

FORM 5

QUARTERLY LISTING STATEMENT

Name of Listed Issuer: Cerro Grande Mining Corporation (the “**Issuer**”).

Trading Symbol: CEG.

This Quarterly Listing Statement must be posted on or before the day on which the Issuer’s unaudited interim financial statements are to be filed under the *Securities Act*, or, if no interim statements are required to be filed for the quarter, within 60 days of the end of the Issuer’s first, second and third fiscal quarters. This statement 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 the Exchange Policies. If material information became known and was reported during the preceding quarter to which this statement relates, management is encouraged to also make reference in this statement to the material information, the news release date and the posting date on the Exchange website.

General Instructions

- (a) Prepare this Quarterly Listing Statement 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 following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.
- (b) The term “Issuer” includes the Listed 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.

There are three schedules which must be attached to this report as follows:

SCHEDULE A: FINANCIAL STATEMENTS

Financial statements are required as follows:

For the first, second and third financial quarters interim financial statements prepared in accordance with the requirements under Ontario securities law must be attached.

Unaudited condensed interim consolidated financial statements of the Issuer for the three-month period ended December 31, 2023 are attached as Schedule “A” hereto and have been filed on SEDAR+ under the Issuer’s profile (the “Q1 2024 Financial Statements”).

If the Issuer is exempt from filing certain interim financial statements, give the date of the exempting order.

N/A.

SCHEDULE B: SUPPLEMENTARY INFORMATION

The supplementary information set out below must be provided when not included in Schedule A.

1. Related party transactions

Provide disclosure of all transactions with a Related Person, including those previously disclosed on Form 10. Include in the disclosure the following information about the transactions with Related Persons:

- (a) A description of the relationship between the transacting parties. Be as precise as possible in this description of the relationship. Terms such as affiliate, associate or related company without further clarifying details are not sufficient.
- (b) A description of the transaction(s), including those for which no amount has been recorded.
- (c) The recorded amount of the transactions classified by financial statement category.
- (d) The amounts due to or from Related Persons and the terms and conditions relating thereto.
- (e) Contractual obligations with Related Persons, separate from other contractual obligations.
- (f) Contingencies involving Related Persons, separate from other contingencies.

The information with respect to related party transactions is provided in Notes 5 and 11 in the Q1 2024 Financial Statements.

2. Summary of securities issued and options granted during the period.

Provide the following information for the period beginning on the date of the last Listing Statement (Form 2A):

- (a) summary of securities issued during the period,

Date of Issue	Type of Security (common shares, convertible debentures, etc.)	Type of Issue (private placement, public offering, exercise of warrants, etc.)	Number	Price	Total Proceeds	Type of Consideration (cash, property etc.)	Describe relationship of Person with Issuer (indicate if Related Person)	Commission Paid
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

(b) summary of options granted during the period,

Date	Number	Name of Optionee if Related Person and relationship	Generic description of other Optionees	Exercise Price	Expiry Date	Market Price on date of Grant
N/A	N/A	N/A	N/A	N/A	N/A	N/A

3. Summary of securities as at the end of the reporting period.

Provide the following information in tabular format as at the end of the reporting period:

(a) description of authorized share capital including number of shares for each class, dividend rates on preferred shares and whether or not cumulative, redemption and conversion provisions,

As at December 31, 2023, the authorized share capital of the Issuer consists of an unlimited number of common shares, with no par value. Each common share entitles the holder thereof to one vote at a duly called meeting of shareholders.

(b) number and recorded value for shares issued and outstanding,

As at December 31, 2023, there were 436,263,916 issued and outstanding common shares of the Issuer. Reference is made to Note 9 in the Q1 2024 Financial Statements.

(c) description of options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date, and any recorded value, and

As at December 31, 2023, in respect of outstanding convertible debentures of the Issuer, reference is made to Note 8 in the Q1 2024 Financial Statements. As noted in Note 9 in the Q1 2024 Financial Statements, there are no outstanding stock options as all such options expired unexercised in August 2023.

- (d) number of shares in each class of shares subject to escrow or pooling agreements or any other restriction on transfer.

Not Applicable.

4. List the names of the directors and officers, with an indication of the position(s) held, as at the date this report is signed and filed.

Paul DesLauriers	Director and Chairman of the Board
Mario Hernandez	Director and Executive Vice President, Claims and Land Management
Frederick D. Seeley	Director
Matthew S. Thomson	Director
Peter W. Hogg	Director, Chief Financial Officer and Interim CEO

SCHEDULE C: MANAGEMENT'S DISCUSSION AND ANALYSIS

Provide Interim MD&A if required by applicable securities legislation.

The MD&A of the Issuer for the three-month period ended December 31, 2023 is attached as Schedule "C" and has been filed on SEDAR+ under the Issuer's profile.

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 Quarterly Listing Statement.
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 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 CNSX Policy 1).
4. All of the information in this Form 5 Quarterly Listing Statement is true.

Dated As of February 29, 2024.

Peter Hogg _____
Name of Director or Senior Officer

"Peter Hogg" _____
Signature

Chief Financial Officer and Interim Chief Executive
Officer _____
Official Capacity

Issuer Details Name of Issuer	For Quarter Ended	Date of Report YY/MM/D
Cerro Grande Mining Corporation	December 31, 2023	2024/29/02
Issuer Address <i>1 King Street West, Suite 4009</i>		
City/Province/Postal Code	Issuer Fax No. N/A	Issuer Telephone No. +56 9 9837 4476
<i>Toronto, Ontario, Canada M5H 1A1</i>		
Contact Name Peter Hogg	Contact Position Interim CEO and CFO	Contact Telephone No. +56 9 9837 4476
Contact Email Address	Web Site Address	
ceg@cegmining.com	www.cegmining.com	

SCHEDULE "A"

Q1 2024 Financial Statements

See attached

CERRO GRANDE MINING CORPORATION

**Report to Shareholders
for the
First Quarter Ending
December 31, 2023
(These statements have not been audited)**

**Listed on the Canadian Securities Exchange
Symbol: CEG
and
The OTCQB International
Symbol: CEGMF**

The Company's auditors have not reviewed these condensed interim consolidated financial statements for the three month period ended December 31, 2023

CERRO GRANDE MINING CORPORATION

Consolidated Statements of Financial Position

As at December 31, 2023 and September 30, 2023

(Expressed in thousands of U.S. dollars, except per share amounts)

		December 31,	September 30,
	Notes	2023	2023
		\$	\$
ASSETS			
Current assets			
Cash		4	4
Receivables and advances	4	5	5
Recoverable taxes		6	6
		<u>15</u>	<u>15</u>
Non-current assets			
Pimenton project	5	<u>1,153</u>	<u>1,153</u>
		<u>1,153</u>	<u>1,153</u>
Total assets		<u><u>1,168</u></u>	<u><u>1,168</u></u>
LIABILITIES			
Current liabilities			
Trade and other payables	6	203	199
Due to related parties	11	2,387	2,305
Other debt	7	282	279
		<u>2,872</u>	<u>2,783</u>
Non-Current liabilities			
Long Term Debt	8	<u>4,001</u>	<u>4,000</u>
		<u>4,001</u>	<u>4,000</u>
Total liabilities		<u><u>6,873</u></u>	<u><u>6,783</u></u>
SHAREHOLDERS' DEFICIENCY			
Share capital	9	91,509	91,509
Contributed surplus		8,575	8,575
Deficit		<u>(105,789)</u>	<u>(105,699)</u>
Total shareholders' deficiency		<u><u>(5,705)</u></u>	<u><u>(5,615)</u></u>
Total liabilities and shareholders' deficiency		<u><u>1,168</u></u>	<u><u>1,168</u></u>

Nature of operations and going concern assumption (Note 1)

Approved by the Board of Directors

(Signed) Paul J. DesLauriers Chairman (Signed) Peter Hogg CEO (interim) and CFO

The accompanying notes form an integral part of these consolidated financial statements.

CERRO GRANDE MINING CORPORATION

Consolidated Statements of Loss and Other Comprehensive Loss

For the three month period ended December 31, 2023 and 2022

(Expressed in thousands of U.S. dollars, except per share amounts)

	Three months ended	
	December 31,	
	2023	2022
	\$	\$
Expenses		
General, sales and administrative (Note 11)	92	82
Foreign exchange	(7)	5
Interest	4	4
Accretion expense (Note 8)	19	19
Unrealized (gain) on derivative liability	(18)	(23)
	90	87
	<u>(90)</u>	<u>(87)</u>
Loss and comprehensive loss for the year	<u>(90)</u>	<u>(87)</u>
Basic and diluted loss per share	<u>(0.00)</u>	<u>(0.00)</u>
Weighted average number of shares outstanding	436,263,916	409,744,345
- basic and diluted		

The accompanying notes are an integral part of these consolidated financial statements.

CERRO GRANDE MINING CORPORATION

Consolidated Statements of Changes in Shareholders' Deficiency

For the three month period ended December 31, 2023 and 2022

(Expressed in thousands of U.S. dollars, except per share amounts)

	Share capital		Contributed surplus	Deficit	Total equity
	Number of shares	Amount			
Balance - October 1, 2022	436,263,916	91,509	8,575	(105,312)	(5,228)
Net loss	-	-	-	(87)	(87)
Balance - December 31, 2022	436,263,916	91,509	8,575	(105,399)	(5,315)
Balance - October 1, 2023	436,263,916	91,509	8,575	(105,699)	(5,615)
Net loss	-	-	-	(90)	(90)
Balance - December 31, 2023	436,263,916	91,509	8,575	(105,789)	(5,705)

The accompanying notes form an integral part of these consolidated financial statements.

CERRO GRANDE MINING CORPORATION

Consolidated Statements of Cash Flows

For the three months ended December 31, 2023 and 2022

(Expressed in thousands of U.S. dollars, except per share amounts)

	Three months ended	
	December 31,	
	2023	2022
Operating Activities	\$	\$
Net loss for the period	(90)	(87)
Items not involving cash:		
Accrued interest	4	3
Accretion of convertible debentures	19	19
Unrealized gain on derivative liability	(18)	(23)
	(85)	(88)
Change in non-cash working capital	3	(12)
Net cash used by operating activities	(82)	(100)
Financing activities		
Due to related parties	82	98
Net cash provided by financing activities	82	98
Increase (decrease) in cash	-	(2)
Cash - Beginning of period	4	8
Cash - End of period	4	6

The accompanying notes form an integral part of these consolidated financial statements.

CERRO GRANDE MINING CORPORATION

Notes to the Consolidated Financial Statements

For the three month period ended December 31, 2023

(Expressed in thousands of U.S. dollars, except per ounce, share and per share amounts)

1. NATURE OF OPERATIONS AND GOING CONCERN ASSUMPTION

Cerro Grande Mining Corporation (the “Company” or “CEG”) and its subsidiaries is a mining and exploration company, which used to produce gold, silver and copper, with operations mainly in Chile. The Company is currently focused on the Pimenton project, as detailed in Note 5. The Company is incorporated under the Canada Business Corporations Act, and its common shares are listed on the Canadian Securities Exchange (“CSE”) trading under the symbol “CEG” and on the OTCQB trading under the symbol “CEGMF”. The Company is domiciled in Canada and the address of its records office is 1 King Street West, Suite 4009, Toronto, ON, M5H 1A1, Canada. The registered office is 1810 University Avenue, Suite 800, Toronto, ON M5H 2X7, Canada.

These consolidated financial statements have been prepared on a going concern basis, which contemplates, that the Company will continue in operations for the near future and will be able to realize its assets and discharge its liabilities in the normal course of business. As at December 31, 2023, the Company has a working capital deficit of \$2,857 (2022 - \$2,314).

With the bankruptcy of its only cash generating entity (Minera Pimentón) during the year ended September 30, 2017, the certainty of future profitability and availability of sources of additional financing cannot be assured at this time and accordingly, these material uncertainties cast significant doubt about the Company’s ability to continue as a going concern. The consolidated financial statements do not include adjustments to the carrying values and classifications of recorded assets, liabilities, related revenues, and expenses that would be necessary should the Company be unable to continue as a going concern and those adjustments may be material.

2. BASIS OF PRESENTATION

a) Statements of compliance

These unaudited condensed interim consolidated financial statements are expressed in thousands of US dollars and have been prepared in compliance with International Financial Reporting Standards (“IFRS”) as issued by the International Standards Board (“IASB”) including IAS34 Interim Financial Reporting. The condensed interim consolidated financial statements should be read in conjunction with the Company’s annual consolidated financial statements for the year ended September 30, 2023, which have been prepared in accordance with IFRS as issued by the IASB. The accounting policies and the application adopted are consistent with those disclosed in Note 3 to the Company’s consolidated financial statements for the year ended September 30, 2023 except as described below. The preparation of condensed interim consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities and expenses. All financial information presented in USD has been rounded to the nearest thousand unless otherwise stated.

The Board of Directors approved the consolidated financial statements on February 22, 2024.

b) Basis of preparation

These consolidated financial statements have been prepared under the historical cost basis, except for certain financial assets and liabilities that are measured at fair value through profit and loss including derivative instruments. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. All amounts are expressed in thousands of US dollars.

CERRO GRANDE MINING CORPORATION

Notes to the Consolidated Financial Statements

For the three month period ended December 31, 2023

(Expressed in thousands of U.S. dollars, except per ounce, share and per share amounts)

2. BASIS OF PRESENTATION – (Continued)

c) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The Company also makes estimates and assumptions concerning the future. The determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience and current and expected economic conditions. Actual results could differ from those estimates.

i) Significant judgements in applying accounting policies

The areas which require management to make significant judgements in applying the Company's accounting policies in determining carrying values include, but are not limited to:

a) Taxes

The Company is subject to income taxes in various jurisdictions. Significant judgment is required in determining the provision for income taxes, due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

b) Pimenton Project

The carrying value and recoverability of the Pimenton project requires management to make certain estimates, judgements and assumptions about the project. Management considers the economics of the project, including the latest resources prices and the long-term forecasts, and the overall economic viability of the project. Management has assessed these indicators and does not believe an impairment provision is required.

ii) Significant accounting estimates and assumptions

The areas which require management to make significant estimates and assumptions in determining carrying values include, but are not limited to:

a) Deferred taxes

The Company recognizes the deferred tax benefit related to deferred income and resource tax assets to the extent recovery is probable. Assessing the recoverability of deferred income tax assets requires management to make significant estimates of future taxable profit. To the extent that future cash flows and taxable profit differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the statement of financial position date could be impacted. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods from deferred income and resource tax assets.

b) Convertible debentures / Derivative liability

The valuation of an equity conversion option derivative is subject to estimation at the date of issuance and at each reporting period using pricing models such as the Black-Scholes option valuation model. The option valuation model requires the input of highly subjective assumptions including the expected share price volatility. Such subjective input assumptions can materially affect the calculated fair value.

CERRO GRANDE MINING CORPORATION

Notes to the Consolidated Financial Statements

For the three month period ended December 31, 2023

(Expressed in thousands of U.S. dollars, except per ounce, share and per share amounts)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these consolidated financial statements are described below:

a) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany balances, transactions, income and expenses, and profits or losses have been eliminated on consolidation. The Company consolidates subsidiaries where they have the ability to exercise control. Control exists when an investor is exposed, or has rights, to variable returns from its involvement with an investee and has the ability to affect those returns through its power over the investee.

b) Foreign currency translation and transactions

The Company presents its financial statement in U.S. dollars. This is also the functional currency of CEG and its subsidiaries.

The Company's foreign currency transactions and balances denominated in foreign currencies are translated into the Company's functional currency, the U.S. dollar, as follows:

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and year-end translation of monetary items are recognized in the statement of loss and other comprehensive loss under "Foreign exchange".

c) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held with banks, and other short-term liquid investments with original maturities of three months or less, which are subject to an insignificant risk of changes in value except for foreign exchange risk. As at December 31, 2023 and 2022, the Company does not hold any cash equivalents.

d) Financial instruments

Financial assets

Financial assets are classified as either financial assets at fair value through profit or loss, amortized cost, or fair value through other comprehensive income. The Company determines the classification of its financial assets at initial recognition.

Fair value through profit or loss ("FVTPL") - financial assets are classified in this category if they are a derivative instrument, an equity instrument for which the Company has not made the irrevocable election to classify as fair value through other comprehensive income ("FVTOCI"), or a debt instrument that is not held within a business model whose objective includes holding the financial assets in order to collect contractual cash flows that are solely payments of principal and interest. Gains and losses arising from changes in fair value are recognized in profit and loss. The Company's cash is recorded at FVTPL.

Amortized cost – financial assets are classified as measured at amortized cost if both of the following criteria are met and the financial assets are not designated as FVTPL: 1) The objective of the Company's business model for these financial assets is to collect their contractual cash flows; and 2) the assets contractual cash flow represents solely payments of principal and interest.

CERRO GRANDE MINING CORPORATION

Notes to the Consolidated Financial Statements

For the three month period ended December 31, 2023

(Expressed in thousands of U.S. dollars, except per ounce, share and per share amounts)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

The Company's receivables are recorded at amortized cost.

Impairment of financial assets

The Company assesses all information available, including on a forward-looking basis, the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as the reporting date, with the risk of default as at the date of initial recognition, based on all information available, and reasonable and supportive forward-looking information.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was incurred. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in profit and loss.

Amortized cost: This category includes trade and other payables, due to related parties and other debt and long term debt, which are recognized at amortized cost.

Convertible Debenture: On the issue of a convertible debenture, the Company determines whether the financial instrument is a compound instrument or a hybrid instrument. In a compound instrument, the fair value of the liability component is determined by discounting the contractual future cash flows using a market rate for a non-convertible instrument with similar terms. In a hybrid instrument, the fair value of the liability component is the residual value of the proceeds after the equity conversion option derivative fair value is determined unless the entire convertible financial instrument is designated as a financial liability at FVTPL, in which case, the entire convertible financial instrument is measured at fair value.

Subsequent to initial recognition, the Company measures the debt component of both a compound and a hybrid financial instrument at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition. The equity conversion option of a hybrid financial instrument is marked to market at the reporting date and changes to the fair value are charged or credited to profit and loss.

CERRO GRANDE MINING CORPORATION

Notes to the Consolidated Financial Statements

For the three month period ended December 31, 2023

(Expressed in thousands of U.S. dollars, except per ounce, share and per share amounts)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

e) Impairment of long-lived assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's

length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

f) Exploration and development costs

During the year ended September 30, 2021, the Company amended its accounting policy with respect to exploration and development costs. The Company amended its accounting policy to capitalize acquisition costs of resource properties. Previously, it expensed acquisition costs as incurred. The Company has accounted for this change in accounting policy on a retrospective basis. The exploration and development costs on the statement of financial position have been restated for the prior period and presented as if the new accounting policy had always been applied. For the opening numbers on October 1, 2019 and the year ended September 30, 2020, the impact of this change was \$nil. As such, the restating had no effect on the financial position, operating results or cash flows previously reported. The accounting policy with respect to exploration costs of resource properties has not been amended. Exploration costs are expensed as incurred until resources have been determined and then the development costs are capitalized. Upon reaching commercial production, these capitalized development costs are transferred from exploration properties to mining properties, plant and equipment and are amortized in the statement of loss and other comprehensive loss using the unit of production method, based on proven and probable mineral reserves and mineral resources.

The Company regularly assesses exploration and development costs for any factors or circumstances that may indicate impairment, such as declining mineral grades and both current and projected declines in the price of gold.

Expenditures related to extensions of mineral deposits which are already being mined or developed, are capitalized as a mine development cost when the Company is able to conclude that a future economic benefit is probable.

CERRO GRANDE MINING CORPORATION

Notes to the Consolidated Financial Statements

For the three month period ended December 31, 2023

(Expressed in thousands of U.S. dollars, except per ounce, share and per share amounts)

4. RECEIVABLES AND ADVANCES

	December 31, 2023	September 30, 2023
	\$	\$
Sundry Debtors	5	5
Advances	-	-
Total receivables	5	5

The Company has no trade receivables for the periods presented.

5. PIMENTON PROJECT

	December 31, 2023	September 30, 2023
	\$	\$
Option payments	1,153	1,153
Total	1,153	1,153

The Company's subsidiary Minera Til Til Spa signed an Asset Purchase Agreement (the "APA") with Minera Tamidak Limitada ("Tamidak"), a private Chilean company owned by the family of a former director and significant shareholder. Under the terms of the APA, the Company has an option to acquire certain assets, rights and obligations of Tamidak relating to the Pimenton Copper Gold Mining Project for an aggregate of 3,900,000,000 Chilean pesos payable in three installments. The Company paid the first installment under the APA through the issuance of 44,055,102 common shares of the Company with a fair value of \$680 and a second installment through the issuance of a further 39,833,923 common shares of the Company with a fair value of \$473. The remaining payment of 1,300,000,000 Chilean pesos payable in cash or common shares of the Company, at Tamidak's option, is due on June 1, 2024. Certain of the assets relating to the Pimenton Copper Gold Mining Project are subject to royalty agreements with a company owned by the family of a former director and significant shareholder of the Company and a company controlled by a director of the Company.

6. TRADE AND OTHER PAYABLES

Details are as follows:

	December 31, 2023	September 30, 2023
	\$	\$
Trade payables	182	178
Other payables and accrued liabilities	21	21
Total trade and other payables	203	199

CERRO GRANDE MINING CORPORATION

Notes to the Consolidated Financial Statements

For the three month period ended December 31, 2023

(Expressed in thousands of U.S. dollars, except per ounce, share and per share amounts)

7. OTHER DEBT

	December 31, 2023	September 30, 2023
	\$	\$
Gold loan (a & b)	282	279
	282	279
Less: Current portion	(282)	(279)
Long-term Debt	-	-

Interest paid by the Company was \$nil for the period ended December 31, 2023 (2022 - \$nil).

- a) On November 5, 2014, the Company issued a debenture for \$100 with a maturity date of November 5, 2017 related to a "Gold Loan" agreed to by the parties for an equivalent amount. The debenture bears a fixed annual interest rate of 10% on the outstanding principal amount and is payable on a quarterly basis on the 5th day of February, May, August and November of each year. The payment of the principal is semi-annually on May 6 and November 6 of each year plus the difference in the average gold price per ounce in excess of \$ 1,057 per ounce multiplied by 15.77 ounces of gold. The payment of this excess requires that the Company sell greater than 250 ounces of gold bullion from the Pimenton Mine for a 60 day period prior to repayment. As at December 31, 2023, this loan is in default.

The balance of the Gold Loan at December 31, 2023 is \$28 (2022 - \$26). The derivative liability associated with the fluctuation of the price of gold in the contract as at December 31, 2023 is \$nil (2022 - \$nil).

- b) On August 22, 2016, the Company issued a second debenture for \$200 with a maturity date of August 22, 2019 related to a "Gold Loan" agreed to by the parties for an equivalent amount. The Company incurred transaction costs on this loan of \$14. The debenture bears a fixed annual interest rate of 8% on the outstanding principal amount and is payable on a quarterly basis on the 25th day of February, May, August and November of each year. The payment of the principal is semi-annually on Feb 25 and August 25 of each year plus the difference in the average gold price per ounce in excess of US\$ 1,260 per ounce multiplied by 26.455 ounces of gold. The payment of this excess requires that the Company sell greater than 250 ounces of gold bullion from the Pimenton Mine for a 60 day period prior to repayment. As at December 31, 2023, this loan is in default.

The principal balance of the Gold Loan at December 31, 2023 is \$167 (2022 - \$167) and unpaid interest amounts to \$88 (2022 - \$75). The derivative liability associated with the fluctuation of the price of gold in the contract as at December 31, 2023 is \$nil (2022 - \$nil).

8. LONG TERM DEBT

	December 31, 2023	September 30, 2023
	\$	\$
Auromin	3,079	3,064
Chañar Blanco	590	587
Mario Hernandez A	33	33
Derivative Liability	299	316
Total Payables	4,001	4,000

CERRO GRANDE MINING CORPORATION

Notes to the Consolidated Financial Statements

For the three month period ended December 31, 2023

(Expressed in thousands of U.S. dollars, except per ounce, share and per share amounts)

8. LONG TERM DEBT *(Continued)*

On February 20, 2020 three Debentures were issued in exchange for the cancellation of cash advances and other debt amounts made to the Company, by each of Mario Hernandez, who is also a director and officer of the Company, Compañía Minera Chañar Blanco S.A., a Company owned by Mario Hernández, and Compañía Minera Auromín Ltda., a Company owned by the family of David Thomson, who is a former director and significant shareholder of the Company, in the aggregate amount of \$3,787. The Debentures mature on February 20, 2025 and are non-interest bearing.

Mario Hernandez acquired a Debenture in the principal amount of \$34, Compañía Minera Chañar Blanco S.A. acquired a Debenture in the principal amount of \$604 and Compañía Minera Auromín Ltda. acquired a Debenture in the principal amount of \$3,149. The outstanding amount of principal for each Debenture is convertible into Common Shares at a conversion price (the "Conversion Price") equal to the greater of (i) CDN\$0.05 per Common Share, and (ii) the simple average of the closing price per Common Share on the Canadian Securities Exchange (or such other exchange on which the Common Shares may then be listed) for the 15 consecutive trading days period ending immediately prior to the date of the notice of conversion provided by the holder of the Debenture to the Company. On this basis, each of Hernandez, Compañía Minera Chañar Blanco S.A. and Compañía Minera Auromín Ltda. can acquire at their option, at any time after the date that is 180 days from the date hereof until maturity, up to 882,290, 15,680,601 and 81,807,694 Common Shares, respectively, upon conversion of the full amount of principal under their respective Debentures.

The Company may also, at its option, accelerate the conversion (the "Acceleration Right") of all or part of the outstanding principal at the Conversion Price, at any time if the closing price of the Common Shares on the Canadian Securities Exchange, equals or exceeds CDN\$0.15 per Common Share for a period of 20 consecutive trading days (the "Acceleration Period").

At their issuance, the Debentures were considered to be hybrid financial instruments, with the conversion feature, because it is not based on a fixed share price, measured separately and then subsequently fair valued at each balance sheet date. Such adjustments are reflected in operations. The debt component of the Debentures, representing the difference between their face amounts and this initial conversion feature value, is accreted up to the face amount on a straight-line basis over the term of the Debentures. These accretion charges are also included in operations.

At February 20, 2020 the equity conversion option derivative was fair valued at \$371 using the Black-Scholes pricing model using a share price of CAD\$ 0.005, expected life of 5 years, risk free rate of 1.33% and a volatility of 348%.

At December 31, 2023 the equity conversion derivative was revalued at \$299 (2022 - \$526) using the Black-Scholes pricing model using a share price of CAD\$0.005, expected life of 1.14 years, risk free rate of 4.83% and a volatility of 358.24%. Due to the change in fair value a revaluation adjustment gain of \$18 (2022 - gain of \$23) was recorded in the statement of loss and other comprehensive loss.

During the period ended December 31, 2023, the Company recorded an accretion expense of \$19 (2022 - \$19) relating to the debenture.

CERRO GRANDE MINING CORPORATION

Notes to the Consolidated Financial Statements

For the three month period ended December 31, 2023

(Expressed in thousands of U.S. dollars, except per ounce, share and per share amounts)

9. SHARE CAPITAL

	<u>Number of shares</u>	<u>Amount</u> \$
Balance – September 30, 2021	396,429,993	91,036
Shares issued (Note 5 and Note 9(b)(i))	39,833,923	473
Balance – September 30, 2022 and 2023	436,263,916	91,509
Balance – December 31, 2023	436,263,916	91,509

a) Authorized capital

The authorized capital of the Company consists of an unlimited number of common shares, with no par value.

b) Issued and outstanding

- i) During the year ended September 30, 2022.
 - 39,833,923 common shares with a fair value of \$473 were issued in name of Tamidak, a company owned by the family of a former director and significant shareholder of the Company in payment of the second option of the APA (Note 5).
- ii) During the year ended September 30, 2023.
 - No common shares were issued
- iii) During the three month period ended December 31, 2023.
 - No common shares were issued

CERRO GRANDE MINING CORPORATION

Notes to the Consolidated Financial Statements

For the three month period ended December 31, 2023

(Expressed in thousands of U.S. dollars, except per ounce, share and per share amounts)

9. SHARE CAPITAL – (Continued)

c) Share option plan

The Company has a share option plan (the “Plan”) whereby, from time to time at the discretion of the Board of Directors, share options are granted to directors, officers, employees, certain consultants and service providers. The maximum number of common shares issuable under the Plan is 12,578,754 common shares and 5,000,000 common shares issuable under the share bonus plan, within the Plan, to eligible participants.

The aggregate number of shares which may be issued pursuant to stock options which remain outstanding shall not exceed 10% of the issued and outstanding shares. The Board of Directors determines the vesting period for each award granted under the plans at its discretion. The plan provides for a minimum term of 10 years for stock options.

The maximum number of shares which may be issued pursuant to the share bonus plan cannot exceed 2% of the aggregate number of shares issued and outstanding shares.

All options expired at September 30, 2023.

There were no incentive stock options granted during the three month period ended December 31, 2023.

10. SEGMENT INFORMATION

In determining reportable operating segments, management reviews various factors, including geographic location, quantitative thresholds, and managerial structure.

The Company operates in one reportable operating segment, being the acquisition and exploration of mineral properties.

Geographic information is as follows:

December 31, 2023		Canada	Chile	United States	Total
Due from related parties	\$	-	1,153	-	1,153
Total Non-current assets	\$	-	1,153	-	1,153

September 30, 2023		Canada	Chile	United States	Total
Due from related parties	\$	-	1,153	-	1,153
Total Non-current assets	\$	-	1,153	-	1,153

CERRO GRANDE MINING CORPORATION

Notes to the Consolidated Financial Statements

For the three month period ended December 31, 2023

(Expressed in thousands of U.S. dollars, except per ounce, share and per share amounts)

11. RELATED PARTY TRANSACTIONS

A company controlled by the Chief Financial Officer of the Company (the "CFO") and Interim Chief Executive Officer (the "CEO") who is also a Director, billed \$2 to the Company for accounting and administration services and \$9 for interim CEO fees rendered during the period ended December 31, 2023 (2022- \$5 and \$9). Trade and other payables include \$54 in relation to such services at December 31, 2023 (2022 - \$5).

Due to related parties at December 31, 2023 includes cash advances of \$2,156 from the estate of David Thomson (or his companies), who was a former director and officer of the Company (2022 - \$1,743). The cash advances bear no interest and have no specific terms of repayment.

As at December 31, 2023, the Company owes a total of \$231 (2022 - \$219) to directors for director's compensation. This amount is included in due to related parties.

CERRO GRANDE MINING CORPORATION

Notes to the Consolidated Financial Statements

For the three month period ended December 31, 2023

(Expressed in thousands of U.S. dollars, except per ounce, share and per share amounts)

Directors* and Officers

Paul J. DesLauriers *(1),(2),(3),(4)

Toronto, ON, Canada

Chairman

Executive Vice President and Director

Loewen, Ondaatje, McCutcheon & Company

Limited, Toronto, Canada

Mario Hernandez A. *

Santiago, Chile

Executive Vice President and Director,

Claims and

Land Management

Matthew S. Thomson *(3)

Santiago, Chile

Frederick D. Seeley *(1),(2),(4)

West Falmouth, Massachusetts, USA

Chairman, Givens Hall Bank and Trust

Limited

Peter W. Hogg *(1)

Toronto, ON, Canada

Chief Financial Officer and Interim

Chief Executive Officer

(1) Member, Audit Committee

(2) Member, Compensation Committee

(3) Technical Committee

(4) Corporate Governance and Nominating

Committee

Corporate Information

Website: www.cegmining.com

Canadian Securities Exchange

Stock Symbol: CEG

OTCQB International

Stock Symbol: CEGMF

Registered Office:

c/o Ricketts Harris LLP

181 University Avenue

Suite 800

Toronto, ON M5H 2X7

Canada

Toronto Office

1 King Street West, Suite 4009

Toronto, Ontario M5H 1A1, Canada

Santiago Office:

Avda. Antonio Varas 175, Office 810

Providencia, Santiago, Chile

Telephone: 56-9-98374476

Solicitors:

Ricketts Harris LLP

Toronto, Ontario, Canada

Auditors:

De Visser Gray LLP

Vancouver, British Columbia, Canada

Stock Registrar and Transfer Agent

Computershare Investor Services

Toronto, Ontario, Canada

SCHEDULE "B"

Supplementary Information

See Part B of this Form 5

SCHEDULE "C"

Q1 2024 Management's Discussion and Analysis

See attached

**MANAGEMENT’S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS
For the three month period ended December 31, 2023**

(Expressed in thousands of United States dollars, except ounce, share and per share amounts)

The following discussion is a review of the activities, results of operations and financial condition of Cerro Grande Mining Corporation and its consolidated subsidiaries (“CEG” or the “Company”) for the three month period ended December 31, 2023, together with certain trends and factors that are expected to impact on future operations and financial results. This information is presented as of February 29, 2024. This discussion should be read in conjunction with the audited consolidated financial statements as at September 30, 2023, which are available on SEDAR at www.sedar.com. The Company’s condensed interim consolidated financial statements and financial data have been prepared using accounting policies consistent with IFRS. All dollar amounts are expressed in thousands United States dollars, except as otherwise indicated.

Contents of the MD&A

1. Forward Looking Statements
2. Overview
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1. FORWARD LOOKING STATEMENTS

This management’s discussion and analysis contains or refers to forward-looking statements. All information, other than information regarding historical fact that addresses activities, events or developments that the Company believes, expects or anticipates will or may occur in the future is forward-looking information. Forward-looking information can often be identified by forward-looking words such as “anticipate”, “believe”, “expect”, “plan”, “intend”, “estimate”, “may”, “could”, “potential”, “should” “will” or similar words suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance.

The forward-looking statements in this management's discussion and analysis reflects the current expectations, assumptions or beliefs of the Company based on information currently available to the Company. With respect to forward-looking statements contained in this management discussion and analysis, the Company has made assumptions regarding, among other things, the Company's ability to generate sufficient cash flow from operations and capital markets to meet its future obligations, the regulatory framework in Chile, with respect to, among other things, permits, licenses, authorizations, royalties, taxes and environmental matters and the Company's ability to continue to obtain qualified staff and equipment in a timely and cost-efficient manner to meet the Company's needs.

Forward-looking statements are subject to a number of risks and uncertainties 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.

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.

Non-IFRS financial measures

The Company has included certain non-IFRS financial measures in this document. These measures are not defined under IFRS and should not be considered in isolation. The Company believes that these measures, together with measures determined in accordance with IFRS, provide investors with an improved ability to evaluate the underlying performance of the Company. The inclusion of these measures is meant to provide additional information and should not be used as a substitute for performance measures prepared in accordance with IFRS. These measures are not necessarily standard and therefore may not be comparable to other issues.

2. OVERVIEW

The Company is an exploration corporation focused in Chile with no projects currently in development.

The Company's projects, which are in various stages of exploration and development in Chile include "Pimenton", "Tordillo" and two limestone deposits "Catedral" and "Cal Norte".

3. HIGHLIGHTS

Operational Highlights

There were no operations for the three month period ended December 31, 2023 and 2022.

The Company's subsidiary Minera Til Til Spa signed an Asset Purchase Agreement (the "APA") with Minera Tamidak Limitada ("Tamidak"), a private Chilean company owned by the family of a former director and significant shareholder. Under the terms of the APA, the Company can acquire, at its option, certain assets, rights and obligations of Tamidak relating to the Pimenton Copper Gold Mining Project for an aggregate of 3,900,000,000 Chilean pesos payable in three installments. The Company paid the first installment under the APA through the issuance of 44,055,102 common shares of the Company and a second installment through the issuance of a further 39,833,923 common shares of the Company with a fair value at December 31, 2022 of \$1,153. The remaining payment of 1,300,000,000 Chilean pesos payable in cash or common shares of the Company, at Tamidak's option, originally due on December 1, 2023 has been postponed six months and falls due on June 1, 2024. Certain of the assets relating to the Pimenton Copper Gold Mining Project are subject to royalty agreements with a company owned by the family of a former director and significant shareholder of the Company and a company controlled by a director of the Company.

The Company's subsidiary Minera Til Til SpA ("TilTil") has entered into a lease agreement for mining exploitation concessions (the "Agreement") with Minera Tamidak Limitada ("Tamidak") to lease to Tamidak certain concessions from the Company's past producing Pimenton copper and gold project located approximately 120km northeast of Santiago in the Andes mountains in Chile (the "Pimenton Project").

The purpose of the Agreement is to enable Tamidak to carry out certain exploration and extraction activities for mineral substances limited to the existing tailings pond at the Pimenton Project (the "Area of interest"). As such, Tamidak may carry out research, reconnaissance, exploration and exploitation works in the Area of Interest and sell any mineral substances recovered therefrom.

Pursuant to the Agreement, all activities to be conducted by Tamidak, including obtaining the required permits and authorizations applicable to Tamidak's activities, are its sole responsibility and costs. As compensation for the lease, Til Til is entitled to receive, on an annual basis, 50% of the net profits that Tamidak may receive from the recovery and sale of minerals recovered from the Area of Interest. In addition, Tamidak's activities cannot impede or limit any exploration activities on the Pimenton Project that Til Til may conduct on its own or that are undertaken by a third party pursuant to a formal written agreement entered into between Til Til and such third party, and as such, Til Til retains the right to terminate the Agreement with 7-months' prior written notice in the event that such activities would be incompatible with the activities carried out by Tamidak. The term of the Agreement is for three years and is automatically renewable for additional two-year periods unless terminated by either

party with 60-days' prior written notice to the other prior to the end of the initial term or any additional term. Tamidak retains the right to terminate the Agreement at any time by providing 90-days' written notice to Til Til, and Til Til may terminate the Agreement at any time after five years with six-months' prior written notice, provided that Til Til may immediately terminate the Agreement after providing written notice to Tamidak that it has failed to make any annual lease payment and such default is not remedied by Tamidak within ten business days after written notice has been provided to Tamidak. In the event of such termination, Tamidak remains obligated to make such payment.

Upon termination of the Agreement, Tamidak is required to abandon and clean the Area of Interest, remove equipment and comply with the closure plan approved by the relevant authority.

Tailings Pond - Area of Interest

The tailings pond is approximately 130 m by 200 m in size with depths ranging from 2 to 15 m. In 2019, a preliminary sampling program was carried out as part of the Company's environmental permitting of the tailings pond and the Company decided to assay the samples for gold mineralization. A total of 20 samples were collected, none more than 50 cm deep. The original samples returned higher than expected gold grades averaging 0.5 g/t, ranging from a low of 0.34 g/t to a high of 0.63 g/t.

In 2021, the tailings pond was drilled with Auger-type wells to a maximum depth of 6m. This sampling system is adequate until this depth and it is not recommended for more deep holes because of the higher water content in depth. A total of 13 wells were drilled, in 3 sections separated 35 m and in lines every 50 m.

Tamidak has now received all of the applicable environmental and mining permits and has initiated the tailing pond reprocessing operation at the Company's Pimenton project (please see the Company's press release dated February 21, 2023). Operations were due to restart mid-December but operations have been halted due to a ruling by the Chilean Supreme Court as commented below.

On June 6, 2023, Tamidak advised the Issuer that a group of local environmental activists had sought an injunction against Tamidak to prevent it from continuing with its tailings pond reprocessing operation claiming that such operation would have a harmful impact on the environment and the inhabitants of the valley of the Rio Colorado in Chile.

The injunction was not granted. However, the judges directed that Tamidak, SERNAGEOMIN which approved the tailings pond permit and the Superintendencia del Medio Ambiente ("SMA") (the environmental regulator in charge of approving all environmental aspects of any mining project and which approved the tailings pond project) as well as the activists to return to court to hear full arguments on the matter. The activists have included SERNAGEOMIN and SMA in the action as the activists argue that the permits granted by such governmental authorities for the tailings pond

reprocessing operation should not have been granted. The Issuer has not been made a party to the action.

Such hearing took place on July 5, 2023 and the court found in favour of Tamidak, SERNAGEOMIN and SMA, dismissing the injunctive relief sought by the activists and ordering that such persons pay Tamidak's, SERNAGEOMIN's and SMA's costs in the action.

The Issuer has been advised by Tamidak that the activists are seeking from an appellate court leave to appeal the aforementioned decision to the Supreme Court of Chile. As mentioned in the news release dated December 8, 2023 the Supreme Court has ordered the Superintendencia del Medio Ambiente ("SMA") (the environmental regulator in charge of approving all environmental aspects of any mining project and which approved the tailings pond project) to make another site visit to determine whether any allegations made by such group are warranted. Accordingly, the SMA is required to make such site visit and provide its report within 60 days. During this time, Tamidak may not conduct any work on the property. The SMA has previously approved the reprocessing operation and granted all required environmental permits. Tamidak reports that the SMA has completed their site visit order and so expects that the injunction will be lifted.

Financial Highlights

Loss before and after income taxes for the period ended December 31, 2023 was \$90 compared to a loss of \$87 in the same period in 2022.

Basic loss per share for the year ended December 31, 2023 was a loss of \$0.00 per share (2022 – loss of \$0.00).

At December 31, 2023, the Company had cash of \$4 compared to \$4 at December 31, 2022. Cash used in operations for the period ended December 30, 2023 was \$82 (2022 – \$100).

Other Highlights

- Management believes that the values of the exploration of Tordillo and the Catedral/Rino and Cal Norte limestone deposits are not reflected in the Company's market capitalization. The Company will continue its effort to enhance the underlying values of its assets.

4. SUMMARY FINANCIAL RESULTS

The table below sets out the consolidated loss for the period ended December 31, 2023 and 2022.

	Three months ended	
	December 31,	
	2023	2022
	\$	\$
Expenses		
General, sales and administrative	92	82
Foreign exchange	(7)	5
Interest	4	4
Accretion expense (Note 8)	19	19
Unrealized (gain) on derivative liability	(18)	(23)
	90	87
Loss and comprehensive loss for the year	<u>(90)</u>	<u>(87)</u>
Basic and diluted loss per share	<u>(0.00)</u>	<u>(0.00)</u>
Weighted average number of shares outstanding	436,263,916	409,744,345
- basic and diluted		

1) Consolidated statements of loss and other comprehensive loss for the three month period ended December 31, 2023 and 2022.

- a) General and administrative costs for the three months ended December 31, 2023 were \$92 compared to \$82 for the same period in 2022.
- b) Interest expense for the three month period ended December 31, 2023 was \$4 compared to an expense of \$4 for the same period in 2022.
- c) The February 2020 shows an accretion of \$19 (2022 - \$19) and a gain on revaluation of the derivative liability of \$18 (2022 – \$23)

2) Consolidated Statement of Financial Position as at December 31, 2023

As at December 31, 2023 the Company had a negative working capital of \$2,857 (2022 – negative \$2,314).

Summary of Quarterly Results

The following information is provided for each of the eight most recent quarterly periods ending on the dates specified. The figures are extracted from the underlying financial statements

	Dec 31, 2023	Sept 30, 2023	June 30, 2023	Mar 31, 2023
Sales	-	-	-	-
Net (loss) income	(90)	15	(68)	(247)
Per share	0.00	0.00	0.00	0.00
Per share diluted	0.00	0.00	0.00	0.00

	Dec 31, 2022	Sept 30, 2022	June 30, 2022	Mar 31, 2022
Sales	-	-	-	-
Net (loss) income	(87)	(75)	(116)	123
Per share	0.00	0.00	0.00	0.00
Per share diluted	0.00	0.00	0.00	0.00

Outlook

The other subsidiaries of CEG, including Compañía Minera Til Til, Compañía Minera Catedral, Compañía Minera Tordillo, Compañía Minera Bandurrias and Compañía Minera Cal Norte are not affected by the bankruptcy of Compañía Minera Pimentón. At this time management is determining the best course of action.

5. EXPLORATION AND DEVELOPMENT PROJECTS

Tordillo

The Company holds mining claims on Tordillo which is located 11.5 kilometers south-southwest of Pimenton and covers an area of 6,632 hectares (16,381 acres). Tordillo is in the early exploration stage and to date the Company has identified several gold/copper vein structures similar to those at Pimenton and an area of potential porphyry copper mineralization. The preliminary data suggests Tordillo contains the upper part of a deep-seated copper/gold and possibly copper molybdenum porphyry system associated with narrow high grade gold and copper veins which may be widespread and represent a separate exploration target. Tordillo is located in an area of intense exploration activity and was acquired by the Company in 2006.

Subsequent exploration should bring into perspective the vein potential and establish if the porphyry system is large enough to host possible economic copper mineralization.

During the period ended December 31, 2023, the Company expensed a total of \$nil (2022 - \$nil) relating to mining property costs and exploration costs on Tordillo.

Bandurrias

During the period ended December 31, 2023 acquisition costs of \$nil were expensed (2022 - \$nil).

Limestone deposits

The Company holds interest in two limestone deposits. Lime is used by the Chilean mining industry in processing sulfide copper ores and in heap leaching of gold ores.

The Company's limestone deposits at Catedral and Cal Norte contain high grade limestone which, when calcined, can produce lime that the Company's management believes will qualify for use by the Chilean mining industry. While the changing economic situation will enable the Company to continue its efforts to become a supplier of lime to the Chilean copper industry, it also strengthens the Company's position as it reviews alternative strategies for the sale, joint venture or spin-off of the Catedral/Rino and Cal Norte limestone properties.

As at December 31, 2023, the Company had contributed a cumulative total of \$4,080 (2022 - \$4,080) to finance a drilling program on Catedral/Rino and complete a preliminary feasibility study for the construction of a 1,320 ton per day capacity cement manufacturing facility on the project as well as a preliminary feasibility study for construction of a 600 ton per day lime kiln on the Catedral property. During prior years the Company had written off \$4,080 in mining properties and exploration costs relating to Catedral/Rino.

As at December 31, 2023, the Company had contributed a cumulative total of \$1,556 (2022 - \$1,556) to Cal Norte, to finance a bankable feasibility study on the project, environmental permitting, and further mine development. Although the Company has incurred sufficient exploration expenditures to maintain the Cal Norte property in good standing, the Company expensed this \$1,566 in prior years.

6. INVESTING

During the year ended December 31, 2023 the Company invested \$nil (2022 - \$nil) in mining plant, equipment, and mining properties.

7. FINANCING

The Company finances its operations using cash advances by related parties or equity sold to related parties. Due to no production and the negative cash flow, Auromin (a company owned by the Thomson family), Chañar Blanco (a company owned by Mario Hernandez, a Director and Officer of the Company) and Mario Hernandez personally have made cash advances to cover the shortfalls.

The Company announced on February 20, 2020 that it has issued unsecured convertible debentures in the aggregate principal amount totaling approximately US\$3,787 (or CDN\$4,919 using an exchange rate of US\$1.00/CDN\$1.2988) (the “Debentures”).

Mario Hernandez, (“Hernandez”) a director and officer of the Company, personally and through Compañía Minera Chanar Blanco S.A. (“Chanar Blanco”), a company controlled by Hernandez and the Thomson family, (“Thomson”) through Compañía Minera Auromin Ltda (“Auromin”), a company controlled by the Thomsons, have each acquired one Debenture convertible into common shares of the Company. Hernandez has acquired a Debenture in the principal amount of US\$34 (CDN\$44), Chanar Blanco has acquired a Debenture in the principal amount of US\$604 (CDN\$784) and Minera Auromin has acquired a Debenture in the principal amount of US\$3,149 (CDN\$4,090). The outstanding amount of principal under each Debenture is convertible into Common Shares at a conversion price (the “Conversion Price”) equal to the greater of (i) CDN\$0.05 per Common Share, and (ii) the simple average of the closing price per Common Share on the Canadian Securities Exchange (or such other exchange on which the Common Shares may then be listed) for the 15 consecutive trading days period ending immediately prior to the date of the notice of conversion provided by the holder of the Debenture to the Company. On this basis, each of Hernandez, Chanar Blanco and Minera Auromin, can acquire at their option, at any time after the date that is 180 days from the date hereof until maturity, up to 882,290, 15,680,601 and 81,807,694 Common Shares, respectively, upon conversion of the full amount of principal under their respective Debentures.

The Debentures have been issued in exchange for the cancellation of cash advances made to the Company up to December 31, 2019 by each of Hernandez, Chanar Blanco and Minera Auromin in the aggregate amount of US\$3,787. The cash advances were used for working capital purposes and to pay for the Company’s MAG and DCIP surveys conducted on the Company’s Tordillo property by Quantec Geoscience. The Debentures mature on February 20, 2025 and do not bear interest. The Company may also, at its option, accelerate the conversion (the “Acceleration Right”) of all or part of the outstanding principal at the Conversion Price, at any time if the closing price of the Common Shares on the Canadian Securities Exchange, equals or exceeds CDN\$0.15 per Common Share for a period of 20 consecutive trading days (the “Acceleration Period”). For further information, please refer to the February 20, 2020 press release issued by the Company.

During the month of November 2014, the Company signed a Gold Loan Debenture for \$100 bearing an annual interest rate of 10%. The principal is to be repaid semi-annually at a gold price of \$1,057 per ounce or higher if the average price during the six month period prior to any repayment date exceeds the agreed price for the equivalent of 15.77 ounces of gold payment.

The balance of the Gold Loan at December 31, 2023 is \$28. There is no derivative liability associated with the fluctuation of the price of gold in the contract as at December 31, 2023 as there was no production at the Pimenton mine.

On August 22, 2016 the company issued a second Gold Loan Debenture for \$200 with a maturity date of August 22, 2019. The debenture bears a fixed annual interest rate of 8% on

the outstanding principal amount and is payable on a quarterly basis on the 25th day of February, May, August and November of each year. The payment of the principal is semi-annually on February 25 and August 25 of each year plus the difference in the average gold price per ounce in excess of \$1,260 per ounce calculated on 26.455 ounces of gold.

The principal balance of the Gold Loan at December 31, 2023 is \$167 and unpaid interest amounts to \$88 (2022 - \$71) There is no derivative liability associated with the fluctuation of the price of gold in the contract as at December 31, 2023 as there was no production at the Pimenton mine.

8. LIQUIDITY AND CAPITAL RESOURCES

As of December 31, 2023, the Company shows a negative working capital of \$2,857 (2022 - negative \$2,314).

Contractual Obligations	Total	Less than 1 year	1-3 years	Over 4 years
	\$	\$	\$	\$
Accounts payable and accrued liabilities	203	203	-	-
Amount due to related parties	2,387	2,387	-	-
Short-term debt	282	282	-	-
Conditional loan agreement (1)	2,500	-	-	2,500
Tordillo prospect (2)	250	-	-	250
Total Contractual Obligations	5,622	2,872	-	2,750

Note (1). The David Thomson estate and Mario Hernandez director of the Company hold the non-controlling interest in Catedral. Under an agreement dated November 27, 1996, the Company agreed to provide or cause to provide these officers and directors a loan of up to \$1,250 each or \$2,500 in total. Such loans are to pay their proportionate share of development costs if a bankable feasibility study demonstrates that the properties can be placed into commercial production, and to fund their combined 50% share of an option payment totaling \$500, which was paid during 1997.

Note (2). As compensation for services rendered in connection with Tordillo, the Company entered into an agreement to pay \$250 within 50 days of first cash flow from the property.

The Company must make an additional capital contribution of \$239 in Cal Norte to earn its 60% equity interest.

The Company has not declared or paid any dividends and does not foresee the declaration or payment of dividends in the near future. Any decision to pay dividends on the common shares will be made by the board of directors on the basis of the Company's earnings, financial requirements and other conditions existing at such future time.

9. OFF-BALANCE SHEET ARRANGEMENTS

There are no off-balance sheet arrangements.

10. RELATED PARTY TRANSACTIONS

A company controlled by the Chief Financial Officer of the Company (the “CFO”) and Interim Chief Executive Officer (the “CEO”) who is also a Director, billed \$2 to the Company for accounting and administration services and \$9 for interim CEO fees rendered during the period ended December 31, 2023 (2022- \$5 and \$9). Trade and other payables include \$54 in relation to such services at December 31, 2023 (2022 - \$5).

Due to related parties includes cash advances of \$2,156 as at December 31, 2023 from the estate of David Thomson (or his companies), who was a former director and officer of the Company (2022 - \$1,743). The cash advances bear no interest and have no specific terms of repayment.

As at December 31, 2023, the Company owes a total of \$231 (2022 - \$219) to directors for director’s compensation. This amount is included in due to related parties.

11. CRITICAL ACCOUNTING ESTIMATES

A summary of the critical accounting estimates are set out below:

Exploration and development costs

Acquisition and exploration costs of exploration properties are expensed as incurred. Once resource potential has been established as defined by a National Instrument (NI) 43-101 report future costs are then capitalized. Upon reaching commercial production, these capitalized costs are transferred from exploration properties to mining properties, plant and equipment as mine development costs and are amortized into operations using the units of production method, based on proven and probable mineral reserves and mineral resources.

The Company regularly assesses exploration and development costs for any factors or circumstances that may indicate impairment.

Stock-based compensation

The Company has a share option plan. Compensation expense is recorded when share options are issued to directors, officers or employees under the Company’s share option plan, based on the fair value of options granted. Consideration paid by optionees on exercise of an option is recorded in share capital. Stock-based compensation given to outside service providers is recorded at the fair value of consideration received or consideration given, whichever is more readily determinable. The fair value of options granted or consideration given is determined using the Black-Scholes valuation model, with volatility factors and risk-free rates existing at the grant date. The share price at the grant date is considered to be equal to the closing price of the Company’s stock on the relevant Stock Exchange on the business day preceding the grant date.

Reclamation and remediation

Asset retirement obligations are recorded in mining properties, plant and equipment and in liabilities at fair value, when incurred. The liability is accreted over time through periodic charges to income. The amount of the liability is subject to remeasurement at each reporting period. These obligations are associated with long-lived assets for which there are a legal obligation to settle under existing or enacting laws, statutes or contracts. The related assets are amortized using the unit of production method.

Key assumptions on which the fair value of the asset retirement obligations is based include the estimated future cash flows, the timing of those cash flows and the credit-adjusted risk-free rate on which the estimated cash flows have been discounted. The actual asset retirement obligation and closure costs may differ significantly, based on future changes in operations, cost of reclamation and closure activities, regulatory requirements and the outcome of legal proceedings.

12. SECURITIES OUTSTANDING

As of February 29, 2024 the Company has issued one class of common shares of which a total of 436,263,916 are outstanding.

As of February 29, 2024 there were no options granted under the stock option plan of the Company. All options expired at September 30, 2023 unexercised.

“CEG” is the stock trading symbol for the Company on the CSE and CEGMF for the OTCQB International Symbol on the OTC market.

13. CONTROLS

National Instrument 52-109

Evaluation of disclosure controls and procedures

Public companies are required to perform an evaluation of disclosure controls and procedures annually and to disclose management’s conclusions about the effectiveness of these disclosure controls and procedures in its annual Management’s Discussion and Analysis. The Company has established, and is maintaining, disclosure controls and procedures to provide reasonable assurance that material information relating to the Company is disclosed in annual filings, interim filings or other reports, and is recorded, processed, summarized and reported within the time periods specified as required by securities regulations.

Management has evaluated the effectiveness of the Company’s Disclosure Controls and Procedures as at December 31, 2023 and, given the size of the Company and the involvement at all levels of the Chief Executive Officer and Chief Financial Officer, believes that they are sufficient to provide reasonable assurance that the Company’s disclosures are compliant with securities regulations.

Internal controls over financial reporting

Management of the Company is responsible for evaluating the design of internal control over financial reporting. The Chief Executive Officer and Chief Financial Officer, together with other members of management, after having designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial reporting in accordance with IFRS as of December 31, 2023, have not identified any changes to the Company's internal control over financial reporting in the latest reporting period that would materially affect, or are reasonably likely to materially affect, the Company's internal control over financial reporting.