

Form 62-103F1

*Required Disclosure under the Early Warning Requirements*

*This report is being filed by the acquirors to update the information contained in a report filed on or about December 18, 2018.*

**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 relates to the issuance of an unsecured convertible debenture (the “**Debenture**”) that took place on February 20, 2020 acquired by Minera Auromin Limitada (“**Auromin**”), a company jointly owned by David, Ian and Matthew Thomson in exchange for cash advances previously made by Auromin to Cerro Grande Mining Corporation (the “**Issuer**” or the “**Company**”) and the common shares of the Issuer (“**Common Shares**”) that may be acquired upon the conversion of the Debenture. Pursuant to the terms of the Debenture, the conversion of the Debenture into Common Shares may not occur for a period of 180 days after the date of issuance thereof (i.e. August 19, 2020).

The name and address of the Company is: Cerro Grande Mining Corporation, Avenida Santa Maria 2224, Providencia, Santiago, Chile.

**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. See item 2.2.

**Item 2 – Identity of the Acquiror**

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

The names of the acquirors and their respective addresses are: David, Ian and Matthew Thomson c/o Minera Auromin Limitada, Avenida Santa Maria 2224, Providencia, Santiago, Chile.

**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.**

Auromin acquired the Debenture convertible into Common Shares in the aggregate principal amount of US\$3,149,356.87 (CDN\$4,090,384.70) in exchange for cash advances made to the Company by Auromin in the same aggregate

amount on February 20, 2020. The outstanding amount of principal of said Debenture is convertible into Common Shares, on or after August 19, 2020 until maturity, at a conversion price (the “**Conversion Price**”) equal to the greater of (i) CDN\$0.05 per Common Share and (ii) the simple average of the closing price per Common Share on the Canadian Securities Exchange (or such other exchange on which the Common Shares may then be listed) for the 15 consecutive trading days period ending immediately prior to the date of the notice of conversion provided by the holder of the Debenture to the Company.

Effective June 20, 2020, each of David, Ian and Matthew, have acquired beneficial ownership, control and direction over up to 81,807,694 Common Shares that are issuable upon conversion of the full amount of principal under the Debenture. All amounts have been converted based on an exchange rate of US\$1.00 = CDN\$1.2988.

### **2.3 State the names of any joint actors.**

Auromin is a company jointly owned by David, Ian and Matthew, accordingly, each such individuals may be considered to be acting jointly or in concert.

## **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.**

Auromin acquired the Debenture in the aggregate principal amount of US\$3,149,356.87 which is convertible into up to 81,807,694 Common Shares on or after August 19, 2020.

Immediately prior to June 20, 2020:

David Thomson (through Auromin, and directly and indirectly) had beneficial ownership of, or exercised control or direction over, 44,063,005 Common Shares, representing 12.98% of the 339,390,784 Common Shares issued and outstanding, calculated on a partially diluted basis and on a non-diluted basis (as David Thomson did not own, directly or indirectly, any stock options, warrants or other securities of the Company convertible into Common Shares).

Ian Thomson (indirectly through Auromin) had beneficial ownership of, or exercised control or direction over 47,803,595 Common Shares, representing 14.09% of the 339,390,784 Common Shares issued and outstanding, calculated on a partially diluted basis and on a non-diluted basis (as Ian Thomson did not own, directly or indirectly, any stock options, warrants or other securities of the Company convertible into Common Shares).

Matthew Thomson (indirectly through Auromin) had beneficial ownership of, or exercised control or direction over 47,803,595 Common Shares, representing 14.09% of the 339,390,784 Common Shares issued and outstanding, calculated on a partially diluted basis and on a non-diluted basis (as Matthew Thomson did not own, directly or indirectly, any stock options, warrants or other securities of the Company convertible into Common Shares).

Effective June 20, 2020, David Thomson, Ian Thomson and Matthew Thomson (indirectly through Auromin) had beneficial ownership of, or exercised control or direction over, an additional 81,807,694 Common Shares, representing an increase of approximately 19.42%, in the aggregate, of the current number of issued and outstanding Common Shares being 339,390,784 Common Shares, calculated on a partially diluted basis, assuming the conversion of the Debenture, in full (which Debenture may not be converted prior to August 19, 2020).

This also represents an increase of approximately 19.42%, in the aggregate in the number of Common Shares over which David, Ian and Matthew have beneficial ownership, or control or direction, as compared to their early warning report of December 18, 2018, calculated on a partially diluted basis, assuming exercise of the Debenture.

**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.**

David, Ian and Matthew, via Auromin, acquired beneficial ownership and control and direction of the Common Shares issuable upon conversion of the Debenture. See item 2.2.

**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.**

See item 3.1.

**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 3.4.

**(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**

Not applicable.

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

Not applicable.

**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.**

Cash advances totalled US\$3,149,356.87 (CDN\$4,0902,384.70) representing the aggregate principal amount of the Debenture. See Item 1.1.

**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;**
- (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; and/or**
- (k) an action similar to any of those enumerated above.**

Auromin acquired the Debenture to provide financial relief to the Company in a time of financial hardship. Auromin intends to hold the Debenture until maturity or if converted earlier into Common Shares for investment purposes and may, in the future, increase or decrease its 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. Each of David, Matthew and Ian currently have no other plans or intentions that relate to, or would result in the matters listed in clauses (a) to (k), above. Depending on market conditions, general economic and industry conditions, the Company's business and financial condition and/or other relevant factors, David, Matthew and/or Ian may develop such plans or intentions in the future.

#### **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.**

The issuance of the Debenture was disclosed by the Company in a press release issued on February 20, 2020. The issuance of the Debenture was approved at a duly held Board of Directors meeting.

#### **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.

Not applicable.

#### 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.

Not applicable.

#### Item 9 – Certification

I, as the 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.

Date: June 22, 2020

*(signed) "David Thomson"*

David Thomson

*(signed) "Ian Thomson"*

Ian Thomson

*(signed) "Matthew Thomson"*

Matthew Thomson