

CERRO GRANDE MINING CORPORATION

**Report to Shareholders
for the
Second Quarter Ending
March 31, 2021
(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 six month period ended March 31, 2021

CERRO GRANDE MINING CORPORATION

Condensed Interim Consolidated Statements of Financial Position

As at March 31, 2021 and September 30, 2020

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

		March 31,	September 30,
	Notes	2021	2020
		\$	\$
ASSETS			
Current assets			
Cash		5	15
Receivables and advances	4	11	9
Recoverable taxes		9	2
		<u>25</u>	<u>26</u>
Non-current assets			
Deposits	5	1,694	-
Due from related parties	11	-	601
		<u>1,694</u>	<u>601</u>
Total assets		<u><u>1,719</u></u>	<u><u>627</u></u>
LIABILITIES			
Current liabilities			
Trade and other payables	6	195	125
Due to related parties	11	1,431	1,003
Other debt	7	241	234
		<u>1,867</u>	<u>1,362</u>
Non-Current liabilities			
Long Term Debt	8	5,060	4,932
Total liabilities		<u>6,927</u>	<u>6,294</u>
SHAREHOLDERS' DEFICIENCY			
Share capital	9	91,786	90,092
Contributed surplus		8,575	8,575
Deficit		(105,569)	(104,334)
Total shareholders' equity		<u>(5,208)</u>	<u>(5,667)</u>
Total liabilities and shareholders' equity		<u><u>1,719</u></u>	<u><u>627</u></u>

Nature of operations and going concern assumption (Note 1)

Approved by the Board of Directors

(Signed) Paul J. DesLauriers Chairman **(Signed) Stephen W. Houghton** Director

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

CERRO GRANDE MINING CORPORATION

Condensed Interim Consolidated Statements of Loss and Other Comprehensive Loss

For the six month period ended March 31, 2021 and 2020

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

	Three months ended		Six months ended	
	March 31,		March 31,	
	2021	2020	2021	2020
	\$	\$	\$	\$
Expenses				
General, sales and administrative	895	109	1,115	226
Foreign exchange	64	55	(15)	59
Share-based compensation	-	1	-	1
Interest	3	34	7	38
Other expenses	-	43	-	47
Acretion expense (Note 8)	18	-	37	-
Unrealized loss on derivative liability (Note 8)	19	-	91	-
	999	242	1,235	371
Loss and comprehensive loss for the period	<u>(999)</u>	<u>(242)</u>	<u>(1,235)</u>	<u>(371)</u>
Basic and diluted loss per share	<u>(0.00)</u>	<u>(0.00)</u>	<u>0.00</u>	<u>(0.00)</u>
Weighted average number of shares outstanding - basic and diluted	383,445,886	339,390,784	383,445,886	339,390,784

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

CERRO GRANDE MINING CORPORATION

Condensed Interim Consolidated Statements of Changes in Shareholders' Deficiency

For the six month period ended March 31, 2021 and 2020

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

	Share capital		Warrants	Contributed surplus	Convertible unsecured debentures	Deficit	Total equity
	Number of shares	Amount					
Balance - October 1, 2019	339,390,784	90,092	379	8,194	-	(102,603)	(3,938)
Expiry of Warrants	-	-	(379)	379	-	-	-
Equity portion of convertible debentures	-	-	-	-	1,438	-	1,438
Net loss	-	-	-	-	-	(371)	(371)
Balance - March 31, 2020	339,390,784	90,092	-	8,573	1,438	(102,974)	(2,871)
Balance - October 1, 2020	339,390,784	90,092	-	8,575	-	(104,334)	(5,667)
Shares Issued (Note 5)	44,055,102	1,694	-	-	-	-	1,694
Net loss	-	-	-	-	-	(1,235)	(1,235)
Balance - March 31, 2021	383,445,886	91,786	-	8,575	-	(105,569)	(5,208)

CERRO GRANDE MINING CORPORATION

Condensed Interim Consolidated Statements of Cash Flows

For the six month period ended March 31, 2021 and 2020

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

	Three months ended		Six months ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
	\$	\$	\$	\$
Operating Activities				
Net loss for the period	(999)	(242)	(1,235)	(371)
Items not involving cash:				
Accrued interest	4	-	7	-
Accretion of convertible debentures	18	-	37	-
Unrealized loss on derivative liability	19	-	91	-
	(958)	(242)	(1,100)	(371)
Change in non-cash working capital relating to operations	(12)	19	61	(5)
Net cash used by operating activities	(970)	(223)	(1,039)	(376)
Financing activities				
Due to related parties	359	349	428	472
(Repayment)/Forgiveness of debt	601	-	601	(315)
	960	349	1,029	157
Increase (decrease) in cash	(10)	126	(10)	(219)
Cash and cash equivalents - Beginning of period	15	59	15	56
Cash and cash equivalents - End of period	5	185	5	(163)

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

CERRO GRANDE MINING CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended March 31, 2021

(Expressed in thousands of U.S., except 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, exploration and development company, which produced gold, silver and copper, with operations mainly in Chile. 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 March 31, 2021, the Company has a working capital deficit of \$1,842 (2020 – deficit \$1,090).

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.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or results of operations this time.

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, 2020, 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, 2020 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 May 28, 2021.

CERRO GRANDE MINING CORPORATION

Notes to the Consolidated Financial Statements

For the six months ended March 31, 2021

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

2. BASIS OF PRESENTATION – (Continued)

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, except share and per share amounts.

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.

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) 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 six months ended March 31, 2021

(Expressed in thousands of U.S., except 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, 2020 and 2019, 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 Condensed Interim Consolidated Financial Statements

For the six months ended March 31, 2021

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

The Company's receivables and due from related parties 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 Condensed Interim Consolidated Financial Statements

For the six months ended March 31, 2021

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

4. RECEIVABLES AND ADVANCES

	March 31, 2021	September 30, 2020
	\$	\$
Sundry Debtors	11	9
Total receivables	11	9

The Company has no trade receivables for the periods presented.

5. DEPOSITS

	March 31, 2021	September 30, 2020
	\$	\$
Deposit	1,694	-
Total deposits	1,694	-

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 a director, and paid the first installment under the APA of 44,055,102 Common Shares of the Company. The APA agreement states that Tamidak will transfer certain assets, rights and obligations of Tamidak relating to the Pimenton Copper Gold Mining Project, which is still to be completed.

6. TRADE AND OTHER PAYABLES

Details are as follows:

	March 31, 2021	September 30, 2020
	\$	\$
Trade payables	186	121
Other payables and accrued liabilities	9	4
Total trade and other payables	195	125

7. OTHER DEBT

	March 31, 2021	September 30, 2020
	\$	\$
Gold loan (a & b)	241	234
	241	234
Less: Current portion	(241)	(234)
Long-term Debt	-	-

Interest paid by the Company was \$nil for the period ended March 31, 2021 (2020 - \$nil).

CERRO GRANDE MINING CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended March 31, 2021

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

- 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 March 31, 2021, this loan is in default.

The balance of the Gold Loan at March 31, 2021 is \$23 (2020 - \$22). The derivative liability associated with the fluctuation of the price of gold in the contract as at March 31, 2021 is of \$nil (2020 – \$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 March 31, 2021 this loan is in default.

The principal balance of the Gold Loan at March 31, 2021 is \$167 (2020 - \$167) and unpaid interest amounts to \$51 (2020 - \$37). The derivative liability associated with the fluctuation of the price of gold in the contract as at March 31, 2021 is of \$nil (2020 - \$nil).

8. LONG TERM DEBT

	March 31, 2021	September 30, 2020
	\$	\$
Auromin	2,909	2,878
Chañar Blanco	558	552
Mario Hernandez A	31	31
Derivative Liability	1,562	1,471
Total Payables	5,060	4,932

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 David Thomson, who is also a director and officer 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

CERRO GRANDE MINING CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended March 31, 2021

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

8. LONG TERM DEBT— (Continued)

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 February 20, 2020 as the conversion into common shares is not at a fixed share price, 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% and a volatility of 348%.

At March 31, 2021 the equity conversion derivative was revalued at US\$1,562 using the Black-Scholes pricing model using a share price of CAD\$0.020, expected life of 3.9 years, risk free rate of 1% and a volatility of 333%. Due to the change in fair value, during the six month period ended March 31, 2021, a revaluation adjustment loss of \$91 (2020 - \$nil) was recorded in the statement of loss and other comprehensive loss.

During the six month period ended March 31, 2021, the Company recorded an accretion expense of \$37 (2020 - \$nil) relating to the debenture.

9. SHARE CAPITAL

	<u>Number of shares</u>	<u>Amount</u>
		\$
Balance – September 30, 2019	339,390,784	90,092
Balance – September 30, 2020	339,390,784	90,092
Shares issued re APA (Note 5)	44,055,102	1,694
Balance – March 31, 2021	383,445,886	91,786

CERRO GRANDE MINING CORPORATION

Notes to the Consolidated Financial Statements

For the six months ended March 31, 2021

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

9. SHARE CAPITAL – (Continued)

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

On December 1, 2020, the Company issued 44,055,102 common shares to Tamidak, a company owned by a director, in payment of the first installment of the APA agreement (Note 5).

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 38,344,590 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.

A continuity schedule of outstanding stock options is as follows:

	Number of options	Weighted average exercise price CA\$
Balance – September 30, 2019	<u>9,049,000</u>	0.03
Balance – September 30, 2020	<u>9,049,000</u>	0.03
Expired March 22, 2021	<u>(6,487,000)</u>	0.02
Balance – March 31, 2021	<u>2,562,000</u>	0.03

CERRO GRANDE MINING CORPORATION

Notes to the Consolidated Financial Statements

For the six months ended March 31, 2021

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

9. SHARE CAPITAL – (Continued)

Options outstanding as at March 31, 2021 are as follows:

Number of options	Weighted average contractual life (years)	Weighted average exercise price CA\$	Options exercisable
2,562,000	2.41	0.05	2,562,000
2,562,000			2,562,000

During the six month period ended March 31, 2020, the Company recognized a total of \$nil (2019 - \$nil) related to the vesting of options granted.

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, exploration and development of mineral properties.

Geographic information is as follows:

March 31, 2021	Canada	Chile	United States	Total
Due from related parties	\$ -	-	-	-
Total Non-current assets	\$ -	-	-	-
September 30, 2020	Canada	Chile	United States	Total
Due from related parties	\$ 318	-	283	601
Total Non-current assets	\$ 318	-	283	601

CERRO GRANDE MINING CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended March 31, 2021

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

11. RELATED PARTY TRANSACTIONS

Effective March 31, 2021 Stephen W, Houghton resigned as the Company's CEO while remaining as a Director and President on a non-remunerated basis. In his settlement agreement letter dated February 17, 2021, he agreed to receive the amount of \$516 payable in 12,971,107 common shares of the Company on May 4, 2021. The is in settlement of all amounts owing and receivable by him with the Company.

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 \$20 to the Company for accounting and administration services rendered during the three months ended March 31, 2021 (2020 - \$17). Trade and other payables include \$15 in relation to such services at March 31, 2021 (2020 - \$10).

Due to related parties includes cash advances of \$719 from David Thomson, who is also a director and officer of the Company, at March 31, 2021 (2020 - \$212). The cash advances bear no interest and have no specific terms of repayment.

As at March 31, 2021, the Company owes a total of \$194 (2020 - \$165) to directors for director's compensation.

CERRO GRANDE MINING CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended March 31, 2021

(Expressed in thousands of U.S., except 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

Stephen W. Houghton*

Santiago, Chile
President and Director
Founder of Cerro Grande Mining Corporation

Mario Hernandez A.*

Santiago, Chile
Executive Vice President and Director,
Claims and
Land Management

William Hill*(1),(3),(4)

Rockwood, ON, Canada
Principal, William Hill Mining Consultants,
Ltd.

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

West Falmouth, Massachusetts, USA
Chairman, Givens Hall Bank and Trust
Limited

David R. S. Thomson*

Santiago, Chile
Executive Vice President and Director of
Exploration

Peter W. Hogg*

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
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Toronto, Ontario M5H 1A1, Canada

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Providencia, Santiago, Chile
Telephone: 56-2-569-6200

Solicitors:

Ricketts Harris LLP

Toronto, Ontario, Canada

Auditors:

Davidson & Company LLP

Vancouver, British Columbia, Canada

Stock Registrar and Transfer Agent

Computershare Investor Services

Toronto, Ontario, Canada