

News Release

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FOR IMMEDIATE RELEASE – April 24, 2012

Cerro Grande Mining Corporation Announces Update to Settlement Agreement with Labor Union of Pimenton and Withdrawal of Proposed Amendments to Stock Option Plan

Toronto, Ontario, Canada – Cerro Grande Mining Corporation (the “Company” or “CEG”) (TSX-CEG; OTCQX-CEGMF) announced today that it has withdrawn the proposed amendments to the Company’s stock option plan, as described in the Company’s management information circular dated February 24, 2012, as an item of business at the Company’s annual and special shareholders meeting held on March 27, 2012 and adjourned to April 17, 2012.

The Company has issued the balance of 735,000 bonus shares pursuant to the Company’s current stock option plan to the Pimenton Workers. The additional bonus shares that were to be issued to the Pimenton Workers pursuant to the terms of the original settlement agreement will now be satisfied in cash.

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, information with respect to the satisfaction of the additional bonus shares to be issued pursuant to the original settlement agreement in cash. Often, but not always, forward-looking information 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 information 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 information. Forward-looking information 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 information 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 information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, the reader is cautioned not to place undue reliance on forward-looking information.

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