

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**

August 11, 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 August 11, 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**
August 16, 2011.

News Release

Schedule "A"

CERRO GRANDE MINING CORPORATION

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FOR IMMEDIATE RELEASE – August 11, 2011

Cerro Grande Mining Corporation Reports Significant Improvement in Results for the Three Months and Nine Months Period Ending June 30, 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 unaudited results for the three months ended June 30, 2011 compared to the three months ended 2010 and for the nine months ended June 30, 2011 compared to the nine months ended June 30, 2010.

Revenues from gold, copper and silver sales for the three months period ended June 30, 2011 were US \$7,695,000 compared to US \$2,714,000 for the three months period ended June 30, 2010. Net earnings were a positive US \$1,057,000 for the three months period ended June 30, 2011 compared to a loss of (US \$2,803,000) for the three months period ended June 30, 2010.

Gold ounces sold were 4,305 ounces or \$6,640,000 and copper and silver sales were \$1,055,000 in the three month period ended June 30, 2011 compared to gold ounces sold of 2,047 ounces or \$2,514,000 and copper and silver sales were \$200,000 in the comparable quarter of 2010.

For the nine months period ended June 30, 2011 revenues from gold, copper and silver

sales were US \$18,715,000 compared to US \$6,914,000 for the comparable period in 2010. Net earnings were a positive US \$3,086,000 or US \$.03 per share for the nine months period ended June 30, 2011 compared to a loss of (US \$4,331,000) or (US \$.02) per share for the comparable period in 2010.

Gold ounces sold in the nine month period ended June 30, 2011 were 11,262 ounces compared to 5,547 ounces sold in the nine month period ended June 30, 2010. Cash cost per ounce at the Pimenton mine, net of by-product credits, was US \$654 for the nine months ended June 30, 2011 compared to US \$1,077 in the comparable period ended June 30, 2010.

Working capital at June 30, 2011 was a positive 1.45 to 1.00 including cash of US \$4,659,000 compared to a negative .80 to 1:00 including cash of US \$1,470,000 for the comparable period in 2010.

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.