CERRO GRANDE MINING CORPORATION

Report to Shareholders
for the
Third Quarter Ending
June 30, 2013
(These statements have not been audited)

Listed on the Toronto Stock Exchange
Symbol: CEG
And
The OTCQX International
Symbol: CEGMF

The Company's auditors have not reviewed these interim financial statements for the nine month period ended June 30, 2013.

Management’s responsibility for financial reporting

Under National instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements; they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The interim unaudited consolidated financial statements and other information in this report were prepared by the *management of* ***Cerro Grande Mining Corporation,*** *reviewed by the Audit Committee of the Board of Directors* and approved by the Board of Directors. The Company's independent auditors have not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial.

Management is responsible for the preparation of the interim consolidated financial statements and believes that they fairly represent the Company’s financial position and the results of its operations, in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

Management has included amounts in the Company’s interim consolidated financial statements based on estimates, judgments and policies that it believes reasonable under the circumstances.

To discharge its responsibilities for financial reporting and for the safeguarding of assets, management believes that it has established appropriate systems of internal accounting control, which provide reasonable assurance, at appropriate cost, that the assets are maintained and accounted for in accordance with its policies and that transactions are recorded accurately on the Company’s books and records.

“Stephen W. Houghton”
Chief Executive Officer

“Peter W. Hogg”
Chief Financial Officer

August 14, 2013

Cerro Grande Mining Corporation
Interim Consolidated Statements of Financial Position
(Unaudited)

(Expressed in thousands of U.S. dollars, except per share amounts)

	June 30, 2013	September 30, 2012
	$	$
Assets		
Current assets		
Cash and cash equivalents	291	1,336
Accounts receivable (note 4)	1,018	2,394
Recoverable taxes	179	59
Inventory (note 3)	2,228	2,306
	3,716	6,095
Non-current assets		
Receivable from a related party (note 11)	208	322
Mining properties, plant and equipment (note 5)	19,738	20,391
Total assets	23,662	26,808
Liabilities and Shareholders' equity		
Current liabilities		
Trade and other payables	2,782	3,587
Payable to related parties (note 11)	3,097	1,747
Current portion of long-term debt (note 6)	779	538
	6,658	5,872
Non-Current liabilities		
Long-term debt (note 6)	1,377	1,019
Reclamation and remediation	1,763	1,727
Deferred income tax liability	610	881
Total liabilities	10,408	9,499
Shareholders' equity		
Share capital (note 7)	79,121	78,496
Warrants (note 8)	211	211
Contributed surplus	8,155	7,493
Convertible unsecured debenture	154	154
Deficit	(74,387)	(69,045)
Total shareholders' equity	13,254	17,309
Total liabilities and shareholders' equity	23,662	26,808

Approved by the Board of Directors

(Signed) Paul J. DesLauriers Chairman **Stephen W. Houghton** Director

The accompanying notes form an integral part of these interim consolidated financial statements

Cerro Grande Mining Corporation
Interim Consolidated Statements of Income and Other Comprehensive Income
For the nine months ended June 30, 2013 and 2012
(Unaudited)

(Expressed in thousands of U.S. dollars, except per share amounts)

	Three months ended		Nine months ended	
	June 30, 2013	**June 30, 2012**	**June 30, 2013**	**June 30, 2012**
Revenue	**$**	**$**	**$**	**$**
Sales	2,423	7,254	15,079	17,874
Services	-	945	101	1,896
	2,423	8,199	15,180	19,770
Expenses				
Operating costs	4,384	6,460	14,922	15,445
Operating costs for services	8	932	85	1,760
Reclamation and remediation	10	14	32	55
General, sales and administrative	1,206	950	2,970	2,408
Foreign exchange	(73)	73	(34)	116
Interest	91	35	235	104
Other gains and losses (net)	(865)	55	(821)	97
Impairment charges	2,140	-	2,140	-
Exploration costs	(96)	2,008	1,105	3,021
	6,805	10,527	20,634	23,006
Loss and comprehensive loss before income taxes	(4,382)	(2,328)	(5,454)	(3,236)
Income tax expense	(158)	-	(158)	(44)
Deferred income tax	392	-	270	-
Loss and comprehensive loss for the period	(4,148)	(2,328)	(5,342)	(3,280)
Basic and diluted loss per share	(0.05)	(0.03)	(0.06)	(0.04)

The accompanying notes form an integral part of these interim consolidated financial statements.

Cerro Grande Mining Corporation
Interim Consolidated Statement of Changes in Shareholders' Equity
For the nine months ended June 30, 2013 and 2012
(Unaudited)

(Expressed in thousands of U.S. dollars, except per share amounts)

	Share capital (note 7 (b))	***Warrants (note 8)***	***Contributed surplus***	***Convertible unsecured debenture***	***Deficit***	***Total equity***
Balance - October 1, 2011	**78,110**	**211**	**7,351**	**154**	**(65,333)**	**20,493**
Share-based compensation	-	-	57	-	-	57
Bonus shares	386	-	-	-	-	386
Net income	-	-	-	-	(953)	(953)
Balance - June 30, 2012	**78,496**	**211**	**7,408**	**154**	**(66,286)**	**19,983**
Balance - October 1, 2012	**78,496**	**211**	**7,493**	**154**	**(69,045)**	**17,309**
Convertible unsecured debenture	375	-	384	-	-	759
Share-based compensation	250	-	278	-	-	528
Net income	-	-	-	-	(5,342)	(5,342)
Balance - June 30, 2013	**79,121**	**211**	**8,155**	**154**	**(74,387)**	**13,254**

The accompanying notes form an integral part of these interim consolidated financial statements.

Cerro Grande Mining Corporation

Interim Consolidated Statements of Cash Flows
For the six months ended March 31, 2013 and 2012
(Unaudited)

(Expressed in thousands of U.S. dollars, except per share amounts)

	Three months ended		Nine months ended	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
	$	$	$	$
Net loss for the period	(4,148)	(2,328)	(5,342)	(3,280)
Adjustments for:				
Amortization, depreciation and impairment	2,721	641	3,997	1,713
Accretion of interest on long-term debt	161	-	234	-
ARO accretion	10	14	32	55
Foreign exchange gain	33	5	17	(11)
Debentures exercised	(868)	-	(868)	-
Deferred income tax	(392)	-	(270)	-
Stock-based compensation	261	21	326	78
	(2,431)	(1,647)	(2,083)	(1,445)
Change in non-cash working capital relating to operations	(659)	1,359	(845)	773
	(2,881)	(288)	(2,719)	(672)
Investing activities				
Additions to mining properties, plant and equipment	(451)	(621)	(3,340)	(2,529)
	(451)	(621)	(3,340)	(2,529)
Financing activities				
Shares issued	1,701	-	1,701	386
Issuance of debt	(1,673)	57	(127)	1,030
Loan from related parties	2,816	1,225	2,816	1,225
Capital leases	175	(105)	624	(385)
	3,019	1,177	5,014	2,256
Effect of foreign exchange on cash held in foreign currency	-	-	-	-
Increase (decrease) in cash and cash equivalents during the period	(313)	268	(1,045)	(945)
Cash and cash equivalents - Beginning of period	604	537	1,336	1,750
Cash and cash equivalents - End of period	**291**	**805**	**291**	**805**

1. Nature of the Company

Cerro Grande Mining Corporation (the Company or CEG) and its subsidiaries is a mining, exploration and development company which produces gold, silver and copper, with operations mainly in Chile. The Company was incorporated under the Canada Business Corporations Act, and its Common Shares are listed on the Toronto Stock Exchange ("TSX") trading under the symbol "CEG" and on the OTCQX trading under the symbol CEGMF. The Company is domiciled in Canada and the address of its records office is 1 King Street West, Suite 4009 Toronto Ontario M5H 1A1 Canada. The registered office is Royal Bank Plaza, South Tower, 200 Bay Street, Suite 3800, Toronto, Ontario M5J 2Z4, Canada.

2. Basis of presentation

a. Statements of compliance

These unaudited interim consolidated financial statements are expressed in thousands of US dollars and have been prepared in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") including IAS34 Interim Financial Reporting. The interim consolidated financial statements should be read in conjunction with the Company's annual consolidated financial statements for the year ended September 30, 2012 which have been prepared in accordance with IFRS as issued by the IASB. The accounting policies and the application adopted are consistent with those disclosed in Note 4 to the Company's consolidated financial statements for the year ended September 30, 2012.

The preparation of consolidated financial statements requires managements to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities and expenses.

These interim consolidated financial statements were approved by the Board of Directors on August 14, 2013.

b. Use of estimates and judgments

The preparation of the interim financial statements in conformity with IFRS requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the interim consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The Company also makes estimates and assumptions concerning the future. The determination of estimates requires the exercise of judgment based on various assumptions and other factors such as historical experience and current and expected economic conditions. Actual results could differ from those estimates.

The more significant areas requiring the use of management estimates and assumptions relate to future cash flow estimates for asset impairments/reversals, any asset retirement obligation, estimation of useful lives of mining properties, plant and equipment, stock–based compensation and the provision for income taxes and composition of future income tax assets and liabilities. These estimates and judgments have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial period.

(Expressed in thousands of U.S. dollars, except share and per share amounts)

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Mineral resources and reserves estimates are used in the calculation of impairment estimation, amortization and forecasting the timing and payment of close down, restoration costs and clean up costs.

3. Inventory

	June 30, 2013	September 30, 2012
	$	$
Ore and concentrate stockpiles	1,390	1,253
Materials and supplies	838	1,053
	2,228	**2,306**

4. Accounts receivable

	June 30, 2013	September 30, 2012
	$	$
Accounts receivable from customers	100	782
Other sundry receivables	918	1,612
	1,018	**2,394**

(Unaudited)
(Expressed in thousands of U.S. dollars, except share and per share amounts)

5. Mining property, plant and equipment

Cost	Building	Plant & equipment	Mining property development	Others	Total
	$	$	$	$	$
Balance - October 1, 2012	5,464	11,900	18,021	365	35,750
Additions	303	1,562	1,433	42	3,340
Reclamtion	-	-	4	-	4
Balance - June 30, 2013	**5,767**	**13,462**	**19,458**	**407**	**39,094**

Accumulated depreciation	Building	Plant & equipment	Mining property development	Others	Total
	$	$	$	$	$
Balance - October 1, 2012	2,530	6,429	6,223	177	15,359
Depreciation and amortization expenses	227	955	660	15	1,857
Impairment charges	-	697	1,443	-	2,140
Balance - June 30, 2013	**2,757**	**8,081**	**8,326**	**192**	**19,356**
Net book value as at June 30, 2013	**3,010**	**5,381**	**11,132**	**215**	**19,738**

Cost	Building	Plant & equipment	Mining property development	Others	Total
	$	$	$	$	$
Balance - October 1, 2011	4,853	10,504	18,357	334	34,048
Additions	634	1,548	1,214	31	3,427
Reclamation	-	-	(1,550)	-	(1,550)
Disposals	(23)	(152)	-	-	(175)
Balance - September 30, 2012	**5,464**	**11,900**	**18,021**	**365**	**35,750**

Accumulated depreciation	Building	Plant & equipment	Mining property development	Others	Total
	$	$	$	$	$
Balance - October 1, 2011	2,302	5,280	5,330	161	13,073
Depreciation and amortization expenses	228	1,149	893	16	2,286
Balance - September 30, 2012	**2,530**	**6,429**	**6,223**	**177**	**15,359**
Net book value as at September 30, 2012	**2,934**	**5,471**	**11,798**	**188**	**20,391**

(Expressed in thousands of U.S. dollars, except share and per share amounts)

Non current assets are tested for impairment when events or changes in circumstance suggest that the carrying amount may not be recoverable. During the third quarter ended June 2013, we have determined there are potential indicators of impairment. The recoverable amount is calculated using the value-in-use method, which is the expected present value of future cash flows from the asset. In third quarter ended June 30, 2013 the Company has recorded an impairment charge of $2,140 related to the Pimenton project, primarily as a result of the decrease in long-term gold and copper prices.

Key assumptions and sensitivities:

The key assumptions and estimates used in determining the recoverable amount (VIU) are related to commodity prices, discount rate, operating costs, reserves and resources. We performed a sensitivity analysis on all key assumptions, we have estimated a gold price of $1,250 per ounce and a copper price of $3.00 per pound to determine future revenue and we assumed a negative and positive 10% change for gold and copper price while holding the other variables constant. The discount rate applied to present value of net future cash flow is based on a real weighted average cost of capital. The discount rate of 12 % was used. The Company assumed a negative and positive 10% change while holding the other variables constant. The company has estimated a 95% of proven and probable reserves, and has assumed a 60% and 30% of the inferred A and B mineral resources, respectively. The Company assumed a 10 % negative and positive change of the inferred A and B mineral resources while holding the other variables constant.

The Company performed a sensitivity analysis on all key variables and determined that no reasonable possible changes in any of the key assumptions would cause the carrying value of the Pimenton project to exceed its recoverable amount.

6. Long-term debt

The maturities of long-term debt and related interest payments are as follows as at:

		June 30, 2013	September 30, 2012
Description	**Interest rate**	**Principal $**	**Principal $**
C and D debentures (a)	6.00%	292	247
Bice Bank mortgage (b)	5.13%	796	888
Lease	4% -5.2%	1,068	422
Less: Current portion		(779)	(538)
Long-term debt		1,377	1,019

(Expressed in thousands of U.S. dollars, except share and per share amounts)

a) On April 21, 2010 the Company issued $300 of convertible unsecured debentures (the "C Debentures"). The maturity date of these debentures is April 21, 2015. The conversion price of the C Debentures is CA$0.40 per share convertible into up to 782,100 common shares of the Company. Interest rate on the C Debentures is 6% payable annually. In addition with the C Debenture, the company issued 782,100 common share purchase warrants exercisable for 60 months from the date of issuance at CA$0.50 per share. On May 11, 2010 the Company issued $330 of convertible unsecured debentures (the "D Debentures"). The maturity date of these debentures is May 11, 2015. The conversion price of the D Debentures is CA$0.40 per share convertible into up to 826,155 common shares of the Company. Interest rate on the D Debentures is 6% payable annually. In addition with the D Debenture, the Company issued 826,155 common share purchase warrants per common share exercisable for 60 months from the date of issuance at CA$0.50 per share.

b) On November 7, 2011 the Company obtained a mortgage with BICE Bank of Unidad de Fomento (UF) 19,600 ($941). The mortgage bears interest at a fixed rate of 5.13% per annum. The UF is an inflation based unit of account used in Chile. The mortgage is repayable in monthly instalments of UF 109 ($24) principal and interest, until 2026. The mortgage is secured by certain assets with an approximate value of $1,309.

7. Share capital

a) Authorized capital

The authorized capital of the Company consists of an unlimited number of common shares, with no par value.

b) Issued and outstanding

	Number of shares	Amount
		$
Balance –October 1, 2011	94,190,714	78,110
Bonus share (i)	735,000	386
Balance – September 30, 2012	94,925,714	78,496
Options exercised 7(c(g))	650,000	118
Options exercised 7(c(h))	725,000	132
Private placement (ii)	5,228,076	375
Balance – June 30, 2013	101,528,790	79,121

i) On February 13, 2012 the Company issued the balance of 735,000 bonus shares pursuant to the Company's current stock option plan to the Pimenton workers. They were valued at $386 using the TSX closing price of CA $0.52 per share.

ii) On November 15, 2012 the Company issued $1,568 in convertible unsecured debentures. The maturity date of these debentures is November 15, 2017. The conversion price of the Debentures is CA$0.30 per share convertible into up to 5,228,076 common shares of the Company. Interest rate on the Debentures is 6% payable quarterly. For accounting purposes, the convertible unsecured debentures have a liability component and an equity component. The fair value of the liability component was determined by discounting the future stream of interest and principal payments at an estimated borrowing rate to the Company of 15%. As a result, the Company has allocated $474 to equity and $1,130 to debt, of which $36 were accreted. The Debentures have been issued in payment of cash advances by Compañía Minera Chañar Blanco S.A. a Company owned by Mario Hernández, who is also a director of the Company and Compañía Minera Auromín Ltda. a Company owned by David Thomson, who is also a director of the Company. On June 26, 2013 the holders, Mr. David R.S. Thomson and Mr. Mario Hernandez both Executive Vice Presidents and directors of the Company elected to exercise the $1,568 convertible unsecured debenture, issued to them on November 15, 2012 and was due to mature on November 15, 2017 into 5,228,076 common shares at a conversion price of $0.30 per share. These shares were value at $375 using the TSX closing price of CA$0.075 on June 26, 2013 resulting in a gain of $1,252; of which $868 was recorded as other income for the three months ended June 30, 2013 and $384 was recorded as contributed surplus.

c) Share option plan

The Company has a share option plan (the Plan) whereby, from time to time at the discretion of the Board of Directors, share options are granted to directors, officers, employees, certain consultants and service providers. The maximum number of common shares issuable under the Plan is 12,578,754 common shares and 5,000,000 common shares issuable under the share bonus plan, within the Plan, to eligible participants. The Board of Directors determines the vesting period at its discretion.

A summary of the Company's Plan at June 30, 2013 is presented as follow:

(Expressed in thousands of U.S. dollars, except share and per share amounts)

	Number of options	**Weighted average exercise price CA$**
Balance – October 1, 2011	7,693,999	0.58
Cancelled (a)	(78,000)	0.6 /0.79
Balance – September 30, 2012	7,615,999	0.58
Granted (b)	195,000	0.18
Granted (c)	150,000	0.18
Granted (d)	250,000	0.18
Granted (e)	3,325,000	0.10
Granted (f)	233,953	0.15
Exercised (g)	(650,000)	0.10
Exercised (h)	(725,000)	0.10
Expired	(4,153,953)	0.45/0.90
Balance – June 30, 2013	6,240,999	0.32

a) During November, December, 2011 and January 2012, 78,000 Common Stock Options issued to employees who are not officers of the Company, were cancelled.

b) On February 7, 2013 seven employees who are not officers of the Company were granted 195,000 Common Stock Options to replace 195,000 options which expired on January 9, 2013. These new options having a five years life with immediate vesting at a price of CA$0.18 per share. These options were fair valued at $32 using the Black –Scholes valuation model, assuming a risks-free rate of 0.78%, no dividend, and volatility factor of 152% and expensed as stock-based compensation.

c) On February 7, 2013 150,000 Common Stock Options were granted to an employee who is not an officer of the Company at an exercise price of CA$0.18 per share, exercisable for a period of five year, 30,000 to vest one year from the date of grant, 30,000 to vest two year from the date of grant, 30,000 to vest three year from the date of grant, 30,000 to vest four year from the date of grant and the balance of 30,000 to vest on the fifth anniversary of the date of grant. These options were fair valued at $16 using the Black –Scholes valuation model, assuming a risks-free rate of 0.78%, no dividend, and volatility factor of 152% and expensed as stock-based compensation.

d) On February 7, 2013, 250,000 Common Stock Options were granted to an employee who is an officer of the Company at an exercise price of CA$0.18 per share, exercisable for a period of five year, 50,000 to vest immediately, 50,000 to vest one year from the date of grant, 50,000 to vest two year from the date of grant, 50,000 to vest three year from the date of grant and the balance of 50,000 to vest on the fourth anniversary of the date of grant. These options were fair valued at $31 using the Black –Scholes valuation model, assuming a risks-free rate of 0.78%, no dividend, and volatility factor of 152% and expensed as stock-based compensation.

(Expressed in thousands of U.S. dollars, except share and per share amounts)

e) The Company renewed 3,325,000 options were granted that were due to expire on April 2, 2013. The new grant of stock options were issued on April 16, 2013 exercisable at CA$0.10 per share for a period of five years from the date of issuance with immediate vesting and were issued to Directors of the Company. These options were fair valued at $284, using the Black –Scholes valuation model, assuming a risk-free rate of return of 0.58%, no dividend and volatility factor of 146% and expensed as stock-based compensation.

f) The Company renewed 233,953 options were granted that were due to expire on April 30, 2013. The new grant of stock options were issued on May 9, 2013 exercisable at CA$0.15 per share for a period of five years from the date of issuance with immediate vesting and were issued to a Director of the Company. These options were fair valued at $32, using the Black –Scholes valuation model, assuming a risk-free rate of return of 0.75%, no dividend and volatility factor of 162% and expensed as stock-based compensation.

g) On May 23, 2013 Mr. Mario Hernández, who is director of the Company exercised 650,000 options granted on April 16, 2013 at a price of CA$0.10 per share for net proceeds of $119. The fair value of $56 assigned to these options was transferred to share capital.

h) On June 20, 2013 Mr. David Thomson, who is director of the Company exercised 650,000 options granted on April 16, 2013 at a price of CA$0.10 per share for net proceeds of $119. The fair value of $56 assigned to these options was transferred to share capital. In addition an employee of the Company exercised 75,000 options granted on April 16, 2013 at a price of CA$0.10 per share for net proceeds of $13. The fair value of $6 assigned to these options was transferred to share capital.

During the period ended June 30, 2013 and 2012 the Company has recognized a total stock based compensation expense of $390 and $78 respectively. Options outstanding as at June 30, 2013 are as follows:

Exercise price CA$	**Number of options**	**Weighted average remaining contractual life (years)**	**Weighted average exercise price CA$**	**Options exercisable**
0.40-0.60	1,226,046	1.14	0.44	1,051,046
0.35-0.35	1,505,572	1.08	0.35	1,505,572
0.79-0.79	730,428	2.83	0.79	730,428
0.10-0.18	2,778,953	4.76	0.12	2,428.953
0.10-0.79	6,240,999	3.11	0.32	5,715,999

(Expressed in thousands of U.S. dollars, except share and per share amounts)

d) Basic and diluted loss per share as at :

	June 30, 2013 $	June 30, 2012 $
Gain (Loss) for the period	(5,342)	(3,280)
Weighted average number of shares outstanding	95,070,542	94,925,714
Basic gain (loss) per share	(0.06)	(0.04)
Diluted gain (loss) per share	(0.05)	(0.04)

The effect of convertible debentures, notes, options and warrants is not included in computing the diluted per share amounts, since in the context of reported losses for the years, such effect would be anti-dilutive.

8. Warrants

Equity	Number of warrants	$
Balance – October 1, 2011	1,608,254	211
Balance – September 30, 2012	1,608,254	211
Balance – June 30, 2013	1,608,254	211

The following table summarizes information about the warrants outstanding as at March 31, 2013:

Number of warrants outstanding	Weighted average remaining warrant life (years)	Weighted average exercise price CA$
1,608,254	1.84	0.50

(Expressed in thousands of U.S. dollars, except share and per share amounts)

9. Segment information

In order to determine reportable operating segments, the Chief Executive Officer reviews various factors, including geographical location, quantitative thresholds and managerial structure. The Company has one operating segment, which is the exploration and development of mineral properties. The Company's principal operations are carried out in Chile. The Company's geographic segments are located as follows:

i) Company's mineral properties in Chile
ii) Corporate offices in Chile and Canada;

The Company's Pimenton segment includes a gold mine and mill operating in Chile. As at June 30, 2013 and 2012, segmented information is presented as follows:

	Nine months ended June 30, 2013		
	Pimenton	**Corporate**	**Total**
	$	**$**	**$**
Sales revenue	15,079	-	15,079
Services revenue	101	-	101
Operating costs	(13,065)	-	(13,065)
Amortization and depreciation	(1,831)	(26)	(1,857)
Operating costs - services	(85)	-	(85)
Reclamation and remediation	(32)	-	(32)
General, sales and administrative	(1,432)	(1,538)	(2,970)
Foreign exchange	(52)	86	34
Interest	(23)	(212)	(235)
Other gains and losses (net)	(48)	869	821
Imapirment charges	(2,140)	-	(2,140)
Exploration costs	-	(1,105)	(1,105)
Income tax expense	(158)	-	(158)
Deferred income tax	270	-	270
Total other income (expenses)	(5,531)	(1,926)	(7,457)
Income (loss) and other comprehensive income (loss) for the period	(3,416)	(1,926)	(5,342)
Mining property, plant and equipment	17,854	1,884	19,738
Total assets	21,453	2,209	23,662

(Expressed in thousands of U.S. dollars, except share and per share amounts)

	Nine months ended June 30, 2012		
	Pimenton	**Corporate**	**Total**
	$	**$**	**$**
Sales revenue	17,874	-	17,874
Services revenue	1,896	-	1,896
Operating cost	(13,732)	-	(13,732)
Amortization and depreciation	(1,701)	(12)	(1,713)
Operating costs - services	(1,760)	-	(1,760)
Reclamation and remediation	(55)	-	(55)
General, sales and administrative	(1,318)	(1,090)	(2,408)
Foreign exchange	(98)	(18)	(116)
Interest	(15)	(89)	(104)
Other gains and losses (net)	(112)	15	(97)
Exploration costs	-	(3,021)	(3,021)
Income tax expense	(44)	-	(44)
Total other income (expenses)	(5,103)	(4,215)	(9,318)
Income (loss) and other comprehensive income (loss) for the period	935	(4,215)	(3,280)
Mining property, plant and equipment	19,277	1,890	21,167
Total assets	23,889	2,451	26,340

10. Income taxes

Income tax expenses is recognized based on management’s estimated of the weighted annual income tax rate expected for the full financial year. The estimate average annual rate used for the year ended September 30, 2012 and for the nine months ended June 30, 2013 was 20%.

11. Related party transactions

A company owned by the CEO (who is also a director) has billed $7 to the Company at June 30, 2013 (2012- $5) in relation to the office space and services used by the Company. In addition, the Company has a receivable of $208 (2012 - $345) consisting of $123 of cash advances, net of salary and truck expenses, and two loans totaling $85 to such officer and director, net of the market value at June 30, 2013 of 653,200 common shares of the Company owned by him which collaterizes one of the loans. The cash advances and loans bear no interest rate or specific repayment terms.

A company controlled by the Chief Financial Officer of the Company (the "CFO") billed $43 to the Company for accounting and administration services rendered for the nine months ended June 30, 2013 (2012 - $41). Accounts payable and accrued liabilities for $5 include payables to this officer in relation to such services at June 30, 2013 (2012 - $8).

A law firm, of which a director of the Company is a partner, billed the Company $148 for the nine months ended June 30, 2013 (2012 - $167) for legal services. Accounts payable and accrued liabilities include $82 at June 30, 2013 (2012- $95).

Accounts payable and accrued liabilities also include $10 at June 30, 2013 (2012 - $68) related to royalties due to Mario Hernández, who is also a director of the Company, and the owner of a net smelter royalty on the Pimenton gold mine. This officer was paid $512 in royalty payment for nine month period ended June 30, 2013 (2012 - $565). Also accounts payable include $1,403 of cash advance provided during March to June 2013 and include $26 of interest for the debenture issued on November 15, 2012 and converted on June 26, 2013.

Accounts payable and accrued liabilities include $10 at June 30, 2013 (2012 - $68) for royalties due to David Thomson who is the owner of a net smelter royalty on the Pimenton gold mine. This officer was paid $512 in royalty payment for nine month period ended June 30, 2013 (2012 - $565). Also accounts payable include $9 (2012 - $9) for interest not paid on the Debenture issued to him in 2006 and which was converted on June 9, 2009. Also accounts payable include $1,415 of cash advance provided during March to June 2013, and include $32 of interest for the debenture issued on November 15, 2012 and converted on June 26, 2013.

In April 2013, Compañía Minera Chañar Blanco S.A. a Company owned by Mario Hernández, who is also director of the Company entered into a rent contract with Compañía Minera Pimentón for a new Los Andes office. For the nine months ended June 30, 2013 Pimenton has recognized expenses of $9 (2012 - $nil).

In October 2011 Pimenton entered into a services contract with CDM. The services to be provided by Pimenton include management, machinery and equipment rent. For the nine months ended March 31, 2013 Pimenton has recognized revenue of $101 (2012 - $1,896). The costs related to these services amounted $77 (2012 - $1,760). As at June 30, 2013 account payable include $58 (2012– receivable $391).

On June 21, 2011 the board approved a resolution that non-executive directors be paid $1 per meeting attended. The costs related to these director fees amounted $28 (2012 - $38). At June 30, 2013 amounts due to the directors for these director fees were $13 (2012 - $26).

On April 1, 2010, Compañía Minera Auromin Ltda a Company owned by David Thomson, entered into a services contract with the Company for a period of two years, which is being renewed for an additional two years period at the end of each year. Under the term of the contract, the Company will pay $300 per year to Compañía Minera Auromin Ltda. The services to be provided by Compañía Minera Auromin Ltda. include, seeking new mining projects, performing geological studies and designing drill programs for the Company on exploration projects, conducting preliminary design of the mining plan for designated project and providing other services related to the exploration and development of mining projects. As of June 30, 2013 accounts payable and accrued liabilities included $100 related to this contract (2012 - $150).

On April 1, 2010 Compañía Minera Chañar Blanco S.A a Company owned by Mario Hernández, entered into a services contract with the Company for a period of two years, which is being renewed for an additional two years period at the end of each year. Under the term of the contract, the Company will pay $110 per year to Compañía Minera Chañar Blanco S.A. The services to be provided by Minera Chañar Blanco S.A. include, maintaining title and ownership of mining properties acquired by the Company, acquiring water rights or request concessions of water rights on the properties acquired by the Company and negotiating the acquisition of new mining properties for the Company. As of June 30, 2013 accounts payable and accrued liabilities included $37 related to this contract (2012- $55).

On April 1, 2010, the Chief Executive Officer (CEO), and Director of the Company, entered into a management contract for a period of two years, which is being renewed for an additional two year period at the end of each year. Under the terms of the contract, the Company will pay $110 per year to the CEO plus truck and medical expenses. As of June 30, 2013 the Corporation paid $10 (2012 - $13) for the truck and its expenses and $83 (2012- $83) for salary.

Amounts due to related parties also include cash advances of $1,227 at June 30, 2012, of which $614 is from Conpañía Minera Auromin Ltda. a Company owned by David R.S. Thomson, Executive-Vice President-Director of Exploration of the Company and $613 from Minera Chañar Blanco S.A. a Company owned by Mario Hernández, Executive-Vice President-Director of Claims and Administration.

12. Restatement

The Company's interim second quarter unaudited financial statements and MD&A as of March 31, 2013 showed an amount owed to Santa Cecilia of $228. The correct amount should have been $59. This error arose from foreign exchange translation miscalculations and VAT corrections. The net loss of the Company at that date should have been lower by an amount of $169 meaning the net loss would have decreased from $1,194 to $1,025.

Directors* and Officers

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Chairman
Executive Vice President and Director
Loewen, Ondaatje, McCutcheon & Company
Limited, Toronto, Canada

Stephen W. Houghton*
Santiago, Chile
Chief Executive Officer
Founder of Cerro Grande Mining Corporation

Mario Hernandez A.*
Santiago, Chile
Executive Vice President and Director, Claims and Land Management

William Hill*(1),(3),(4)
Rock wood, ON, Canada
Principal, William Hill Mining Consultants, Ltd.

Richard J. Lachcik*,(3),(4)
Toronto, ON, Canada

Fernando Saenz Poch*
Concepción, Chile

Juan A Proaño*,(3)
Washington Crossing,
Pennsylvania, USA
Director of Minera Poderosa S.A.
a gold mining company located in Peru

Frederick D. Seeley*(1),(2),(4)
West Falmouth, Massachusetts, USA
Chairman, Givens Hall Bank and Trust Limited

David R. S. Thomson*
Santiago, Chile
Executive Vice President and Director of Exploration

Peter W. Hogg
Toronto, ON, Canada
Chief Financial Officer

(1) Member, Audit Committee
(2) Member, Compensation Committee
(3) Technical Committee
(4) Corporate Governance and Nominating Committee

Corporate Information

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OTCQX International
Stock Symbol: CEGMF

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