

Please read this document carefully as it requires you to MAKE A DECISION PRIOR TO 5:00 P.M. TORONTO TIME ON DECEMBER 4, 2012. IF YOU ARE IN DOUBT as to how to deal with this document, you should consult your investment dealer, stockbroker, bank manager or other professional advisor.

The offer of these securities is made in all provinces of Canada. No securities commission or similar authority in Canada or elsewhere has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence.

THE SECURITIES OFFERED HEREUNDER HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION (THE “SEC”) OR ANY STATE SECURITIES COMMISSION NOR HAS THE SEC OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

Rights Offering Circular

October 26, 2012



McEwen Mining Inc.

McEwen Mining - Minera Andes Acquisition Corp.

US\$60,400,000

Offering of Subscription Rights for common stock and exchangeable shares

McEwen Mining Inc. (“**McEwen Mining**”) is issuing, at no charge, to each holder of record of its common stock as of 5:00 p.m. (Toronto time) on November 8, 2012 (the “**Record Date**”), one subscription right of McEwen Mining for each share of common stock held by such holder as of the Record Date, and McEwen Mining – Minera Andes Acquisition Corp. (“**Exchange Co.**”) is issuing, at no charge, to each holder of record of its shares, including holders of exchangeable shares (that are convertible on a one-for-one basis into shares of McEwen Mining common stock) as of 5:00 p.m. (Toronto time) on November 8, 2012, one subscription right of Exchange Co. for each share of Exchange Co. held by such holder as of the Record Date. No fractional subscription rights are being issued. Except as described below, only a holder of a subscription right with an address of record in the United States or Canada (a “**U.S. or Canadian Holder**”) or a Qualified Holder (as defined herein) is entitled to exercise the subscription rights. For every ten (10) subscription rights of McEwen Mining held, a U.S. or Canadian Holder or a Qualified Holder is entitled to subscribe for one (1) whole share of McEwen Mining common stock at a price of, at such holder’s choice but subject to any additional restrictions any broker, dealer, bank or other nominee may impose, either US\$2.25 per whole share or C\$2.24 per whole share, and for every ten (10) subscription rights of Exchange Co. held, a U.S. or Canadian Holder or a Qualified Holder is entitled to subscribe for one (1) whole Exchange Co. exchangeable share at a price of C\$2.24 per whole share. The United States dollar denominated subscription price per share for the McEwen Mining subscription rights was determined by the Audit Committee of the board of directors of McEwen Mining, consisting of all independent members of the board of directors, who considered a number of factors, including the market price of the McEwen Mining common stock as well as commercial practice in rights offerings and the price at which Mr. Robert R. McEwen (“**Mr. McEwen**”), our Chairman and Chief Executive Officer, was willing to backstop this rights offering. The Canadian dollar denominated subscription price for the McEwen Mining rights offering is equal to the Canadian dollar equivalent of the United States dollar denominated subscription price based on the noon spot exchange rate on October 23, 2012 as reported by the Bank of Canada. The subscription price for the Exchange Co. subscription rights is equal to the Canadian dollar denominated subscription price for the McEwen Mining subscription rights. No fractional shares or cash in lieu thereof will be issued. Where the exercise of subscription rights would otherwise entitle a holder thereof to fractional shares, such subscriber’s entitlement will be reduced to the next lowest whole number of shares. This is referred to as a basic subscription privilege. If you are

a U.S. or Canadian Holder or a Qualified Holder and you exercise your basic subscription privileges in full, you may request to purchase additional shares of McEwen Mining common stock or Exchange Co. exchangeable shares, as applicable, that remain unsubscribed for at the expiration of this rights offering. This is referred to as an over-subscription privilege. The shares of McEwen Mining common stock and Exchange Co. exchangeable shares issuable pursuant to over-subscription requests are also subject to availability after giving effect to all exercises of basic subscription privileges and allocation of the remaining shares among shareholders issued shares pursuant to over-subscription requests. Exchange Co. is also issuing one subscription right for each common share of Exchange Co. held by McEwen Mining Alberta (ULC), which holds all of the common shares of Exchange Co. McEwen Mining Alberta (ULC) has advised that it (and any affiliate or other related entity) will not exercise the subscription rights issued to it.

The following is a summary of the principal terms of this rights offering, but it is not intended to be a complete description of the offering. See information under the heading “The Rights Offering” in this rights offering circular for a more detailed description of the terms and conditions of this rights offering.

Subscription Rights: One McEwen Mining subscription right for each share of McEwen Mining common stock and one Exchange Co. subscription right for each Exchange Co. exchangeable share held on the Record Date. Based on the number of issued and outstanding shares of McEwen Mining common stock and Exchange Co. exchangeable shares as of October 23, 2012, an aggregate of 268,504,418 rights will be issued. As a result of the backstop commitment described below, we expect to sell all of the shares and receive gross proceeds of approximately US\$60.4 million in this rights offering.

The rights offering is not subject to any minimum subscription level.

Record Date: November 8, 2012 (as at 5:00 p.m. (Toronto time)).

Expiry Date: 5:00 p.m. (Toronto time) on December 4, 2012 (the “**Expiry Date**”). Rights not exercised before the Expiry Date will be void and of no value and will cease to be exercisable.

Subscription Price: US\$2.25 or C\$2.24 per share of McEwen Mining common stock; C\$2.24 per Exchange Co. exchangeable share. To be effective, any payment related to the exercise of a subscription right must clear before this rights offering expires.

Basic Subscription Privilege: Ten (10) McEwen Mining rights will entitle the holder to purchase one share of McEwen Mining common stock at a subscription price of, at such holder’s choice but subject to any additional restrictions a broker, dealer, bank or other nominee acting on such holder’s behalf may impose, either US\$2.25 or C\$2.24 per share, and ten (10) Exchange Co. rights will entitle the holder to purchase one Exchange Co. exchangeable share at a subscription price of C\$2.24 per share. The subscription agent will return any excess payments by mail without interest or deduction as soon as practicable after the expiration of this rights offering.

Over-Subscription Privilege: Each rights holder, other than Mr. McEwen, who elects to exercise its basic subscription privilege in full may also subscribe for additional shares at the same subscription price per share. If an insufficient number of shares is available to fully satisfy the over-subscription privilege requests, the available shares will be distributed proportionately among rights holders who exercised their over-subscription privilege based on the number of shares each rights holder subscribed for under the basic subscription privilege. Fractional shares resulting from the exercise of the over-subscription privilege will be eliminated by rounding down to the nearest whole share. The subscription agent will return any excess payments by mail without interest or deduction as soon as practicable after the expiration of this rights offering.

Backstop Commitment: McEwen Mining and Exchange Co. have entered into a backstop agreement with Mr. McEwen, pursuant to which Mr. McEwen has committed to purchase from McEwen Mining and Exchange Co., subject to the terms and conditions thereof, at the subscription price of US\$2.25 or C\$2.24 per share of McEwen Mining common stock and C\$2.24 per Exchange Co. exchangeable share (each being the same price per share as offered to all other shareholders of McEwen Mining and Exchange Co.), all of the unsubscribed shares of McEwen Mining common stock and Exchange Co. exchangeable shares in this rights offering such that the aggregate gross proceeds to McEwen Mining and Exchange Co. from the rights offering will be approximately US\$60.4 million. As a shareholder of McEwen Mining and Exchange Co. on the Record Date and pursuant to the backstop agreement, Mr. McEwen has also agreed to exercise all of his basic subscription privilege in the McEwen Mining rights offering and in the Exchange Co. rights offering, but is prohibited under the terms of the backstop agreement from subscribing for any shares under the over-subscription privilege thereunder. See “The Rights Offering—The Backstop Commitment”.

Maximum Number of Shares Issuable and Net Proceeds: Based on the number of shares of McEwen Mining common stock and Exchange Co. exchangeable shares issued and outstanding as of October 23, 2012, a maximum of 19,051,679 shares of McEwen Mining common stock and 7,798,762 Exchange Co. exchangeable shares will be issuable pursuant to the rights offering. Net proceeds will be approximately US\$59,870,000, after deducting total expenses relating to the Rights Offering estimated at US\$540,000, assuming the exercise of all of the subscription rights or purchase of all of the unsubscribed shares by Mr. McEwen under the terms of the backstop agreement.

Use of Proceeds: McEwen Mining and Exchange Co. intend to use the aggregate net proceeds from this rights offering to provide funding for (a) the advancement of Phase 2 of the Company’s El Gallo Complex, (b) completion of further metallurgical studies on the Company’s Tonkin project and follow-up work as required, (c) permitting at the Gold Bar Project in Nevada, (d) furthering exploration at the Company’s various projects and properties and (e) potential acquisitions to be determined in the future, and for other corporate purposes. See “Use of Proceeds”. Our boards of directors unanimously approved this rights offering and we believe that the proceeds raised by this rights offering will place the Company in a much stronger position to fund the ongoing development at the El Gallo Complex and to further the exploration of the Company’s various projects and properties.

Exercise of Rights: To exercise your subscription rights, you must take the following steps:

If you are a U.S. or Canadian Holder or a Qualified Holder and a registered holder of McEwen Mining common stock or Exchange Co. exchangeable shares, the subscription agent must receive your payment for each share subscribed for pursuant to your subscription right and properly completed subscription rights certificate before 5:00 p.m. (Toronto time) on December 4, 2012. You may deliver the documents and payments by mail or commercial carrier. If regular mail is used for this purpose, we recommend using registered mail, properly insured, with return receipt requested.

If you are a U.S. or Canadian Holder or a Qualified Holder and a beneficial owner of shares that are registered in the name of a broker, dealer, custodian bank, or other nominee, or if you would prefer that an institution conduct the transaction on your behalf, you should instruct your broker, dealer, custodian bank, or other nominee to exercise your subscription rights on your behalf and deliver all documents and payments to the subscription agent before 5:00 p.m. (Toronto time) on December 4, 2012.

If you are a U.S. or Canadian Holder or a Qualified Holder and wish to purchase shares through this rights offering, please promptly contact any broker, dealer, custodian bank, or other nominee who is the record holder of your shares. We will ask your record holder to notify you of this rights offering. You should complete and return to your record holder the appropriate subscription documentation you receive from your record holder.

If you cannot deliver your subscription rights certificate to the subscription agent prior to the Expiry Date of this rights offering, you may follow the guaranteed delivery procedures described under “The Rights Offering—Guaranteed Delivery Procedures”.

Holders Outside of the United States and Canada:

Exercise of subscription rights will be accepted only from holders of subscription rights with an address of record in the United States or Canada, except where McEwen Mining or Exchange Co., as applicable, determines that the offering to and subscription by a holder of subscription rights outside of the United States or Canada is lawful and made in compliance with all securities and other laws applicable in the jurisdiction where such holder is resident. We refer to such holder as a “Qualified Holder”. Registered shareholders that wish to be recognized as Qualified Holders must contact the subscription agent at the earliest possible time, but in no event after 4:30 p.m. (Toronto time) on November 23, 2012 in order to satisfy McEwen Mining or Exchange Co., as applicable, in their sole discretion that such holders are Qualified Holders. From and after 9:00 a.m. (Toronto time) on November 26, 2012, the subscription agent will attempt to sell the subscription rights of Ineligible Holders that have not demonstrated that they are Qualified Holders, on such date or dates and at such price or prices and in such markets as the subscription agent determines in its sole discretion.

The subscription agent will distribute all proceeds in United States dollars or Canadian dollars to the registered Ineligible Holders on a pro rata basis (net of brokerage fees and selling expenses and, if applicable, costs incurred and withholding taxes). See “The Rights Offering—Ineligible Holders”.

As a condition to the purchase of any shares of McEwen Mining common stock or Exchange Co. exchangeable shares under this rights offering, each subscriber other than a Qualified Holder will be deemed to have represented and warranted that it is resident in the United States or Canada, and this representation and warranty will be relied upon by McEwen Mining, Exchange Co. and the subscription agent.

We reserve the right to treat as invalid any exercise or purported exercise of any subscription rights in this rights offering that appears to us to have been exercised, effected or dispatched in a manner which may involve a breach of the laws or regulations of any jurisdiction or if we believe, or our agents believe, that the same may violate or be inconsistent with the procedures and terms set out in this rights offering circular or in breach of the representation and warranty that a holder exercising its subscription rights is resident in the United States or Canada, as described herein. See “The Rights Offering—Validity and Rejection of Subscriptions”.

Holders of subscription rights that reside outside of the United States or Canada and any persons that have a contractual or legal obligation to forward this document to a jurisdiction outside the United States or Canada should read the section entitled “The Rights Offering—Ineligible Holders”.

No Revocation:

All exercises of subscription rights are irrevocable, even if you later learn of information that you consider to be unfavorable to the exercise of your subscription rights. You should not exercise your subscription rights unless you are certain that

you wish to purchase shares of McEwen Mining common stock at a subscription price of US\$2.25 or C\$2.24 per share or Exchange Co. exchangeable shares at a subscription price of C\$2.24 per share.

Canadian Federal Income Tax Considerations You should consult your tax advisor as to the particular consequences to you of this rights offering. A summary of certain material Canadian federal income tax considerations applicable to receiving or exercising the subscription rights is contained in the section of this rights offering circular entitled “Certain Material Canadian Federal Income Tax Considerations”.

Subscription Agent: Computershare Trust Company of Canada, in its role as subscription agent, has been appointed the agent of McEwen Mining and Exchange Co. to receive subscriptions and payments from holders of subscription rights in this rights offering, to act as depository and to perform certain services relating to the exercise and transfer of subscription rights.

Shares Outstanding Before the Rights Offering: 190,516,797 shares of McEwen Mining common stock and 77,987,621 Exchange Co. exchangeable shares held other than by McEwen Mining or its subsidiaries and which are convertible on a one-for-one basis into shares of McEwen Mining common stock, were outstanding as of October 23, 2012.

Shares Outstanding After Completion of the Rights Offering: 209,568,476 shares of McEwen Mining common stock and 85,786,383 Exchange Co. exchangeable shares, held other than by McEwen Mining or its subsidiaries and which are convertible on a one-for-one basis into shares of McEwen Mining common stock, will be outstanding immediately after completion of this rights offering.

Risk Factors: Before you exercise your subscription rights, you should carefully consider the risks described in the section entitled “Risk Factors”.

Additional Questions: If you have any questions, you should contact McEwen Mining Inc. at (866) 441-0690 or by email at info@mcewenmining.com or the information agent, Georgeson Inc., toll-free at 1-888-497-9677 (in North America) or 1-212-440-9800 (outside North America), or by email at mux@georgeson.com.

The subscription rights are exercisable beginning on the date of this rights offering circular and continuing until 5:00 p.m. (Toronto time) on December 4, 2012. We may cancel and terminate this rights offering at any time in our sole discretion. If you want to participate in this rights offering and you are the record holder of your shares, you must submit to the subscription agent, Computershare Trust Company of Canada, payment in full for the shares you wish to purchase before that deadline. You must also submit your completed subscription documents to the subscription agent prior to the deadline unless you follow the guaranteed delivery procedures described in this rights offering circular. If you want to participate in this rights offering and you hold McEwen Mining common stock or Exchange Co. exchangeable shares through your broker, dealer, bank or other nominee, you should promptly contact your broker, dealer, bank or other nominee and submit payment in full for the shares you wish to purchase and your subscription documents in accordance with the instructions provided, and within the time period required, by your broker, dealer, bank or other nominee. Please see “The Rights Offering” for further instructions on exercising your subscription rights. All subscription payments will be held in escrow by the subscription agent through the Expiry Date.

The subscription rights will be transferable subject to the conditions of this rights offering, as described and will be represented by rights certificates. Rights not exercised before the Expiry Date will be void and of no value and no longer exercisable for any shares. See “The Rights Offering”.

Holders of McEwen Mining common stock and Exchange Co. exchangeable shares who do not participate in this rights offering, or who sell or transfer their subscription rights, will continue to own the same number of shares of McEwen Mining common stock or Exchange Co. exchangeable shares, as the case may be, but will own a smaller percentage of the total shares issued and outstanding after this rights offering to the extent that other holders of

subscription rights to acquire shares participate in this rights offering. Subscription rights that are not exercised prior to the Expiry Date will be void and have no value and will no longer be exercisable for any shares of McEwen Mining common stock or Exchange Co. exchangeable shares. There is no minimum number of shares that McEwen Mining or Exchange Co. must sell in order to complete this rights offering.

The subscription agent will mail to each holder of record of McEwen Mining common stock and Exchange Co. exchangeable shares on the Record Date that resides in the United States or Canada a rights certificate evidencing the number of subscription rights issued to the holder thereof, together with a copy of this rights offering circular. Each holder of record of McEwen Mining common stock and Exchange Co. exchangeable shares on the Record Date will be presumed to be resident in the place of their address of record, unless evidence to the contrary is shown to the sole satisfaction of McEwen Mining or Exchange Co., as the case may be. For holders of McEwen Mining common stock or Exchange Co. exchangeable shares that reside outside of the United States or Canada (each an **“Ineligible Holder”** and collectively, the **“Ineligible Holders”**), the subscription agent will mail a copy of this rights offering circular together with a letter advising such Ineligible Holders that their rights certificates will be held by the subscription agent as agent for the benefit of all such Ineligible Holders. Holders of subscription rights that wish to be recognized as Qualified Holders must contact the subscription agent at the earliest possible time, but in no event after 4:30 p.m. (Toronto time) on November 23, 2012, in order to satisfy McEwen Mining or Exchange Co., as the case may be that such holders are Qualified Holders. From and after 9:00 a.m. (Toronto time) on November 26, 2012, the subscription agent will attempt to sell the subscription rights of registered Ineligible Holders that have not demonstrated that they are Qualified Holders, on such date or dates and at such price or prices and in such markets as the subscription agent determines in its sole discretion. See “The Rights Offering—Ineligible Holders”.

There is no managing or soliciting dealer for this rights offering and we will not pay any kind of fee for the solicitation of the exercise of rights.

Shares of McEwen Mining common stock are currently traded on the New York Stock Exchange (**“NYSE”**) and on the Toronto Stock Exchange (**“TSX”**), in each case, under the symbol **“MUX”**. The exchangeable shares of Exchange Co., which are exchangeable on a one-for-one basis into McEwen Mining common stock and which were issued in connection with McEwen Mining’s acquisition of Minera Andes Inc. (**“Minera Andes”**) in 2012, are listed on the TSX under the symbol **“MAQ”**. On October 23, 2012 the closing sales price of McEwen Mining common stock was C\$4.56 per share on the TSX, and the closing sales price of Exchange Co. exchangeable shares was C\$4.53 per share on the TSX.

As the subscription rights issued in connection with this rights offering are transferable, the McEwen Mining subscription rights will trade on the NYSE and on the TSX under the symbol **“MUX.RT”** and the Exchange Co. subscription rights will trade on the TSX under the symbol **“MAQ.RT”**. The McEwen Mining rights will cease trading on the NYSE at the close of trading (New York City time) on the trading day immediately preceding the Expiry Date, and the McEwen Mining rights and the Exchange Co. rights will cease trading on the TSX at 12:00 noon (Toronto time) on the Expiry Date. Prior to this rights offering, there has been no public market for the subscription rights and holders may not be able to resell rights offered under this rights offering circular. This may affect the pricing of the rights in the secondary market, the transparency and availability of trading prices and the liquidity of the rights.

The underlying shares of McEwen Mining common stock that are purchased by subscribing for such shares under the McEwen Mining subscription rights will also trade on the NYSE and the TSX under the symbol **“MUX”** and the underlying Exchange Co. exchangeable shares that are purchased by subscribing for such shares under the Exchange Co. subscription rights will also trade on the TSX under the symbol **“MAQ”**.

The underlying shares of McEwen Mining common stock and Exchange Co. exchangeable shares are not qualified under the securities laws, and are not being offered, outside of the United States and Canada and the subscription rights may not be exercised by an Ineligible Holder, except under the circumstances where McEwen Mining or Exchange Co., as applicable, determines, in its sole discretion, that the offering to and subscription by such person (each, a **“Qualified Holder”**) is lawful and in compliance with all securities and other laws applicable in the jurisdiction where such person is resident. See “The Rights Offering—Ineligible Holders”.

As a condition to a purchase of any shares of McEwen Mining common stock or Exchange Co. exchangeable shares in this rights offering, each subscriber other than a Qualified Holder will be deemed to have represented and warranted that it is resident in the United States or Canada, and this representation and warranty will be relied upon by McEwen Mining, Exchange Co. and the subscription agent.

We reserve the right to treat as invalid any exercise or purported exercise of any subscription rights in this rights offering that appears to us to have been exercised, effected or dispatched in a manner which may involve a breach of the laws or regulations of any jurisdiction or if we believe, or our agents believe, that the same may violate or be inconsistent with the procedures and terms set out in this rights offering circular or in breach of the representation and warranty that a holder exercising its subscription rights is resident in the United States or Canada, as described herein.

Holders of subscription rights that reside outside of in the United States or Canada and any persons that have a contractual or legal obligation to forward this document to a jurisdiction outside the United States or Canada should read the section entitled “The Rights Offering—Ineligible Holders”.

This is not an underwritten offering and there will be no underwriters’ discounts or commissions. Accordingly, the gross proceeds (before expenses) to McEwen Mining will be US\$2.25 or C\$2.24 per whole share and the gross proceeds (before expenses) to Exchange Co. will be C\$2.24 per whole share and, assuming all subscription rights are exercised in this rights offering, the aggregate gross proceeds (before expenses) to us will be approximately US\$60.4 million.

Investing in the securities of McEwen Mining and Exchange Co. involves risks. You should carefully read this rights offering circular, including the risk factors discussed in the section entitled “Risk Factors”, before exercising your subscription rights.

The securities are not being offered in any jurisdiction where the offer is not permitted under applicable local laws.

As used in this rights offering circular, unless the context indicates otherwise, the “Company” refers to McEwen Mining Inc. and its consolidated subsidiaries, and references to “McEwen Mining” refer to McEwen Mining Inc. at its parent company level, excluding its subsidiaries

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ABOUT US

McEwen Mining is engaged in the production and exploration of precious metals in Argentina, Mexico and the United States. It was organized under the laws of the State of Colorado on July 24, 1979 under the name Silver State Mining Corporation. On June 21, 1988, it changed its name to U.S. Gold Corporation and on March 16, 2007, it changed its name to US Gold Corporation. On January 24, 2012, it changed its name to McEwen Mining Inc. The head office and principal place of business of McEwen Mining is located at 181 Bay Street, Bay Wellington Tower, Suite 4750, P.O. Box 792, Toronto, Ontario, M5J 2T3.

Exchange Co. was incorporated under the laws of the Province of Alberta on September 19, 2011 for the purposes of participating in the acquisition of Minera Andes Inc. (“**Minera Andes**”). The head office and principal place of business of Exchange Co. is located at 181 Bay Street, Bay Wellington Tower, Suite 4750, P.O. Box 792, Toronto, Ontario, M5J 2T3.

Our objective is to increase the value of our shares through the exploration, development, and extraction of gold, silver and other valuable minerals. Other than the Company’s San José Mine in Argentina, we generally conduct our exploration activities as sole operator, but we may enter into arrangements with other companies through joint venture or similar agreements in an effort to achieve our strategic objectives. We own our mineral interests and property and operate our business through various subsidiary companies, each of which is owned entirely, directly, or indirectly, by us.

In June 2007, McEwen Mining completed three simultaneous acquisitions, significantly increasing our land position in Nevada and Mexico. The assets of these three companies, Nevada Pacific Gold Ltd., Tone Resources Limited and White Knight Resources Ltd., included a portfolio of properties in Nevada and Mexico. As a result of these acquisitions, we now hold interests in approximately 266 square miles in Nevada, and approximately 1,238 square miles of mineral concessions in north-western Mexico. We began mining operations at Phase 1 of our El Gallo project in Mexico during the third quarter of 2012 and are expected to reach commercial production levels at the end of 2012. We are taking steps to advance Phase 2 of our El Gallo project as well as one of our Nevada properties into production.

On January 24, 2012, McEwen Mining completed the acquisition of Minera Andes by way of a court-approved plan of arrangement under the *Business Corporations Act* (Alberta).

We presently hold an interest in numerous exploration and development stage properties and projects in Mexico, Nevada and Argentina, as well as a 49% equity interest in the gold/silver San José Mine in Santa Cruz Province, Argentina covering 194 square miles. Prior to the acquisition of Minera Andes, we had not generated revenue from operations since 1990. As a result of the acquisition of Minera Andes, we report income and loss, as applicable, from the San José Mine on a 49% equity basis. The San José Mine is a joint venture between an Argentinean subsidiary of McEwen Mining and a subsidiary of Hochschild Mining plc., the operator of the San José Mine. The joint venture conducts ongoing exploration with the objective of discovering new mineralization as well as adding resources and upgrading existing resources to reserves. The Company expects that in the near future the joint venture will complete an expansion to the existing mine capacity through additional investment in infrastructure.

We hold interests in approximately 1,238 square miles of mineral concessions in west central Mexico. Our primary property in Mexico is the El Gallo Complex, located in Sinaloa state on the Sierra Madre Trend, a geological area of significant gold and silver mineralization. In 2010, we completed two estimates of mineralized material on the El Gallo Complex and in February 2011, we completed an NI 43-101 Compliant Preliminary Economic Assessment of that Complex. On August 31, 2011, we announced the commencement of work towards the first phase of production on the El Gallo Complex and completed a Feasibility Study that evaluates production coming from the Phase 2 area at the El Gallo Complex on September 27, 2012.

We hold interests in approximately 266 square miles in Nevada, United States. The majority of our Nevada properties, including our interests in our Gold Bar project and the Tonkin Complex, are located along the Cortez Trend, in north central Nevada. We also own property, including our Limo project, on the southern end of the Carlin Trend. Both the Cortez Trend and Carlin Trend are geological areas of significant gold discoveries. In 2006, we

commenced comprehensive exploration of the property of our Tonkin Complex in an effort to identify additional mineralized material. From 2008 through 2009, we drilled various targets on our Gold Bar and Limo projects, as well as expanded the quantity of estimated mineralized material at our Gold Bar project in updated technical reports. In 2010, we completed a Preliminary Economic Assessment for our Gold Bar project and in 2011 completed a NI 43-101 compliant pre-feasibility study on the project. The Company has decided to place this property into production, subject to receipt of necessary permits.

Upon completion of the acquisition of Minera Andes we hold mineral rights and applications for mineral rights covering approximately 944 square miles in Argentina (not including the San José Mine), including the advanced stage Los Azules Copper porphyry exploration project in San Juan Province, Argentina and a portfolio of exploration properties in the highly prospective Deseasdo Massif region in southern Argentina. A portion of the Los Azules Project is currently the subject of litigation in the Supreme Court of British Columbia. See “Risk Factors”.

McEwen Mining conducts ongoing exploration at a number of our exploration properties with the objective of discovering new mineralization or increasing existing resources and reserves.

QUESTIONS AND ANSWERS RELATED TO THIS RIGHTS OFFERING

The following are questions that we anticipate you may have about this rights offering. The answers are based on information in this rights offering circular. The following questions and answers do not contain all of the information that may be important to you and may not address all of the questions that you may have about whether to exercise your subscription rights. Exercising the subscription rights and investing in the securities of McEwen Mining and Exchange Co. involves a high degree of risk. We urge you to carefully read this rights offering circular in its entirety, including the section entitled “Risk Factors”, before you decide whether to exercise your subscription rights.

What is this rights offering?

This rights offering is a distribution at no charge to holders of McEwen Mining common stock as of the Record Date of transferable subscription rights to purchase shares of common stock at a cash subscription price of, at such holder’s choice but subject to any additional restrictions a broker, dealer, bank or other nominee acting on such holder’s behalf may impose, either US\$2.25 or C\$2.24, and to holders of Exchange Co. shares, including the exchangeable shares, as of the Record Date of transferable subscription rights to purchase exchangeable shares at a cash subscription price of C\$2.24. Shareholders will receive one subscription right of McEwen Mining for each share of McEwen Mining common stock held by such holder on the Record Date, and one subscription right of Exchange Co. for each Exchange Co. exchangeable share held by such holder on the Record Date. For every ten (10) subscription rights of McEwen Mining held, a U.S. or Canadian Holder or a Qualified Holder will be entitled to subscribe for one (1) whole share of McEwen Mining common stock at the subscription price of US\$2.25 or C\$2.24, and for every ten (10) subscription rights of Exchange Co. held, a U.S. or Canadian Holder or a Qualified Holder will be entitled to subscribe for one (1) whole Exchange Co. exchangeable share at the subscription price of C\$2.24. Each subscription right entitles the holder to a basic subscription privilege and an over-subscription privilege, as described below.

As of October 23, 2012, Mr. McEwen beneficially owned approximately 25%, or 67,203,241 shares, of the 268,504,418 shares of outstanding McEwen Mining common stock (assuming all outstanding Exchange Co. exchangeable shares not held by McEwen Mining or its subsidiaries are exchanged for an equivalent amount of common stock of McEwen Mining) before giving effect to this rights offering, which holdings consisted of 28,477,527 shares (15%) of McEwen Mining common stock and 38,725,714 (49%) Exchange Co. exchangeable shares. McEwen Mining and Exchange Co. have entered into a backstop agreement with Mr. McEwen, pursuant to which Mr. McEwen will purchase all of the shares of McEwen Mining common stock and all of the Exchange Co. exchangeable shares not subscribed for by other holders of subscription rights in this rights offering at a price of US\$2.25 or C\$2.24 per whole share of McEwen Mining common stock and C\$2.24 per Exchange Co. exchangeable share (each being the same price per whole share as offered to all other shareholders of McEwen Mining and Exchange Co.) As a shareholder of McEwen Mining and Exchange Co. as of the Record Date, Mr. McEwen has also agreed to purchase all of the shares of McEwen Mining common stock and Exchange Co. exchangeable shares

available under his basic subscription privilege under the McEwen Mining rights offering and under the Exchange Co. rights offering, respectively, but is prohibited under the terms of the backstop agreement from subscribing for any shares under the over-subscription privilege.

McEwen Mining expects to sell 19,051,679 shares of common stock and Exchange Co. expects to sell 7,798,762 exchangeable shares in connection with this rights offering. McEwen Mining and Exchange Co. expect to receive aggregate gross proceeds of approximately US\$60.4 million from this rights offering. See “Questions and Answers Related to This Rights Offering—How will this rights offering affect Mr. McEwen’s ownership of McEwen Mining common stock?”

The subscription rights will be evidenced by rights certificates, and such certificates will be mailed to all holders of McEwen Mining common stock and Exchange Co. exchangeable shares as of the Record Date that reside in the United States and Canada. The subscription agent will hold any remaining rights certificates as agent for the benefit of all holders of McEwen Mining common stock and Exchange Co. exchangeable shares as of the Record Date that do not reside in the United States or Canada.

Why are we engaging in this rights offering? How will we use the proceeds from this rights offering?

We are engaging in this rights offering to raise capital to provide funding for (a) the advancement of Phase 2 of the Company’s El Gallo Complex, (b) completion of further metallurgical studies on the Company’s Tonkin project and follow-up work as required, (c) permitting at the Gold Bar Project in Nevada, (d) furthering exploration at the Company’s various projects and properties and (e) potential acquisitions to be determined in the future, and for other corporate purposes. The need to raise additional capital is necessary, in part, due to delays experienced by the Company in repatriating revenue from the Company’s 49% owned San José Mine in Argentina as a result of changes to the export revenue repatriation requirements in Argentina announced in the first half of 2012. See “Risk Factors—New Argentinean foreign exchange regulations and export repatriation requirements could adversely affect our liquidity and operations”. We considered a number of capital raising alternatives and believe that giving current shareholders of McEwen Mining and Exchange Co. the right to purchase shares of McEwen Mining common stock and Exchange Co. exchangeable shares (which are convertible on a one-for-one basis into shares of McEwen Mining common stock), respectively, is the fairest and most equitable approach to raising capital. Our boards of directors also determined that this rights offering was advisable as it does not entail many of the substantial costs and uncertainties associated with an underwritten public offering.

Who may participate in this rights offering?

Holders of McEwen Mining common stock and Exchange Co. exchangeable shares as of the Record Date that reside in the United States or Canada or that are Qualified Holders are entitled to participate in this rights offering.

How many subscription rights did each eligible shareholder receive?

Each holder of record of McEwen Mining common stock as of the Record Date will receive one McEwen Mining subscription right for each share held by such holder, and each holder of record of Exchange Co. exchangeable share as of the Record Date will receive one Exchange Co. subscription right for each share held by such holder. Fractional shares will not be issued. Instead any fractional shares resulting from the exercise of the basic subscription privilege and the over-subscription privilege will be eliminated by rounding down to the nearest whole share.

What is the basic subscription privilege?

For every ten (10) subscription rights of McEwen Mining held, a U.S. or Canadian Holder or a Qualified Holder is entitled to subscribe for one (1) whole share of McEwen Mining common stock at a subscription price of, at such holder’s choice but subject to any additional restrictions a broker, dealer, bank or other nominee acting on such holder’s behalf may impose, either US\$2.25 or C\$2.24, and for every ten (10) subscription rights of Exchange Co. held, a U.S. or Canadian Holder or a Qualified Holder is entitled to subscribe for one (1) whole Exchange Co. exchangeable share at a subscription price of C\$2.24. Through the full exercise of a U.S. or Canadian Holder’s or a

Qualified Holder's basic subscription privilege, such holder will maintain its current proportionate equity interest in the Company. This is referred to as the basic subscription privilege.

U.S. or Canadian Holders and Qualified Holders may exercise all or a portion of their basic subscription privileges or may choose not to exercise any subscription rights at all or may choose to sell or transfer their subscription rights. However, if U.S. or Canadian Holders and Qualified Holders exercise less than their full basic subscription privileges, or transfer or sell their subscription rights, they will not be entitled to purchase shares under their over-subscription privilege.

What is the over-subscription privilege?

Some shareholders may not exercise their basic subscription privileges in full prior to the Expiry Date. The over-subscription privilege provides shareholders that fully exercise their basic subscription privilege the opportunity to purchase, at the same subscription price per whole share paid under the basic subscription privilege, the shares of McEwen Mining common stock or Exchange Co. exchangeable shares, as applicable, that are not purchased by other shareholders in this rights offering. If you fully exercise your basic subscription privilege, you may request to purchase additional shares unclaimed by other rights holders in this rights offering at the same subscription price per share.

What if there are an insufficient number of shares to satisfy the over-subscription requests?

If there are an insufficient number of shares available to fully satisfy the over-subscription requests of rights holders, subscription rights holders who exercised their over-subscription privilege will receive the available shares pro rata based on the number of shares each subscription rights holder subscribed for under the basic subscription privilege. "Pro rata" means in proportion to the number of shares that you and the other subscription rights holders have purchased by fully exercising your basic subscription privilege. Any excess subscription payments will be returned by the subscription agent, without interest or deduction, promptly after the Expiry Date of this rights offering.

Am I required to participate in this rights offering?

No. You may exercise any number of your subscription rights, or you may choose not to exercise any subscription rights, or you may choose to transfer or sell some or all of your subscription rights. If you do not exercise any of your subscription rights, the number of shares of McEwen Mining common stock or Exchange Co. exchangeable shares you own will not change. However, you will experience dilution to your equity interest in McEwen Mining or Exchange Co. to the extent you choose not to exercise your subscription rights and other shareholders exercise some or all of their subscription rights. You may sell your subscription rights using normal investment channels, such as investment dealers and brokers, through the facilities of the NYSE or the TSX, as applicable, or through the subscription agent, at the expense of the holder. See "The Rights Offering – Sale or Transfer of Subscription Rights."

How do I exercise my subscription rights?

You may exercise your subscription rights by properly completing and signing your subscription rights certificate and delivering it, with full payment of the subscription price for the shares for which you are subscribing, including shares subscribed for pursuant to your over-subscription privilege, to Computershare Trust Company of Canada, the subscription agent for this rights offering, on or prior to the Expiry Date of this rights offering.

If you send the subscription rights certificate and other items by mail, we recommend that you send them by registered mail, properly insured, with return receipt requested. If you cannot deliver your subscription rights certificate to the subscription agent on time, you may follow the guaranteed delivery procedures described under "The Rights Offering—Guaranteed Delivery Procedures".

If you hold shares in the name of a broker, dealer, bank or other nominee, then your broker, dealer, bank or other nominee is the record holder of the shares you own. The record holder must exercise the subscription rights on your behalf for the shares you wish to subscribe for. Therefore, if you wish to exercise your subscription rights, you

should promptly contact your broker, dealer, bank or other nominee and submit your subscription documents and payment for the shares subscribed for in accordance with the instructions and within the time period provided by your broker, dealer, bank or other nominee. We will ask the record holder of your shares to notify you of this rights offering.

What should I do if I receive a rights certificate and want to exercise some of my subscription rights now while retaining the ability to exercise more of my subscription rights at a later point in time but before the Expiry Date of this rights offering?

If you want to exercise some but not all of your subscription rights represented by a rights certificate and retain the ability to exercise the balance of the unexercised subscription rights represented by a rights certificate, you must first complete and submit your request to the subscription agent in order to divide your subscription rights and be issued two separate rights certificates: one certificate representing the number of subscription rights that you wish to exercise in the first instance (which should then be completed and delivered to the subscription agent), and a second certificate representing the balance of unexercised subscription rights available for future exercise prior to the expiration of this rights offering. Alternatively, you may elect to dispose of the balance of the unexercised subscription rights prior to the Expiry Date of this rights offering. See “The Rights Offering—Sale or Transfer of Subscription Rights”.

Will I be able to exercise my subscription rights if I live outside of the United States or Canada?

The exercise of subscription rights will only be accepted from holders of subscription rights resident in the United States or Canada, except where McEwen Mining or Exchange Co., as applicable, determines in their sole discretion that the subscription by a holder of subscription rights in a jurisdiction outside of the United States and Canada is lawfully made by a Qualified Holder in compliance with all securities and other laws applicable in the jurisdiction where such holder is resident. Subscription rights will be issued to Ineligible Holders, but rights certificates will not be mailed to Ineligible Holders. Holders of subscription rights that wish to be recognized as Qualified Holders must contact the subscription agent at the earliest possible time, but in any event prior to 4:30 p.m. (Toronto time) on November 23, 2012, in order to satisfy McEwen Mining or Exchange Co., as applicable, that such holders are Qualified Holders. From and after 9:00 a.m. (Toronto time) on November 26, 2012, the subscription agent will attempt to sell the subscription rights of Ineligible Holders that have not demonstrated that they are Qualified Holders, on such date or dates and at such price or prices and in such markets as the subscription agent determines in its sole discretion. The subscription agent will distribute, after deducting any expenses incurred by the subscription agent in connection with such sale, all proceeds in United States or Canadian dollars to the Ineligible Holders on a pro rata basis. See “The Rights Offering—Ineligible Holders”.

How long will this rights offering last?

You will be able to exercise or sell your subscription rights only during a limited period. U.S. or Canadian Holders and Qualified Holders that desire to exercise their subscription rights, must do so by the Expiry Date, which is 5:00 p.m. (Toronto time) on December 4, 2012. Accordingly, unless the guaranteed delivery procedures are followed, if a rights holder desires to exercise its subscription rights, the subscription agent must actually receive all required documents and payments from the rights holder before the Expiry Date of this rights offering. Shareholders who own shares through a broker, dealer, bank or other nominee should submit their subscription documents and payment for the shares subscribed for in the time period provided by their nominee holder in order to permit the nominee holder to submit all required subscription documents and payments prior to the Expiry Date of this rights offering.

May the boards of directors terminate this rights offering?

Yes. Our boards of directors may decide to terminate this rights offering at any time prior to the Expiry Date of this rights offering for any reason.

If this rights offering is not completed, will my subscription payment be refunded to me?

Yes. The subscription agent will hold all funds it receives in a segregated bank account for the benefit of the holders of McEwen Mining common stock and Exchange Co. exchangeable shares exercising their subscription rights until completion of this rights offering. If this rights offering is not completed for any reason, all subscription payments received by the subscription agent will be returned as soon as practicable without interest. If this rights offering is not completed for any reason, McEwen Mining and Exchange Co. will not be obligated to issue shares of McEwen Mining common stock or Exchange Co. exchangeable shares, as applicable, to rights holders who have exercised their subscription rights prior to the termination of this rights offering.

Will the subscription rights trade on a stock exchange?

Yes. The McEwen Mining subscription rights will be listed for trading on the NYSE and the TSX under the symbol “MUX.RT” and the Exchange Co. subscription rights will be listed for trading on the TSX under the symbol “MAQ.RT”. We expect that any such trading on the NYSE will continue until the close of trading (New York City time) on the trading day immediately before the Expiry Date of this rights offering and any such trading on the TSX will continue until 12:00 noon (Toronto time) on the Expiry Date of this rights offering. Holders of subscription rights that do not wish to exercise their subscription rights may sell or transfer their subscription rights through usual investment channels, such as investment dealers and brokers, at the expense of the holder. See “The Rights Offering—Sale or Transfer of Subscription Rights”. Holders of subscription rights may elect to exercise only some of their subscription rights and dispose of the remainder of them. See “The Rights Offering—Sale or Transfer of Subscription Rights”.

During this rights offering, McEwen Mining common stock will continue to trade on the NYSE and TSX under the symbol “MUX” and the underlying shares of McEwen Mining common stock received in connection with exercising the subscription rights will trade after this rights offering on the NYSE and TSX under the symbol “MUX” as well, and Exchange Co. exchangeable shares will continue to trade on the TSX under the symbol “MAQ” and the underlying shares of Exchange Co. exchangeable shares received in connection with exercising the subscription rights will trade after this rights offering on the TSX under the symbol “MAQ” as well.

Is there a minimum subscription level in order for this rights offering to be completed?

No. This rights offering is not subject to any minimum subscription level.

What happens if this rights offering is not fully subscribed for after giving effect to the over-subscription privilege?

Mr. McEwen has agreed to exercise his basic subscription privilege in full and subject to the terms and conditions in the backstop agreement to purchase from McEwen Mining, at the US \$2.25 or C\$2.24 per whole share subscription price, and from Exchange Co., at the C\$2.24 per whole share subscription price (each being the same price per share as offered to all other shareholders of McEwen Mining and Exchange Co.), all of the unsubscribed shares of McEwen Mining common stock and Exchange Co. exchangeable shares in this rights offering such that gross proceeds to the Company will be approximately US\$60.4 million. See “The Rights Offering—The Backstop Commitment”. Mr. McEwen is prohibited under the terms of the backstop agreement from subscribing for any shares under the over-subscription privilege.

Why is there a backstop purchaser?

We obtained the commitment of Mr. McEwen to act as the backstop purchaser under the backstop agreement to ensure that we would receive a minimum level of gross proceeds from this rights offering of approximately US\$60.4 million. Mr. McEwen’s obligations to purchase shares under the backstop agreement are subject to the satisfaction or waiver of specified conditions. See “Questions and Answers Related to this Rights Offering—Are there any conditions to Mr. McEwen’s obligations under the backstop commitment?”

Will Mr. McEwen receive a fee for providing the backstop commitment?

No. Mr. McEwen will not receive a fee as consideration for providing the backstop commitment.

Are there any conditions to Mr. McEwen's obligations under the backstop commitment?

Yes. Mr. McEwen's obligations under the backstop commitment are subject to the satisfaction or waiver of specified conditions, including, but not limited to, compliance by McEwen Mining and Exchange Co. with the covenants in the backstop agreement and each of their representations and warranties being true and correct in all material respects.

When do the obligations of the backstop purchaser expire?

The backstop commitment may be terminated by Mr. McEwen if this rights offering has not been consummated by 5:00 p.m. (Toronto time) on December 14, 2012.

How will this rights offering affect Mr. McEwen's ownership of McEwen Mining common stock?

As of October 23, 2012, Mr. McEwen beneficially owned approximately 25%, or 67,203,241 shares, of the 268,504,418 shares of outstanding McEwen Mining common stock (assuming all outstanding Exchange Co. exchangeable shares not held by McEwen Mining or its subsidiaries are exchanged for an equivalent amount of common stock of McEwen Mining) before giving effect to this rights offering, which holdings consisted of 28,477,527 shares (15%) of McEwen Mining common stock and 38,725,714 (49%) Exchange Co. exchangeable shares. As a shareholder of McEwen Mining and of Exchange Co. as of the Record Date, Mr. McEwen has the right to subscribe for and purchase shares of McEwen Mining common stock and Exchange Co. exchangeable shares under the basic subscription privilege in the McEwen Mining rights offering and in the Exchange Co. rights offering, respectively, but is prohibited pursuant to the backstop agreement from subscribing for shares of McEwen Mining common stock or Exchange Co. exchangeable shares under the over-subscription privilege thereunder. If Mr. McEwen is the only holder of rights who exercises its rights in this rights offering and no other subscription rights holders of McEwen Mining or of Exchange Co. exercise their subscription rights in this rights offering, Mr. McEwen would beneficially own approximately 32% of our common stock (assuming all outstanding Exchange Co. exchangeable shares not held by McEwen Mining or its subsidiaries are exchanged for an equivalent amount of McEwen Mining common stock) immediately following this rights offering and Mr. McEwen's fulfillment of the backstop commitment. Any shares of McEwen Mining common stock purchased by Mr. McEwen pursuant to the backstop agreement will be issued in a private placement transaction, exempt from the registration requirements of the United States Securities Act of 1933, as amended and, accordingly, will be restricted securities. We expect to enter into a registration rights agreement with Mr. McEwen with respect to all registrable securities to be held by Mr. McEwen, including those purchased pursuant to the backstop agreement. If all subscription rights holders fully exercise their subscription rights in this rights offering, Mr. McEwen is expected to beneficially own approximately 25% of our common stock (assuming all outstanding Exchange Co. exchangeable shares not held by McEwen Mining or its subsidiaries are exchanged for an equivalent amount of McEwen Mining common stock) immediately following this rights offering. Mr. McEwen will not obtain any additional contractual governance or control rights as a result of this rights offering or the backstop commitment.

Have any shareholders indicated their intentions to participate in this rights offering?

Mr. McEwen beneficially owned as of October 23, 2012 approximately 25%, or 67,203,241 shares, of the 268,504,418 shares of outstanding McEwen Mining common stock (assuming all outstanding Exchange Co. exchangeable shares not held by McEwen Mining or its subsidiaries are exchanged for an equivalent amount of McEwen Mining common stock) before giving effect to this rights offering, which holdings consisted of 28,477,527 shares (15%) of McEwen Mining common stock and 38,725,714 (49%) Exchange Co. exchangeable shares. Mr. McEwen has agreed to exercise all of his basic subscription privileges and has committed in the backstop agreement, subject to the terms and conditions therein, to purchase the unsubscribed shares in this rights offering such that gross proceeds to the Company will be approximately US\$60.4 million. Mr. McEwen is prohibited under the terms of the backstop agreement from subscribing for any shares under the over-subscription privilege.

Are there risks associated with exercising my subscription rights?

Yes. The exercise of your subscription rights and resulting purchase of shares of McEwen Mining common stock or Exchange Co. exchangeable shares should be considered as carefully as you would consider the acquisition of additional shares of McEwen Mining common stock or Exchange Co. exchangeable shares in the market or any other equity investment. Among other things, you should carefully consider the risks described under the heading “Risk Factors” and all other information included herein before deciding to exercise or sell your subscription rights.

After I exercise my subscription rights, may I change my mind and cancel my subscription?

No. Once you send in your subscription rights certificate and payment, you cannot revoke the exercise of your subscription rights, even if you later learn information about us that you consider to be unfavorable and even if the market price of McEwen Mining common stock or Exchange Co. exchangeable shares decreases or is below the subscription price. You should not exercise your subscription rights unless you are certain that you wish to purchase additional shares of McEwen Mining common stock at a price of US\$2.25 or C\$2.24 per share or additional Exchange Co. exchangeable shares at a price of C\$2.24 per share. Subscription rights not exercised prior to the expiration of this rights offering will be void and will have no value and will no longer be exercisable for any shares of McEwen Mining common stock or Exchange Co. exchangeable shares.

Will I be charged any fees if I exercise my subscription rights?

We will not charge a fee to holders for exercising their subscription rights. However, any holder exercising its subscription rights through a broker, dealer, bank or other nominee will be responsible for any fees charged by its nominee holder. Notwithstanding the foregoing, payment of any service charge, commission or other fee payable (including those of brokers) in connection with the purchase or sale of subscription rights to third parties will be the responsibility of the holder of the subscription rights. The holder of the subscription rights must also pay all stamp, issue, registration or other similar taxes or duties contingent upon the issue or delivery of shares to or for the order of a third party. See “The Rights Offering—Fees and Expenses”.

If I exercise my subscription rights, when will I receive the shares for which I have subscribed?

We will issue the shares purchased pursuant to the exercise of subscription rights as soon as practicable after this rights offering expires, whether or not you exercise your subscription rights immediately prior to the Expiry Date of this rights offering or at an earlier time. We will not be able to calculate the number of shares to be issued to each exercising holder until 5:00 p.m. (Toronto time) on the third business day after the Expiry Date of this rights offering, which is the latest time by which subscription rights certificates may be delivered to the subscription agent under the guaranteed delivery procedures under “The Rights Offering—Guaranteed Delivery Procedures”. If your shares are held through a broker, dealer, bank or other nominee, the shares you purchase pursuant to this rights offering will also be held through your broker, dealer, bank or other nominee. Please contact your broker, dealer, bank or other nominee to determine when the shares purchased in this rights offering will be allocated to your account.

How many shares of are currently issued and outstanding, and how many shares will be issued and outstanding after this rights offering?

McEwen Mining had a total of 190,516,797 shares of common stock issued and outstanding as of October 23, 2012. This number excludes shares of common stock issuable upon conversion of Exchange Co. exchangeable shares (which are convertible on a one-for-one basis into shares of McEwen Mining common stock) or pursuant to outstanding stock options, and any shares of McEwen Mining common stock that may be issued pursuant to McEwen Mining’s equity compensation and incentive plans. Exchange Co. had a total of 77,987,621 exchangeable shares, held other than by McEwen Mining or its subsidiaries and which are convertible on a one-for-one basis into shares of McEwen Mining common stock, issued and outstanding as of October 23, 2012. We expect approximately 209,568,476 shares of McEwen Mining common stock and 85,786,383 Exchange Co. exchangeable shares (which are convertible on a one-for-one basis into shares of McEwen Mining common stock) will be outstanding immediately after the completion of this rights offering.

How was the subscription price determined?

The United States dollar denominated subscription price per share for the McEwen Mining rights offering was determined by the Audit Committee of the board of directors of McEwen Mining, consisting of all independent members of the board of directors, who considered a number of factors, including the market price of McEwen Mining common stock as well as commercial practice in rights offerings and the price at which Mr. McEwen was willing to backstop this rights offering. The Canadian dollar denominated subscription price for the McEwen Mining rights offering is equal to the Canadian dollar equivalent of the United States dollar denominated subscription price based on the noon spot exchange rate on October 23, 2012 as reported by the Bank of Canada. The subscription price for the Exchange Co. rights offering is equal to the Canadian dollar denominated subscription price for the McEwen Mining rights offering. The subscription price does not necessarily bear any relationship to the book value of our assets or our past operations, cash flow, losses, financial condition, net worth or any other established criteria to value securities. Accordingly, you should not consider the subscription price as an indication of the value of our Company or of the common stock to be offered in this rights offering. After the date of this rights offering circular, McEwen Mining common stock and Exchange Co. exchangeable shares may trade at prices above or below the subscription price. For a discussion of recent trading prices see “Risk Factors—Our stock price has historically been volatile, and as a result you could lose all or part of your investment”.

How much money will the Company receive from this rights offering?

We anticipate receiving gross proceeds (before expenses) of approximately US\$60.4 million in connection with this rights offering.

What are the Canadian federal income tax considerations applicable to receiving, exercising and selling the subscription rights?

You should consult your tax advisor as to the particular consequences to you of this rights offering. A summary of certain material Canadian federal income tax considerations applicable to receiving or exercising the subscription rights is contained in the sections of this rights offering circular entitled “Certain Material Canadian Federal Income Tax Considerations”.

Are there any conditions to my right to exercise my subscription rights?

Yes. You must be a U.S. or Canadian Holder or a Qualified Holder in order to exercise your subscription rights in this rights offering. This rights offering is also subject to certain limited conditions. See “The Rights Offering—Conditions, Withdrawal and Cancellation”.

Has the board of directors made a recommendation as to whether I should exercise my subscription rights?

No. Although this rights offering has been approved by our boards of directors, and the terms of the backstop agreement with Mr. McEwen were approved by the independent members of the board of directors of McEwen Mining, neither we nor our boards of directors are making any recommendation as to whether or not you should exercise your subscription rights. You are urged to make your decision about whether or not to exercise or sell your subscription rights or to simply take no action with respect to your subscription rights based on your own assessment of your best interests and this rights offering and after considering all of the information herein, including the “Risk Factors” section of this rights offering circular. You should not view our boards of directors’ approval of this rights offering, or Mr. McEwen’s agreement to exercise all of his basic subscription privileges and to provide a backstop of this rights offering, as a recommendation or other indication that the exercise of sale of your subscription rights is in your best interests.

Who is the subscription agent for this rights offering to whom I should send my subscription documents and payment?

The subscription agent is Computershare Trust Company of Canada. If your shares are held in the name of a broker, dealer, or other nominee, then you should send your applicable subscription documents to your broker, dealer, or

other nominee in accordance with the instructions you receive from them. If you are a record holder, then you should send your applicable subscription documents, by overnight delivery, first class mail or courier service to:

By Courier to:

Computershare Trust Company of Canada
9th Floor, 100 University Ave.
Toronto, Ontario M5J 2Y1
Attention: Corporate Actions

By Mail to:

Computershare Trust Company of Canada
P.O. Box 7021
31 Adelaide St. E. Toronto
Ontario M5C 3H2
Attention: Corporate Actions

We will pay the fees and expenses of the subscription agent (other than the fees and expenses of the subscription agent incurred in connection with your sale or transfer of your subscription rights) and have agreed to indemnify the subscription agent against certain liabilities that it may incur in connection with this rights offering.

You are solely responsible for timely completing delivery to the subscription agent of your subscription documents, subscription rights certificate, and payment. We urge you to allow sufficient time for delivery of your subscription materials to the subscription agent.

What if I have other questions?

If you have other questions about this rights offering, please contact McEwen Mining Inc. at (866) 441-0690 or by email at info@mcewenmining.com or the information agent, Georgeson Inc., toll-free at 1-888-497-9677 (in North America) or 1-212-440-9800 (outside North America), or by email at mux@georgeson.com.

RISK FACTORS

An investment in our securities involves a high degree of risk. You should consider carefully the following risk factors, along with all of the other information contained in this rights offering circular before deciding to buy our securities. These risk factors list some, but not all, of the risks and uncertainties that may have a material adverse effect on our business, our results of operations, financial condition, cash flows and market price of our securities. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also impair our business operations. If we are unable to prevent events that have a negative effect from occurring, then our business, and our results of operations, financial condition, cash flows and market price of our securities could be materially and adversely affected.

Risks Related to Our Company

We have incurred substantial losses since our inception in 1979 and may never be profitable. Since our inception in 1979, we have never been profitable. As of June 30, 2012, our accumulated deficit was approximately US\$433.7 million, including certain non-cash expenses. Over the longer term, our ability to become profitable will depend on the profitability of the San José Mine, our ability to bring the El Gallo Complex and our Gold Bar project into production and generate revenue sufficient to cover our costs and expenses, and our ability to advance or sell our other properties, including the Los Azules copper project. We will seek to identify additional mineralization that can be extracted economically at operating and exploration properties. For our non-operating properties that we believe demonstrate economic potential, we need to either develop our properties, locate and enter into agreements with third party operators, or sell the properties. We may suffer significant additional losses in the future and may never be profitable. Even if we do achieve profitability, we may not be able to sustain or increase profitability on a quarterly or annual basis.

The feasibility of mining at our El Gallo Complex and Gold Bar properties, has not been established in accordance with SEC Guide 7, and any funds spent by us on exploration and development could be lost. We have no proven or probable reserves on our properties as defined by U.S. law, except for the Company's 49% interest in the San José Mine. A "reserve," as defined by regulation of the U.S. Securities and Exchange Commission ("SEC"), is that part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination. A reserve requires a feasibility study demonstrating with reasonable certainty that the deposit can be economically extracted and produced. As a result, we currently have no reserves defined by Guide 7 of the SEC, except for the Company's 49% interest in the San José Mine, and there are no assurances that we will be able to prove that there are reserves on our properties.

The mineralized material identified on our properties does not and may never demonstrate economic viability. Substantial expenditures are required to establish reserves through drilling and additional study and there is no assurance that reserves will be established. The feasibility of mining on our El Gallo Complex, Gold Bar properties, or any other property has not been, and may never be, established. Whether a mineral deposit can be commercially viable depends upon a number of factors, including the particular attributes of the deposit, including size, grade, metallurgical recoveries and proximity to infrastructure; metal prices, which can be highly variable; and government regulations, including environmental and reclamation obligations. If we are unable to establish some or all of our mineralized material as proven or probable reserves in sufficient quantities to justify commercial operations, our investment in that property will be lost, and the market value of our securities may suffer.

We are required to prepare and file with the Canadian securities regulators estimates of mineralized material in accordance with the National Instrument 43-101-Standards of Disclosure for Mineral Projects of the Canadian Securities Administrators ("NI 43-101"). These standards are substantially different from the standards generally permitted to report reserve and other estimates in reports and other materials filed with the SEC. Under NI 43-101, we report measured, indicated and inferred resources, measurements which are generally not permitted in filings made with the SEC. U.S. investors are cautioned not to assume that all or any part of measured or indicated resources reported in our Canadian filings will ever be converted into SEC Guide 7 compliant reserves.

The figures for our estimated mineralized material are based on interpretation and assumptions and may yield less mineral production under actual conditions than is currently estimated. Unless otherwise indicated, mineralization figures presented in our filings with securities regulatory authorities including the SEC, press releases and other public statements that may be made from time to time are based upon estimates made by independent geologists and our internal geologists. When making determinations about whether to advance any of our projects to development, we must rely upon such estimated calculations as to the mineralized material and grades of mineralization on our properties. Until ore is actually mined and processed, mineralized material and grades of mineralization must be considered as estimates only.

These estimates are imprecise and depend upon geological interpretation and statistical inferences drawn from drilling and sampling analysis, which may prove to be unreliable. We cannot assure you that:

- these estimates will be or are accurate;
- mineralization estimates will be or are accurate; or
- this mineralization can be mined or processed profitably.

Any material changes in mineral estimates and grades of mineralization will affect the economic viability of placing a property into production and such property's return on capital. There can be no assurance that minerals recovered in small scale tests will be recovered in large-scale tests under on-site conditions or in production scale.

The estimates contained in our public filings have been determined and valued based on assumed future prices, cut-off grades and operating costs that may prove to be inaccurate. Extended declines in market prices for gold and/or silver may render portions of our mineralization estimates uneconomic and result in reduced reported mineralization or adversely affect the commercial viability of one or more of our properties. Any material reductions in estimates of mineralization, or of our ability to extract this mineralization, could have a material adverse effect on our results of operations or financial condition.

Our estimated timetables to achieve production for Phase 2 of the El Gallo Complex and our Gold Bar properties may not be accurate. Based on technical work recently completed, including the El Gallo feasibility study and the Gold Bar preliminary feasibility study, we believe we can achieve Phase 2 production at the El Gallo Complex in the second half of 2014 and at our Gold Bar properties in late 2015. However, the Gold Bar preliminary feasibility study is preliminary in nature and is subject to change due to factors within and outside of our control. There is no certainty that the feasibility study and the preliminary assessment and economics estimated in those reports will be realized or that we will be able to begin production within the timelines estimated, if at all.

We will require significant amounts of capital through debt or equity to place one or more of our properties into production, and our ability to obtain this necessary funding will depend on a number of factors, including the status of the national and worldwide economy and the price of silver, gold, and other precious and base metals. Fluctuations in production costs, material changes in the mineral estimates and grades of mineralization or changes in the political conditions or regulations in Mexico or Nevada may make placing these properties into production uneconomic. Further, we may also be unable to obtain the necessary permits in a timely manner, on reasonable terms or on terms that provide us sufficient resources to develop our properties. These and other factors may cause us to delay Phase 2 production at the El Gallo Complex and our Gold Bar properties beyond 2014 and 2015, if at all or indefinitely.

Historical production of gold at our Tonkin Complex or Magistral Mine is not indicative of the potential for future development or revenue. Historical production of gold from our Tonkin Complex came from relatively shallow deposits, in very limited quantities and for a very limited period of time. Processing the mineralization at Tonkin also presents significant metallurgical difficulties that may cause it to be uneconomic or unfeasible to mine and process ore on a commercial scale. In Mexico, the Magistral Mine produced gold from 2002 through 2005, but it was shut down in 2006 and was held by us on a care and maintenance basis until the fourth quarter of 2011. The restart of the Magistral Mine is now considered Phase 1 of our El Gallo Complex; we made the decision to proceed

with Phase 1 construction without the benefit of a feasibility study. There are significant risks and uncertainty associated with commencing production without a feasibility or pre-feasibility study. The area proposed for Phase 1 of El Gallo production has not been explored, developed and analyzed in sufficient detail to complete an independent feasibility or pre-feasibility study and may ultimately be determined to lack one or more geological, metallurgical, engineering, legal, operating, economic, social, environmental, and other relevant factors reasonably required to serve as the basis for a final decision to complete the development of all or part of the El Gallo project for mineral production. Investors in our securities should be cautioned not to rely on our historical operations as an indication that we will place those mining properties into commercial production or that any such attempts to resume production would be successful.

We will require significant additional capital to continue our exploration and development activities, and if warranted, to develop additional mining operations. As a result of the acquisition of Minera Andes, as well as the other properties that we own, substantial expenditures will be required to continue the exploration programs at our exploration stage properties. We will be required to expend significant amounts of capital for drilling, geological and geochemical analysis, assaying, and, if warranted, feasibility studies with regard to the results of our exploration. We may need to obtain additional financing, either in the form of debt or equity financing, to fund such expenditures. We may not benefit from these investments if we are unable to identify commercially exploitable reserves. Furthermore, expenditures we made for Minera Andes' properties may reduce the availability of capital to pursue our exploration and development programs at El Gallo Complex. If we are successful in identifying commercially exploitable reserves, we will require significant additional capital to extract those reserves. Our ability to obtain necessary funding, in turn, depends upon a number of factors, including the state of the economy and applicable commodity prices. We may not be successful in obtaining the required financing for these or other purposes on terms that are favorable to us or at all, in which case, our ability to continue operating would be adversely affected. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration or potential development and the possible partial or total loss of our interest in certain properties.

Minera Andes' assets may be less valuable to us than expected. The value of Minera Andes to us, other than its interest in the San José Mine, is based in large part on the value of the Los Azules Copper Project and the ability to discover mineralized material on the other acquired exploration properties. The Los Azules Copper Project has only "inferred resources" and "indicated resources", based on NI 43-101 definitions. There can be no assurance that these mineral resources will be upgraded to mineral reserves or that if mineral deposits are discovered on the other exploration properties, that such mineral deposits can be commercially mined. Whether a mineral deposit can be commercially viable depends upon a number of factors, including the particular attributes of the deposit, including size, grade and proximity to infrastructure; metal prices, which can be highly volatile; and government regulations, including environmental and reclamation obligations. If we are unable to establish some or all of the mineralized material as proven or probable reserves in sufficient quantities to justify commercial operations, the market value of our securities may decline, and you may lose some or all of your investment.

Development at the Los Azules copper project presents development challenges that may negatively affect, if not completely negate, the feasibility of development of the property. The Los Azules property that we acquired with Minera Andes is located in a remote location that is accessed by 75 miles (120 kilometers) of unimproved dirt road with eight river crossings and two mountain passes both above 13,451 feet (4,100 meters). According to the technical report prepared for Minera Andes with an effective date of December 1, 2010, capital costs were estimated to be \$2.8 billion initially and \$3.73 billion over the life of the mine with an accuracy target of plus or minus 35%. These are historical calculations and capital costs calculated today may be substantially higher. In order for the Los Azules property to be economically feasible for development, the price of copper would have to be high enough to justify the high capital costs estimated for the project. There can be no assurance that these capital cost estimates are accurate; given the inflationary pressure in the mining industry and in Argentina in particular, these capital costs are likely to increase substantially. If the long term price of copper were to decrease significantly below the current price or capital cost estimates increase significantly, the Los Azules property may not be feasible for development, and we may have to write-off the asset. Furthermore, even if the development of the Los Azules property becomes economically feasible, we may not be able to raise sufficient capital to develop the property, may not receive the required permits or environmental approvals, may not be able to construct the necessary power and infrastructure assets and may not be able to attract qualified workers to build such a project, any of which could result in the delay or indefinite postponement of development at the property. Such a result would have a material negative effect on our Company.

The Los Azules copper project is subject to ongoing legal proceedings with the potential that we may lose part of our interest in the project. We are currently subject to ongoing litigation regarding the Los Azules Copper Project. TNR Gold Corp (“**TNR Gold**”) and its subsidiary, Solitario Argentina S.A. (“**Solitario**”) and together with TNR Gold, (“**TNR**”), claim, among other things, that certain properties that comprise the Los Azules Copper Project were not validly transferred to Minera Andes and therefore should be returned to TNR. In the alternative, TNR claims that even if Minera Andes validly owns the Los Azules Copper Project, TNR has a 25% back-in right to a substantial portion of the Los Azules project underlying known mineral resources that may be exercised to acquire a 25% interest in such part of the property. TNR has also claimed damages. We estimate that the Los Azules Copper Project represents approximately 56% of the total assets acquired, not counting liabilities assumed, in the acquisition of Minera Andes, based on our preliminary estimate of the fair value of all identifiable assets acquired and liabilities assumed.

We are not able to estimate the potential financial impact of this claim. If resolved adversely against the Company, this litigation could materially adversely affect the value of the Company by reducing or terminating our interest in a significant portion of the Los Azules Copper Project and our ability to develop the Los Azules Copper Project. Alternatively, we could be subject to a significant damages award. Such a result would have a significant negative impact on the value of the Company and could have a significant impact on our stock price.

We are subject to litigation risks in addition to the Los Azules litigation. All industries, including the mining industry, are subject to legal claims, with and without merit. Defense and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding could have a material adverse effect on our financial position and results of operations.

We may acquire additional exploration stage properties and we may face negative reactions if reserves are not located on acquired properties. We have in the past and may in the future acquire additional exploration stage properties. There can be no assurance that we have or will be able to complete the acquisition of such properties at reasonable prices or on favorable terms and that reserves will be identified on any properties that we acquire. We may also experience negative reactions from the financial markets if we are unable to successfully complete acquisitions of additional properties or if reserves are not located on acquired properties. These factors may adversely affect the trading price of our shares or our financial condition or results of operations.

Fluctuating precious metals and copper prices could negatively impact our business. The potential for profitability of our silver and gold mining operations and the value of our mining properties are directly related to the market price of silver, gold and copper. The price of silver, gold and copper may also have a significant influence on the market price of our shares. The market price of gold and silver historically has fluctuated significantly and is affected by numerous factors beyond our control. These factors include supply and demand fundamentals, expectations with respect to the rate of inflation, the relative strength of the U.S. dollar and other currencies, interest rates, gold and silver sales and loans by central banks, forward sales by metal producers, accumulation and divestiture by exchange traded funds, global or regional political, economic or banking crises, and a number of other factors. The market price of silver is also affected by industrial demand. The selection of a property for exploration or development, the determination to construct a mine and place it into production, and the dedication of funds necessary to achieve such purposes are decisions that must be made long before the first revenues, if any, from production will be received. Price fluctuations between the time that such decisions are made and the commencement of production can have a material adverse effect on the economics of a mine.

The volatility in silver, gold and copper prices is illustrated by the following table, which sets forth, for the periods indicated, the average market prices in U.S. dollars per ounce of gold and silver, based on the daily London P.M. fix, and per pound of copper based on the LME Grade A copper settlement price.

Average Annual Market Price of Silver and Gold (per oz.) and Copper (per lb.)

Mineral	2007 (calendar year)	2008 (calendar year)	2009 (calendar year)	2010 (calendar year)	2011 (calendar year)	2012 (through Sept 30)
Silver.....	\$13.38	\$14.99	\$14.67	\$20.19	\$35.12	\$30.63
Gold.....	\$696	\$872	\$972	\$1,224	\$1,572	\$1,649
Copper.....	\$3.23	\$3.15	\$2.34	\$3.42	\$4.00	\$3.61

The volatility of mineral prices represents a substantial risk which no amount of planning or technical expertise can fully eliminate. In the event gold and silver prices decline and remain low for prolonged periods of time, we might be unable to develop our properties, which may adversely affect our results of operations, financial performance and cash flows.

Our continuing reclamation obligations at the Tonkin Complex, El Gallo Complex and our other properties could require significant additional expenditures. We are responsible for the reclamation obligations related to disturbances located on all of our properties, including the Tonkin Complex. We have posted a bond in the amount of the estimated reclamation obligation at the Tonkin Complex. We submitted a mine closure plan to the Bureau of Land Management (“BLM”) for the Tonkin Complex during the fourth quarter of 2010. Based on our estimate, the change in our bonding requirements was insignificant. Our closure plan is currently under review by the BLM. We have not posted a bond in Mexico relating to the El Gallo Complex, as none is required. There is a risk that any cash bond, even if increased based on the analysis and work performed to update the reclamation obligations, could be inadequate to cover the actual costs of reclamation when carried out. The satisfaction of bonding requirements and continuing reclamation obligations will require a significant amount of capital. There is a risk that we will be unable to fund these additional bonding requirements, and further, that the regulatory authorities may increase reclamation and bonding requirements to such a degree that it would not be commercially reasonable to continue exploration activities, which may adversely affect our results of operations, financial performance and cash flows.

Our ongoing operations and past mining activities are subject to environmental risks, which could expose us to significant liability and delay, suspension or termination of our operations. All phases of our operations are subject to United States, Mexican and Argentine federal, state and local environmental regulation. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for us and our officers, directors and employees. Future changes in environmental regulation, if any, may adversely affect our operations, make our operations prohibitively expensive, or prohibit them altogether. Environmental hazards may exist on our properties that are unknown to us at the present and that have been caused by us, or previous owners or operators, or that may have occurred naturally. Mining properties from the companies we have acquired may cause us to be liable for remediating any damage that those companies may have caused. The liability could include response costs for removing or remediating the release and damage to natural resources, including ground water, as well as the payment of fines and penalties.

We have transferred our interest in several mining properties over past years, some of which are now being operated by third parties. Under applicable U.S. federal and state environmental laws, as prior owner of these properties, we may be liable for remediating any damage that we may have caused. The liability could include response costs for removing or remediating the release and damage to natural resources, including ground water, as well as the payment of fines and penalties.

Failure to comply with applicable environmental laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities, causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions.

Due to an increased level of non-governmental organization activity targeting the mining industry, the potential for the government to delay the issuance of permits or impose new requirements or conditions upon mining operations may be increased. Any changes in government policies may be costly to comply with and may delay mining operations. Future changes in such laws and regulations, if any, may adversely affect our operations, make our operations prohibitively expensive, or prohibit them altogether. If our interests are materially adversely affected as a result of a violation of applicable laws, regulations, or permitting requirements or a change in applicable law or regulations, it would have a significant negative impact the value of the combined company and could have a significant impact on our stock price.

Our operations are subject to permitting requirements which could require us to delay, suspend or terminate our operations on our mining properties. Our mining operations, including ongoing exploration drilling programs, require permits from the state and federal governments, including permits for the use of water and for drilling wells for water. We may be unable to obtain these permits in a timely manner, on reasonable terms or on terms that provide us sufficient resources to develop our properties, or at all. Even if we are able to obtain such permits, the time required by the permitting process can be significant. If we cannot obtain or maintain the necessary permits, or if there is a delay in receiving these permits, our timetable and business plan for exploration of our properties will be adversely affected, which may in turn adversely affect our results of operations, financial condition, cash flows and market price of our securities.

Our operations in Mexico and Argentina are subject to changes in political conditions, regulations and crime. Our El Gallo Complex as well as certain other concessions, are located in Mexico and are subject to laws and regulations applied by Mexican federal, state, and local governments. As a result, our mining investments in Mexico are subject to the risks normally associated with the conduct of business in foreign countries. In the past, Mexico has been subject to political instability, changes and uncertainties which may cause changes to existing government regulations affecting mineral exploration and mining activities. Civil or political unrest or violence could disrupt our operations at any time. In recent years, there has been a marked increase in the level of violence and crime relating to drug cartels in Sinaloa state, where we operate, and in other regions of Mexico. This may disrupt our ability to carry out exploration and mining activities and affect the safety and security of our employees and contractors. Our exploration and mining activities may be adversely affected in varying degrees by changing government regulations relating to the mining industry or shifts in political conditions, including as a result of periodic elections, that could increase the costs related to our activities or maintaining our properties.

Our San José Mine as well as certain other concessions, are located in Argentina and are subject to laws and regulations applied by Argentinian federal, provincial, and local governments. As a result, our mining investments in Argentina are subject to the risks normally associated with the conduct of business in foreign countries. There are risks relating to an uncertain or unpredictable political and economic environment in Argentina. During an economic crisis in 2002 and 2003, Argentina defaulted on foreign debt repayments and on the repayment on a number of official loans to multinational organizations. In addition, the Argentinean government has renegotiated or defaulted on contractual arrangements.

In January 2008, the Argentinean government reassessed its policy and practice in respect of export duties and began levying export duties on mining companies operating in the country. Although this particular change did not affect the San José Mine as its fiscal stability agreement explicitly fixes export duties at 5% for doré bars and 10% for concentrates, there can be no assurance that the Argentinean government will not unilaterally take other action which could have a material adverse effect on our projects in the country. In October 2011, the Argentinean government announced a decree requiring mining companies to repatriate mining revenues to Argentina and to convert those revenues into Argentine pesos prior to taking any further action with respect to such revenues, such as paying suppliers or distributing profits, either locally or out of the country. This decree has resulted in increased foreign exchange and bank transaction costs to the Company and increased the Company's exposure to potential devaluation of the Argentine peso should the San José Mine be forced to hold more currency in Argentine pesos compared to U.S. dollars. There also is the risk of political violence and increased social tension in Argentina as Argentina has experienced periods of civil unrest, crime and labor unrest. Certain political and economic events such as acts, or failures to act, by a government authority in Argentina, and acts of political violence in Argentina, could have a material adverse effect on our ability to operate in the country.

Changes, if any, in mining or investment policies or shifts in political attitude in any of the jurisdictions in which the

Company operates may adversely affect the Company's operations or profitability. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, importation of parts and supplies, income and other taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety.

Title to mineral properties can be uncertain, and we are at risk of loss of ownership of one or more of our properties, in addition to the Los Azules Copper Project. Our ability to explore and operate our properties depends on the validity of our title to that property. Our U.S. mineral properties consist of leases of unpatented mining claims, as well as unpatented mining and millsite claims which we control directly. Unpatented mining claims provide only possessory title and their validity is often subject to contest by third parties or the federal government, which makes the validity of unpatented mining claims uncertain and generally more risky. Our Mexico concessions are granted by the Mexican government for a period of up to 50 years from the date of their recording in the Public Registry of Mining and are renewable for a further period of up to 50 years upon application within five years of expiration of such concession in accordance with the Mining Law and its Regulations. Failure to do so prior to expiration of the term of the exploration concession will result in termination of the concession. Under Argentinean Law, concessions are granted by provincial governments for unlimited periods of time, subject to a mining fee and the filing of a minimum investment plan and compliance with a one-off minimum investment in the concession equal to 300 times the relevant mining fee over a five year period. Failure to comply with these conditions may result in the termination of the concession. Uncertainties inherent in mineral properties relate to such things as the sufficiency of mineral discovery, proper posting and marking of boundaries, assessment work and possible conflicts with other claims not determinable from public record. We have not obtained title opinions covering our entire property, with the attendant risk that title to some claims, particularly title to undeveloped property, may be defective. There may be valid challenges to the title to our property which, if successful, could impair development and/or operations.

We remain at risk in that the mining claims may be forfeited either due to failure to comply with statutory requirements as to location and maintenance of the claims or challenges to whether a discovery of a valuable mineral exists on every claim.

Legislation has been proposed that would significantly and adversely affect the mining industry. Periodically, members of the U.S. Congress have introduced bills which would supplant or alter the provisions of the General Mining Law of 1872, which governs the unpatented claims that we control with respect to our U.S. properties. One such amendment has become law and has imposed a moratorium on the patenting of mining claims, which reduced the security of title provided by unpatented claims such as those on our U.S. properties. If additional legislation is enacted, it could substantially increase the cost of holding unpatented mining claims by requiring payment of royalties, and could significantly impair our ability to develop mineral estimates on unpatented mining claims. Such bills have proposed, among other things, to make permanent the patent moratorium, to impose a federal royalty on production from unpatented mining claims and to declare certain lands as unsuitable for mining. Although it is impossible to predict at this time what royalties may be imposed in the future, the imposition of such royalties could adversely affect the potential for development of such mining claims, and the economics of existing operating mines on federal unpatented mining claims. Passage of such legislation could adversely affect our business.

Our lack of operating experience may cause us difficulty in managing our growth. Our management team, as a whole, has limited experience in developing and operating a mine. We are currently working towards developing our El Gallo Complex in Mexico, our Gold Bar properties in Nevada, and our Los Azules Copper Project in Argentina. If we are unable to successfully place these projects into production, our stock price may suffer and you may lose some or all of your investment. Our ability to manage the anticipated growth that we expect will accompany placing one or more of those properties into production will require us to improve and expand our management and our operational systems and controls. If our management is unable to manage growth effectively, our business and financial condition would be materially harmed. In addition, if rapid growth occurs, it may strain our operational, managerial and financial resources.

We cannot assure you that we will have an adequate supply of water to complete desired exploration or development of our mining properties. In accordance with the laws of the State of Nevada, we have obtained permits to drill the water wells that we currently use to service the Tonkin property and we plan to obtain all required permits for drilling water wells to serve other properties we may develop or acquire in the future. However,

the amount of water that we are entitled to use from those wells must be determined by the appropriate regulatory authorities. A final determination of these rights is dependent in part on our ability to demonstrate a beneficial use for the amount of water that we intend to use. Unless we are successful in developing the property to a point where we can commence commercial production of gold or other precious metals, we may not be able to demonstrate such beneficial use. Accordingly, there is no assurance that we will have access to the amount of water needed to operate a mine at the property, which may prevent us from generating revenue, and which would adversely affect our financial condition and cash flows.

Our industry is highly competitive, attractive mineral lands are scarce, and we may not be able to obtain quality properties. We compete with many companies in the mining industry, including large, established mining companies with substantial capabilities, personnel and financial resources. There is a limited supply of desirable mineral lands available for claim staking, lease or acquisition in the United States, Mexico, Argentina, and other areas where we may conduct exploration activities. We may be at a competitive disadvantage in acquiring mineral properties, since we compete with these individuals and companies, many of which have greater financial resources and larger technical staffs than we do. From time to time, specific properties or areas which would otherwise be attractive to us for exploration or acquisition may be unavailable to us due to their previous acquisition by other companies or our lack of financial resources. Competition in the industry is not limited to the acquisition of mineral properties but also extends to the technical expertise to find, advance, and operate such properties; the labor to operate the properties; and the capital for the purpose of funding such properties. Many competitors not only explore for and mine precious metals, but conduct refining and marketing operations on a world-wide basis. Such competition may result in our Company being unable not only to acquire desired properties, but to recruit or retain qualified employees or to acquire the capital necessary to fund our operation and advance our properties. Our inability to compete with other companies for these resources would have a material adverse effect on our results of operation, financial condition and cash flows.

The nature of mineral exploration and production activities involves a high degree of risk and the possibility of uninsured losses that could materially and adversely affect our operations. Exploration for minerals is highly speculative and involves greater risk than many other businesses. Many exploration programs do not result in the discovery of mineralization, and any mineralization discovered may not be of sufficient quantity or quality to be profitably mined. Few properties that are explored are ultimately advanced to production. Our current exploration efforts are, and future development and mining operations we conduct will be, subject to all of the operating hazards and risks normally incident to exploring for and developing mineral properties, such as, but not limited to:

- economically insufficient mineralized material;
- fluctuations in production costs that may make mining uneconomical;
- availability of labor, contractors, engineers, power, transportation and infrastructure;
- labor disputes;
- potential delays related to social and community issues;
- unanticipated variations in grade and other geologic problems;
- environmental hazards;
- water conditions;
- difficult surface or underground conditions;
- industrial accidents;

- metallurgical and other processing problems;
- mechanical and equipment performance problems;
- failure of pit walls or dams;
- unusual or unexpected rock formations;
- personal injury, fire, flooding, cave-ins and landslides; and
- decrease in reserves or mineralized material due to a lower silver, gold or copper price.

Any of these risks can materially and adversely affect, among other things, the development of properties, production quantities and rates, costs and expenditures, potential revenues and production dates. We currently have no insurance to guard against any of these risks, except in very limited circumstances. If we determine that capitalized costs associated with any of our mineral interests are not likely to be recovered, we would incur a writedown of our investment in these interests. All of these factors may result in losses in relation to amounts spent which are not recoverable.

We do not insure against all risks to which we may be subject in our planned operations. While we currently maintain insurance to insure against general commercial liability claims and physical assets at the Tonkin and El Gallo Complex, we do not maintain insurance to cover all of the potential risks associated with our operations. Our other exploration projects have no existing infrastructure for which we insure. We may also be unable to obtain insurance to cover other risks at economically feasible premiums or at all. Insurance coverage may not continue to be available, or may not be adequate to cover liabilities. We might also become subject to liability for environmental, pollution or other hazards associated with mineral exploration and production which may not be insured against, which may exceed the limits of our insurance coverage or which we may elect not to insure against because of premium costs or other reasons. Losses from these events may cause us to incur significant costs that could materially adversely affect our financial condition and our ability to fund activities on our property. A significant loss could force us to reduce or terminate our operations.

We depend on a limited number of personnel and the loss of any of these individuals could adversely affect our business. Our company is dependent on key management, namely our Chairman and Chief Executive Officer, our Vice President and Chief Financial Officer, our Chief Operating Officer, our Senior Vice President, our Vice President - Argentina and our Vice President, Projects. Robert R. McEwen, our Chairman and Chief Executive Officer, is responsible for strategic direction and the oversight of our business. Perry Y. Ing, our Vice President and Chief Financial Officer, is responsible for our public reporting and administrative functions. William Faust (Chief Operating Officer), Ian Ball (Senior Vice President), Simon Quick (Vice President, Projects), and Andrew Elinesky (Vice President, Argentina), oversee project development in, Mexico, Nevada and Argentina, respectively. We rely heavily on these individuals for the conduct of our business. The loss of any of these officers would significantly and adversely affect our business. In that event, we would be forced to identify and retain an individual to replace the departed officer. We may not be able to replace one or more of these individuals on terms acceptable to us. We have no life insurance on the life of any officer.

Some of our directors may have conflicts of interest as a result of their involvement with other natural resource companies. Some of our directors are directors or officers of other natural resource or mining-related companies, or may be involved in related pursuits that could present conflicts of interest with their roles at our Company. These associations may give rise to conflicts of interest from time to time. In the event that any such conflict of interest arises, a director who has such a conflict is required to disclose the conflict to the other directors and may be required to abstain from voting on the matter.

We are subject to foreign currency risk. While we transact most of our business in U.S. dollars, some expenses, such as labor, operating supplies and capital assets are denominated in Canadian dollars, Mexican pesos or Argentine pesos. As a result, currency exchange fluctuations may impact our operating costs. The appreciation of non-U.S. dollar currencies against the U.S. dollar increases costs and the cost of purchasing capital assets in U.S.

dollar terms in Canada, Mexico and Argentina, which can adversely impact our operating results and cash flows. Conversely, a depreciation of non-U.S. dollar currencies usually decreases operating costs and capital asset purchases in U.S. dollar terms in foreign countries.

The value of cash and cash equivalents denominated in foreign currencies also fluctuates with changes in currency exchange rates. Appreciation of non-U.S. dollar currencies results in a foreign currency gain on such investments and a depreciation in non-U.S. dollar currencies results in a loss. We have not utilized market risk sensitive instruments to manage our exposure to foreign currency exchange rates but may in the future actively manage our exposure to foreign currency exchange rate risk. We also hold a majority of our cash reserves in non-U.S. dollar currencies.

New Argentinean foreign exchange regulations and export repatriation requirements could adversely affect our liquidity and operations. In October 2011, Argentina announced a decree requiring mining companies to repatriate mining revenues to Argentine currency before distributing revenue either locally or overseas. Fluctuation in the value of the Argentine peso as a result of the repatriation requirement and the repatriation requirement may create inefficiencies in our ability to transfer its revenue from Argentina and result in substantial transaction costs. Further, there are additional transaction costs imposed by the central bank for transferring funds from and within Argentina.

In April 2012, Argentina announced further rules which initially reduced the number of days mining companies have to repatriate funds relating to exports sales to 15 days and then subsequently in July 2012, relaxed the repatriation requirement to 45 days on the export of doré and 180 days on the sale of concentrates for certain mining companies including Minera Santa Cruz (“MSC”) which operates the San José Mine. During this interim period of uncertainty, there was a disruption to MSC’s exports, especially concentrate sales which take significantly longer than doré to process. This resulted in a disruption to their cash flows and ultimately, to the timing and amount of dividends that MSC has been able to pay to us during 2012.

These restrictions and any additional restrictions on the Argentinean foreign exchange regime or export repatriation requirements could affect our liquidity and operations in Argentina, and our ability to access such funds.

Global climate change is an international concern, and could impact our ability to conduct future operations. Global climate change is an international issue and receives an enormous amount of publicity. We would expect that the imposition of international treaties or United States, Mexican or Argentine federal, state or local laws or regulations pertaining to mandatory reductions in energy consumption or emissions of greenhouse gasses could affect the feasibility of our mining projects and increase our operating costs.

The laws of the State of Colorado and our Articles of Incorporation may protect our directors from certain types of lawsuits. The laws of the State of Colorado provide that our directors will not be liable to us or our shareholders for monetary damages for all but certain types of conduct as directors of the Company. Our Articles of Incorporation permit us to indemnify our directors and officers against all damages incurred in connection with our business to the fullest extent provided or allowed by law. The exculpation provisions may have the effect of preventing shareholders from recovering damages against our directors caused by their negligence, poor judgment or other circumstances. The indemnification provisions may require us to use our limited assets to defend our directors and officers against claims, including claims arising out of their negligence, poor judgment, or other circumstances.

Risks Related to our common stock and this rights offering

Gain recognized by non-U.S. holders and non-U.S. persons holding any interest in the Company other than solely as a creditor (including, for example, interests in the form of our convertible debt, if any) on the sale or other disposition of our securities may be subject to U.S. federal income tax. We believe that we currently are a “United States real property holding corporation” under section 897(c) of the Internal Revenue Code, or USRPHC, and that there is a substantial likelihood that we will continue to be a USRPHC in the future. Subject to certain exceptions, securities (other than securities that provide no interest in a corporation other than solely as a creditor) issued by a corporation that has been a USRPHC at any time during the preceding five years (or the non-U.S. holder’s holding period for such securities, if shorter) are treated as U.S. real property interests, or USRPIs, and gain recognized by a non-U.S. holder on the sale or other disposition of a USRPI is subject to regular U.S. federal income tax, on a net basis at graduated rates, as if such gain were effectively connected with the conduct by such holder of a

U.S. trade or business. If gain recognized by a non-U.S. holder from the sale or other disposition of our common stock or other securities is subject to regular net basis income tax under these rules, the transferee of such common stock or other securities may be required to deduct and withhold a tax equal to 10% of the gross amount paid to the non-U.S. holder with respect to the sale or other disposition, unless certain exceptions apply. Any tax withheld may be credited against the U.S. federal income tax owed by the non-U.S. holder for the year in which the sale or other disposition occurs.

The conversion of outstanding Exchangeable Shares, exercise of options and the future issuances of our common stock will dilute current shareholders and may reduce the market price of our common stock. As of October 23, 2012, we had outstanding Exchange Co. exchangeable shares and options to purchase a total of 4,754,209 shares of McEwen Mining common stock, and will issue up to 7,798,762 additional Exchange Co. exchangeable shares in connection with this rights offering, which if completely converted or exercised, would dilute existing shareholders' ownership by approximately 50%, assuming all Exchange Co. exchangeable shares not held by McEwen Mining or its subsidiaries are exchanged for an equivalent amount of McEwen Mining common stock. Under certain circumstances, our boards of directors have the authority to authorize the offer and sale of additional securities without the vote of or notice to existing shareholders. We may issue equity in the future in connection with acquisitions, strategic transactions or for other purposes after this rights offering. Based on the need for additional capital to fund expected growth, it is likely that we will issue additional securities to provide such capital and that such additional issuances may involve a significant number of shares. Issuance of additional securities in the future will dilute the percentage interest of existing shareholders and may reduce the market price of our common stock and other securities.

Furthermore, the sale of a significant amount of common stock by any selling security holders, specifically Robert R. McEwen, our Chairman and Chief Executive Officer, may depress the price of our common stock. As a result, you may lose all or a portion of your investment.

A small number of existing shareholders own a significant portion of our common stock, which could limit your ability to influence the outcome of any shareholder vote. Mr. McEwen, who beneficially owned as of October 23, 2012 approximately 25%, or 67,203,241 shares, of the 268,504,418 shares of outstanding McEwen Mining common stock (assuming all outstanding Exchange Co. exchangeable shares not held by McEwen Mining or its subsidiaries are exchanged for an equivalent amount of common stock of McEwen Mining) before giving effect to this rights offering, which holdings consisted of 28,477,527 shares (15%) of McEwen Mining common stock and 38,725,714 (49%) Exchange Co. exchangeable shares. Under our Articles of Incorporation and the laws of the State of Colorado, the vote of the holders of a majority of the shares voting at a meeting at which a quorum is present is generally required to approve most shareholder action. As a result, Mr. McEwen will be able to significantly influence the outcome of shareholder votes for the foreseeable future, including votes concerning the election of directors, amendments to our Articles of Incorporation or proposed mergers, acquisitions or other significant corporate transactions.

McEwen Mining is incorporated outside of Canada. McEwen Mining is incorporated under the laws of a foreign jurisdiction (under the laws of the State of Colorado). Although McEwen Mining has appointed Fraser Milner Casgrain LLP, 77 King Street West, Suite 400, Toronto-Dominion Centre, Toronto, Ontario M5K 0A1 as its agent for service of process in Canada, it may not be possible for investors to enforce judgements obtained in Canada against McEwen Mining.

Our stock price has historically been volatile, and as a result you could lose all or part of your investment. The market price of our common stock has fluctuated significantly and may decline in the future. The high and low sale prices of our common stock on the NYSE Amex, and the NYSE after November 2, 2010, were US\$3.53 and US\$0.90 for the fiscal year ended December 31, 2009, US\$8.17 and US\$2.02 for the fiscal year ended December 31, 2010, US\$9.87 and US\$2.93 for the fiscal year ended December 31, 2011, and US\$5.97 and US\$2.16 for the period beginning January 1, 2012 and ending September 30, 2012. The fluctuation of the market price of our common stock has been affected by many factors that are beyond our control, including: changes in the worldwide price for silver, gold and copper, results from our exploration or development efforts and the other risk factors discussed herein.

We have never paid a dividend on our common stock and we do not anticipate paying one in the foreseeable future. We have not paid a dividend on our common stock to date, and we do not expect to be in a position to pay

dividends in the foreseeable future. Our initial earnings from the San José Mine, if any, will likely be retained to finance our growth. Any future dividends will depend upon any future earnings, our then-existing financial requirements and other factors, and will be at the discretion of our boards of directors.

The sale of our common stock by existing securityholders may depress the market value of our securities due to the limited trading market which exists. Due to a number of factors, the trading volume in our common stock has historically been limited. Trading volume over the past twelve months averaged approximately 4,000,000 shares per day. As a result, the sale of a significant amount of common stock by any selling securityholders may depress the price of our common stock. As a result, you may lose all or a portion of your investment.

Our ability to generate the cash needed to service our debt obligations, if any, depends on certain factors beyond our control. The future success of our operations will, in large part, dictate our ability to make scheduled payments on, and satisfy our obligations under our debt, if any, including our debt securities. Our future operating performance will be affected by general economic, competitive, market, business and other conditions, many of which are beyond our control. To the extent we are not able to meet our debt obligations, we will be required to restructure or refinance them, seek additional equity financing or sell assets. We may not be able to restructure or refinance our debt, obtain additional financing or sell assets on satisfactory terms or at all.

An adverse rating of our debt securities may cause their trading price to fall. If a rating agency rates our debt securities, if any, it may assign them a low rating. Rating agencies also may lower ratings on our debt securities, if any, in the future. If rating agencies assign a lower-than-expected rating or reduce, or indicate that they may reduce, their ratings in the future, the trading price of our debt securities, if any, could significantly decline.

We cannot assure you that an active trading market will develop for the securities. There is currently no public market for any of our securities other than McEwen Mining common stock, Exchange Co. exchangeable shares and the subscription rights issued in connection with this rights offering. We do not know if an active market will develop for our other securities, or if developed, whether such a market will continue. If an active market is not developed or maintained, the market price and the liquidity of our other securities may be adversely affected.

The subscription price determined for this rights offering is not necessarily an indication of the fair value of our common stock. The price to purchase a share of McEwen Mining common stock in this offering is, at the holder's choice but subject to any additional restrictions a broker, bank or other nominee acting on such holder's behalf may impose, either US\$2.25 or C\$2.24 per whole share. The price to purchase an Exchange Co. exchangeable share in this offering is C\$2.24 per whole share. The United States dollar denominated subscription price was determined by the Audit Committee of the board of directors of McEwen Mining, consisting of all independent members of the board of directors, who considered a number of factors, including the market price of our common stock as well as commercial practice in rights offerings and the price at which Mr. McEwen was willing to backstop this rights offering. The Canadian dollar denominated subscription price for the McEwen Mining rights offering is equal to the Canadian dollar equivalent of the United States dollar denominated subscription price based on the noon spot exchange rate on October 23, 2012 as reported by the Bank of Canada. The subscription price for the Exchange Co. rights offering is equal to the Canadian dollar denominated subscription price for the McEwen Mining rights offering. The subscription price does not necessarily bear any relationship to the book value of our assets or our past operations, cash flow, losses, financial condition, net worth or any other established criteria to value securities. Accordingly, you should not consider the subscription price as an indication of the value of our Company or of the common stock to be offered in this rights offering. See "Questions and Answers Related to this Rights Offering—How was the subscription price determined?"

Shareholders who do not fully exercise their rights will have their interests diluted. This rights offering will result in the issuance of an additional 19,051,679 shares of McEwen Mining common stock and an additional 7,798,762 Exchange Co. exchangeable shares, which are convertible on a one-for-one basis into shares of McEwen Mining common stock. If you choose to sell or transfer your subscription rights or not to fully exercise your rights prior to the Expiry Date of this rights offering, your proportionate voting interest in McEwen Mining will be reduced and your relative ownership interest in us will be diluted. Rights holders who do not exercise or sell their rights prior to the Expiry Date of this rights offering will lose any value represented by their rights.

Mr. McEwen has agreed to backstop this rights offering. Pursuant to a backstop agreement between McEwen Mining, Exchange Co. and Mr. McEwen, Mr. McEwen has agreed to purchase from McEwen Mining and Exchange Co., subject to the terms and conditions thereof, at the rights offering subscription price applicable to this rights offering (being the same price per whole share as offered to all other shareholders), unsubscribed shares such that the gross proceeds of this rights offering will be approximately US\$60.4 million. As a shareholder of McEwen Mining and Exchange Co. as of the Record Date and pursuant to the backstop agreement, Mr. McEwen has the right to subscribe for and purchase shares of McEwen Mining common stock and Exchange Co. exchangeable shares under the basic subscription privilege in the McEwen Mining rights offering and in the Exchange Co. rights offering, but does not have the right to participate in the over-subscription privilege thereunder. If no rights holders other than Mr. McEwen were to exercise their rights in this rights offering, the transactions contemplated by the backstop commitment would result in the issuance to Mr. McEwen of 19,051,679 shares of McEwen Mining common stock and 7,798,762 Exchange Co. exchangeable shares, which are convertible on a one-for-one basis into shares of McEwen Mining common stock, which would increase Mr. McEwen's beneficial ownership percentage of McEwen Mining outstanding common stock to approximately 32% (assuming all outstanding Exchange Co. exchangeable shares not held by McEwen Mining or our subsidiaries are exchanged for an equivalent amount of our common stock).

You may not revoke your subscription exercise and could be committed to buying shares above the prevailing market price. Once you exercise your rights, you may not revoke the exercise. The public trading market price of our common stock may decline before the rights expire. If you exercise your rights you will have committed to buying shares of our common stock potentially at a price above the prevailing market price. Moreover, you may be unable to sell your shares of common stock at a price equal to or greater than the subscription price you paid for such shares.

We may terminate this rights offering at any time prior to the Expiry Date, and neither we nor the subscription agent will have any obligation to you except to return your exercise payments. We may, in our sole discretion, decide not to continue with this rights offering or terminate this rights offering prior to the Expiry Date. If this rights offering is terminated, the subscription agent will return as soon as possible all exercise payments, without interest or deduction.

You must act promptly and follow instructions carefully if you want to exercise your rights. Eligible participants and, if applicable, brokers, dealers, banks or other nominees acting on their behalf, who desire to purchase common stock in this rights offering must act promptly to ensure that all required rights certificates are actually received prior to the expiration of the relevant rights offering and that all payments are actually received prior to the payment deadline by the subscription agent. The time period to exercise rights is limited. If you or your broker fails to complete and sign the required rights certificates, sends an incorrect payment amount or otherwise fails to follow the procedures that apply to the exercise of your rights, we may, depending on the circumstances, reject your exercise of rights or accept it only to the extent of the payment received. Neither we nor the subscription agent undertakes to contact you concerning, or attempt to correct, an incomplete or incorrect rights certificate or payment or contact you concerning whether a broker, dealer, bank or other nominee holds rights on your behalf.

We have the sole discretion to determine whether an exercise properly follows the procedures that apply to the exercise of your rights.

No prior market exists for the rights, and a liquid and reliable market for the rights may not develop. The rights are a new issue of securities with no established trading market. Unless indicated otherwise, the McEwen Mining rights are transferable on the NYSE until the close of business (New York City time) on the last trading day before the Expiry Date of this rights offering and the McEwen Mining rights and the Exchange Co. rights are transferable on the TSX until 12:00 noon (Toronto time) on the Expiry Date of this rights offering. Unless exercised, the rights will cease to have any value following the Expiry Date. We are not responsible if you elect to sell your rights and no public or private market exists to facilitate the purchase of rights. In such event, the rights will expire and will no longer be exercisable or transferable.

Significant sales of subscription rights and McEwen Mining common stock, or the perception that significant sales may occur in the future, could adversely affect the market price for the subscription rights and our common stock. The sale of substantial amounts of the subscription rights and McEwen Mining common stock could

adversely affect the price of these securities. Sales of substantial amounts of the subscription rights and McEwen Mining common stock in the public market, and the availability of shares for future sale, including 19,051,679 shares of McEwen Mining common stock to be issued in the McEwen Mining rights offering and 7,798,762 Exchange Co. exchangeable shares to be issued in the Exchange Co. rights offering, could cause the market price of McEwen Mining common stock to remain low for a substantial amount of time. We cannot foresee the impact of such potential sales on the market, but it is possible that if a significant percentage of such available shares and subscription rights were attempted to be sold within a short period of time, the market for our shares and the subscription rights would be adversely affected. Even if a substantial number of sales do not occur within a short period of time, the mere existence of this “market overhang” could have a negative impact on the market for our common stock and the subscription rights and our ability to raise additional capital. Mr. McEwen is not subject to any lock-up agreements or any other contractual agreements not to dispose of our shares. Any disposition by Mr. McEwen, or any of our substantial shareholders, of McEwen Mining common stock in the public market, or the perception that such dispositions could occur, could adversely affect prevailing market prices of McEwen Mining common stock.

The sale of McEwen Mining common stock or Exchange Co. exchangeable shares issued upon exercise of the subscription rights could encourage short sales by third parties which could depress the price of our shares. Any downward pressure on the price of McEwen Mining common stock or Exchange Co. exchangeable shares caused by the sale of the shares underlying the subscription rights could encourage short sales by third parties. In a short sale, a prospective seller borrows shares from a shareholder or broker and sells the borrowed shares. The prospective seller hopes that our share price will decline, at which time the seller can purchase our shares at a lower price for delivery back to the lender. The seller profits when our share price declines because it is purchasing our shares at a price lower than the sale price of the borrowed shares. Such sales could place downward pressure on the price of McEwen Mining common stock or Exchange Co. exchangeable shares by increasing the number of shares of McEwen Mining common stock or Exchange Co. exchangeable shares being sold, which may have a material adverse impact on the Company and its share price.

You will not be able to sell the shares of McEwen Mining common stock or Exchange Co. exchangeable shares you buy in this rights offering until you receive your stock certificates or your account is credited with the shares. If you purchase shares in this rights offering by submitting a subscription rights certificate and payment, we will mail you your certificates representing the shares of McEwen Mining common stock purchased and direct registration system statements representing the Exchange Co. exchangeable shares purchased, as applicable, as soon as practicable after the closing of this rights offering. If your shares are held by a broker, dealer, custodian bank or other nominee and you purchase shares, your account with your nominee will be credited with the shares of McEwen Mining common stock or Exchange Co. exchangeable shares you purchased in this rights offering as soon as practicable after the Expiry Date of this rights offering. Until your stock certificates or direct registration system statements have been delivered or your account is credited, you may not be able to sell your shares even though the McEwen Mining common stock and Exchange Co. exchangeable shares issued in this rights offering will be listed for trading on the NYSE and the TSX, as applicable. The stock price may decline between the time you decide to sell your shares and the time you are actually able to sell your shares.

Because our management will have broad discretion over the use of the net proceeds from this rights offering, you may not agree with how we use the proceeds, and we may not invest the proceeds successfully. We currently anticipate that we will use the net proceeds of this rights offering to provide funding for (a) the advancement of Phase 2 of the Company’s El Gallo Complex, (b) completion of further metallurgical studies on the Company's Tonkin project and follow-up work as required, (c) permitting at the Gold Bar Project in Nevada, (d) furthering exploration at the Company’s various projects and properties and (e) potential acquisitions to be determined in the future, and for other corporate purposes. In addition, market factors may require our management to allocate portions of the proceeds for other purposes. Accordingly, you will be relying on the judgment of our management with regard to the use of the proceeds from this rights offering, and you will not have the opportunity, as part of your investment decision, to assess whether we are using the proceeds appropriately. It is possible that we may invest the proceeds in a way that does not yield a favorable, or any, return for us.

Subscribers outside of the United States and Canada are subject to exchange rate risk. The subscription price may be paid in either United States dollars or Canadian dollars. Accordingly, any holder of subscription rights

outside of the United States or Canada is subject to adverse movements in their local currency against either the United States dollar or the Canadian dollar.

Mr. McEwen's interests may conflict with the interests of our other shareholders, and Mr. McEwen's control position may adversely affect the market price of our common stock. As of October 23, 2012, Mr. McEwen beneficially owned approximately 25%, or 67,203,241 shares, of the 268,504,418 shares of outstanding McEwen Mining common stock (assuming all outstanding Exchange Co. exchangeable shares not held by McEwen Mining or its subsidiaries are exchanged for an equivalent amount of common stock of McEwen Mining) before giving effect to this rights offering, which holdings consisted of 28,477,527 shares (15%) of McEwen Mining common stock and 38,725,714 (49%) Exchange Co. exchangeable shares. Accordingly, Mr. McEwen is in a position to elect our boards of directors and control the outcome of any vote of our shareholders. Mr. McEwen's interests may conflict with the interests of our other shareholders, and Mr. McEwen's control position may have an adverse effect on the market price of our common stock.

FORWARD-LOOKING STATEMENTS

This rights offering circular contains certain references to future expectations and other forward-looking statements and information relating to us or to properties operated by others that are based on our beliefs and assumptions or those of management of the companies that operate properties in which we have interests, as well as information currently available to us. Such forward-looking statements include statements regarding projected production and reserves received from the operators of properties where we have interests. Additional written or oral forward-looking statements may be made by us from time to time in filings with the U.S. Securities and Exchange Commission (“SEC”) or otherwise. Words such as “may,” “could,” “should,” “would,” “believe,” “estimate,” “expect,” “anticipate,” “plan,” “forecast,” “potential,” “intend,” “continue,” “project” and variations of these words, comparable words and similar expressions generally indicate forward-looking statements, which speak only as of the date the statement is made. Such forward-looking statements are within the meaning of that term in Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934. Future events and actual results, performance, transactions or achievements, financial and otherwise, may differ materially from the results, performance, transactions or achievements expressed or implied by the forward-looking statements. Forward-looking statements inherently involve risks and uncertainties, some of which cannot be predicted or quantified. Do not unduly rely on forward-looking statements. Actual results may differ materially from those expressed or implied by these forward-looking statements. Factors that could cause actual results to differ materially from these forward-looking statements include, among others:

- decisions of foreign countries and banks within those countries;
- federal, state and foreign legislation governing us or the properties where we hold interests;
- risks associated with conducting business in foreign countries, including application of foreign laws to contract and other disputes, environmental and permitting laws, community unrest and labor disputes, enforcement and uncertain political and economic environments;
- changes in gold/silver and other metals prices associated with the primary metals mined at properties where we hold interests;
- technological changes in the mining industry;
- changes in our business strategy;
- our ability to maintain adequate internal controls;
- interpretation of drill hole results and the geology, grade and continuity of mineralization;
- the uncertainty of reserve estimates and timing of development expenditures;
- unexpected changes in business and economic conditions;
- changes in interest rates and currency exchange rates;
- timing and amount of production, if any;
- our costs;
- future financial needs;
- risks associated with issuances of additional common stock or securities or incurrence of indebtedness in connection with acquisitions or otherwise;

- changes in exploration and overhead costs;
- unanticipated grade and geological, metallurgical, processing or other problems at the properties where we hold interests;
- mine operating and ore processing facility problems, pit wall or tailings dam failures, and natural catastrophes such as floods or earthquakes;
- acquisition and maintenance of permits and authorizations, completion of construction and commencement and continuation of production at the properties where we hold interests;
- access and availability of materials, equipment, supplies, labor and supervision, power and water;
- results of current and future exploration activities;
- results of pending and future feasibility studies;
- the ability to operate in accordance with feasibility studies;
- local and community impacts and issues;
- economic and market conditions;
- environmental risks associated with the exploration, development and operation of mineral properties and mines;
- change in management and key employees;
- unfavorable results of legal proceedings;
- accidents and labor disputes; and
- other risks discussed in this rights offering circular and our filings with the SEC, including in our Annual Report on Form 10-K for the fiscal year ended December 31, 2011, our Quarterly Reports on Form 10-Q for the periods ended March 31, 2012 (filed May 9, 2012) and June 30, 2012 (filed August 8, 2012) and, from time to time, in other documents that we publicly disseminate.

This list is not an exhaustive list of the factors that may affect any of our forward-looking statements. Other unknown or unpredictable factors also could have a material adverse effect on our business, results of operations, financial condition or prospects. You should read this rights offering circular completely and with the understanding that our actual future results may be materially different from what we expect.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. These forward-looking statements involve risks, uncertainties and other factors that may cause our actual results in future periods to differ materially from forecasted results. We disclaim any obligation to publicly update or revise these forward-looking statements, whether as a result of new information, future events or otherwise, other than to reflect a material change in the information previously disclosed, as required by applicable law. You should review our subsequent reports filed from time to time with the SEC on Forms 10-K, 10-Q and 8-K and any amendments thereto. We qualify all of our forward-looking statements by these cautionary statements. Readers are cautioned not to put undue reliance on forward-looking statements. Please carefully review and consider the various disclosures contained in this rights offering circular that attempt to advise interested parties of the risks and factors that may affect our business, results of operations, financial condition or prospects.

USE OF PROCEEDS

We estimate that the net proceeds to us from the sale of shares of McEwen Mining common stock and Exchange Co. exchangeable shares offered in this rights offering and pursuant to the backstop commitment, after deducting estimated offering expenses, will be approximately US\$59.87 million. We intend to use the net proceeds of the offering to provide funding for (a) the advancement of Phase 2 of the Company's El Gallo Complex, (b) completion of further metallurgical studies on the Company's Tonkin project and follow-up work as required, (c) permitting at the Gold Bar Project in Nevada, (d) furthering exploration at the Company's various projects and properties and (e) potential acquisitions to be determined in the future, and for other corporate purposes, as set out in the following table:

El Gallo Phase 2 - Detailed engineering works	\$8,500,000
El Gallo Phase 2 - Construction deposits on long-lead time items (including by way of example only, ball mill, crushers and filter presses)	\$30,000,000
Tonkin Project – Further metallurgical studies	\$750,000
Gold Bar Permitting and the Commencement of an Environmental Impact Study (EIS)	\$2,000,000
Exploration - Los Azules Project	\$5,000,000
Exploration – Mexico	\$5,000,000
Other exploration and corporate purposes	\$8,620,000
	\$59,870,000

Our management will retain broad discretion in deciding how to allocate the net proceeds of this offering. The precise amounts and timing of our use of the net proceeds will depend upon market conditions and the availability of other funds, among other factors. See “Risk Factors— Because our management will have broad discretion over the use of the net proceeds from this rights offering, you may not agree with how we use the proceeds, and we may not invest the proceeds successfully”

DESCRIPTION OF MCEWEN MINING COMMON STOCK

The holders of McEwen Mining common stock are entitled to one vote for each share held of record on all matters submitted to a vote of the shareholders, including the election of directors. Cumulative voting for directors is not permitted. Subject to preferences that may be applicable to any then outstanding preferred stock, holders of common stock are entitled to receive ratably those dividends, if any, as may be declared by the board of directors of McEwen Mining out of legally available funds. Upon the liquidation, dissolution or winding up of McEwen Mining, the holders of common stock will be entitled to share ratably in the net assets legally available for distribution to shareholders after the payment of all of McEwen Mining's debts and other liabilities, subject to the prior rights of any preferred stock then outstanding. Holders of common stock have no preemptive or conversion rights or other subscription rights and there are no redemption or sinking funds provisions applicable to the common stock. The Articles of Incorporation and Bylaws of McEwen Mining do not include any provision that would delay, defer or prevent a change in control of McEwen Mining. However, pursuant to the laws of the State of Colorado, certain significant transactions would require the affirmative vote of a majority of the shares eligible to vote at a meeting of shareholders which requirement could result in delays to or greater cost associated with a change in control of McEwen Mining.

DESCRIPTION OF EXCHANGEABLE SHARES

The Exchange Co. exchangeable shares are exchangeable on a one-for-one basis at any time at the option of the holder of the Exchange Co. exchangeable shares into shares of McEwen Mining common stock (the “**Exchange Rights**”).

The following is a summary description of the material provisions of the rights, privileges, restrictions and conditions attaching to the Exchange Co. exchangeable shares.

Retraction of Exchange Co Exchangeable Shares by Holders

Subject to applicable law and the due exercise by either McEwen Mining or McEwen Mining’s direct wholly-owned subsidiary, McEwen Mining (Alberta) ULC (“**Callco**”), of McEwen Mining’s or Callco’s retraction call right, holders of the Exchange Co. exchangeable shares are entitled at any time to retract (i.e., to require Exchange Co. to redeem) any or all exchangeable shares held by them and to receive in exchange for each Exchange Co. exchangeable share, one share of McEwen Mining common stock, plus the dividend amount, which is equal to any cash dividends declared and payable but not yet paid on the Exchange Co. exchangeable shares, any dividends declared and payable or paid on shares of McEwen Mining common stock that have not yet been declared or paid on the Exchange Co. exchangeable shares and an amount representing the value of any non-cash dividends declared and payable but not yet paid on the Exchange Co. exchangeable shares, if any.

Holders of Exchange Co. exchangeable shares may effect a retraction by presenting to Exchange Co. or its transfer agent the certificate(s) representing the Exchange Co. exchangeable shares the holder desires to be redeemed by Exchange Co. or the equivalent thereof, if any, together with such other documents and instruments as may be required under the *Business Corporations Act* (Alberta), the Articles of Incorporation of Exchange Co. or by its transfer agent, and a duly executed retraction request specifying that the holder desires to have the number of retracted shares specified therein redeemed by Exchange Co. A holder of retracted shares may withdraw its retraction request, by written notice to Exchange Co., before the close of business on the business day immediately preceding the retraction date, in which case the retraction request will be null and void and the revocable offer constituted by the retraction request will be deemed to have been revoked.

Upon receipt by Exchange Co. or its transfer agent of a retraction request and certificate(s) representing the Exchange Co. exchangeable shares to be redeemed or the equivalent thereof, if any, Exchange Co. will immediately provide notice of such request to McEwen Mining and Callco. Instead of Exchange Co. redeeming the retracted shares, and provided that the retraction request is not revoked by the holder of Exchange Co. exchangeable shares, McEwen Mining will have the right to purchase, and to the extent the right is not exercised by McEwen Mining, Callco will have the right to purchase, all but not less than all of the shares covered by the retraction request, which we refer to as McEwen Mining’s retraction call right. See the section entitled “—Retraction Call Right” below.

If, as a result of solvency requirement provisions or other provisions of applicable law, Exchange Co. is not permitted to redeem all Exchange Co. exchangeable shares tendered by a retracting holder and neither McEwen Mining nor Callco has exercised its retraction call right, Exchange Co. will redeem up to the maximum permissible number of Exchange Co. exchangeable shares tendered by the holder. McEwen Mining or Callco will be required to purchase any Exchange Co. exchangeable shares not redeemed by Exchange Co. in exchange for shares of McEwen Mining common stock on the retraction date under the optional exchange right described below.

Distribution on Liquidation of Exchange Co.

Subject to applicable law and the exercise by either McEwen Mining or Callco of McEwen Mining’s or Callco’s liquidation call right, in the event of the liquidation, dissolution or winding up of Exchange Co. or any other distribution of its assets among its shareholders for the purpose of winding up its affairs, holders of Exchange Co. exchangeable shares shall be entitled to receive from the assets of Exchange Co. a liquidation payment that will be satisfied by the issuance of one share of McEwen Mining common stock plus the dividend amount, if any, for each outstanding Exchange Co. exchangeable share. This liquidation amount will be paid to the holders of Exchange Co. exchangeable shares before any distribution of assets of Exchange Co. is made to the holders of the common shares

or any other shares of Exchange Co. ranking junior to the Exchange Co. exchangeable shares and is subject to the exercise by McEwen Mining or Callco of McEwen Mining's or Callco's liquidation call right described in the section entitled "—Liquidation Call Right" below.

Automatic Exchange Upon Liquidation of McEwen Mining

In the event of McEwen Mining's liquidation, dissolution or winding up or any other distribution of its assets for the purposes of winding up its affairs, all of the then outstanding Exchange Co. exchangeable shares will be automatically exchanged for shares of McEwen Mining common stock. To effect an automatic exchange, McEwen Mining will purchase all of the Exchange Co. exchangeable shares from the holders on the last business day prior to the effective date of a liquidation. The purchase price payable for each Exchange Co. exchangeable share purchased in a liquidation of McEwen Mining will be satisfied by the issuance of one share of McEwen Mining common stock plus the dividend amount, if any.

Redemption of Exchangeable Shares by Exchange Co.

Subject to applicable law and the due exercise by either McEwen Mining or Callco of McEwen Mining's or Callco's redemption call right, Exchange Co. will, on the redemption date, redeem all of the then outstanding Exchange Co. exchangeable shares for a purchase price equal to one share of McEwen Mining common stock for each outstanding Exchange Co. exchangeable share plus the dividend amount, if any. The redemption date for the Exchange Co. exchangeable shares will be the date, if any, established by the board of directors of Exchange Co. for the redemption by Exchange Co. of all but not less than all of the outstanding Exchange Co. exchangeable shares, which date will be no earlier than January 24, 2022, being the tenth anniversary of the effective date of the acquisition of Minera Andes, unless one of the conditions described in the paragraphs below is met.

Subject to applicable law, and provided that neither McEwen Mining nor Callco have exercised the redemption call right, Exchange Co. will redeem all of the outstanding Exchange Co. exchangeable shares upon at least 30 days prior notice to the holders of the Exchange Co. exchangeable shares. The board of directors of Exchange Co. may accelerate the redemption date in the event that:

- fewer than 5% of the total number of Exchange Co. exchangeable shares issued in connection with the acquisition of Minera Andes (other than Exchange Co. exchangeable shares held by McEwen Mining or McEwen Mining's subsidiaries and subject to necessary adjustments to the number of shares to reflect permitted changes to Exchange Co. exchangeable shares) are outstanding;
- (i) any person, firm or corporation acquires directly or indirectly any voting security of McEwen Mining and immediately after such acquisition, the acquirer has voting securities representing more than 50% of the total voting power of all the then outstanding voting securities of McEwen Mining on a fully-diluted basis; (ii) the shareholders of McEwen Mining approve a merger, consolidation, recapitalization or reorganization of McEwen Mining, other than any such transaction which would result in the holders of outstanding voting securities of McEwen Mining immediately prior to such transaction having more than 50% of the total voting power represented by the voting securities of the surviving entity outstanding immediately after such transaction; (iii) the shareholders of McEwen Mining approve a liquidation of McEwen Mining; or (iv) McEwen Mining sells or disposes of all or substantially all of its assets, and, in each case, the board of directors of Exchange Co. determines that it is not reasonably practicable to substantially replicate the terms and conditions of the Exchange Co. exchangeable shares in connection with such transaction and that the redemption of all but not less than all of the outstanding Exchange Co. exchangeable shares is necessary to enable the completion of such transaction;
- the holders of Exchange Co. exchangeable shares are entitled to vote as shareholders of Exchange Co. on a certain matter, except with respect to the right to vote on general business matters presented at any annual meeting of Exchange Co. (including the election of one of the directors of Exchange Co.) and except with respect to the right to vote on any change to the rights of the holders of Exchange Co. exchangeable shares where the approval of such change would be required to maintain the equivalence of the Exchange Co. exchangeable shares with the shares of McEwen Mining common stock, and to the extent that the board of

directors of Exchange Co. has determined that it is not reasonably practicable to accomplish the business purpose intended by the matter on which the shareholders are entitled to vote, which business purpose must be bona fide and not for the primary purpose of causing the redemption date acceleration, in a commercially reasonable manner that does not result in such a vote; or

- the holders of Exchange Co. exchangeable shares are entitled to vote as shareholders of Exchange Co. on a proposed change to the rights of the holders of Exchange Co. exchangeable shares where the approval of such change would be required to maintain the equivalence of the Exchange Co. exchangeable shares with the shares of McEwen Mining common stock and the holders of Exchange Co. exchangeable shares fail to take the necessary action at a meeting or other vote of the holders of Exchange Co. exchangeable shares, to approve or disapprove, as applicable, the matter.

Purchase for Cancellation

Subject to applicable law and the Articles of Incorporation of Exchange Co., Exchange Co. may at any time purchase for cancellation all or any part of the outstanding Exchange Co. exchangeable shares by private agreement with any holder of such Exchange Co. exchangeable shares or by tender to all holders of record of the Exchange Co. exchangeable shares or through the facilities of any stock exchange on which the Exchange Co. exchangeable shares are listed or quoted at any price per share together with the dividend amount for which the record date has occurred prior to the date of purchase.

Call Rights

As further described below, McEwen Mining and Callco have certain overriding rights to acquire Exchange Co. exchangeable shares from the holders thereof (collectively referred to in this circular as the “**Call Rights**”). In each case, McEwen Mining has the initial call right and to the extent McEwen Mining does not exercise McEwen Mining’s right, Callco may exercise its right. A holder of Exchange Co. exchangeable shares will be subject to different Canadian federal income tax consequences depending upon whether the Call Rights are exercised and by which entity and whether the relevant Exchange Co. exchangeable shares are redeemed by Exchange Co. if the Call Rights are not exercised.

Change of Law Call Right

Each of McEwen Mining and Callco has an overriding change of law call right to purchase (or to cause Callco to purchase) from all but not less than all of the holders of Exchange Co. exchangeable shares (other than McEwen Mining and its subsidiaries) all but not less than all of the Exchange Co. exchangeable shares held by each such holder in the event of any amendment to the *Income Tax Act* (Canada) and other applicable provincial income tax laws that permits holders of Exchange Co. exchangeable shares who (a) are resident in Canada, (b) hold their Exchange Co. exchangeable shares as capital property, and (c) deal at arm’s length with McEwen Mining or Exchange Co., to exchange their Exchange Co. exchangeable shares without requiring such holders to recognize any gain or loss or any actual or deemed dividend in respect of such exchange for the purposes of the *Income Tax Act* (Canada) or applicable provincial income tax laws. The purchase price under the change of law call right is satisfied by delivering to the holder of Exchange Co. exchangeable shares one share of McEwen Mining common stock for each Exchange Co. exchangeable share purchased plus the dividend amount, if any. In the event of the exercise of the change of law call right by McEwen Mining or Callco, as the case may be, each holder of Exchange Co. exchangeable shares shall be obligated to sell all the Exchange Co. exchangeable shares held by such holder to McEwen Mining or Callco, as the case may be, on the change of law call date upon payment by McEwen Mining to such holder of the purchase price for each such Exchange Co. exchangeable share. To exercise the change of law call right, McEwen Mining or Callco must notify the transfer agent of McEwen Mining’s or its intention to exercise such right at least 45 days before the date on which McEwen Mining or Callco intend to acquire the Exchange Co. exchangeable shares. The transfer agent will notify the holders of Exchange Co. exchangeable shares as to whether McEwen Mining or Callco have exercised the change of law call right forthwith after receiving notice from McEwen Mining or Callco.

Notwithstanding the foregoing, neither McEwen Mining nor Callco shall be entitled to exercise the change of law call right if more than 5% of the Exchange Co. exchangeable shares are held by U.S. residents.

Retraction Call Right

Under the share provisions, each of McEwen Mining and Callco has an overriding retraction call right to acquire all but not less than all of the Exchange Co. exchangeable shares that a holder of Exchange Co. exchangeable shares requests Exchange Co. to redeem on the retraction date. Callco is only entitled to exercise its retraction call right with respect to those holders of Exchange Co. exchangeable shares, if any, for which McEwen Mining has not exercised McEwen Mining's retraction call right. The purchase price under the retraction call right is satisfied by delivering to the holder of Exchange Co. exchangeable shares one share of McEwen Mining common stock for each Exchange Co. exchangeable share purchased plus the dividend amount, if any.

At the time of a retraction request by a holder of Exchange Co. exchangeable shares, Exchange Co. will immediately notify McEwen Mining and Callco and either McEwen Mining or Callco must then advise Exchange Co. within five business days if we choose to exercise the retraction call right. If McEwen Mining or Callco does not advise Exchange Co. within the five-business day period, Exchange Co. will notify the holder as soon as possible thereafter that neither of McEwen Mining or Callco will exercise the retraction call right.

Unless the holder revokes his or her retraction request, on the retraction date the Exchange Co. exchangeable shares that the holder has requested Exchange Co. to redeem will be acquired by McEwen Mining or Callco (assuming either McEwen Mining or Callco exercise the retraction call right) or redeemed by Exchange Co., as the case may be, in each case for the retraction call purchase price as described in the preceding paragraph.

Liquidation Call Right

Under the share provisions, each of McEwen Mining and Callco have an overriding liquidation call right, in the event of and notwithstanding a proposed liquidation, dissolution or winding up of Exchange Co., to acquire all but not less than all of the Exchange Co. exchangeable shares then outstanding (other than Exchange Co. exchangeable shares held by McEwen Mining or McEwen Mining's subsidiaries). Callco is only entitled to exercise its liquidation call right with respect to those holders of Exchange Co. exchangeable shares, if any, for which we have not exercised McEwen Mining's liquidation call right. The purchase price under the liquidation call right is satisfied by delivering to the holder of Exchange Co. exchangeable shares one share of McEwen Mining common stock for each Exchange Co. exchangeable share purchased plus the dividend amount, if any.

Upon the exercise by McEwen Mining or Callco of the liquidation call right, the holders will be obligated to transfer their Exchange Co. exchangeable shares to McEwen Mining or Callco, as the case may be, for the purchase price described above. The acquisition by McEwen Mining or Callco of all of the outstanding Exchange Co. exchangeable shares upon the exercise of the liquidation call right will occur on the effective date of the voluntary or involuntary liquidation, dissolution or winding up of Exchange Co.

To exercise the liquidation call right, McEwen Mining or Callco must notify Exchange Co.'s transfer agent in writing, as agent for the holders of the Exchange Co. exchangeable shares, the trustee and Exchange Co. of McEwen Mining's or Callco's intention to exercise this right at least 30 days before the liquidation date in the case of a voluntary liquidation, dissolution or winding up of Exchange Co. and at least five business days before the liquidation date in the case of an involuntary liquidation, dissolution or winding up of Exchange Co. The transfer agent will notify the holders of Exchange Co. exchangeable shares as to whether or not McEwen Mining or Callco has exercised the liquidation call right after the earlier of (a) the date notice of exercise has been provided to the transfer agent and (b) the expiry of the date by which the same may be exercised by McEwen Mining or Callco. If McEwen Mining or Callco exercises the liquidation call right on the liquidation date, McEwen Mining or Callco will purchase and the holders will sell all of the Exchange Co. exchangeable shares for an amount equal to the liquidation call exercise price as described in the preceding paragraph.

Redemption Call Right

Under the share provisions, each of McEwen Mining and Callco have an overriding redemption call right, notwithstanding any proposed redemption of the Exchange Co. exchangeable shares by Exchange Co., to acquire all but not less than all of the Exchange Co. exchangeable shares then outstanding (other than Exchange Co. exchangeable shares held by McEwen Mining or McEwen Mining's subsidiaries). Callco is only entitled to exercise its redemption call right with respect to those holders of Exchange Co. exchangeable shares, if any, for which McEwen Mining has not exercised McEwen Mining's redemption call right. The purchase price under the redemption call right will be satisfied by delivering to the holder one share of McEwen Mining common stock plus the dividend amount, if any. In the event of the exercise of the redemption call right by McEwen Mining or Callco, as the case may be, each holder of Exchange Co. exchangeable shares will be obligated to sell all their Exchange Co. exchangeable shares to McEwen Mining or Callco, as the case may be, on the redemption date upon payment by McEwen Mining or Callco, as the case may be, to such holder of the purchase price for such Exchange Co. exchangeable shares.

To exercise the redemption call right, McEwen Mining or Callco must notify Exchange Co.'s transfer agent in writing, as agent for the holders of the Exchange Co. exchangeable shares, and Exchange Co. of McEwen Mining's or Callco's intention to exercise this right at least 30 days before the redemption date (other than in the case of an accelerated redemption date described above, in which case McEwen Mining or Callco, as the case may be, must notify the transfer agent and Exchange Co. on or before the redemption date). The transfer agent will notify the holders of Exchange Co. exchangeable shares as to whether or not McEwen Mining or Callco exercised the redemption call right after the earlier of (a) the date notice of exercise has been provided to the transfer agent and (b) the expiry of the date by which the same may be exercised by McEwen Mining or Callco. If McEwen Mining or Callco exercises the redemption call right on the redemption date, McEwen Mining or Callco will purchase and the holders will sell all of the Exchange Co. exchangeable shares for an amount equal to the redemption call purchase price as described in the preceding paragraph.

Effect of Call Rights Exercise

If McEwen Mining or Callco exercise one or more of its Call Rights, shares of McEwen Mining common stock will be directly issued to holders of Exchange Co. exchangeable shares and McEwen Mining or Callco, as the case may be, will become the holder of the Exchange Co. exchangeable shares. McEwen Mining or Callco will not be entitled to exercise any voting rights attached to the Exchange Co. exchangeable shares that are acquired from the holders. If McEwen Mining or Callco declines to exercise the Call Rights when applicable, McEwen Mining will be required, under a support agreement, to issue shares of McEwen Mining common stock to the holders of Exchange Co. exchangeable shares.

Voting Rights

The number of directors of Exchange Co. is fixed at three and the rights attaching to the Exchange Co. exchangeable shares entitle holders of Exchange Co. exchangeable shares a limited right to vote on the election or appointment of one director but such holders have no rights to vote on the election of the remaining two directors. In addition, the holders of the exchangeable shares are entitled to receive notice of any meeting of the shareholders of Exchange Co. and to attend and vote thereat, except those meetings where only holders of a specified class or particular series of shares are entitled to vote, and each holder of Exchange Co. exchangeable shares is entitled to one vote per Exchange Co. exchangeable share in person or by proxy.

In addition, one Series B Preferred Share of McEwen Mining (the "**Series B Preferred Share**") is issued and outstanding and is held by a trustee under a voting and exchange trust agreement and will be outstanding so long as any of the Exchange Co. exchangeable shares are outstanding, excluding any such shares owned by McEwen Mining or its subsidiaries. The Series B Preferred Share entitles the holder thereof to an aggregate number of votes on all matters submitted to the vote of the holders of shares of McEwen Mining common stock equal to the number of Exchange Co. exchangeable shares issued and outstanding from time to time and which are not owned by McEwen Mining or its subsidiaries. Pursuant to the voting and exchange trust agreement, each holder of an Exchange Co. exchangeable share (other than McEwen Mining or its subsidiaries) on the record date for any meeting at which McEwen Mining shareholders are entitled to vote will be entitled to instruct the voting trustee to

exercise one of the votes attached to the Series B Preferred Share for that exchangeable share. A holder of an Exchange Co. exchangeable share may, upon instructing the voting trustee, obtain a proxy from the voting trustee entitling the holder to vote directly at the relevant meeting the votes attached to the Series B Preferred Share to which the holder is entitled. Except as otherwise provided by law, the holder of the Series B Preferred Share and the holders of McEwen Mining common stock vote together as one class on all matters submitted to the vote of the holders of shares of McEwen Mining common stock. (These voting rights in respect of the Series B Preferred Share, together with the Exchange Rights, are collectively referred in this circular to as the “**Ancillary Rights**”).

Ranking

Holders of Exchange Co. exchangeable shares are entitled to a preference over holders of any common shares of Exchange Co. and any other shares ranking junior to the Exchange Co. exchangeable shares with respect to the payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding up of Exchange Co., whether voluntary or involuntary, or any other distribution of the assets of Exchange Co. among its shareholders for the purpose of winding up its affairs.

Dividends

Holders of Exchange Co. exchangeable shares are entitled to receive dividends equivalent to the dividends, if any, paid from time to time by McEwen Mining on shares of McEwen Mining common stock. The declaration date, record date and payment date for dividends on the Exchange Co. exchangeable shares must be the same as that for any corresponding dividends on shares of McEwen Mining common stock.

Amendment and Approval

The rights, privileges, restrictions and conditions attaching to the Exchange Co. exchangeable shares may be added to, changed or removed only with the approval of the holders of the Exchange Co. exchangeable shares. Any approval required to be given by the holders of the Exchange Co. exchangeable shares to add to, change or remove any right, privilege, restriction or condition attaching to the Exchange Co. exchangeable shares or any other matter requiring the approval or consent of the holders of the Exchange Co. exchangeable shares as a separate class (other than the election of a single director) shall be deemed to have been sufficiently given if it has been given in accordance with applicable law, subject to a minimum requirement that such approval be evidenced by a resolution passed by not less than 66 2/3% of the votes cast on such resolution, excluding Exchange Co. exchangeable shares beneficially owned by McEwen Mining or any of McEwen Mining’s subsidiaries, at a meeting of holders of Exchange Co. exchangeable shares duly called and held at which the holders of at least 10% of the outstanding Exchange Co. exchangeable shares at that time are present or represented by proxy.

THE RIGHTS OFFERING

Before exercising any subscription rights, you should carefully read this entire rights offering circular, including the information set forth under the heading “Risk Factors”.

The Rights

We have distributed to each holder of McEwen Mining common stock and Exchange Co. shares, including the exchangeable shares, who is a record holder as of the Record Date, which is 5:00 p.m. (Toronto time) on November 8, 2012, at no charge, one transferable subscription right for each share of McEwen Mining common stock or Exchange Co. exchangeable share, as the case may be, owned by such holder as of the record Date, for a total of approximately 268,504,418 subscription rights. No fractional subscription rights were issued.

The subscription rights will be evidenced by transferrable subscription rights certificates registered in the name of the registered holder of McEwen Mining common stock or Exchange Co. exchangeable shares, as the case may be, entitled thereto. Each registered holder of McEwen Mining common stock and Exchange Co. exchangeable shares, other than an Ineligible Holder, will receive a rights certificate evidencing the total number of subscription rights to which such holder is entitled. Subject to certain exceptions described herein, rights certificates may not be held

directly by, and subscriptions for shares of McEwen Mining common stock or Exchange Co. exchangeable shares will not be accepted from, Ineligible Holders. See “The Rights Offering—Ineligible Holders” below.

Only a U.S. or Canadian Holder or a Qualified Holder may exercise the subscription rights. For every ten (10) McEwen Mining subscription rights held, a U.S. or Canadian Holder or a Qualified Holder is entitled to subscribe for one (1) whole share of McEwen Mining common stock at a price of, at such holder’s choice but subject to any additional restrictions any broker, dealer, bank or other nominee may impose, either US\$2.25 per whole share or C\$2.24 per whole share, and for every ten (10) Exchange Co. subscription rights held, a U.S. or Canadian Holder or a Qualified Holder is entitled to subscribe for one (1) whole Exchange Co. exchangeable share at a price of C\$2.24 per whole share. Holders of subscription rights who elect to exercise their basic subscription privilege in full may also subscribe, at the same subscription price per whole share paid under the basic subscription privilege, for additional shares under their over-subscription privilege to the extent that other rights holders do not exercise their basic subscription privileges in full. If a sufficient number of shares is unavailable to fully satisfy the over-subscription privilege requests, the available shares will be sold pro rata among subscription rights holders who exercised their over-subscription privilege based on the number of shares each subscription rights holder subscribed for under the basic subscription privilege.

Subscription rights will be eligible for exercise at any time before Expiry Date for this rights offering. If a U.S. or Canadian Holder or a Qualified Holder wants to exercise some but not all of the subscription rights represented by a rights certificate and such holder wishes to retain the ability to exercise the balance of the unexercised subscription rights represented by a rights certificate, such holder must first complete and submit its request to the subscription agent in order to divide its subscription rights and be issued two separate rights certificates: one certificate representing the number of subscription rights that the holder wishes to exercise in the first instance (which should then be completed and delivered to the subscription agent), and a second certificate representing the balance of unexercised subscription rights available for future exercise prior to the Expiry Date of this rights offering.

If you hold your shares in a brokerage account or through a dealer or other nominee, please see the information included below the heading “—Beneficial Owners”.

U.S. or Canadian Holders and Qualified Holders that are unsure how to exercise their subscription rights should contact the subscription agent, the information agent, McEwen Mining or their respective dealer, broker or other nominee. See “The Rights Offering—Questions About Exercising Subscription Rights” below.

Reasons for this Rights Offering

The rights offering is being made to raise capital to provide funding for (a) the advancement of Phase 2 of the Company’s El Gallo Complex, (b) completion of further metallurgical studies on the Company’s Tonkin project and follow-up work as required, (c) permitting at the Gold Bar Project in Nevada, (d) furthering exploration at the Company’s various projects and properties and (e) potential acquisitions to be determined in the future, and for other corporate purposes. See “Use of Proceeds”. The need to raise additional capital is necessary, in part, due to delays experienced by the Company in repatriating revenue from the Company’s 49% owned San José Mine in Argentina as a result of changes to the export revenue repatriation requirements in Argentina announced in the first half of 2012.

The Backstop Commitment

McEwen Mining and Exchange Co. have entered into a backstop agreement with Mr. McEwen pursuant to which Mr. McEwen has committed to purchase from McEwen Mining and Exchange Co. in connection with this rights offering, subject to the terms and conditions thereof, at the subscription price of US\$2.25 or C\$2.24 per whole share of McEwen Mining common stock and C\$2.24 per whole Exchange Co. exchangeable share (each being the same price per share as offered to all other shareholders), all of the unsubscribed shares of McEwen Mining common stock and Exchange Co. exchangeable shares in this rights offering such that the gross proceeds to McEwen Mining and Exchange Co. from the collective rights offerings will be approximately US\$60.4 million. As a shareholder of McEwen Mining and Exchange Co. on the Record Date and pursuant to the backstop agreement, Mr. McEwen has also agreed to subscribe for all of his basic subscription privilege in the McEwen Mining rights offering and in the

Exchange Co. rights offering, but is prohibited under the terms of the backstop agreement from subscribing for any shares under the over-subscription privilege thereunder.

McEwen Mining and Exchange Co. are subject to customary indemnification obligations and Mr. McEwen's obligation to purchase the shares is subject to customary closing conditions, including, but not limited to, compliance by McEwen Mining and Exchange Co. with the covenants in the backstop agreement and each of their representations and warranties being true and correct in all material respects. Mr. McEwen's commitment to backstop this rights offering will expire at 5:00 p.m. (Toronto time) on December 14, 2012.

Any shares of McEwen Mining common stock purchased by Mr. McEwen pursuant to the backstop agreement will be issued in a private placement transaction, and, accordingly, will be restricted securities. We expect to enter into a registration rights agreement with Mr. McEwen with respect to all registrable securities to be held by Mr. McEwen.

Conditions, Withdrawal and Cancellation

We may terminate this rights offering, in whole or in part, if at any time before completion of this rights offering there is any judgment, order, decree, injunction, statute, law or regulation entered, enacted, amended or held to be applicable to this rights offering that in the sole judgment of our boards of directors would or might make this rights offering or its completion, whether in whole or in part, illegal or otherwise restrict or prohibit completion of this rights offering. We may waive any of these conditions and choose to proceed with this rights offering even if one or more of these events occur.

In addition, we reserve the right to withdraw and cancel this rights offering at any time for any reason. We also may cancel this rights offering at any time before its completion if our boards of directors decides to do so in its sole discretion. If we cancel this rights offering, we will issue a press release notifying shareholders of the cancellation.

If this rights offering is terminated, in whole or in part, all affected subscription rights will expire without value and all subscription payments received by the subscription agent will be returned promptly, without interest or deduction. See also "—Cancellation Rights".

Effect of Rights Offering on Existing Shareholders

The ownership interests and voting interests of the existing shareholders who do not exercise their basic subscription privileges will be diluted. See "Questions and Answers Related to this Rights Offering".

Subscription Rights

Holders of subscription rights who are U.S. or Canadian Holders or Qualified Holders are entitled to a basic subscription privilege and an over-subscription privilege.

Basic subscription privilege. Only U.S. or Canadian Holders and Qualified Holders may exercise the subscription rights and subscribe for the shares of McEwen Mining common stock or Exchange Co. exchangeable share underlying the subscription rights. If you are a U.S. or Canadian Holder or a Qualified Holder, with your basic subscription privileges, you may purchase one share of McEwen Mining common stock or one Exchange Co. exchangeable share, as applicable, for every ten (10) subscription rights held by you, upon delivery of the required documents and payment of the subscription price to the subscription agent. You are not required to exercise all or any of your subscription rights unless you wish to purchase shares under your over-subscription privilege. We will deliver to the subscribers who purchase shares in this rights offering with their basic subscription privileges, certificates representing the shares of McEwen Mining common stock purchased and direct registration system statements representing the Exchange Co. exchangeable shares purchased, as the case may be, as soon as practicable after this rights offering has expired.

Over-Subscription Privilege. In addition to your basic subscription privilege, if you are a U.S. or Canadian Holder or a Qualified Holder, you may subscribe for additional shares, upon delivery of the required documents and payment of the subscription price to the subscription agent, before the Expiry Date of this rights offering. You may

only exercise your over-subscription privilege if you exercised your basic subscription privilege in full and other holders of subscription rights do not exercise their basic subscription privileges in full. Although Mr. McEwen will exercise his basic subscription privilege in full, Mr. McEwen will not be able to participate in the over-subscription privilege.

Pro Rata Allocation. If there are not enough shares to satisfy all requests made under the over-subscription privilege, we will allocate the remaining shares available in this rights offering pro rata, after eliminating all fractional shares, among those over-subscribing rights holders. “Pro rata” means in proportion to the number of shares that you and the other subscription rights holders have purchased by exercising your basic subscription privilege. If there is a pro rata allocation of the remaining shares and you receive an allocation of a greater number of shares than you subscribed for under your over-subscription privilege, then we will allocate to you only the number of shares for which you subscribed. We will allocate the remaining shares available in this rights offering among all other U.S. or Canadian Holders and Qualified Holders exercising their over-subscription privileges.

Mr. McEwen will not be allocated any additional shares pursuant to the backstop agreement until all of the rights holders exercising their over-subscription privileges, which as discussed above will not include Mr. McEwen, have been allocated the number of additional shares for which they over-subscribed.

Full Exercise of Basic Subscription Privilege. As a U.S. or Canadian Holder or Qualified Holder you may exercise your over-subscription privilege only if you exercise your basic subscription privilege in full. To determine if you have fully exercised your basic subscription privilege, we will consider only the basic subscription privilege held by you in the same capacity. For example, suppose that you were granted subscription rights for shares that you own individually and shares that you own collectively with your spouse. If you wish to exercise your over-subscription privilege with respect to the subscription rights you own individually, but not with respect to the subscription rights you own collectively with your spouse, you only need to fully exercise your basic subscription privilege with respect to your individually owned subscription rights. You do not have to subscribe for any shares under the basic subscription privilege owned collectively with your spouse to exercise your individual over-subscription privilege.

When you complete the portion of your subscription rights certificate to exercise your over-subscription privilege, you will be representing and certifying that you have fully exercised your subscription rights as to shares of McEwen Mining common stock or Exchange Co. exchangeable shares, as applicable, that you hold in that capacity. You must exercise your over-subscription privilege at the same time you exercise your basic subscription privilege in full.

Return of Excess Payment. If you are a U.S. or Canadian Holder or a Qualified Holder and exercised your over-subscription privilege and are allocated less than all of the shares for which you wished to subscribe, your excess payment for shares that were not allocated to you will be returned to you by mail, without interest or deduction, as soon as practicable after the Expiry Date of this rights offering.

This Rights Offering is not Subject to any Minimum Subscription Level

The completion of this rights offering is not subject to any minimum subscription level. Subscription rights are transferable. A subscription right does not entitle the holder thereof to any rights whatsoever as a securityholder of McEwen Mining or Exchange Co. other than to subscribe for and purchase shares of McEwen Mining common stock or Exchange Co. exchangeable shares, as applicable, as described herein.

Registered Shareholders Wishing to be Recognized as Qualified Holders

The subscription rights and the shares of McEwen Mining common stock or Exchange Co. exchangeable shares issuable upon the exercise of the subscription rights are only being offered in the United States and Canada, except where the subscription by a holder of subscription rights in a jurisdiction outside of the United States and Canada is lawfully made by a Qualified Holder in compliance with all securities and other laws applicable in the jurisdiction where such person is a resident. Holders of subscription rights that wish to be recognized as Qualified Holders must contact the subscription agent at the earliest possible time, and in any event prior to 4:30 p.m. (Toronto time) on

November 23, 2012, in order to satisfy McEwen Mining or Exchange Co., as applicable, in their sole discretion that such holders are Qualified Holders. See “The Rights Offering—Ineligible Holders”.

Deemed Representation and Warranty of Each Subscriber

As a condition to a purchase of any shares of McEwen Mining common stock or Exchange Co. exchangeable shares in this rights offering, each subscriber other than a Qualified Holder will be deemed to have represented and warranted that it is resident in the United States or Canada, and this representation and warranty will be relied upon by McEwen Mining, Exchange Co. and the subscription agent.

Method of Subscription—Exercise of Rights

Only U.S. or Canadian Holders and Qualified Holders may exercise the subscription rights and subscribe for the shares of McEwen Mining common stock or Exchange Co. exchangeable shares underlying the subscription rights. Subscription rights are evidenced by subscription rights certificates. The subscription certificates are being mailed to holders of McEwen Mining common stock and Exchange Co. exchangeable shares as of the Record Date with this rights offering circular or, if shares of McEwen Mining common stock or Exchange Co. exchangeable shares are held by such holder are held by a depository or nominee on his, her or its behalf, to such depository or nominee. Subscription rights may be exercised by completing and signing the subscription rights certificate that accompanies this rights offering circular and mailing it in the envelope provided, or otherwise delivering the completed and duly executed subscription rights certificate to the subscription agent, together with payment in full of the subscription price for the shares by the Expiry Date of this rights offering, unless delivery of the subscription rights certificate is effected pursuant to the guaranteed delivery procedures described below. Completed subscription rights certificates and related payments must be received by the subscription agent prior to 5:00 p.m. (Toronto time) on or before the Expiry Date, at the offices of the subscription agent at the address set forth below, unless delivery of the subscription rights certificate is effected pursuant to the guaranteed delivery procedures described below.

Method of Payment

A subscription rights holder that is a U.S. or Canadian Holder or a Qualified Holder may send the subscription rights certificate together with payment for the shares subscribed for in this rights offering to the subscription agent based on the subscription price. Except as described below under “—Guaranteed Delivery Procedures”, to be accepted, the payment, together with a properly completed and executed subscription rights certificate, must be received by the subscription agent at one of the subscription agent’s offices set forth below (see “—Delivery of Subscription Materials and Payment”), at or prior to 5:00 p.m. (Toronto time) on December 4, 2012. **Do not send subscription rights certificates, Notices of Guaranteed Delivery or payments to us.**

All payments by a participating subscription rights holder must be in United States dollars or Canadian dollars by certified cheque, bank draft or money order payable to “Computershare Trust Company of Canada acting as subscription agent for McEwen Mining Inc.” or “Computershare Trust Company of Canada acting as subscription agent for McEwen Mining – Minera Andes Acquisition Corp.”, as applicable. The subscription agent will deposit all funds received by it prior to the final payment date into a segregated account pending pro-rata and distribution of the shares.

The method of delivery of subscription rights certificates and payment of the subscription price to us will be at the election and risk of the participating subscription rights holders, but if sent by mail it is recommended that such certificates and payments be sent by registered mail, properly insured, with return receipt requested, and that a sufficient number of days be allowed to ensure delivery to the subscription agent and clearance of payment prior to 5:00 p.m. (Toronto time) on December 4, 2012.

Whichever of the methods described above is used, issuance of the shares purchased is subject to collection of cheques and actual payment.

If a participating subscription rights holder who subscribes for shares as part of the subscription right does not make payment of any amounts due by the Expiry Date, the subscription agent reserves the right to take any or all of the

following actions: (i) reallocate the shares to other participating subscription rights holders; (ii) apply any payment actually received by it from the participating subscription rights holder toward the purchase of the greatest whole number of shares which could be acquired by such participating subscription rights holder upon exercise of the subscription right; and/or (iii) exercise any and all other rights or remedies to which it may be entitled, including the right to set off against payments actually received by it with respect to such subscribed for shares.

All questions concerning the timeliness, validity, form and eligibility of any exercise of subscription rights will be determined by us, whose determinations will be final and binding. We, in our sole discretion, may waive any defect or irregularity, or permit a defect or irregularity to be corrected within such time as we may determine, or reject the purported exercise of any right. Subscriptions will not be deemed to have been received or accepted until all irregularities have been waived or cured within such time as we determine in our sole discretion. The subscription agent will not be under any duty to give notification of any defect or irregularity in connection with the submission of subscription rights certificates or incur any liability for failure to give such notification.

Participating subscription rights holders will have no right to rescind their subscription after receipt of their payment for shares.

Receipt of Payment

Your payment will be considered received by the subscription agent only upon clearance of any certified cheque, bank draft or money order.

Missing or Incomplete Information

If you hold your shares of McEwen Mining common stock or Exchange Co. exchangeable shares in the name of a custodian bank, broker, dealer or other nominee and you are a U.S. or Canadian Holder or a Qualified Holder, the nominee will exercise the subscription rights on your behalf in accordance with your instructions. Your nominee may establish a deadline that may be before the Expiry Date that we have established for this rights offering. If you send a payment that is insufficient to purchase the number of shares of McEwen Mining common stock or Exchange Co. exchangeable shares, as the case may be, you requested, or if the number of shares you requested is not specified in the forms, the payment received will be applied to exercise your subscription rights to the fullest extent possible based on the amount of the payment received, subject to the availability of shares under the over-subscription privilege and the elimination of fractional shares. Any excess subscription payments received by the subscription agent will be returned, without interest, as soon as practicable following the Expiry Date of this rights offering.

Exercising a Portion of Your Subscription Rights

If you subscribe for fewer than all of the shares of McEwen Mining common stock or Exchange Co. exchangeable shares that you are eligible to purchase pursuant to the basic subscription privilege represented by your rights certificate, you may, under certain circumstances, request from the subscription agent a new rights certificate representing the unused subscription rights and then attempt to sell your unused subscription rights. See “— Sale or Transfer of Subscription Rights” below. Alternatively, you may transfer a portion of your subscription rights and request from the subscription agent a new rights certificate representing the subscription rights you did not transfer. If you exercise less than all of your subscription rights represented by a single rights certificate, you may not exercise the over-subscription privilege.

Expiration of this Rights Offering, Amendments and Termination

You may exercise your subscription rights at any time before 5:00 p.m. (Toronto time) on December 4, 2012, the Expiry Date for this rights offering.

We reserve the right, in our sole discretion, to amend or modify the terms of this rights offering.

If you do not exercise or transfer or sell your subscription rights before the Expiry Date of this rights offering, your unexercised subscription rights will be null and void and will have no value. We will not be obligated to honour your exercise of subscription rights if the subscription agent receives the documents relating to your exercise after this rights offering expires, regardless of when you transmitted the documents, except if you have timely transmitted the documents under the guaranteed delivery procedures described below.

Cancellation Rights

Our boards of directors may cancel this rights offering, in whole or in part, in their sole discretion at any time prior to the time this rights offering expires for any reason (including a change in the market price of McEwen Mining common stock or Exchange Co. exchangeable shares). If we cancel this rights offering, any funds you paid to the subscription agent will be promptly refunded, without interest or deduction.

Subscription Price

The subscription price for shares of McEwen Mining common stock is, at the choice of the subscription rights holder but subject to any additional restrictions a custodian bank, broker, dealer or other nominee may impose, US\$2.25 or C\$2.24 per whole share of common stock. The subscription price for Exchange Co. exchangeable shares is C\$2.24 per whole Exchange Co. exchangeable share. For more information with respect to how the subscription price was determined, see “Questions and Answers Related to this Rights Offering—How was the Subscription Price determined?”

Instructions for Completing Your Subscription Rights Certificate

You should read and follow the instructions accompanying the subscription rights certificates carefully.

You are responsible for the method of delivery of your subscription rights certificate(s) with your subscription price payment to the subscription agent. If you send your subscription rights certificate(s) and subscription price payment by mail, we recommend that you send them by registered mail, properly insured, with return receipt requested. You should allow a sufficient number of days to ensure delivery to the subscription agent prior to the time this rights offering expires.

Delivery of Subscription Materials and Payment

Your subscription agent for this offering is the Computershare Trust Company of Canada. You should deliver your subscription rights certificate and payment of the subscription price or, if applicable, notices of guaranteed delivery, to the subscription agent by one of the methods described below:

By Courier to:

Computershare Trust Company of Canada
9th Floor, 100 University Ave.
Toronto, Ontario M5J 2Y1
Attention: Corporate Actions

By Mail to:

Computershare Trust Company of Canada
P.O. Box 7021
31 Adelaide St. E. Toronto
Ontario M5C 3H2
Attention: Corporate Actions

You may call the information agent, Georgeson Inc., with questions toll-free at 1-888-497-9677 (in North America) or 1-212-440-9800 (outside North America).

Your delivery to an address or by any method other than as set forth above will not constitute valid delivery.

Questions About Exercising Subscription Rights

If you have any questions or require assistance regarding the method of exercising your subscription rights or the instructions accompanying the subscription rights certificate, or requests for additional copies of this document, you should contact the information agent at the address and telephone number set forth above under “Questions and Answers Relating to this Rights Offering-What if I have other questions?”

Calculation of Subscription Rights Exercised

If you do not indicate the number of subscription rights being exercised, or do not forward full payment of the total subscription price payment for the number of subscription rights that you indicate are being exercised, then you will be deemed to have exercised your basic subscription privilege with respect to the maximum number of subscription rights that may be exercised with the aggregate subscription price payment you delivered to the subscription agent. If your aggregate subscription price payment is greater than the amount you owe for your subscription, you will be deemed to have exercised your over-subscription privilege to purchase the maximum number of shares of McEwen Mining common stock or Exchange Co. exchangeable shares, as the case may be, with your over-payment. If we do not apply your full subscription price payment to your purchase of shares of McEwen Mining common stock or Exchange Co. exchangeable shares, as the case may be, we or the subscription agent will return the excess amount to you by mail, without interest or deduction, as soon as practicable after the Expiry Date of this rights offering.

Regulatory Limitation

We will not be required to issue to you shares of McEwen Mining common stock or Exchange Co. exchangeable shares stock pursuant to this rights offering if, in our opinion, you would be required to obtain prior clearance or approval from any state or federal regulatory authorities to own or control such shares if, at the time this rights offering expires, you have not obtained such clearance or approval.

Guaranteed Delivery Procedures

If you are a U.S. or Canadian Holder or a Qualified Holder and you wish to exercise your subscription rights, but you will not be able to deliver your subscription rights certificate to the subscription agent prior to the Expiry Date of the offering, then you may nevertheless exercise the subscription rights by complying with the following guaranteed delivery procedures:

- provide your payment in full of the subscription price for each share of McEwen Mining common stock or Exchange Co. exchangeable share being subscribed for pursuant to the subscription rights (including your over-subscription privilege) to the subscription agent before the Expiry Date of this rights offering;
- deliver a guarantee notice from a Canadian Schedule I chartered bank, a member of the Securities Transfer Association Medallion Program (STAMP), a member of the Stock Exchange Medallion Program (SEMP) or a member of the New York Stock Exchange Inc. Medallion Signature Program (MSP) (an “**Eligible Institution**”), guaranteeing the delivery to the subscription agent of the subscription rights certificate evidencing the subscription rights to be exercised within three (3) business days following the date of that notice;
- deliver the properly completed subscription rights certificate, with signatures guaranteed if required by the subscription rights certificate, to the subscription agent, within three (3) business days after the Expiry Date of this rights offering.

Your notice of guaranteed delivery must be substantially in the form provided to you with your subscription rights certificate. Your notice of guaranteed delivery must come from an Eligible Institution. In your notice of guaranteed delivery you must state:

- your name;
- the number of subscription rights represented by your subscription rights certificate;

- the number of shares of McEwen Mining common stock or Exchange Co. exchangeable shares, as applicable, you are subscribing for pursuant to your subscription rights; and
- your guarantee that you will deliver to the subscription agent any subscription rights certificates evidencing the subscription rights you are exercising within three (3) business days after the expiration of this rights offering.

You may deliver the notice of guaranteed delivery to the subscription agent in the same manner as the subscription rights certificate at the addresses set forth in this section under the heading “Delivery of Subscription Materials and Payment”. You should refer to the instructions accompanying the subscription rights certificate for the information and representations required in the guarantee notice.

Eligible institutions may also transmit the notice of guaranteed delivery to the subscription agent by facsimile transmission to (905) 771-4082.

The subscription agent will send you additional copies of the form of notice of guaranteed delivery if you need them. Shareholders may call the subscription agent at 1-800-564-6253.

Signature Guarantees

If a rights holder wishes to transfer its subscription rights, then the signatures on the subscription rights certificates must be guaranteed by a Canadian Schedule I chartered bank, a member of the Securities Transfer Association Medallion Program (STAMP), a member of the Stock Exchange Medallion Program (SEMP) or a member of the New York Stock Exchange Inc. Medallion Signature Program (MSP), subject to the standards and procedures adopted by the subscription agent.

Procedures for CDS Participants

We expect that the exercise of your basic subscription privilege and your over-subscription privilege may be made through the facilities of the Canadian Depository for Securities (“CDS”). If your subscription rights are held of record through CDS, you may exercise your basic subscription privilege and your over-subscription privilege by instructing CDS to transfer your subscription rights from your account to the account of the subscription agent, together with certification as to the aggregate number of subscription rights you are exercising and the number of shares of McEwen Mining common stock or Exchange Co. exchangeable shares you are subscribing for under your basic subscription privilege and your over-subscription privilege, if any, and your subscription price payment for each share of McEwen Mining common stock or Exchange Co. exchangeable shares that you subscribed for pursuant to your basic subscription privilege and your over-subscription privilege.

Fees and Expenses

We are not charging any fee or sales commission to issue rights to you or to issue shares to you if you exercise your rights. If you exercise your rights through the record holders of your shares, you are responsible for paying any commissions, fees, taxes or other expenses your record holder may charge you. Except as provided in this paragraph, we will pay all fees and expenses of the subscription agent related to this rights offering and have also agreed to indemnify the subscription agent from liabilities that they may incur in connection with this rights offering. Notwithstanding the foregoing or anything contained in this rights offering circular to the contrary, payment of any service charge, commission, expenses or other fee payable (including those of brokers) in connection with the purchase, exercise, transfer or sale of subscription rights will be the responsibility of the holder of the subscription rights. The holder of the subscription rights must also pay all stamp, issue, registration, transfer or other similar taxes or duties contingent upon the issue or delivery of shares of McEwen Mining common stock or Exchange Co. exchangeable shares, as the case may be, to or for the order of a third party.

No Fractional Rights

We will not issue fractional subscription rights or cash in lieu of fractional subscription rights. Fractional subscription rights will be rounded down to the nearest whole number, with such adjustments as may be necessary to ensure that we will receive gross proceeds of at least US\$60.4 million from this rights offering.

No Fractional Shares

All shares of McEwen Mining common stock will be sold at the choice of the subscription rights holder but subject to any additional restrictions a custodian bank, broker, dealer or other nominee may impose, at a purchase price of US\$2.25 or C\$2.24 per whole share of McEwen Mining common stock. All Exchange Co. exchangeable shares will be sold at a purchase price of C\$2.24 per whole Exchange Co. exchangeable share. We will not issue fractional shares. Fractional shares resulting from the exercise of basic subscription privileges and the over-subscription privileges will be eliminated by rounding down to the nearest whole share. Any excess subscription payments received by the subscription agent will be returned, without interest, as soon as practicable after the closing of this rights offering.

Notice to Beneficial Holders/Nominees

If you are a broker, a trustee or a depository for securities that holds shares of McEwen Mining common stock or Exchange Co. exchangeable shares for the account of others on the Record Date, you should notify the respective beneficial owners of such shares of this rights offering as soon as possible to find out their intentions with respect to exercising their subscription rights. You should obtain instructions from the beneficial owner with respect to their subscription rights, as set forth in the instructions we have provided to you for your distribution to beneficial owners. If the beneficial owner is a U.S. or Canadian Holder or a Qualified Holder, and such beneficial owner so instructs, you should complete the appropriate subscription rights certificates and submit them to the subscription agent with the proper payment. If you hold shares for the account(s) of more than one beneficial owner, you may exercise the number of subscription rights to which all such beneficial owners in the aggregate otherwise would have been entitled had they been direct record holders of McEwen Mining common stock or Exchange Co. exchangeable shares, as applicable, on the Record Date.

Beneficial Owners

If you are a beneficial owner of shares of McEwen Mining common stock or Exchange Co. exchangeable shares or received your subscription rights through a broker, dealer, custodian bank or other nominee, this rights offering circular asks your broker, dealer, custodian bank or other nominee to notify you of this rights offering. If you are a U.S. or Canadian Holder or a Qualified Holder and wish to exercise your subscription rights, you will need to have your broker, dealer, custodian bank or other nominee act for you. If you hold certificates of McEwen Mining common stock or Exchange Co. exchangeable shares directly and would prefer to have your broker, dealer, custodian bank or other nominee act for you, you should contact your nominee and request it to effect the transactions for you. If you wish to obtain a separate subscription rights certificate, you should contact the nominee as soon as possible and request that a separate subscription rights certificate be issued to you. You should contact your broker, dealer, custodian bank or other nominee if you do not receive this form, but you believe you are entitled to participate in this rights offering. We are not responsible if you do not receive the form from your broker, dealer, custodian bank or nominee or if you receive it without sufficient time to respond.

Validity and Rejection of Subscriptions

We will resolve all questions regarding the validity and form of the exercise of your subscription rights, including time of receipt and eligibility to participate in this rights offering. Our determination will be final and binding. Once made, subscriptions and directions are irrevocable, and we will not accept any alternative, conditional or contingent subscriptions or directions. We reserve the right to treat as invalid any exercise or purported exercise of any subscription rights in this rights offering that appears to us to have been exercised, effected or dispatched in a manner which may involve a breach of the laws or regulations of any jurisdiction or if we believe, or our agents believe, that the same may violate or be inconsistent with the procedures and terms set out in this rights offering.

circular or in breach of the representation and warranty that a holder exercising its subscription rights is resident in the United States or Canada. You must resolve any irregularities in connection with your subscriptions before the subscription period expires, unless we waive them in our sole discretion. Neither we nor the subscription agent is under any duty to notify you or your representative of defects in your subscriptions. A subscription will be considered accepted, subject to our right to withdraw or cancel this rights offering, only when the subscription agent receives a properly completed and duly executed rights certificate and any other required documents and the full subscription payment. Our interpretations of the terms and conditions of this rights offering will be final and binding.

Undeliverable Rights

Rights certificates returned to the subscription agent as undeliverable will be held by the subscription agent until the Expiry Date, which is 5:00 pm (Toronto time) on December 4, 2012, after which time the subscription rights represented by such rights certificate will be void and of no value and no longer be exercisable for any shares of McEwen Mining common stock or Exchange Co. exchangeable shares, as the case may be. As a result, the subscription agent will not sell or attempt to sell such undelivered subscription rights and no proceeds of sale will be credited to holders of such subscription rights.

Your Funds will be Held by the Subscription Agent Until Shares are Issued

The subscription agent will hold your payment of the subscription price in a segregated account with other payments received from other subscription rights holders until we issue your shares of McEwen Mining common stock or Exchange Co. exchangeable shares, as the case may be, to you upon consummation of this rights offering.

Share Certificates / Direct Registration Statements

Any shares of McEwen Mining common stock or Exchange Co. exchangeable shares issued in connection with this rights offering will be registered in the name of the person to whom the rights certificate was issued or to whom the subscription rights have been properly and duly transferred. The certificates representing such shares of McEwen Mining common stock and the direct registration system statement (“**DRS Statement**”) representing such Exchange Co. exchangeable shares, as the case may be, will be delivered by mail to the address of the subscriber as it appears on the rights certificate, unless otherwise directed, or to the address of the transferee, if any, indicated on the appropriate form on the rights certificate as soon as practicable after the Expiry Date. Except as otherwise described under “The Rights Offering—Ineligible Holders”, shares will not be issued to or on behalf of any holder of subscription rights with addresses of record outside of the United States and Canada, other than Qualified Holders that exercise their subscription rights.

Holders of subscription rights that hold their subscription rights through a broker, dealer, bank or other nominee participating in CDS will not receive physical certificates evidencing their ownership of shares of McEwen Mining common stock or Exchange Co. exchangeable shares issued upon the exercise of the subscription rights. As soon as practicable after the Expiry Date, one or more global certificates representing such shares will be issued in registered form to, and in the name of CDS or their respective nominees as applicable.

Shareholder Rights

You will have no rights as a holder of the shares of McEwen Mining common stock or Exchange Co. exchangeable shares you purchase in this rights offering until the stock certificates or DRS Statements, as applicable, representing the shares of McEwen Mining common stock or Exchange Co. exchangeable shares are issued to you, or your account at your nominee is credited with the shares of McEwen Mining common stock or Exchange Co. exchangeable shares purchased in this rights offering.

No Revocation or Change

Once you have exercised your subscription rights or have instructed your nominee of your subscription request, you may not revoke or change your exercise or request a refund of monies paid. All exercises of subscription rights are

irrevocable, even if you learn information about us that you consider unfavourable. You should not exercise your subscription rights unless you are certain that you wish to purchase shares at the subscription price. Subscription rights not exercised prior to the Expiry Date of this rights offering will expire, be void and have no value and will no longer be exercisable for shares of McEwen Mining common stock or Exchange Co. exchangeable shares.

Sale or Transfer of Subscription Rights

A holder of subscription rights in registered form may sell or transfer some or all of such subscription rights to any person that is not an Ineligible Holder.

The McEwen Mining subscription rights will trade on the NYSE and the TSX under the symbol “MUX.RT” and the Exchange Co. subscription rights will trade on the TSX under the symbol “MAQ.RT”. The McEwen Mining rights will cease trading on the NYSE at the close of trading (New York City time) on the trading day immediately preceding the Expiry Date, and the McEwen Mining rights and the Exchange Co. rights will cease trading on the TSX at 12:00 noon (Toronto time) on the Expiry Date. However, there has been no prior public market for the subscription rights, and we cannot assure holders of subscription rights that a trading market for the subscription rights will develop or, if a market develops, that the market will remain available throughout the subscription period. We also cannot assure holders of subscription rights of the prices at which the subscription rights will trade, if at all. If holders of subscription rights do not exercise or sell their subscription rights, they will lose any value inherent in the subscription rights. Holders that do not wish to exercise their subscription rights may sell or transfer their subscription rights through usual investment channels, such as investment dealers and brokers, at the holder’s own expense.

Transfer of Subscription Rights. Holders of subscription rights may transfer, other than to an Ineligible Holder, subscription rights in whole by endorsing the rights certificate for transfer. Holders should follow the instructions for transfer included in the information sent to them with their rights certificate. If holders wish to transfer only a portion of the subscription rights, such holders should deliver their properly endorsed rights certificate to the subscription agent. With their rights certificate, such holders should include instructions to register such portion of the subscription rights evidenced thereby in the name of the transferee (and to issue a new rights certificate to the transferee evidencing such transferred rights). Holders may only transfer whole subscription rights and not fractions of a subscription right. If there is sufficient time before the expiration of the rights offering, the subscription agent will send such holder a new rights certificate evidencing the balance of the subscription rights issued to such holder but not transferred to the transferee. Holders may also instruct the subscription agent to send the rights certificate to one or more additional transferees that is not an Ineligible Holder. If holders of subscription agents wish to sell their remaining subscription rights, such holders may request that the subscription agent send them certificates representing their remaining (whole) subscription rights so that such holders may sell them through their usual investment channels, such as investment dealers and brokers. Holders may also request that the subscription agent sell their subscription rights for them, as described below.

If a holder wishes to transfer all or a portion of its subscription rights, such holder should allow a sufficient amount of time prior to the Expiry Date for the subscription agent to:

- receive and process such holder's transfer instructions; and
- issue and transmit a new rights certificate to such holder's transferee or transferees with respect to transferred subscription rights, and to such holder with respect to any subscription rights such holder retained.

If a holder wishes to transfer its subscription rights to any person other than a bank or broker, the signatures on such holder's rights certificate must be guaranteed by an eligible institution.

Sales of Subscription Rights Through the Subscription Agent. If a holder chooses not to sell its subscription rights through usual investment channels, such as investment dealers and broker, such holder may seek to sell its subscription rights through the subscription agent. If a holder wishes to have the subscription agent seek to sell its subscription rights, such holder must deliver its properly executed rights certificate, with appropriate instructions, to the subscription agent. If such holder wants the subscription agent to seek to sell only a portion of its subscription

rights, such holder must send the subscription agent instructions setting forth what such holder would like done with the subscription rights, along with such holder's rights certificate.

If the subscription agent sells subscription rights for a holder, the subscription agent will send such holder a cheque for the net proceeds from the sale of any of such holder's subscription rights as soon as practicable after the Expiry Date. The aggregate fees charged by the subscription agent for selling the subscription rights will be deducted from the aggregate sale price paid to such holder.

We cannot assure holders, however, that a market will develop for the subscription rights or that the subscription agent will be able to sell any holders subscription rights.

Holders desiring to have their subscription rights sold by the subscription agent must have their order to sell their subscription rights to the subscription agent before 11:00 a.m. (Toronto time) on November 23, 2012. The subscription agent is required to sell a holder's subscription rights only if the subscription agent is able to find buyers. If the subscription agent cannot sell a holder's subscription rights by 5:00 p.m. (Toronto time) on November 26, 2012, the subscription agent will return such holder's rights certificate to it by overnight delivery.

General Considerations Regarding the Partial Exercise, Transfer or Sale of Subscription Rights. The amount of time needed by a holder's transferee to exercise or sell its subscription rights depends upon the method by which the transferor delivers the rights certificates, the method of payment made by the transferee and the number of transactions which the holder instructs the subscription agent to effect. A holder should also allow up to ten business days for such holder's transferee to exercise or sell the subscription rights transferred to it. Neither we nor the subscription agent will be liable to a transferee or transferor of subscription rights if rights certificates or any other required documents are not received in time for exercise or sale prior to 5:00 p.m. (Toronto time) on the Expiry Date.

A holder will receive a new rights certificate upon a partial exercise, transfer or sale of subscription rights only if the subscription agent receives such holder's properly endorsed rights certificate no later than 5:00 p.m. (Toronto time) on November 28, 2012. The subscription agent will not issue a new rights certificate if such holder's rights certificate is received after that time and date. If a holder's instructions and rights certificate are received by the subscription agent after that time and date, such holder will not receive a new rights certificate and therefore will not be able to sell or exercise its remaining subscription rights.

Holders are responsible for all commissions, fees and other expenses (including brokerage commissions and transfer taxes) incurred in connection with the purchase, exercise, transfer or sale of their subscription rights, except as provided under "The Rights Offering—Fees and Expenses" above. Any amounts owed by a holder will be deducted from such holder's account.

Persons interested in selling, transferring or purchasing subscription rights should be aware that the exercise of subscription rights by holders that are located outside of the United States and Canada will not be permitted unless the person exercising the subscription rights meets the conditions and satisfies the procedures described under "– Ineligible Holders" below.

Ineligible Holders

Holders of subscription rights that reside outside of the United States or Canada and any persons (including any brokers, dealers, custodian banks or other nominees) that have a contractual or legal obligation to forward this document to a jurisdiction outside the United States or Canada should read this section.

The subscription rights and the shares of McEwen Mining common stock and Exchange Co. exchangeable shares, as the case may be, issuable upon the exercise of the subscription rights are not being offered outside of the United States or Canada. Rights certificates will not be sent to any shareholders with addresses of record outside of the United States or Canada and, except as described herein, subscription rights may not be exercised by or on behalf of any holder of subscription rights with an address outside of the United States or Canada. Instead, such holders will be sent a copy of this rights offering circular together with a letter advising them that their rights certificates will be

held by the subscription agent as agent for the benefit of all such Ineligible Holders. The letter will also set out the conditions required to be met, and procedures that must be followed, in order for such Ineligible Holders to participate in this rights offering.

Notwithstanding any of the foregoing, subscriptions from Qualified Holders will be accepted. Holders of subscription rights that have not received rights certificates but are resident in the United States or Canada or that wish to be recognized as Qualified Holders must contact the subscription agent at the earliest possible time. Subscription rights of holders with addresses of record outside of the United States or Canada will be held by the subscription agent until 4:30 p.m. (Toronto time) on November 23, 2012 in order to provide such holders with the opportunity to satisfy McEwen Mining and Exchange Co. that (i) the holder is resident in the United States or Canada, or (ii) the exercise of their subscription rights will not be in violation of securities and other laws applicable in the jurisdiction where such person is resident. From and after 9:00 a.m. (Toronto time) on November 26, 2012 and until the Expiry Date, the subscription agent will attempt to sell the subscription rights of Ineligible Holders on such date or dates and at such price or prices and in such markets as the subscription agent determines in its sole discretion. The subscription agent will distribute all proceeds in United States or Canadian dollars to such Ineligible Holders on a pro rata basis (net of brokerage fees and selling expenses and, if applicable, costs incurred and withholding taxes).

No charge will be made for the sale of subscription rights on behalf of Ineligible Holders by the subscription agent except for a proportionate share of any brokerage commissions incurred by the subscription agent and the costs of or incurred by the subscription agent in connection with the sale of the subscription rights. The proceeds from the sale of subscription rights by the subscription agent (net of brokerage fees and selling expenses and, if applicable, costs incurred and withholding taxes) will be divided on a pro rata basis among Ineligible Holders and delivered to such Ineligible Holders as soon as reasonably practicable, provided that amounts of less than US\$10.00 or C\$10.00 will not be remitted. The subscription agent will act in its capacity as agent of the Ineligible Holders on a best efforts basis only, and none of the Company or the subscription agent accepts any liability for the price obtained on the sale of subscription rights or the inability of the subscription agent to sell the subscription rights. None of the Company or the subscription agent will be subject to any liability for or in connection with the sale of, or failure to sell, any subscription rights on behalf of Ineligible Holders. There is a risk that the proceeds to be received from the sale of subscription rights held by Ineligible Holders would not exceed the costs of or incurred by the subscription agent in connection with the sale of such subscription rights, in which case no sale of subscription rights will occur and no proceeds will be remitted to such Ineligible Holders.

Holders of subscription rights that are not resident in the United States or Canada should be aware that the acquisition and disposition of any of the subscription rights being issued hereunder and the shares of McEwen Mining common stock or Exchange Co. exchangeable shares issuable upon the exercise of the subscription rights may have tax consequences in the jurisdiction in which they reside which are not described in this rights offering circular. Such holders should consult their own tax advisors about the specific tax consequences of acquiring, holding and disposing of the subscription rights and the shares of McEwen Mining common stock or Exchange Co. exchangeable shares issuable upon the exercise of the subscription rights.

Listing and Trading

McEwen Mining common stock is listed on the NYSE and the TSX under the symbol “MUX” and all underlying shares of common stock issued in connection with the exercise of the McEwen Mining subscription rights will also trade on the NYSE and TSX under the symbol “MUX”. Exchange Co. exchangeable shares are listed on the TSX under the symbol “MAQ” and all underlying exchangeable shares issued in connection with the exercise of the Exchange Co. subscription rights will also trade on the TSX under the symbol “MAQ”.

As the rights are transferable, the McEwen Mining subscription rights will trade on the NYSE and the TSX under the symbol “MUX.RT” and the Exchange Co. subscription rights will trade on the TSX under the symbol “MAQ.RT”. The McEwen Mining rights will cease trading on the NYSE at the close of trading (New York City time) on the trading day immediately preceding the Expiry Date, and the McEwen Mining rights and the Exchange Co. rights will cease trading on the TSX at 12:00 noon (Toronto time) on the Expiry Date, unless we terminate this rights offering sooner.

Shares Outstanding After this Rights Offering

We anticipate that approximately 209,568,476 shares of McEwen Mining common stock and 85,786,383 Exchange Co. exchangeable shares, held other than by McEwen Mining or its subsidiaries and which are convertible on a one-for-one basis into shares of McEwen Mining common stock, will be issued and outstanding following this rights offering and fulfillment of the backstop commitment with Mr. McEwen. This assumes that during this rights offering, McEwen Mining and Exchange Co. will issue no other shares and that no options are exercised.

Effects of Rights Offering on Mr. McEwen's Stock and Ownership

Even though the subscription rights will be offered on a pro rata basis to each holder of McEwen Mining common stock or Exchange Co. exchangeable shares, because of Mr. McEwen's commitment to purchase all of the shares of McEwen Mining common stock or Exchange Co. exchangeable shares offered pursuant to this rights offering that are not purchased by other shareholders in this rights offering, the percentage of common stock or exchangeable shares, as applicable, owned by our other shareholders will decrease unless all of our other shareholders exercise the subscription rights they receive in full.

Set forth below, for illustrative purposes only, are two scenarios that indicate the effect that this rights offering and related share issuance could have on Mr. McEwen's relative interest following this rights offering. Mr. McEwen beneficially owned as of October 23, 2012 approximately 25%, or 67,203,241 shares, of the 268,504,418 shares of outstanding McEwen Mining common stock (assuming all outstanding Exchange Co. exchangeable shares not held by McEwen Mining or its subsidiaries are exchanged for an equivalent amount of McEwen Mining common stock) before giving effect to this rights offering, which holdings consisted of 28,477,527 shares (15%) of McEwen Mining common stock and 38,725,714 (49%) Exchange Co. exchangeable shares.

Scenario A. If all subscription rights are subscribed for on a pro rata basis by all of the McEwen Mining shareholders to whom McEwen Mining subscription rights were issued and by all of the holders of Exchange Co. exchangeable shares to whom Exchange Co. subscription rights were issued.

Because all of the subscription rights distributed are exercised in the basic subscription privilege by holders, no shares are issuable pursuant to the over-subscription privilege and Mr. McEwen does not need to purchase shares pursuant to the backstop commitment.

Scenario B. If Mr. McEwen is the only shareholder of McEwen Mining and of Exchange Co. to acquire shares of McEwen Mining common stock and Exchange Co. exchangeable shares in accordance with Mr. McEwen's basic subscription privileges and through his commitment to backstop this rights offering, Mr. McEwen will acquire all of the shares offered in this rights offering.

In the unlikely event that Mr. McEwen's backstop commitment is exercised in full, his ownership interest would increase by approximately 7% from 25% to 32%.

No Recommendations

Our boards of directors are not making any recommendation as to whether or not you should exercise your subscription rights. You should make your decision based on your own assessment of your best interests.

Other Matters

This rights offering is not being made in any state or other jurisdiction in which it is unlawful to do so, nor are we distributing or accepting any offers to purchase any shares of McEwen Mining common stock or Exchange Co. exchangeable shares from subscription rights holders who are residents of those states or other jurisdictions or who are otherwise prohibited by federal or state laws or regulations to accept or exercise the subscription rights. We may delay the commencement of this rights offering in those states or other jurisdictions, or change the terms of this rights offering, in whole or in part, in order to comply with the securities law or other legal requirements of those states or other jurisdictions. We may decline to make modifications to the terms of this rights offering requested by

those states or other jurisdictions, in which case, if you are a resident in those states or jurisdictions or if you are otherwise prohibited by federal or state laws or regulations from accepting or exercising the subscription rights you will not be eligible to participate in this rights offering.

Important

DO NOT SEND SUBSCRIPTION RIGHTS CERTIFICATES DIRECTLY TO US. YOU ARE RESPONSIBLE FOR CHOOSING THE PAYMENT AND DELIVERY METHOD FOR YOUR SUBSCRIPTION RIGHTS CERTIFICATE, AND YOU BEAR THE RISKS ASSOCIATED WITH SUCH DELIVERY. IF YOU CHOOSE TO DELIVER YOUR SUBSCRIPTION RIGHTS CERTIFICATE AND PAYMENT BY MAIL, WE RECOMMEND THAT YOU USE REGISTERED MAIL, PROPERLY INSURED, WITH RETURN RECEIPT REQUESTED. WE ALSO RECOMMEND THAT YOU ALLOW A SUFFICIENT NUMBER OF DAYS TO ENSURE TIMELY DELIVERY AND CLEARANCE OF PAYMENT.

PLAN OF DISTRIBUTION

Each holder of shares of McEwen Mining common stock on the Record Date received one McEwen Mining subscription right for each share held by such holder as of the Record Date and each holder of Exchange Co. shares, including the exchangeable shares, on the Record Date received one Exchange Co. subscription right for each share held by such holder as of the Record Date, subject to the restrictions described under the heading “General Offering Restrictions” below. Pursuant to the basic subscription privilege, every ten (10) McEwen Mining subscription rights entitles the holder thereof, subject to the limitations set out below, to subscribe for one share of McEwen Mining common stock and every ten (10) Exchange Co. subscription rights entitles the holder thereof, subject to the limitations set out below, to subscribe for one Exchange Co. exchangeable share, upon payment of the subscription price for each share for which such holder is subscribing. The subscription price for shares of McEwen Mining common stock is US\$2.25 or C\$2.24, at the election of the subscriber. The subscription price for Exchange Co. exchangeable shares is C\$2.24. Pursuant to the over-subscription privilege, holders of subscription rights who exercise their basic subscription privilege in full are entitled to subscribe for additional shares, if available, that remain unsubscribed for at the Expiry Date of this rights offering. Under the backstop commitment, Mr. McEwen, who beneficially owned as of October 23, 2012 approximately 25%, or 67,203,241 shares, of the 268,504,418 shares of outstanding McEwen Mining common stock (assuming all outstanding Exchange Co. exchangeable shares not held by McEwen Mining or its subsidiaries are exchanged for an equivalent amount of McEwen Mining common stock) before giving effect to this rights offering, which holdings consisted of 28,477,527 shares of McEwen Mining common stock and 38,725,714 Exchange Co. exchangeable shares, has agreed, subject to certain terms, conditions and limitations, to purchase all of the unsubscribed shares in this rights offering such that the aggregate gross proceeds to McEwen Mining and Exchange Co. from the collective rights offerings will be approximately US\$60.4 million. Mr. McEwen will not receive a fee as consideration for providing the backstop commitment.

The subscription price for this rights offering was determined by the Audit Committee of the board of directors of McEwen Mining, consisting of all independent members of the board of directors. In evaluating the subscription price, the Audit Committee considered a number of factors, including the market price of McEwen Mining common stock and the market price of Exchange Co. exchangeable shares (which are convertible on a one-for-one basis into shares of McEwen Mining common stock) as well as commercial practices in pricing rights offerings, and the price at which Mr. McEwen was willing to backstop this rights offering. The subscription price does not necessarily bear any relationship to the book value of our assets or our past operations, cash flow, losses, financial condition, net worth or any other established criteria to value securities. Accordingly, holders of subscription rights should not consider the subscription price as an indication of the value of our Company or of the McEwen Mining common stock or Exchange Co. exchangeable shares to be offered in this rights offering.

The Company has not employed any brokers, dealers, dealer managers or underwriters in connection with the solicitation of exercise of subscription rights, and, except as described herein, no fee or sales commissions, fees or discounts will be paid in connection with this rights offering. Certain of our employees may solicit responses from the holders of the subscription rights in connection with this rights offering, but such employees will not receive any commissions or compensation for such services other than their normal employment compensation.

As the rights are transferable, the McEwen Mining subscription rights will trade on the NYSE and the TSX under the symbol “MUX.RT” and the Exchange Co. subscription rights will trade on the TSX under the symbol “MAQ.RT”. The McEwen Mining rights will cease trading on the NYSE at the close of trading (New York City time) on the trading day immediately preceding the Expiry Date, and the McEwen Mining rights and the Exchange Co. rights will cease trading on the TSX at 12:00 noon (Toronto time) on the Expiry Date, unless we terminate this rights offering sooner.

McEwen Mining common stock is listed on the NYSE and the TSX under the symbol “MUX” and all underlying shares of McEwen Mining common stock issued in connection with the exercise of the McEwen Mining subscription rights will also trade on the NYSE and TSX under the symbol “MUX”. Exchange Co. exchangeable shares are listed on the TSX under the symbol “MAQ” and all underlying exchangeable shares issued in connection with the exercise of the Exchange Co. subscription rights will also trade on the TSX under the symbol “MAQ”.

If you have other questions about this rights offering, please contact McEwen Mining Inc. at 1-866-441-0690 or by email at info@mcewenmining.com or the information agent, Georgeson Inc., toll-free at 1-888-497-9677 (in North America) or 1-212-440-9800 (outside North America), or by email at mux@georgeson.com.

General Offering Restrictions

This rights offering circular covers the offer and sale of the subscription rights and the shares of McEwen Mining common stock and Exchange Co. exchangeable shares issuable upon the exercise of the subscription rights within Canada.

The subscription rights and the shares of McEwen Mining common stock and Exchange Co. exchangeable shares issuable upon the exercise of the subscription rights have not been qualified under the securities laws of any jurisdiction other than in the United States and Canada. Except as described herein, subscription rights may not be exercised by or on behalf of an Ineligible Holder. This rights offering circular is not, and under no circumstances is to be construed as, an offering of any of the subscription rights and the shares of McEwen Mining common stock and Exchange Co. exchangeable shares issuable upon the exercise of the subscription rights for sale in any jurisdiction outside of the United States or Canada or a solicitation therein of an offer to buy any securities. Rights certificates will not be sent to any holder of subscription rights with an address of record in jurisdiction outside of the United States or Canada. Instead, such Ineligible Holders will be sent a letter advising them that their rights certificates will be held by the subscription agent, which will hold such subscription rights as agent for the benefit of all such Ineligible Holders. See “The Rights Offering—Ineligible Holders”.

No action has been or will be taken in any jurisdiction other than in the United States and Canada, where action for that purpose is required, which would permit a public offering of the subscription rights and the shares of McEwen Mining common stock and Exchange Co. exchangeable shares issuable upon the exercise of the subscription rights or the possession, circulation or distribution of this rights offering circular or any material relating to this rights offering except as set forth herein. Accordingly, the subscription rights and the shares of McEwen Mining common stock and Exchange Co. exchangeable shares issuable upon the exercise of the subscription rights may not be offered, sold or delivered, directly or indirectly, and neither this rights offering circular nor any other offering material or advertisements in connection with this rights offering may be distributed or published, in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

INTENTION OF INSIDERS TO EXERCISE RIGHTS

In addition to Mr. McEwen’s commitment, as disclosed in this rights offering circular, directors and management of McEwen Mining and Exchange Co. have expressed an interest in participating in the rights offering, subject to market conditions.

CERTAIN MATERIAL CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Fraser Milner Casgrain LLP, Canadian tax counsel to McEwen Mining and Exchange Co., the following is a summary of the principal Canadian federal income tax considerations under the *Income Tax Act* (Canada) and the regulations thereunder (collectively, the “**Tax Act**”) generally applicable to holders of shares of common stock of McEwen Mining (“**Common Stock**”) who receive subscription rights to acquire additional Common Stock pursuant to this rights offering (“**McEwen Mining Subscription Right**”) and holders of Exchange Co. exchangeable shares (“**Exchangeable Shares**”) who receive subscription rights to acquire Exchangeable Shares and the Ancillary Rights pursuant to this rights offering (“**Exchange Co. Subscription Right**” and together with the McEwen Mining Subscription Rights, the “**Rights**”), where, for the purposes of the Tax Act and at all relevant times, the holder holds their existing Common Stock and Exchangeable Shares, and will hold such Rights, Common Stock and Exchangeable Shares, as the case may be, as capital property, is not affiliated with McEwen Mining or Exchange Co., and deals with McEwen Mining and Exchange Co. at arm’s length (a holder of Common Stock who meets all of the foregoing requirements is referred to in this summary as a “**Common Shareholder**” and a holder of Exchangeable Shares who meets all of the foregoing requirements is referred to in this summary as an “**Exchangeable Shareholder**”). A Right, Common Stock or Exchangeable Share generally will be capital property

to a Common Shareholder or an Exchangeable Shareholder unless it is held in the course of carrying on a business of trading in or dealing in securities, or it has been acquired in a transaction or transactions considered to be an adventure or concern in the nature of trade.

This summary does not address holders who acquire Rights other than those qualified for distribution pursuant to this circular. In addition, this summary does not apply to a Common Shareholder or an Exchangeable Shareholder (i) that is a “financial institution” for purposes of the mark to market rules in the Tax Act; (ii) that is a “specified financial institution” for purposes of the Tax Act; (iii) an interest in which would be a tax shelter investment within the meaning of the Tax Act; (iv) that has elected under the Tax Act to determine its Canadian tax results in a currency other than Canadian currency; or (v) in relation to which McEwen Mining is a “foreign affiliate” as defined in the Tax Act. This summary does not address the deductibility of interest by a Common Shareholder or Exchangeable Shareholder who borrows money to exercise any Rights offered pursuant to this rights offering. Such Common Shareholders and Exchangeable Shareholders should consult their own tax advisors.

This summary is based on the terms of the Rights as described in this circular, the current provisions of the Tax Act, all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) (the “**Tax Proposals**”) before the date of this circular, and the current published administrative policies and assessing practices of the Canada Revenue Agency (“**CRA**”). No assurance can be given that the Tax Proposals will be enacted in the form proposed or at all. This summary is not exhaustive of all possible Canadian federal income tax considerations and, except as mentioned above, does not take into account or anticipate any changes in law, whether by legislative, administrative or judicial decision or action, nor does it take into account provincial, territorial or foreign income tax legislation or considerations, which may differ significantly from the Canadian federal income tax considerations discussed herein.

This summary is of a general nature only and is not exhaustive of all possible Canadian federal income tax considerations applicable to the offering of the Rights. The income tax consequences of the offering of the Rights will vary according to the status of the holder, the jurisdiction in which the holder resides or carries on business, and the holder’s own particular circumstances. This summary is not intended to be, nor should it be construed to be, legal or tax advice to any particular holder and no representations with respect to the income tax consequences to any particular holder are made. All Common Shareholders and Exchangeable Shareholders should obtain independent advice from their own tax advisors regarding the income tax considerations to them of the offering having regard to their own particular circumstances.

For purposes of the Tax Act, all amounts relating to the acquisition, holding or disposition of Rights, Common Stock or Exchangeable Shares must be expressed in Canadian dollars (including adjusted cost base, proceeds of disposition and dividends). For purposes of the Tax Act, amounts denominated in a foreign currency generally must be converted into Canadian dollars using the rate of exchange quoted by the Bank of Canada at noon on the date such amounts arose, or such other rate of exchange as is acceptable to the CRA.

This summary is based on the assumptions that McEwen Mining is a non-resident of Canada for purposes of the Tax Act.

ACQUISITION, HOLDING, DISPOSITION AND EXPIRY OF RIGHTS

Acquisition of Rights

A Common Shareholder or Exchangeable Shareholder that receives a Right pursuant to the rights offering will not be required to include the value of such Right in computing the income of the Common Shareholder or Exchangeable Shareholder for purposes of the Tax Act. Rights received by a Common Shareholder or Exchangeable Shareholder pursuant to this rights offering will have an adjusted cost base of nil.

The cost of a McEwen Mining Subscription Right acquired by a Common Shareholder otherwise than pursuant to this rights offering will be averaged with the adjusted cost base of all other McEwen Mining Subscription Rights held by that Common Shareholder as capital property immediately prior to such acquisition for the purposes of

determining the adjusted cost base to that Common Shareholder of each McEwen Mining Subscription Right so held.

The cost of an Exchange Co. Subscription Right acquired by an Exchangeable Shareholder otherwise than pursuant to this rights offering will be averaged with the adjusted cost base of all other Exchange Co. Subscription Rights held by that Exchangeable Shareholder as capital property immediately prior to such acquisition for the purposes of determining the adjusted cost base to that Exchangeable Shareholder of each Exchange Co. Subscription Right so held.

Exercise of Rights

The exercise of a Right will not constitute a disposition of that Right for purposes of the Tax Act and, accordingly, a Common Shareholder or Exchangeable Shareholder will not realize a gain or loss on such exercise.

An Exchangeable Shareholder who receives Exchangeable Shares upon the exercise of Exchange Co. Subscription Rights will also receive Ancillary Rights. An Exchangeable Shareholder will be required to account for the Ancillary Rights in determining the cost of Exchangeable Shares received on the exercise of the Exchange Co. Subscription Rights. The aggregate cost to a Common Shareholder or Exchangeable Shareholder of the Common Stock or the Exchangeable Shares and Ancillary Rights acquired on the exercise of such Right, will be equal to the Common Shareholder or Exchangeable Shareholder's adjusted cost base of such Right, if any, immediately before the exercise. Exchange Co. and McEwen Mining are of the view, and have advised counsel, that the Ancillary Rights have a nominal fair market value. This determination of value is not binding on the CRA and it is possible that the CRA could take a contrary view. Counsel expresses no opinion on such matters of factual determination.

The adjusted cost base to a Common Shareholder at any time of Common Stock received on an exercise of McEwen Mining Subscription Rights will be determined by averaging the cost of such Common Stock with the adjusted cost base of any other Common Stock owned by the Common Shareholder as capital property at that time.

The adjusted cost base to an Exchangeable Shareholder at any time of Exchangeable Shares received on an exercise of Exchange Co. Subscription Rights will be determined by averaging the cost of such Exchangeable Shares with the adjusted cost base of any other Exchangeable Shares owned by the Exchangeable Shareholder as capital property at that time.

An Exchangeable Shareholder who receives Exchangeable Shares and the Ancillary Rights upon the exercise of Exchange Co. Subscription Rights will grant the Call Rights to Callco and McEwen Mining. Exchange Co. and McEwen Mining are of the view, and have advised counsel, that the Call Rights have only a nominal fair market value and accordingly no amount should be allocated to the Call Rights. This summary assumes that the Call Rights have nominal value. Counsel expresses no opinion on such matters of factual determination. This determination of value is not binding on the CRA and it is possible that the CRA could take a contrary view. Should the CRA challenge this view and ultimately succeed in establishing that the Call Rights have a fair market value in excess of a nominal amount, an Exchangeable Shareholder who acquires additional Exchangeable Shares pursuant to the exercise of the Exchange Co. Subscription Rights will realize a capital gain in an amount equal to the fair market value of the Call Rights. For a description of the tax treatment of capital gains and losses, see "*Certain Material Canadian Federal Income Tax Considerations – Residents of Canada – Taxation of Capital Gains or Capital Losses*" below.

Disposition of Rights

A Common Shareholder or Exchangeable Shareholder that disposes of or is deemed to dispose of a Right (otherwise than by exercise of the Right) generally will realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of the Right exceed (or are exceeded by) the aggregate of the Common Shareholder or Exchangeable Shareholder's adjusted cost base thereof and any reasonable costs of disposition. The tax treatment of any capital gain (or capital loss) realized on the disposition of a Right (otherwise than by the exercise of the Right) is described below under the heading "*Certain Material Canadian Federal Income Tax Considerations – Residents of Canada - Taxation of Capital Gains and Capital Losses*".

Expiry of Rights

The expiry or termination of an unexercised Right will result in a capital loss to a Common Shareholder or Exchangeable Shareholder equal to the adjusted cost base, if any, of the Right immediately before its expiry or termination. Any such capital loss will be subject to the treatment described below under the heading “*Certain Material Canadian Federal Income Tax Considerations – Residents of Canada - Taxation of Capital Gains and Capital Losses*”.

RESIDENTS OF CANADA

The following portion of the summary is generally applicable to a Common Shareholder or Exchangeable Shareholder who, at all relevant times for purposes of the Tax Act, is or is deemed to be resident in Canada (a “**Resident Holder**”).

Certain Resident Holders that might not otherwise be considered to hold their Exchangeable Shares as capital property may, in certain circumstances, be entitled to have their Exchangeable Shares and all other “Canadian securities” (as defined in the Tax Act) owned in the taxation year of the election and all subsequent taxation years deemed to be capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. The Common Stock and Rights are not “Canadian securities” for these purposes; accordingly, the characterization of Common Stock and Rights as capital property is unaffected by a Resident Holder’s making an election pursuant to subsection 39(4) of the Tax Act. Resident Holders should consult their own tax advisors regarding their particular circumstances.

Holding and Disposing of Common Stock Received on the Exercise of a McEwen Mining Subscription Right

Receipt of Dividends on Common Stock

Dividends on Common Stock will be included in the recipient’s income for the purposes of the Tax Act. Such dividends received by a Resident Holder who is an individual will not be subject to the gross-up and dividend tax credit rules in the Tax Act. A Resident Holder that is a corporation must include such dividends in computing its income and generally will not be entitled to deduct the amount of the dividends in computing its taxable income.

A Resident Holder that, throughout the relevant taxation year, is a “Canadian-controlled private corporation” (as defined in the Tax Act) may be liable to pay a refundable tax of 6 2/3% on its “aggregate investment income” (as defined in the Tax Act), including dividends received on Common Stock that are not deductible in computing taxable income.

A Resident Holder may be entitled to a foreign tax credit or deduction for any United States non-resident withholding tax paid on dividends received on Common Stock to the extent and under the circumstances provided in the Tax Act.

Disposition of Common Stock

On a disposition or a deemed disposition of Common Stock, a Resident Holder generally will realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of the Common Stock exceed (or are exceeded by) the aggregate of the Resident Holder’s adjusted cost base thereof and any reasonable costs of disposition. The tax treatment of any such capital gain (or capital loss) is described under “*Certain Material Canadian Federal Income Tax Considerations – Residents of Canada – Taxation of Capital Gains and Losses*”.

Resident Holders that are subject to U.S. taxation on the disposition of Common Stock should consult their own tax advisors with respect to their entitlements to claim exemption from U.S. taxation on the disposition under the provisions of the *Canada – United States Tax Convention (1980)* (the “**US Treaty**”) and/or their eligibility for a foreign tax credit or a deduction in respect of such amounts under the Tax Act.

Holding and Disposing of Exchangeable Shares Received on the Exercise of an Exchange Co. Subscription Right

Dividends on Exchangeable Shares

In the case of a Resident Holder who is an individual (other than certain trusts), dividends received or deemed to be received on the Exchangeable Shares will be included in computing the Resident Holder's income and will be subject to the gross-up and dividend tax credit rules that apply to taxable dividends received from taxable Canadian corporations. Provided that appropriate designations are made by Exchange Co. at the time the dividend is paid or is deemed to be paid, such dividend will be treated as an "eligible dividend" for the purposes of the Tax Act and a Resident Holder who is an individual will be entitled to an enhanced dividend tax credit in respect of such dividend. There are limitations on the ability of a corporation to designate dividends and deemed dividends as eligible dividends.

In the case of a Resident Holder that is a corporation, dividends received or deemed to be received on the Exchangeable Shares will generally be required to be included in computing the corporation's income for the taxation year in which such dividends are received and such dividends will generally be deductible in computing the corporation's taxable income. In some circumstances the amount of any dividend may be treated as proceeds of disposition and not as a dividend in accordance with specific rules in the Tax Act. Such holders should consult their own tax advisors concerning this possibility. Corporate shareholders should consult their own tax advisors for advice with respect to the potential application of these provisions.

A Resident Holder that is a "private corporation" or a "subject corporation" for purposes of the Tax Act may be liable to pay a refundable tax of 33 1/3% on dividends received or deemed to be received to the extent such dividends are deductible in computing the corporation's taxable income.

A Resident Holder that, throughout the relevant taxation year, is a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay a refundable tax of 6 2/3% on its "aggregate investment income" (as defined in the Tax Act), including dividends received on the Exchangeable Shares that are not deductible in computing taxable income.

Redemption, Retraction, Exchange and Disposition of Exchangeable Shares

A Resident Holder will be considered to have disposed of Exchangeable Shares:

- (i) on a redemption (including pursuant to a retraction request) of such Exchangeable Shares by Exchange Co. or a purchase for cancellation by Exchange Co.; and
- (ii) on an acquisition of such Exchangeable Shares by McEwen Mining or Callco.

However, as discussed below, the Canadian federal income tax consequences of the disposition for a Resident Holder will be different depending on whether the event giving rise to the disposition is a redemption (including a retraction) by Exchange Co. or an acquisition by McEwen Mining or Callco.

A Resident Holder who exercises the right to require the redemption of an Exchangeable Share by giving a retraction request cannot control whether the Exchangeable Share will be acquired by McEwen Mining or Callco pursuant to their retraction call rights or redeemed by Exchange Co.

Redemption or Retraction of Exchangeable Shares

On a redemption (including a retraction) or purchase of an Exchangeable Share by Exchange Co., the Resident Holder of that Exchangeable Share will be deemed to have received a dividend equal to the amount, if any, by which the "redemption proceeds" exceed the paid-up capital (for purposes of the Tax Act) of the Exchangeable Share at the time of redemption. See "*Certain Material Canadian Federal Income Tax Considerations – Residents of Canada – Holding and Disposing of Exchangeable Shares Received on the Exercise of an Exchange Co. Subscription Right* –

Dividends on Exchangeable Shares” above. For these purposes, the “redemption proceeds” will be the fair market value at the time of the redemption, retraction or purchase, as the case may be, of the Common Stock received upon the redemption, retraction or purchase plus any other amount received by the Resident Holder as part of the consideration other than amounts required to be included in income as a dividend. On the redemption or purchase, the Resident Holder of an Exchangeable Share will also be considered to have disposed of the Exchangeable Share for proceeds of disposition equal to the “redemption proceeds” less the amount of such deemed dividend. The Resident Holder will in general realize a capital gain (or a capital loss) equal to the amount by which such proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the Resident Holder of the Exchangeable Shares. In the case of a Resident Holder of Exchangeable Shares that is a corporation, in some circumstances the amount of any deemed dividend arising on the redemption or purchase of Exchangeable Shares may be treated as proceeds of disposition and not as a dividend in accordance with specific rules in the Tax Act. Such holders should consult their own tax advisors concerning this possibility. For a description of the tax treatment of capital gains and losses, see “*Certain Material Canadian Federal Income Tax Considerations – Residents of Canada – Taxation of Capital Gains or Capital Losses*”.

Exchange of Exchangeable Shares with McEwen Mining or Callco

On the exchange of an Exchangeable Share by a Resident Holder with McEwen Mining or Callco for Common Stock, a Resident Holder will generally realize a capital gain (or a capital loss) to the extent the proceeds of disposition of the Exchangeable Share, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the Resident Holder of the Exchangeable Share immediately before the exchange. For these purposes, the proceeds of disposition will be the fair market value at the time of the exchange of the Common Stock received upon exchange plus any other amount received by the Resident Holder from McEwen Mining, Callco or any other subsidiary of McEwen Mining as part of the exchange consideration other than amounts required to be included in income as a dividend. For a description of the tax treatment of capital gains and losses, see “*Certain Material Canadian Federal Income Tax Considerations – Residents of Canada – Taxation of Capital Gains or Capital Losses*” below. The acquisition by McEwen Mining or Callco of an Exchangeable Share from the holder thereof will not result in a deemed dividend to the holder.

Disposition of Exchangeable Shares other than on a Redemption, Retraction or Exchange

A disposition or deemed disposition of Exchangeable Shares by a Resident Holder, other than on the redemption (including a retraction), repurchase for cancellation or exchange of the Exchangeable Shares, will generally result in a capital gain (or a capital loss) to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the Resident Holder of those Exchangeable Shares immediately before the disposition. For a description of the tax treatment of capital gains and losses, see “*Certain Material Canadian Federal Income Tax Considerations – Residents of Canada – Taxation of Capital Gains or Capital Losses*”.

Acquisition and Disposition of Common Stock

The cost of Common Stock received on a redemption (including a retraction), repurchase for cancellation or exchange of an Exchangeable Share will be equal to the fair market value of such Common Stock at the time of such event and will generally be averaged with the adjusted cost base of any other Common Stock held at that time by the Resident Holder as capital property for the purpose of determining the Resident Holder's adjusted cost base of such Common Stock.

A disposition or deemed disposition of Common Stock by a Resident Holder will generally result in a capital gain (or capital loss) to the Resident Holder in the same manner described above under “*Certain Material Canadian Federal Income tax Considerations – Residents of Canada – Holding and Disposing of Common Stock Received on the Exercise of a McEwen Mining Subscription Right – Disposition of Common Stock*”.

Dividends on Common Stock

The taxation of dividends received by a Resident Holder that has acquired Common Stock on the redemption, retraction or exchange of the Exchangeable Shares will be subject to the same tax treatment described above under “*Certain Material Canadian Federal Income tax Considerations – Residents of Canada – Holding and Disposing of Common Stock Received on the Exercise of a McEwen Mining Subscription Right – Receipt of Dividends on Common Stock*”.

Taxation of Capital Gains and Capital Losses

One-half of any capital gain (a “taxable capital gain”) realized by a Resident Holder in a taxation year must be included in the Resident Holder's income for the year, and one-half of any capital loss (an “allowable capital loss”) realized by a Resident Holder in a taxation year must be deducted from taxable capital gains realized by the Resident Holder in that year (subject to and in accordance with rules contained in the Tax Act). Allowable capital losses for a taxation year in excess of taxable capital gains for that year generally may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years, to the extent and under the circumstances described in the Tax Act.

A Resident Holder that, throughout the relevant taxation year, is a “Canadian-controlled private corporation” (as defined in the Tax Act) may be liable to pay a refundable tax of 6 2/3% on its “aggregate investment income” (as defined in the Tax Act), including any taxable capital gains.

If the Resident Holder is a corporation, the amount of any capital loss realized on a disposition or deemed disposition of such share may be reduced by the amount of dividends received or deemed to have been received by it on such share (and in certain circumstances a share exchanged for such share) to the extent and under circumstances prescribed by the Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns such shares or where a trust or partnership of which a corporation is a beneficiary or a member is a member of a partnership or a beneficiary of a trust that owns any such shares. Resident Holders to whom these rules may be relevant should consult their own tax advisors.

Alternative Minimum Tax

Individuals and certain trusts that receive or are deemed to receive taxable dividends on Common Stock, or Exchangeable Shares, or that realize a capital gain on the disposition or deemed disposition of Rights, Common Stock or Exchangeable Shares, may realize an increase in their liability for alternative minimum tax under the Tax Act.

Eligibility for Investment

Based on the provisions of the Tax Act in effect on the date hereof, the Rights, Common Stock and Exchangeable Shares issuable upon exercise of the Rights would be, if issued on the date hereof, “qualified investments” as defined in the Tax Act for trusts governed by registered retirement savings plans (“RRSPs”), registered retirement income funds (“RRIFs”), deferred profit sharing plans, registered education savings plans, registered disability savings plans and tax-free savings accounts (“TFSA”) under the Tax Act (collectively, “**Exempt Plans**”) provided that the Rights, Common Stock and Exchangeable Shares issuable upon the exercise of the Rights are listed on a “designated stock exchange”, as defined in the Tax Act (which currently includes the TSX).

Notwithstanding that the Rights, Common Stock and Exchangeable Shares issuable upon exercise of the Rights may be qualified investments as described above, the holder of a trust governed by a TFSA or the annuitant under a RRSP or RRIF that holds Rights, Common Stock or Exchangeable Shares will be subject to a penalty tax if such Rights, Common Stock or Exchangeable Shares are a “prohibited investment” for the purposes of the Tax Act. The Rights, Common Stock and Exchangeable Shares will generally be a “prohibited investment” if the holder or the annuitant, as the case may be, does not deal at arm's length with McEwen Mining or Exchange Co., as the case may be, for the purposes of the Tax Act or the holder or the annuitant, as the case may be, has a “significant interest” (within the meaning of the Tax Act) in McEwen Mining, Exchange Co. or a corporation, partnership or trust with

which McEwen Mining or Exchange Co. does not deal at arm's length for the purposes of the Tax Act. **Prospective Resident Holders should consult their own tax advisors regarding their particular circumstances**, including with respect to any potential relief from the application of the prohibited investment rules under an undated letter of the Department of Finance (Canada) provided in 2012 by it to the Joint Committee on Taxation of the Canadian Bar Association and the Canadian Institute of Chartered Accountants.

The Ancillary Rights will not be qualified investments under the Tax Act for Exempt Plans. However, McEwen Mining is of the view that the Ancillary Rights have a nominal fair market value. Any determination of value is not binding on the CRA. **Resident Holders should consult their own tax advisors for tax advice with respect to their particular circumstances.**

Foreign Property Information Reporting

In general, a "specified Canadian entity" for a taxation year or fiscal period whose total cost amount of "specified foreign property" (both as defined in the Tax Act) at any time in the year or fiscal period exceeds C\$100,000, is required to file an information return for the year or period disclosing prescribed information, including the cost amount, any dividends received in the year, and any gains or losses realized in the year in respect of such property. On March 4, 2010, Proposed Amendments to expand existing reporting requirements with respect to specified foreign property to require more detailed information were announced. As of the date hereof, no detailed legislative proposals or revised administrative policies with respect to such amended reporting requirements have been made public. Subject to certain exceptions, a Resident Holder will be a specified Canadian entity.

Specified foreign property is defined in the Tax Act to include shares of the capital stock of a non-resident corporation and property that, under the terms or conditions thereof or any agreement related thereto, is convertible into, exchangeable for or confers a right to acquire, property that is a share of the capital stock of a non-resident corporation. As such, Exchangeable Shares and Ancillary Rights will be, and Common Stock is, specified foreign property to a Resident Holder. Accordingly, Resident Holders of Exchangeable Shares, Ancillary Rights and Common Stock should consult their own tax advisors regarding compliance with these rules.

Offshore Investment Fund Property

The Tax Act contains rules which, in certain circumstances, may require a Resident Holder of Common Stock to include in income in each taxation year an amount in respect of the acquisition and holding of interests in "offshore investment fund property". Both of the following conditions must be satisfied in order for these rules to apply in respect of Common Stock held by a Resident Holder:

(a) the Common Stock may reasonably be considered to derive its value, directly or indirectly, primarily from portfolio investments in: (i) shares of the capital stock of one or more corporations; (ii) indebtedness or annuities; (iii) interests in one or more corporations, trusts, partnerships, organizations, funds or entities; (iv) commodities; (v) real estate; (vi) Canadian or foreign resource properties; (vii) currency of a country other than Canada; (viii) rights or options to acquire or dispose of any of the foregoing; or (ix) any combination of the foregoing (collectively, "Investment Assets"); and

(b) it must be reasonable to conclude, having regard to all the circumstances, that one of the main reasons for the holder acquiring, holding or having the Common Stock was to derive a benefit from portfolio investments in Investment Assets in such a manner that the taxes, if any, on the income, profits and gains from such assets for any particular year are significantly less than the tax that would have been applicable under Part I of the Tax Act had the income, profits and gains been earned directly by such holder.

If applicable, these rules would generally require a holder of Common Stock that is a resident of Canada for purposes of the Tax Act to include in income for each taxation year in which such holder holds the Common Stock, the amount, if any, by which (i) an imputed return for the taxation year computed on a monthly basis and calculated as the product obtained when the holder's "designated cost" (as defined in the Tax Act) of the Common Stock at the end of the month is multiplied by 1/12th of the total of the prescribed rate for the period that includes such month and two per cent; exceeds (ii) the holder's income, including dividends received, from the Common Stock for the

year (other than capital gains) determined without reference to these rules. Any amount required to be included in computing a shareholder's income in respect of Common Stock under these rules would be added to the adjusted cost base to the holder of such Common Stock.

These rules are complex and their application depends, to a large extent, on the reasons for acquiring or holding Common Stock. Resident Holders are urged to consult their own tax advisors regarding the application and consequences of these rules.

NON-RESIDENTS OF CANADA

The following portion of the summary is generally applicable to an Exchangeable Shareholder who, at all relevant times for purposes of the Tax Act and any applicable income tax treaty, (i) is not, and is not deemed to be a resident of Canada, and (ii) do not use or hold, and are not deemed to use or hold their Exchange Co. Subscription Rights or Exchangeable Shares in connection with carrying on a business or an adventure or concern in the nature of trade in Canada (a “**Non-Resident Holder**”). This summary does not address an insurer that carries on an insurance business in Canada and elsewhere, or an authorized foreign bank that carries on a Canadian banking business.

Disposition of Exchange Co. Subscription Rights or Exchangeable Shares

A Non-Resident Holder will not be subject to tax under the Tax Act on the disposition or deemed disposition of Exchange Co. Subscription Rights or Exchangeable Shares provided such Exchange Co. Subscription Rights and Exchangeable Shares do not constitute “taxable Canadian property” (as defined in the Tax Act) to such Non-Resident Shareholder.

The Exchange Co. Subscription Rights will only be “taxable Canadian property” of a Non-Resident Holder if the Exchangeable Shares to be issued upon the exercise of the Exchange Co. Subscription Rights would be “taxable Canadian property” of the Non-Resident Holder.

Generally, the Exchangeable Shares will not be “taxable Canadian property” of a Non-Resident Holder at a particular time if the Exchangeable Shares are listed on a designated exchange (which currently includes the TSX) unless at any time during the 60-month period immediately preceding the particular time: (a) the Non-Resident Holder or persons with whom the Non-Resident Holder did not deal at arm's length or any combination thereof, held 25% or more of the issued Exchangeable Shares or any other class or series of shares of Exchange Co. and more than 50% of the fair market value of the Exchangeable Shares was derived directly or indirectly from any one or any combination of real or immovable property situated in Canada, Canadian resource properties, timber resource properties and options in respect of, or interests in, or for civil law rights in, such property, whether or not the property exists; or (b) the Exchangeable Shares had been acquired by the Non-Resident Holder in certain types of tax deferred exchanges for property that was itself taxable Canadian property at the time of the exchange.

Even if the Exchange Co. Subscription Rights or Exchangeable Shares held by a Non-Resident Holder are “taxable Canadian property”, a capital gain from the disposition of such Exchange Co. Subscription Rights or Exchangeable Shares may be exempted from tax under the Tax Act pursuant to an applicable income tax treaty or convention.

Non-Resident Holders should consult their own tax advisors regarding the availability of benefits under any tax treaty or convention to which Canada is a signatory.

A Non-Resident Holder whose Exchange Co. Subscription Rights or Exchangeable Shares are “taxable Canadian property” to such holder and who is not entitled to the benefits of an applicable income tax treaty or convention may be liable for Canadian capital gains tax on a disposition of the Exchange Co. Subscription Rights or Exchangeable Shares as described above under the headings “*Certain Material Canadian Federal Income Tax Considerations – Residents of Canada – Taxation of Capital Gains and Losses*”.

Dividends on Exchangeable Shares

Dividends paid or deemed to be paid to a Non-Resident Holder on Exchangeable Shares (including on a redemption of such shares by Exchange Co.) will be subject to Canadian withholding tax at the rate of 25% unless the rate is reduced under the provisions of an applicable income tax treaty or convention. For example, under the US Treaty, the withholding tax rate is generally reduced to 15% in respect of a dividend paid to a person who is the beneficial owner thereof and who is resident in the United States for purposes of the US Treaty, and who is entitled to the full benefits of the US Treaty in respect of such dividend.

LEGAL MATTERS

Certain legal matters relating to Canadian law in connection with this rights offering will be passed upon for us by Fraser Milner Casgrain LLP.

STATEMENT AS TO RESALE RESTRICTIONS

The rights being issued hereunder and the McEwen Mining common stock and Exchange Co. exchangeable shares issuable upon exercise of the rights are being distributed by McEwen Mining and Exchange Co. pursuant to exemptions from the prospectus requirements under securities legislation in the provinces of Canada. Resale of the rights and the McEwen Mining common stock and Exchange Co. exchangeable shares issuable upon exercise of the rights may be subject to restrictions pursuant to applicable securities legislation. The following is a general summary of the restrictions governing the first trades of such securities. Additional restrictions apply to “insiders” of McEwen Mining and holders of the rights and the McEwen Mining common stock and Exchange Co. exchangeable shares issuable upon exercise of the rights, who are “control persons” or the equivalent or who are deemed to be part of what is commonly referred to as a “control block” in respect of McEwen Mining or Exchange Co. for purposes of securities legislation.

Generally, in Canada, the first trade of the rights and the McEwen Mining common stock and Exchange Co. exchangeable shares issuable upon exercise of the rights will be exempt from the prospectus requirements of provincial securities legislation if:

- (a) McEwen Mining and Exchange Co., as applicable, is and has been a “reporting issuer” in a jurisdiction of Canada for the four months immediately preceding the trade;
- (b) the trade is not a “control distribution” as defined in the applicable securities legislation;
- (c) no unusual effort is made to prepare the market or to create a demand for the securities;
- (d) no extraordinary commission or other consideration is paid in respect of such trade; and
- (e) if the seller is an insider or officer of McEwen Mining or Exchange Co., as applicable, the seller has no reasonable grounds to believe that McEwen Mining or Exchange Co., as applicable, is in default of applicable securities legislation.

If such conditions have not been met, then the securities may not be resold except pursuant to a prospectus or prospectus exemption, which may only be available in limited circumstances.

Each of McEwen Mining and Exchange Co. has been a reporting issuer for more than four months in each of the provinces of British Columbia, Alberta, Manitoba, Saskatchewan, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador.

The foregoing is a summary only and is not intended to be exhaustive. Holders of rights should consult with their advisors concerning restrictions on resale, and should not resell their securities until they have determined that any such resale is in compliance with the requirements of applicable legislation.

WHERE YOU CAN FIND MORE INFORMATION

For more information about McEwen Mining and Exchange Co., shareholders are referred to the documents filed with securities regulatory authorities in Canada. All continuous disclosure documents for McEwen Mining and Exchange Co. are available through the internet on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.