

FORM 51-102F3

MATERIAL CHANGE REPORT UNDER SECTION 7.1(1) OF NATIONAL INSTRUMENT 51-102 AND SECTION 5.2 OF MULTILATERAL INSTRUMENT 61-101

1. **Name and Address of Company**

Cerro Grande Mining Corporation (the “Company” or “CEG”)  
1 King Street West, Suite 4009  
Toronto, Ontario, M5H 1A1

2. **Date of Material Change**

March 2, 2022.

3. **News Release**

The news release attached hereto as Schedule “A” announcing the material change described herein was released through GlobeNewswire in Toronto, Ontario on March 6, 2022.

4. **Summary of Material Change**

As described in the news release attached hereto as Schedule “A” (which news release is incorporated herein), the Company announced that its wholly-owned Chilean subsidiary, Minera Til Til SpA (“Til Til”) 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”). 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.

5. **Full Description of Material Change**

5.1 Full Description of Material Change

In addition to the information included in the news release attached hereto as Schedule “A”, the following disclosure is required under Multilateral Instrument 61-101 (“MI 61-101”).

(a) a description of the transaction and its material terms:

See above. 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.

**(b) the purpose and business reasons for the transactions:**

The lease transaction contemplated by the Agreement enables the Company to receive, through Til Til, on an annual basis, in cash, 50% of the net profits that Tamidak may receive from the recovery and sale of minerals recovered from the Area of Interest, if any, with all costs relating to the exploration and recovery of such minerals being at the sole cost of Tamidak.

**(c) the anticipated effect of the transaction on the issuer's business and affairs:**

See paragraph 5(b) above.

**(d) a description of:**

- i. the interest in the transaction of every interested party and of the related parties and associated entities of the interested parties:**

Tamidak, the lessee under the Agreement, is a Chilean company jointly owned by the estate of the late David Thomson, and each of Matthew Thomson and Ian Thomson, which has beneficial ownership of, or exercises control or direction over, 44,055,102 Common Shares of CEG ("**Common Shares**"), representing 11.11%, in the aggregate, of the 396,429,993 Common Shares currently issued and outstanding.

In addition, the estate of the late David Thomson, beneficially owns, or controls or directs, directly or indirectly, 44,063,005 Common Shares, representing approximately 11.11% of the outstanding Common Shares; Ian Thomson, beneficially owns, or controls or directs, directly or indirectly, 47,803,595 Common Shares, representing approximately 12.06% of the outstanding Common Shares; and Matthew Thomson, beneficially owns, or controls or directs, directly or indirectly, 47,803,595 Common Shares, representing approximately 12.06% of the outstanding Common Shares.

As a result of the Agreement and the transactions contemplated thereby, there are no changes to the number of securities held by the above-noted persons. All annual rent payable by Tamidak to Til Til is to be made in cash as described herein.

- ii. **the anticipated effect of the transaction on the percentage of securities of the issuer, or of an affiliated entity of the issuer, beneficially owned or controlled by each person or company identified as an "interested party" in subparagraph (i) for which there would be a material change in that percentage:**

See subparagraph 5(d)i. above.

- (e) **unless this information will be included in another disclosure document for the transaction, a discussion of the review and approval process adopted by the board of directors and the special committee, if any, of the issuer for the transaction, including a discussion of any materially contrary view or abstention by a director and any material disagreement between the board and the special committee:**

The transaction was approved at a meeting of the Board of Directors pursuant to resolutions unanimously passed by the board of directors of the Company. There were no contrary views or disagreements in respect of the matters contemplated by the transactions.

- (f) **a summary, in accordance with section 6.5 of MI 61-101, of the formal valuation, if any, obtained for the transaction, unless the formal valuation is included in its entirety in the material change report or will be included in its entirety in another disclosure document for the transaction:**

Not applicable.

**(g) disclosure, in accordance with section 6.8 of MI 61-101, of every prior valuation in respect of the issuer that relates to the subject matter of or is otherwise relevant to the transaction:**

**i. that has been made in the 24 months before the date of the material change report:**

Not applicable.

**ii. the existence of which is known, after reasonable inquiry, to the issuer or to any director or senior officer of the issuer:**

Not applicable.

**(h) the general nature and material terms of any agreement entered into by the issuer, or a related party of the issuer, with an interested party or a joint actor with an interested party, in connection with the transaction**

Tamidak entered into the Agreement with Til Til. See paragraphs 4 and 5.1(a) above.

**(i) disclosure of the formal valuation and minority approval exemptions, if any, on which the issuer is relying under sections 5.5 and 5.7 of MI 61-101 respectively, and the facts supporting reliance on the exemptions**

The Company is exempted from the requirement under MI 61-101 of having to perform a formal valuation pursuant to subsection 5.5(b) 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.

The Company is exempted 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) of MI 61-101, or would otherwise meet the financial hardship exemption provided in Section 5.7(e) of MI 61-101.

**5.2. Disclosure for Restructuring Transactions**

Not applicable.

**6. Reliance on subsection 7.1(2) of National Instrument 51-102**

Not applicable.

**7. Omitted Information**

Not applicable.

**8. Executive Officer**

The following is the name and telephone number of an executive officer of the Company who is knowledgeable about the material change and this report.

Peter Hogg  
Chief Financial Officer and (interim) Chief Executive Officer  
+56 9 9837 4476  
ceg@cegmining.com

**9. Date of Report**

March 11, 2022.

## SCHEDULE "A"

# 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.

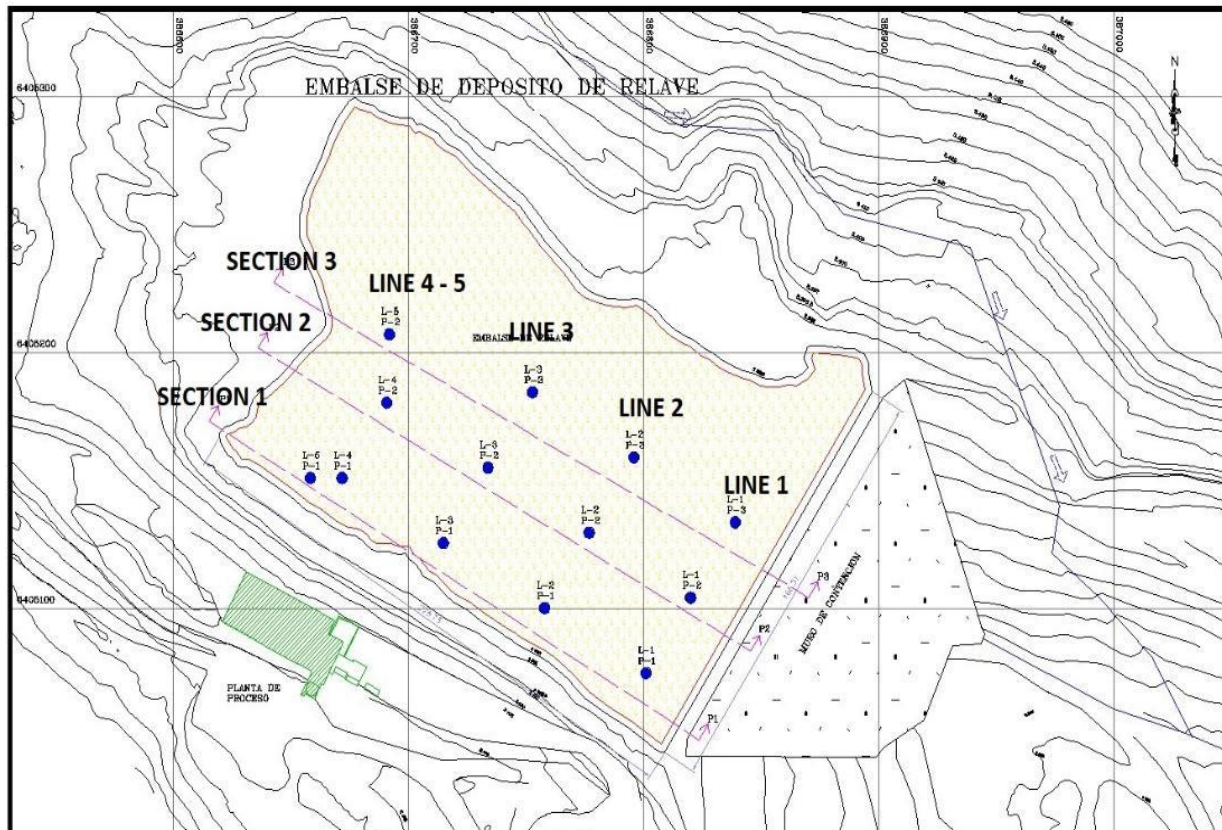
The lease of the mining concessions constitutes a related party transaction for CEG in accordance with Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions (“MI 61-101”). However, pursuant to MI 61-101, the lease transaction is exempt from the formal valuation 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:

| Hole Name    | X          | Y           | Z       | FROM | TO |   | Au g/t | TICKET    | Avg. Au g/t |
|--------------|------------|-------------|---------|------|----|---|--------|-----------|-------------|
| 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:  
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