

News Release

CERRO GRANDE MINING CORPORATION

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FOR IMMEDIATE RELEASE – March 9, 2012

Cerro Grande Mining Corporation Reports First Quarter Results Ended December 31, 2011 Compared to a Year Ago Under IFRS Standards

Toronto, Ontario, Canada – Cerro Grande Mining Corporation (the “Company” or “CEG”) (TSX-CEG; OTCQX-CEGMF) reported today its first fiscal quarter earnings for the period ending December 31, 2011 compared to the comparable period a year ago. These financial results were reported in accordance with International Financial Reporting Standards (“IFRS”).

The Company’s sales of gold, copper and silver for the period ended December 31, 2011 were considerably lower than in the period ended December 31, 2010 due to the production stoppage for approximately three weeks during the period, while a fatigued ball mill crown gear was substituted for a new one. During the three months of fabrication time for the new ball mill crown gear, mine production was lowered to less than 100 tpd so as not to cause a major failure of the repaired crown gear during the time required to fabricate the new crown gear. On the positive side, during the down time of installing the new crown gear a new 600 kva generator was installed as well as a new ball mill electric motor and a hydraulic clutch. The new generator has lead to a 10% drop in fuel consumption despite an increase in plant production. This combined with a decrease in the gold grade lead to a decrease from 4,027 ounces of gold sales for the quarter ended December 31, 2010 to 2,855 ounces of gold sales during the quarter ended December 31, 2011. The mine is currently preparing high grade stopes to compensate for the

drop in head grades and estimates a significant increase in grades and plant production for the next quarter.

The mine operating expenses also increased during the period ended December 31, 2011 primarily due to the hiring of more miners to prepare the mine for the planned production increases, as well as higher labor costs as wage pressure increased.

The total fleet of available mining and related equipment is being increased with the purchase of three 8 ton mine trucks and a rebuilt small Jumbo drill. The Company expects the mine to gradually increase production above the current 110 to 120 tons per day during the period ending March 31, 2012 at current reserve grades.

For the first fiscal quarter ended December 31, 2011 the Company reported total revenues of \$5,289,000 which included gold sales of \$4,790,000 (2,855 ounces of gold and \$499,000 of copper and silver sales) compared to \$6,163,000 of total revenues for the comparable quarter a year ago which included \$5,482,000 of gold sales (4,027 ounces of gold and \$681,000 of copper and silver sales).

Reported net income was \$42,000 for the three months ended December 31, 2011 compared to \$938,000 for the comparable period ended December 31, 2010.

The Company reported a current ratio of 1.69 to 1.00 which included cash of \$1,558,000 for the first quarter ended December 31, 2011.

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.