

News Release

CERRO GRANDE MINING CORPORATION

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Cerro Grande Mining Corporation Announced its Consolidated Profit and Loss for the Fourth Quarter and Year Ended September 30, 2015 with Comparatives for the Same Periods in 2014

Toronto, Ontario, Canada – Cerro Grande Mining Corporation (the “Company” or “CEG”) (CSE:CEG) (OTCQB:CEGMF) announced today its audited Consolidated Financial Statements and Management Discussion and Analysis for its fourth quarter and year ended September 30, 2015 with the comparatives for the same periods in 2014 have been filed on SEDAR. The Company refers the reader to those materials for additional information.

SUMMARY FINANCIAL RESULTS

The table below sets out the consolidated loss for fourth quarter and year ended September 30, 2015 and 2014.

	Three months ended		Year ended	
	September 30,		September 30,	
	2015	2014	2015	2014
Revenue	\$	\$	\$	\$
Sales	2,016	3,067	8,995	14,064
	<u>2,016</u>	<u>3,067</u>	<u>8,995</u>	<u>14,064</u>
Expenses				
Operating costs	2,329	2,908	12,088	15,868
Reclamation and remediation	-	25	27	45
General, sales and administrative	922	1,276	2,765	3,138
Foreign exchange	(71)	(112)	(154)	(186)
Interest	88	86	283	324
Other (income) and expenses (net)	455	(40)	(43)	(96)
Impairment charges	6,737	-	6,737	-
Exploration costs	19	5	21	195
	<u>10,479</u>	<u>4,148</u>	<u>21,724</u>	<u>19,288</u>
Loss and comprehensive loss before income taxes	(8,463)	(1,081)	(12,729)	(5,224)
Income tax (expense)/recovery	(176)	-	(176)	77
Deferred income tax	-	-	-	-
Loss and comprehensive loss for the period	<u>(8,639)</u>	<u>(1,081)</u>	<u>(12,905)</u>	<u>(5,147)</u>
Basic and diluted loss per share	<u>(0.05)</u>	<u>(0.01)</u>	<u>(0.08)</u>	<u>(0.05)</u>
Weighted average number of shares outstanding	170,743,264	108,005,009	170,743,264	108,005,009

1) Consolidated statements of loss and other comprehensive loss for the three month periods ended September 30, 2015 and 2014:

- a) Revenue for the three month period ended September 30, 2015 decreased over the same period in 2014 due to a decrease in gold grades and sales to 1,546 oz compared to 2,068 oz in the three month period ended September 30, 2014. These factors, added to a continuing drop in the gold price during the quarter ended September 30, 2015 have led to lower results.

- b) Operating expenses for the three months ended September 30, 2015 were \$2,397 compared to \$2,908 for the same period in 2014.
 - c) General sales and administrative costs for the three months ended September 30, 2015 were \$922 compared to \$1,276 for the same period in 2014.
 - d) At September 30, 2015, as a result of declining grades at the mine and both current and projected declines in the price of gold, the mine's five year future cash flow model indicated an asset impairment provision. This was quantified and resulted in a charge of \$ 6,737 in the current year.
- 2) Consolidated statements for the year ended September 30, 2015 and 2014:
- a) Sales revenue for the year ended September 30, 2015 decreased over the same period in 2014 due to a decrease in gold sales of 6,633 oz compared to 9,220 oz in the year ended September 30, 2014. These factors, in combination with a drop in the gold price and the grade for the year ended September 30, 2015, have led to lower results for the year.
 - b) Operating expenses for the year ended September 30, 2015 were \$12,088 compared to \$15,868 for the same period in 2014. The decrease of \$3,780 consists mainly of a reduction in labour costs, a revaluation of the Chilean pesos vs the US Dollar and lower fuel, maintenance and other production costs.
 - c) General and administrative costs for the year ended September 30, 2015 were \$2,765 compared to \$3,138 for the same period in 2014, mainly due to reduction in labour costs during the first quarter.
 - d) At September 30, 2015, as a result of declining grades at the mine and both current and projected declines in the price of gold, the mine's five year future cash flow model indicated an asset impairment provision. This was quantified and resulted in a charge of \$ 6,737 in the current year.
- 3) Consolidated Cash flow for the year ended September 30, 2015:
- Cash generated by the Pimenton Mine decreased due to operational problems and the drop in the price and grade of gold. The operational problems related to delays in reaching known and expected ore shoots below the existing levels.
- 4) Consolidated Statement of Financial Position as at September 30, 2015:

As at September 30, 2015 the Company had a negative working capital of \$8,200 (2014–negative \$2,747).

OVERVIEW

The Company is an exploration, development and mining corporation focused in Chile. The Company's primary asset is an operating gold and copper mine in Chile (the "Pimenton Mine"). The Pimenton mine is a narrow high-grade gold and copper mine located in the high mountain range of Chile and encompasses 3,121 hectares (7,708 acres).

The Company's other major projects are a porphyry copper deposit (the "Pimenton Porphyry") and other projects in various stages of exploration and development in Chile which include "Tordillo", and two limestone deposits "Catedral" and "Cal Norte".

HIGHLIGHTS

Operational Highlights

- Gold produced by the Pimenton Mine for the year ended September 30, 2015 was 6,633 oz compared to 9,220 oz produced in the prior year.
- The average gold recovery for the year ended September 30, 2015 was 92.54% compared to 93.73% in the prior year.
- The Company expects the mine to increase milling rates to 140 tons per day depending on the rate of conversion of its known resources to reserves.
- Currently the plant has been permitted to operate at an average of 166 tons per day. During the present year the plant has operated at an average of 120 tons per day. The Company has prepared but not yet submitted permits to take the mine up to 500 tons per day.
- Non-IFRS Measures:
 - Pimenton's cash cost for the year ended September 30, 2015 was \$1,136 per ounce of gold produced net of by-product credits, compared to \$935 per oz in the prior year.
 - Pimenton's production cost including depreciation and amortization for the year ended September 30, 2015 was \$1,505 per ounce of gold produced net of by product credit compared to \$1,223 per oz in the prior year.

Financial Highlights

- Loss before income taxes for the year ended September 30, 2015 was \$12,729 compared to a loss of \$5,224 in the same period in 2014. Loss before income taxes for the three month period ended September 30, 2015 was \$8,463 (2014 – \$1,081)
- Average price per ounce of gold for the year ended September 30 2015 was \$1,164 (2014 - \$1,282). Average price per ounce during the three months ended September 2015 was \$1,099 (2014 - \$1,255)
- Net loss after income taxes for the year ended September 30, 2015 was \$12,905 compared to \$8,706 in the same period in 2014. Net loss after income taxes for the three months ended September 30, 2015 was \$8,639 compared to \$1,081 for the same period in 2014.
- Basic loss per share for the year ended September 30, 2015 was a loss of 0.08 cents per share (2014 – loss of 0.05).
- At September 2015, the Company had cash and cash equivalents of \$252 compared to \$87 at September 30, 2014.
- Cash flow from operations for the year ended September 30 2015 was negative \$2,834 (2014 – negative \$1,057).
- During the last quarter, as a result of declining grades at the mine and both current and projected declines in the price of gold, the mine’s five year future cash flow model indicated an asset impairment provision. This was quantified and resulted in a charge of \$ 6,737 in the current year.
- The above impairment added to an operational loss for the year ended September 30, 2015 and results in a negative equity for the Company of \$ 1,178.

Other Highlights

- Management believes that the values of the Pimenton gold mine, the potential porphyry copper deposit, Tordillo exploration and the Catedral/Rino and Cal Norte limestone deposits are not reflected in the Company’s market capitalization. The Company will continue its effort to enhance the underlying values of its assets.
- Subsequent to year end, on November 6, 2015 the Company reported that it has agreed to extinguish certain outstanding indebtedness owed to David Thomson and Mario Hernandez (the “Related Parties”), both Directors and Officers of the Company, by issuing common shares of the Company (each, a “Common Share”) in settlement of such debt (the “Debt Settlement”).

The Debt Settlement was completed in order to immediately improve the financial position of the Company given the serious financial difficulties it is currently facing.

Pursuant to the Debt Settlement, the Company extinguished outstanding indebtedness in the aggregate amount of US\$3,465,501 owed to the Related Parties, such indebtedness being made up of cash advances made to the Company by the Related Parties, by issuing an aggregate of

92,875,400 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\$1.34 per US\$1.00.

With the completion of the Debt Settlement on November 12, 2015, the Related Parties hold 200,516,530 Common Shares representing approximately 74.86% of the issued and outstanding Common Shares. On a fully-diluted basis, the Related Parties now hold approximately 81.33% of the Common Shares.

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.