

Form 62-103F1
REQUIRED DISCLOSURE UNDER THE EARLY WARNING REQUIREMENTS

State if the report is filed to amend information disclosed in an earlier report. Indicate the date of the report that is being amended.

Item 1 – Security and Reporting Issuer

1.1 *State the designation of securities to which this report relates and the name and address of the head office of the issuer of the securities.*

This report is made in connection with the acquisition and disposition of common shares (“**Common Shares**”) of Cerro Grande Mining Corporation (the “**Company**”). The address of the head office of the Company is:

Cerro Grande Mining Corporation
Avenida Santa Maria 2224
Providencia
Santiago, Chile
7500014

1.2 *State the name of the market in which the transaction or other occurrence that triggered the requirement to file this report took place.*

Not applicable.

Item 2 – Identity of the Acquiror

2.1 *State the name and address of the acquiror.*

David Thomson
c/o Compania Minera Auromin Ltda. (“**Auromin**”)
Avenida Santa Maria 2224
Providencia
Santiago, Chile
7500014

Ian Thomson
c/o Compania Minera Auromin Ltda.
Avenida Santa Maria 2224
Providencia
Santiago, Chile
7500014

Matthew Thomson
c/o Compania Minera Auromin Ltda.
Avenida Santa Maria 2224
Providencia
Santiago, Chile

7500014

2.2 *State the date of the transaction or other occurrence that triggered the requirement to file this report and briefly describe the transaction or other occurrence.*

On December 27, 2018, Ian Thomson (“**Ian**”) and Matthew Thomson (“**Matthew**”) each acquired beneficial ownership of and control and direction over 43,475,600 Common Shares (the “**Transaction**”) from David Thomson (“**David**”). The purchase price paid per Common Share was CDN\$0.005, which was determined based on the trading price of the Common Shares on the Canadian Securities Exchange over each of the last 10 trades from December 14, 2018 to December 21, 2018.

The Common Shares subject to the Transaction were, prior to the Transaction, and continue to be, following the Transaction, held in the name of Auromin, a corporation jointly owned by Ian, Matthew and David.

2.3 *State the names of any joint actors.*

Ian, Matthew, and David may be considered to be acting jointly or in concert in respect of the Transaction.

Item 3 – Interest in Securities of the Reporting Issuer

3.1 *State the designation and number or principal amount of securities acquired or disposed of that triggered the requirement to file the report and the change in the acquiror’s securityholding percentage in the class of securities.*

Upon completion of the Transaction, 144,969,252 Common Shares continue to be held in the name of Auromin. David, Ian and Matthew have beneficial ownership and control and direction over 49,362,062, 47,803,595 and 47,803,595 of such Common Shares, respectively, representing approximately 13.6%, 13.2% and 13.2% of the issued and outstanding Common Shares, respectively.

For David, this represents a decrease of approximately 23.9% in the number of Common Shares over which he has beneficial ownership and control and direction over, as compared to the early warning report of November 13, 2015.

3.2 *State whether the acquiror acquired or disposed ownership of, or acquired or ceased to have control over, the securities that triggered the requirement to file the report.*

Ian and Matthew acquired beneficial ownership and control and direction over the Common Shares, and David disposed of beneficial ownership and control and direction over the Common Shares, pursuant to the Transaction.

3.3 *If the transaction involved a securities lending arrangement, state that fact.*

Not applicable.

3.4 *State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities, immediately before and after the transaction or other occurrence that triggered the requirement to file this report.*

Prior to the Transaction, each of Ian and Matthew held beneficial ownership and control and direction over 4,327,995 Common Shares, representing approximately 1.2% of the issued and outstanding Common Shares and, following the Transaction each of Ian and Matthew hold beneficial ownership and control and direction over 47,803,995 Common Shares, representing approximately 13.2% of the issued and outstanding Common Shares.

Prior to the Transaction, David held beneficial ownership and control and direction over 136,313,262 Common Shares, representing approximately 37.5% of the issued and outstanding Common Shares and, following the Transaction holds beneficial ownership and control and direction over 49,362,062 Common Shares, representing approximately 13.6% of the issued and outstanding Common Shares.

3.5 *State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities referred to in Item 3.4 over which*

(a) *the acquiror, either alone or together with any joint actors, has ownership and control,*

See Item 3.1.

(b) *the acquiror, either alone or together with any joint actors, has ownership but control is held by persons or companies other than the acquiror or any joint actor, and*

See Item 3.1.

(c) *the acquiror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership.*

See Item 3.1.

3.6 *If the acquiror or any of its joint actors has an interest in, or right or obligation associated with, a related financial instrument involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the related financial instrument and its impact on the acquiror's securityholdings.*

Not applicable.

3.7 *If the acquiror or any of its joint actors is a party to a securities lending arrangement involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the arrangement including the duration of the arrangement, the number or principal amount of securities involved and any right to recall the securities or identical securities that have been transferred or lent under the arrangement.*

State if the securities lending arrangement is subject to the exception provided in section 5.7 of NI 62-104.

Not applicable.

- 3.8** *If the acquiror or any of its joint actors is a party to an agreement, arrangement or understanding that has the effect of altering, directly or indirectly, the acquiror's economic exposure to the security of the class of securities to which this report relates, describe the material terms of the agreement, arrangement or understanding.*

Not applicable.

Item 4 – Consideration Paid

- 4.1** *State the value, in Canadian dollars, of any consideration paid or received per security and in total.*

See Item 2.2.

- 4.2** *In the case of a transaction or other occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, disclose the nature and value, in Canadian dollars, of the consideration paid or received by the acquiror.*

See Item 2.2.

- 4.3** *If the securities were acquired or disposed of other than by purchase or sale, describe the method of acquisition or disposition.*

See Item 2.2.

Item 5 – Purpose of the Transaction

State the purpose or purposes of the acquiror and any joint actors for the acquisition or disposition of securities of the reporting issuer. Describe any plans or future intentions which the acquiror and any joint actors may have which relate to or would result in any of the following:

- (a) *the acquisition of additional securities of the reporting issuer, or the disposition of securities of the reporting issuer;*

Each of David, Ian and Matthew holds his respective Common Shares for investment purposes and may, in the future, increase or decrease his respective ownership of securities of the Company, directly or indirectly, from time to time depending upon the business and prospects of the Company and future market conditions.

- (b) *a corporate transaction, such as a merger, reorganization or liquidation, involving the reporting issuer or any of its subsidiaries;*

- (c) *a sale or transfer of a material amount of the assets of the reporting issuer or any of its subsidiaries;*

- (d) *a change in the board of directors or management of the reporting issuer, including any plans or intentions to change the number or term of directors or to fill any existing vacancy on the board;*
- (e) *a material change in the present capitalization or dividend policy of the reporting issuer;*
- (f) *a material change in the reporting issuer's business or corporate structure;*
- (g) *a change in the reporting issuer's charter, bylaws or similar instruments or another action which might impede the acquisition of control of the reporting issuer by any person or company;*
- (h) *a class of securities of the reporting issuer being delisted from, or ceasing to be authorized to be quoted on, a marketplace;*
- (i) *the issuer ceasing to be a reporting issuer in any jurisdiction of Canada;*
- (j) *a solicitation of proxies from securityholders;*
- (k) *an action similar to any of those enumerated above.*

Item 6 – Agreements, Arrangements, Commitments or Understandings With Respect to Securities of the Reporting Issuer

Describe the material terms of any agreements, arrangements, commitments or understandings between the acquiror and a joint actor and among those persons and any person with respect to securities of the class of securities to which this report relates, including but not limited to the transfer or the voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, guarantees of profits, division of profits or loss, or the giving or withholding of proxies. Include such information for any of the securities that are pledged or otherwise subject to a contingency, the occurrence of which would give another person voting power or investment power over such securities, except that disclosure of standard default and similar provisions contained in loan agreements need not be included.

Not applicable.

Item 7 Change in Material fact

If applicable, describe any change in a material fact set out in a previous report filed by the acquiror under the early warning requirements or Part 4 in respect of the reporting issuer's securities.

See Item 3.1.

Item 8 Exemption

If the acquiror relies on an exemption from requirements in securities legislation applicable to formal bids for the transaction, state the exemption being relied on and describe the facts supporting that reliance.

Ian and Matthew are relying on the exemption from the takeover bid rules set out in section 4.2(1) of National Instrument 62-104 - *Takeover Bids and Issuer Bids*. As described in Item 2.2, the Transaction involves a purchase from one person and was effected at a price of less than 115% of market price of the Common Shares at the date of the bid.

Item 9 – Certification

The acquiror must certify that the information in this report is true and complete in every respect. In the case of an agent, the certification is based on the agent’s best knowledge, information and belief but the acquiror is still responsible for ensuring that the information filed by the agent is true and complete.

This report must be signed by each person on whose behalf the report is filed or his or her authorized representative.

It is an offence to submit information that, in a material respect and at the time and in the light of the circumstances in which it is submitted, is misleading or untrue.

Certificate

The certificate must state the following:

I, as an acquiror, certify, or I, as the agent filing this report on behalf of an acquiror, certify to the best of my knowledge, information and belief, that the statements made in this report are true and complete in every respect.

December 28, 2018

Date

(signed) “David Thomson”

David Thomson

(signed) “Ian Thomson”

Ian Thomson

(signed) “Matthew Thomson”

Matthew Thomson