

MATERIAL CHANGE REPORT FORM 51-102F3

Item 1 Name and Address of Company

Cerro Resources NL (“**Cerro**” or the “**Company**”)
Level 1, 143 Coronation Drive, Milton, Qld 4064
Mailing: Basement 1, 139 Coronation Drive, Milton QLD 4064

Item 2 Date of Material Change

May 30, 2012

Item 3 News Release

News release with respect to the material change referred to in this report was issued via Marketwire on May 30, 2012. Copy of the news release has been filed on SEDAR and is available at www.sedar.com.

Item 4 Summary of Material Change

The Company announced the findings of the independent definitive Feasibility Study (“FS”) for the 4.5Mtpa open pit, First Stage Heap Leach component of the **Cerro del Gallo** gold/silver project, located in **Guanajuato State, Mexico**. The project is currently owned 67% by Cerro Resources and 33% by Goldcorp Inc.

The FS outlines an initial 7.2 year mine life. As indicated in a Preliminary Assessment announced by the Company in April 2011, mine life could potentially be extended to approximately 14 years through a Second Stage Carbon-in-Leach (“CIL”)/Heap Leach mill expansion. The Second Stage expansion will be the subject of a separate DFS, expected in Year 3 of mining¹.

Highlights – CERRO DEL GALLO FIRST STAGE HEAP LEACH FS **(At metal pricing of US\$1,341/oz Au, US\$25.58/oz Ag and US\$7,582/t Cu)**

Operating Results

Maximum annual gold equivalent production ²	99.1 k oz
Average annual gold equivalent production ²	94.6 k oz
Cash operating cost ^{2,3}	US\$516 per oz (Au eq)
Pre-production capital costs:	
Plant & Infrastructure Costs and Owners Costs	US\$136M
Mining fleet cost ⁴	US\$18.8M
Life of Mine (LOM)	7.2 years

Financial Results

(Assumes owner operated mining fleet and includes sustaining capital)⁴

Undiscounted Net Cash Flow ⁵ (after capex, pre-tax)	US\$280M
Net Present Value @ 6% ⁵ (after capex, pre-tax)	US\$181M
Pre-tax IRR ⁵	30.5%
Pre-production Capital Payback Period ^{4,5}	2.7 years

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1. A preliminary assessment in respect of the Second Stage CIL/Heap Leach component was announced in April 2011 (see announcement of the Company dated April 12, 2011)
 2. The gold equivalent ounces are calculated using the 3 year historic gold, silver and copper prices US\$1,341/oz, US\$25.58/oz and US\$7,582/t respectively for gold:silver price ratio of 52.4 and a gold:copper price ratio of 0.177. That is, 52.4 oz of silver is equal in value to 1 ounce of gold and 0.177 tonnes of copper is equal in value to 1 ounce of gold.
 3. Cash operating costs represent the costs for mining, processing, metal transport and refining and administration and do not include capital costs or royalties (4%) which are deducted from revenues for economic modelling purposes.
 4. The decision to mine by owner-operated fleet or to contract mine has not been finalised. Potential to reduce capital costs and improve the capital payback period and IRR could exist in this regard.
 5. Using 3 year average metal prices of US\$1,341 Au/oz, US\$25.58 Ag/oz and US\$7,582 Cu/tonne and based on net payable ounces of silver and gold and payable tonnes of copper.

- Subject to financing, the Company with its joint venture partner (Goldcorp Inc.) is now able to make a decision to proceed to permit and develop and seek Goldcorp's election of its participation.
- The Company has been in advanced discussions regarding funding alternatives; some alternatives provide construction capital without recourse to issuing additional equity. The Board will consider all funding options but has a preference to minimise issuing equity at current market pricing.
- The Company intends to advance the requisite joint venture partner and financing discussions within the current quarter. A finalised funding and construction commencement pathway will be determined as soon as is achievable in 2012.
- While the First Stage Heap Leach project economics are primarily driven by gold and silver recoveries, the incorporation of a Sulphidation – Acidification – Recycling – Thickening (SART) process to reduce process risks and cyanide costs has also enabled the recovery of some low grade copper into a precipitate.
- Capital costs in this FS have been updated from those outlined in the internal Feasibility Study released in April 2011, to reflect in particular
 - an updated EPCM-basis mine construction contract,
 - High Pressure Grinding Rolls (HPGR),
 - SART, and
 - Updated mining capital costs.

These changes to FS parameters reduce the risk to project delivery, operational performance and costs. A decision on whether to own-operate the mining fleet or contract mine is yet to be made.

- A Canadian National Instrument 43-101 report summarising the FS will be filed on SEDAR within the next 45 days, in compliance with the requirements of Canadian securities laws and Cerro Resource's TSX Venture Exchange listing.

Item 5 Full Description of Material Change

The Company announced the findings of the independent definitive Feasibility Study ("FS") for the 4.5Mtpa open pit, First Stage Heap Leach component of the **Cerro del Gallo** gold/silver project, located in **Guanajuato State, Mexico**. The FS outlines an initial 7.2 year mine life.

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- The Company has been in advanced discussions regarding funding alternatives; some alternatives provide construction capital without recourse to issuing additional equity. The Board will consider all funding options but has a preference to minimise issuing equity at current market pricing.
- The Company intends to advance the requisite joint venture partner and financing discussions within the current quarter. A finalised funding and construction commencement pathway will be determined as soon as is achievable in 2012.

Cerro del Gallo First Stage Heap Leach – Feasibility Study detailed findings

The FS for the First Stage Heap Leach was prepared under the direction of Sedgman Limited (“Sedgman”), Perth, Australia, with inputs from other independent international consultants, builds upon the feasibility study in April 2011 (the “2011 Study”) (see news release of the Company dated April 12, 2011) and confirms the financial and technical viability of constructing and operating a 4.5 Mtpa open-pit, heap leach gold/silver mine at Cerro del Gallo.

The FS primarily addressed changes to processing and relied on the Proven and Probable reserves determined in the 2011 Study, which were updated in the FS to include copper values. These are now referred to as the 2012 Proven and Probable Reserves in the FS. Mining costs in the FS were adjusted to account for higher fuel costs and capital and operating costs were factored with appropriate values to bring the costs up to date. The production schedule from the previously defined pit designs was updated to include copper values.

The development of the Cerro del Gallo project for gold and silver production requires the processing of three different material types: weathered, oxidized, and sulphide (fresh).

The 2011 Study determined that to fully develop the project for gold and silver recovery, heap leaching should be used for the weathered and oxidized material and CIL for the sulphide (fresh) material. The 7.2 year approximate First Stage Heap Leach mine life will see the heap leach processing of the weathered and oxidized material – which forms the relatively higher-grade gold/silver part of the much larger gold/silver/copper resource at Cerro del Gallo.

Mineral Reserves

The 2011 Study Proven and Probable reserves have been updated to include copper. The 2012 Proven and Probable reserves of 32.2Mt for the First Stage Heap Leach project are shown in the table below, and this forms the basis for the DFS.

First Stage Heap Leach FS - Proven and Probable Reserves

Category	Total						
	K Tonnes	g Au/t	K Ozs Au	g Ag/t	K Ozs Ag	Cu %	Kt Cu
FS Proven	28,248	0.71	643	15.05	13,664	0.08	22.8
FS Probable	3,971	0.54	69	13.20	1,685	0.07	2.8
FS Proven and Probable⁶	32,219	0.69	712	14.82	15,349	0.08	25.6

⁶ Proven and Probable reserves are reported using gold equivalent cut-off grades of 0.21 and 0.29 g/t for weathered and partially oxidized material respectively. Cut-off grades were applied to gold equivalent grades which include both gold:silver price and recovery ratios.

Key Data

The following tables set out aggregated summaries of key FS data – presented on an average life-of-mine or total life-of-mine basis for the First Stage Heap Leach.

First Stage Heap Leach FS – Operational Data

Mining	
Ore Mined	32.2Mt
Waste Mined	29.4Mt
Gold Grade	0.69 g/t
Silver Grade	14.8 g/t
Copper Grade	0.08%
Strip Ratio	0.91 ⁷

7. The strip ratio includes 9Mt of fresh rock material that will be stockpiled for later CIL treatment in the Second Stage CIL/Heap Leach expansion. In the First Stage Heap Leach DFS, this fresh material has been treated as waste rock.

The waste mined includes 9Mt of mineralized fresh rock material which is potential feed for the Second Stage CIL/Heap Leach development. This would have an economic benefit for the Second Stage CIL/Heap Leach and will be evaluated in the second stage FS.

First Stage Heap Leach FS – Additional Operational Data

Milling	
Annual Throughput	4.5Mt
Overall Gold Recovery	68.5%
Overall Silver Recovery	50.1%
Overall Copper Recovery	31.8%
Maximum gold equivalent production, k oz per annum⁸	99.1 (Yr 3)
Average gold equivalent production, k oz per annum⁸	94.6
Average gold production, k oz per annum	67.9
Average silver production, k oz per annum	1,072
Average copper production, t per annum	1,113
Base Life of Mine Stage 1	7.2 years

The average metal recoveries are based on column leach test work on diamond drill core composite samples, crushed by high pressure grinding rolls (HPGR) and leached for 115 days.

First Stage Heap Leach FS – Annual total metal production

Year	Gold (k oz)	Silver (k oz)	Copper (t)	Gold (k oz Eq)⁸
1	47.7	525	267	59.2
2	76.5	970	682	98.9
3	74.0	1,016	1,018	99.1
4	60.2	1,080	1,128	87.2
5	58.7	1,096	1,223	86.5
6	64.6	1,189	1,349	94.9
7	69.5	1,144	1,380	99.1
8	36.3	677	943	54.6
Total	487.5	7,697	7,990	679.5

- ⁸ The gold equivalent ounces are calculated using the 3 year historic gold, silver and copper prices US\$1,341/oz, US\$25.58/oz and US\$7,582/t respectively for gold:silver price ratio of 52.4 and a gold:copper price ratio of 0.177. That is, 52.4 oz of silver is equal in value to 1 ounce of gold and 0.177 tonnes of copper is equal in value to 1 ounce of gold.

The annual metal production is based on the mining study for the First Stage Heap Leach completed by Mine Development Associates (MDA) in May 2011 and updated for this current FS. The above metal production is the total

metal production prior to shipment to a refinery for gold and a smelter for copper and silver concentrate treatment. Payable metal percentages are included in the financial analysis. For gold and silver as doré, it is 99.75% and 99%, respectively. For copper and silver as SART concentrate shipped, 73% of the metal value is payable. Transport, treatment and refining costs have also been included.

First Stage Heap Leach FS – Cash Operating Costs

Cash Operating Cost	US\$/t Average (ore tonne)	US\$/oz Au Eq Average ⁸
Mining	3.2	152
Processing	6.63	314
Metal Transport & Refining	0.30	14
G & A	0.76	36
TOTAL	10.89	516

8. The gold equivalent ounces are calculated using the 3 year historic gold, silver and copper prices US\$1,341/oz, US\$25.58/oz and US\$7,582/t respectively for gold:silver price ratio of 52.4 and a gold:copper price ratio of 0.177. That is, 52.4 oz of silver is equal in value to 1 ounce of gold and 0.177 tonnes of copper is equal in value to 1 ounce of gold.

Capital costs for the First Stage Heap Leach have been classified as Pre-production Capital Costs, which includes Plant and Infrastructure Costs, Owners Costs and Mining Fleet, and Sustaining Capital as outlined in the following three tables.

First Stage Heap Leach FS – Pre-production Capital Costs

Capital Costs	Cost (000's US\$)
Plant and Infrastructure Costs	
Crushing	25,609
Agglomeration	4,970
Heap Leach Pad & Ponds	21,413
SART Circuit	12,524
Adsorption	2,620
Elution & Gold Room	2,275
Reagents	3,991
Services & Infrastructure	27,035
Subtotal	100,437
Contingency	9,242
Total Plant Costs (Inclusive of EPCM)	109,679
Owners Costs	
High Voltage Power Supply	4,725
Mobile Equipment	962
Pre-Production Labour	2,187
Regulatory, Land, Insurance etc	4,013
Insurance & Operating Spares	1,742
Working Capital (3 months)	11,447
Subtotal	25,076
Contingency	1,254
Total Owners Costs	26,330
Project Cost First Stage 4.5Mtpa Heap Leach	136,009

No final decision has been taken as to whether to mine by an owner operated fleet or to contract mine. The capital requirements of providing a fleet will reduce and operating expenses are likely to increase if contract mining is adopted. Tender documents to invite mining contractors working in Mexico to bid on mining at Cerro del Gallo have been drafted and will be issued in the coming months. Following that and based upon financing, a decision will be made. An estimate of the additional capital costs for the required mining equipment to commence mining for the First Stage Heap Leach component has been completed by MDA.

First Stage Heap Leach FS – Pre-production Mining Fleet Costs

	Cost US\$,000
Primary Mining Equipment	9,898
Support Equipment	4,729
Blasting	236
Mine Maintenance	542
Other Mine Capital	3,385
Total Year 1 Mining Capital	18,790

First Stage Heap Leach FS – Sustaining Capital

	Cost US\$,000
Mining Capital	12,533
Leach Pad Expansion	10,000
Stacking Equipment etc	4,900
Other	1,500
Total	28,933

Sustaining capital is reflective of amounts in addition to the pre-production capital and mining fleet costs, which are incurred over the life of mine and have been allowed for in economic modelling.

First Stage Heap Leach FS – Key Economic Indicators

Financial	
Net Smelter Return Royalty	4%
Undiscounted Net Cash Flow (\$USm) ⁹	280
Net Present Value @ 6% (\$USm) ⁹	181
Pre-production Capital Payback Period (includes mining fleet) ⁹	2.7 Yrs
Pre-tax IRR ⁹	30.5%

- ⁹. Using 3 year average metal prices of US\$1,341 Au/oz, US\$25.58 Ag/oz and US\$7,582 Cu/tonne and based on net payable ounces of silver and gold and payable tonnes of copper.

Economic modelling provides for mining by an owner-operated mining fleet and metal pricing of US\$1,341 Au/oz, US\$25.58 Ag/oz and US\$7,582 Cu/tonne.

Environment and Community

Environmental baseline studies commenced in 2005 and form the basis of an application for environmental permitting. Site surveys have been completed. The Environmental Authority application is prepared for lodgement, which will occur post completion of the FS and acquisition of the land.

Community involvement and consultation commenced in 2005 and the Company has maintained a presence in the community since that time. Independent survey and planning forms the basis of meeting community expectations which are ongoing.

Land, Water, Permitting

A significant proportion of the land required for construction of the plant and facilities has been acquired and negotiations for the balance of the land are advancing.

Water supply will be principally ground water from a new borefield, supplemented by storm water harvested from the environmental control dam. A current licence to draw 400,000m³ per annum is being extended to exceed the required estimate of 657,000m³ per annum.

The right to exploit minerals is included in the mining concessions held. The mining permit requires a separate application which has been substantially completed and will be lodged with a copy of the FS once the land ownership is further advanced.

Second Stage CIL/Heap Leach

The Second Stage CIL/Heap Leach project relates to the addition of a CIL processing facility to run in parallel with heap leach processing on the additional resource of the higher grade gold/silver rich part of the Cerro del Gallo project, expected to commence in Year 5 and extending mine life to approximately 14 years. The Second Stage CIL/Heap Leach project will be the subject of a separate definitive feasibility study, which will require detailed engineering and cost estimation for the CIL processing plant and site investigation work for the tailings storage facility plus design for the expanded open pit mine. This work is to be completed during Year 3 of the heap leach operations. A preliminary assessment in respect of the Second Stage CIL/Heap Leach component was announced in April 2011 with the 2011 Study (see news release of the Company dated April 12, 2011).

Comments from the Managing Director

Tony McDonald, Managing Director and CEO, said: "We are very pleased with the outcome of the FS for the 7+ year heap leach project. It is independent confirmation of the technical and financial viability of the project – better yet, it illustrates a low cash cost project that we estimate would sit in the 2nd cost quartile for new gold projects currently being developed or under construction globally."

"The low per ounce production costs of the first stage will lead us into the next stage where, subject to completion of other studies, a carbon-in-leach plant would be added with the objectives of almost doubling the life of the mine to 14 years."

"We are now in a position to advance joint venture discussions with Goldcorp and to secure funding to enable a start to construction as soon as permitting and land acquisitions are completed."

Competent / Qualified Person

The FS was prepared under the direction of Sedgman and has been reviewed by Peter Hayward, FAusIMM. Mr Hayward is a qualified metallurgist who has 38 years of relevant mineral industry experience and qualifies as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" and is a Qualified Person as defined in Canadian National Instrument 43-101. Mr Hayward consents to the inclusion in the release of the matters based on his information in the form and context in which it appears.

The information in this report has also been reviewed by John Skeet, MAusIMM, the Chief Operations Officer of Cerro Resources. Mr. Skeet has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" and is a Qualified Person as defined in Canadian National Instrument 43-101. Mr. Skeet consents to the inclusion in the release of the matters based on his information in the form and context in which it appears.

Readers should refer to the Canadian National Instrument 43-101 technical report summarising the DFS for further details of the project development. The report will be filed on SEDAR (www.sedar.com) within the next 45 days, in compliance with the requirements of Canadian securities laws and Cerro Resource's TSX-V listing.

Cautionary Language and Forward-Looking Statements

This report contains "forward-looking information" under Canadian securities law. Any information that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words such as "expect", "anticipate",

"believe", "plans", "estimate", "scheduling", "projected" or variations thereof or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved, or the negative of any of these terms and similar expressions) are not statements of historical fact and may be forward-looking information. In this report, forward-looking information relates to, among other things: the Company's decision to proceed to the permitting and development stage; obtaining all required permits; the accuracy of mineral resource and mineral reserve estimates; the sufficiency of the Company's capital to finance the Company's operations; estimates of the Company's revenues and capital expenditures; estimated production; the completion of a FS for the Second Stage Carbon-in-Leach mill expansion and the extension of the mine life; and the price of silver, gold and copper.

Forward-looking information are subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual events or results to differ from those reflected in the forward-looking information, including, without limitation, risks relating to: fluctuating commodity prices; calculation of resources, reserves and mineralization and precious and base metal recovery; interpretations and assumptions of mineral resource and mineral reserve estimates; exploration and development programs; feasibility and engineering reports; permits and licences; title to properties; recent market events and conditions; economic factors affecting the Company; timing, estimated amount, capital and operating expenditures and economic returns of future production; operations and political conditions; and risks and hazards of mining operations. This list is not exhaustive of the factors that may affect any of the Company's forward-looking information. Forward-looking information about the future are inherently uncertain, and actual achievements of the Company or other future events or conditions may differ materially from those reflected in the forward-looking information due to a variety of risks, uncertainties and other factors. Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated, described or intended. Accordingly, readers should not place undue reliance on forward-looking statements or information. The Company's forward-looking information are based on the assumptions, beliefs, expectations and opinions of management as of the date of this press release, and other than as required by applicable securities laws, the Company does not assume any obligation to update forward-looking statements and information if circumstances or management's assumptions, beliefs, expectations or opinions should change, or changes in any other events affecting such statements or information. For the reasons set forth above, investors should not place undue reliance on forward-looking information.

Item 6 Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

This report is not being filed in reliance on subsection 7.1(2) or (3) of National Instrument 51-102.

Item 7 Omitted Information

No information has been omitted on the basis that it is confidential information.

Item 8 Executive Officer

Craig McPherson, Corporate Secretary and CFO
Telephone: 61 7 3221 7501

Item 9 Date of Report

May 31, 2012