

News Release

CERRO GRANDE MINING CORPORATION

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Cerro Grande Mining Corporation Announces its First Fiscal Quarter Ended December 31, 2015 Results Compared to the Comparable Period in 2014

Toronto, Ontario, Canada – Cerro Grande Mining Corporation (the “Company” or “CEG”) (CSE-CEG; OTCQB-CEGMF) reported its unaudited results for its first fiscal quarter ended December 31, 2015 compared to same period in 2014. The Company’s financial statements and MD&A for its fiscal first quarter ended December 31, 2015 compared to the comparable quarter in 2014 have been filed on SEDAR. The Company refers the reader to those materials for additional information.

Revenues totalled US \$2,646,000 for the Company’s first fiscal quarter ended December 31, 2015 which includes gold sales of US\$2,309,000 (2,138 ozs of gold) and copper and silver sales of US\$337,000 compared to revenues in its first quarter ended December 31, 2014 of US \$2,464,000 which includes gold sales of US \$2,309,000 (2,199 ozs of gold) and copper and silver sales of US \$265,000.

Net loss before income taxes for the first fiscal quarter ended December 31, 2015 was US \$1,040,000 compared to a loss of US \$1,415,000 in the comparable period a year ago. Net loss after taxes was US \$1,040,000 after depreciation and amortization charges of US \$673,000 and exploration expense of US \$nil. This compares to the same period a year ago when loss after taxes was US \$1,415,000 after depreciation and amortization charges of US \$597,000 and exploration expenses of US \$NIL.

At December 31, 2015 the Company had a negative working capital position of US \$5,293,000 compared to a negative US \$1,576,000 at September 30, 2014.

On a standalone basis, the Pimenton mine had a net loss for its first fiscal quarter ended December 31, 2015 of US \$815,000 after depreciation and amortization expense of US \$666,000 compared to the same period in 2014 when the net loss was US \$1,108,000 after deducting depreciation and amortization expense of US \$597,000.

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 assets 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".

Operational Highlights

- Gold produced by the Pimenton Mine for the three month period ended December 31, 2015 was 2,138 oz compared to 1,822 oz produced in the first quarter ended December 31, 2014.
- The average gold recovery for the quarter ended December 31, 2015 was 92.73% compared to 92.70 % in the same quarter ended December 31, 2014.
- 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 100 tons per day. The Company has prepared but not yet submitted permits to take the mine up to 500 tons per day.

Financial Highlights

- Loss before income taxes for the quarter ended December 31, 2015 was \$ 1,040 compared to a loss of \$ 1,415 in the same period in 2014.
- Average price per ounce of gold for the quarter ended December 31, 2015 was \$ 1,080 (2014 - \$ 1,207).
- Net loss after income taxes for the quarter ended December 31, 2015 was \$ 1,040 compared to \$ 1,415 in the same period in 2014.
- Basic loss per share for the quarter ended September 31, 2015 was a loss of 0.003 cents per share (2014 – loss of 0.008).
- At December 2015, the Company had cash and cash equivalents of \$ 149 compared to \$245 at December 31, 2014.
- Cash flow from operations for the quarter ended December 31, 2015 was negative \$53 (2014 – positive \$202).

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.
- 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 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.