

# News Release



## CERRO GRANDE MINING CORPORATION

FOR IMMEDIATE RELEASE – March 4, 2022

### **Cerro Grande Mining Corporation Announces Agreement to Lease to Tamidak certain Mining Concessions at Pimentón Project**

Toronto, Ontario, Canada – Cerro Grande Mining Corporation (the “**Company**” or “**CEG**”) (CSE:CEG) (OTCQB:CEGMF) announced today that its wholly-owned Chilean subsidiary, Minera Til Til SpA (“**Til Til**”) has entered into a “Contrato de Arrendamiento de Concesiones Mineras de Explotacion” (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 Pimentón copper and gold project located approximately 120km northeast of Santiago in the Andes mountains in Chile (the “**Pimentón Project**”). Tamidak is a private Chilean company owned by members of the Thomson family that beneficially owns more than 10% of the Common shares of the Company.

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 Pimentón 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 Pimentón 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.

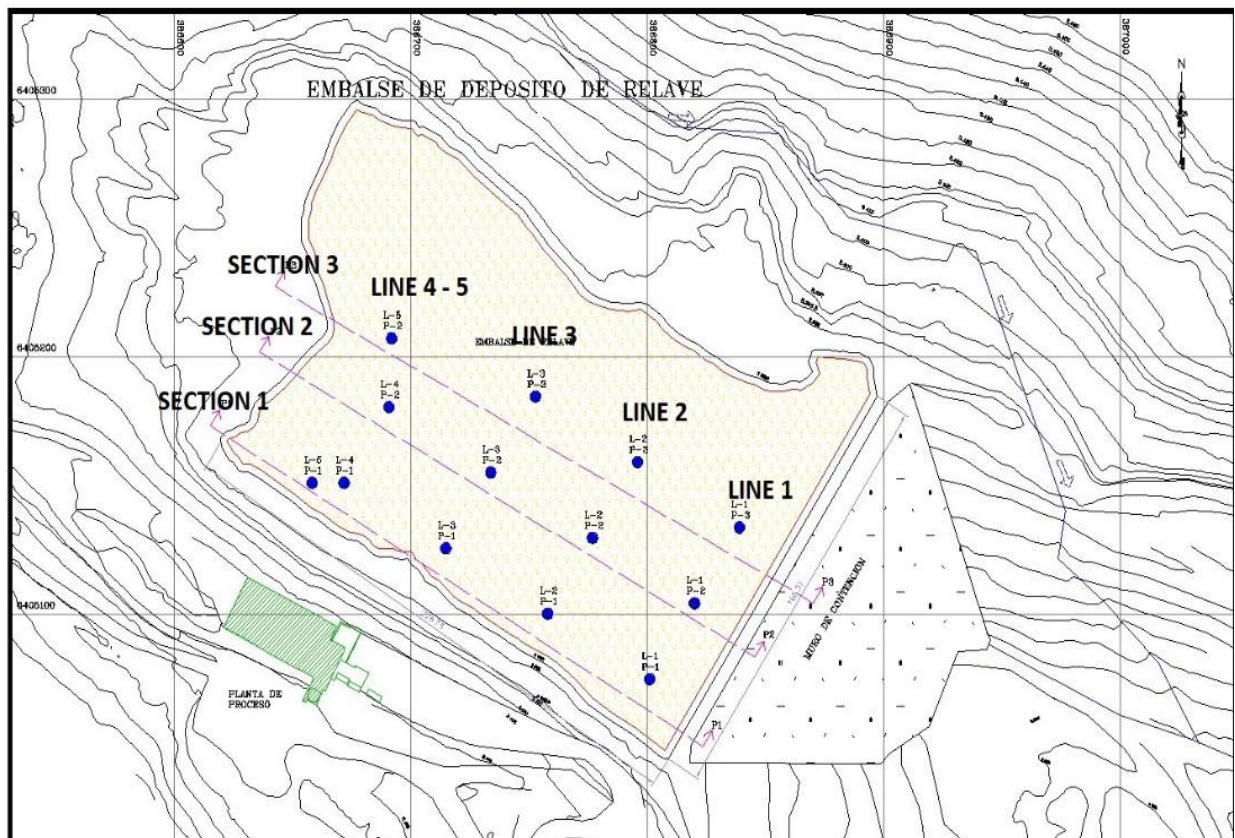
Upon termination of the Agreement, Tamidak is required to abandon and clean the Area of Interest, remove equipment and comply with the closure plan approved by the relevant authority.

The lease of the mining concessions constitutes a related party transaction for CEG in accordance with Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions (“MI 61-101”). However, pursuant to MI 61-101, the lease transaction is exempt from the formal valuation requirement of MI 61-101 because the common shares of the Company are not listed on a specified market being those markets described in section 5.5(b) of MI 61-101 and is exempt from the minority shareholder approval requirement of MI 61-101 pursuant to section 5.7(c) of MI 61-101 because the transaction, meets the circumstances set out in paragraph 5.5(d)(ii) or would otherwise meet the financial hardship exemption provided in Section 5.7(e) of MI 61-101.

### 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 6 m. 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 as shown below:



Assay results of this sampling is described in the following table:

Hole Name	X	Y	Z	FROM	TO	WIDTH	Au g/t	TICKET	Avg. Au g/t
LINE1 HOLE1	386.801.033	6.405.074.814	3386.37	0	1	1	0,39	24340	1,22
LINE1 HOLE1				1	2	1	1,60	24341	
LINE1 HOLE1				2	3	1	1,62	24342	
LINE1 HOLE1				3	4	1	1,24	24343	
LINE1 HOLE1				4	5	1	1,27	24344	
LINE1HOLE2	386.819.989	6.405.104.269	3386.99	0	4	4	1,22	composite	1,22
LINE1 HOLE3	386.838.946	6.405.133.723	3386.38	0	1	1	1,60	24346	1,98
LINE1 HOLE3				1	2	1	1,48	24347	
LINE1 HOLE3				2	3	1	2,08	24348	
LINE1 HOLE3				3	4	1	2,92	24349	
LINE1 HOLE3				4	5	1	1,81	24350	
LINE2 HOLE1	386757.92	6.405.100.215	3381.2	0	1	1	0,31	24310	1,31
LINE2 HOLE1				1	2	1	0,99	24311	
LINE2 HOLE1				2	3	1	1,06	24312	
LINE2 HOLE1				3	4	1	1,92	24313	
LINE2 HOLE1				4	5	1	2,03	24314	
LINE2 HOLE1				5	6	1	1,52	24315	
LINE2 HOLE 2	386.776.877	6405129.67	3384.2	0	1	1	0,64	24316	1,18
LINE2 HOLE 2				1	2	1	1,02	24317	
LINE2 HOLE 2				2	3	1	1,33	24318	
LINE2 HOLE 2				3	4	1	1,10	24319	
LINE2 HOLE 2				4	5	1	1,54	24320	
LINE2 HOLE 2				5	6	1	1,43	24321	
LINE2 HOLE 3	386.776.877	6405129.67	3385.2	0	1	1	0,6	24351	1,35
LINE2 HOLE 3				1	2	1	0,81	24352	
LINE2 HOLE 3				2	3	1	1,12	24353	
LINE2 HOLE 3				3	4	1	2,42	24354	
LINE2 HOLE 3				4	5	1	1,81	24355	
LINE3 HOLE 1	386.714.808	6.405.125.617	3385.2	0	1	1	0,52	24306	0,92
LINE3 HOLE 1				1	2	1	1,14	24307	
LINE3 HOLE 1				2	3	1	1,09	24308	
LINE3 HOLE 1				3	4	1	0,92	24309	
LINE3 HOLE 2	386.733.765	6.405.155.071	3384.2	0	1	1	0,43	24301	0,59
LINE3 HOLE 2				1	2	1	0,41	24302	
LINE3 HOLE 2				2	3	1	0,86	24303	
LINE3 HOLE 2				3	4	1	0,63	24304	
LINE3 HOLE 2				4	5	1	0,61	24305	
LINE3 HOLE 3	386.752.722	6.405.184.525	3382.2	0	1	1	0,48	24322	0,85
LINE3 HOLE 3				1	2	1	0,48	24323	
LINE3 HOLE 3				2	3	1	0,67	24324	
LINE3 HOLE 3				3	4	1	0,89	24325	
LINE3 HOLE 3				4	5	1	0,87	24326	
LINE3 HOLE 3				5	6	1	1,73	24327	
LINE4 HOLE 1	386.671.695	6.405.151.018	3385.2	0	1	1	0,76	24328	1,1
LINE4 HOLE 1				1	2	1	1,18	24329	
LINE4 HOLE 1				2	3	1	0,81	24330	
LINE4 HOLE 1				3	4	1	0,60	24331	
LINE4 HOLE 1				4	5	1	1,29	24332	
LINE4 HOLE 1				5	6	1	1,94	24333	
LINE4 HOLE 2	386.690.652	6.405.180.472	3380.2	0	1	1	0,73	24334	0,88
LINE4 HOLE 2				1	2	1	0,59	24335	
LINE4 HOLE 2				2	3	1	0,65	24336	
LINE4 HOLE 2				3	4	1	0,85	24337	
LINE4 HOLE 2				4	5	1	1,11	24338	
LINE4 HOLE 2				5	6	1	1,34	24339	
LINE5 HOLE 1	386658.6	6405150.61	3386.62	0	1	1	1,24	24356	1,19
LINE5 HOLE 1				1	2	1	1,00	24357	
LINE5 HOLE 1				2	3	1	1,33	24358	
LINE5 HOLE 1				3	4	1	1,19	24359	
LINE5 HOLE 2	386681.23	6405194.51	3381.2	0	1	1	0,64	24360	0,68
LINE5 HOLE 2				1	2	1	0,58	24361	
LINE5 HOLE 2				2	3	1	0,62	24362	
LINE5 HOLE 2				3	4	1	0,88	24363	
						<b>Total m</b>	<b>Wt avg</b>		
AVERAGE						<b>66</b>	<b>1,12</b>	<b>g/t Au</b>	

Management would expect grades to improve at greater depths of sampling as higher-grade ore was mined in earlier years of mining operations at Pimentón. Very preliminary metallurgical testing in the tailing material, using flotation and single-process gravity separation methods returned gold recoveries of 83% and 80%, respectively.

### **Analytical and QA/QC Procedures**

Sampling procedure was reviewed by Román E. Flores Villalobos, a senior geologist from the Comisión Minera de Chile. Samples were sent to ALS Laboratories (“ALS”) in Chile for preparation and then to Peru for analysis. ALS meets all requirements of International Standards ISO/IEC 17025:2005 and ISO 9001:2015 for analytical procedures. Samples were analyzed via a 50 gram assay with Au by aqua regia extraction with ICP-MS finish (Au-OG44). In addition to ALS quality assurance / quality control protocols, the Company implements an internal QA/QC program that includes the insertion of sample blanks, duplicates and reference materials at systematic and random points in the sample stream.

### **Gravity Plant**

In connection with the work to be conducted by Tamidak pursuant to the Agreement, Tamidak has purchased from Jiangxi Victor International Mining Equipment Co. a 25 tph gravity plant which has shipped to Chile and is currently waiting to clear customs in Chile. Work has been ongoing to rehabilitate the existing plant building and camp infrastructure since December 2021. Tamidak anticipates having the plant installed and functional by the end of April 2022. The plant consists of 8 Humphrey spirals and 10 shaking tables for clean up, and a Knelson concentrator. Head grades are anticipated to be 1.12 gram per ton with a monthly production rate of 4,700 tonnes per month (“tpm”). The current mining permit allows up to a maximum of 5,000 tpm. All environmental permits are in place and a mining work permit (being a work safety-oriented permit) is in the process of being applied for working the tailings pond material which is expected to be received within 35 to 65 business days.

### **Qualified Person**

The scientific and technical content of this news release has been reviewed and approved by Román E. Flores Villalobos, who is independent of the Company, and a qualified person as defined by National Instrument 43-101. Mr. Flores has been retained to prepare a National Instrument 43-101 Technical Report on the Pimentón Project (including the potential of the tailings pond) on behalf of the Company.

### **Cautionary Statement on Forward-looking Information**

This news release contains "forward-looking information", which includes, but is not limited to, statements with respect to the Company's future plans for the Pimentón Project tailings. 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, including future exploration and metallurgical testing results, availability and access to infrastructure, disruptions due to Covid 19 or other pandemics or epidemics, availability of funds and usual risks inherent in exploration, development and mining operations, as well as other risk factors disclosed in the Company's public filings on [www.sedar.com](http://www.sedar.com). 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.

For further information, contact:  
Peter Hogg, CFO and interim CEO  
James Mac Auliffe  
E-Mail: [ceg@cegmining.com](mailto:ceg@cegmining.com)  
Telephone: +56 9 9837 4476  
Website: [www.cegmining.com](http://www.cegmining.com)