

# News Release



## CERRO GRANDE MINING CORPORATION

FOR IMMEDIATE RELEASE – March 6, 2022

### **Cerro Grande Mining Corporation Announces Agreement to Lease to Tamidak certain Mining Concessions at Pimentón Project**

Toronto, Ontario, Canada – Cerro Grande Mining Corporation (the “**Company**” or “**CEG**”) (CSE:CEG) (OTCQB:CEGMF) is pleased to announce that its wholly-owned Chilean subsidiary, Minera Til Til SpA (“**Til Til**”) has entered into a “Contrato de Arrendamiento de Concesiones Mineras de Explotacion” (Lease Agreement for Mining Exploitation Concessions) (the “**Agreement**”) with Minera Tamidak Limitada (“**Tamidak**”) to lease to Tamidak certain concessions from the Company’s past producing Pimentón copper and gold project located approximately 120km northeast of Santiago in the Andes mountains in Chile (the “**Pimentón Project**”). Tamidak is a private Chilean company owned by members of the Thomson family that beneficially owns more than 10% of the Common shares of the Company.

The purpose of the Agreement is to enable Tamidak to carry out certain exploration and extraction activities for mineral substances limited to the existing tailings pond at the Pimentón Project (the “**Area of interest**”). As such, Tamidak may carry out research, reconnaissance, exploration and exploitation works in the Area of Interest and sell any mineral substances recovered therefrom.

Pursuant to the Agreement, all activities to be conducted by Tamidak, including obtaining the required permits and authorizations applicable to Tamidak’s activities, are its sole responsibility and costs. As compensation for the lease, Til Til is entitled to receive, on an annual basis, 50% of the net profits that Tamidak may receive from the recovery and sale of minerals recovered from the Area of Interest. In addition, Tamidak’s activities cannot impede or limit any exploration activities on the Pimentón Project that Til Til may conduct on its own or that are undertaken by a third party pursuant to a formal written agreement entered into between Til Til and such third party, and as such, Til Til retains the right to terminate the Agreement with 7-months’ prior written notice in the event that such activities would be incompatible with the activities carried out by Tamidak. The term of the Agreement is for three years and is automatically renewable for additional two-year periods unless terminated by either party with 60-days’ prior written notice to the other prior to the end of the initial term or any additional term. Tamidak retains the right to terminate the Agreement at any time by providing 90-days’ written notice to Til Til, and Til Til may terminate the Agreement at any time after five years with six-months’ prior written notice, provided that Til Til may immediately terminate the Agreement after providing written notice to Tamidak that it has failed to make any annual lease payment and such default is not remedied by Tamidak within ten business days after written notice has been provided to Tamidak. In the event of such termination, Tamidak remains obligated to make such payment.

Upon termination of the Agreement, Tamidak is required to abandon and clean the Area of Interest, remove equipment and comply with the closure plan approved by the relevant authority.

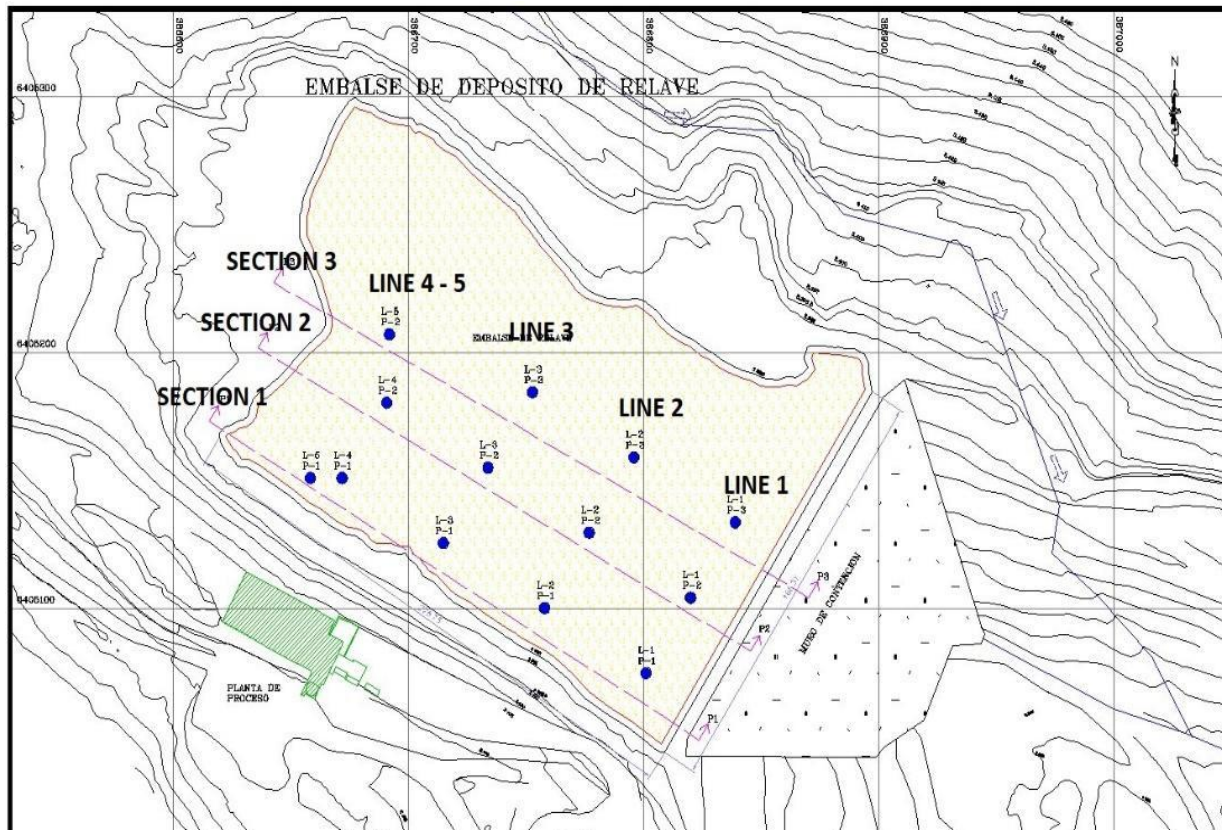
The lease of the mining concessions constitutes a related party transaction for CEG in accordance with Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions (“MI 61-101”). However, pursuant to MI 61-101, the lease transaction is exempt from the formal valuation requirement of MI 61-101 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 and is exempt from the minority shareholder approval requirement of MI 61-101 pursuant to section 5.7(c) of MI 61-101 because the transaction, meets the circumstances set out in paragraph 5.5(d)(ii) or would otherwise meet the financial hardship exemption provided in Section 5.7(e) of MI 61-101.

### Tailings Pond – Area of Interest

The tailings pond is approximately 130 m by 200 m in size with depths ranging from 2 to 15 m. In 2019, a preliminary sampling program was carried out as part of the Company’s environmental permitting of the tailings pond and the Company decided to assay the samples for gold mineralization. A total of 20 samples were collected, none more than 50 cm deep. The original samples returned higher than expected gold grades averaging 0.5 g/t, ranging from a low of 0.34 g/t to a high of 0.63 g/t.

In 2021, the tailings pond was drilled with Auger-type wells to a maximum depth of 6 m. This sampling system is adequate until this depth and it is not recommended for more deep holes because of the higher water content in depth. A total of 13 wells were drilled, in 3 sections separated 35 m and in lines every 50 m as shown below:

**Figure 1 - Sampling Map of Tailings Pond**



Assay results of this sampling is described in the following table:

<u>Hole Name</u>	<u>X</u>	<u>Y</u>	<u>Z</u>	<u>FROM</u>	<u>TO</u>		<u>Au g/t</u>	<u>TICKET</u>	<u>Avg. Au g/t</u>
LINEA1 POZO1	386801.033	6405074.814	3386.37	0	1	1	0.39	24340	
LINEA1 POZO1				1	2	1	1.6	24341	
LINEA1POZO1				2	3	1	1.62	24342	
LINEA1POZO1				3	4	1	1.24	24343	
LINEA1POZO1				4	5	1	1.27	24344	1.22
LINEA1POZO2	386819.989	6405104.269	3386.99	0	4	4	1.22	composite	1.22
LINEA1POZO3	386838.946	6405133.723	3386.38	0	1	1	1.6	24346	
LINEA1POZO3				1	2	1	1.48	24347	
LINEA1POZO3				2	3	1	2.08	24348	
LINEA1POZO3				3	4	1	2.92	24349	
LINEA1POZO3				4	5	1	1.81	24350	1.98
LINEA2POZO1	386757.92	6405100.215	3381.2	0	1	1	0.31	24310	
LINEA2POZO1				1	2	1	0.99	24311	
LINEA2POZO1				2	3	1	1.06	24312	
LINEA2POZO1				3	4	1	1.92	24313	
LINEA2POZO1				4	5	1	2.03	24314	
LINEA2POZO1				5	6	1	1.52	24315	1.31
LINEA2POZO2	386776.877	6405129.67	3384.2	0	1	1	0.64	24316	
LINEA2POZO2				1	2	1	1.02	24317	
LINEA2POZO2				2	3	1	1.33	24318	
LINEA2POZO2				3	4	1	1.1	24319	
LINEA2POZO2				4	5	1	1.54	24320	
LINEA2POZO2				5	6	1	1.43	24321	1.18
LINEA2POZO3	386776.877	6405129.67	3385.2	0	1	1	0.6	24351	
LINEA2POZO3				1	2	1	0.81	24352	
LINEA2POZO3				2	3	1	1.12	24353	
LINEA2POZO3				3	4	1	2.42	24354	
LINEA2POZO3				4	5	1	1.81	24355	1.35
LINEA3POZO1	386714.808	6405125.617	3385.2	0	1	1	0.52	24306	
LINEA3POZO1				1	2	1	1.14	24307	
LINEA3POZO1				2	3	1	1.09	24308	
LINEA3POZO1				3	4	1	0.92	24309	0.92
LINEA3POZO2	386733.765	6405155.071	3384.2	0	1	1	0.43	24301	
LINEA3POZO2				1	2	1	0.41	24302	
LINEA3POZO2				2	3	1	0.86	24303	
LINEA3POZO2				3	4	1	0.63	24304	
LINEA3POZO2				4	5	1	0.61	24305	0.59

LINEA3POZO3	386752.722	6405184.525	3382.2	0	1	1	0.48	24322	
LINEA3POZO3				1	2	1	0.48	24323	
LINEA3POZO3				2	3	1	0.67	24324	
LINEA3POZO3				3	4	1	0.89	24325	
LINEA3POZO3				4	5	1	0.87	24326	
LINEA3POZO3				5	6	1	1.73	24327	0.85
LINEA4POZO1	386671.695	6405151.018	3385.2	0	1	1	0.76	24328	
LINEA4POZO1				1	2	1	1.18	24329	
LINEA4POZO1				2	3	1	0.81	24330	
LINEA4POZO1				3	4	1	0.6	24331	
LINEA4POZO1				4	5	1	1.29	24332	
LINEA4POZO1				5	6	1	1.94	24333	1.10
LINEA4POZO2	386690.652	6405180.472	3380.2	0	1	1	0.73	24334	
LINEA4POZO2				1	2	1	0.59	24335	
LINEA4POZO2				2	3	1	0.65	24336	
LINEA4POZO2				3	4	1	0.85	24337	
LINEA4POZO2				4	5	1	1.11	24338	
LINEA4POZO2				5	6	1	1.34	24339	0.88
LINEA5POZO1	386658.6	6405150.61	3386.62	0	1	1	1.24	24356	
LINEA5POZO1				1	2	1	1	24357	
LINEA5POZO1				2	3	1	1.33	24358	
LINEA5POZO1				3	4	1	1.19	24359	1.19
LINEA5POZO2	386681.23	6405194.51	3381.2	0	1	1	0.64	24360	
LINEA5POZO2				1	2	1	0.58	24361	
LINEA5POZO2				2	3	1	0.62	24362	
LINEA5POZO2				3	4	1	0.88	24363	0.68
						Total	Wt. avg.		
						66 m	1.12 g/t Au		

Management would expect grades to improve at greater depths of sampling as higher-grade ore was mined in earlier years of mining operations at Pimentón. Very preliminary metallurgical testing in the tailing material, using flotation and single-process gravity separation methods returned gold recoveries of 83% and 80%, respectively.

### Analytical and QA/QC Procedures

Sampling procedure was reviewed by Román E. Flores Villalobos, a senior geologist from the Comisión Minera de Chile. Samples were sent to ALS Laboratories (“ALS”) in Chile for preparation and then to Peru for analysis. ALS meets all requirements of International Standards ISO/IEC 17025:2005 and ISO 9001:2015 for analytical procedures. Samples were analyzed via a 50 gram assay with Au by aqua regia extraction with ICP-MS finish (Au-OG44). In addition to ALS quality assurance / quality control protocols, the Company implements an internal QA/QC program that includes the insertion of sample blanks, duplicates and reference materials at systematic and random points in the sample stream.

## **Gravity Plant**

In connection with the work to be conducted by Tamidak pursuant to the Agreement, Tamidak has purchased from Jiangxi Victor International Mining Equipment Co. a 25 tph gravity plant which has shipped to Chile and is currently waiting to clear customs in Chile. Work has been ongoing to rehabilitate the existing plant building and camp infrastructure since December 2021. Tamidak anticipates having the plant installed and functional by the end of April 2022. The plant consists of 8 Humphrey spirals and 10 shaking tables for clean up, and a Knelson concentrator. Head grades are anticipated to be 1.12 gram per ton with a monthly production rate of 4,700 tonnes per month (“**tpm**”). The current mining permit allows up to a maximum of 5,000 tpm. All environmental permits are in place and a mining work permit (being a work safety-oriented permit) is in the process of being applied for working the tailings pond material which is expected to be received within 35 to 65 business days.

## **Qualified Person**

The scientific and technical content of this news release has been reviewed and approved by Román E. Flores Villalobos, who is independent of the Company, and a qualified person as defined by National Instrument 43-101. Mr. Flores has been retained to prepare a National Instrument 43-101 Technical Report on the Pimentón Project (including the potential of the tailings pond) on behalf of the Company.

## **Cautionary Statement on Forward-looking Information**

This news release contains "forward-looking information", which includes, but is not limited to, statements with respect to the Company's future plans for the Pimentón Project tailings. 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, including future exploration and metallurgical testing results, availability and access to infrastructure, disruptions due to Covid 19 or other pandemics or epidemics, availability of funds and usual risks inherent in exploration, development and mining operations, as well as other risk factors disclosed in the Company's public filings on [www.sedar.com](http://www.sedar.com). 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.

For further information, contact:  
Peter Hogg, CFO and interim CEO  
James Mac Auliffe  
E-Mail: [ceg@cegmining.com](mailto:ceg@cegmining.com)  
Telephone: +56 9 9837 4476  
Website: [www.cegmining.com](http://www.cegmining.com)