News Release

CERRO GRANDE MINING CORPORATION

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Cerro Grande Mining Corporation Reports Fiscal Year End Results for the Period Ended September 30, 2012 Compared to 2011

Toronto, Ontario, Canada – Cerro Grande Mining Corporation (the "Company" or "CEG") (TSX-CEG; OTCQX-CEGMF) reported results for its fiscal year ended September 30, 2012 compared to results of its fiscal year ended 2011 and the results for its fourth quarter ended September 30, 2012 compared to the same period in 2011. The Company's financial statements, and MD&A for the fiscal year ended 2012 and 2011 have been filed on SEDAR as well as the Company's' Annual Information Form dated December 7, 2012. The Company refers the reader to those materials for additional information.

Revenues totalled US $27,445,000 for its fiscal year ended 2012 which includes gold sales of US $22,348,000 (13,575.97 ozs of gold) and copper and silver sales of US $3,201,000 compared to revenues in its fiscal year ended 2011 of US $24,289,000 which included gold sales of US $20,707,000 (14,083.39 ozs of gold) and copper and silver sales of US $3,582,000. The service revenues of US $1,896,000 for the fiscal year ended 2012 related to service changes for drilling services on the Santa Cecilia project against actual expenses of US $1,760,000.

Net income for the fiscal year ended September 30, 2012 was a negative US $3,712,000 compared to a positive US $3,187,000 for the fiscal year ended September 30, 2011. Operating costs for the fiscal year end September 30, 2012 were US $21,100,000 inclusive of depreciation, depletion and amortization of US $2,286,000 compared to operating costs of US $15,629,000 inclusive of depreciation, depletion and amortization costs of US $2,214,000 in fiscal 2011. The increase in operating costs in fiscal 2012 was caused by an increase in direct labor costs of US $1,971,000 which included a one time payment of US $677,000 in settlement of a 4 year labor contract with the Pimenton mine union and an increase in mining and milling costs of US $3,357,000 which included an increase in fuel costs, maintenance and repair costs, operating supplies and external services. General sales and administrative costs were US $3,368,000 for the fiscal year ended 2012 compared to US $3,768,000 in fiscal 2011. Exploration costs in fiscal 2012 were US $3,392,000 compared to US $1,062,000 in fiscal 2011.

The Company had a positive working capital ratio of 1:04 to 1:00, which included cash and accounts receivable of $3,730,000 for its fiscal year ended 2012 compared to 1:77 to 1:00 at its fiscal year ended 2011 which included cash and accounts receivable of $3,153,000.

Revenues of the Company for the fourth fiscal quarter of 2012 totalled US $7,675,000 and included gold sales of US $6,620,000 (3,923.71 ozs of gold) and copper and silver sales of US $1,055,000 compared to fourth fiscal quarter of 2011 with total revenues of US $5,574,000 consisting of gold sales of US $4,717,000 (2,743.93 ozs og gold) and copper and silver sales of US $857,000. The services revenues in the fourth quarter of 2012 were nil.

Net income of the Company before deferred taxes for the fourth fiscal quarter ended September 30, 2012 was US $449,000 compared to US $400,000 in the comparable quarter a year ago.

On a stand alone basis, the Pimenton mine had net earnings for the fiscal year ended 2012 of US $2,735,000 before deferred tax of US $881,000 compared to net earnings of US $6,797,000 a year ago. During the first fiscal quarter of 2012 the Pimenton mine was adversely impacted by a crown gear failure on the ball mill which substantially reduced gold, copper and silver production during the quarter.

The Company will receive new mining equipment during the first calendar quarter of 2013 which is expected to increase its rate of mine development and reduce the mines' maintenance and repair costs.

Cash cost per ounce of gold sold at the Pimenton mine, net of by product credits, was US $1,156.50 in fiscal 2012 compared to US $716.65 per ounce in fiscal 2011.

Stephen W. Houghton, CEO stated that the Company is working to reduce expenses at the Pimenton mine and to further increase production from its current level of 120 tons per day which should reduce its cash cost per ounce. The Company was able to significantly increase its exploration costs during its fiscal year ended 2012 while maintaining a strong balance sheet, which many small junior mining companies have been unable to accomplish in recent times.

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.