

## News Release

### CERRO GRANDE MINING CORPORATION

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**FOR IMMEDIATE RELEASE** – February 12, 2014

#### **Cerro Grande Mining Corporation Announces its First Fiscal Quarter Ended December 31, 2013 Results Compared to the Comparable Period in 2012 and its Near Term Exploration Plans**

Toronto, Ontario, Canada – Cerro Grande Mining Corporation (the “Company” or “CEG”) (TSX-CEG; OTCQX-CEGMF) reported its unaudited results for its first fiscal quarter ended December 31, 2013 compared to same period in 2012. The Company’s financial statements and MD&A for its fiscal first quarter ended December 31, 2013 compared to the comparable quarter in 2012 have been filed on SEDAR. The Company refers the reader to those materials for additional information.

Revenues totalled US \$4,541,000 for the Company’s first fiscal quarter ended December 31, 2013 which includes gold sales of US \$3,884,000 (3,088 ozs of gold) and copper and silver sales of US \$657,000 compared to revenues in its first quarter ended December 31, 2012 of US \$6,532,000 which includes gold sales of US \$5,714,000 (3,380 ozs of gold) and copper and silver sales of US \$499,000. Services revenue of US \$nil in the first fiscal quarter ended December 31, 2013 compared to US \$75,000 in the comparable quarter a year ago related to service charges on the Santa Cecilia project against actual expenses of US \$60,000.

Net income before income taxes for the first fiscal quarter ended December 31, 2013 was a negative US \$1,086,000 compared to US \$129,000 in the comparable period a year ago. Net income after taxes was a loss of US \$1,086,000 after depreciation and amortization charges of

US \$724,000 and exploration expense of US \$2,000. This compares to the same period a year ago when income was a negative US \$112,000 after income tax expenses and deferred taxes of US \$241,000 and after amortization and depreciation charges of US \$662,000 and exploration expenses of US \$695,000.

At December 31, 2013 the Company had a negative working capital position of US \$454,000.

On a stand alone basis, the Pimenton mine had net earnings for its first fiscal quarter ended December 31, 2012 of a negative US \$683,000 after depreciation and amortization expense of US \$715,000 compared to the same period in 2012 when net income was US \$993,000 after deducting depreciation and amortization expense of US \$660,000.

## **Operational Highlights**

- Gold produced by the Pimenton Mine for the three months ended December 31, 2013 was 2,558 oz compared to 2,614 oz produced in the prior quarter.
- Pimenton's cash cost for the first quarter ended December 31, 2013 was \$919 per ounce of gold produced net of by product credits, compared to US \$1,001 per oz in the prior quarter.
- Pimenton's production cost, which includes depreciation and amortization, for the first quarter ended December 31, 2013, was US \$1,198 per ounce of gold produced net of by product credit, compared to US \$1,258 per oz in the prior quarter.
- The average gold recovery for the three months ended December 31, 2013 was 94.10% compared to 94.28% in the prior quarter.
- 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 three months period ended December 31, 2013 was US \$1,086,000 compared to income of US \$129,000 in the same three month period in 2012.
- Average price per ounce of gold sold for the three months ended December 31, 2013 was US \$1,258 compared and average price of gold of US \$1,696 in the comparable period a year ago.
- Net loss after income taxes for the three months ended December 31, 2013 was US \$1,086,000 compared to a loss of US \$112,000 in the same three month period in 2012.
- Basic loss per share for the three months ended December 31, 2013 was a loss of US \$0.01 cents per share (2012 – US \$0.00).
- At December 31, 2013, the Company had cash and cash equivalents of US \$480,000 compared to US \$53,000 at September 30, 2013.



- Cash flow provided by operating activities for the quarter ended December 31, 2013 was US\$750,000 compared to US \$1,032,000 in the comparable period a year ago.

Stephen W. Houghton, CEO stated that the Company has focused a part of its efforts on further reduction in mine operating costs as well as corporate expenses and conducting additional exploration and development work on the Pimenton gold/copper veins to increase the number of faces in the mine, which if successful, could lead to increased daily production and plant through put rates to above 120 tons per day. We are also drilling porphyry targets at Pimenton. Additional exploration and development of its Tordillo prospect will depend on increased production at Pimenton and future gold prices. The Company continues to evaluate the Santa Cecilia prospect and will make further announcements on it in the future.

Mr. Houghton further cited the NI 43-101 Technical Report on Pimenton, completed in December 2013 shown on the Company's web site, [www.cegmining.com](http://www.cegmining.com), showed substantially the same Proven and Probable reserves and Inferred resources at similar g/Au and % copper grades as the Technical Report completed in January 2011. This indicates the Pimenton mine has been successful in replacing the tons of ore mined each year for the past three years.

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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