

FORM 51-102F3 - MATERIAL CHANGE REPORT

1. **Name and Address of Company**

Cerro Grande Mining Corporation (the "Company")
100 Wellington Street West
Suite 500
Toronto, Ontario M5K 1H1

2. **Date of Material Change**

May 16, 2011.

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 May 16, 2011.

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**

May 19, 2011.

News Release

CERRO GRANDE MINING CORPORATION

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FOR IMMEDIATE RELEASE – May 16, 2011

Cerro Grande Mining Corporation Reports Significantly Improved Results for the Three Months and Six Months Period Ending March 31, 2011 Compared to Similar Periods in 2010

Toronto, Ontario, Canada – Cerro Grande Mining Corporation (the “Company”) (TSX-CEG) (formerly South American Gold and Copper Company Limited) reported today its results for the three months ended March 31, 2011 compared to the three months ended 2010 and for the six months ended March 31, 2011 compared to the six months ended March 31, 2010.

Revenues from gold, copper and silver sales for the three months period ended March 31, 2011 were US \$4,857,000 compared to US \$2,037,000 for the three months period ended March 31, 2010. Net earnings were a positive US \$351,000 for the three months period ended March 31, 2011 compared to a loss of (US \$508,000) for the three months period ended March 31, 2010.

During the three months ended March 31, 2011 the plant at Pimenton was shut down for 21 days in February due an unexpected failure of the main shaft on the ball mill which substantially reduced earnings and gold ounces sold during the quarter. The shaft was replaced at the end of February. The plant sold 1,015 ounces of gold in January; 202 ounces of gold in February; 1,413 ounces of gold in March and 1,629 ounces of gold in April.

For the six months period ended March 31, 2011 revenues from gold, copper and silver

sales were US \$11,020,000 compared to US \$4,200,000 for the comparable period in 2010. Net earnings were a positive US \$2,029,000 or US \$.02 per share for the six months period ended March 31, 2011 compared to a loss of (US \$1,528,000) or (US \$.01) per share for the comparable period in 2010.

Gold ounces sold in the six month period ended March 31, 2011 were 6,854 ounces compared to 3,429 ounces sold in the six month period ended March 31, 2010. Cash cost per ounce at the Pimenton mine, net of by-product credits, was US \$610 for the six months ended March 31, 2011 compared to US \$1,070 in the comparable period ended March 31, 2010.

Working capital at March 31, 2011 was a positive 1.37 to 1.00 including cash of US \$3,271,000 compared to a negative .80 to 1:00 including cash of US \$1,470,000 for the period ended September 30, 2010.

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

FORWARD-LOOKING STATEMENTS: This news release contains certain "forward-looking statements" within the meaning of Section 21E of the United States Securities Exchange Act of 1934, as amended. Except for statements of historical fact relating to the company, certain information contained herein constitutes forward-looking statements. Forward-looking statements are frequently characterized by words such as "plan," "expect," "project," "intend," "believe," "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur. Forward-looking statements are based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. These factors include the inherent risks involved in the exploration and development of mineral properties, the uncertainties involved in interpreting drilling results and other geological data, fluctuating metal prices, the possibility of project cost overruns or unanticipated costs and expenses, uncertainties relating to the availability and costs of financing needed in the future and other factors. The Company undertakes no obligation to update forward looking statements if circumstances or management's estimates or opinions should change. The reader is cautioned not to place undue reliance on forward-looking statements.