

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**

July 13, 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 July 13, 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**

July 13, 2011.

News Release

Schedule "A"

CERRO GRANDE MINING CORPORATION

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FOR IMMEDIATE RELEASE – July 13, 2011

Cerro Grande Mining Corporation Announces the Signing of a Letter Agreement on the Santa Cecilia Property Located Adjacent to Exeter Resources' Caspiche Project in the Maricunga District of Chile.

Toronto, Ontario, Canada – Cerro Grande Mining Corporation (the “Company” or “CEG”) (TSX-CEG) (formerly South American Gold and Copper Company Limited or “SAGC”) announced today the signing of a Letter Agreement with Mario Hernandez, Dr. David Thomson and Merwin Bernstein, (the “Majority Shareholders”), in aggregate owners of 65.6% of Compañía Minera Cerro del Medio (“CDM”) after CEG’s board of directors approved the terms of the Letter Agreement. The Letter Agreement is subject to final approval by the Toronto Stock Exchange.

CDM is the 100% owner of the Santa Cecilia Property which covers 3,251 hectares of claims in the Maricunga District of Chile. The eastern claim boundary of the Santa Cecilia Project lies adjacent to Exeter Resources’ Caspiche Project claims. The Caspiche Project has published measured and indicated resources of 21.3 million ounces of gold, 5.3 billion pounds of copper and 48.4 million ounces of silver. The measured and indicated resource is based on 1,316 Mt (million metric ton) at a grade of 0.50 g/t gold (grams per metric ton) and 1.14 g/t of silver

including 1,217 Mt at a grade of 0.18% copper. The Santa Cecilia Property and the Caspiche Project are both close to the Kinross Maricunga gold mine 16 kilometres to the north and to the Barrick/Kinross Cerro Casale gold/copper project 14 kilometres to the south. All are part of Chile's prolific Maricunga gold and copper porphyry district.

Under the terms of the Letter Agreement, CEG has the opportunity to acquire at least 65.6% of CDM by conducting a diamond drilling campaign consisting of a minimum of 7,200 metres estimated to cost approximately US \$4,000,000, of which CEG is committed to fund 65.6% (estimated US \$2,624,000) over a two year period commencing July 1, 2011.

CEG will engage a qualified engineering firm to supervise the drilling campaign on Santa Cecilia. This firm will also update NI 43-101 technical reports on CEG's other projects and Santa Cecilia on completion of the drilling campaign.

Following completion of the drilling campaign on Santa Cecilia and receipt of the NI 43-101 technical reports, an evaluation (an "Evaluation") of CEG and CDM will be undertaken by a competent, independent investment banking group to value CEG and CDM. On completion of a satisfactory Evaluation, CEG have ninety days in which to determine if it wishes to proceed with acquiring the interest of the Majority Shareholders in CDM.

Final approval of any such acquisition will likely require CEG shareholder and Toronto Stock Exchange approval.

Under the terms of the agreement, CEG or CDM may terminate the Letter Agreement under certain circumstances. Depending on the circumstance, CEG will be reimbursed up to 125% of its share of drilling campaign costs. CEG may terminate the agreement at any time after having drilled not less than 1,500 metres.

Mario Hernandez (holder of 37.1% of CDM's issued and outstanding common shares) and Dr. David R.S. Thomson (holder of 23.5% of CDM's issued and outstanding common shares), are shareholders, directors and EVPs of CEG and have held a majority interest in the

Santa Cecilia Property since 1983. On this basis, the Letter Agreement, and any definitive acquisitions agreement entered into following a satisfactory Evaluation may constitute a related party transaction. While the Letter Agreement has no immediate impact on the shareholdings of Mr. Hernandez and Dr. Thomson in CEG, at this time CEG is unable to provide a description of any impact that a definitive acquisition agreement may have on any such shareholdings in CEG.

Prior to Hernandez and Thomson's involvement with Stephen Houghton and SAGC (today CEG) in 1990, Anglo American had spent approximately US \$2,000,000, adjusted for inflation, for exploration on the Santa Cecilia Property before eventually dropping the option.

In 2002, Stephen Houghton and CDM had discussed an option in which CEG (at that time SAGC) would have acquired 100% of the Santa Cecilia Property. The option was dropped as metal prices and the company's financial situation at the time did not allow CEG to explore the Santa Cecilia Property.

The Majority Shareholders of CDM believe that their best long term interests are the same as those of CEG's shareholders and view the bringing of Santa Cecilia into CEG as a significant opportunity to create value in CEG.

CDM has conducted Mobile Metal Ion geochemical and CSAMT geophysical surveys on the Santa Cecilia property. These surveys have successfully established the existence of a drill target in the shape of a large gold and copper anomaly. This gold and copper drill target is 3,000 meters directly west of the Caspiche measured and indicated resource.

CEG will continue to expand its exploration of the porphyry deposit at Pimenton where the company's heavy duty diamond rig is drilling on an ongoing basis while at the same time advancing production and exploration on CEG's Pimenton gold mine. Pimenton is part of the central Chilean copper porphyry belt that hosts some of the largest copper mines in the world, while the Santa Cecilia Property gold copper porphyry is in the Maricunga district that hosts some of the largest undeveloped gold and copper deposits in the world.

CEG will continue to conduct exploration on its Tordillo and La Bella prospects while at the same time contract drilling the Santa Cecilia prospect.

The non-interested directors of CEG wish to thank Mr. Hernandez and Dr. Thomson for bringing this unique opportunity to CEG. The combination of CEG's Pimenton gold mine with its associated copper gold porphyry, plus CEG's other prospects together with the Santa Cecilia gold copper porphyry, will mean that favourable results on one or both of these major prospects will give CEG the opportunity to become a significant junior mining company.

Claim maps, geological reports and NI 43-101 reports that have been completed to date on the Santa Cecilia prospect are on both the CEG web site, www.cegmining.com and on the CDM web site www.cerrodelmedio.cl

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.