EARLY WARNING REPORT

Filed pursuant to National Instrument 62-103

AND

Section 102.1 of the *Securities Act* (Ontario) and Similar Provisions of other Provincial Securities Legislation

This report is made pursuant to the provisions of the securities legislation referred to above in connection with the acquisition of securities of Cerro Grande Mining Corporation (the "**Company**").

1. **The name and address of the offeror:**

   Mario Hernandez ("**Hernandez**")
   c/o Spier Business Corp.
   380 Los Carreras, Of, 425
   La Serena, Chile

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   380 Los Carreras, Of, 425
   La Serena, Chile

2. **The designation and number or principal amount of securities and the offeror's securityholding percentage in the class of securities of which the offeror acquired ownership or control in the transaction or occurrence giving rise to the obligation to file the news release, and whether it was ownership or control that was acquired in those circumstances:**

   Pursuant to a debt settlement transaction (the "**Transaction**"), Hernandez has acquired beneficial ownership and control of 45,101,300 common shares (each, a "**Common Share**") in the capital of the Company, through Spier, a company controlled by Hernandez.

   Pursuant to the Transaction, the Company issued 45,101,300 Common Shares to Spier in full and final settlement of outstanding indebtedness in the aggregate amount of US$1,682,885 (CDN$2,255,066) owed by the Company to Spier (the "**Debt**"), such indebtedness being made up of cash advances made to the Company by Spier. All amounts have been converted at an exchange ratio of US$1.00 to CDN$1.34.

   Prior to the issuance of the Common Shares to Spier in connection with the Transaction, Hernandez beneficially owned and/or exercised control or direction over 54,992,201 Common Shares, representing approximately 31.39% of the issued and outstanding Common Shares on an undiluted basis. Hernandez also beneficially owns and/or exercises control or direction over 11,245,000 warrants (each, a "**Warrant**") expiring October 24, 2019, each Warrant entitling the holder to purchase one Common Share at an

exercise price of $0.07, and a convertible debenture in the principal amount of $80,105 (the "**Debenture**") convertible into Common Shares at a price of $0.10 per Common Share, representing approximately 6.44% of the issued and outstanding Common Shares on an partially diluted basis giving effect to the exercise of the Warrants and the conversion of the principal amount of the Debenture.

After the issuance of the Common Shares under the Transaction, Hernandez beneficially owned and/or exercised control or direction over 100,023,501 issued and outstanding Common Shares, representing approximately 37.34% of the issued and outstanding Common Shares on a non-diluted basis. Assuming conversion of the principal amount of the Debenture and exercise of the Warrants, Hernandez would beneficially own and/or exercise control or direction over 40.04% of the Common Shares on a partially diluted basis giving effect to the exercise of the Warrants and the conversion of the Debenture.

3. **The designation and number or principal amount of securities and the offeror's securityholding percentage in the class of securities immediately after the transaction or occurrence giving rise to the obligation to file the news release:**

   As set out in item 2 above.

4. **The designation and number or principal amount of securities and the percentage of outstanding securities of the class of securities referred to in paragraph 3 over which:**

   (a) **the offeror, either alone or together with any joint actors, has ownership and control:**

   As set out in item 2 above.

   (b) **the offeror, either alone or together with any joint actors, has ownership but control is held by other persons or companies other than the offeror or any joint actor; and**

   Not applicable.

   (c) **the offeror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership:**

   Not applicable.

5. **The name of the market in which the transaction or occurrence that gave rise to the news release took place:**

   The Common Shares were issued to Spier pursuant to the Transaction, which was a private debt settlement transaction that occurred outside of any market or other facility.

6. **The value, in Canadian dollars, of any consideration offered per security if the offeror acquired ownership of a security in the transaction or occurrence giving rise to the obligation to file a news release:**

   Pursuant to the Transaction, the Common Shares were issued to Spier in settlement of the Debt, representing an issue price of CDN$0.05 per share.

7. **The purpose of the offeror and any joint actors in effecting the transaction or occurrence that gave rise to the news release, including any future intention to acquire ownership of, or control over, additional securities of the reporting issuer:**

   Spier acquired the Common Shares pursuant to the Transaction in settlement of the Debt, to provide an immediate source of cash to the Company and to provide financial relief to the Company in a time of financial hardship. Spier intends to hold such 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.

8. **The general nature and the material terms of any agreement, other than lending arrangements, with respect to securities of the reporting issuer entered into by the offeror, or any joint actor, and the issuer of the securities or any other entity in connection with the transaction or occurrence giving rise to the news release, including agreements with respect to the acquisition, holding, disposition or voting of any of the securities:**

   See disclosure under item 2 with respect to the Transaction.

9. **The names of any joint actors in connection with the disclosure required by this Report:**

   Not applicable.

10. **In the case of a transaction or 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, the nature and value in Canadian dollars of the consideration paid by the offeror:**

    As set out in item 6 above.

11. **If applicable, a description of any change in any material fact set out in a previous report by the entity under the early warning requirements or Part 4 in respect of the reporting issuer's securities:**

    Not applicable.

12. **If applicable, a description of the exemption from securities legislation being relied on by the offeror and the facts supporting that reliance:**

The offeror is relying on section 2.24 of National Instrument 45-106 — *Prospectus Exemptions.*

DATED the 13th day of November, 2015.

"*Mario Hernandez*"

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