Cerro related to CbD
- the parties entering into a definitive amalgamation agreement by February 28, 2021
- the entering into of voting support agreements by directors, officers and significant shareholders of CbD
- approval of the shareholders of Cerro, if required by the TSXV
- approval of the shareholders of CbD
- no dissent rights having been exercised by CbD shareholders in excess of 10% of the issued CbD Shares
- completion of the consolidation of the CbD Shares
- completion of the Concurrent Financing (defined below)
- completion of the CbD Debenture Offering
- the entering into of pooling agreements by shareholders of CbD pursuant to which their Resulting Issuer Shares will be deposited into escrow and released on terms to be set out in the definitive amalgamation agreement

About CbD

CbD is a Los Angeles-based consumer brand company founded by David Babaii, a globally recognized 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 high margin, diversified product portfolio will be its Blu & Floyd pet care merchandise, with women's, men's and children's personal care products to follow.

Concurrent Financing

Concurrently with completion of the Transaction, Cerro anticipates completing a private placement to raise gross proceeds of a minimum of \$5,000,000 and a maximum of \$8,000,000 by the issuance of common shares of Cerro at a price of \$0.50 per share (the "**Concurrent Financing**"). The Concurrent Financing may be completed on a brokered or non-brokered basis. The proceeds of the Concurrent Financing will be primarily used to fund the operations of the Resulting Issuer. The Concurrent Financing is subject to TSXV approval.

Related Party Transaction

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, 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 in sections 5.5(a) and 5.7(1)(a) of MI 61-101, which are available because the fair market value of the Resulting Issuer Shares to be issued to the directors and officers pursuant to the Transaction does not exceed 25% of the Company's market capitalization, as determined in accordance with MI 61-101.

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, director of the Company, and their respective Associates (within the meaning of TSXV policies), who are considered Non-Arm's Length Parties to the Transaction. The Company will deliver a management information circular to its shareholders, which will contain details regarding the Transaction, CbD, 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 66 2/3% of the issued and outstanding CBD Shares present in person or represented by proxy at the CbD Meeting.

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 Board of Directors and Officers

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

David Babaii, *Director and Chief Executive Officer*

David Babaii, the Founder, CEO and a Director of CbD, is a globally recognized and well-connected celebrity hairstylist and businessman. David has played a key role in the creation and sale of four successful personal care product companies for a combined total of over US \$1billion. His client roster has included names such as Jessica Alba, Tom Cruise, Sandra Bullock, Kate Hudson, Angelina Jolie, Scarlet Johansson, Nicole Kidman, Meghan Markle, Gwyneth Paltrow, Sarah Jessica Parker, and Kate Winslet. In addition to his industry connections, David brings with him a wealth of knowledge, experience and passion about eco-friendly pet care and personal care products.

Brian Ast, *Chief Financial Officer*

Brian Ast has an extensive finance, investment banking, engineering and mining background, and also worked with several early-stage companies as a CFO and board member, developing and implementing business plans and financial models. Mr. Ast's engineering experience included positions at Cominco Engineering Services Ltd. (mining) and Ballard Power. His finance and investment banking experience includes positions at RBC Capital

Markets and Babcock & Brown, an Australian infrastructure investment bank. He also has extensive public private partnership (P3) experience from both a government and private-sector perspective, with direct involvement in over 40 infrastructure investment projects. Mr. Ast has a bachelor of applied science (engineering physics) from the University of British Columbia and an MBA from Simon Fraser University.

Andrew Bowering, *Director*

Andrew Bowering is currently the Chief Executive Officer and a director of Cerro and a director of CbD. He is a venture capitalist with 30 years of operational experience and leadership in mineral exploration and development. He has been involved in several companies engaged in the pursuit of precious, base, and industrial metals from early exploration through to production. He is an owner and founder of Sunrise Drilling Ltd. and has owned and operated drilling companies for the past 20 years.

Mr. Bowering has served as an officer or director of public companies on the TSX Venture Exchange, the TSX main board and the American Stock Exchange including the Company, Millennial Lithium Corp, and Prime Mining Corp. He earned his BA from the University of British Columbia. Mr. Bowering has held senior management positions in a variety of capacities. He has been responsible for the acquisition and sale of several assets and raising of upwards of \$250 million investment capital.

David Velisek, *Director*

Mr. Velisek, a director of CbD, has been involved in the capital markets for over 25 years. He has been a licensed trader of equities, options and futures, as well as Investment Adviser. He has also held roles in investor relations, as well as providing consulting services to public companies. He is currently a director of Trillium Gold Mines Inc., Datinvest International Ltd., Evolving Gold Corp. and Cognetivity Neurosciences Ltd. He has previously acted as director of Lifestyle Delivery Systems Inc., Amador Gold Corp., Novo Resources Corp., Finore Mining Inc. and Delon Resources Corp. Mr Velisek is currently employed with Baron Global Financial Canada Ltd.

Terence E. Block, *Director*

Terence Block, a director of CbD, is an internationally recognized expert in the global pet industry with more than 34 years of operational and leadership experience. His prior roles include President of Nestle Purina and Chairman of the Pet Food Institute Board. Mr. Block has developed business strategies and headed up development efforts resulting in multiple global billion dollar plus brands. His leadership has consistently enhanced operations and delivered market share gains across numerous pet segments. The results of Mr. Block's work have been recognized by the U.S. department of Commerce after naming Purina a recipient of the Malcolm Baldrige quality award.

After leaving Nestle Purina, Mr. Block served as President and COO of a consumer products company spin out which he helped to take public in 2012. Within three years, the company quadrupled in size through acquisition financed through its own free cash and a combination of debt and equity from the public markets.

Ravinder Kang, *Director*

Ravinder Kang, a director of CbD, is a results-driven leader with comprehensive Canadian securities market and business background. Mr. Kang has a combined 27 years of public practice and company management advising corporations and their executives on financing, mergers and acquisitions, going public transactions, continuous disclosure obligations, and corporate governance. Ravinder Kang brings over 20 years of experience as the former

Director of TSX Venture, Listed Issuer Services.

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.

Trading Halt

In accordance with the policies of the TSXV, Cerro's shares are currently halted from trading and will remain halted until further notice.

All information contained in this news release with respect to CbD was supplied by CbD, and Cerro and its directors and officers have relied on CbD for such information.

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

Investors 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. Trading in the securities of Cerro should be considered highly speculative.

The TSXV has in no way passed upon the merits of the Transaction and has neither approved nor disapproved the contents of this news release.

On Behalf of the Board of Cerro Mining Corp.

"Anthony Paterson"
Anthony Paterson, Director

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The securities of Cerro have not been and will not be registered under the United States Securities Act of 1933, as amended and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirement. This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION: *This news release includes certain "forward-looking statements" under applicable Canadian securities legislation. Forward-looking statements include, but are not limited to, statements with respect to: the terms and conditions of the Transaction and the business and operations of the Resulting Issuer after the Transaction. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties, and other factors which may cause the actual results and future events to differ materially from those expressed or implied by such forward-looking statements. Such factors include, but are not limited to: general business, economic, competitive, political and social uncertainties; delay or failure to receive board, shareholder or regulatory approvals. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Cerro disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.*