

## FORM 51-102F3 - MATERIAL CHANGE REPORT

1. **Name and Address of Company**

Cerro Grande Mining Corporation (the "Company")  
79 Wellington Street West  
Suite 2300  
Toronto, Ontario M5K 1H1

2. **Date of Material Change**

December 15, 2011.

3. **News Release**

The news release attached hereto as Schedule "A" announcing the material change described herein was released through Canada News Wire Group at Toronto, Ontario on December 15, 2011.

4. **Summary of Material Change**

The material change is described in the Company's news release attached hereto as Schedule "A", which news release is incorporated herein.

5. **Full Description of Material Change**

5.1 Full Description of Material Change

No information other than that provided in Item 4 above is presently available.

5.2 Disclosure for Restructuring Transactions

Not Applicable.

6. **Reliance on subsection 7.1(2) of National Instrument 51-102**

Not Applicable.

7. **Omitted Information**

Not Applicable.

8. **Executive Officer**

The following is the name and business telephone number of an executive officer of the Company who is knowledgeable about the material change and this report.

Stephen W. Houghton  
Chief Executive Officer  
(212) 751-0083

9. **Date of Report**

December 19, 2011.

# News Release

## Schedule “A” CERRO GRANDE MINING CORPORATION

Registered Office:  
79 WELLINGTON STREET WEST, SUITE 2300  
TORONTO, ONTARIO M5K 1H1  
CANADA

Santiago Office:  
LA CONCEPCION 266, Of. 704  
PROVIDENCIA, SANTIAGO, CHILE  
Telephone: 56-2-264-2295

Toronto Office:  
67 YONGE STREET, OF. 1201  
TORONTO, ONTARIO M5J 1J8  
CANADA

For further information, contact:  
Stephen W. Houghton, CEO  
David R. S. Thomson, EVP  
E-Mail: [ceg@cegmining.com](mailto:ceg@cegmining.com)  
Telephone: 56-2-264-2295  
Website: [www.cegmining.com](http://www.cegmining.com)

**FOR IMMEDIATE RELEASE** – December 15, 2011

### **Cerro Grande Mining Corporation Announces Record Financial Results for its Fiscal Year Ended September 30, 2011**

Toronto, Ontario, Canada – Cerro Grande Mining Corporation (the “Company” or “CEG”) (TSX-CEG; OTCQX-CEGMF) reported today audited financial results for its fiscal year ended September 30, 2011, compared to its fiscal year ended September 30, 2010.

Revenues from gold, copper and silver sales for fiscal year ended September 30, 2011 were US \$24,289,000 compared to US \$10,959,000 in the same period last year. Net earnings were a positive US \$3,425,000 or US \$0.04 per share compared to a negative (US \$5,248,000) or a loss of (US \$0.01) per share in the same period last year.

Cash flow from operations, before amortization and depreciation of US \$2,207,000, stock based compensation of US \$567,000 warrant revaluation of US \$112,000 was US \$6,311,000 in the fiscal year period ended September 30, 2011 compared to a negative cash flow of (US \$2,458,000) in the comparable period a year ago.

Gold ounces sold in fiscal year ended September 30, 2011 were 14,083 oz compared to 8,598 oz in the comparable period last year. Cash costs per ounce of gold ounces sold at the Pimenton mine, net of by product credits was US \$716.00 compared to US \$992.00 in the comparable period last year.

Working capital ratio was a positive 1:80 to 1:00 including cash US \$1,750,000 at September 30, 2011 compared to a negative .80 to 1:00 at September 30, 2010.

The Company also reported that its Consolidated Financial Statements, MD&A and Annual Information Form have been posted on SEDAR.

In addition the Company reported that the diamond drill rig is being moved to the drill site at Santa Cecilia for assembly and drilling is expected to start early in January, 2012.

Cerro Grande Mining Corporation is a minerals producing, exploration and development company with properties and activities currently focused in Chile.

#### Cautionary Statement on Forward-looking Information

*This news release contains "forward-looking information", which may include, but is not limited to, statements with respect to the future financial or operating performance of CEG. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of CEG to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Forward-looking statements contained herein are made as of the date of this press release based on current expectations and beliefs and CEG disclaims, other than as required by law, any obligation to update any forward-looking statements whether as a result of new information, results, future events, circumstances, or if management's estimates or opinions should change, or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, the reader is cautioned not to place undue reliance on forward-looking statements.*