News Release

CERRO GRANDE MINING CORPORATION

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Cerro Grande Mining Corporation Announced Its Consolidated Profit and Loss for the Fourth Quarter and Year Ended September 30, 2013 with Comparatives for the Same Periods in 2012

Toronto, Ontario, Canada – Cerro Grande Mining Corporation (the "Company" or "CEG") (TSX:CEG) (OTCQX:CEGMF) announced today its audited Consolidated Financial Statements and Management Discussion and Analysis for its fourth quarter and year ended September 30, 2013 with the comparatives for the same periods in 2012 which have been filed on SEDAR. The Company refers the reader to those materials for additional information.

The Company also announced that it has filed its Annual Information Form for its year ended September 30, 2013, dated December 18, 2013 and its NI 43-101 Technical Report entitled "A Technical Report On The Pimenton Mine, The Surrounding Pimenton Property And The Nearby Tordillo Property In Central Chile", dated December 17, 2013.

The table below sets out the consolidated profit and loss for the fourth quarter and year ended September 30, 2013 with comparatives for the same periods in 2012.

(Expressed in thousands of US dollars except per share amounts)

	Three months ended		**Twelve months ended**	
	September 30, 2013	**September 30, 2012**	**September 30, 2013**	**September 30, 2012**
Revenue	**$**	**$**	**$**	**$**
Sales	3,598	7,675	18,677	25,549
Services	0	0	101	1,896
	3,598	7,675	18,778	27,445
Expenses				
Operating costs	3,659	5,655	18,581	21,100
Operating costs for services	0	0	85	1,760
Reclamation and remediation	10	3	42	58
General, sales and administrative	529	960	3,499	3,368
Foreign exchange	50	10	16	126
Interest	80	23	315	127
Other gains and losses (net)	(5)	(1)	42	96
Impairment charges	0	0	2,140	0
Exploration costs	81	371	1,186	3,392
	4,404	7,021	25,906	30,027
Loss and comprehensive loss before income taxes	(806)	654	(7,128)	(2,582)
Income tax expense	(43)	(205)	(201)	(249)
Deferred income tax	839	(881)	1,109	(881)
Loss and comprehensive loss for the period	(10)	(432)	(6,220)	(3,712)

1) Consolidated statements of income (loss) and other comprehensive income (loss) for the three month periods ended September 30, 2013 and 2012 (expressed in thousands of US dollars):

   a) Revenue for the three month period ended September 30, 2013 decreased over the same period in 2012 due to a decrease in gold sales to 3,031 oz compared to 6,620 oz in the three month period ended September 30, 2012. This, combined with a drop in the gold price from an average closing price on the LME of $1,522 for the quarter ended September 30, 2013 (2012-$1,660).

b) Operating expenses for the three months ended September 30, 2013 were $3,659 compared to $5.655 for the same period in 2012. The decrease of $1,996 consists of decreases in direct costs of $833; labor cost of $548 net smelter return of $233; indirect costs of $262, of which $55 related to mine insurance and $128 related to a measurement and monitoring program. In addition, refining and metallurgical charges decreased by $44 and inventory variation decreased by $183. These decreases were offset by an increase of depreciation and amortization of $107.

c) General and administrative costs for the three months ended September 30, 2013 were $529 compared to $960 for the same period in 2012. This $431 decrease was due to decreases of $57 in stock based compensation; professional fees of $206; salaries of $92. These were offset by increases in insurance and other expenses of $119 and an increase in sales expenses of $43.

d) The Company expenses its exploration costs on all properties until a NI 43 -101 compliant resource has been established on a property. As a result, during the three month period ended September 30, 2013, the Company expensed $81 (2012 – $371) of exploration costs as follows: La Bella $nil (2012 – $59); Bandurrias $2 (2012 – $2); Santa Cecilia $6 (2012 - $240); Tordillo $3 (2012- $nil); and other $70 (2012 - $70).

2) Consolidated statements of income (loss) and other comprehensive income (loss) for the year ended September 30, 2013 and 2012 (expressed in thousands of US dollars):

a) Revenue for the year ended September 30, 2013 decreased compared to the same period in 2012 due to lower gold sales of 10,591 oz compared to 13,576 oz in the year ended September 30, 2012. This combined with a lower average closing price of gold on the LME of $1,536 for the year ended September 30, 2013 (2012 - $1,646)

b) Operating expenses for the year ended September 30, 2013 were $18,581 compared to $21,100 for the same period in 2012. The change of $2,519 consists of decreases in labor costs of $460; direct costs of $529; indirect costs of $197; refining and metallurgical charges of $38; net smelter return of $398; inventory variation of $1,016 and expansion cost of $133. This was offset by an increase in depreciation and amortization in the amount of $252. Costs from services provided by Pimenton to CDM including management, machinery and equipment rent was $85 (2012 - $1,760).

c) General and administrative costs for the year ended September 30, 2013 were $3,499 compared to $3.368 for the same period in 2012. This $131 increase was due to increases of $62 in salaries; listing fees $55 and stock based compensation of $305.

This was offset by reductions in professional fees of $262 and sales and office expenses of $29.

d) The Company expenses its exploration costs on all properties until a NI 43 -101 compliant resource has been established on a property. As a result, during the year ended September 30, 2013, the Company expensed $1,186 (2012 – $3,392) of exploration costs as follows: La Bella $142 (2012 – $637); Bandurrias $28 (2012 – $33); Santa Cecilia $343 (2012 - $2,313); Tordillo $308 (2012- $68); Catedral $58 (2012 – $56); Cal Norte $5 (2012 – $5); and other $302 (2012 -$280).

e) Non-current assets are tested for impairment when events or changes in circumstance suggest that the carrying amount may not be recoverable. During the current year ended September 30, 2013, it was determined there are potential indicators of impairment. The recoverable amount is calculated using the value-in-use method, which is the expected present value of future cash flows from the asset, using a pre-tax discount rate of 10.8%. In the current year, the Company recorded an impairment charge of $2,140 related to the Pimenton project, primarily as a result of the decrease in long-term gold and copper prices.

3) Consolidated Cash flow for the year ended September 30, 2013

Cash generated by the Pimenton Mine decreased due to operational problems and the drop in the price of gold. The operational problems related to delays in a main drive to reach known ore shoots below the existing levels.

David Thomson and Mario Hernandez, both Officers and Directors of Cerro Grande Mining Corporation through their respective companies have made cash advances to the Company to sustain its operations and keep its obligations to outside creditors up to date.

4) Consolidated Statement of Financial Position as at September 30, 2013 (expressed in thousands of US dollars)

As at September 30, 2013, the Company had a positive working capital of $187 (2012– $223). David Thompson and Mario Hernandez provided funds for working capital during the current and prior year. $2,585 of these funds have been converted to a loan which will be repaid in July 2016 at a 5% interest rate.

Operational Highlights

- Gold produced by the Pimenton Mine for the year ended September 30, 2013 was 10,835 oz compared to 12,583 oz in the prior year.

- Pimenton’s cash cost for the year ended September 30, 2013 was $1,191 per ounce of gold produced net of by product credits, compared to $1,086 per oz in the prior year.
- Pimenton’s production cost, which includes depreciation and amortization, for the year ended September 30, 2013 was $1,422 per ounce of gold produced net of by product credit compared to $1,203 per oz in the prior year.
- The average gold recovery for the year ended September 30, 2013 was 94.28% compared to 94.17% in the prior year.
- The Company expects the mine to maintain milling rates of 120 tons per day depending on the rate of conversion of its known resources to reserves.
- Currently the plant has been permitted to operate at an average of 166 tons per day. The Company has prepared but not yet submitted permits to take the mine up to 500 tons per day.

Financial Highlights

- Loss before income taxes for the year was $7,128 which included an impairment charge of $2,140 (2012 - $2,582). Loss before income taxes for the three month ended September 30, 2013 was $806 (2012 – income $654).
- Average price per ounce of gold sold for the 2013 fiscal year was $1,536 (2012 - $1,646). Average price per ounce during the three months ended September 30, 2013 was $1,327 (2012- $1,668).
- Net loss after income taxes for the 2013 fiscal year was $6,220 compared to $3,712 in fiscal 2012. Net loss after income taxes for the three months ended September 30, 2013 was $10 compared to $432 in the same three month period in 2012.
- Basic loss per share for fiscal 2013 was a loss of 0.06 cents per share compared to a loss of 0.04 cents per share in 2012.
- At September 30, 2013, the Company had cash and cash equivalents of $53 compared to $1,336 at September 30, 2012.
- Cash flow from operations as at September 30, 2013 was negative $2,338 (2012- positive $626).

Cerro Grande Mining Corporation is a minerals producing, 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.*

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