

CERRO GRANDE MINING CORPORATION
Santiago Office : Avenida Santa Maria 2224, Providencia, Santiago, Chile
Telephone (56-2)569 6200 Facsimile (56-2)335 2084

December 7, 2016

Stephen W. Houghton
Chief Executive Officer

Canadian Securities Exchange
220 Bay Street, 9th Floor
Toronto, Ontario, M5J 2W4
Canada

Dear Sirs,

This is to confirm to you that Cerro Grande Mining Corporation has issued Convertible Debentures in the aggregate principal amount of US\$2,771,237 as full and final settlement of the advances, salaries, interest payments and royalties owed to David Thomson and Mario Hernandez through the end of July 2016.

Sincerely,

A handwritten signature in blue ink that reads "Stephen W. Houghton". The signature is written in a cursive style with a prominent flourish at the end of the name.