

FORM 7

MONTHLY PROGRESS REPORT

Name of CNSX Issuer : Cerro Grande Mining Corporation (the “Issuer”)

Trading Symbol : CEG

Number of Outstanding Listed Securities : 383,445,886

Date: December 4, 2020

This Monthly Progress Report must be posted before the opening of trading on the fifth trading day of each month. This report is not intended to replace the Issuer’s obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by Exchange Policies. If material information became known and was reported during the preceding month to which this report relates, this report should refer to the material information, the news release date and the posting date on the Exchange website.

This report is intended to keep investors and the market informed of the Issuer’s ongoing business and management activities that occurred during the preceding month. Do not discuss goals or future plans unless they have crystallized to the point that they are "material information" as defined in the Policies. The discussion in this report must be factual, balanced and non-promotional.

General Instructions

- (a) Prepare this Monthly Progress Report using the format set out below. The sequence of questions must not be altered, nor should questions be omitted or left unanswered. The answers to the items must be in narrative form. State when the answer to any item is negative or not applicable to the Issuer. The title to each item must precede the answer.
- (b) The term “Issuer” includes the Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

Report on Business

1. Provide a general overview and discussion of the development of the Issuer’s business and operations over the previous month. Where the Issuer was inactive disclose this fact.

There have not been any further developments in the Issuer's business and operations over the previous month, except as otherwise described herein under Items 2 and 5.

The Issuer operates through its Chilean subsidiaries Minera Til Til SpA ("**Til Til**"), Compañía Minera Catedral, Compañía Minera Tordillo and Compañía Minera Cal Norte, all of which are in good standing.

2. Provide a general overview and discussion of the activities of management.

During November 2020, management focused its activities on completing the acquisition of the Pimentón Copper Gold Mining Project originally announced on July 15, 2020 when the Issuer announced that it had entered into a non-binding letter of intent (the "**LOI**") with Minera Tamidak Limitada ("**Tamidak**"), a private Chilean company jointly owned by David, Ian and Matthew Thomson (each of whom beneficially owns more than 10% of the common shares of the Issuer), to acquire from Tamidak certain assets, rights and obligations of Tamidak relating to the Pimentón Copper Gold Mining Project, all as further described under Item 5 below.

In accordance with the LOI, after having substantially negotiated the terms of the final execution ready form of the APA (as defined below) during the month of September 2020, and as announced on September 14, 2020, the Issuer held its special meeting of shareholders on November 10, 2020 pursuant to which it obtained minority approval of shareholders for the transaction in accordance with Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions ("**MI 61-101**"). On December 1, 2020 (the "**Closing Date**"), the Issuer announced that Til Til, a wholly-owned Chilean subsidiary of the Issuer, entered into the Asset Purchase and Contracts Assignment Agreement (the "**APA**") with Tamidak pursuant to which Til Til acquired from Tamidak, as of such date, 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.

3. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.

There has not been any new drilling, exploration or production programs or any acquisitions of new properties, except as described under Item 2.

4. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.

None.

5. Describe any new business relationships entered into between the Issuer, the Issuer's affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.

As described under Item 2, on the Closing Date, pursuant to the APA, the Issuer indirectly acquired from Tamidak certain assets, rights and obligations of Tamidak relating to the Pimentón Copper Gold Mining Project.

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 Issuer's former Pimentón gold mine which closed down in May 2017 and was subsequently forfeited to the liquidator when the Issuer'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.

On the Closing Date, pursuant to the APA, the Issuer 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 Issuer to Tamidak at an issuance price of CDN\$0.05 per share.

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 the Closing Date, respectively, and is payable in cash or its equivalent in common shares of the Issuer, 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

Issuer 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 Issuer as aforementioned, the number of Issuer 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 Til Til 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.

As a result of the transaction and pursuant to the APA, the rights and obligations of Tamidak under the FQM Agreement have been assigned and transferred to Til Til. In summary, the FQM Agreement provides that:

(a) during the 12-month period following execution of the FQM Agreement (extensible up to 18 months), subject to permitting, FQM will proceed with a 3D deep penetrating geophysical survey, upon the completion of which FQM will have the right to continue to earn a 49% equity interest in a joint venture company (the “**JV Company**”) to be incorporated by the parties;

(b) after the completion of the 3D survey, FQM will, among other things and subject to certain conditions (including termination rights), (i) work towards completing a resource report concerning the Pimentón properties in accordance with reporting standards set out in National Instrument 43-101 - Standards of Disclosure for Mineral Projects of the Canadian Securities Administrators; and (ii) complete an in-house feasibility study sufficient to lead to a decision to mine, in each case at the expense of FQM. If such 43-101 report is timely completed and other conditions are met, FQM may elect to form the JV Company (49% FQM and 51% Tamidak) upon payment to Tamidak of US\$5 million. If FQM timely completes such feasibility study, and upon payment to Tamidak of an additional US\$5 million, FQM will increase its equity interest in the JV Company to up to 70% (70% FQM and 30% Tamidak).

(c) If a Decision to Mine, as such concept is defined in the FQM Agreement is made, Tamidak may elect to request that FQM fund its capital contributions until commercial production of the mine has started, through a loan to Tamidak, diluting Tamidak’s participation in the JV Company to 25% and providing FQM with an extra 5% interest (75% FQM and 25% Tamidak).

- (d) Tamidak has the right to resume the exploitation of the existing Pimenton mine subject to the terms described in the FQM Agreement.
6. Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced.
- None.
7. Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.
- See Items 2 and 5.
8. Describe the acquisition of new customers or loss of customers.
- None.
9. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trade-marks.
- None.
10. Report on any employee hiring, terminations or lay-offs with details of anticipated length of lay-offs.
- None.
11. Report on any labour disputes and resolutions of those disputes if applicable.
- None.
12. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

None.

13. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.

As of November 30, 2020, for the period from January 1, 2020 to November 30, 2020, Compañía Minera Auromin Ltda., a company jointly owned by David, Ian and Matthew Thomson, and Matthew Thomson, personally, have made cash advances to the Issuer in the amount of US\$473,334 and US\$4,568, respectively, or US\$477,902 in the aggregate, which indebtedness remains owing at of the date hereof. Such advances do not bear interest and are repayable on demand.

14. Provide details of any securities issued and options or warrants granted.

None.

15. Provide details of any loans to or by Related Persons.

See Item 13.

16. Provide details of any changes in directors, officers or committee members.

None.

17. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

None.

Certificate of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to CNSX that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all CNSX Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated December 4, 2020

Stephen W. Houghton
Name of Director or Senior
Officer

"Stephen W. Houghton"
Signature

Chief Executive Officer
Official Capacity

Issuer Details Name of Issuer <i>Cerro Grande Mining Corporation</i>	For Month End <i>November, 2020</i>	Date of Report MM/DD/YY <i>December 4, 2020</i>
Issuer Address <i>Santa Maria 2224</i>		
City/Province/Postal Code <i>Providencia, Santiago, Chile, 7500014</i>	Issuer Fax No. <i>(56)-2-2335-2084</i>	Issuer Telephone No. <i>(56)-2-2569-6224</i>
Contact Name <i>Stephen W. Houghton</i>	Contact Position <i>C.E.O.</i>	Contact Telephone No. <i>(56)-2-2569-6224</i>
Contact Email Address ceq@cegmining.com	Web Site Address www.cegmining.com	

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