

# McEwen Mining: Q3 2019 Results

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TORONTO, Oct. 30, 2019 - [McEwen Mining Inc.](#) (NYSE: MUX) (TSX: MUX) announces its results for the third quarter ended September 30, 2019 (“Q3”). Total production during Q3 was 35,042 gold ounces and 947,145 silver ounces, or 45,930 gold equivalent ounces<sup>(1)</sup> (“GEOs”) using the average gold:silver price ratio for Q3 of 87:1. Our four producing mines generated Earnings From Mining Operations of \$9.4 million<sup>(2)(3)</sup> during the quarter. We continued to invest in exploration and development, spending \$15.8 million on advanced projects during Q3, which contributed to our consolidated net loss of \$11.5 million, or \$0.03 per share.

## Q4 2019 and 2020 Outlook

During Q4 2019, we expect to produce between 42,000-46,000 GEOs, placing us near the midpoint of our guidance range for the year. Cash costs and AISC<sup>(1)(2)</sup> will be elevated at Gold Bar due to improvements and repairs to the conveying systems and process plant. Cash costs at Black Fox are expected to return to the levels we guided for the year, and AISC is expected to remain above guidance due to additional sustaining capital expenditures.

For 2020, we expect an overall improvement in GEOs produced and our global cost per GEO compared to 2019, as Gold Bar is forecast to produce 65,000-70,000 gold ounces during the year. Production and cost guidance for 2020 will be provided with our Q4 results.

## Operations Update

### San José Mine, Argentina (49% Interest)

The mine is on-track to achieving our full year guidance for 2019 of 49,000 gold ounces and 3,225,000 silver ounces. Our attributable production from San José in Q3 was 13,575 gold ounces and 943,037 silver ounces, for a total of 24,415 GEOs, compared to 21,676 GEOs in 2018. Cash costs and all-in sustaining costs (AISC) were \$915 and \$1,204 per GEO, respectively, in line with our guidance for the year. During Q3 we received \$2 million, and subsequent to the end of the quarter we received a further \$3 million, in dividends from our interest in the San José Mine.

### Black Fox Mine, Canada (100% Interest)

In Q3, Black Fox produced 7,427 gold ounces, compared to 11,618 gold ounces in 2018. Cash costs and AISC were \$941 and \$1,363, respectively. AISC was above our guidance primarily due to lower than expected gold production.

Our 2019 exploration budget for the Black Fox Complex is \$18 million. For detailed information about our ongoing exploration at the Black Fox Complex, refer to our news release dated July 10<sup>th</sup> & 25<sup>th</sup>, September 4<sup>th</sup>, 10<sup>th</sup> & 30<sup>th</sup>, and Oct. 28<sup>th</sup>.

### Gold Bar Mine, USA (100% Interest)

Q3 was the first full quarter of commercial production at Gold Bar. Production during Q3 was 11,030 gold ounces. Cash costs and AISC were above guidance at \$1,088 and \$1,235 per GEO, respectively, primarily due to operational challenges during the first half of the year.

Our 2019 exploration budget for the Gold Bar property is \$5 million. Drilling focused on Gold Bar South in

order to advance permitting, with the objective of having development begin in late 2020. We also drilled two deep holes to test the potential of the property for Carlin-type gold deposits. For detailed information about our Nevada exploration program, refer to our news releases date August 20<sup>th</sup>, and October 15<sup>th</sup>.

#### El Gallo Mine, Mexico (100% Interest)

The mine is on-track to achieving our full year production guidance for 2019 of 16,000 gold ounces. During Q3, the mine produced 3,057 gold equivalent ounces. Cash costs and AISC were \$1,153 and \$1,177 per GEO, respectively. Production from residual leaching decreased due to depletion of the leachable gold content and the normal impact of the wet season. We are evaluating several methods of enhancing and extending the existing operation.

Work on the Fenix Project feasibility study and permitting is progressing. During Q3 environmental permits were received for Phase 1 plant development and in-pit tailings storage.

#### Los Azules Project, Argentina (100% Interest)

During Q3, we continued to advance permitting efforts, preliminary engineering and cost estimating for the proposed low altitude all year access route.

Table 1 below provides production and cost results for Q1, Q2 and Q3 2019 and comparative results from 2018 along with production and cost guidance for the full year 2019.

Table 1: Production and Costs

	Q1		Q2		Q3		Full Year
	2018	2019	2018	2019	2018	2019	2019 Guidance
<b>Total Production</b>							
Gold (oz)	35,068	26,938	36,959	36,216	33,806	35,042	131,000-138,000
Silver (oz)	695,651	703,219	772,432	850,525	745,172	947,145	3,225,000
GEOs <sup>(1)</sup>	44,344	36,315	47,258	45,881	43,742	45,930	169,000-176,000
<b>San José Mine, Argentina (49%)<sup>(4)</sup></b>							
Gold (oz)	10,822	10,559	12,139	13,518	11,768	13,575	49,000
Silver (oz)	692,052	701,341	769,197	848,268	743,100	943,037	3,225,000
GEOs <sup>(1)</sup>	20,049	19,910	22,395	23,157	21,676	24,415	87,000
Cash Costs (\$/GEO) <sup>(1)(2)</sup>	934	749	806	960	856	915	860
AISC (\$/GEO) <sup>(1)(2)</sup>	1,148	1,115	1,065	1,207	1,028	1,204	1,120
<b>El Gallo Mine, Mexico</b>							
GEOs <sup>(1)</sup>	12,217	5,432	10,808	5,354	10,448	3,057	16,000
Cash Costs (\$/GEO) <sup>(1)(2)</sup>	691	967	783	926	671	1,153	875
AISC (\$/GEO) <sup>(1)(2)</sup>	753	989	816	939	683	1,177	915
<b>Black Fox Mine, Canada</b>							
GEOs <sup>(1)</sup>	12,078	8,943	14,055	9,430	11,618	7,427	36,000-40,000
Cash Costs (\$/GEO) <sup>(1)(2)</sup>	849	805	771	837	932	941	905
AISC (\$/GEO) <sup>(1)(2)</sup>	1,188	1,454	1,056	1,196	1,285	1,363	1,080
<b>Gold Bar Mine, Nevada</b>							
GEOs <sup>(1)</sup>	-	2,030 <sup>(5)</sup>	-	7,940 <sup>(5)</sup>	-	11,030	30,000-33,000
Cash Costs (\$/GEO) <sup>(1)(2)</sup>	-	-	-	901	-	1,088	930
AISC (\$/GEO) <sup>(1)(2)</sup>	-	-	-	1,088	-	1,235	975

Notes:

1. 'Gold Equivalent Ounces' are calculated based on a 75:1 gold to silver price ratio for periods up to and including Q1 2019, 88:1 for Q2 2019, and 87:1 for Q3. 2019 GEO and costs guidance is stated using a 85:1 ratio.
2. Earnings from mining operations, cash costs per ounce, all-in sustaining costs (AISC) per ounce, and liquid assets are non-GAAP financial performance measures with no standardized definition under U.S. GAAP. See "Cautionary Note Regarding Non-GAAP Measures" for additional information, including definitions of these terms.
3. All amounts are reported in US dollars unless otherwise stated.
4. Represents the portion attributable to us from our 49% interest in the San José Mine.
5. Pre-commercial production at Gold Bar during Q1 2019 was 2,030 GEOs, cash costs and AISC were not reported. Gold Bar started commercial production on May 23, 2019.

Table 2 below provides financial highlights for Q3 and Q3 YTD 2019 and comparative results from 2018.

Table 2: Financial Highlights

	Q3 2018	Q3 2019	Q3 YTD 2018	Q3 YTD 2019
Treasury				
Liquid Assets (\$ millions) <sup>(2)</sup>	54.0	18.5	54.0	18.5
Working Capital (\$ millions)	37.9	16.5	37.9	16.5
Debt (Term loan) (\$ millions)	50.0	50.0	50.0	50.0
Earnings (Loss) from Mining Operations <sup>(2)</sup>				
Black Fox Mine (\$ millions)	(0.3)	0.1	6.9	1.9
San José Mine (49%) (\$ millions)	(1.7)	6.4	3.7	9.6
El Gallo Mine (\$ millions)	6.8	1.1	24.5	4.9
Gold Bar Mine (\$ millions)	-	1.8	-	3.9
Consolidated Net Income				
Net (Loss) (\$ millions)	(13.3)	(11.5)	(23.9)	(34.6)
Net (Loss) per Share (\$)	(0.04)	(0.03)	(0.07)	(0.10)
Cash Flow				
Cash Provided By (Used In) Operating Activities (\$ millions)	(1.4)	(12.8)	(0.8)	(21.9)

For the SEC Form 10-Q Financial Statements and MD&A refer to:  
<http://www.sec.gov/cgi-bin/browse-edgar?action=getcompany&CIK=0000314203>

#### Conference Call and Webcast

We invite you to join our conference call, where management will discuss our Q3 financial results and project developments and follow with a question and answer session. Questions can be asked directly by participants during the webcast. The webcast will be archived on the McEwen website following the call.

Toll Free US & Canada: 1 (866) 211-4128  
 Wednesday, October 30, 2019 Outside US & Canada: 1 (647) 689-6724  
 11:00 am EDT Conference ID Number: 3788346  
 Webcast Link: [Click Here](#)

Management will reference slides from this presentation during the conference call:  
[http://mcewenmining.com/files/doc\\_presentations/20191030\\_q3\\_conf\\_call.pdf](http://mcewenmining.com/files/doc_presentations/20191030_q3_conf_call.pdf)

#### ABOUT MCEWEN MINING

McEwen Mining is a diversified gold and silver producer and explorer with operating mines in Nevada,

Canada, Mexico and Argentina. It also owns a large copper deposit in Argentina. McEwen's goal is to create a profitable gold and silver producer focused in the Americas.

McEwen has approximately 362 million shares outstanding. Rob McEwen, Chairman and Chief Owner, owns 22% of the shares.

#### Reliability of Information Regarding San José

Minera Santa Cruz S.A., the owner of the San José Mine, is responsible for and has supplied to the Company all reported results from the San José Mine. McEwen Mining's joint venture partner, a subsidiary of [Hochschild Mining plc](#), and its affiliates other than MSC do not accept responsibility for the use of project data or the adequacy or accuracy of this release.

#### Technical Information

The technical contents of this news release has been reviewed and approved by Chris Stewart, P.Eng., President & COO of McEwen Mining and a Qualified Person as defined by Canadian Securities Administrators National Instrument 43-101 "Standards of Disclosure for Mineral Projects."

#### CAUTIONARY NOTE REGARDING NON-GAAP MEASURES

In this report, we have provided information prepared or calculated according to U.S. GAAP, as well as provided some non-U.S. GAAP ("non-GAAP") performance measures. Because the non-GAAP performance measures do not have any standardized meaning prescribed by U.S. GAAP, they may not be comparable to similar measures presented by other companies.

#### *Cash Costs and All-in Sustaining Costs*

Cash costs consist of mining, processing, on-site general and administrative costs, community and permitting costs related to current operations, royalty costs, refining and treatment charges (for both doré and concentrate products), sales costs, export taxes and operational stripping costs, and exclude depreciation and depletion. All-in sustaining costs consist of cash costs (as described above), plus environmental rehabilitation costs, amortization of the asset retirement costs related to operating sites, sustaining exploration and development costs, sustaining capital expenditures, and sustaining lease payments. Both cash costs and all-in sustaining costs are divided by the gold equivalent ounces sold to determine cash costs and all-in sustaining costs on a per ounce basis. For both cash costs and all-in sustaining costs we exclude our attributable share of cash costs from operations where we hold less than a 100% economic share in the production, such as MSC, where we hold a 49% interest. We use and report these measures to provide additional information regarding operational efficiencies both on a consolidated and an individual mine basis, and believe that these measures provide investors and analysts with useful information about our underlying costs of operations. A reconciliation to the nearest U.S. GAAP measure is provided in McEwen Mining's Quarterly Report on Form 10-Q for the quarter ended September 30, 2019.

#### *Earnings from mining operations*

The term earnings from mining operations is a Non-GAAP financial measure. We use and report this metric because we believe it provides investors and analysts with a useful measure of the underlying earnings from our mining operations. We define earnings from mining operations as revenue from gold and silver sales from our El Gallo Project, Gold Bar mine, Black Fox mine, and our 49% attributable share of the San José mine's revenues from gold and silver sales, less their respective production costs applicable to sales and depreciation and depletion. To the extent that depreciation and depletion may include depreciation and amortization expense related to the fair value increments on historical business acquisitions (fair value paid in excess of the carrying value of the underlying assets and liabilities assumed on the date of acquisition), we exclude this expense in order to arrive at depreciation and depletion that only includes depreciation and amortization expense incurred at the mine site level. A reconciliation to the nearest US GAAP measure, revenue from gold and silver sales, production costs applicable to sales and depreciation and depletion is provided in the Quarterly Report on Form 10-Q for the quarter ended September 30, 2019.

#### *Liquid assets*

The term liquid assets used in this report is a non-GAAP financial measure. We report this measure to better understand our liquidity in each reporting period. Liquid assets is calculated as the sum of cash and cash equivalents, restricted cash, investments, trade receivable and ounces of doré held in precious metals inventories, with precious metals valued at the London PM Fix spot price at the corresponding period. A reconciliation to the most directly comparable U.S. GAAP measure is provided in McEwen Mining's Quarterly Report on Form 10-Q for the quarter ended September 30, 2019.

#### CAUTION CONCERNING FORWARD-LOOKING STATEMENTS

This news release contains certain forward-looking statements and information, including "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. The forward-looking statements and information expressed, as at the date of this news release, [McEwen Mining Inc.](#)'s (the "Company") estimates, forecasts, projections, expectations or beliefs as to future events and results. Forward-looking statements and information are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management, are inherently subject to significant business, economic and competitive uncertainties, risks and contingencies, and there can be no assurance that such statements and information will prove to be accurate. Therefore, actual results and future events could differ materially from those anticipated in such statements and information. Risks and uncertainties that could cause results or future events to differ materially from current expectations expressed or implied by the forward-looking statements and information include, but are not limited to, factors associated with fluctuations in the market price of precious metals, mining industry risks, political, economic, social and security risks associated with foreign operations, the ability of the corporation to receive or receive in a timely manner permits or other approvals required in connection with operations, risks associated with the construction of mining operations and commencement of production and the projected costs thereof, risks related to litigation, the state of the capital markets, environmental risks and hazards, uncertainty as to calculation of mineral resources and reserves, and other risks. Readers should not place undue reliance on forward-looking statements or information included herein, which speak only as of the date hereof. The Company undertakes no obligation to reissue or update forward-looking statements or information as a result of new information or events after the date hereof except as may be required by law. See McEwen Mining's Annual Report on Form 10-K for the fiscal year ended December 31, 2018 and other filings with the Securities and Exchange Commission, under the caption "Risk Factors", for additional information on risks, uncertainties and other factors relating to the forward-looking statements and information regarding the Company. All forward-looking statements and information made in this news release are qualified by this cautionary statement.

*The NYSE and TSX have not reviewed and do not accept responsibility for the adequacy or accuracy of the contents of this news release, which has been prepared by management of [McEwen Mining Inc.](#)*

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