

FORM 7

MONTHLY PROGRESS REPORT

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

Trading Symbol : CEG

Number of Outstanding Listed Securities: 396,429,993

Date: June 2, 2021

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 Item 2.

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.

On December 1, 2020, the Issuer announced that Til Til, its wholly-owned Chilean subsidiary, entered into an Asset Purchase and Contracts Assignment Agreement (the "**APA**") with Minera Tamidak Limitada ("**Tamidak**") pursuant to which Til Til acquired from Tamidak the mining concessions and other assets covering the Pimentón Copper Gold Mining Project including 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 jointly owned by David, Ian, and Matthew Thomson (each of whom beneficially owns more than 10% of the common shares of the Issuer).

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 former 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 February 2, 2021, the Issuer announced that Til Til had received formal notice of termination dated February 1, 2021 from FQM of the FQM Agreement. The FQM Agreement had been assigned to Til Til under the APA. Accordingly, FQM has ceased all work on the property and the parties to the FQM Agreement are in the process of formally terminating the FQM Agreement in accordance with Chilean law.

In accordance with the FQM Agreement, Til Til received the results of the 3D deep penetrating geophysical survey undertaken by FQM on the property as well as other data and recommendations based on the work undertaken by FQM.

The Issuer is reviewing and analyzing the data and recommendations provided by FQM in order to determine the best course of action for the Company with respect to the Pimentón Copper Gold Mining Project.

On April 30, 2021, the Issuer announced that further to Mr. Houghton's termination of his employment agreement and resignation as the Company's CEO effective March 31, 2021 as per his agreement with the Company made as of February 17, 2021, the Company would issue 12,984,107 common shares of the Company at a deemed price of CDN\$0.05 per share to settle all amounts owing to Mr. Houghton in the aggregate amount of US\$516,266.70 (approximately \$649,205 based on an exchange rate of US\$1.00/CDN\$1.2575 as at March 31, 2021) in connection with his former employment, which includes a retirement payment of US\$330,000, the balance of his unpaid salary, reimbursement of certain expenses and certain severance obligations pursuant to Chilean law less cash advances previously made to Mr. Houghton by the Company. The Issuer completed such share issuance on May 4, 2021. Mr. Houghton remains as the President of the Company on an unpaid basis and without any day-to-day responsibilities, and remains a director of the Company pursuant to his election at the annual meeting of shareholders held on March 31, 2021.

The participation of Mr. Houghton in this share issuance constituted a "related party transaction" under Multilateral Instrument 61-101- *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). The Company relied on the exemptions set out in subsection 5.5(a) and subsection 5.7(a) from both the formal valuation and minority shareholder approval requirements of MI 61-101 in connection with the share issuance. In reliance thereon, the Company determined that at the time the transaction was agreed to, neither the fair market value of the subject matter of, nor the fair market value of the consideration for, the share issuance, exceeded 25% of the Company's market capitalization (as determined in accordance with the requirements of MI 61-101).

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 during the month of May 2021.

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.

The Issuer did not enter into any new business relationships during the month of May 2021.

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 during May 2021. See Item 2 regarding the termination of the FQM Agreement effective February 1, 2021.

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.

None.

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.

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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 May 31, 2021, for the period from January 1, 2020 to May 31, 2021, 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\$798,806 and US\$9,307, respectively, or US\$808,113 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.

See Item 2 relating to the issuance of 12,984,107 common shares to Stephen W. Houghton completed on May 4, 2021.

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 June 2, 2021

Peter Hogg
Name of Director or Senior Officer

"Peter Hogg"
Signature

(interim) Chief Executive Officer
and Chief Financial Officer
Official Capacity

Issuer Details Name of Issuer <i>Cerro Grande Mining Corporation</i>	For Month End <i>May 2021</i>	Date of Report MM/DD/YY <i>June 2, 2021</i>
Issuer Address <i>1 King Street West, Suite 4009</i>		
City/Province/Postal Code <i>Toronto, Ontario, Canada M5H 1A1</i>	Issuer Fax No. N/A	Issuer Telephone No. +56 9 9837 4476
Contact Name <i>Peter Hogg</i>	Contact Position <i>(interim) CEO and CFO.</i>	Contact Telephone No. +56 9 9837 4476
Contact Email Address ceg@cegmining.com	Web Site Address www.cegmining.com	

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