

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, Canada, M5H 1A1.

2. **Date of Material Change**

June 1, 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 June 1, 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 Minera Tamidak Limitada (“**Tamidak**”), had acquired 39,833,923 treasury common shares (the “**Issuance**”) of the Company (a “**Common Share**”) as a result of receiving payment in Common Shares of the second instalment in the amount of \$1,300,000,000 Chilean Pesos (CDN\$1,991,696.16) of the total purchase price payable (\$3,900,000,000 Chilean Pesos) (the “**Purchase Price**”) under the Asset Purchase and Contracts Assignment Agreement dated December 1, 2020 entered into between Tamidak and Minera Til Til SpA (“**Til Til**”), a wholly-owned subsidiary of the Company (the “**APA**”). Pursuant to the APA, Til Til acquired from Tamidak the mining concessions and other assets covering the Pimentón Copper Gold Mining Project.

Tamidak is a company jointly controlled by Ian and Matthew Thomson (and the estate of their late father, David Thomson, a former director of the Company until his retirement effective March 31, 2021 who passed away in February 2022).

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:

Pursuant to the APA, CEG paid, on behalf of Til Til, the second instalment in the amount of \$1,300,000,000 Chilean Pesos (CDN\$1,991,696.16 based on the nominal exchange rate of the Chilean peso to the Canadian dollar determined on May 31, 2022 as published by the Central Bank of Chile) of the total Purchase Price payable thereunder (\$3,900,000,000

Chilean Pesos) by issuing 39,833,923 common shares of the Company to Tamidak at a deemed issuance price of CDN\$0.05 per share. Previously, on December 1, 2020, CEG issued 44,055,102 Common Shares to Tamidak representing payment on behalf of Til Til of the first instalment of the Purchase Price under the APA in the amount of \$1,300,000,000 Chilean Pesos.

In accordance with the APA, the third and final instalment of the Purchase Price, in the amount of \$1,300,000,000 Chilean Pesos, is due no later than December 1, 2023 and is payable in cash or its equivalent in Common Shares, 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 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 Common Shares as aforementioned, the number of Common 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.

If the remaining Purchase Price instalment indicated above is not timely and fully paid to Tamidak, the APA will be automatically terminated and CEG shall be required to return all the acquired assets to Tamidak. Further details relating to the APA is set out in the news release of the Company dated December 1, 2020 available at www.sedar.com under the Company's profile.

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

The Issuance completes the payment of the second instalment of the Purchase Price in accordance with the terms of the APA and enables the Company to effectively retain the assets acquired pursuant to the APA, including the Pimenton Copper Gold Mining Project.

(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:

Immediately prior to the completion of the Issuance, Ian and Matthew Thomson (and the estate of their late father, David Thomson) had beneficial ownership of, or exercised control or direction over, 47,803,595, 47,803,595 and 44,063,005 Common Shares, respectively, representing approximately 12.1%, 12.1% and 11.1%, respectively, of the 396,429,993 Common Shares then issued and outstanding, calculated on a non-diluted basis.

In addition, immediately prior to the completion of the Issuance, Ian and Matthew Thomson (and the estate of their late father, David Thomson) jointly had beneficial

ownership of, or exercised control or direction over, an additional 125,862,796 Common Shares (inclusive of 44,055,102 Common Shares held through Tamidak issued on December 1, 2020), representing 31.7%, in the aggregate, of the 396,429,993 Common Shares then issued and outstanding, calculated on a partially diluted basis, assuming the conversion in full of the principal amount of a Debenture made as of February 20, 2020 issued to Minera Auromin Ltd., a company jointly controlled by Ian and Matthew Thomson (and the estate of their late father, David Thomson) (the “**Debenture**”).

Immediately after giving effect to the Issuance, Ian and Matthew Thomson (and the estate of their late father, David Thomson), jointly through Tamidak, beneficially own or exercise control or direction over an additional 39,833,923 Common Shares, representing approximately 9.1% of the 436,263,916 Common Shares currently issued and outstanding.

This represents an increase of approximately 3.4% in the aggregate in the number of Common Shares over which Ian and Matthew Thomson (and the estate of their late father, David Thomson) have beneficial ownership, or control or direction, as compared to their aggregate holdings immediately prior to the Issuance, calculated on a partially diluted basis, assuming exercise in full of the principal amount of the Debenture and approximately 5.0% calculated on a non-diluted basis.

Accordingly, as a result of the Issuance, Ian and Matthew Thomson (and the estate of their late father, David Thomson), directly and indirectly, in the aggregate, beneficially own or exercise control or direction over 223,559,220 Common Shares, representing approximately 51.2%, in the aggregate, of the 436,263,916 Common Shares currently issued and outstanding, calculated on a non-diluted basis or approximately 58.9%, in the aggregate, of the 436,263,916 Common Shares currently issued and outstanding, calculated on a partially diluted basis, assuming exercise in full of the principal amount of the Debenture.

- 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 (with the late David Thomson, a director of the Company at the relevant time abstaining from voting thereon). There were no contrary views or disagreements in respect of the matters contemplated by the

transactions. Minority approval (which excluded the votes attaching to all common shares of the Company held or controlled, directly or indirectly, by Ian and Matthew Thomson and the late David Thomson) was obtained at a special meeting of shareholders of the Company held on November 10, 2020.

- (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 APA with Til Til on December 1, 2020. The Purchase Price under the APA for the acquisition of the assets thereunder is payable in three instalments of \$1,300,000,000 Chilean Pesos, the first two instalments having been made on December 1, 2020 and June 1, 2022, respectively, and the final instalment being payable to Tamidak no later than December 1, 2023. 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.

As set out herein, the Company obtained minority approval of the transaction in accordance with MI 61-101, at a duly called special meeting of shareholders held on November 10, 2020.

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
56-2-2569 6224
ceg@cegmining.com

9. **Date of Report**

June 10, 2022.

SCHEDULE "A"

News Release



CERRO GRANDE MINING CORPORATION

FOR IMMEDIATE RELEASE – June 1, 2022

Cerro Grande Mining Corporation Announces Payment of Second Instalment under APA

Toronto, Ontario, Canada – Cerro Grande Mining Corporation (the “**Company**” or “**CEG**”) (CSE:CEG) announces that it has made the second instalment payment to Minera Tamidak Limitada (“**Tamidak**”) under the Asset Purchase and Contracts Assignment Agreement (the “**APA**”) dated December 1, 2020 entered into between Tamidak and the Company’s wholly-owned subsidiary Minera Til Til SpA (“**Til Til**”) pursuant to which Til Til acquired from Tamidak the mining concessions and other assets covering the Pimentón Copper Gold Mining Project as originally reported in the Company’s news release dated December 1, 2020.

Pursuant to the APA, CEG has paid, on behalf of Til Til, the second installment in the amount of \$1,300,000,000 Chilean Pesos (CDN\$1,991,696.16 based on the nominal exchange rate of the Chilean peso to the Canadian dollar determined on May 31, 2022 as published by the Central Bank of Chile) of the total purchase price (the “**Purchase Price**”) payable thereunder (\$3,900,000,000 Chilean Pesos) by issuing 39,833,923 common shares of the Company to Tamidak at a deemed issuance price of CDN\$0.05 per share. Such shares are subject to a hold period expiring on October 2, 2022.

Pursuant to the APA, the third and final installment of the purchase price, in the amount of \$1,300,000,000 Chilean Pesos, is due no later than December 1, 2023 and is payable in cash or its equivalent in common shares of the Company, 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 common shares of the Company as aforementioned, the number of CEG common 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.

If the remaining Purchase Price installment indicated above is not timely and fully paid to Tamidak, the APA will be automatically terminated and CEG shall be required to return all the acquired assets to Tamidak. Further details relating to the APA is set out in the news release of the Company dated December 1, 2020 available at www.sedar.com under the Company’s profile.

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, information relating to the payment of the future purchase price installments) 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 make the last installment payment in a timely manner. 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, the inability of the Company to make the required instalment payment or the failure to achieve the expected benefits from the APA and the Pimentón Copper Gold Mining Project.

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.

For further information, contact:

Peter Hogg, CFO and interim CEO

James Mac Auliffe

E-Mail: ceg@cegmining.com

Telephone: +56 9 9837 4476

Website: www.cegmining.com