

## 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**

October 20 and 24, 2014.

3. **News Release**

The news releases attached hereto as Schedules "A" and "B" announcing the material change described herein were released through Canada News Wire Group at Toronto, Ontario on October 20, 2014 and October 24, 2014.

4. **Summary of Material Change**

The material change is described in the Company's news releases attached hereto as Schedules "A" and "B", which news releases 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**

October 27, 2014.

## News Release

### CERRO GRANDE MINING CORPORATION

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**FOR IMMEDIATE RELEASE** – October 20, 2014

#### **Cerro Grande Mining Corporation intends to raise US\$700,000 in Private Placement and to complete Debt Settlement**

Toronto, Ontario, Canada – Cerro Grande Mining Corporation (the “**Company**” or “**CEG**”) (CEG:CNSX) (CEGMF:OTGQX) announces that it has agreed in principle to (i) complete a private placement of units of the Company with two of its directors (or holding companies of such directors) (the “**Directors**”) for cash proceeds of US\$700,000 (the “**Placement**”), and (ii) extinguish certain outstanding indebtedness owed to the Directors by issuing common shares of the Company (each, a “**Common Share**”) in settlement of such debt (the “**Debt Settlement**”). The Placement and Debt Settlement are being completed in order to immediately improve the financial position of the Company given the serious financial difficulties it is currently facing, and with a view of setting the Company on firm financial ground to carry out its mining business in Chile in the future.

Pursuant to the Placement the Company will issue an aggregate of 15,743,000 units of securities of the Company (each, a “Unit”) at CDN\$0.05 per Unit, with each Unit comprising one Common Share and one Common Share purchase warrant (each, a “Warrant”), with each Warrant exercisable for a period of 5 years to purchase one Common Share at CDN\$0.07. Proceeds of the Placement are expected to be used for general working capital purposes, including, but not limited to, corporate and administrative purposes.

Pursuant to the Debt Settlement, the Company will extinguish outstanding indebtedness in the aggregate amount of US\$2,162,972 owed to the Directors, such indebtedness being made up of accrued but unpaid royalty payments and service fees owed to the Directors and cash advances made to the Company by the Directors and interest thereon, by issuing an aggregate of 48,645,220 Common Shares (representing an issue price of CDN\$0.05 per share) in full and final settlement thereof. All dollar amounts have been converted at an exchange rate of CND\$1.1245 per US\$1.00.

The participation of each Director in the Placement and the Debt Settlement constitutes a “related party transaction” under Multilateral Instrument 61-101- *Protection of Minority Security Holders in Special Transactions* (“MI 61-101”). The Company intends to rely on the “financial hardship” exemptions from both the formal valuation and minority shareholder approval requirements of MI 61-101 in connection with the Placement and Debt Settlement. In reliance thereon, the Board of Directors of the Company (other than the Directors who abstained from voting), including all of its independent members, has unanimously concluded that the Company is in serious financial difficulty and the contemplated transactions, the terms of which are reasonable in the circumstances, will improve the financial position of the Company. There is no requirement, corporate or otherwise (including pursuant to the rules of the Canadian Securities Settlement), to hold a meeting to obtain any approval of the holders of Common Shares in connection with the Placement and the Debt Settlement.

Upon completion of the Placement and the Debt Settlement, the Directors will hold 107,641,130 Common Shares representing approximately 61.5% of the issued and outstanding Common Shares. On a fully-diluted basis, the Directors would hold approximately 62.70% of the Common Shares.

The Company anticipates closing the Placement and the Debt Settlement on or about October 24, 2014.

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” as such term is defined under applicable Canadian securities laws. All disclosure herein, other than information regarding historical fact, regarding possible events, conditions or financial performance that is based on assumptions about future economic conditions or courses of action, including any future-oriented financial information with respect to prospective financial performance, financial position or cash flows that is presented either as a forecast or a projection, is forward-looking information. Forward-looking information contained in this news release includes, but may not be limited to, the anticipated closing of the Placement and the Debt*

*Settlement and the timing thereof, and the expected use of proceeds from the Placement. 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 its ability to complete the Placement and Debt Settlement in a timely manner. 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 Placement as intended and the inability of the Company to improve its financial position beyond the near term. 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.*

Renmark Financial Communications Inc.  
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# News Release

## CERRO GRANDE MINING CORPORATION

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Website: [www.cegmining.com](http://www.cegmining.com)

### **FOR IMMEDIATE RELEASE** – October 24, 2014

#### **Cerro Grande Mining Corporation closes US\$700,000 Private Placement and completes Debt Settlement**

Toronto, Ontario, Canada – Cerro Grande Mining Corporation (the “**Company**” or “**CEG**”) (CEG.CAC-CNSX-CEG.O-OTCQX) announces that it closed the private placement of units of the Company (the “**Placement**”) and the debt settlement (the “**Debt Settlement**”) with two holding companies held by CEG directors (the “**Directors**”) as described in the news release dated October 20, 2014.

The participation of each Director in the Placement and the Debt Settlement constituted a “related party transaction” under Multilateral Instrument 61-101- *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”). The Company has relied on the “financial hardship” exemptions from both the formal valuation and minority shareholder approval requirements of MI 61-101 in connection with the Placement and the Debt Settlement as described in the release dated October 20, 2014.

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

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