

News Release

CERRO GRANDE MINING CORPORATION

Registered Office:
ROYAL BANK PLAZA
SOUTH TOWER
200 BAY STREET, SUITE 3800
TORONTO, ONTARIO M5J 2Z4
CANADA

Santiago Office:
AVENIDA SANTA MARIA 2224
PROVIDENCIA, SANTIAGO, CHILE
Telephone: 56-2-2569 6200

Toronto Office:
1 KING STREET WEST, SUITE 4009
TORONTO, ONTARIO M5H 1A1
CANADA

For further information, contact:
Stephen W. Houghton, CEO
David R. S. Thomson, EVP
E-Mail: ceg@cegmining.com
Telephone: 56-2-2569 6200
Website: www.cegmining.com

FOR IMMEDIATE RELEASE – January 8, 2014

Cerro Grande Mining Corporation Announces Partial Conversion of Convertible Unsecured Debentures

Toronto, Ontario, Canada – Cerro Grande Mining Corporation (the “**Company**” or “**CEG**”) (TSX-CEG; OTCQX-CEGMF) announced the partial conversion of US \$850,000 of its unsecured convertible debentures were issued on July 30, 2013 in the total amount of US \$1,010,211.40 (the “**Debentures**”).

Mario Hernandez, (“**Hernandez**”) and David Thomson, (“**Thomson**”) both directors and officers of the Company, through their respective companies Compañía Minera Chanar Blanco S.A. (“**Chanar Blanco**”), and Compañía Minera Auromin Ltda (“**Auromin**”) have each partially converted one Debenture convertible into common shares of the Company (each, a “**Common Share**”). Each of Hernandez and Thomson acquired a Debenture in the aggregate principal amount of US\$505,105.70 which is convertible into Common Shares at a rate of CDN\$0.10 per Common Share (the “**Conversion Price**”), on the basis of an exchange rate of US\$1.00 to CDN\$1.00. On this basis, each of Chanar Blanco and Auromin partially converted the Debentures on the basis of 1,000 Common Shares for each US\$100 of outstanding principal up to an aggregate of 8,500,000 Common Shares (4,250,000 Common Shares for Chanar Blanco and 4,250,000 for Auromin). Under the terms of the Debentures, the maximum amount

convertible into Common Shares is such that each of Hernandez and Thomson do not hold, directly or indirectly, more than 19.99% of the issued and outstanding Common Shares of the Company as at the date of conversion.

As a result of this conversion, Mr. Thomson now holds 21,736,149 common shares of the Company or 19.7% and Mr. Hernandez now holds 21,516,761 common shares of the Company or 19.5% of the 110,028,790 outstanding shares of the Company.

The Debentures were issued in payment of cash advances by each of Hernandez and Thomson to the Company in the aggregate amount of US\$1,010,211.40. The cash advances were used for working capital and to fund capital expenditures on the Pimenton Mine. The Debentures were due to mature on July 30, 2018. The Debentures do not bear interest.

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

Forward-Looking Information

This press release may contain forward-looking statements based on assumptions, uncertainties and management's best estimates of future events. All statements that address future activities, events or developments that the Company believes, expects or anticipates will or may occur are forward-looking information. Forward-looking information is based upon assumptions by management that are subject to known and unknown risks and uncertainties and other factors that may cause actual results to differ materially from those expressed or implied by the forward-looking information. Factors that may cause actual results to vary materially include, but are not limited to changes in general economic conditions or conditions in the financial markets. Such forward-looking information is based on a number of assumptions, including but not limited to, there being no significant decline in existing general business and economic conditions. Accordingly, readers should not place undue reliance on forward-looking information. The Company undertakes no obligations to update publicly or otherwise revise any forward-looking information, except as may be required by law. For a more detailed discussion of such risks and other factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements, refer to the Company's filings with the Canadian securities regulators available on www.sedar.com.

Renmark Financial Communications Inc.
Barry Mire : bmire@renmarkfinancial.com
Tel: (416) 644-2020 or (514) 939-3989
www.renmarkfinancial.com