

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**

November 15, 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 November 15, 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**

November 16, 2012.

News Release

CERRO GRANDE MINING CORPORATION

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FOR IMMEDIATE RELEASE – November 15, 2012

Cerro Grande Mining Corporation Announces Issuance of Convertible Unsecured Debentures

Toronto, Ontario, Canada – Cerro Grande Mining Corporation (the “**Company**” or “**CEG**”) (TSX-CEG; OTCQX-CEGMF) announced today that it has issued unsecured convertible debentures totalling US \$1,568,423 (CDN \$1,568,423) (the “**Debentures**”). The issuance of the Debentures has been conditionally approved by the TSX.

Mario Hernandez, (“**Hernandez**”) and David Thomson, (“**Thomson**”) both directors and officers of the Company through their companies Compania Minera Chanar Blanco S.A., and Compania Minera Auromin Ltda, respectively, each acquired one Debenture convertible into common shares of the Company (each, a “**Common Share**”). Hernandez acquired a Debenture in the aggregate principal amount of US\$704,443 (CDN\$704,443) which is convertible into up to 2,348,143 Common Shares. Thomson acquired a Debenture in the aggregate principal amount of US\$863,980 (CDN\$863,980) which is convertible into up to 2,879,933 Common Shares.

The Debentures have been issued in payment of cash advances by Hernandez and Thomson to the Company totalling US\$1,568,423 which were used for cash payments (in lieu of issuing common stock from the Company’s stock bonus plan which increase was not approved at our last Annual and Special Meeting of shareholders) totalling US \$905,719 to workers at the Company’s 100% owned Pimenton Gold/Copper mine in return for a four year labor contract, to fund capital expenditures on Pimenton and for working capital. The Debentures mature on November 15, 2017 and the outstanding principal thereunder may be converted at the option of

the holder at any time into common shares of the Company on the basis of 333.33 common shares for each US\$100 of outstanding principal (being a conversion price of CDN\$0.30 per share). Interest rate on the Debentures is 6% payable on a quarterly basis. The Company may also, at its option, accelerate the conversion (the “**Acceleration Right**”) of all, but not less than all, of the outstanding principal, at any time after November 15, 2013 if the closing price of the Common Shares on the Toronto Stock Exchange, equals or exceeds CDN\$0.35 per share for a period of 20 consecutive trading days beginning at any time after November 15, 2013 (the “**Acceleration Period**”), provided that the Acceleration Right is exercised by the Company within 20 Business Days after the end of the Acceleration Period.

The participation of Hernandez and Thomson in the private placement constitutes a “related party transaction” under Multilateral Instrument 61-101- *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”), but the Company was exempt from both the formal valuation and minority shareholder approval requirements of MI 61-101 in connection with the private placement as neither the fair market value of the securities issued, nor the consideration for such securities, in so far as it involves interested parties, exceeded 25% of the Company's market capitalization as calculated pursuant to MI 61-101.

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