

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**

March 6, 2012.

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 March 6, 2012.

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**

March 13, 2012.

News Release

CERRO GRANDE MINING CORPORATION

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FOR IMMEDIATE RELEASE – March 6, 2012

Cerro Grande Mining Corporation Announces Settlement Agreement with the Labor Union at Pimenton

Toronto, Ontario, Canada – Cerro Grande Mining Corporation (the “Company” or “CEG”) (TSX-CEG; OTCQX-CEGMF) reported today that it has reached a Settlement Agreement with the union and non-union workers at the Pimenton mine which includes the immediate issuance of up to 735,000 Bonus Shares from its Stock Option Plan and up to an additional 1,000,000 Bonus Shares or a total of approximately US \$831,250 or the equivalent of \$3,079 per miner and worker in Bonus Shares, subject to shareholders approval of amendments to the Company’s Stock Option Plan to be voted on at its Annual and Special meeting of shareholders to be held on March 27, 2012.

In granting the Bonus Shares to the 270 miners and workers at Pimenton, the Company was successful in avoiding a strike at the Pimenton mine and in obtaining a 4 year labor agreement with the union. The agreement also has the significant benefit of providing an equity incentive to the miners at Pimenton who elect to hold their shares in the Company for the long term.

The Compensation Committee and the Board of Directors and Management of the Company considered the settlement agreement with the union and non-union members at Pimenton and concluded that it was in the best interest of the Company.

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.