

FORM 51-102F3 - MATERIAL CHANGE REPORT

1. Name and Address of Company

Cerro Grande Mining Corporation (the "Company")
Royal Bank Plaza, South Tower
200 Bay Street
Suite 3800
Toronto, Ontario M5J 2Z4

2. Date of Material Change

August 28, 2015

3. News Release

The news release attached hereto as Schedule "A" announcing the material change described herein were released through Canada News Wire Group at Toronto, Ontario on August 28, 2015.

4. Summary of Material Change

The material change is described in the Company's news release attached hereto as Schedule "A, which news release is incorporated herein.

5. Full Description of Material Change

5.1 Full Description of Material Change

No information other than that provided in Item 4 above is presently available.

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

Stephen W. Houghton
Chief Executive Officer
56-22-569-6244

9. **Date of Report**
August 28, 2015.

News Release

CERRO GRANDE MINING CORPORATION

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FOR IMMEDIATE RELEASE – August 28, 2015

Cerro Grande Mining Corporation Announces its Third Fiscal Quarter Ended June 30, 2015 Results Compared to the Comparable Period in 2014 and for the Nine Months Fiscal Period Ended June 30, 2015 Compared to the Comparable Nine Months Period in 2014

Toronto, Ontario, Canada – Cerro Grande Mining Corporation (the “Company” or “CEG”) (CSE:CEG)(OTCQB:CEGMF) reported its unaudited results for its third fiscal quarter ended June 30, 2015 compared to the same quarter in 2014 and results for the nine months fiscal period ended June 30, 2015 compared to the same nine months period in 2014. These financial statements and MD&A have been filed on SEDAR and the Company refers the reader to those materials for additional information.

Revenues totalled US \$2,084,000 for the Company’s third fiscal quarter ended June 30, 2015 which includes gold sales of US\$1,599,000(1,329 ozs of gold) and copper and silver sales of US\$485,000 compared to revenues for the same quarter in 2014 of US\$2,223,000 which includes gold sales of US\$1,837,000 (1,431 ozs of gold) and copper and silver sales of US\$386,000.

Revenues totalled US\$6,929,000 for the Company’s nine months fiscal period ended June 30, 2015 which included gold sales of US\$5,853,000 (4,922 ozs of gold) and copper and silver sales of US\$1,076,000 compared to revenues for the same nine month period in 2014 of

US \$11,257,000 which includes gold sales of US\$9,322,000 (7,370 ozs of gold) and copper and silver sales of US\$1,935,000.

Net loss before income taxes for the third fiscal quarter ended June 30, 2015 was US\$1,426,000 compared to a loss of US\$1,591,000 in the comparable period a year ago and for the nine month period ended June 30, 2015, the Company reported a loss before income taxes of US\$4,264,000 compared to the same nine month period a year ago of US\$3,883,000. Net losses after income taxes for the nine month period just ended were the same as income before taxes. Net income after taxes for the three months ended June 30, 2014 and the nine months ended June 30, 2014 were US\$1,514,000 and US\$3,806,000 respectively.

At June 30, 2015 the Company had a negative working capital position of US\$3,484,000 compared to US\$2,747,000 at June 30, 2014.

On a standalone basis, the Pimenton mine had a net loss for its third quarter ended June 30, 2015 of US\$1,695,000 after deducting depreciation and amortization expense of US\$1,789,000 compared to the same period in 2014 when the net loss was US\$1,172,000 after deducting depreciation and amortization expense of US\$1,988,000.

SUMMARY FINANCIAL RESULTS

	Three months ended		Nine months ended	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
	\$	\$	\$	\$
Revenue				
Sales	2,084	2,223	6,929	11,257
	2,084	2,223	6,929	11,257
Expenses				
Operating costs	2,900	3,355	9,409	12,960
Reclamation and remediation	7	10	20	20
General, sales and administrative	579	378	1,742	1,862
Foreign exchange	(4)	15	(63)	(74)
Interest	52	42	157	238
Other gains and losses (net)	(24)	14	(72)	(56)
Exploration costs	-	-	-	190
	3,511	3,814	11,193	15,140
Loss and comprehensive loss before income taxes	(1,426)	(1,591)	(4,264)	(3,883)
Income tax (expense)/recovery	-	77	-	77
Deferred income tax	-	-	-	-
Loss and comprehensive loss for the period	<u>(1,426)</u>	<u>(1,514)</u>	<u>(4,264)</u>	<u>(3,806)</u>
Basic and diluted loss per share	<u>(0.01)</u>	<u>(0.02)</u>	<u>(0.02)</u>	<u>(0.03)</u>

- 1) Consolidated statements for the three month periods ended June 30, 2015 and 2014:
 - a) Revenue for the three month period ended June 30, 2015 decreased over the same period in 2014 due to a decrease in gold sales to 1,329 oz compared to 1,431 oz in the three month period ended June 30, 2014.
 - b) Operating expenses for the three months ended June 30, 2015 were \$2,900 compared to \$3,355 for the same period in 2014. The decrease of \$455 consists mainly of a reduction in labour costs and a revaluation of the Chilean pesos vs the US Dollar.
 - c) General sales and administrative costs for the three months ended June 30, 2015 were \$419 compared to \$378 for the same period in 2014.
- 2) Consolidated statements for the nine month period ended June 30, 2015 and 2014:
 - a) Revenue for the nine month period ended June 30, 2015 decreased over the same period in 2014 due to a decrease in gold sales of 6,866 oz compared to 11,061 oz in the nine month period ended June 30, 2014. The decrease was also due to a lower grade and an average price of gold of \$1,155 for the quarter ended June 30, 2015 (2014 - \$1,282).
 - b) Operating expenses for the nine months ended June 30, 2015 were \$9,409 compared to \$12,960 for the same period in 2014. The decrease of \$3,551 consists mainly of a reduction in labour costs and a revaluation of the Chilean pesos vs the US Dollar and lower fuel, maintenance and other production costs.
 - c) General and administrative costs for the nine months ended June 30, 2015 were \$1,742 compared to \$1,862 for the same period in 2014, mainly due to reduction in labour costs during the first quarter.
- 3) Consolidated Cash flow for the nine month period ended June 30, 2015

Cash generated by the Pimenton Mine decreased due to lower gold grades, sales and gold prices in the quarter compared to the prior year.

OVERVIEW

The Company is an exploration, development and mining corporation focused in Chile. The Company's primary asset is an operating gold and copper mine in Chile (the "Pimenton Mine"). The Pimenton mine is a narrow high-grade gold and copper mine located in the high mountain range of Chile and encompasses 3,121 hectares (7,708 acres).

The Company's other major projects are a porphyry copper deposit (the "Pimenton Porphyry") and other projects in various stages of exploration and development in Chile which include "Santa Cecilia", "Tordillo", and two limestone deposits "Catedral" and "Cal Norte".

HIGHLIGHTS

Operational Highlights

- Gold produced by the Pimenton Mine for the nine months ended June 30, 2015 was 5,087 oz compared to 6,459 oz produced in the same period for 2014
- Pimenton's cash cost for the nine months ended June 30, 2015 was \$1,248 per ounce of gold produced net of by-product credits, compared to \$1,295 per oz in the same period for 2014.
- Pimenton's production cost, which includes depreciation and amortization, for the nine months ended June 30, 2015, was \$1,148 per ounce of gold produced net of by-product credit, compared to \$1,203 per oz in the same period for 2014
- The average gold recovery for the nine months ended June 30, 2015 was 92.62% compared to 94.19% in the same period for 2014
- The Company expects the mine to maintain milling rates of 120 tons per day depending on the rate of conversion of its known resources to reserves.
- Currently the plant has been permitted to operate at an average of 166 tons per day. The Company has prepared but not yet submitted permits to take the mine up to 500 tons per day.

Financial Highlights

- Loss before income taxes for the nine month period ended June 30, 2015 was \$ 4,264 compared to a loss of \$3,883 in the same period in 2014. Loss for the three month period ended June 30, 2015 was \$1,426 (2014 – loss \$1,591)
- Average price per ounce of gold sold for the nine months ended June 30 2015 was \$1,155 (2014 - \$1,284). Average price per ounce during the three months ended June 2015 was \$1,185 (2014 - \$1,289)
- Net loss after income taxes for the nine months ended June 30, 2015 was \$4,264 compared to \$3,806 in the same period in 2014. The three month period to June 30, 2015 shows a loss of \$ 1,426 compared to \$ 1,514 for the same period in 2014.
- Basic loss per share for the nine months ended June 30, 2015 was a loss of 0.02 cents per share (2014 – loss of 0.02).
- At June 2015, the Company had cash and cash equivalents of \$62 compared to \$87 at September 30, 2014.
- Cash flow provided by operating activities for the period ended June 30 2015 was negative \$1,433 (2014 – positive\$120).

Cerro Grande Mining Corporation is a minerals producing, exploration and development company with properties and activities currently focused in Chile.

Cautionary Statement on Forward-looking Information:

This news release contains "forward-looking information", which may include, but is not limited to, statements with respect to the future financial or operating performance of CEG. 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. 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.