

News Release

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Cerro Grande Mining Corporation Announces Completion of the Acquisition of the Assets relating to the Pimentón Copper Gold Mining Project

Toronto, Ontario, Canada – Cerro Grande Mining Corporation (the “**Company**” or “**CEG**”) (CSE:CEG) announces that, further to its news releases of July 15 and September 14, 2020, CEG’s Chilean wholly-owned subsidiary Minera Til Til SpA (“**Til Til**”) today entered into the Asset Purchase and Contracts Assignment Agreement (the “**APA**”) with Minera Tamidak Limitada (“**Tamidak**”) pursuant to which Til Til has acquired from Tamidak the mining concessions and other assets covering the Pimentón Copper Gold Mining Project owned by Tamidak as well as Tamidak’s rights and obligations under the Exploration and Option to Joint Venture Agreement (the “**FQM Agreement**”) entered into on or about April 27, 2020 between Tamidak and FQM Exploration (Chile) S.A. (“**FQM**”), a Chilean subsidiary of First Quantum Minerals Ltd. Tamidak is a private Chilean company owned by David Thomson and his sons.

The Pimentón Copper Gold Mining Project covers 3,121 hectares located approximately 120km northeast of Santiago in the Andes mountains in Chile, and hosts the Company’s former Pimentón gold mine which closed down in May 2017 and was subsequently forfeited to the liquidator when the Company’s subsidiary, Compañía Minera Pimentón, entered into voluntary bankruptcy proceedings in June 2017. Tamidak acquired the Pimentón Copper Gold Mining Project in those bankruptcy proceedings on June 25, 2018.

Pursuant to the APA, CEG has paid, on behalf of Til Til as purchaser, the first installment in the amount of \$1,300,000,000 Chilean Pesos (CDN\$2,202,755.14) of the total \$3,900,000,000 Chilean Pesos purchase price (the “**Purchase Price**”) payable thereunder (approximately CDN\$6,608,265, based on the nominal exchange rate of the Chilean peso to the Canadian dollar

determined on November 30, 2020 as published by the Central Bank of Chile) by issuing 44,055,102 common shares of the Company to Tamidak at an issuance price of CDN\$0.05 per share. The shares issued to Tamidak are subject to a hold period expiring on April 2, 2021.

Pursuant to the APA, each of the second and third installments of the Purchase Price, each in the amount of \$1,300,000,000 Chilean Pesos, is due on the date that is not more than 18 months and 36 months from today, respectively, 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 either of the remaining two Purchase Price installments is not timely and fully paid to Tamidak, the APA will be automatically terminated and CEG shall be required to return all the Assets and the rights and obligations under the FQM Agreement to Tamidak. In such an event, Tamidak will retain all payments previously made to it under the APA as compensatory damages, without prejudice to any other damages that Tamidak may be entitled to by law. Further details relating to the APA and the FQM Agreement are set out in the news releases of the Company dated July 15 and September 14, 2020.

Such acquisition constitutes a related party transaction for CEG. As such, the Company sought and obtained at a special meeting of shareholders held on November 10, 2020 the minority approval of shareholders for the transaction (which excluded the votes attached to the common shares of the Company beneficially owned or over which control or direction is exercised by David, Ian and Matthew Thomson) in accordance with Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions (“**MI 61-101**”). Pursuant to MI 61-101, the transaction is not subject to 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.

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 any future purchase price instalment payments 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 payments or the failure to achieve the expected benefits from the FQM Agreement.

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.