News Release

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Cerro Grande Mining Corporation Announces its Third Fiscal Quarter Ended June 30, 2017 Results Compared to the Same Period in 2016 and for the Nine Months Fiscal Period Ended June 30, 2017 Compared to the Same Nine Months Period in 2016

Toronto, Ontario, Canada – Cerro Grande Mining Corporation (the "Company" or "CEG") (CSE:CEG) reported its unaudited results for its third fiscal quarter ended June 30, 2017 compared to the same quarter in 2016 and results for the nine months fiscal period ended June 30, 2017 compared to the same nine months period in 2016. These financial statements and MD&A have been filed on SEDAR and the Company refers the reader to those materials for additional information.

As previously reported, the company's only significant subsidiary Compañía Minera Pimentón (Pimentón), filed for voluntary bankruptcy on May 31, 2017. The Court approved this bankruptcy filing and named a Liquidator on July 18, 2017.

These consolidated financial statements do not include Pimentón's assets and liabilities, which have been eliminated and show a gain on bankruptcy of $4,727. The Consolidated Statement of Income includes 7 months of operations of Pimenton before the voluntary bankruptcy filing.

In accordance with Chilean law, the court appointed bankruptcy Liquidator has taken possession of Pimentón and all of its assets and liabilities. He is also responsible for all ongoing costs of Pimentón until the sale or liquidation of Pimentón.

Any profits obtained or losses incurred, by the Liquidator in the bankruptcy process have no impact on the Company since all financial assets and obligations transfer to the Liquidator.

The Company's other projects, which are in various stages of exploration and development in Chile include Compania Minera Tordillo, Compania Minera Bandurrias, Compania Minera Catedral, Compania Minera Cal Norte, and Compania Minera Til Til are not affected by the bankruptcy of Conpania Minera Pimenton.

Revenues totalled US $572,000 for the Company's third fiscal quarter ended June 30, 2017 which includes gold sales of US $487,000 (345 ozs of gold) and copper and silver sales of US $85,000 compared to revenues for the same quarter in 2016 of US $1,472,000 which includes gold sales of US $1,300,000 (1,028 ozs of gold) and copper and silver sales of US $172,000.

Revenues totalled US $3,236,000 for the Company's nine months fiscal period ended June 30, 2017 which included gold sales of US $2,626,000 (2,175 ozs of gold) and copper and silver sales of US $614,000 compared to revenues for the same nine month period in 2016 of US $5,825,000 which includes gold sales of US $5,074,000 (4,435 ozs of gold) and copper and silver sales of US $751,000.

Net income before income taxes for the third fiscal quarter ended June 30, 2017 was US $250,000 compared to a loss of US $1,629,000 in the comparable period a year ago and for the nine month period ended June 30, 2016.

At June 30, 2017 the Company had a negative working capital position of US $3,094,000 compared to negative working capital of US $10,252,000 at September 30, 2016.

SUMMARY FINANCIAL RESULTS

The table below sets out the consolidated income (loss) for the three and nine month period ended June 30, 2017 and 2016.

	Three months ended		**Nine months ended**	
	Jun 30, 2017	**Jun 30, 2016**	**Jun 30, 2017**	**Jun 30, 2016**
Revenue	**$**	**$**	**$**	**$**
Sales	572	1,472	3,236	5,825
	572	1,472	3,236	5,825
Expenses				
Operating costs	1,578	2,611	6,527	8,157
Reclamation and remediation	2	5	16	16
General, sales and administrative	353	508	953	1,698

Foreign exchange	25	36	(96)	15
Interest	35	52	215	172
Other (income) and expenses (net)	(80)	(111)	23	(253)
Exploration costs	75	-	75	-
	1,988	3,101	7,713	9,805
Loss before income taxes and other item	(1,416)	(1,629)	(4,477)	(3,980)
Income Tax	-	-	-	-
Other - Gain on bankruptcy	4,727	-	4,727	-
Net Income (loss) and net comprehensive income (loss) for the period	**3,311**	**(1,629)**	**250**	**(3,980)**
Basic and diluted income (loss) per share	0.01	(0.01)	0.00	(0.01)

1) Consolidated statements for the three month period ended June 30, 2017 and 2016:

   a) Revenue for the three month period ended June 30, 2017, decreased over the same period in 2016 due to a decrease in gold ounces sold and no production during the month of May. The mine was put into voluntary bankruptcy on May 31, 2017. Sales decreased to 415 ounces compared to 1,027 ounces in the three month period ended June 30, 2016.

   b) Operating expenses for the three months ended June 30, 2017 were $1,578 compared to $2,611 for the same period in 2016.

   c) General sales and administrative costs for the three months ended June 30, 2017 were $353 compared to $508 for the same period in 2016

2) Consolidated statements for the nine month period ended June 30, 2017 and 2016:

   a) Revenue for the nine month period ended June 30, 2017 decreased over the same period in 2016 due to a decrease in gold ounces sold and no production during the month of May. The mine was put into voluntary bankruptcy on May 31, 2017. Sales decreased to 1,857 ounces compared to 4,433 ounces in the same period ended June 30, 2016.

   b) Operating expenses for the nine months ended June 30, 2017 were $6,527compared to $8,157 for the same period in 2016 due to close down and voluntary bankruptcy of the Pimentón mine.

   c) General sales and administrative costs for the nine months ended June 30, 2017 were $953 compared to $1,698 for the same period in 2016.

3) Consolidated Cash flow for the nine month period ended June 30, 2017:

Cash generated by the Pimenton Mine decreased due to operational problems, a drop in the price and grade of gold added to the fact that there was no production during the month of May and the mine was put into bankruptcy on May 31, 2017. The operational problems relate to delays in reaching known and expected ore shoots below the existing levels.

4) Consolidated Statement of Financial Position as at June 30, 2017:

As at June 30, 2017 the Company had a negative working capital of $3,094 (2016–negative $7,746).

Operational Highlights – Pre Bankruptcy

- Gold produced by the Pimentón Mine for the nine month period ended June 30, 2017 was 1,857 oz compared to 4,246 oz produced in the same period ended June 30, 2016.
- Pimenton's cash costs for the nine months ended June 30, 2017 was $3,620 per ounce of gold produced net of by-product credits, compared to $1,158 per oz in the same period for 2016.
- Pimenton's production costs, which include depreciation and amortization, for the nine months ended June 30, 2017 was $2,070 per ounce of gold produced net of by-product credit, compared to $ 1,555 per oz in the same period for 2016.
- The average gold recovery for the nine month period ended June 30, 2017 was 91.00 % compared to 92.90 % in the same period ended June 30, 2016.

Financial Highlights

- Loss before income taxes and other item for the nine month period ended June 30, 2017 was $4,477 compared to a loss of $ 3,980 in the same period in 2017.
- Average price per ounce of gold for the nine month period ended June 30, 2017 was $1,184 (2016 - $ 1,145). Average price per ounce during the three months ended June 30, 2017 was $1,239 (2016 - $1,209)
- Profit after income taxes and other item for the nine month period ended June 30, 2017 was $250 compared to a loss of $ 3,980 in the same period in 2016. This was due to the net effect of eliminating Pimenton's assets and liabilities at May 30, 2017.
- Basic loss per share for the nine month period ended June 30, 2017 was a 0.00 cents per share (2016 – loss of 0.01).
- At June 30 2017, the Company had cash and cash equivalents of $28 compared to $37 at June 30, 2016.
- Cash flow from operations for the nine month period ended June 30, 2017 was negative $1,456 (2016 – negative $1,541).

Other Highlights

- Due to a snow storm at the beginning of May 2017, during which approximately 2 meters of snow accumulated at the mine site, production was interrupted and the mine was evacuated. Shortly afterward, Pimentón filed for voluntary bankruptcy effective May 31, 2017.
- Tordillo exploration 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.
- On December 7, 2016 the Company agreed in principle to extinguish certain outstanding indebtedness owed to David Thomson and Mario Hernandez (the "Related Parties"), both officers and directors of the Company by issuing convertible debentures. The Debt Settlement was completed in order to immediately improve the financial position of the Company given the serious financial difficulties it is currently facing. Pursuant to the Debt Settlement, the Company extinguished outstanding indebtedness in the aggregate amount of US$ 2,771,237 owed to the Related Parties, such indebtedness being made up of net smelter royalty, management fees, cash advances and interest thereon made to the Company by the Related Parties. The interest rate on these Debentures is 8% to be paid semi-annually. In June 2017 these convertible debentures were converted into common shares.

  Following the conversion of the Convertible Debentures, the Company has 339,390,784 shares outstanding (368,626,851 shares on a fully-diluted basis).

  Following the conversion David Thomson holds 139,670,195 common shares of the Company, representing approximately 44.15% of the outstanding shares (approximately 39.33% on a fully-diluted basis).

  Following the conversion Mario Hernandez holds 132,384,709 common shares of the Company, representing approximately 39.01% of the outstanding shares (approximately 39.18% on a fully-diluted basis).

  On a fully diluted basis, Mr. Thomson and Mr. Hernandez hold an aggregate of 289,400,018 common shares of the Company, representing approximately 78.51% of the shares of the Company.

Cerro Grande Mining Corporation is a minerals exploration and development company with properties and activities currently focused in Chile.

Cautionary Statement on Forward-looking Information:

This news release contains "forward-looking information", which may include, but is not limited to, statements with respect to the future financial or operating performance of CEG. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of CEG to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Forward-looking statements contained herein are made as of the date of this press release based on current *expectations and beliefs and CEG disclaims, other than as required by law, any obligation to update any forward-looking statements whether as a result of new information, results, future events, circumstances, or if management's estimates or opinions should change, or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, the reader is cautioned not to place undue reliance on forward-looking statements.*