

FORM 51-102F3 - MATERIAL CHANGE REPORT

1. **Name and Address of Company**

Cerro Grande Mining Corporation (the "Company")
Royal Bank Plaza, South Tower
200 Bay Street
Suite 3800
Toronto, Ontario M5J 2Z4

2. **Date of Material Change**

July 4, 2014.

3. **News Release**

The news release attached hereto as Schedule "A" announcing the material change described herein were released through Canada News Wire Group at Toronto, Ontario on July 4, 2014.

4. **Summary of Material Change**

The material changes are described in the Company's news release attached hereto as Schedule "A", which news release are 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
56-22-569-6244

9. **Date of Report**
August 26, 2014.

News Release

CERRO GRANDE MINING CORPORATION

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FOR IMMEDIATE RELEASE – July 4, 2014

Cerro Grande Mining Corporation Announces Debenture Private Placement

Toronto, Ontario, Canada – Cerro Grande Mining Corporation (the “**Company**” or “**CEG**”) (TSX-CEG; OTCQX-CEGMF) announced today a proposed private placement financing of non-convertible debentures (the “**Debentures**”) with a combined aggregate subscription price of up to US\$3,000,000 (the “**Offering**”). The Debentures will bear interest at the rate of 6% per annum, payable in cash, quarterly in arrears.

Pursuant to the terms of the Offering, it is proposed that Company will repay 1/6th of the original principal amount of each Debenture semi-annually (each such repayment, a “**Repayment**”). It is also proposed that, at the option of the holder of a Debenture, any Repayment may be satisfied by the tender of: (i) cash; or (ii) gold dore produced from the Company’s Pimenton Mine, at a deemed price per ounce of gold of US\$1,157 per ounce.

Proceeds of the private placement are expected to be used for general working capital purposes, including, but not limited to, the repayment of debt, project development and corporate and administrative purposes.

Westmount Capital (“**Westmount**”), a Switzerland-based capital markets firm, has been engaged to assist with identifying and introducing purchasers to the Company in connection with the Offering as well as to

provide corporate finance advisory services. In consideration for its services, Westmount will receive, subject to Toronto Stock Exchange approval, 500,000 common shares in the capital of the Company as a due diligence fee and may receive an aggregate cash fee equal to 10% of the gross proceeds from the sale of the Debentures to purchasers introduced to the Company by Westmount in connection with the Offering. Forty percent of the cash fee may at the option of Westmount be satisfied by the issuance to Westmount of a non-convertible debenture having the same terms and conditions as the Debentures.

The Company is a minerals producing, exploration and development company with properties and activities currently focused in Chile.

Forward-Looking Information

This news release contains certain forward-looking information. All information, other than information regarding historical fact, that addresses activities, events or developments that the Company believes, expects or anticipates will or may occur in the future is forward-looking information. Forward-looking information contained in this news release includes, but may not be limited to, the completion of the Offering, the expected use of proceeds and the future Repayments. The forward-looking information contained in this news release reflects the current expectations, assumptions and/or beliefs of the Company based on information currently available to the Company. With respect to the forward-looking information contained in this news release, the Company has made assumptions regarding, among other things, the Company's working capital requirements and the ability of the Company to complete the Offering and satisfy the Repayments. The forward-looking information contained in this news release is subject to a number of risks and uncertainties that may cause actual results or events to differ materially from current expectations, including the inability of the Company to use the proceeds of the Offering towards its working capital requirements and the inability of the Company to complete the Offering or satisfy the Repayments. Any forward-looking information speaks only as of the date on which it is made and, except as may be required by applicable law, the Company disclaims any obligation to update or modify such forward-looking information, either because of new information, future events or for any other reason.

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