

Cerro Resources Acquires Espiritu Santo Gold/Silver Project, Jalisco, Mexico Boosting its Precious Metals Portfolio

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LONGUEUIL, QUEBEC -- (Marketwire) -- 10/07/11 -- [Cerro Resources NL](#) (ASX: CJO)(TSX VENTURE: CJO) is pleased to announce it has secured exploration rights and a contracted option to acquire 100% of the Espiritu Santo gold/silver project in the Mascota-Navidad Mining District in Jalisco State, near the western coast of central Mexico.

Highlights

- Exciting new gold/silver exploration project in a proven precious metal district;
- Acquisition of 100%, 5,800 ha project interest via 4-year, \$US4million total option payment schedule aligning expenditure with project advancement/de-risking;
- Reconnaissance/initial target selection exploration to commence in October 2011;
- Continues to broaden and deepen the Company's precious metals project portfolio in Mexico, in line with the Company's core strategic focus on Mexico.

About the Project - Espiritu Santo Jalisco

Espiritu Santo is located approximately 130 km West of Guadalajara and 50 km to the East of Puerto Vallarta. Good road access exists over paved and gravel roads. From Mascota access is via 20 km of paved road followed by another 20 km of gravel road to the Espiritu Santo property campsite.

Cerro Resources Project Location Map:
<http://media3.marketwire.com/docs/MAP-CJO-1007.pdf>

The concessions cover an area of 5,800 hectares, within the Mascota-Navidad Mining District, and are surrounded by two old mining sub-districts of San Sebastian del Oeste (NW 20 km) and Navidad. Espiritu Santo is positioned in the northern part of the Navidad section.

Espiritu Santo is considered to contain excellent exploration potential in the heart of this gold-silver district located in Western Jalisco, Mexico.

Cerro was drawn to the area by the prolific occurrences of major veins cross cutting the project. Currently, the known mineralized veins occur along a 3 km strike length by almost 2 km in width. It is possible that more structures and vein systems could be discovered within the property, increasing both the potential strike length and width.

The historic mining prospects at Espiritu Santo are located approximately 20km SE of the current Enveavour Silver Project near San Sebastian. Other companies reportedly active in the district include Agrentum Silver project surrounding the historic Lupita Mine, and to the NE of Zinco's expanding Jalisco VMS projects.

The Espiritu Santo project is located at the intersection of Sierra Madre Occidental and the Transmexican Volcanic Belt. The Sierra Madre Occidental is defined by an extended volcanic plateau strongly affected by horst, grabens and normal faulting.

During the 1500's and 1600's the surrounding sub-districts of San Sebastian del Oeste, Los Reyes, Real de Oxtotipac and Santiago de los Pinos became important production areas. The small but high grade San Quiteria mine, within the San Sebastian del Oeste sub-district, continues today. The Navidad area was discovered in the early 1900s and was developed at a low-scale until 1946. After that time, the area was

worked by small mining companies and prospectors. It has been subjected to little modern exploration techniques and efforts, although the Consejo de Recursos Minerales (now known as Mexican Geologic Survey) has undertaken some regional geologic survey studies.

The project was the focus of past prospecting and mining as evidenced by a mining shaft and prospect pits but there has been no systematic modern exploration of the area. The only recent work programs consisted of structural mapping, surface, underground, and trench sampling.

During this earlier work a total of 344 rock chips samples were taken from surface, underground and trenches. From these 344 rock chips samples a compilation of 86 samples of the different structures (veins) have been made, separated by vein and highlighted by anomalous value. Au greater than 0.70ppm, Ag greater than 10ppm, Cu greater than 1000ppm and AuEq greater than .80ppm. (Table 1: <http://media3.marketwire.com/docs/TAB-CJO-1007.pdf>)

The veins, with orientations varying from N-S to almost E-W, are silicified vein breccias occupying major structural zones with widths from 3 to 5m and reportedly up to 30m along the nearly E-W Ordonez and Nunez stockwork vein. This major E-W vein system dissects the veins of the area into a northern and southern system. (Figure 1: <http://media3.marketwire.com/docs/FIG-CJO-1007.pdf>)

The Work Plan

Cerro's exploration personnel will be on-site in October 2011. A work program aimed at evaluating the gold-silver potential of Espiritu Santo is being developed to include geologic mapping, surface sampling to include rock and soils and the possible use of X-ray fluorescence technology (XRF). These exploration activities will focus on developing drill targets.

Commercial Terms

The agreement with the owner of the mining concessions is in the form of an option. The commercial terms consist of multiple option payments which form part of the purchase price.

Cerro Resources NL may withdraw from the option at any time without any further liability and has access to the mineral concessions during the option periods to undertake exploration work, as determined by Cerro Resources NL.

Payments are as follows:

- a. An initial payment made of US\$150,000;
- b. 1 March 2012 US\$100,000;
- c. 1 September 2012 US\$100,000;
- d. 1 March 2013 US\$150,000;
- e. 1 September 2013 US\$200,000;
- f. 1 March 2014 US\$300,000;
- g. 1 September 2014 US\$400,000;
- h. 1 March 2015 US\$500,000;
- i. 1 September 2015 US\$2,100,000 - includes the final payment in exchange for title to the mineral concessions.

The seller will retain a 3% Net Smelter Royalty and Cerro will have the right to acquire one half of that royalty for US\$2,000,000 at any time up to 1 September 2016.

Additionally Cerro will:

- pay the vendor US\$1,000,000 for the first 1M ounces of gold (or gold equivalent) falling into the JORC Measured and Indicated category and then US\$500,000 for each additional five hundred thousand ounces up to a maximum of US\$5,000,000; and

- issue 1,500,000 options to subscribe for Cerro shares at a price of A\$0.20 per share for a period of 3 years from date of issue to a third party. A separate release will be filed upon issue of the options.

This transaction is subject to acceptance by the TSX Venture Exchange.

About Cerro Resources

Cerro Resources is a precious and base metals exploration and development company. The Company is currently focused on Mexico where it is developing the Cerro del Gallo gold/silver project in the central state of Guanajuato, Mexico, actively exploring the Namiquipa silver project in northern Mexico, and commencing exploration on the Espiritu Santo gold/silver project in Jalisco. It also maintains an active working focus on the Mt Isa, Queensland, region where it is exploring the Mt Philp haematite project and it holds an interest in the Kalman molybdenum, rhenium, and copper project.

Additional information about the Company is available on the Company's website at www.cerroresources.com and on SEDAR.

Competent Person/Qualified Person

The technical information in this news release is based on information compiled Mr Bill Fleshman, who is a Chartered Professional and Fellow of the Australasian Institute of Mining and Metallurgy. Mr Fleshman is a consultant to Cerro Resources NL and 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' and 'qualified person' as this term is defined in Canadian National Instrument 43-101 ('NI 43-101'). Mr Fleshman consents to the inclusion in this news release of the information in the form and context in which it appears.

Forward-Looking Information

This news release contains certain 'forward-looking information' under Canadian securities laws. All statements that address future plans, activities, events or developments that the Company believes, expects or anticipates will or may occur are forward-looking information. Specifically, this news release contains forward looking information about the potential of the Espiritu Santo Project. Forward looking information is based upon assumptions by management that are subject to known and unknown risks and uncertainties beyond the Company's control, including risks related to mining exploration and the availability of financing for companies such as the Company. There can be no assurance that outcomes anticipated in the forward looking information will occur, and actual results may differ materially for a variety of reasons. Accordingly, readers should not place undue reliance on forward-looking information. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking information, except as may be required by law.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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