

Form 62-103F1

Required Disclosure under the Early Warning Requirements

This report is being filed by the acquiror to update the information contained in a report filed on or about November 13, 2015.

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 issuances of unsecured convertible debentures (each a, “**Debenture**”) that took place on February 20, 2020 acquired by Compañía Minera Chanar Blanco S.A. (“**Chanar Blanco**”), a company controlled by Mario Hernandez (“**Hernandez**”) and Hernandez personally, in exchange for cash advances previously made by Chanar Blanco and Hernandez personally to Cerro Grande Mining Corporation (the “**Issuer**” or the “**Company**”) and common shares of the Issuer (“**Common Shares**”) that may be acquired upon the conversion of the Debentures. Pursuant to the terms of the Debentures, the conversion of the Debentures 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 name and address of the acquiror is: Mario Hernandez c/o Compañía Minera Chañar Blanco S.A. 380 Lost Carreras, Of, 425, La Serena, 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.

Hernandez, through Chanar Blanco and personally, acquired two Debentures convertible into Common Shares in the aggregate principal amount of US\$637,622.88 (CDN\$824,144.58) in exchange for cash advances made to the

Company by Chanar Blanco and Hernandez in the same aggregate amount on February 20, 2020. The outstanding amount of principal under each 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, Hernandez (and through Chanar Blanco) has acquired beneficial ownership, control and direction over up to 16,562,891 Common Shares, that are issuable upon conversion of the full amount of principal under the Debentures. 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.

Chanar Blanco, is a company over which Hernandez exercises control. Hernandez also exercises control over Spier Business Corp. and Inversiones Maria Elena. See Item 3.1

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.

Chanar Blanco and Hernandez have acquired Debentures in the aggregate principal amount of US\$637,622.88 which are convertible into up to 16,562,891 Common Shares.

Immediately prior June 20, 2020, Hernandez (directly, and indirectly through Chanar Blanco, Spier Business Corp. and Inversiones Maria Elena) had beneficial ownership of, or exercised control or direction over, 132,429,709 Common Shares, representing 39.02% of the 339,390,784 Common Shares issued and outstanding, calculated on a partially diluted basis and on a non-diluted basis (as Hernandez did not own, directly or indirectly, any stock options, warrants or other securities of the Company convertible into Common Shares).

Effective June 20, 2020, Hernandez (directly, and indirectly through Chanar Blanco, Spier Business Corp. and Inversiones Maria Elena) has beneficial ownership of, or exercises control or direction over, 132,429,709 Common Shares and Debentures to acquire up to 16,562,891 Common Shares, representing approximately 41.86% 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 Hernandez and Chanar Blanco Debentures, in full, (which Debentures may not be converted prior to August 19, 2020).

For Hernandez, this represents an increase of approximately 2.84% in the number of Common Shares over which he has beneficial ownership, or control or direction, calculated on a partially diluted basis, assuming exercise of the Debentures, effective as of June 20, 2020 and as of the date of this report.

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.

Hernandez personally and via Chanar Blanco, acquired control and ownership of the Common Shares issuable upon conversion of the Debentures. 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\$637,622.88 (CDN\$824,144.58) representing the aggregate principal amount of the Debentures. 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.**

Chanar Blanco and Hernandez acquired the Debentures to provide financial relief to the Company in a time of financial hardship. Each of Hernandez and Chanar

Blanco intends to hold their respective 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. Hernandez currently has 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, Hernandez 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 Debentures was disclosed by the Company in a press release issued on February 20, 2020. The issuance of the Debentures 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) "Mario Hernandez"

Mario Hernandez