



MCEWEN MINING ANNOUNCES FRIENDLY ACQUISITION OF LEXAM VG GOLD

February 13, 2017, Toronto, Ontario, Canada: McEwen Mining Inc. ("**McEwen Mining**") and Lexam VG Gold Inc. (the "Company" or "**Lexam**") (TSX: LEX, OTCQX: LEXVF), have entered into an agreement pursuant to which McEwen Mining would acquire all of the issued and outstanding securities of Lexam by way of plan of arrangement (the "**Arrangement**") and Lexam would become a wholly-owned subsidiary of McEwen Mining. The proposed arrangement is subject to approval by the shareholders of Lexam.

Pursuant to the Arrangement, each Lexam common share (a "Lexam Share") would entitle the holder to receive 0.056 of a McEwen Mining share (the "**Exchange Ratio**"). Lexam shareholders would receive a premium of 30% to the 30-day volume weighted average price (VWAP) of the Lexam Shares.

"Lexam's assets include multiple advanced exploration projects located in the prolific gold camp of Timmins, Ontario. Lexam's primary projects are past producers with defined resources and excellent infrastructure. The proposed transaction would give the Lexam shareholders access to McEwen Mining's technical and financial resources enabling the projects to be advanced towards production. Lexam shareholders will also gain exposure to a growing gold and silver producer, with a diversified portfolio of projects throughout the Americas" commented Rob McEwen, Chief owner of both McEwen Mining and Lexam.

Benefits of the Transaction for Lexam Shareholders:

- Ability to fund development and construction of the Timmins Properties with McEwen Mining's existing financial resources;
- Access to McEwen Mining's experienced and disciplined management team with an accomplished history in gold exploration, open-pit and underground mining, and mine development;
- Exposure to McEwen Mining's diversified portfolio of producing operations and development projects; and
- Lexam shareholders receive an attractive premium of approximately 30% to the 30-day VWAP of the Lexam Shares and greatly enhanced liquidity of dual stock exchanges within the US and Canada.

Benefits of the Transaction for McEwen Mining Shareholders:

- Adds Measured and Indicated gold resources of 1,468,500 ounces and Inferred gold resources of 954,000 ounces to McEwen Mining's resource base in a premier geopolitically stable mining jurisdiction;
- Enhances McEwen Mining's development and production pipeline with the potential to commence production of the Timmins properties within 24 months; and
- Substantial exploration potential

Details of the Arrangement

If the Arrangement is completed and based on the current outstanding Lexam Shares, McEwen Mining will issue a total of 12,689,709 shares of McEwen Mining common stock (the “McEwen Mining Shares”) to the shareholders of Lexam. Based on a price of USD \$4.23 per McEwen Mining Share, being the closing price on the NYSE on February 10, 2017, the Exchange Ratio represents an offer price of CDN \$0.31 per Lexam Share, being a premium of 30 % over the volume weighted average price of Lexam Shares for the period comprising the 30 trading days ended on February 10, 2017.

In order to comply with NYSE rules, Robert R. McEwen will not be entitled to receive newly-issued shares of McEwen Mining representing more than 1% of the currently issued and outstanding shares of McEwen Mining without obtaining the prior approval of McEwen Mining shareholders, which is expected to be obtained at the next annual meeting of McEwen Mining shareholders. If such shareholder approval is not obtained, McEwen Mining will pay for such excess shares in cash.

To be effective, the Arrangement must be approved at a meeting of the shareholders of Lexam (the “Lexam Meeting”) by: (i) at least 66 ⅔% of the votes cast on the resolution to approve the Arrangement by the Lexam Shareholders present in person or represented by proxy and entitled to vote at the Lexam Meeting; and (ii) at least a majority of the votes cast on the resolution to approve the Arrangement by the minority Lexam Shareholders present in person or represented by proxy and entitled to vote at the Lexam Meeting. The minority shareholders are defined by securities legislation and, among others will exclude the shares of Lexam held by the directors of McEwen Mining, including Mr. Robert McEwen.

The Arrangement agreement includes customary deal protection and non-solicitation provisions in favour of McEwen Mining, including a break fee of \$2.1 million payable to McEwen Mining in certain circumstances, and fiduciary out provisions for the benefit of Lexam. Lexam is entitled to a reverse break fee of the same amount payable in certain other circumstances.

Completion of the Arrangement is also subject to certain other conditions including approval by the TSX, the NYSE and the Ontario Superior Court of Justice (Commercial List).

The Arrangement was approved by the Board of Directors of each of McEwen Mining and Lexam upon recommendation, in each case of a special committee of independent and disinterested directors, after the special committees consulted with their independent legal and financial advisors. Messrs. Robert R. McEwen and Richard Brissenden noted their respective conflicts as directors of Lexam and McEwen Mining and abstained from voting in connection with the approval of the Arrangement by the Board of Directors of each company.

Overview of Lexam’s Timmins Properties

Upon closing, McEwen Mining will own 100% interest in the Buffalo Ankerite, Fuller and Davidson Tisdale properties, and a 61% interest in the Paymaster property, with the remaining 39% of mineral rights held by Goldcorp Inc.

Lexam controls a cluster of four past-producing gold properties, both with open-pit and underground potential. The properties are located within the world-renowned Abitibi greenstone belt in proximity to the Porcupine-Destor Fault Zone. Lexam’s projects are situated within two claim blocks, one in the northern part of Tisdale Township (the Davidson Tisdale block located approximately five kilometres southeast of Timmins city centre)

and a second block of contiguous claims comprising the Buffalo Ankerite, Fuller, and Paymaster properties located in Tisdale and Deloro Townships roughly nine kilometers to the east-northeast of Timmins city centre. The relative locations of the properties can be seen in Figure 1 below.

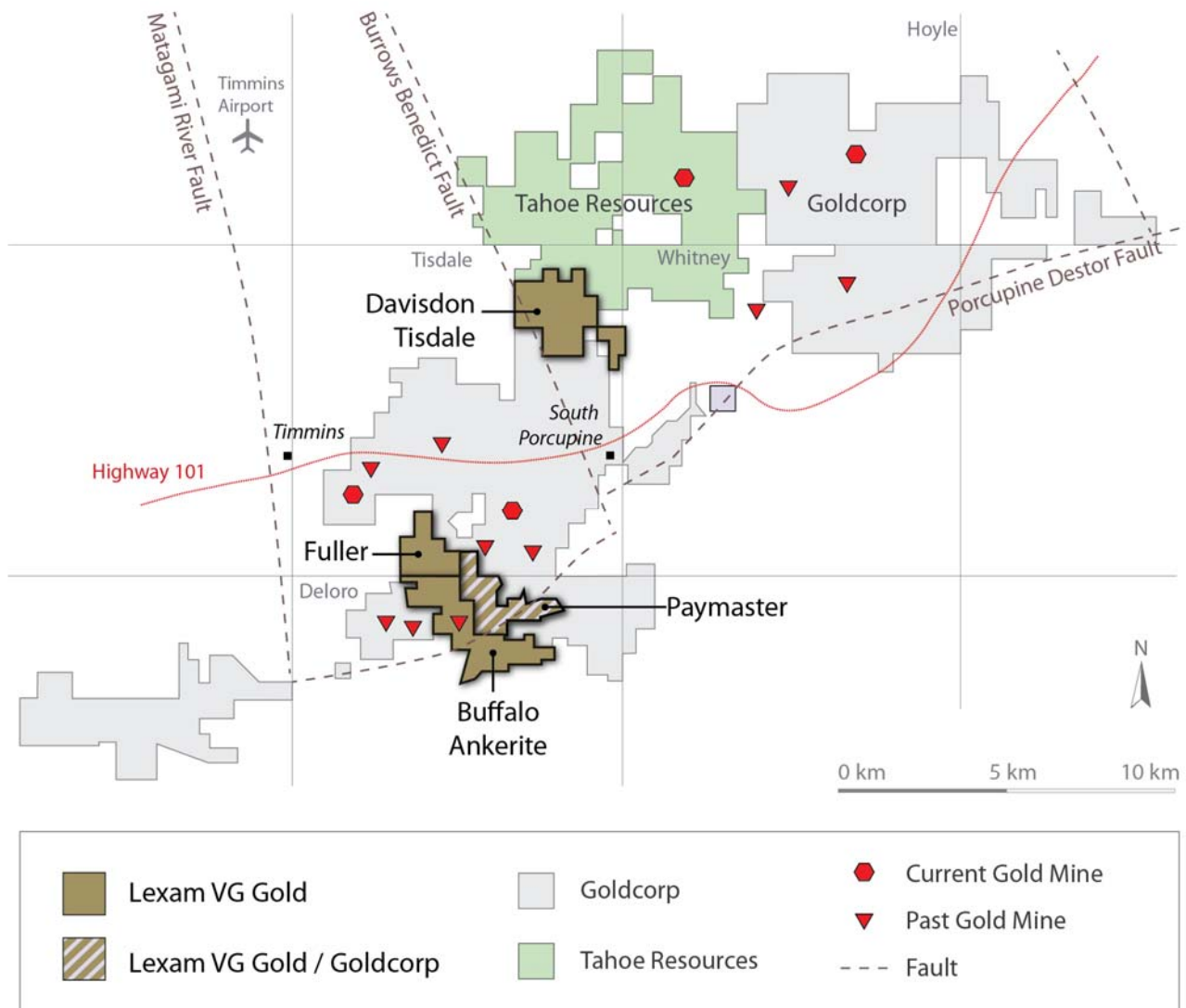


Figure 1: Lexam VG Gold Property Locations

About Lexam

Lexam is a Canadian based precious metals exploration company focusing on its portfolio of projects in Timmins, Ontario, a world class mining district. The Company's projects consist of a cluster of properties located in close proximity to the Porcupine-Destor fault zone. Lexam's key property assets include; Buffalo Ankerite, Fuller, Davidson Tisdale (100% Lexam) and Paymaster (60% Lexam/ 40% Goldcorp Inc.). Lexam has a combined open pit and underground NI 43-101 compliant resource of 0.81 million tonnes in the measured category accounting for 99,100 ounces of gold, 16.18 million tonnes in the indicated category for 1,369,400 ounces of gold and 10.53

million tonnes in the inferred category for 954,300 ounces of gold. Shares outstanding are approximately 227 million with the largest shareholder, Chairman Rob McEwen, owning 27%.

Technical Information

The technical information contained in this press release has been reviewed and approved by Kenneth W. Guy, P. Geo, a consultant to Lexam VG Gold and a Qualified Person within the meaning of National Instrument 43-101 "Standards of Disclosure for Mineral Projects" ("NI 43-101").

(1) Mineral resources which are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.

(2) The quantity and grade of reported Inferred resources are uncertain in nature and there has been insufficient exploration to define these Inferred resources as an Indicated or Measured mineral resource and it is uncertain if further exploration will result in upgrading them to an Indicated or Measured mineral resource category.

(3) The mineral resources herein were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council. For additional information about these mineral resources, see www.lexamvgold.com/resources.php, where all the technical reports used are available. These technical reports are also available under Lexam's profile on SEDAR (www.sedar.com).

(4) Lexam's resources are as follows:

- Open Pit: **35,500** ounces ("oz") gold ("Au") Measured from 0.45 million tonnes grading 2.44 grams per tonne ("gpt") Au, **741,300** oz Au Indicated from 12.12 million tonnes grading 1.89 gpt Au, **358,400** oz Au Inferred from 6.28 million tonnes grading 1.79 gpt Au;

- Underground: **63,600** oz Au Measured from 0.36 million tonnes grading 5.56 gpt Au and **628,100** oz Au Indicated from 4.06 million tonnes grading 4.82 gpt Au, **595,800** oz Au Inferred from 4.24 million tonnes grading 4.35 gpt Au.

(5) The resource estimates contained herein do not constitute a Feasibility or Pre-Feasibility study and contain no mineral reserves within the meaning of NI 43-101 or SEC Industry Guide 7. The mineral resource figures referred to in this press release are estimates and therefore insufficient to allow meaningful application of the technical and economic parameters to enable an evaluation of technical or economic viability and no assurances can be given that the indicated levels of gold will be produced. Such estimates are expressions of judgment based on knowledge, mining experience, analysis of drilling results and industry practices. Valid estimates made at a given time may significantly change when new information becomes available. While Lexam believes that the resource estimates included in this press release are well established, resource estimates are imprecise by their nature and depend, to a certain extent, upon statistical inferences which may ultimately prove unreliable. If such estimates are inaccurate or are reduced in the future, this could have a material adverse impact on Lexam. In addition, this news release includes Inferred resources that are too speculative geologically to have economic considerations applied to them that would enable them to be categorized as mineral reserves.

Caution Concerning Forward-Looking Statements

This press release contains certain forward-looking statements and information. The forward-looking statements and information express, as at the date of this press release, Lexam VG Gold's plans, estimates, forecasts, projections, expectations or beliefs as to future events and results. Forward-looking statements involve a number of risks and uncertainties, and there can be no assurance that such statements will prove to be accurate. Therefore, actual results and future events could differ materially from those anticipated in such statements. Risks and uncertainties that could cause results or future events to differ materially from current expectations expressed or implied by the forward-looking statements include, but are not limited to, factors associated with fluctuations in the market price of precious metals, mining industry risks, risks related to: litigation, property title, the Paymaster Option, the state of the capital markets, whether shareholder and regulatory approvals for any proposed transaction are forthcoming, 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. Lexam VG Gold 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 Lexam VG Gold's Annual Information Form for the period ended December 31, 2015 and available on SEDAR (www.sedar.com) for additional information on risks, uncertainties and other factors relating to the forward-looking statements and information. All forward-looking statements and information made in this news release are qualified by this cautionary statement.

Cautionary Note to U.S. Investors

All resource estimates reported by Lexam VG Gold are calculated in accordance with NI 43-101 and the CIM classification system. These standards are different from the standards generally permitted in reports filed with the SEC. For further information see http://www.lexamvvgold.com/US_Cautionary_Statement.php.

None of the securities anticipated to be issued pursuant to the Arrangement have been or will be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or any state securities laws, and any securities issued in the Arrangement are anticipated to be issued in reliance upon available exemptions from such registration requirements pursuant to Section 3(a)(10) of the U.S. Securities Act and applicable exemptions under state securities laws. This press release does not constitute an offer to sell or the solicitation of an offer to buy any securities.

To learn more about Lexam (TSX: LEX), visit our website: www.lexamvvgold.com.

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