

## Cerro Grande Mining Corporation Announces Finalization of Agreement to acquire the Assets relating to the Pimentón Copper Gold Mining Project

TORONTO, Sept. 14, 2020 -- Cerro Grande Mining Corporation (the “**Company**” or “**CEG**”) (CSE:CEG) announces that, further to its news release dated July 15, 2020 in which the Company announced that it had entered into a non-binding letter of intent (the “**LOI**”) with Minera Tamidak Limitada (“**Tamidak**”), a private Chilean company owned by David Thomson and his family, to acquire from Tamidak certain assets, rights and obligations of Tamidak relating to the Pimentón Copper Gold Mining Project, the Company has negotiated with Tamidak a substantially final execution ready form of asset purchase agreement (the “**APA**”), including the final Purchase Price (as defined below), pursuant to which CEG’s Chilean subsidiary Minera Til Til SpA (“**Til Til**”) would acquire from Tamidak the mining concessions and other assets covering the Pimentón Mining Project as well as Tamidak’s rights and obligations under the Exploration and Option to Joint Venture Agreement (the “**FQM Agreement**”) entered into on or about April 27, 2020 between Tamidak and FQM Exploration (Chile) S.A. (“**FQM**”), a Chilean subsidiary of First Quantum Minerals Ltd. The Pimentón Copper Gold Mining Project covers 3,121 hectares located approximately 120km northeast of Santiago in the Andes mountains in Chile, and hosts the Company’s former Pimentón gold mine.

As such, in accordance with the terms of the LOI, the Company will hold a special meeting of shareholders on November 10, 2020 to approve the entering into of the APA between Til Til and Tamidak.

In the event the APA receives the requisite approval of shareholders and is subsequently entered into, the total purchase price (the “**Purchase Price**”) payable under the APA for the acquisition of Tamidak’s assets relating to the Pimentón Copper Gold Mining Project and the rights and obligations of Tamidak under the FQM Agreement will be \$3,900,000,000 Chilean Pesos (approximately CDN\$6,713,142 based on the nominal exchange rate of the Chilean peso to the Canadian dollar determined on September 11, 2020 as published by the Central Bank of Chile), will not be subject to adjustment after the execution of the APA, and will be payable in three equal installments as follows (i) \$1,300,000,000 Chilean Pesos (approximately CDN\$2,237,714) upon execution of the APA (the “**Execution Date**”), payable in common shares of CEG at a price per share equal to the greater of (A) the simple average of the closing price per CEG common share on the Canadian Securities Exchange (“**CSE**”) for the 10 consecutive trading days ending on the date immediately prior to the date of execution of the APA; and (B) CDN\$0.05 per share (or such other minimum price per share as may be in effect pursuant to the policies and rules of the CSE at the relevant time); (ii) \$1,300,000,000 Chilean Pesos (approximately CDN\$2,237,714) on the date that is not more than 18 months following the Execution Date, payable in cash or its equivalent in common shares of CEG, as Tamidak may elect in its sole and absolute discretion, at a price per share equal to the greater of (A) the simple average of the closing price per CEG Common Share on the CSE for the 10 consecutive trading days ending on the date immediately prior to such payment being made; and (B) CDN\$0.05 per share (or such other minimum price per share as may be in effect pursuant to the policies and rules of the CSE at the relevant time); and (iii) \$1,300,000,000 Chilean Pesos (approximately CDN\$2,237,714) on the date that is not more than 36 months following the Execution Date, payable in cash or its equivalent in common shares of CEG, as Tamidak may elect in its sole and absolute discretion, at a price per share equal to the greater of (A) the simple average of the closing price per CEG Common Share on the CSE for the 10 consecutive trading days ending on the date immediately prior to such payment being made; and (B) CDN\$0.05 per share (or such other minimum price per share as may be in effect pursuant to the policies and rules of the CSE at the relevant time). In case of payments to be made in shares of CEG as aforementioned, the number of CEG shares issuable shall be determined based on the nominal exchange rate of the Chilean peso to the Canadian dollar determined on the day before the applicable payment as published by the Central Bank of Chile.

The execution of the APA and the completion of the transactions thereunder remains subject to following conditions precedent: (i) satisfactory completion of legal and technical due diligence by CEG in its sole discretion; (ii) there being no material adverse change in the business, results of operations, prospects, condition (financial or otherwise), as applicable, relating to the assets and the mining concessions to be purchased according to the APA and the FQM Agreement and (iii) obtaining all applicable corporate, legal, shareholder and/or stock exchange approvals or permits, including minority approval of shareholders for the transaction in accordance with Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions (“**MI 61-101**”). Pursuant to MI 61-101, the transaction would not be subject to the formal valuation requirement because the common shares of the Company are not listed on a specified market being those markets described in section 5.5(b) of MI 61-101.

This news release was prepared by management of CEG which takes full responsibility for its contents.

Cerro Grande Mining Corporation is an exploration and development company with properties and activities currently focused in Chile.

Cautionary Statement on Forward-looking Information:

*This press release contains certain “forward-looking information”. All statements, other than statements of historical fact, that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future (including, without limitation, the completion of the anticipated transaction described in this news release) constitute forward-looking information.*

*This forward-looking information reflects the current expectations or beliefs of the Company based on information currently available to the Company as well as certain assumptions including, the ability of the Company to obtain the requisite minority*

*shareholder approval and to enter into the APA and to complete the acquisition of the assets, mining concessions and rights and obligations of Tamidak under the FQM Agreement in a timely manner and there being no material adverse changes relating to the assets and the mining concessions to be purchased according to the APA and the FQM Agreement. Forward-looking information is subject to a number of significant risks and uncertainties and other factors that may cause the actual results of the Company to differ materially from those discussed in the forward-looking information, and even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on the Company. Factors that could cause actual results or events to differ materially from current expectations, include, but are not limited to, an unsuccessful due diligence review by the Company of the assets and the mining concessions, the inability of the Company to obtain the requisite minority shareholder approval as required by MI 61-101 and/or the ability of the Company to complete the transactions contemplated by the APA and other factors that are out of the control of the Company.*

*Any forward-looking information speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise. Although the Company believes that the assumptions inherent in the forward-looking information are reasonable, forward-looking information is not a guarantee of future performance and accordingly undue reliance should not be put on such information due to the inherent uncertainty therein.*

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