

FORM 51-102F3 - MATERIAL CHANGE REPORT

1. **Name and Address of Company**

Cerro Grande Mining Corporation (the "Company")
Royal Bank Plaza, South Tower
Suite 3800
200 Bay Street, P.O. Box 84
Toronto, Ontario M5J 2Z4

2. **Date of Material Change**

July 26, 2016.

3. **News Release**

The news release attached hereto as Schedule "A" announcing the material change described herein was released through Canada News Wire Group at Toronto, Ontario on July 28, 2016.

4. **Summary of Material Change**

The material change is described in the Company's news release attached hereto as Schedule "A", which news release is 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
(212) 751-0083

9. **Date of Report**

July 29, 2016.

News Release

CERRO GRANDE MINING CORPORATION

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FOR IMMEDIATE RELEASE – July 28, 2016

Cerro Grande Mining Corporation Reported Today that Watts, Griffis and McOuat has Completed an Updated NI 43-101 Technical Report on Pimenton Mine

Toronto, Ontario, Canada – Cerro Grande Mining Corporation (the “**Company**” or “**CEG**”) (CSE:CEG) (OTCQB:CEGMF) reported today that Watts, Griffis and McOuat, Toronto, Canada has completed an updated NI 43-101 “Technical Report on the Pimenton Mine, the surrounding Pimenton Property, and nearby Tordillo Property in Central Chile”. A “Summary of Resource Estimate 2016, Pimenton Mine” is as follows:

Summary of Resource Estimate 2016, Pimenton Mine

Category	Tonnes	Au, g/t	Cu, %
Measured	44,000	15.4	1.4
Indicated	<u>36,000</u>	<u>10.0</u>	<u>1.1</u>
Total Measured + Indicated	80,000	13.0	1.2
Inferred	14,000	9.7	1.0

“There is potential to expand the inferred resources considerably at this site as well as to find new veins. MMI Sampling has covered the alteration area surrounding the Pimenton Mine and outlined a gold geochemical anomaly 1,100 m by 600 m in extent. Coupled with satellite imagery, CEG has identified sixteen possible targets for trenching at surface or drilling from underground. A target of particular promise is at the western limit of a strong part of the MMI anomaly where strongly leached vein material had in the past reported 3.2 g Au/t over 2m. In WGM’s opinion, this exploration should be undertaken when funding is available ahead of any other exploration on the properties”.

The recently discovered Monica vein has the potential to produce significantly higher grades. The Resource section of the WGM report states the following: *“The low grades for the Monica stopes in Table 7 were obtained from muck pile samples derived from the lower portion of these stopes where dilution was increased by the uppermost flat-lying fault. Sampling by CMP at the time of Brady’s site visit of the current Monica 3195 stope back 20 m above the level yielded 13.9 g Au/t over 0.8 m (weighted average of 50 samples). The grade of the Monica Vein is therefore expected by WGM to be higher than that used in our reserves and resources.”*

**Pimenton Mine Mineral Reserves
(Inclusive from the Resource Estimate)
(Effective July 21, 2016)**

Category	Tonnes	Au, g/t	Cu, %
Proven			
Stopes	2,000	9.6	0.8
Remnants	<u>28,000</u>	<u>15.8</u>	1.4
Total Proven	30,000	15.4	1.4
Probable			
Stopes	39,000	9.5	1.0
Remnants	<u>0</u>	<u>0</u>	<u>0</u>
Total Probable	39,000	9.5	1.0

The complete report has been filed on SEDAR.

The Company believes this report will be of assistance in helping it to raise a financing of US\$3,000,000 to put its Pimenton Mine back into operation, which suspended operations on June 4, 2016 as previously reported.

Cerro Grande Mining Corporation is a minerals producing, exploration and development company with properties and activities currently focused in Chile.

This News Release has been reviewed and approved by James A. Mc Gregor, Ph. D., P. Eng., a Qualified Person under NI 43-101 and one of the authors of the Updated Technical Report on Pimenton dated July 21, 2016.

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.