

News Release

CERRO GRANDE MINING CORPORATION

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FOR IMMEDIATE RELEASE – May 15, 2013

Cerro Grande Mining Corporation Announces Adoption of a Shareholder Rights Plan and Enhanced Quorum By-Law N° 1B Amendment

Toronto, Ontario, Canada – Cerro Grande Mining Corporation (the “Company” or “CEG”) (TSX:CEG) (OTCQX:CEGMF) is pleased to announce that the board of directors of the Corporation has adopted a shareholder protection rights plan and an Enhanced Quorum By-Law 1B Amendment effective May 9, 2013. The objective of the rights plan and Enhanced Quorum By-Law 1B Amendment is to ensure, to the extent possible, that all shareholders of the Corporation are treated equally and fairly in connection with any initiative to acquire control of the Corporation.

The rights plan is not intended to and will not prevent a take-over of the Corporation. The purpose of the rights plan is to encourage a potential bidder to make a "Permitted Bid", having terms and conditions designed to meet the objectives of the rights plan, or to negotiate the terms of an offer with the board of directors of the Corporation. A Permitted Bid is a take-over bid that is made to all holders of voting shares of the Corporation (other than the bidder) for all of the voting shares held by them, by way of a take-over bid circular prepared in compliance with applicable securities laws, that remains open for acceptance by shareholders of the Corporation

for 60 days (or such shorter period of time as may be approved by the board of directors of the Corporation from time to time), and that satisfies certain other conditions.

The rights plan must be confirmed by shareholders within six months of its effective date. **The listing of the rights is subject to regulatory acceptance by The Toronto Stock Exchange. Application for approval has been made to the TSX.**

The Corporation is not aware of any specific take-over bid for the Corporation that has been made or is contemplated.

A complete copy of the Rights Plan is available upon request. Shareholders wishing to receive a copy of the Rights Plan should make their request by telephone at 56-2-2569-6200, by email at ceg@cegmining.com or by mail to Cerro Grande Mining Corporation, Royal Bank Plaza, South Tower, 200 Bay Street, Suite 3800, Toronto, Ontario M5J 2Z4, Attention: Mr. Stephen Houghton. A copy of the Rights Plan will be filed on SEDAR at www.sedar.com once it has been approved by the TSX.

The By-law Amendment provides that a quorum of at least two persons present in person and entitled to vote at any annual meeting of shareholders, or at any special meeting of shareholders, if one of the purposes for which the special meeting was called was the election of directors, and who, together, hold or represent by proxy at least a majority of the shares issued and outstanding in the capital of the Corporation and entitled to be voted at any such meeting (an “**Enhanced Quorum**”) is required where nominations of persons for election to the Board made by shareholders may result in persons who were members of the Board immediately prior to the meeting ceasing to constitute a majority of the Board following the meeting, other than pursuant to a “change of control” of the Corporation. For all other shareholder meetings, a quorum of at least two persons present in person and entitled to vote at the meeting and who, together, hold or represent by proxy not less than 25% of the votes entitled to be cast at the meeting will continue to be required.

The Corporation is committed to ensuring that all shareholders receive adequate notice of the director nominations, and allowing shareholders to register an informed vote, particularly minority shareholders.

About Cerro Grande Mining Corporation

Cerro Grande Mining Corporation is a minerals producing, exploration and development company with properties and activities currently focused in Chile.

The TSX has not reviewed and does not accept responsibility for the adequacy or accuracy of this news release. This news release may contain assumptions, estimates, and other forward-looking statements regarding future events. Such forward-looking statements involve inherent risks and uncertainties and are subject to factors, many of which are beyond the Company's control, which may cause actual results or performance to differ materially from those currently anticipated in such statements.

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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