

# News Release

## CERRO GRANDE MINING CORPORATION

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**FOR IMMEDIATE RELEASE – May 30, 2016**

### **Cerro Grande Mining Corporation Announces its Second Fiscal Quarter Ended March 31, 2016 Results Compared to the Same Period in 2015 and for the Six Months Fiscal Period Ended March 31, 2016 Compared to the Same Six Months Period in 2015**

Toronto, Ontario, Canada – Cerro Grande Mining Corporation (the “Company” or “CEG”) (CSE:CEG) reported its unaudited results for its second fiscal quarter ended March 31, 2016 compared to the same quarter in 2015 and results for the six months fiscal period ended March 31, 2016 compared to the same six months period in 2015. These financial statements and MD&A have been filed on SEDAR and the Company refers the reader to those materials for additional information.

Revenues totalled US \$1,707,000 for the Company’s second fiscal quarter ended March 31, 2016 which includes gold sales of US\$1,470,000 (1,191 ozs of gold) and copper and silver sales of US\$237,000 compared to revenues for the same quarter in 2015 of US \$2,381,000 which includes gold sales of US \$2,100,000(1,672 ozs of gold) and copper and silver sales of US\$281,000.

Revenues totalled US \$4,353,000 for the Company’s six months fiscal period ended March 31, 2016 which included gold sales of US \$3,774,000 (3,368 ozs of gold) and copper and

silver sales of US \$579,000 compared to revenues for the same six month period in 2015 of US \$4,845,000 which includes gold sales of US \$4,254,000 (3,542 ozs of gold) and copper and silver sales of US \$591,000.

Net loss before income taxes for the second fiscal quarter ended March 31, 2016 was US \$1,308,000 compared to a loss of US \$1,372,000 in the comparable period a year ago and for the six month period ended March 31, 2016, the Company reported a loss before income taxes of US\$2,351,000 compared to the same six month period a year ago of US\$2,847,000. Net loss after income taxes for the six month period just ended and the year ago period were the same as loss before taxes.

At March 31, 2016 the Company had a negative working capital position of US \$6,339,000 compared to US \$8,200,000 at September 30, 2015.

On a standalone basis, the Pimenton mine had a net loss for its second fiscal quarter ended March 31, 2016 of US \$1,838,000 after deducting depreciation and amortization expense of US \$1,181,000 compared to the same period in 2015 when the net loss was US \$2,155,000 after deducting depreciation and amortization expense of US \$1,207,000.

## SUMMARY FINANCIAL RESULTS

The table below sets out the consolidated profit and loss for the second quarter ended March 31, 2016 with comparatives for the same period in 2015 and the six months ended March 31, 2016 compared to the six months, ended March 31, 2015. (000's omitted only in the table below and the Notes to the Financial Statements)

	Three months ended		Six months ended	
	Mar 31, 2016	Mar 31, 2015	Mar 31, 2016	Mar 31, 2015
<b>Revenue</b>	\$	\$	\$	\$
Sales	1,707	2,381	4,353	4,845
	-	-	-	-
	1,707	2,381	4,353	4,845
<b>Expenses</b>				
Operating costs	2,522	3,203	5,546	6,508
Reclamation and remediation	5	6	11	13
General, sales and administrative	544	557	1,190	1,172
Foreign exchange	28	(39)	(21)	(59)
Interest	71	52	120	105
Other (income) and expenses (net)	(155)	(26)	(142)	(48)
Exploration costs	-	-	-	-
	3,015	3,753	6,704	7,692

<b>Loss and comprehensive loss before income taxes</b>	(1,308)	(1,372)	(2,351)	(2,847)
Income tax (expense)/recovery	-	-	-	-
<b>Loss and comprehensive loss for the period</b>	<u>(1,308)</u>	<u>(1,372)</u>	<u>(2,351)</u>	<u>(2,847)</u>
<b>Basic and diluted loss per share</b>	<u>(0.01)</u>	<u>(0.01)</u>	<u>(0.01)</u>	<u>(0.02)</u>

1) Consolidated statements for the three month period ended March 31, 2016 and 2015:

- a) Revenue for the three month period ended March 31, 2016, decreased over the same period in 2015 due to a decrease in gold ounces sold. Sales decreased to 1,191 ounces compared to 1,677 ounces in the three month period ended March 31, 2015.
- b) Operating expenses for the three months ended March 31, 2016 were \$2,522 compared to \$3,203 for the same period in 2015 which shows a continued effort by Management to reduce costs.
- c) General sales and administrative costs for the three months ended March 31, 2016 were \$544 compared to \$557 for the same period in 2015.

2) Consolidated statements for the six month period ended March 31, 2016 and 2015:

- a) Revenue for the six month period ended March 31, 2016 decreased over the same period in 2015 due to an decrease in gold ounces sold. Sales decreased to 3,368 ounces compared to 5,201 ounces in the same period ended March 31, 2015.
- b) Operating expenses for the six months ended December 31, 2016 were \$5,546 compared to \$6,508 for the same period in 2015 which again shows a continued effort by Management to reduce costs.
- c) General sales and administrative costs for the six months ended March 31, 2016 were \$1,190 compared to \$1,172 for the same period in 2015.

3) Consolidated Cash flow for the six month period ended March 31, 2016:

Cash generated by the Pimenton Mine decreased due to operational problems and the drop in the price and grade of gold. The operational problems relate to delays in reaching known and expected ore shoots below the existing levels. Capital expenditure at the Pimenton Mine was \$70 for the six month period ended March 31, 2016 (2015 - \$86)

#### 4) Consolidated Statement of Financial Position as at March 31, 2016:

As at March 31, 2016 the Company had a negative working capital of \$6,339 (2015–negative \$2,686). The increase of \$3,653 is mainly explained by the reclassification from long term debt of \$3,000 payable to related parties.

## 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".

## Operational Highlights

- Gold produced by the Pimentón Mine for the six month period ended March 31, 2016 was 3,258 oz compared to 3,499 oz produced in the same period ended March 31, 2015.
- The average gold recovery for the six month period ended March 31, 2016 was 91.90% compared to 93.00 % in the same period ended March 31, 2015.
- 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 quarter the plant has operated at an average of 105 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 six month period ended March 31, 2016 was \$ 2,351 compared to a loss of \$ 2,847 in the same period in 2015.
- Average price per ounce of gold for the six month period ended March 31, 2016 was \$ 1,147 (2015 - \$ 1,195).
- Net loss after income taxes for the six month period ended March 31, 2016 was \$ 2,351 compared to \$ 2,847 in the same period in 2015.
- Basic loss per share for the six month period ended March 31, 2016 was a loss of 0.010 cents per share (2015 – loss of 0.010).
- At March 31 2016, the Company had cash and cash equivalents of \$46 compared to \$45 at March 31, 2015.

- Cash flow from operations for the six month period ended March 31, 2016 was negative \$435 (2015 – negative \$634).

## 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 had 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 73.15% 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.*