Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

In the following discussion, "McEwen Mining", the "Company", "we", "our", and "us" refers to McEwen Mining Inc. and as the context requires, its consolidated subsidiaries.

The following discussion updates our plan of operation as of October 30, 2018, for the foreseeable future. It also analyzes our financial condition at September 30, 2018 and compares it to our financial condition at December 31, 2017. Finally, the discussion analyzes our results of operations for the three and nine months ended September 30, 2018 and compares those to the results for the three and nine months ended September 30, 2017. With regard to properties or projects that are not in production, we provide some details of our plan of operation. We suggest that you read this discussion in conjunction with MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS and our audited consolidated financial statements contained in our annual report on Form 10-K for the year ended December 31, 2017.

The technical contents of this management's discussion and analysis has been reviewed and approved by Nathan M. Stubina, Ph.D., P.Eng., FCIM, Managing Director and a Qualified Person as defined by Canadian Securities Administrator National Instrument 43-101 "Standards of Disclosure for Mineral Projects".

The discussion also presents certain Non-GAAP financial performance measures, such as earnings from mining operations, total cash costs, total cash cost per ounce, all-in sustaining costs, all-in sustaining cost per ounce, average realized price per ounce, and cash, investments, and precious metals, that are important to management in its evaluation of our operating results and which are used by management to compare our performance to what we perceive to be peer group mining companies and relied on as part of management's decision-making process. Management believes these measures may also be important to investors in evaluating our performance. For a detailed description of each of the Non-GAAP financial performance measures and certain limitations inherent in such measures, please see the discussion under "**Non-GAAP Financial Performance Measures**" below, on page 44.

Reliability of Information: Minera Santa Cruz S.A. ("MSC"), the owner of the San José Mine, is responsible for and has supplied to us all reported results from the San José Mine. The financial and technical information contained herein is, with few exceptions as noted, based entirely on information provided to us by MSC. Our 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 information.

Overview

We were organized under the laws of the State of Colorado on July 24, 1979. Since inception, we have been engaged in the exploration for, development of, production and sale of gold, silver, and copper. Robert R. McEwen, our Chairman and CEO, made his initial investment in our company in July 2005. We operate in Argentina, Mexico, Canada and the United States. We own a 49% interest in Minera Santa Cruz S.A. ("MSC"), owner of the producing San José silver-gold mine in Santa Cruz, Argentina, which is operated by the joint venture majority owner, Hochschild Mining plc. We also own a 100% interest in the Black Fox gold mine in Timmins, Ontario, Canada, the El Gallo Project in Sinaloa, Mexico, the Gold Bar gold project in Nevada, the Los Azules copper deposit in San Juan, Argentina, the Fenix silver-gold project in Sinaloa Mexico, and a portfolio of exploration properties in Argentina, Mexico, Nevada, and Timmins, Ontario, Canada.

In this report, "Au" represents gold; "Ag" represents silver; "oz" represents troy ounce; "gpt" represents grams per metric tonne; "ft." represents feet; "m" represents meter; "km" represents kilometer; "sq." represents square; and C$ refers to Canadian dollars. All of our financial information is reported in United States (U.S.) dollars, unless otherwise noted.

Note: We ceased active mining and processing at the El Gallo mine in the second quarter of 2018. Where comparative results for mining operations are presented for prior periods, we continue to use the term "El Gallo Mine." We use the term "El Gallo Project" to refer to the ongoing reclamation and residual heap-leaching that is taking place at the formerly-producing mine.

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Operating and Financial Highlights

Highlights for the third quarter of 2018 include:

- Construction at Gold Bar continues and remains on schedule for completion by the end of 2018. Activities during the quarter ended September 30, 2018 focused on completion of the heap leach pad, crushing and conveying, and advancing the gold process facility. All major equipment and bulk materials are either on site or purchased.

- Our consolidated production was 43,742 gold equivalent ounces, 11,618 gold equivalent ounces were produced by the Black Fox mine; and 21,676 gold equivalent ounces were produced by the San Jose mine (on a 49% attributable basis) and 10,448 gold equivalent ounces were recovered as a result of residual heap leaching at the El Gallo Project.
- Our consolidated gold and silver sales were $26.9 million, comprised of $11.4 million from the sale of 9,845 gold equivalent ounces by the Black Fox mine and $15.5 million from the sale of 12,750 gold equivalent ounces by the El Gallo Project.
- We realized average prices $1,220 per ounce of gold sold by the Black Fox mine, excluding our stream settlement with regard to production from Black Fox and $1,216 per ounce of gold sold by the El Gallo Project.
- El Gallo Project realized total cash costs of $671 and all-in sustaining costs of $696 per gold equivalent ounce.
- The Black Fox mine realized total cash costs of $932 and all-in sustaining costs of $1,285 per gold equivalent ounce.
- The San José mine realized total cash costs of $856 and all-in sustaining costs of $1,028 per gold equivalent ounce.
- We realized a net loss of $5.0 million from our investment in MSC, and received $2.1 million in dividends.
- We reported gross profit of $6.6 million, and a net loss of $13.3 million, or $0.04 per share for the quarter.

As of September 30, 2018, we reported $54.0 million in cash, investments and precious metals valued at the London P.M. Fix spot price [(1)].

(1) For a reconciliation of precious metals valued at the London P.M. Fix spot price and cost, please see the discussion under "Non-GAAP Financial Performance Measures" below, on page 44.

Selected Consolidated Financial and Operating Results

The following table presents selected financial and operating results of our company for the three and nine months ended September 30, 2018 and 2017:

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
	(in thousands, unless otherwise indicated)			
Gold and silver sales El Gallo 1 Project	$ 15,501	$ 13,430	$ 55,299	$ 43,373
Gold and silver sales Black Fox mine	$ 11,395	$ —	$ 46,444	$ —
Loss on investment in MSC, net of amortization	$ (4,973)	$ (462)	$ (7,450)	$ (535)
Net loss	$ (13,290)	$ (8,072)	$ (23,881)	$ (12,800)
Net loss per common share	$ (0.04)	$ (0.03)	$ (0.07)	$ (0.04)
Consolidated gold ounces[(1)]:				
Produced	33.8	19.1	105.8	61.3
Sold	34.7	21.9	115.2	69.1
Consolidated silver ounces[(1)]:				
Produced	745	750	2,213	2,252
Sold	771	735	2,227	2,304
Consolidated gold equivalent ounces[(1)(2)]:				
Produced	43.7	29.0	135.3	91.4
Sold	45.0	31.7	144.9	99.8
Silver : gold ratio[(2)]	75 : 1	75 : 1	75 : 1	75 : 1

(1) Includes the portion attributable to us from our 49% interest in the San José mine.
(2) Silver production is presented as a gold equivalent.

Consolidated Financial Performance

Despite increased operating profit obtained from the addition of Black Fox and residual leaching at the El Gallo Project, we reported a net loss of $13.3 million, or $0.04 per share, for the third quarter of 2018 due to our significant exploration activities in Canada, Los Azules and the U.S., coupled with the increase in net loss reported by MSC. Furthermore, we incurred interest expense of $0.8 million during the quarter. In comparison, during the third quarter of 2017, we reported a net loss of $8.1 million or $0.03 per share.

During the nine months ended September 30, 2018, our net loss was $23.9 million or $0.07 per share, compared to a net loss of $12.8 million or $0.04 for the same period in 2017. The increase in net loss was driven by the increase in exploration expenditures, the net loss reported by MSC, and increased general and administrative expenses. The loss was partially offset by a higher gross profit resulting from the addition of Black Fox in 2018.

Results of Consolidated Operations

Three months ended September 30, 2018 compared to 2017

Revenue. Consolidated sales for the quarter ended September 30, 2018 increased by $13.5 million to $26.9 million, from $13.4 million in 2017, due to $11.4 million gold sales contributed by the Black Fox mine, acquired in October 2017, coupled with a $2.1 million increase in sales reported by the El Gallo Project as a result of residual heap leaching.

Production Costs applicable to sales. Consolidated production costs applicable to sales increased to $20.3 million in the third quarter of 2018, from $8.6 million in 2017, due to $11.9 million production costs attributable to Black Fox mine, which as noted above was acquired in October 2017, partly offset by $0.2 million lower production costs reported by the El Gallo Project. The decrease in production costs applicable to sales at the El Gallo Project was expected, and consistent with the cessation of mining and crushing activities by June 30, 2018.

Overall, gross profit, defined as revenue less production costs applicable to sales, was $6.6 million for the three months ended September 30, 2018, compared to $4.8 million from the El Gallo Mine for the same period of 2017.

Operating Income (Expenses)

Mine development costs slightly increased to $1.5 million for the three months period ended September 30, 2018 from $1.4 million in the 2017 period. In the 2018 period, mine development costs were incurred at the Fenix project in Mexico. Since Gold Bar has SEC Industry Guide 7 compliant reserves, development and construction expenditures were capitalized beginning in November 2017.

Exploration costs in the third quarter of 2018 increased to $8.2 million from $2.4 million in 2017. Higher exploration costs were driven by our aggressive exploration activities. During the third quarter of 2018, we incurred $6.4 million in the Timmins region, $1.0 million in the U.S. and $0.4 million at the Los Azules project respectively.

Property holding costs in the third quarter of 2018 remain consistent with the same period of 2017 at $2.0 million.

General and administrative expenses slightly decreased to $4.6 million in the third quarter of 2018 from $4.7 million in 2017, primarily due to higher overhead from the development of Gold Bar, which were more than offset by a reduction in costs associated with corporate initiatives and lower overhead from the advancement of Los Azules, when compared to 2017.

We recorded a net loss of $5.0 million from our investment in MSC in the third quarter of 2018, compared to a net loss of $0.5 million in the same period of 2017. The higher net loss recorded during the third quarter of 2018 was driven by a $4.9 million decrease in sales of gold and silver, despite the increase in the number of ounces sold, as a result of a 10% and 18% decrease in the average realized price of gold and silver, respectively. Moreover, MSC also reported a $4.6 million increase in cost of sales due to the higher number of ounces of gold and silver sold during the third quarter of 2018, when compared with the same period of 2017. Please refer to the section *Results of Operations – MSC* below, for further details.

The revision of estimates and accretion of asset retirement obligation in the 2018 period remains consistent with the third quarter of 2017 at $0.3 million.

Other income (expense)

Other income was $0.3 million in the three months ended September 30, 2018 compared to other expense of $1.9 million in the same period of 2017. The change in other income was mainly driven by foreign exchange gains, partly offset by interest and other expenses.

Income and mining tax recovery

Recovery of income and mining taxes was $1.6 million in the three months ended September 30, 2018, compared to recovery of income and mining taxes of $0.6 million in 2017. The increase in the income and mining tax recovery was mainly due to foreign currency fluctuations affecting our Argentina peso denominated deferred tax liabilities and the amortization of our flow-through premiums.

Nine months ended September 30, 2018 compared to 2017

Revenue. Consolidated sales for the nine months ended September 30, 2018 increased to $101.7 million, from $43.4 million in 2017, due to $46.4 million in gold sales contributed by the Black Fox mine, coupled with a $11.9 million increase in gold and silver sales in Mexico. The Black Fox mine was acquired in October 2017 thus, there were no sales in the 2017 comparable period. The increase in gold and silver sales at the El Gallo Project was due to a higher number of ounces of gold sold from bullion inventory held at the end of 2017.

Production Costs applicable to sales. Consolidated production costs applicable to sales increased to $71.0 million in the nine months ended September 30, 2018, compared to $24.2 million in 2017, due to $40.1 million production costs reported by the Black Fox mine, coupled with $6.7 million increase in production costs reported by the El Gallo Mine. The increase in production costs at the El Gallo Mine was expected, and consistent with the higher sales volume in the period.

Overall, gross profit was $31.4 million for the nine months ended September 30, 2018, compared to $19.2 million from El Gallo Mine for the same period of 2017.

Operating Income (Expenses)

Mine development costs decreased to $2.6 million for the nine months ended September 30, 2018 from $3.2 million in the 2017 period, due to the capitalization of the development and construction expenditures at Gold Bar in 2018, which had SEC Industry Guide 7 compliant reserves effective November 2017.

Exploration costs in the period ended September 30, 2018 increased by $14.8 million to $28.7 million from $13.9 million in the 2017 period. The increase is mainly due to a $17.1 million and $2.7 million increase in exploration expenditures incurred in the Timmins region and the U.S., respectively; partly offset by a $2.6 million and $2.0 million decrease in exploration costs at Mexico and the Los Azules project, respectively.

General and administrative expenses increased to $15.6 million in 2018 from $13.1 million in 2017, primarily due to higher overhead from the development of Gold Bar, partly offset by a reduction of costs associated with corporate initiatives.

In the nine months ended September 30, 2018, we recognized a net loss of $7.5 million from our investment in MSC, compared to a net loss of $0.5 million in the same period of 2017. The higher net loss recorded during 2018 was driven by a $11.5 million decrease in sales, as a result of a 2% and 11% decrease in the average realized price of gold and silver, respectively, coupled with lower ounces of silver sold in 2018. Please refer to the section *Results of Operations – MSC* below, for further details.

The revision of estimates and accretion of asset retirement obligations increased to $0.9 million in the 2018 period, from $0.5 million in the same period of 2017, as a result of adding the Black Fox and Timmins properties to the existing estimate.

Other income (expense)

Other expense was \$0.4 million in the nine months ended September 30, 2018, compared to other income of \$1.0 in the same period of 2017. The increase in other expense was mainly due to a \$1.8 million unrealized fair value loss on marketable equity securities, a \$0.8 million loss on sale of marketable equity securities, and a \$0.7 million unrealized loss on derivatives, partly offset by a \$2.8 million increase in foreign exchange gain reported in the nine months ended September 30, 2018, when compared to the same period of 2017.

Income and mining tax recovery

Recovery of income and mining tax increased to \$4.9 million in the nine months ended September 30, 2018, from \$3.1 million recovered in 2017. The increase was mainly due to foreign currency fluctuations affecting our Argentina peso-denominated deferred tax liabilities and the amortization of our flow-through premiums, partially offset by the recognition of deferred mining taxes payable relating to our Black Fox mine.

Liquidity and Capital Resources

We had working capital of \$37.9 million at September 30, 2018, which consisted of \$77.8 million of current assets and \$39.9 million of current liabilities, compared to \$49.2 million working capital reported at year-end 2017.

The \$11.3 million decrease in working capital, from December 31, 2017 to September 30, 2018 was the net result of increased cash used in operating activities, coupled with construction costs at Gold Bar, which were partly offset by proceeds from higher number of ounces of gold and silver sold, proceeds from the \$50 million senior secured 3-year term loan facility, and higher dividends received from MSC. Overall, our cash balance increased to \$40.8 million in 2018, from \$37.2 million at December 2017.

We believe that our working capital at September 30, 2018, combined with forecasted working capital to be generated over the next 12 months, will be sufficient to satisfy our obligations due in the next 12 months, including those associated with the construction of Gold Bar, to fund ongoing operations and corporate activities.

In addition to constructing the Gold Bar mine, we continue to evaluate capital and development expenditure requirements to advance Los Azules, Black Fox, our other Timmins projects, and Project Fenix in Mexico. If our working capital is not sufficient to advance these projects, we will defer one or more of these initiatives. Furthermore, if we make a positive decision to develop one or more of these initiatives, the expenditures incurred may significantly exceed our working capital. In such case, we would consider several financing methods, which may include incurring additional debt, issuing additional equity, equipment leasing, and other forms of financing.

Net cash used in operations was \$0.8 million for the nine months ended September 30, 2018, compared to \$16.4 million in the same period of 2017. The significant changes period-to-period are summarized as follows:

- \$102.4 million cash received from gold and silver sales in 2018, compared to \$43.4 million in 2017, resulting from increased sales from the recently acquired Black Fox mine, and higher number of ounces of gold sold at higher average realized price during 2018 by the El Gallo Mine;

- \$6.1 million VAT collected in Mexico in the nine months ended September 30, 2018, compared to \$1.6 million in the same period of 2017; and

- \$102.8 million cash paid to suppliers and employees in 2018, compared to \$59.9 million in 2017, due to significantly higher production after the acquisition of Black Fox, construction at Gold Bar, and exploration expenses.

Cash used in investing activities increased to $41.6 million in the nine months ending September 30, 2018, from $7.6 million provided in 2017, primarily due to:

- $9.0 million expenditures on mineral property interests in the 2018 period primarily related to underground development at the Black Fox complex, compared to $nil in 2017;

- $44.3 million expenditures on property and equipment, mostly at the Gold Bar project, compared to $0.9 million in 2017;

- $1.4 million investment in marketable equity securities in 2018, compared to $nil in 2017;

- $9.4 million dividends received from MSC in 2018, compared to $7.2 million in 2017; and

- $3.7 million in proceeds from the sale of marketable securities during the nine months ended September 30, 2018, compared to $2.2 million in 2017.

Financing activities provided $45.4 million in 2018, compared to $40.2 million in 2017, primarily due to net proceeds of $49.1 million from the issuance of senior secured 3-year term loan facility executed in August 2018, compared to $43.2 million of proceeds from an equity issuance in 2017.

Results of Operations — Mexico Segment

The Mexico Segment includes the El Gallo project and the advanced-stage Fenix Project, located in Sinaloa.

El Gallo Project (formerly "El Gallo 1" or "El Gallo Mine")

Mining, crushing and processing activities ceased during the second quarter of 2018. Prior to ceasing mining and processing activities, the El Gallo 1 gold mine was a mature operation, at which we mined and depleted various pits during its operating life. Current activities are limited to closure and reclamation, which includes residual leaching activities that will continue until 2020.

Overview

The following table outlines total production, sales, cash costs, and all-in sustaining cash costs (on a gold equivalent basis) for El Gallo Mine for the three and nine month periods ended September 30, 2018 and 2017:

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
	(in thousands, unless otherwise indicated)			
Tonnes of mineralized material mined	—	170	823	789
Average grade gold (gpt)	—	2.70	1.43	1.57
Tonnes of mineralized material processed	—	278	830	904
Average grade gold (gpt)	—	2.53	1.51	1.78
Gold ounces:				
Produced	10.4	7.2	33.4	26.6
Sold	12.8	10.5	42.7	34.5
Silver ounces:				
Produced	1.5	1.8	6.6	12.5
Sold	—	6.0	8.7	22.0
Gold equivalent ounces(1):				
Produced	10.4	7.2	33.5	26.8
Sold	12.8	10.6	42.9	34.7
Net sales	$ 15,501	$ 13,430	$ 55,299	$ 43,373
Average realized price ($/ounce)(2):				
Gold	$ 1,216	$ 1,269	$ 1,291	$ 1,248
Silver	$ —	$ 17.46	$ 16.59	$ 17.41
London average price ($/ounce):				
P.M. Fix Gold	$ 1,213	$ 1,278	$ 1,282	$ 1,251
Fix Silver	$ 15.00	$ 16.84	$ 16.10	$ 17.16
Silver : gold ratio(1)	75 : 1	75 : 1	75 : 1	75 : 1

(1) Silver production is presented as a gold equivalent.

(2) Average realized price is a non-GAAP financial performance measure with no standardized definition under U.S. GAAP. See "Non-GAAP Financial Performance Measures", on page 44 for additional information, including definitions of this term.

Tonnes mined represent tonnes of mineralized material extracted, while tonnes processed represent tonnes of mineralized material crushed and placed on the leach pads. The difference between tonnes mined of 822,805 and tonnes processed of 830,267 for the nine months ended September 30, 2018, corresponds to mineralized material taken from stockpiled inventory. Due to long process cycles, actual recoveries from the heap are difficult to measure and may fluctuate significantly based on the timing, quantity and metallurgical attributes of the mineralized material placed on the leach pads, among other variables. The cumulative recovery rate realized for gold production from September 1, 2012 (start of production at El Gallo 1) to September 30, 2018 including residual heap leaching activities following the cessation of mining activities in the second quarter, is estimated at 60%.

Gold and silver production

- Production for the quarter ended September 30, 2018 increased to 10,448 gold equivalent ounces, from 7,213 gold equivalent ounces in the comparable period in 2017, as a result of recoveries from the larger number of tonnes placed on the leach pad during the second quarter of 2018. Additionally, a serious mechanical failure occurred at the end of July 2017 removing the crushing circuit from operation for most of August 2017, significantly reducing production during the quarter ended September 30, 2017.

- For the nine months period ended September 30, 2018, production increased to 33,473 gold equivalent ounces from 26,800 ounces in the comparable period of 2017. The increase in production, despite the lower number of tonnes processed and the decrease in the average grades of the ore processed in 2018, was the result of production from the larger number of tonnes placed in the leach pad during the fourth quarter of 2017. Moreover, during the nine months ended September 30, 2017, El Gallo 1 experienced operational issues affecting the crushing circuit for most of August 2017 as mentioned above.

Gold and silver sales

- Revenue from sale of gold and silver at the El Gallo Project increased to $15.5 million in the third quarter of 2018, compared to $13.4 million for the same period in 2017, due to a 21% increase in the number of ounces of gold equivalent sold, partly offset by a 4% decrease in average realized price of gold in the period.

- For the nine months ended September 30, 2018, revenue from sale of gold and silver at the El Gallo Mine increased by 27% to $55.3 million, from $43.4 million in the same period of 2017. The increase in sales was due to a 23% increase in gold equivalent ounces sold in 2018, coupled with a 3% increase in the average realized price of gold.

Total Cash Costs and All-In Sustaining Costs

The following table summarizes our total cash cost, cash cost per ounce, all-in sustaining costs and all-in sustaining costs per ounce of gold equivalent at the El Gallo Mine:

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
	(in thousands, unless otherwise stated)			
El Gallo 1/El Gallo Project				
Total cash costs(1)	$ 8,561	$ 8,799	$ 30,367	$ 24,134
Total cash cost per gold equivalent ounce sold ($/ounce)(1)(2)	$ 671	$ 832	$ 709	$ 695
All in sustaining costs(1)	$ 8,873	$ 10,008	$ 32,237	$ 28,248
All in sustaining cost per gold equivalent ounce sold ($/ounce)(1)(2)	$ 696	$ 946	$ 752	$ 813
Silver : gold ratio(2)	75 : 1	75 : 1	75 : 1	75 : 1

(1) Total cash cost, total cash cost per ounce, all-in sustaining costs, and all-in sustaining costs per ounce are non-GAAP financial performance measures with no standardized definition under U.S. GAAP. See “Non-GAAP Financial Performance Measures” on page 44 for additional information, including definitions of this term.

(2) Silver production presented as a gold equivalent. The gold equivalent ounce calculation is based on prevailing spot prices at the beginning of the year.

Total cash costs per gold equivalent ounce sold for the quarter ended September 30, 2018 was $671 compared to $832 for the same period in 2017. On an aggregate basis, total cash costs at the El Gallo Project decreased slightly to $8.6 million in the three months ended September 30, 2018, from $8.8 million in the 2017 period. This decrease, despite the increase in the number of ounces of gold equivalent sold, was due to the cessation of mining and crushing activities by June 30, 2018, resulting in lower operating costs incurred.

Total cash costs per gold equivalent ounce sold for the nine months ended September 30, 2018 were $709 compared to $695 for the nine months period of 2017. On an aggregate basis, total cash costs at the El Gallo Mine increased to $30.4

million in the nine months ended September 30, 2018, from $24.1 million in the same period in 2017, primarily due to a greater number ounces sold, coupled with additional costs from the termination of mining and crushing activities by June 30, 2018, compared to the same period of 2017.

All-in sustaining costs per gold equivalent ounce sold for the quarter ended September 30, 2018 were $696, compared to $946 in the same period in 2017. On an aggregate basis, all-in sustaining costs decreased to $8.9 million in the third quarter of 2018 from $10.0 million in the 2017 period, despite the increase in the number of ounces of gold equivalent sold, due to lower cash costs, noted above, and lower exploration expenses.

During the nine months ended September 30, 2018, we reported all-in sustaining costs of $752 per gold equivalent ounce sold at El Gallo Mine, compared to $813 in the same period of 2017. Aggregate all-in sustaining costs from El Gallo Mine for the nine months period of 2018 also increased, to $32.2 million from $28.2 million in 2017, due to the increase in cash costs applicable to sales noted above, partly offset by the decrease in exploration expenses incurred in 2018.

Overall, we expect total cash costs and all-in sustaining costs to continue to decline from the amounts reported in the three and nine months ended September 30, 2018, as a result of the termination of mining and crushing activities by June 30, 2018, and the continuation of the residual leaching.

Advanced-stage Properties – Fenix Project

During the three and nine months ended September 30, 2018, we spent $1.5 million and $2.6 million respectively, on activities required to advance the Fenix Project. We plan to continue environmental permitting, exploration drilling, geotechnical studies, and metallurgic activities during the fourth quarter of 2018.

The Fenix Project PEA is available for review on our website and SEDAR (www.sedar.com).

Results of Operations — Canada Segment

The Canada segment is composed of the recently-acquired Black Fox Complex, which consists of the fully operational Black Fox gold mine, the Black Fox-Stock mill, and the Grey Fox and Froome advanced-stage exploration projects, and other gold exploration properties located in Timmins, Ontario, Canada.

Black Fox mine

The following table sets out production and sales totals for the Black Fox mine for the three and nine months ended September 30, 2018. Since the mine was acquired in October 2017, no data for comparable periods is available:

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
	(in thousands, unless otherwise indicated)			
Tonnes of mineralized material mined	66	—	200	—
Average grade gold (gpt)	4.97	—	5.80	—
Tonnes of mineralized material processed	71	—	209	—
Average grade gold (gpt)	4.76	—	5.45	—
Gold ounces:				
Produced	11.6	—	37.7	—
Sold, excluding stream	9.0	—	34.6	—
Sold, stream	0.9	—	3.2	—
Sold, including stream	9.8	—	37.8	—
Silver ounces:				
Produced	0.6	—	2.3	—
Sold	—	—	—	—
Gold equivalent ounces(1):				
Produced	11.6	—	37.8	—
Sold, excluding stream	9.0	—	34.6	—
Sold, including stream	9.8	—	37.8	—
Net sales, excluding stream	$ 10,916	$ —	$ 44,702	$ —
Net sales, stream	$ 479	$ —	$ 1,742	$ —
Net sales, including stream	$ 11,395	$ —	$ 46,444	$ —
Average realized price ($/ounce)(2):				
Gold, excluding stream	$ 1,220	$ —	$ 1,293	$ —
Gold, stream	$ 539	$ —	$ 538	$ —
Gold, including stream	$ 1,158	$ —	$ 1,228	$ —
Silver	$ —	$ —	$ —	$ —
London average price ($/ounce):				
P.M. Fix Gold	$ 1,213	$ 1,278	$ 1,282	$ 1,251
Fix Silver	$ 15.00	$ 16.84	$ 16.10	$ 17.16
Silver : gold ratio(1)	75 : 1	75 : 1	75 : 1	75 : 1

(1) Silver production is presented as a gold equivalent.

(2) Average realized price is a non-GAAP financial performance measures with no standardized definition under U.S. GAAP. See “Non-GAAP Financial Performance Measures”, on page 44 for additional information, including definitions of these terms.

Gold sales

- Revenue from the sale of gold by the Black Fox mine was $11.4 million as a result of the sale of 9,845 ounces of gold during the quarter. The average realized price of gold was $1,158 per ounce including sales under the stream agreement, or $1,220 per ounce excluding sales under the stream agreement, which compare to the London P.M. Fix Gold average of $1,213 noted during the third quarter of 2018.

- Revenue from the sale of gold by the Black Fox mine was $46.4 million as a result of the sale of 37,811 ounces of gold during the nine months ended September 30, 2018. The average realized price of gold was $1,228 per ounce including sales under the stream agreement, or $1,293 per ounce excluding sales under the stream agreement, which compare to the London P.M. Fix Gold average of $1,282 noted during the nine months ended September 30, 2018.

Total Cash Costs and All-In Sustaining Costs

The following table presents a summary of our total cash cost, cash cost per ounce, all-in sustaining costs and all-in sustaining costs per ounce of gold equivalent at the Black Fox mine:

	Three months ended September 30,		Nine months ended September 30,	
	2018	**2017**	**2018**	**2017**
	(in thousands, unless otherwise stated)			
Total cash costs(1)	$ 9,179	$ —	$ 31,711	$ —
Total cash cost per gold equivalent ounce sold ($/ounce)(1)(2)	$ 932	$ —	$ 839	$ —
All□in sustaining costs(1)	$ 12,650	$ —	$ 43,823	$ —
All□in sustaining cost per gold equivalent ounce sold ($/ounce)(1)(2)	$ 1,285	$ —	$ 1,159	$ —
Silver : gold ratio(2)	75 : 1	75 : 1	75 : 1	75 : 1

(1) Total cash costs, total cash cost per ounce, all-in sustaining costs, and all-in sustaining costs per ounce are non-GAAP financial performance measures with no standardized definition under U.S. GAAP. See “Non-GAAP Financial Performance Measures” on page 44 for additional information, including definitions of these terms.

(2) Silver production is presented as a gold equivalent. The gold equivalent ounce calculation is based on prevailing spot prices at the beginning of the year.

Total cash costs per gold equivalent ounce for the quarter ended September 30, 2018 was $932. On an aggregate basis, total cash cost recorded by the Black Fox mine was $9.2 million in the third quarter of 2018. Total cash costs per gold equivalent ounce for the nine months ended September 30, 2018 was $839. On an aggregate basis, total cash cost recorded by the Black Fox mine was $31.7 million during 2018. Total cash costs per gold equivalent ounce mostly comprised underground mining costs, milling costs, and on-site general and administrative expenses.

During the three months ended September 30, 2018, the Black Fox mine reported all-in sustaining costs of $1,285 per gold equivalent ounce. Further, the aggregate all-in sustaining cost recorded in the period was $12.7 million, which in addition to cash costs included $1.6 million for underground mine development, $0.7 million for exploration costs, and $1.0 million in capital expenditures incurred during the three months ended September 30, 2018.

During the nine months ended September 30, 2018, the Black Fox mine reported all-in sustaining costs of $1,159 per gold equivalent ounce. Further the aggregate all-in sustaining costs recorded in the period was $43.8 million, which in addition to cash costs included $8.4 million for underground mine development, $2.0 million for exploration costs, and $1.3 million in capital expenditures incurred during the nine months ended September 30, 2018.

Exploration Activities – Timmins

Black Fox mine and advanced-stage explorations projects

Our primary exploration goals are to grow known deposits and make new discoveries that can contribute to near to mid-term gold production. During the third quarter of 2018, a total of $6.4 million was spent on surface exploration drilling, for a year-to-date total exploration expense of $17.4 million.

Surface exploration drilling in the Froome target area during the quarter was mostly focused on two targets: 1) evaluating the down-plunge extension of the Froome Deposit, and 2) assessing the potential of the mineralized Footwall. Surface exploration drilling conducted at Grey Fox focused on tracing a mineralized cross-structure.

Throughout the third quarter of 2018 the underground exploration drilling at Black Fox was dedicated to confirming and expanding known mineralized trends that are located close to current workings that could be brought quickly into production. Additionally, an exploration drift was under development on the 810m Level of the Mine, to provide a drilling platform to target Black Fox at depth. Underground mining and exploration efforts in fourth quarter will be primarily dedicated to advancing our understanding of the depth potential of the Mine's main ore system below existing development at the Mine's 820m Level.

Timmins Properties

The total exploration forecast for 2018 at the Black Fox mine and advanced-stage exploration projects and the Timmins properties is $19.0 million, of which we have spent $17.4 million during the nine months ended September 30, 2018.

Results of Operations—MSC Segment

The MSC segment is composed of the San José mine, located in Argentina.

MSC (on a 100% basis)

The following table presents total production, sales, cash costs and all-in sustaining costs (on a co-product and gold equivalent basis) for the San José mine for the three and nine months periods ended September 30, 2018 and 2017, presented on a 100% basis. Also, included at the bottom of the table are certain production figures on a 49% attributable basis, representing our interest:

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
	(in thousands, except otherwise stated)			
San José Mine—100% basis				
Tonnes of ore mined	136	135	383	375
Average grade (gpt):				
Gold	6.5	7.2	6.9	7.0
Silver	449	496	468	479
Tonnes of ore processed	145	138	409	388
Average grade (gpt):				
Gold	5.9	6.4	6.2	6.5
Silver	376	406	396	425
Average recovery (%):				
Gold	86.9	86.3	86.9	87.2
Silver	86.6	85.1	86.4	86.1
Gold ounces:				
Produced	24.0	24.2	70.9	70.8
Sold	24.7	23.2	70.7	70.7
Silver ounces:				
Produced	1,517	1,526	4,499	4,570
Sold	1,573	1,489	4,527	4,657
Gold equivalent ounces(1):				
Produced	44.2	44.6	130.9	131.8
Sold	45.6	43.1	131.0	132.8
Net sales	$ 47,814	$ 52,722	$ 150,748	$ 161,900
Gross average realized price ($/ounce)(2):				
Gold	$ 1,151	$ 1,281	$ 1,236	$ 1,259
Silver	$ 13.62	$ 16.70	$ 15.23	$ 17.02
London average price ($/ounce):				
P.M. Fix Gold	$ 1,213	$ 1,278	$ 1,282	$ 1,251
Fix Silver	$ 15.00	$ 16.86	$ 16.10	$ 17.16
Silver : gold ratio(1)	75 : 1	75 : 1	75 : 1	75 : 1
McEwen Mining—49% basis				
Ounces produced:				
Gold	11.8	11.9	34.7	34.7
Silver	743	748	2,204	2,239
Gold equivalent(1)	21.7	21.8	64.1	64.6

(1) Silver production is presented as a gold equivalent.
(2) Average realized price is a non-GAAP financial performance measures with no standardized definition under U.S. GAAP. See "Non-GAAP Financial Performance Measures", on page 44 for additional information, including definitions of these terms.

Gold and silver production

- The slight decrease in the number of ounces of gold and silver produced during the three months ended September 30, 2018, compared to the same period of 2017, was due to a 7% decrease in the average grades of gold and silver of the ore processed in the third quarter, partly offset by a 5% increase in the number of tonnes processed in the period.

Gold and silver sales

- For the three months ended September 30, 2018, net sales decreased by 9% to $47.8 million, from $52.7 million for the same period in 2017, due to a 10% and 18% decrease in the average realized price of gold and silver during the 2018 period, partly offset by 6% higher number of gold and silver ounces sold in the third quarter of 2018.

- For the nine months ended September 30, 2018, net sales decreased by 7% to $150.7 million, from $161.9 million in 2017, as a result of 2% and 11% decrease in the average realized price of gold and silver in 2018, coupled with a 3% decrease in the number of ounces of silver sold in the nine month period of 2018.

The difference between the average gross realized sale price per ounce of gold and silver sold by MSC and the average London fix prices noted above is due to adjustments of certain provisionally priced shipments of concentrates.

Total Cash Costs and All-In Sustaining Costs

The following table presents a summary of the total cash cost, cash cost per ounce, all-in sustaining costs and all-in sustaining costs per ounce of gold equivalent at the San José mine, on a 100% and 49% basis:

	Three months ended September 30,		Nine months ended September 30,	
	2018	**2017**	**2018**	**2017**
	(in thousands, unless otherwise indicated)			
San José mine - 100% basis				
Total cash costs(1)	$ 39,046	$ 36,625	$ 113,168	$ 118,968
All‑in sustaining costs(1)	46,894	45,889	141,304	147,157
San José mine - 49% basis				
Total cash costs(1)	$ 19,132	$ 17,948	$ 55,451	$ 58,294
Total cash costs per ounce sold ($/ounce)(1):				
Gold	$ 914	$ 868	$ 905	$ 900
Silver	$ 10.50	$ 11.05	$ 10.88	$ 11.89
Gold equivalent(2)	$ 856	$ 850	$ 864	$ 896
All‑in sustaining costs(1)	$ 22,977	$ 22,487	$ 69,238	$ 72,106
All‑in sustaining costs per ounce sold ($/ounce)(1):				
Gold	$ 1,097	$ 1,088	$ 1,130	$ 1,113
Silver	$ 12.61	$ 13.85	$ 13.58	$ 14.71
Gold equivalent(2)	$ 1,028	$ 1,065	$ 1,078	$ 1,109
Silver : gold ratio(2)	75 : 1	75 : 1	75 : 1	75 : 1

(1) Total cash costs, total cash cost per ounce, all-in sustaining costs, and all-in sustaining costs per ounce are non-GAAP financial performance measures with no standardized definition under U.S. GAAP. See "Non-GAAP Financial Performance Measures" on page 44 for additional information, including definitions of these terms.
(2) Silver production is presented as a gold equivalent. The gold equivalent ounce calculation is based on prevailing spot prices at the beginning of the year.

On aggregate basis, total cash costs increased in the third quarter of 2018 due to higher number of ounces of gold and silver sold, compared to the same period of 2017, partly offset by the decrease in general and administrative expenses.

On aggregate basis, the decrease in total cash costs in the nine months ended September 30, 2018 was due to lower refining, smelting and transportation costs, commercial discounts, and general and administrative expenses, in addition to the lower number of silver ounces sold in 2018.

On an aggregate basis, all-in sustaining costs increased 2% from $45.9 million in the third quarter of 2017 to $46.9 million in the same period of 2018, due to higher cash costs, as noted above, partly offset by lower capital expenditures in 2018, compared to 2017. On an aggregate basis, all-in sustaining costs decreased from $147.2 million in the nine months ended

September 30, 2017 to $141.3 million in same period of 2018, mainly due to lower cash costs, as noted above, coupled with lower mine development costs in 2018.

MSC Dividend Distribution (49%)

During the three and nine months ended September 30, 2018, we received and $2.1 million and $9.4 million in dividends from MSC, compared to $2.3 million and $7.2 million in dividends received during the same period in 2017.

For more details on our Investment in MSC, refer to Note 5 to the Consolidated Financial Statements, *Investment in Minera Santa Cruz S.A. ("MSC") — San José mine.*

Results of Operations – U.S.A. Segment

The U.S.A. segment is comprised of the Gold Bar project ("Gold Bar"), a development-stage property located in Nevada, U.S., and other early stage exploration properties. During the three and nine months ended September 30, 2018, we spent $1.0 million and $4.2 million on exploration in Nevada, primarily at Gold Bar where we spent $1.0 million and $3.7 million respectively. Exploration activities in Nevada included drilling, field mapping and other geochemical reconnaissance work. This is compared to the $0.4 million and $1.3 million spent in 2017.

Development stage Properties – Gold Bar

During the third quarter of 2018, construction activities at Gold Bar focused on completion of the heap leach pad and the crushing and conveying system, and advancing the gold processing facility. All major equipment and bulk materials are either on site or purchased. Engineering for the project is complete and 97% of the contracts are awarded. Cumulative to date, we have capitalized $61.5 million to construction in progress, and $28.5 million during the quarter.

Construction is advancing on schedule for completion by the end of 2018. Open pit mining development in the third quarter continued to focus on Gold Pick West and the Cabin Creek deposits. To date, 52,000 tonnes of ore have been stockpiled at a grade of 0.5 gpt, and a total of one million tonnes of pre-strip waste have been removed.

During the first three years of operation beginning with 2019, Gold Bar is projected to produce approximately 55,000, 74,000 and 68,000 ounces of gold respectively.

An updated Feasibility Study ("FS") was announced on February 15, 2018. During the third quarter of 2018, we announced an updated and increased resource estimate reflecting changes since the last Gold Bar Feasibility Study. The complete FS and the updated and increased resource estimate is available electronically at our website at www.mcewenmining.com.

Results of Operations – Los Azules Segment

For the 2017-2018 exploration season at Los Azules, we forecasted $8.9 million in expenditures, of which we spent $5.5 million during the year. The activities performed were mainly technical site investigations and environmental base line monitoring work, to advance permitting efforts.

Non-GAAP Financial Performance 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 financial 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. These measures should not be considered in isolation or as substitutes for measures of performance prepared in accordance with GAAP. There are limitations associated with the use of such non-GAAP measures. Since these measures do not incorporate revenues, changes in working capital and non-operating cash costs, they are not necessarily indicative of operating profit or loss or cash flow from operations as determined in accordance with U.S. GAAP.

The non-GAAP measures Earning from Mining Operations, Total Cash Costs, All-In Sustaining Cash Costs, Average Realized Prices, and Cash, Investments and Precious Metals, are not, and are not intended to be, presentations in accordance with U.S. GAAP. These measures represent, respectively, our Earnings from Mining Operations, Total Cash Costs, All-In Sustaining Cash Costs, and Average Realized Prices related to our wholly-owned El Gallo Project and Black Fox mines and our minority interest in the San José mine, owned by MSC. The portions of the costs and prices related to the minority interest may be found in Note 5 to our Consolidated Financial Statements. The amounts in the tables labeled "49% basis" were derived by applying to each financial statement line item the ownership percentage interest used to arrive at our share of net income or loss during the period when applying the equity method of accounting. We do not control the interest in or operations of MSC and the presentations of assets and liabilities and revenues and expenses of MSC do not represent our legal claim to such items. The amount of cash we receive is based upon specific provisions of the joint venture operating agreement governing MSC and varies depending on factors including the profitability of the operations. We provide the Non-GAAP measures because we believe they assist investors and analysts in analyzing our earnings, production costs applicable to sales and sales revenue, including both our wholly-owned property and our interest in the San José mine, when read in conjunction with our reported results under U.S. GAAP. The presentation of these measures including the minority interest has limitations as an analytical tool. Some of these limitations include:

- The amounts shown on the individual line items were derived by applying our overall economic ownership interest percentage determined when applying the equity method of accounting and do not necessarily represent our legal claim to the assets and liabilities, or the revenues and expenses; and

- Other companies in our industry may calculate their earnings, costs and average realized prices differently than we do, limiting the usefulness as a comparative measure.

Because of these limitations, these non-GAAP measures should not be considered in isolation or as a substitute for our financial statements as reported under U.S. GAAP. We compensate for these limitations by relying primarily on our U.S. GAAP results and using the non-GAAP measures supplementally.

Earnings from Mining Operations

The term Earnings from Mining Operations used in this report is a Non-GAAP financial measure. We use and report this measure 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 Gold and Silver Sales from our El Gallo Project and Black Fox mines, and our 49% attributable share of the San José mine's Net Sales, less their respective Production Costs Applicable to Sales. To the extent that Production Costs Applicable to Sales 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 Production Costs Applicable to Sales that only include depreciation and amortization expense incurred at the mine site level. The San José mine Net Sales and Production Costs Applicable to Sales are presented, on a 100% basis, in Note 5 of the accompanying financial statements.

The following table presents a reconciliation of Earnings from Mining Operations to Gold and Silver Sales and Production Costs Applicable to Sales, which are GAAP financial measures:

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
	(in thousands)			
El Gallo 1 earnings from mining operations				
Gold and silver sales	$ 15,501	$ 13,430	$ 55,299	$ 43,373
Production costs applicable to sales	(8,452)	(8,649)	(30,881)	(24,193)
Depreciation of mining related assets	(101)	(155)	(406)	(599)
Add: Amortization related to fair value increments on historical acquisitions included in Production Costs Applicable to Sales	414	449	1,819	1,514
El Gallo 1 earnings from mining operations	**7,362**	**5,075**	**25,831**	**20,095**
Black Fox earnings from mining operations				
Gold and silver sales	$ 11,395	$ —	$ 46,444	$ —
Production costs applicable to sales	(11,868)	—	(40,089)	—
Add: Amortization related to fair value increments on historical acquisitions included in Production Costs Applicable to Sales	211	—	712	—
Black Fox earnings (loss) from mining operations	**(262)**	**—**	**7,067**	**—**
San José earnings from mining operations (49% basis)				
Net sales	$ 23,429	$ 25,834	$ 73,867	$ 79,331
Production costs applicable to sales	(23,614)	(21,362)	(66,153)	(65,028)
San José earnings (loss) from mining operations	**(185)**	**4,472**	**7,714**	**14,303**

Total Cash Costs and All-In Sustaining Costs

The terms total cash costs, total cash cost per ounce, all-in sustaining costs, and all-in sustaining cost per ounce used in this report are non-GAAP financial measures. We report these measures to provide additional information regarding operational efficiencies on an individual mine basis, and believe these measures provide investors and analysts with useful information about our underlying costs of operations. For the San José mine, we exclude the share of gold or silver production attributable to the controlling interest.

Total cash costs consist of mining, processing, on-site general and administrative expenses, 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 amortization. The sum of these costs is divided by the corresponding gold equivalent ounces sold to determine a per ounce amount.

All-in sustaining costs consist of total cash costs (as described above), plus environmental rehabilitation costs and amortization of the asset retirement costs related to operating sites, sustaining exploration and development costs, and sustaining capital expenditures. Our all-in sustaining costs exclude the allocation of corporate general and administrative costs. The sum of these costs is divided by the corresponding gold equivalent ounces sold to determine a per ounce amount.

Costs excluded from total cash costs and all-in sustaining costs are income tax expense, all financing charges, costs related to business combinations, asset acquisitions and asset disposal, and any items that are deducted for the purpose of normalizing items.

For MSC, co-product total cash costs and all-in sustaining costs are calculated by dividing the respective proportionate share of the total cash costs and all-in sustaining costs for each metal sold for the period by the ounces of each respective metal sold. The respective proportionate share of each metal sold is calculated based on their pro-rated sales value. Approximately 56% of the value of the sales in the nine months ended September 30, 2018 was derived from gold and 44% was derived from silver, which compared to 53% and 47%, respectively, for the same period in 2017.

The following tables reconcile these non-GAAP measures to the most directly comparable GAAP measure, Production Costs Applicable to Sales. Total cash costs, all-in sustaining costs, and ounces of gold and silver sold for the San José mine are provided to us by MSC.

	Three months ended September 30,		Nine months ended September 30,	
	2018	**2017**	**2018**	**2017**
	(in thousands, except per ounce)			
El Gallo 1 cash costs				
Production costs applicable to sales	$ 8,452	$ 8,649	$ 30,881	$ 24,193
Less: Depreciation	(414)	(449)	(1,819)	(1,514)
On-site general and administrative expenses	512	589	1,282	1,435
Property holding costs	11	10	23	20
Total cash costs, El Gallo 1	$ 8,561	$ 8,799	$ 30,367	$ 24,134
Gold equivalent ounces sold:	12,750	10,580	42,851	34,743
El Gallo 1 cash costs per gold equivalent ounce sold	**$ 671**	**$ 832**	**$ 709**	**$ 695**

	Three months ended September 30,		Nine months ended September 30,	
	2018	**2017**	**2018**	**2017**
	(in thousands, except per ounce)			
Black Fox mine cash costs				
Production costs applicable to sales	$ 11,868	$ —	$ 40,089	$ —
Less: Depreciation	(2,729)	—	(8,513)	—
Property holding costs	40	—	135	—
Total cash costs, Black Fox 1 mine	$ 9,179	$ —	$ 31,711	$ —
Gold equivalent ounces sold:	9,845	—	37,811	—
Black Fox mine cash costs per gold equivalent ounce sold	**$ 932**	**$ —**	**$ 839**	**$ —**

	Three months ended September 30,		Nine months ended September 30,	
	2018	**2017**	**2018**	**2017**
	(in thousands, except per ounce)			
San José mine cash costs (49% basis)				
Production costs applicable to sales	$ 23,614	$ 21,408	$ 66,153	$ 65,073
Less: Operating site reclamation accretion and amortization	(157)	(168)	(441)	(471)
Depreciation	(7,157)	(6,432)	(18,044)	(16,302)
On-site general and administrative expenses	803	1,021	2,560	3,178
Refining, smelting, and transportation	725	818	1,416	2,441
Commercial discounts	1,289	1,264	3,733	4,251
Community costs related to current operations	15	37	74	124
Total cash costs, San José mine	$ 19,132	$ 17,948	$ 55,451	$ 58,294
McEwen's share of San José mine gold equivalent ounces sold	22,357	21,110	64,200	65,048
San José mine cash costs per gold equivalent ounce sold	**$ 856**	**$ 850**	**$ 864**	**$ 896**

Reconciliation of All-In Sustaining Costs to Total Cash Costs

	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017
	(in thousands, except per ounce)			
El Gallo 1 all-in sustaining costs				
Total cash costs	$ 8,561	$ 8,799	$ 30,367	$ 24,134
Operating site reclamation accretion and amortization	87	81	260	244
On-site exploration expenses	189	1,121	1,445	3,051
Capitalised expenditures (sustaining)	(129)	7	—	819
All-in sustaining costs, El Gallo 1	$ 8,708	$ 10,008	$ 32,072	$ 28,248
Gold equivalent ounces sold	12,750	10,580	42,851	34,743
El Gallo 1 all-in sustaining cost per gold equivalent ounce sold	**683**	**946**	**748**	**813**

	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017
	(in thousands, except per ounce)			
Black Fox mine all-in sustaining costs				
Total cash costs	$ 9,179	$ —	$ 31,711	$ —
Operating site reclamation accretion and amortization	175	—	481	—
On-site exploration expenses	701	—	1,951	—
Capitalised underground mine development (sustaining)	1,640	—	8,362	—
Capital expenditures (sustaining)	955	—	1,318	—
All-in sustaining costs, Black Fox mine	$ 12,650	$ —	$ 43,823	$ —
Gold equivalent ounces sold	9,845	—	37,811	—
Black Fox mine all-in sustaining cost per gold equivalent ounce sold	**1,285**	**—**	**1,159**	**—**

	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017
	(in thousands, except per ounce)			
San José mine all-in sustaining costs (49% basis)				
Total cash costs	$ 19,132	$ 17,948	$ 55,451	$ 58,294
Operating site reclamation accretion and amortization	157	168	441	471
On-site exploration expenses	987	701	2,209	2,268
Capitalised underground mine development (sustaining)	2,556	2,940	8,238	8,801
Less: depreciation	(190)	(325)	(616)	(984)
Capital expenditures (sustaining)	335	1,055	3,515	3,256
All-in sustaining costs	$ 22,977	$ 22,487	$ 69,238	$ 72,106
McEwen's share of San José mine gold equivalent ounces sold	22,357	21,110	64,201	65,048
San José mine all-in sustaining cost per gold equivalent ounce sold	**$ 1,028**	**$ 1,065**	**$ 1,078**	**$ 1,109**

The following table summarizes the consolidated number of gold equivalent ounces sold:

	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Gold equivalent ounces sold at El Gallo 1	12,750	10,580	42,851	34,743
Gold equivalent ounces sold at Black Fox mine	9,845	—	37,811	—
McEwen’s share of MSC gold equivalent ounces sold	22,357	21,110	64,200	65,048
Consolidated gold equivalent ounces sold (including McEwen’s share of MSC)	44,952	31,690	144,862	99,791
Silver : gold ratio	75 : 1	75 : 1	75 : 1	75 : 1

Average realized prices

The term average realized price per ounce used in this report is also a non-GAAP financial measure. We report this measure to better understand the price realized in each reporting period for gold and silver.

Average realized price is calculated as gross sales of gold and silver (excluding commercial deductions) divided by the number of net ounces sold in the period (net of deduction units).

The following table reconciles this non-GAAP measure to the most directly comparable U.S. GAAP measure, *Sales of Gold and Silver*. Ounces of gold and silver sold for the San José mine are provided to us by MSC.

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
	(in thousands, except ounce and per ounce figures)			
El Gallo 1 average realized prices				
Gold sales	$ 15,501	$ 13,325	$ 55,154	$ 42,990
Silver sales	—	105	145	383
Gold and silver sales	$ 15,501	$ 13,430	$ 55,299	$ 43,373
Gold ounces sold	12,750	10,500	42,734	34,450
Silver ounces sold	—	6,000	8,734	22,000
Gold equivalent ounces sold	12,750	10,580	42,851	34,743
Average realized price per gold ounce sold	$ 1,216	$ 1,269	$ 1,291	$ 1,248
Average realized price per silver ounce sold	$ —	$ 17.46	$ 16.59	$ 17.41
Average realized price per gold equivalent ounce sold	$ 1,216	$ 1,269	$ 1,290	$ 1,248

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
	(in thousands, except ounce and per ounce figures)			
Black Fox mine average realized prices				
Gold sales	$ 10,916	$ —	$ 44,702	$ —
Gold sales, stream	479	—	1,742	—
Silver sales	—	—	—	—
Gold and silver sales, including stream	$ 11,395	$ —	$ 46,444	$ —
Gold ounces sold, before stream	8,950	—	34,567	—
Gold ounces sold, stream	895	—	3,244	—
Gold ounces sold, including stream	9,845	—	37,811	—
Silver ounces sold	—	—	—	—
Gold equivalent ounces sold, excluding stream	8,950	—	34,567	—
Gold equivalent ounces sold, including stream	9,845	—	37,811	—
Average realized price per gold ounce sold, before stream	$ 1,220	$ —	$ 1,293	$ —
Average realized price per gold ounce sold, stream	$ 539	$ —	$ 538	$ —
Average realized price per gold ounce sold, including stream	$ 1,158	$ —	$ 1,228	$ —
Average realized price per silver ounce sold	$ —	$ —	$ —	$ —
Average realized price per gold equivalent ounce sold, before stream	$ 1,220	$ —	$ 1,293	$ —
Average realized price per gold equivalent ounce sold, including stream	$ 1,157	$ —	$ 1,228	$ —

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
	(in thousands, except ounce and per ounce figures)			
San José mine average realized prices (49% basis)				
Gold sales	$ 13,912	$ 14,586	$ 42,777	$ 43,593
Silver sales	10,497	12,179	33,796	38,845
Gold and silver sales	$ 24,409	$ 26,765	$ 76,573	$ 82,438
Gold ounces sold	12,083	11,383	34,622	34,625
Silver ounces sold	770,571	729,491	2,218,392	2,281,730
Gold equivalent ounces sold	22,357	21,110	64,200	65,048
Average realized price per gold ounce sold	$ 1,151	$ 1,281	$ 1,236	$ 1,259
Average realized price per silver ounce sold	$ 13.62	$ 16.70	$ 15.23	$ 17.02
Average realized price per gold equivalent ounce sold	$ 1,092	$ 1,268	$ 1,193	$ 1,267

Cash, investments and precious metals

The term "cash, investments and precious metals" used in this report is also a non-GAAP financial measure. We report this measure to better understand our liquidity in each reporting period.

Cash, investments and precious metals is calculated as the sum of cash, investments and ounces of doré held in precious metals inventories, with precious metals valued at the London PM Fix spot price at the corresponding period. The following table summarizes the calculation of cash, investments and precious metals amounts shown in this report:

	September 30, 2018	December 31, 2017
	(in thousands)	
Cash and cash equivalents	$ 40,839	$ 27,153
Restricted cash	—	10,000
Investments	3,162	7,971
Precious Metals valued at market value	10,001	22,954
Total cash, investments and precious metals	$ 54,002	$ 68,078

A reconciliation between precious metals valued at cost and precious metals valued at market value is described in the following table:

	September 30, 2018	December 31, 2017
	(in thousands, except ounces and per ounce)	
Precious Metals (note 3 of the Consolidated Financial Statements)	$ 8,520	$ 12,902
Reconciliation of Precious Metals to Precious Metals valued at market value		
Number of ounces of doré in inventory, net of streaming agreement	8,424	17,780
London P.M. Fix, per ounce	$ 1,187	$ 1,291
Precious Metals valued at market value	$ 10,001	$ 22,954

Commitments and Contingencies

We have surety bonds outstanding to provide bonding for our environmental reclamation obligations in the United States and Canada. These surety bonds are available for draw down in the event we do not perform our reclamation obligations. When the specific reclamation requirements are met, the beneficiary of the surety bonds will cancel and/or return the instrument to the issuing entity. As of September 30, 2018, no liability has been recognized for our surety bonds of $35.8 million.

As of September 30, 2018, we did not have any off-balance sheet arrangements (as that phrase is defined by SEC rules applicable to this report) which have or are reasonably likely to have a material adverse effect on our financial condition, results of operations or liquidity.

Critical Accounting Policies

Critical accounting policies and estimates used to prepare our financial statements are discussed with our Audit Committee as they are implemented and on an annual basis.

Significant changes in our Critical Accounting Policies since December 31, 2017 correspond to the adoption in January 1, 2018 of the Revenue Recognition and Financial Instruments accounting policies, as described in Note 1 to the Consolidated Financial Statements, *"Nature of Operations and Recent Accounting Pronouncements"*.

Forward-Looking Statements

This report contains or incorporates by reference "forward-looking statements", as that term is used in federal securities laws, about our financial condition, results of operations and business. These statements include, among others:

- statements about our anticipated exploration results, costs and feasibility of production, production estimates, receipt of permits or other regulatory or government approvals and plans for the development of our properties;

- statements concerning the benefits or outcomes that we expect will result from our business activities and certain transactions that we contemplate or have completed, such as receipt of proceeds, increased revenues, decreased expenses and avoided expenses and expenditures; and

- statements of our expectations, beliefs, future plans and strategies, anticipated developments and other matters that are not historical facts.

These statements may be made expressly in this document or may be incorporated by reference to other documents that we will file with the SEC. You can find many of these statements by looking for words such as "believes", "expects", "anticipates", "estimates" or similar expressions used in this report or incorporated by reference in this report.

Forward-looking statements and information are 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.

We caution you not to put undue reliance on these statements, which speak only as of the date of this report. Further, the information contained in this document or incorporated herein by reference is a statement of our present intention and is based on present facts and assumptions, and may change at any time and without notice, based on changes in such facts or assumptions. Readers should not place undue reliance on forward-looking statements.

Risk Factors Impacting Forward-Looking Statements

The important factors that could prevent us from achieving our stated goals and objectives include, but are not limited to, those set forth in the "Risk Factors" section in our report on Form 10-K and the following:

- our ability to raise funds required for the execution of our business strategy;

- our ability to secure permits or other regulatory and government approvals needed to operate, develop or explore our mineral properties and projects;

- decisions of foreign countries, banks and courts within those countries;

- unexpected changes in business, economic, and political conditions;

- operating results of MSC;

- fluctuations in interest rates, inflation rates, currency exchange rates, or commodity prices;
- timing, quality of ore and amount of mine production;
- our ability to retain and attract key personnel;
- technological changes in the mining industry;
- changes in operating, exploration or overhead costs;
- 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 or the expansion or commencement of mining operations without feasibility studies having been completed;
- changes in our business strategy;
- interpretation of drill hole results and the geology, grade and continuity of mineralization;
- the uncertainty of reserve estimates and timing of development expenditures;
- litigation or regulatory investigations and procedures affecting us;
- local and community impacts and issues including criminal activity and violent crimes;
- accidents, public health issues, and labor disputes;
- our continued listing on a public exchange;
- uncertainty relating to title to mineral properties; and
- changes in relationships with the local communities in the areas in which we operate.

We undertake no responsibility or obligation to update publicly these forward-looking statements, except as required by law and may update these statements in the future in written or oral statements. Investors should take note of any future statements made by or on our behalf.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Our exposure to market risks includes, but is not limited to, the following risks: changes in foreign currency exchange rates, equity price risks, commodity price fluctuations, credit risk and inflationary risk. We do not use derivative financial instruments as part of an overall strategy to manage market risk.

Further, our participation in the joint venture with Hochschild for the 49% interest held at MSC creates additional risks because, among other things, we do not exercise decision making power over the day-to-day activities at MSC; however, implications from our partner's decisions may result in us having to provide additional funding to MSC or in a decrease in our percentage of ownership.

Foreign Currency Risk

In general, the depreciation of non-U.S. dollar currencies with respect to U.S. dollar has a positive effect on our costs and liabilities for projects outside the U.S. while it has a negative effect on our assets denominated in non-U.S. dollar currency. Although we transact most of our business in U.S. dollars, some expenses, labor, operating supplies and property and equipment are denominated in Canadian dollars, Mexican pesos or Argentine pesos.

Since 2008, the Argentine peso has been steadily devaluing against the U.S. dollar by 10% to 40% on an annual basis. During the nine months ended September 30, 2018, the Argentine peso devalued 121% compared to a devaluation of 9% during the same period of 2017.

During the nine months ended September 30, 2018, the Mexican peso appreciated by 5% against the U.S. dollar, compared to the appreciation of 14% in the nine month period during 2017.

The Canadian dollar experienced a 3% devaluation against the U.S. dollar for the nine months ended September 30, 2018, compared to the 7% appreciation in the comparable period of 2017.

Further, we are also subject to foreign currency risk on the fluctuation of the Mexican peso on our VAT receivable balance. As of September 30, 2018, our VAT receivable balance was Mexican peso 51,465,464, equivalent to approximately $2.8 million, for which a 1% change in the Mexican peso would have resulted in a gain/loss of less than $0.1 million in the Statement of Operations.

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 material market risk-sensitive instruments to manage our exposure to foreign currency exchange rates but may do so in the future. We hold portions of our cash reserves in non-U.S. dollar currencies. Based on our Canadian cash balance of $4.3 million (C$5.6 million) at September 30, 2018, a 1% change in the Canadian dollar would result in a gain/loss of less than $0.1 million in the Statement of Operations. We also hold negligible portions of our cash reserves in Mexican and Argentina pesos, with effect of a 1% change in these respective currencies resulting in gains/losses immaterial for disclosure.

Equity Price Risk

We have in the past sought and will likely in the future seek to acquire additional funding by sale of common stock or other equity securities. Movements in the price of our common stock have been volatile in the past and may also be volatile in the future. As a result, there is a risk that we may not be able to sell equity securities at an acceptable price to meet future funding requirements.

We have invested and may continue to invest in shares of common stock of other entities in the mining sector. Some of our investments may be highly volatile and lack liquidity caused by lower trading volumes. As a result, we are inherently exposed to fluctuations in the fair value of our investments, which may result in gains or losses upon their valuation.

Commodity Price Risk

We produce and sell gold and silver, therefore changes in the price of gold and silver could significantly affect our results of operations and cash flows in the future. We have in the past and may in the future hold a portion of our treasury in gold and silver bullion, where the value is recorded at the lower of cost or market. Gold and silver prices fluctuate widely from time to time. At September 30, 2018, we had no gold or silver sales subject to final pricing. Based on our revenues from gold and silver sales of $101.7 million for the nine months ended September 30, 2018, a 10% change in the price of gold and silver would have had an impact of approximately $10.2 million on our revenues.

Silver and gold prices also have a material impact on MSC's results of operations. MSC has embedded derivatives arising from the sale of concentrate and doré which were provisionally priced at the time the sale was recorded. Therefore, fluctuations in gold and silver prices could have a significant impact on MSC's results of operations.

Credit Risk

We may be exposed to credit loss through our precious metals and doré sales agreements with Canadian financial institutions if these institutions are unable to make payment in accordance with the terms of the agreements. However, based on the history and financial condition of our counterparties, we do not anticipate any of the financial institutions to default on their obligation. As of September 30, 2018, we do not believe we have any significant credit exposure associated with precious metals and our doré sales agreements.

In Mexico, we are exposed to credit loss regarding our VAT taxes receivable if the Mexican tax authorities are unable or unwilling to make payments in accordance with our monthly filings. Timing of collection on VAT receivables is uncertain as VAT refund procedures require a significant amount of information and follow-up. The risk is mitigated to the extent that the VAT receivable balance can be applied against future income taxes payable. However, at this time we are uncertain when, if ever, our Mexican operations will generate sufficient taxable operating profits to offset this receivable against taxes payable. We continue to face risk on the collection of our VAT receivables, which amount to $2.8 million as at September 30, 2018.

In Nevada and Ontario, Canada we are required to provide security to cover our projected reclamation costs. As at September 30, 2018, we have surety bonds of $35.8 million in place to satisfy bonding requirements for this purpose. The bonds have an annual fee of 2% of their value. Although we do not believe we have any significant credit exposure associated with these bonds, we are exposed to the risk that the surety bonds may no longer be accepted by the governmental agencies as satisfactory reclamation coverage, in which case we would be required to replace the surety bonding with cash.

Inflationary Risk

Argentina has experienced a significant amount of inflation over the last nine years and has now been classified as a highly inflationary economy. ASC 830 defines a hyperinflationary economy as one where the cumulative inflation rate exceeds 100% over the last three years which precede the reporting period. In this scenario, ASC 830 requires companies to change the functional currency of its foreign subsidiaries operating in a highly inflationary economy, to match the company's reporting currency. In our case, the functional currency of all our Argentine subsidiaries has always been our reporting currency, the U.S. dollar. As such, we do not expect the classification of Argentina's economy as a highly inflationary economy, to change our financial reporting methodology.

Item 4. CONTROLS AND PROCEDURES

(a) We maintain a system of controls and procedures designed to ensure that information required to be disclosed by us in reports that we file or submit under the Securities Exchange Act of 1934, as amended ("Exchange Act"), is recorded, processed, summarized and reported, within time periods specified in the SEC's rules and forms and to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. As of September 30, 2018, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, management has evaluated the effectiveness of our disclosure controls and procedures. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective.

(b) Changes in Internal Controls. There were no changes in our internal control over financial reporting during the quarter ended September 30, 2018 that materially affected or are reasonably likely to materially affect, our internal controls over financial reporting.

PART II OTHER INFORMATION

Item 1A. RISK FACTORS

There have been no material changes from the risk factors disclosed in Part I, Item 1A, of our Form 10-K.

Item 6. EXHIBITS

The following exhibits are filed or incorporated by reference with this report:

10.1	Credit Agreement among McEwen Mining Inc., Royal Capital Management Corp., as administrative agent, and the Lenders named therein, dated August 10, 2018. (Incorporated by reference to Exhibit 10.1 as filed with the Current Report on Form 8-K as filed with the Securities and Exchange Commission on August 16, 2018).
31.1	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for Robert R. McEwen.
31.2	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for Andrew Elinesky.
32	Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 for Robert R. McEwen and Andrew Elinesky.
101	The following materials from McEwen Mining Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2018 are filed herewith, formatted in XBRL (Extensible Business Reporting Language): (i) the Unaudited Consolidated Statements of Operations and Comprehensive (Loss) Income for the three and nine months ended September 30, 2018 and 2017, (ii) the Consolidated Balance Sheets as of September 30, 2018 (Unaudited) and December 31, 2017, (iii) the Unaudited Consolidated Statement of Changes in Shareholder's Equity for the three and nine months ended September 30, 2018 and 2017, (iv) the Unaudited Consolidated Statements of Cash Flows for the nine months ended September 30, 2018 and 2017, and (v) the Unaudited Notes to the Consolidated Financial Statements.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MCEWEN MINING INC.

/s/ Robert R. McEwen

Date: October 30, 2018

By: Robert R. McEwen,
Chairman and Chief Executive Officer

/s/ Andrew Elinesky

Date: October 30, 2018

By: Andrew Elinesky,
Senior Vice President and Chief Financial Officer