

FORM 9

NOTICE OF PROPOSED ISSUANCE OF LISTED SECURITIES
(or securities convertible or exchangeable into listed securities¹)

Please complete the following:

Name of Listed Issuer: Cerro Grande Mining Corporation (the "Issuer").

Trading Symbol: CEG .

Date: July 5, 2017 .

Is this an updating or amending Notice: Yes No

If yes provide date(s) of prior Notices: N/A .

Issued and Outstanding Securities of Issuer Prior to Issuance: 267,852,410 .

Date of News Release Announcing Private Placement: July 5, 2017 .

Closing Market Price on Day Preceding the Issuance of the News Release: 0.005 – 0.010

1. Private Placement (if shares are being issued in connection with an acquisition (either as consideration or to raise funds for a cash acquisition), proceed to Part 2 of this form)

| Full Name & Residential Address of Placee | Number of Securities Purchased or to be Purchased | Purchase price per Security (CDN\$) | Conversion Price (if Applicable) | Prospectus Exemption | No. of Securities, directly or indirectly, Owned, Controlled or Directed | Payment Date(1) | Describe relationship to Issuer (2) |
|---|---|-------------------------------------|----------------------------------|----------------------|--|-----------------|-------------------------------------|
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- (1) Indicate date each placee advanced or is expected to advance payment for securities. Provide details of expected payment date, conditions to release of funds etc. Indicate if the placement funds been placed in trust pending receipt of all necessary approvals.

Conversion of previously issued Convertible Debentures.

- (2) Indicate if Related Person. YES

¹An issuance of non-convertible debt does not have to be reported unless it is a significant transaction as defined in Policy 7, in which case it is to be reported on Form 10.

1. Total amount of funds to be raised: N/A
2. Provide full details of the use of the proceeds. The disclosure should be sufficiently complete to enable a reader to appreciate the significance of the transaction without reference to any other material. N/A
3. Provide particulars of any proceeds which are to be paid to Related Persons of the Issuer: N/A
4. If securities are issued in forgiveness of indebtedness, provide details and attach the debt agreement(s) or other documentation evidencing the debt and the agreement to exchange the debt for securities.
5. Description of securities to be issued:
 - (a) Class Common Shares
 - (b) Number 71,538,374
 - (c) Conversion Price Cdn 0.05 per share
 - (d) Voting rights Yes, one vote per share
6. Provide the following information if Warrants, (options) or other convertible securities are to be issued:
 - (a) Number N/A
 - (b) Number of securities eligible to be purchased on exercise of Warrants (or options) N/A
 - (c) Exercise price N/A
 - (d) Expiry date N/A

7. Provide the following information if debt securities are to be issued:
- (a) Aggregate principal amount N/A
 - (b) Maturity date N/A
 - (c) Interest rate N/A
 - (d) Conversion terms N/A
 - (e) Default provisions N/A
8. Provide the following information for any agent's fee, commission, bonus or finder's fee, or other compensation paid or to be paid in connection with the placement (including warrants, options, etc.):
- (a) Details of any dealer, agent, broker or other person receiving compensation in connection with the placement (name, address. If a corporation, identify persons owning or exercising voting control over 20% or more of the voting shares if known to the Issuer): _____
 - (b) Cash NONE
 - (c) Securities NONE
 - (d) Other NONE
 - (e) Expiry date of any options, warrants etc. NONE
 - (f) Exercise price of any options, warrants etc. NONE
9. State whether the sales agent, broker, dealer or other person receiving compensation in connection with the placement is Related Person or has any other relationship with the Issuer and provide details of the relationship _____
- NONE
10. Describe any unusual particulars of the transaction (i.e. tax "flow through" shares, etc.).
- NONE
11. State whether the private placement will result in a change of control.
- N/A

12. Where there is a change in the control of the Issuer resulting from the issuance of the private placement shares, indicate the names of the new controlling shareholders. N/A

13. Each purchaser has been advised of the applicable securities legislation restricted or seasoning period. All certificates for securities issued which are subject to a hold period bear the appropriate legend restricting their transfer until the expiry of the applicable hold period required by National Instrument 45-102..

2. Acquisition

1. Provide details of the assets to be acquired by the Issuer (including the location of the assets, if applicable). The disclosure should be sufficiently complete to enable a reader to appreciate the significance of the transaction without reference to any other material: N/A

2. Provide details of the acquisition including the date, parties to and type of agreement (eg: sale, option, license etc.) and relationship to the Issuer. The disclosure should be sufficiently complete to enable a reader to appreciate the significance of the acquisition without reference to any other material: N/A

3. Provide the following information in relation to the total consideration for the acquisition (including details of all cash, securities or other consideration) and any required work commitments:

(a) Total aggregate consideration in Canadian dollars: Cdn\$3,576,908.

(b) Cash: N/A

(c) Securities (including options, warrants etc.) and dollar value: Cdn \$ value of Securities Issued at current stock price \$357,691 to \$715,382 .

(d) Other: _____

(e) Expiry date of options, warrants, etc. if any: December 7, 2019 .

(f) Exercise price: Cdn \$0.05 p/s

(g) Work commitments: None

4. State how the purchase or sale price was determined (e.g. arm's-length negotiation, independent committee of the Board, third party valuation etc).
5. Provide details of any appraisal or valuation of the subject of the acquisition known to management of the Issuer: None
6. The names of parties receiving securities of the Issuer pursuant to the acquisition and the number of securities to be issued are described as follows:

The Convertible Debentures will be issued to Mr. David Thomson, an Officer and Director of the Company, or a company controlled by him, and to Mr. Mario Hernandez, and Officer and Director of the Company, or a company controlled by him in final payment of advances, salaries, interest payments and royalty payments totaling US\$2,771,237 owed to them through the end of July 2016. Both Mr. Thomson and Mr. Hernandez are Directors and Officers of the Company. The Convertible Debentures were issued to immediately improve the serious financial difficulties faced by the Company with of view of setting the Company on improved financial ground to carry out its mining business in Chile in the future.

These Convertible Debenture where issued on December 7, 2016 and are convertible at Cdn \$0.05 per share for a term of 3 years from the date of issuance and pay interest semi annually at the rate of 8%. Mr. Thomson were been issued a Convertible Debenture in the amount of US\$1,517,636 and Mr. Hernandez has been issued a Convertible Debenture in the amount of US\$1,253,601. On June 30, 2017 Mr. Thomson and Mr. Hernandez elected to convert their Convertible Debenture in full.

The placement and related debt settlement (the "**Transaction**") constitutes a "related party transaction" under Multilateral Instrument 61-101- *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**") due to the participation of Messrs. Thomson and Hernandez. The Company has relied on the "financial hardship" exemptions from both the formal valuation and minority shareholder approval requirements of MI 61-101 in connection with the Transaction. In reliance thereon, the Board of Directors of the Company (other than Messrs. Thomson and Hernandez, who abstained from voting), including all of its independent members, considered the Transaction and unanimously concluded that the Company is in serious financial difficulty and the Transaction, the terms of which are reasonable in the circumstances, will improve the financial position of the Company. There is no requirement, corporate or otherwise (including pursuant to the rules of the Canadian Securities Exchange), to hold a meeting to obtain any approval of the holders of Common Shares in connection with the Proposed Transaction.

Cerro Grande Mining Corporation currently has 267,852,410 shares outstanding (297,088,477 shares on a fully-diluted basis). Following the conversion of the Convertible Debentures, the Company will have 339,390,784 shares outstanding (368,626,851 shares on a fully-diluted basis).

Mr. David Thomson currently holds 100,493,029 common shares of the Company (144,969,252 shares on a fully-diluted basis), representing approximately 37,52% of the outstanding shares. Following the conversion of the Convertible Debentures, he will hold 139,670,195 common shares of the Company, representing approximately 44,15% of the outstanding shares (approximately 39,33% on a fully-diluted basis).

Mario Hernandez currently holds 100,023,501 common shares of the Company (144,430,766 shares on a fully-diluted basis), representing approximately 37,43% of the outstanding shares (approximately 39,18% on a fully-diluted basis). Following the conversion of the Convertible Debentures, he will hold 132,384,709 common shares of the Company, representing approximately 39,01% of the outstanding shares (approximately 39,18% on a fully-diluted basis).

Following issuance of the Convertible Debentures, on a fully diluted basis, Mr. Thomson and Mr. Hernandez will hold an aggregate of 289,400,018 common shares of the Company, representing approximately 78.51% of the shares of the Company on a fully diluted basis.

The Convertible Debentures are denominated in US Dollars and the conversion ratio is stated in Canadian Dollars. The exchange rate used in determining the above fully-diluted shareholdings following issuance of the Convertible Debentures is Cdn\$1.29073 for each US Dollar.

This transaction closed on December 7, 2016 and a Form 9 was filed on December 6, 2016 with the Canadian Securities Exchange.

7. Details of the steps taken by the Issuer to ensure that the vendor has good title to the assets being acquired: N/A

8. Provide the following information for any agent's fee, commission, bonus or finder's fee, or other compensation paid or to be paid in connection with the acquisition (including warrants, options, etc.):
 - (a) Details of any dealer, agent, broker or other person receiving compensation in connection with the acquisition (name, address. If a corporation, identify persons owning or exercising voting control over 20% or more of the voting shares if known to the Issuer):

NONE

- (b) Cash NONE
- (c) Securities NONE
- (d) Other NONE
- (e) Expiry date of any options, warrants etc. NONE
- (f) Exercise price of any options, warrants etc. Cdn 0.05 per share

9. State whether the sales agent, broker or other person receiving compensation in connection with the acquisition is a Related Person or has any other relationship with the Issuer and provide details of the relationship. N/A

10. If applicable, indicate whether the acquisition is the acquisition of an interest in property contiguous to or otherwise related to any other asset acquired in the last 12 months. NONE

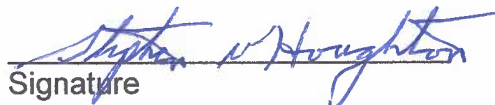
Certificate Of Compliance

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 on behalf of the Issuer.
2. As of the date hereof there is not material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange 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 Exchange Requirements (as defined in CSE Policy 1).
4. All of the information in this Form 9 Notice of Issuance of Securities is true.

Dated July 5, 2017 _____.

Stephen W. Houghton _____
Name of Director or Senior
Officer


Signature

C.E.O. _____
Official Capacity