

News Release

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Cerro Grande Mining Corporation Reports 3 Months and 6 Months Results for its Fiscal Period Ended March 31, 2013 Compared to Comparable Period a Year Ago

Toronto, Ontario, Canada – Cerro Grande Mining Corporation (the “Company” or “CEG”) (TSX:CEG) (OTCQX:CEGMF) announced today its interim unaudited consolidated Financial Statements and Management Discussion and Analysis for the 3 months fiscal quarter ended March 31, 2013 compared to the same quarter a year ago and its results for the six months fiscal period ended March 31, 2013 compared to the six month period ended March 31, 2012 a year ago have been filed on SEDAR and the Company refers the reader to those materials for additional information.

The table below shows the summary of unaudited results of the consolidated profit and loss statements for the six and three fiscal month periods ended March 31, 2013 and 2012. (Expressed in thousands of US dollars except per share amounts)

	Three months ended		Six months ended	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Revenue	\$	\$	\$	\$
Gold Sales	5,394	4,643	11,110	9,433
Copper and Silver Sales	805	688	1,546	1,187
Services	26	951	101	951
	<u>6,225</u>	<u>6,282</u>	<u>12,757</u>	<u>11,571</u>
Expenses				
Operating costs	5,841	4,892	10,538	8,985
Operating costs for services	24	828	77	828
Reclamation and remediation	11	14	22	41
General, sales and administrative	910	710	1,764	1,459
Foreign exchange	(4)	52	39	43
Interest	95	27	144	54
Other gains and losses (net)	43	99	44	57
Exploration costs	506	611	1,201	1,013
	<u>7,426</u>	<u>7,233</u>	<u>13,829</u>	<u>12,480</u>
Loss and comprehensive loss before income taxes	(1,201)	(951)	(1,072)	(909)
Income tax expense	189	(44)	-	(44)
Deferred income tax	(70)	-	(122)	-
Loss and comprehensive loss for the period	<u>(1,082)</u>	<u>(995)</u>	<u>(1,194)</u>	<u>(953)</u>
Basic and diluted loss per share	<u>(0,01)</u>	<u>(0,01)</u>	<u>(0,01)</u>	<u>(0,01)</u>

- 1) Consolidated statements of income and other comprehensive (loss) income for the three fiscal month period ended March 31, 2013 and 2012: (Expressed in thousands of US dollars)
 - a) Revenue for the three month period ended March 31, 2013 increased over the same period 2012 due to increased gold sales of 3,373 oz compared to 2,763 oz in the three month period ended March 31, 2012.
 - b) Operating expenses for the three month period ended March 31, 2013 were \$5,841 compared to \$4,892 for the same period in 2012. This increase of \$949 consisted primarily of increased direct costs.
 - c) General and administrative costs for the three month period ended March 31, 2013 were \$910 compared to \$710 for the same period in 2012. This increase was due primarily to an increase in salaries.

- d) The Company expenses its exploration expenditures on properties until a NI 43 -101 compliant resource has been established on a property. As a result during the three month period ended March 31, 2013, the Company expensed \$506 (2012 – \$611) of exploration costs.

Net income after taxes was a negative \$1,082 for the three month period ended March 31, 2013. During the period, depreciation and amortization amounted to \$614 resulting in a negative cash flow of \$468 after exploration expenses of \$506.

Net income after taxes for the three month period ended 2012 was a negative \$995. During the period, depreciation and amortization amounted to \$541 resulting in a negative cash flow of \$454 after exploration expenses of \$611.

On a stand alone basis for the three month period ended March 31, 2013, the Pimenton mine had net loss of \$20. Depreciation and amortization amounted to \$704. In total (net earnings (loss) plus depreciation and amortization) the Pimenton mine had a positive cash flow of \$684 for the three month period ended March 31, 2013. This compares to \$628 in the comparable three month period ended March 31, 2012.

Pimenton's cash cost per ounce of gold produced was \$1,289 for the three month period ended March 31, 2013 compared to \$967 in the same period a year ago.

- 2) Consolidated statements of income and other comprehensive (loss) income for the six fiscal month period ended March 31, 2013 and 2012: (Expressed in thousands of US dollars)
 - a) Revenue for the six month period ended March 31, 2013 increased over the same period 2012 due to increased gold sales of 6,737 oz compared to 5,655 oz in the six month period ended March 31, 2012.
 - b) Operating expenses for the six month period ended March 31, 2013 were \$10,538 compared to \$8,985 for the same period in 2012. The increase of \$1,553 consisted of increased labor costs of \$220; direct costs of \$651; net smelter return of \$120; indirect costs of \$259, principally related to mine insurance. In addition, amortization and depreciation increased by \$212 and other expenses increased by \$91.
 - c) General and administrative costs for the six month period ended March 31, 2013 were \$1,764 compared to \$1,459 for the same period in 2012. This \$305 increase was due primarily to an increase in salaries.
 - d) The Company expenses its exploration expenditures on properties until a NI 43 -101 compliant resource has been established on a property. As a result during the six month period ended March 31, 2013, the Company expensed \$1,201 (2012 – \$1,013) of exploration costs

Net income after taxes was a negative \$1,194 for the six month period ended March 31, 2013. During the period, depreciation and amortization amounted to \$1,276 resulting in a positive cash flow of \$82 after exploration expenses of \$1,201.

Net income after taxes was a negative \$953 for the six month period ended 2012. During the period, depreciation and amortization amounted to \$1,072 resulting in a positive cash flow of \$119 after exploration expenses of \$1,013.

On a stand alone basis for the six month period ended March 31, 2013, the Pimenton mine had net earnings of \$973. Depreciation and amortization amounted to \$1,344. In total (net earning plus depreciation and amortization) the Pimenton mine had a positive cash flow of \$2,317 for the six month period ended March 31, 2013. This compares to \$1,863 in the comparable six month period ended March 31, 2012.

Pimenton's cash cost per ounce of gold produced was \$1,067 for the six month period ended March 31, 2013 compared to \$1,142 in the same period a year ago.

The principal reason for the poor results in the second quarter ended March 31, 2013, compared to the six months ended March 31, 2013, was an increase in costs and a reduction in ore grades into the mill. We are working to improve the ore grades into the mill along with cost reductions in the entire organization. These cost reductions will not be recognized completely until the fourth quarter of our fiscal year ended September 30, 2013.

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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