

**PDAC 2013**

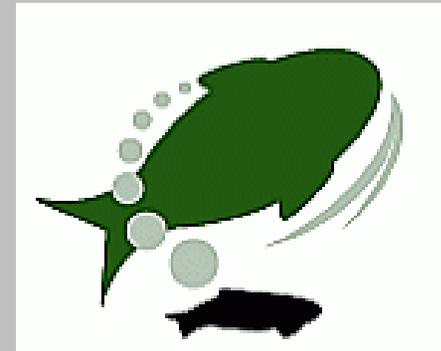
**Toronto, Canada**

**March 3, 2013**

**Presented by John Kaiser**

**McEwen Mining as Junior  
Resource Sector Metaphor**

**[www.KaiserResearch.com](http://www.KaiserResearch.com)**



# In the beginning there was Goldcorp...



...owner of an underground mine at Red Lake producing 50,000-80,000 oz gold.

**CEO Rob McEwen was convinced that his property hosted a lot more high grade gold than its historic 6 million ounces.**

**But where was the missing gold?**

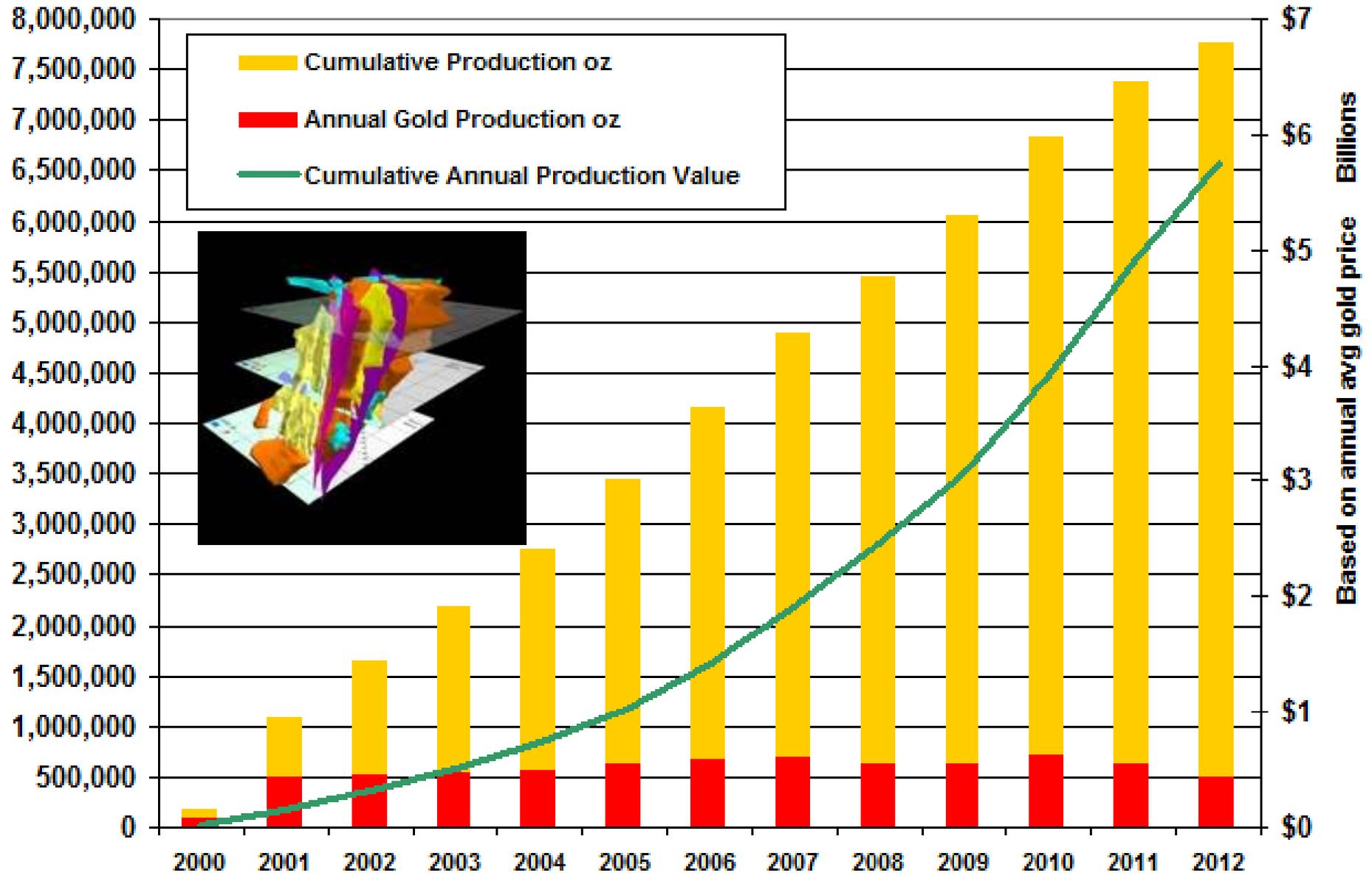
**In March 2000 McEwen came up with a radical innovation – publish online all available geological data – all 400 MB - and challenge the world to find the missing gold and win part of a \$575,000 prize.**

**Deadline July 31, 2000.**

**The Goldcorp Challenge**

# Red Lake Production

Total since 2000 is 7,300,000 oz worth \$11,700,000,000 at \$1,669 gold

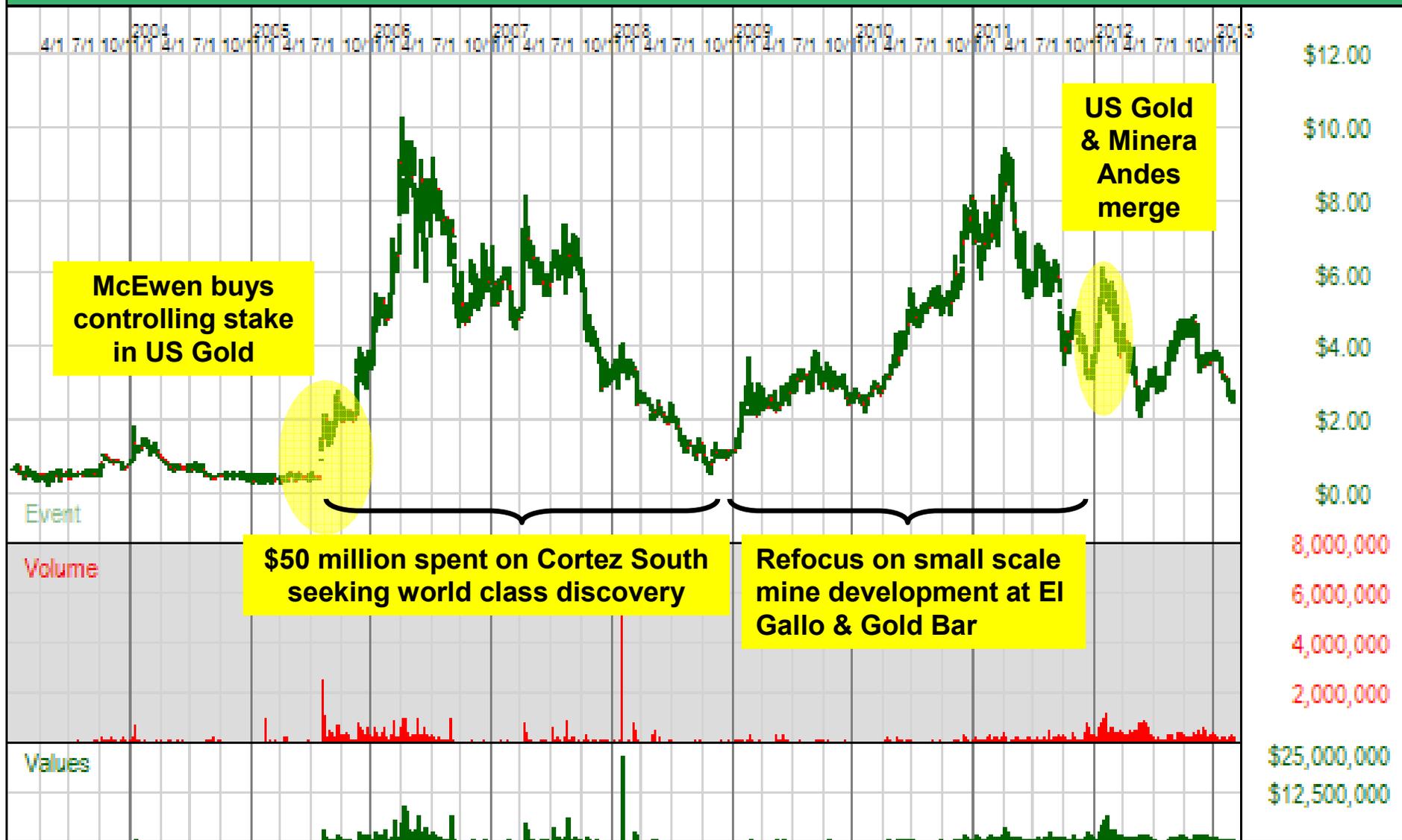


# A New Journey Begins in 2005



# McEwen Mining Inc

1/14/2003 TO 3/1/2013



Issued: 295,429,859

High: \$10.30 on 4/3/2006

Max Volume: 5,722,200 on 1/29/2008

Diluted: 300,184,068

Low: \$0.30 on 4/23/2003

Max Value: \$21,744,360 on 1/29/2008



**Area Play: McEwen extrapolates the Cortez Trend southwards, consolidates most of the juniors via US Gold, and spends over \$50 million trying to duplicate Pipeline & Cortez Hills without success.**

**Project Resource Estimate - Tonkin Springs**

May 20, 2008	NI 43-101	Ore Reserves Engineering	Cutoff: 0.018 oz Au/ton				
Resource Category	Tonnage	Total Rock Value	Metal	Grade	Recovery	Contained Metal	% of GMV
Measured Resource	17,508,574	\$70/t	Gold	1.37 g/t	100.0%	772,007 oz	100%
Indicated Resources	14,696,316	\$70/t	Gold	1.37 g/t	100.0%	648,006 oz	100%
Inferred Mineral Resources	8,436,774	\$53/t	Gold	1.03 g/t	100.0%	279,003 oz	100%
<b>All Categories Spot</b>	<b>40,641,664</b>	<b>\$66/t</b>	<b>Gold</b>	<b>1.30 g/t</b>		<b>1,699,016 oz</b>	<b>100%</b>
<b>All Categories LTA</b>	<b>40,641,664</b>	<b>\$62/t</b>	<b>Gold</b>	<b>1.30 g/t</b>		<b>1,699,016 oz</b>	<b>100%</b>
<b>Spot Gross Metal Value</b>		<b>Market Cap as % of Net GMV</b>	<b>Spot Prices Used</b>				
\$2,698,887,647		27.8%	Gold \$1,588.50/oz				
<b>LTA Gross Metal Value</b>		<b>Market Cap as % of Net GMV</b>	<b>LTA Prices Used</b>				
\$2,527,123,926		29.7%	3 Year Average: Gold \$1,487.40/oz				

**Gold Bar emerges as a consolation prize from Cortez South, but it is a small and inconsequential contributor to McEwen's quest.**

**Project Resource Estimate - Gold Bar**

Nov 28, 2011	NI 43-101	SRK Consulting	Cutoff: 0.30 g/t Au
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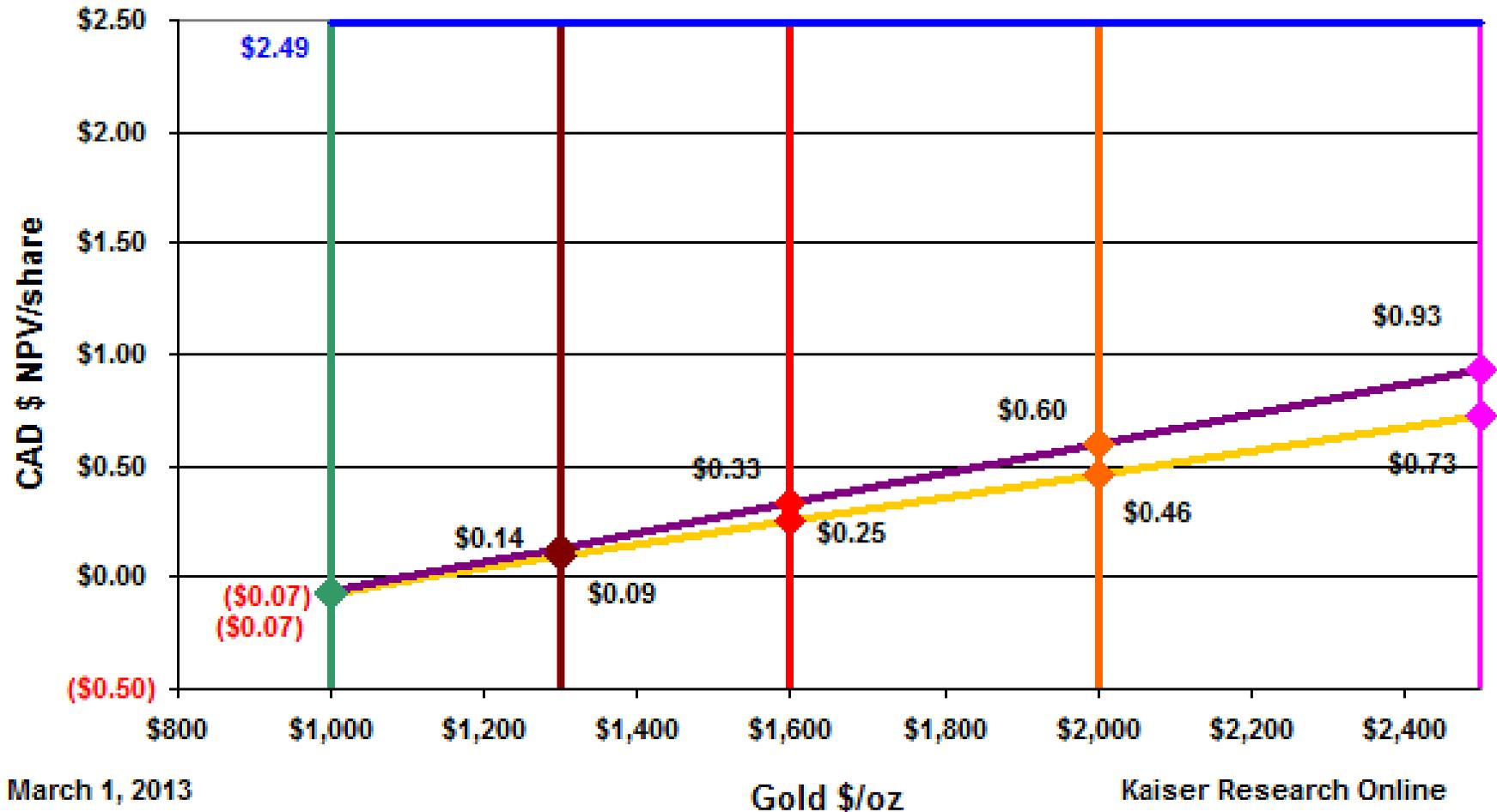
**Note:** Resource is constrained within a conceptual pit-shell.

Resource Category	Tonnage	Total Rock Value	Metal	Grade	Recovery	Contained Metal	% of GMV
Measured Resource	700,000	\$61/t	Gold	1.19 g/t	100.0%	26,782 oz	100%
Indicated Resources	18,800,000	\$48/t	Gold	0.94 g/t	100.0%	568,177 oz	100%
Inferred Mineral Resources	7,000,000	\$48/t	Gold	0.94 g/t	100.0%	211,555 oz	100%
<b>All Categories Spot</b>	<b>26,500,000</b>	<b>\$48/t</b>	<b>Gold</b>	<b>0.95 g/t</b>		<b>806,514 oz</b>	<b>100%</b>
<b>All Categories LTA</b>	<b>26,500,000</b>	<b>\$45/t</b>	<b>Gold</b>	<b>0.95 g/t</b>		<b>806,514 oz</b>	<b>100%</b>
<b>Spot Gross Metal Value</b>		<b>Market Cap as % of Net GMV</b>		<b>Spot Prices Used</b>			
\$1,281,147,237		58.6%		Gold \$1,588.50/oz			

## McEwen Mining - Goldbar - After Tax NPV Sensitivity

- Pessimistic - \$1,000/\$/oz Au - IRR 0%
- Base Case - \$1,300/ Au - IRR 31%
- Current - \$1,600/\$/oz Au - IRR 58%
- Optimistic - \$2,000/\$/oz Au - IRR 90%
- Fantasy - \$2,500/\$/oz Au - IRR 125%
- Current Stock Price - \$2.49
- Share vs \$/oz at 10% Disc Rate
- Share vs \$/oz at 5% Disc Rate

Feb 2012 PFS: 5,555 tpd open pit, heap leaching, 3 deposits  
 CapEx \$53 M, Sust \$39 M, OpEx \$22/t , 4.6:1 strip rate  
 P+P - 15.1 M t @ 1.0 g/t Au, 82% recovery  
 300.2 M FD, 35% Tax, exch 1:1 USD:CAD, 100% net, 1% NSR  
 Annual LOM Average Output: 53,000 oz gold, 8 year mine life  
 Location Nevada, USA



March 1, 2013

Gold \$/oz

Kaiser Research Online

# Gold

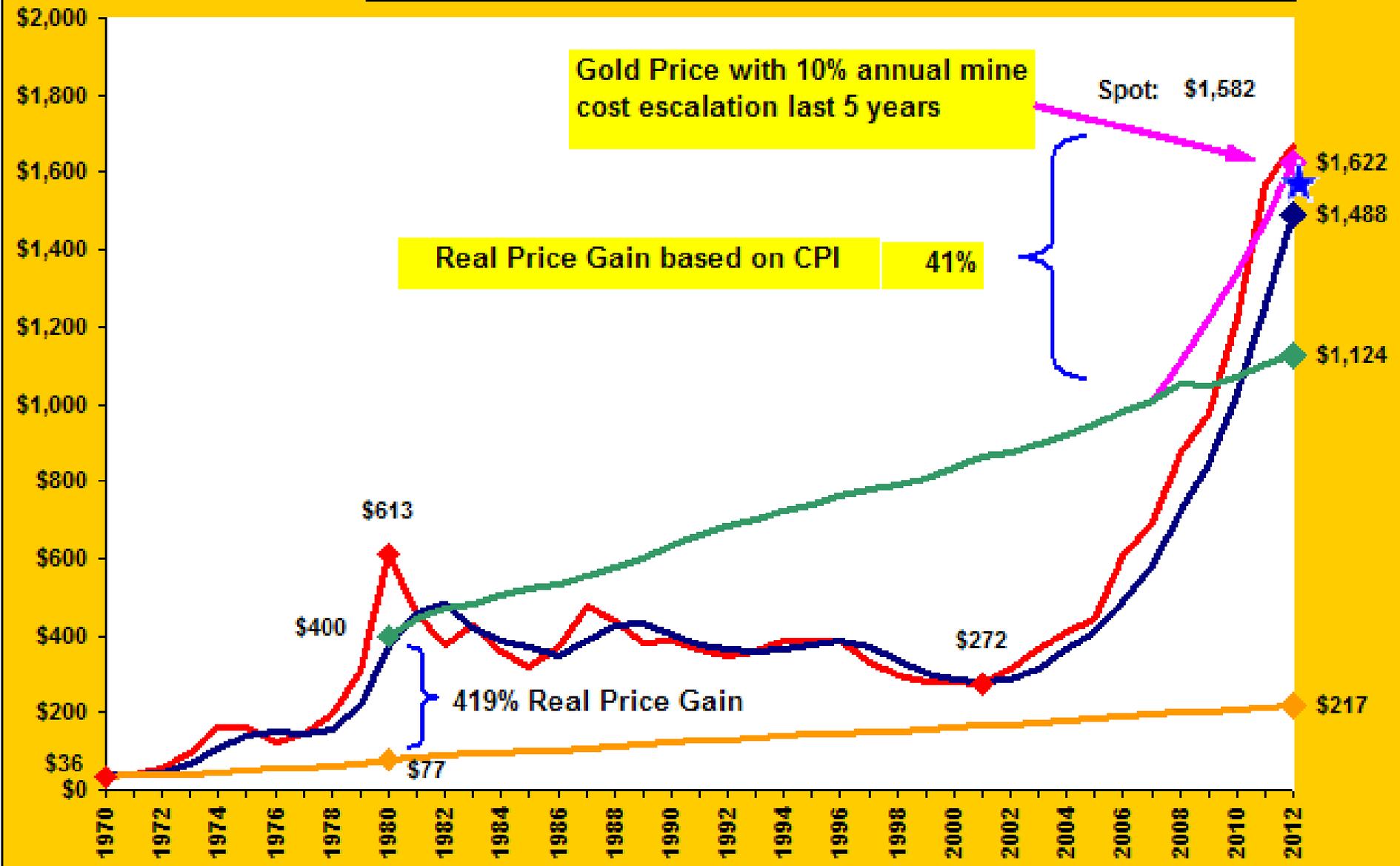
- Average Annual Gold Price \$/oz
- 3 year average - includes current year
- Gold CPI adjusted with 10% mine cost escalation 2007-2012
- Gold Price US CPI inflation adjusted from 1980 base of \$400 per oz
- Gold Price US CPI inflation adjusted from 1970 base of \$36 per oz

Gold Price with 10% annual mine cost escalation last 5 years

Spot: \$1,582

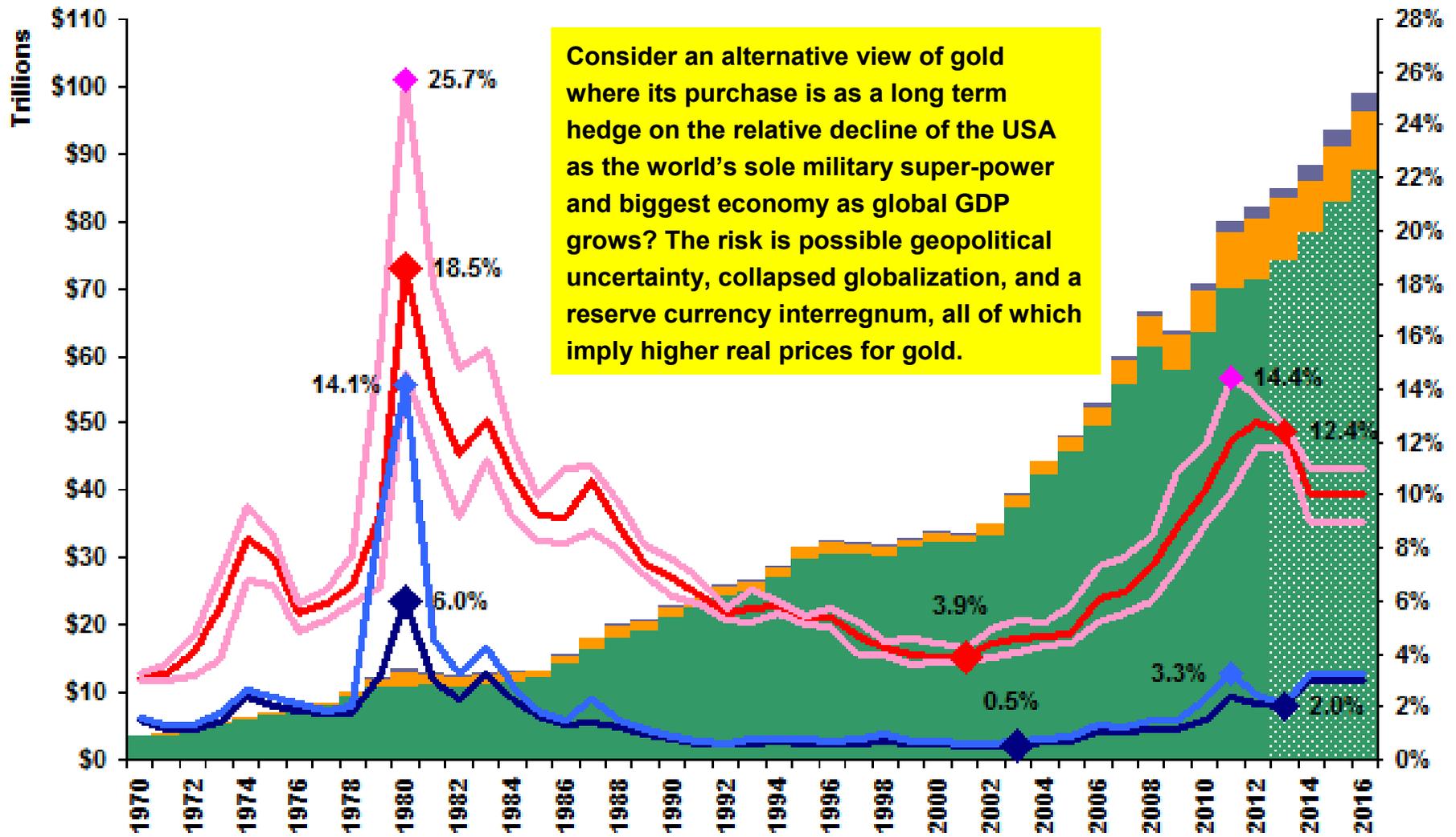
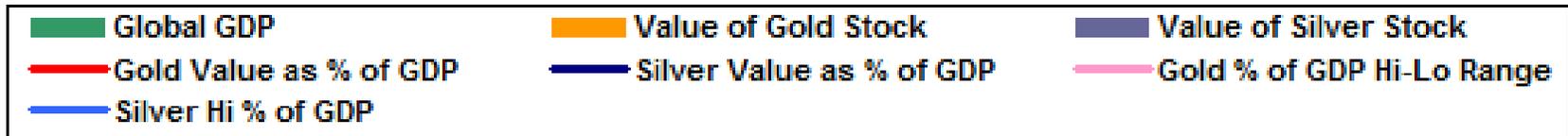
Real Price Gain based on CPI 41%

419% Real Price Gain





## Relationship between Global GDP and Value of Existing Gold & Silver Stock (2012 onwards GDP & Mine Supply estimated)



# Two Important Reports that beg for a shift in the gold bug narrative!

- **Global Trends 2030: Alternative Worlds**

*(National Intelligence Council – December 2012)*

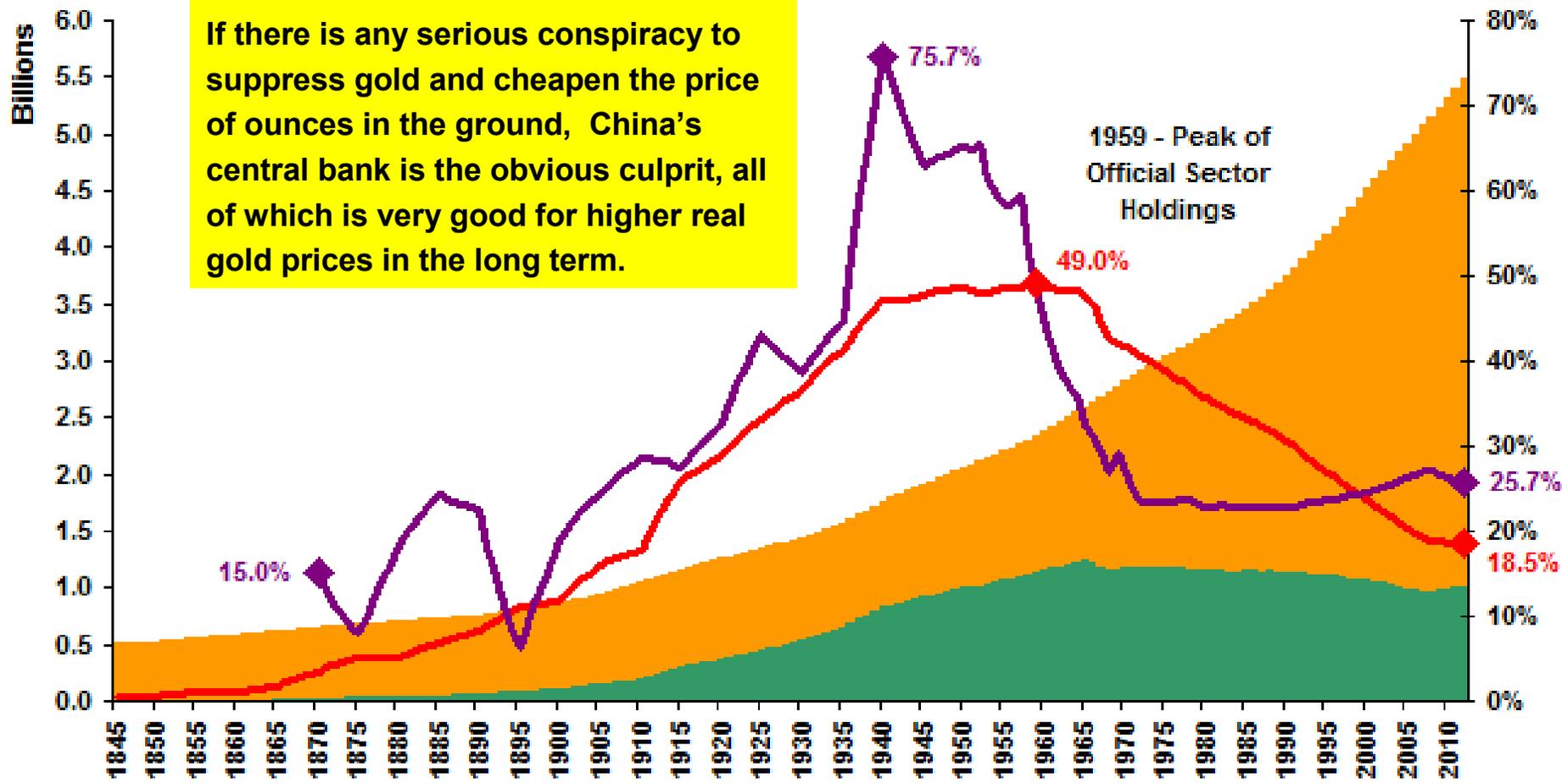
<http://globaltrends2030.files.wordpress.com/2012/12/global-trends-2030-november2012.pdf>

- **Gold, the renminbi and the multi-currency reserve system**

*(OMFIF – Official Monetary & Financial Institutions Forum on behalf of the World Gold Council – January 2013)*

<http://www.omfif.org/downloads/Gold,%20the%20renminbi%20and%20the%20multi-currency%20reserve%20system.pdf>

## Trends in Official & Private Sector Gold Holdings

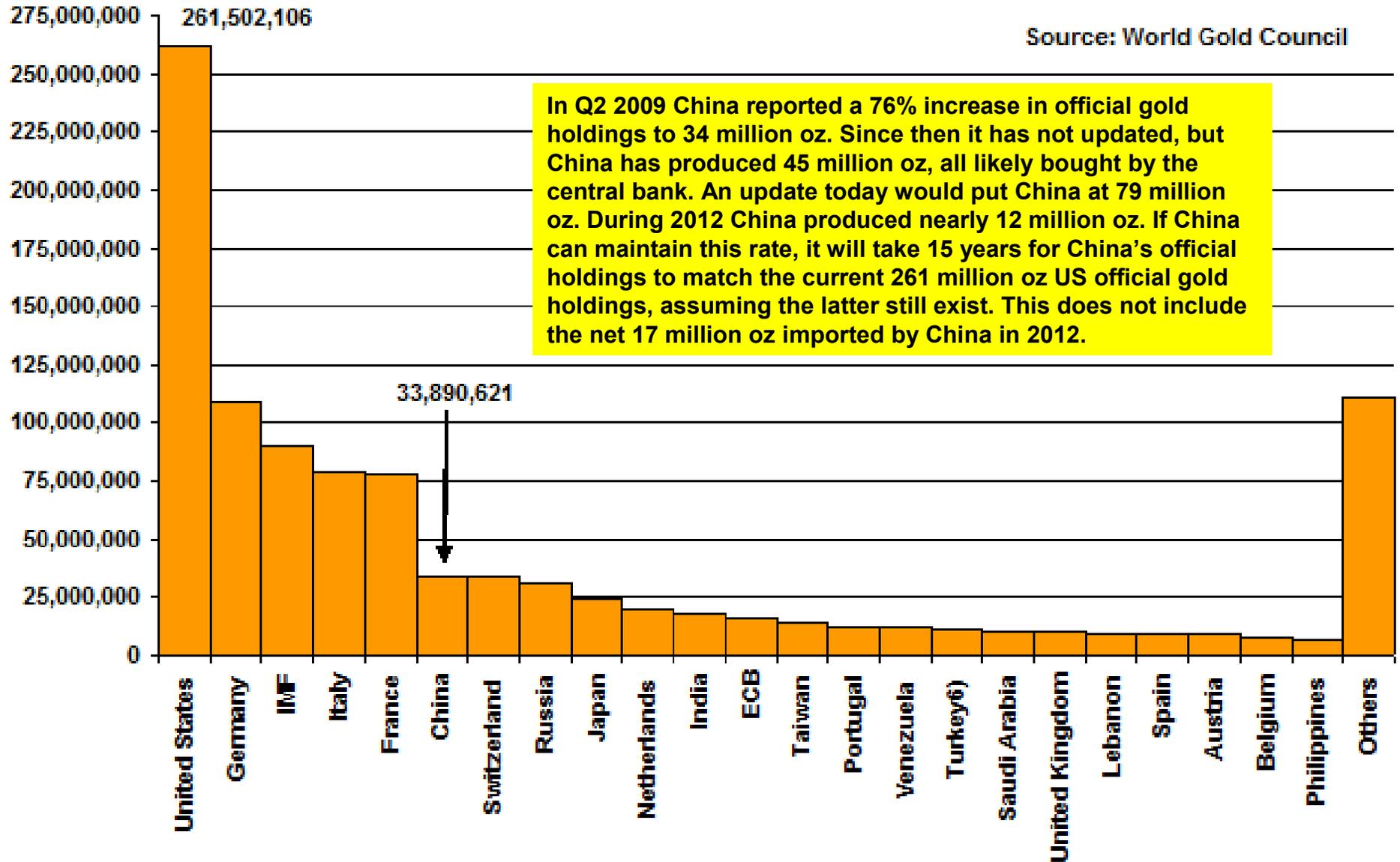


If there is any serious conspiracy to suppress gold and cheapen the price of ounces in the ground, China's central bank is the obvious culprit, all of which is very good for higher real gold prices in the long term.

# Official Gold Holdings - Feb 2013

## 1,016 million ounces

Source: World Gold Council

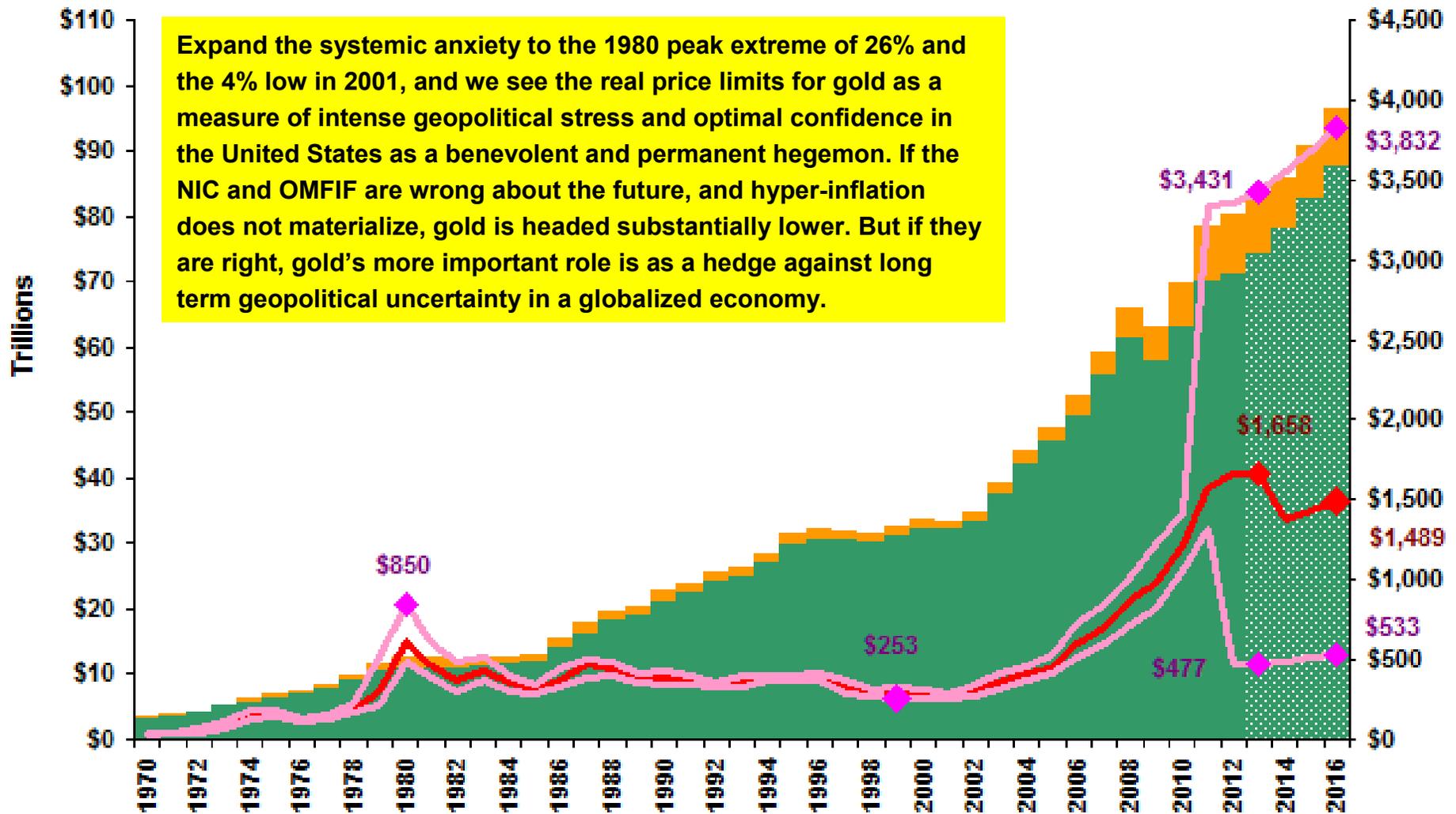


In Q2 2009 China reported a 76% increase in official gold holdings to 34 million oz. Since then it has not updated, but China has produced 45 million oz, all likely bought by the central bank. An update today would put China at 79 million oz. During 2012 China produced nearly 12 million oz. If China can maintain this rate, it will take 15 years for China's official holdings to match the current 261 million oz US official gold holdings, assuming the latter still exist. This does not include the net 17 million oz imported by China in 2012.

# Past Peak & Bottom Based Bubble & Bear Limits for Gold

(2012 onwards GDP & Mine Supply estimated)

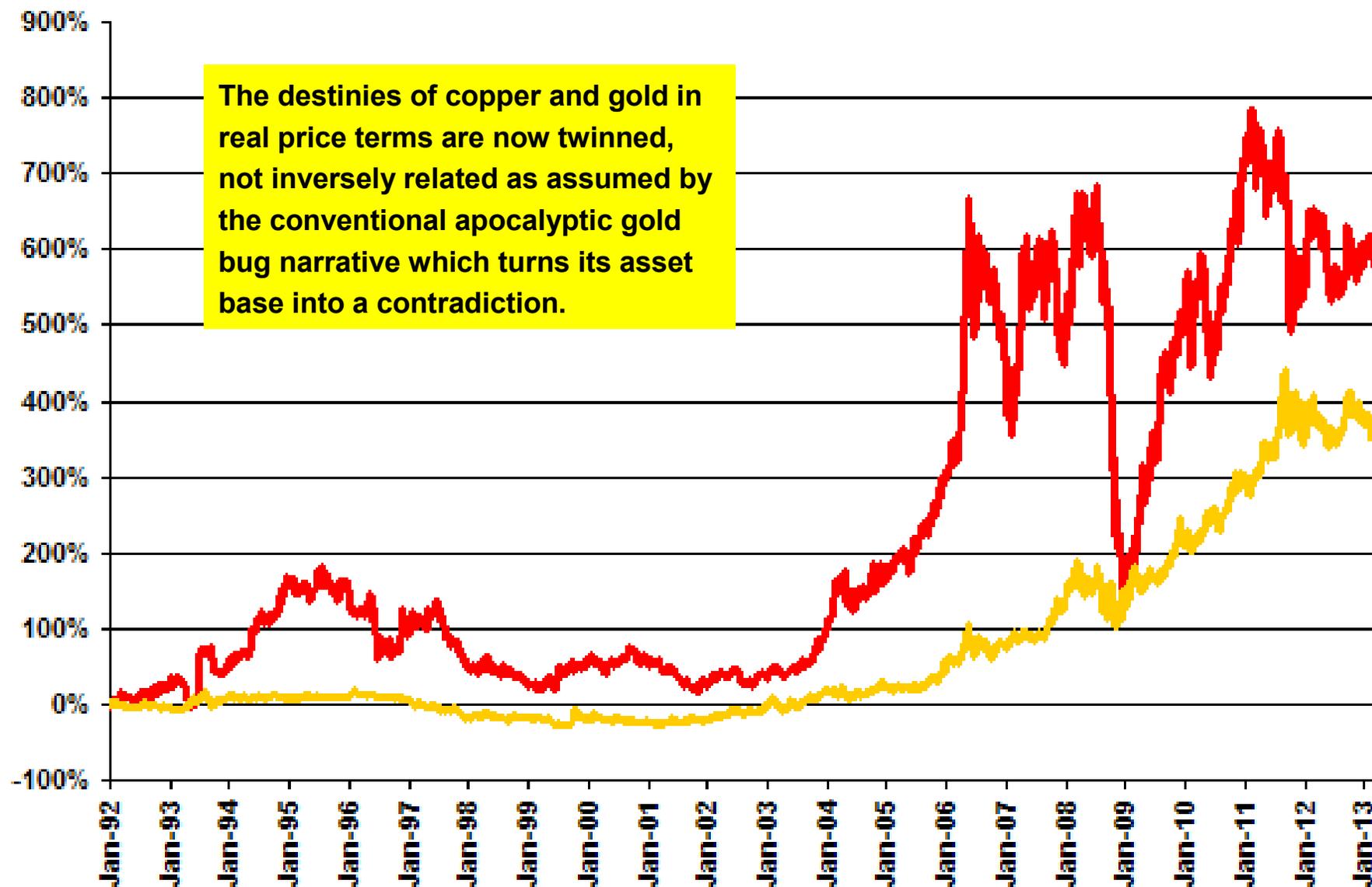
- Global GDP
- Value of Gold Stock
- Average Gold Price
- Yearly Hi-Lo Range



# Gold-Copper Relative Performance

Jan 2/92 Base: \$0.52/lb Cu \$360/oz Au

Copper  
Gold





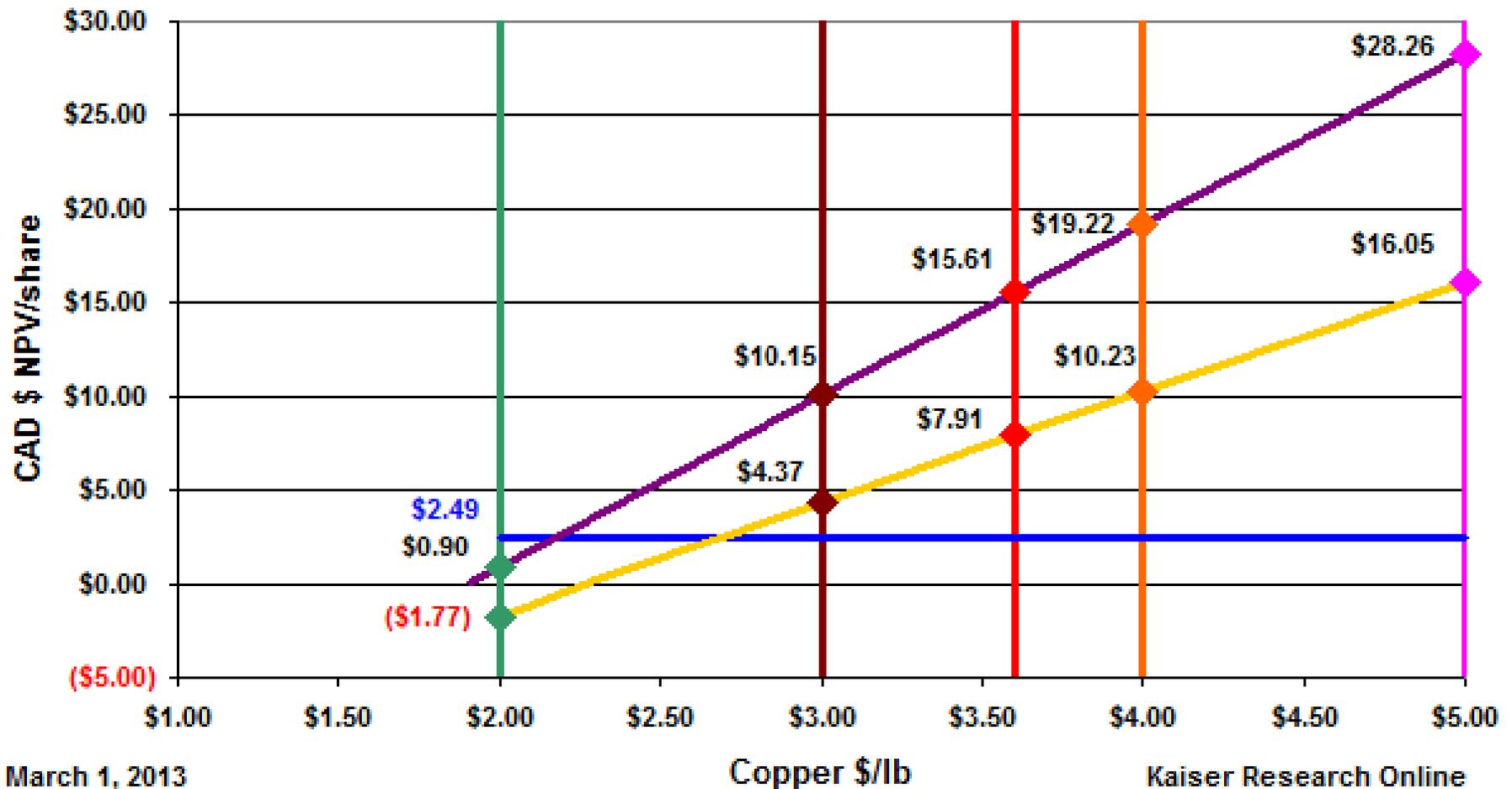
## Los Azules is world class but turns into austerity roadkill.

Project Resource Estimate - Los Azules							
Feb 5, 2013	NI 43-101	Robert Sim, Sim Geological			Cutoff: 0.35% Cu		
Resource Category	Tonnage	Total Rock Value	Metal	Grade	Recovery	Contained Metal	% of GMV
Indicated Resources	310,000,000	\$56/t	Copper	0.650%	100.0%	4,442,269,239 lb	91%
			Gold	0.07 g/t	100.0%	697,682 oz	6%
			Silver	1.80 g/t	100.0%	17,940,392 oz	3%
Inferred Mineral Resources	1,302,000,000	\$43/t	Copper	0.490%	100.0%	14,064,907,837 lb	89%
			Gold	0.06 g/t	100.0%	2,511,655 oz	7%
			Silver	2.00 g/t	100.0%	83,721,827 oz	4%
<b>All Categories Spot</b>	<b>1,612,000,000</b>	<b>\$46/t</b>	<b>Copper</b>	<b>0.521%</b>		<b>18,507,177,076 lb</b>	<b>89%</b>
			<b>Gold</b>	<b>0.06 g/t</b>		<b>3,209,337 oz</b>	<b>7%</b>
			<b>Silver</b>	<b>1.96 g/t</b>		<b>101,662,219 oz</b>	<b>4%</b>
<b>All Categories LTA</b>	<b>1,612,000,000</b>	<b>\$47/t</b>	<b>Copper</b>	<b>0.521%</b>		<b>18,507,177,076 lb</b>	<b>90%</b>
			<b>Gold</b>	<b>0.06 g/t</b>		<b>3,209,337 oz</b>	<b>6%</b>
			<b>Silver</b>	<b>1.96 g/t</b>		<b>101,662,219 oz</b>	<b>4%</b>
<b>Spot Gross Metal Value</b>		<b>Market Cap as % of Net GMV</b>	<b>Spot Prices Used</b>				
\$73,780,496,312		1.2%	Copper \$3.55/lb, Gold \$1,588.50/oz, Silver \$28.95/oz				

## McEwen Mining - Los Azules - After Tax NPV Sensitivity

- ◆— Pessimistic - \$2.00/lb Cu - IRR 6%
- ◆— Base Case - \$3.00/ Cu - IRR 19%
- ◆— Current - \$3.60/lb Cu - IRR 25%
- ◆— Optimistic - \$4.00/lb Cu - IRR 30%
- ◆— Fantasy - \$5.00/lb Cu - IRR 40%
- Current Stock Price - \$2.49
- Share vs \$/lb Cu at 10% Disc Rate
- Share vs \$/lb Cu at 5% Disc Rate

Dec 2010 PEAU: 100,000 tpd OP Flotation, \$980 Au, \$16.80 Ag  
 CapEx \$2.9 B, Sus Cap \$831 M, OpEx \$7.82/t, 26 yr mine life  
 I+I - 909 M t @ 0.5% Cu, 0.055 g/t Au, 1.57 g/t Ag  
 300.2 M FD, 35% Tax, 13% GORR, exch 1:1 USD:CAD, 100% net  
 Recovery: 92.3% Cu, 33.7% Cu con, smelter ret 42.8% Au, 36.9% Ag  
 Annual Output: 365 M lbs Cu, 52,000 oz Au, 1.8 M oz Ag



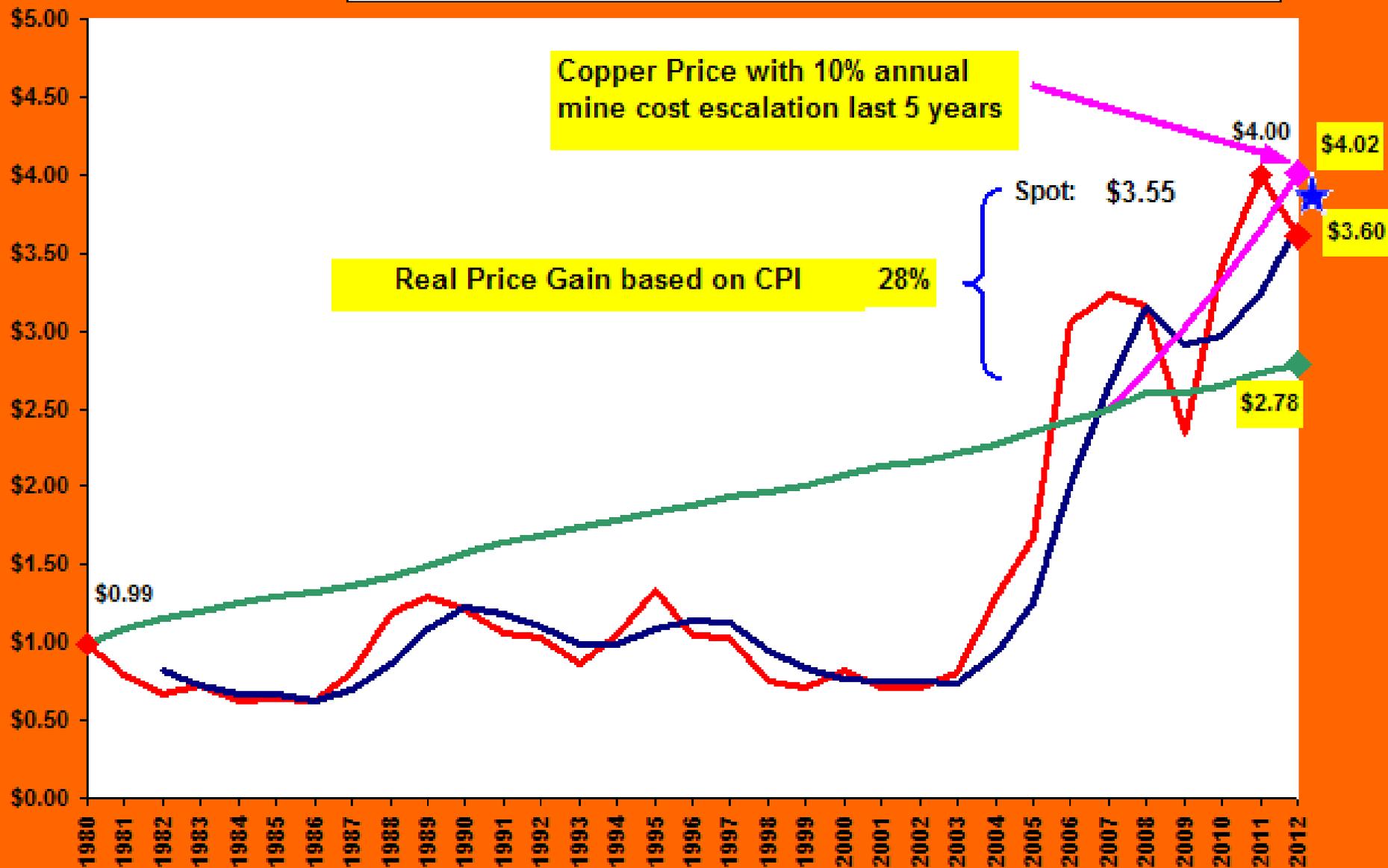
March 1, 2013

Copper \$/lb

Kaiser Research Online

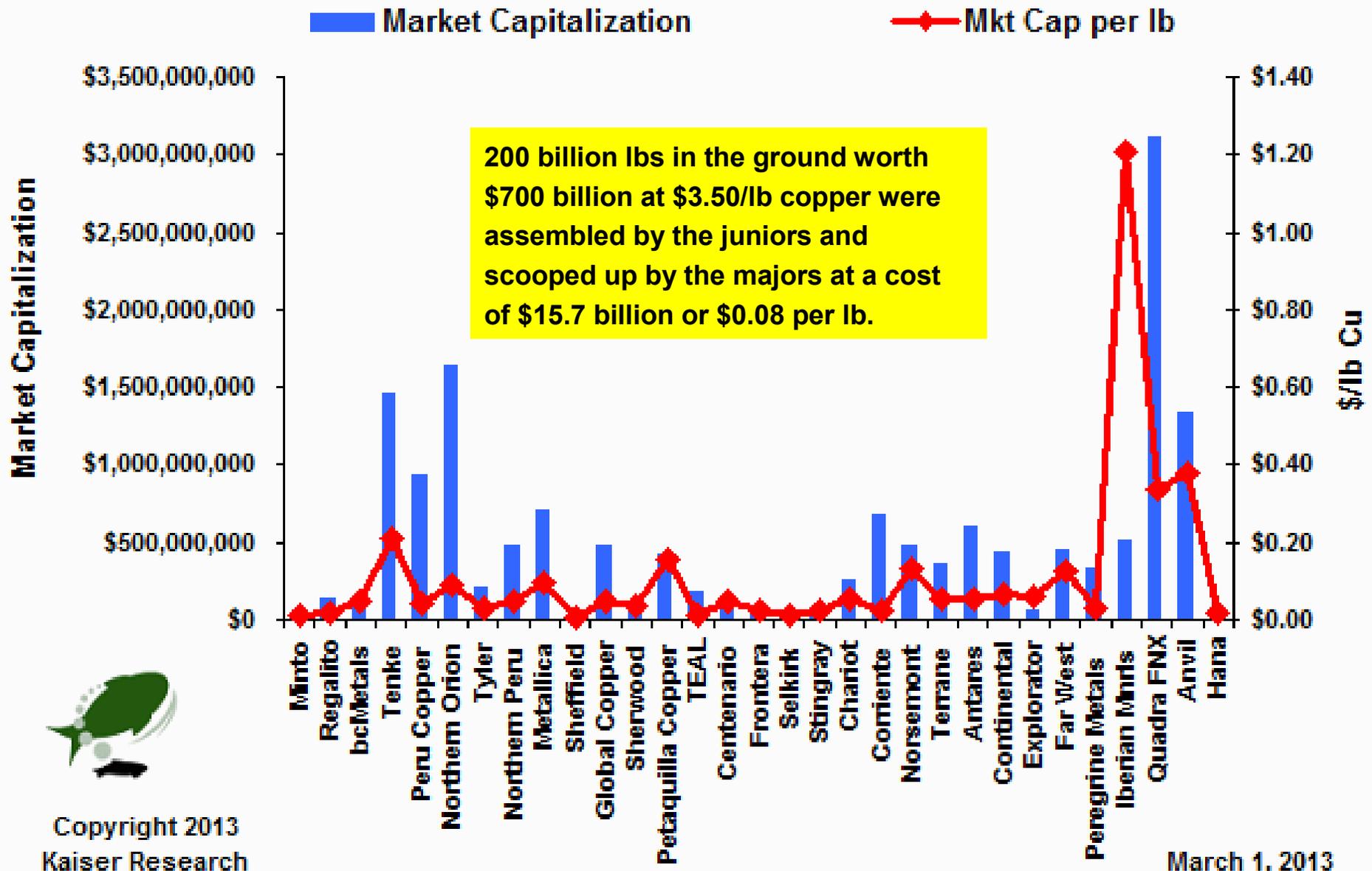
# Copper

- Average Annual Copper Price \$/oz
- 3 year average - includes current year
- Copper CPI adjusted with 10% mining cost escalation 2008-2012
- Copper Price US CPI inflation adjusted from 1980 base of \$0.99 per lb



# Primary Copper Companies - Taken Over 2003-2013

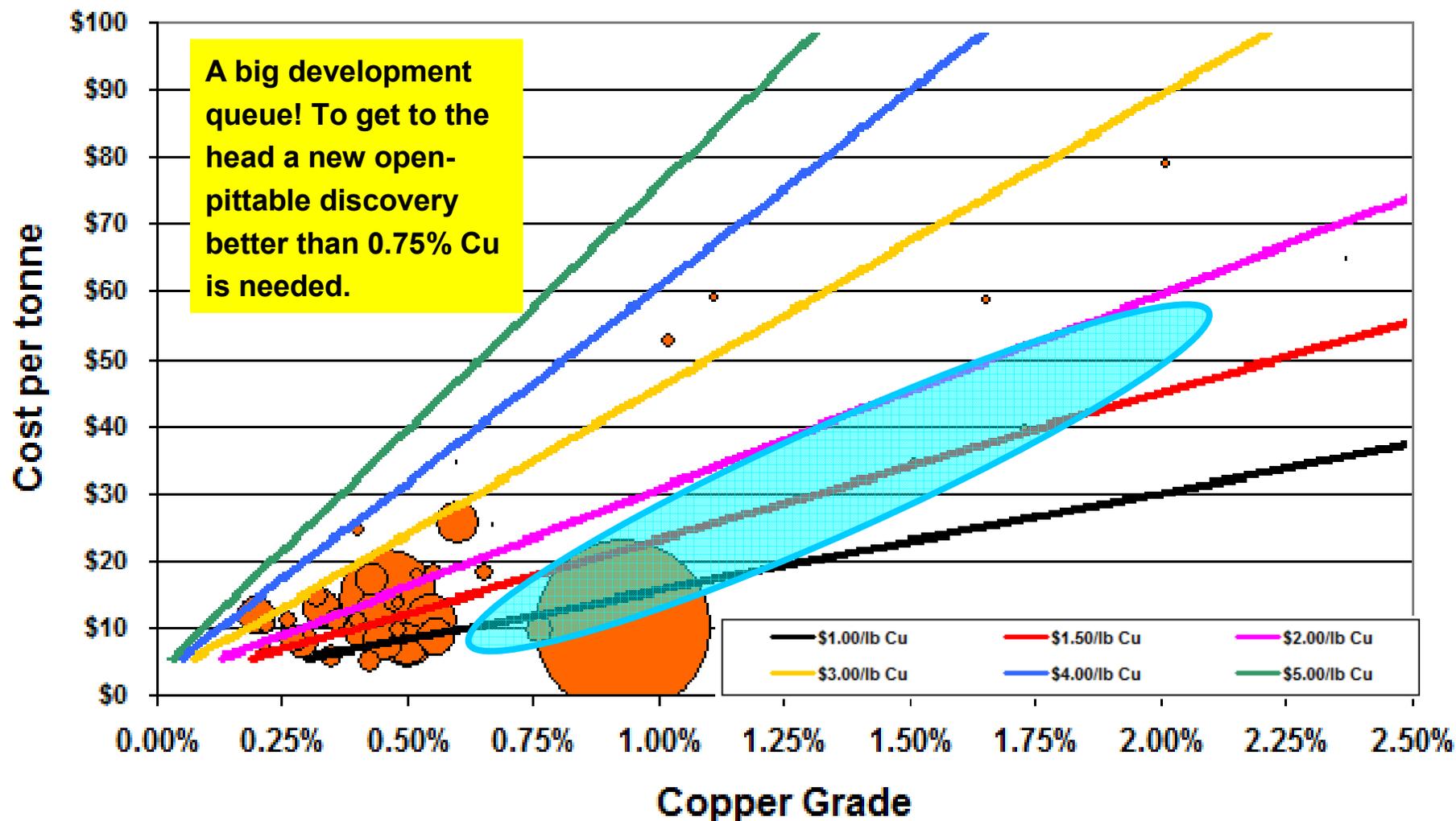
\$15,690,000,000



## Total Cost vs Grade for Undeveloped Copper Deposits

47 selected deposits for which PEA, PFS or BFS has been done since 2007

Additional Potential Annual Production 4,346,928 tonnes Cu  
(Bubble sizes range 10 M lbs to 1.9 B lbs per year) 78% cost < \$1.50/lb



## Resource nationalism strands the San Jose cash flow in Argentina.

### Project Resource Estimate - San Jose

Mar 19, 2012

NI 43-101

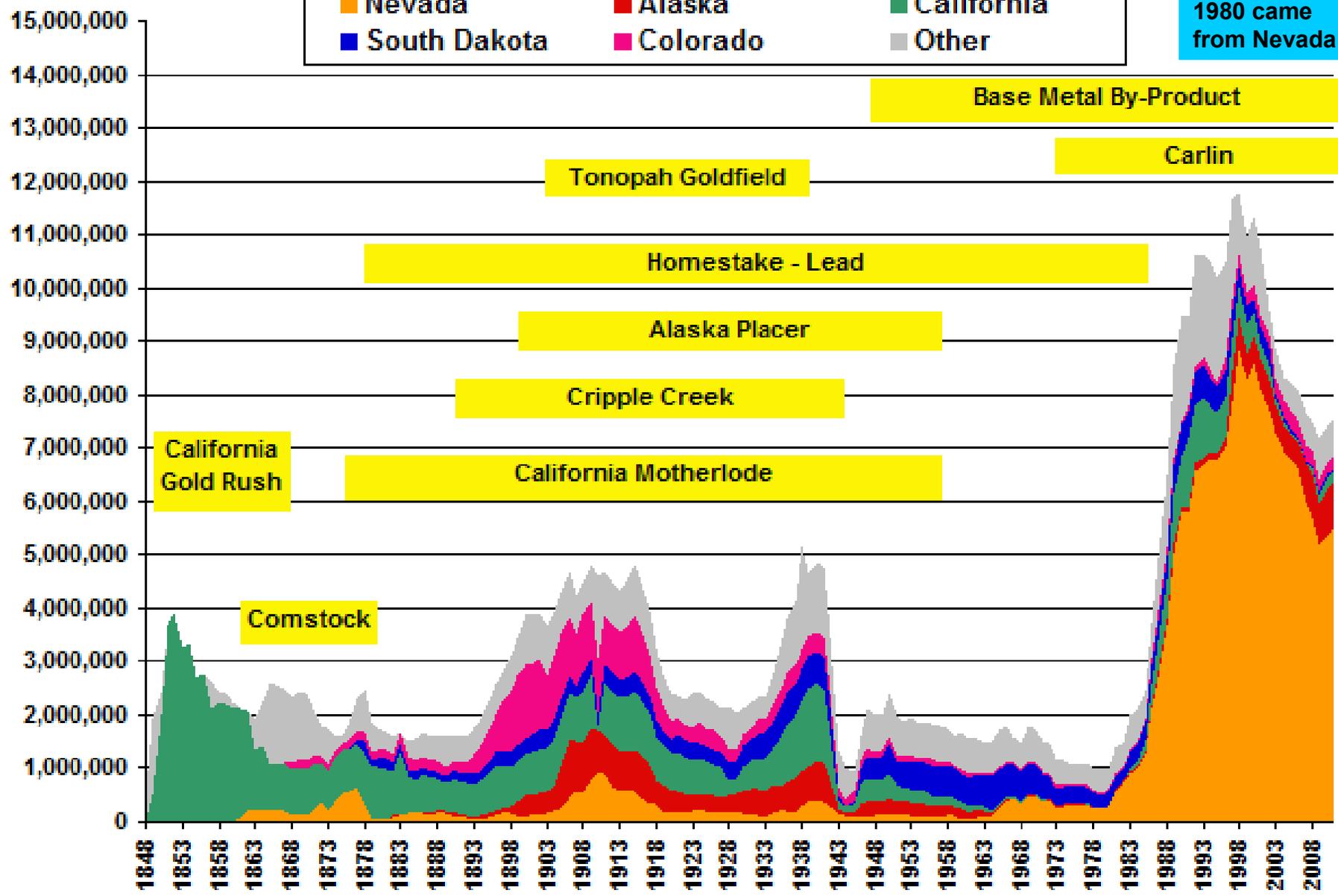
Eugene Puritch, P and E Mining Consultants

Cutoff: 206 g/t Ag eq

Resource Category	Tonnage	Total Rock Value	Metal	Grade	Recovery	Contained Metal	% of GMV
Measured Resource	1,155,000	\$941/t	Silver	560.00 g/t	100.0%	20,795,422 oz	55%
			Gold	8.21 g/t	100.0%	304,876 oz	45%
Indicated Resources	3,513,000	\$727/t	Silver	423.00 g/t	100.0%	47,776,710 oz	54%
			Gold	6.53 g/t	100.0%	737,546 oz	46%
Inferred Mineral Resources	1,813,000	\$628/t	Silver	384.00 g/t	100.0%	22,383,436 oz	57%
			Gold	5.30 g/t	100.0%	308,938 oz	43%
<b>All Categories Spot</b>	<b>6,481,000</b>	<b>\$738/t</b>	<b>Silver</b>	<b>436.51 g/t</b>		<b>90,955,567 oz</b>	<b>55%</b>
			<b>Gold</b>	<b>6.49 g/t</b>		<b>1,351,360 oz</b>	<b>45%</b>
<b>All Categories LTA</b>	<b>6,481,000</b>	<b>\$715/t</b>	<b>Silver</b>	<b>436.51 g/t</b>		<b>90,955,567 oz</b>	<b>57%</b>
			<b>Gold</b>	<b>6.49 g/t</b>		<b>1,351,360 oz</b>	<b>43%</b>
<b>Spot Gross Metal Value</b>		<b>Market Cap as % of Net GMV</b>	<b>Spot Prices Used</b>				
\$4,779,798,509		32.0%	Silver \$28.95/oz, Gold \$1,588.50/oz				

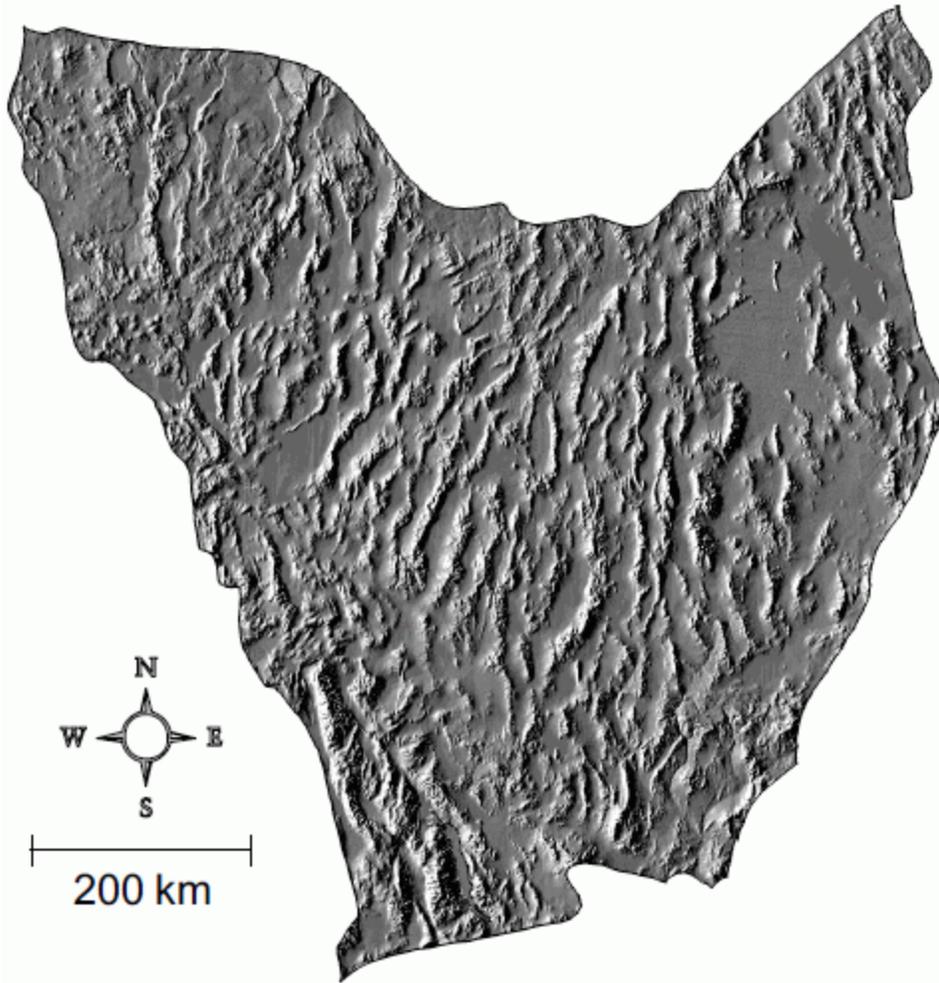
# US Gold Production (oz)

70% of 242 M oz gold since 1980 came from Nevada

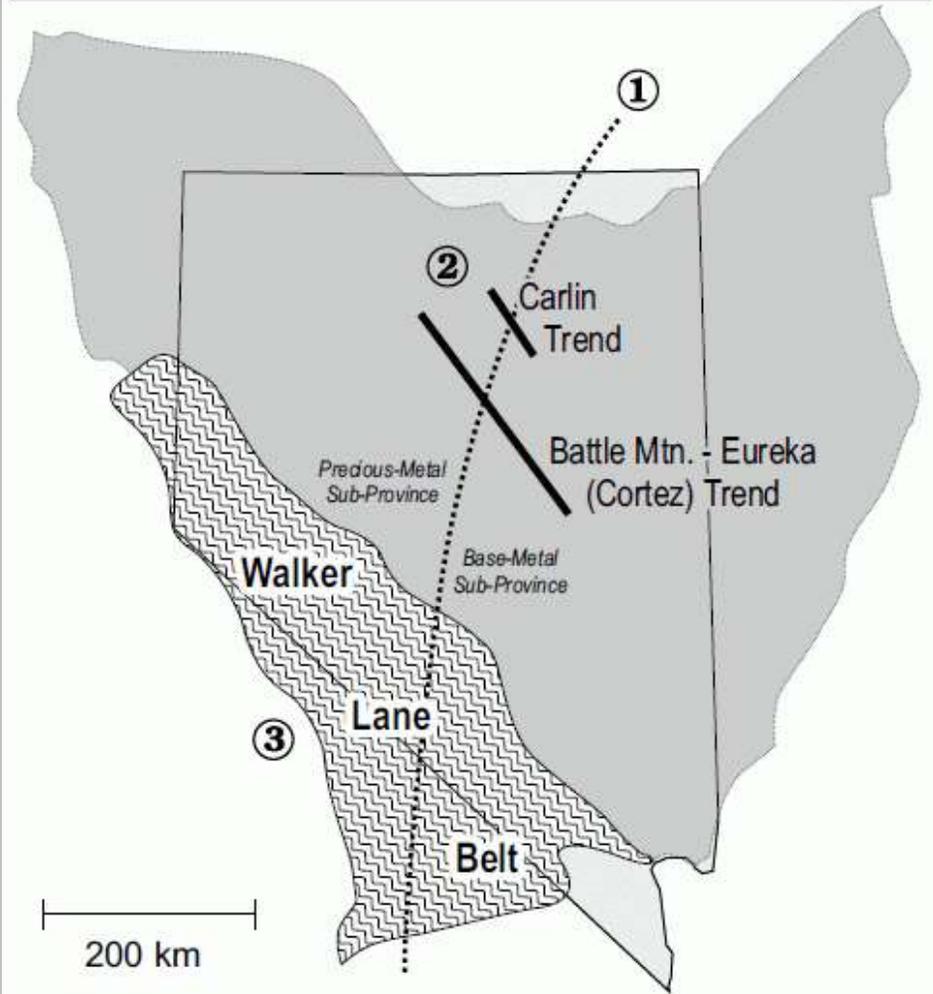


175 million oz northern Nevada, 25 million oz Walker Lane

"Basin and Range" Topography



Principal Metallogenic Features of the Great Basin

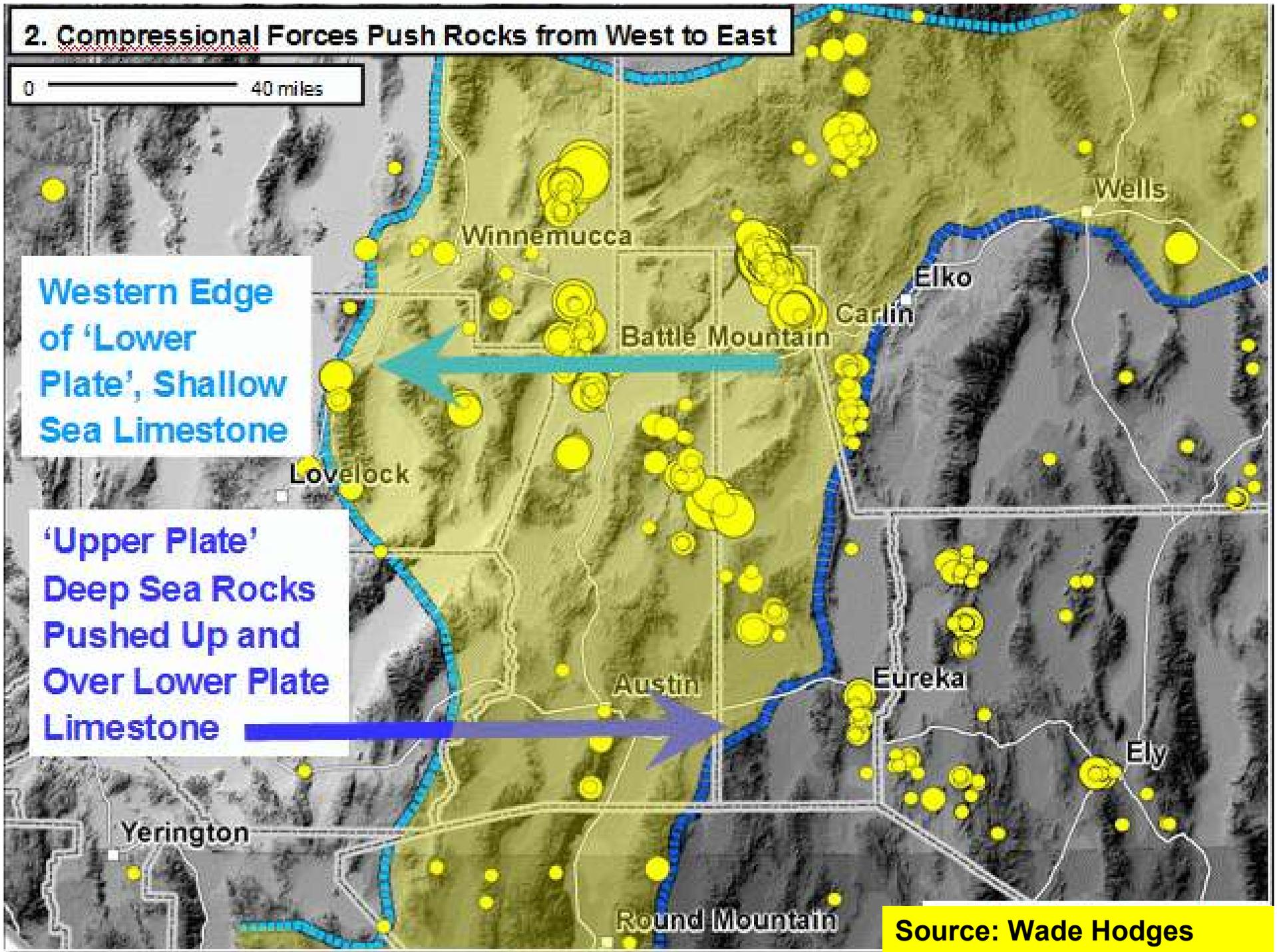


## 2. Compressional Forces Push Rocks from West to East

0 ————— 40 miles

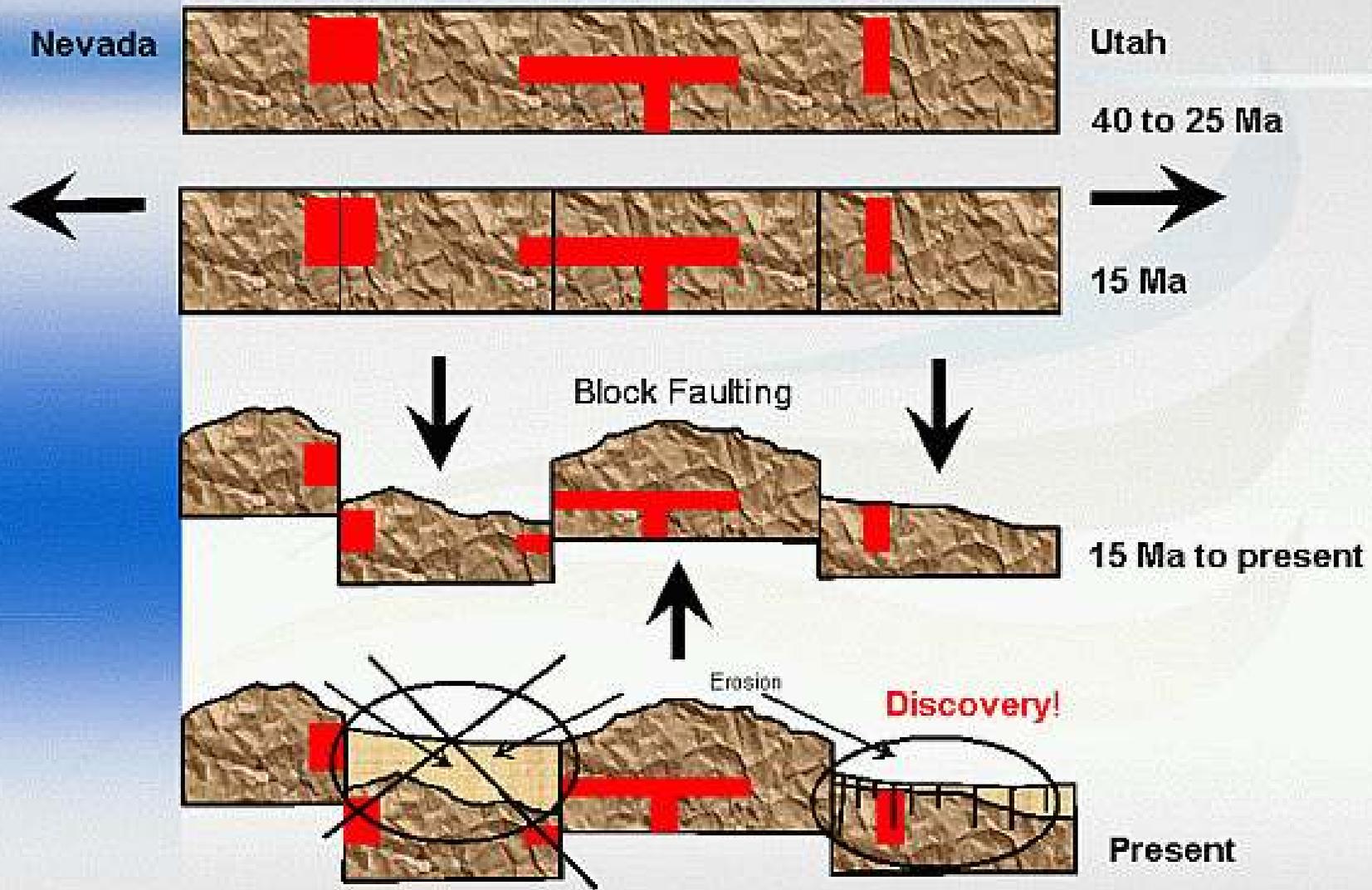
Western Edge  
of 'Lower  
Plate', Shallow  
Sea Limestone

'Upper Plate'  
Deep Sea Rocks  
Pushed Up and  
Over Lower Plate  
Limestone

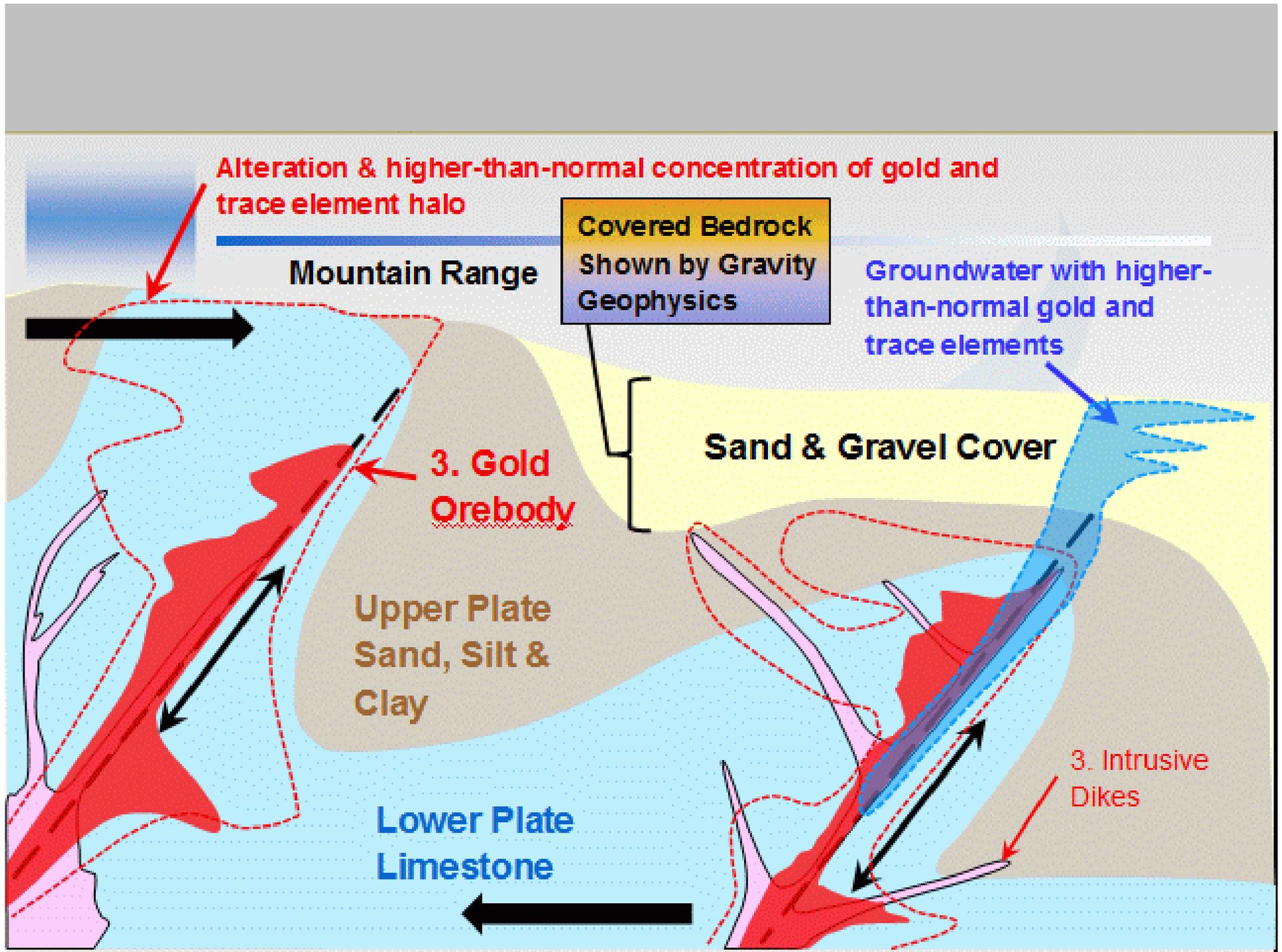


Source: Wade Hodges

#### 4. Extensional Forces Create Basin & Range Topography

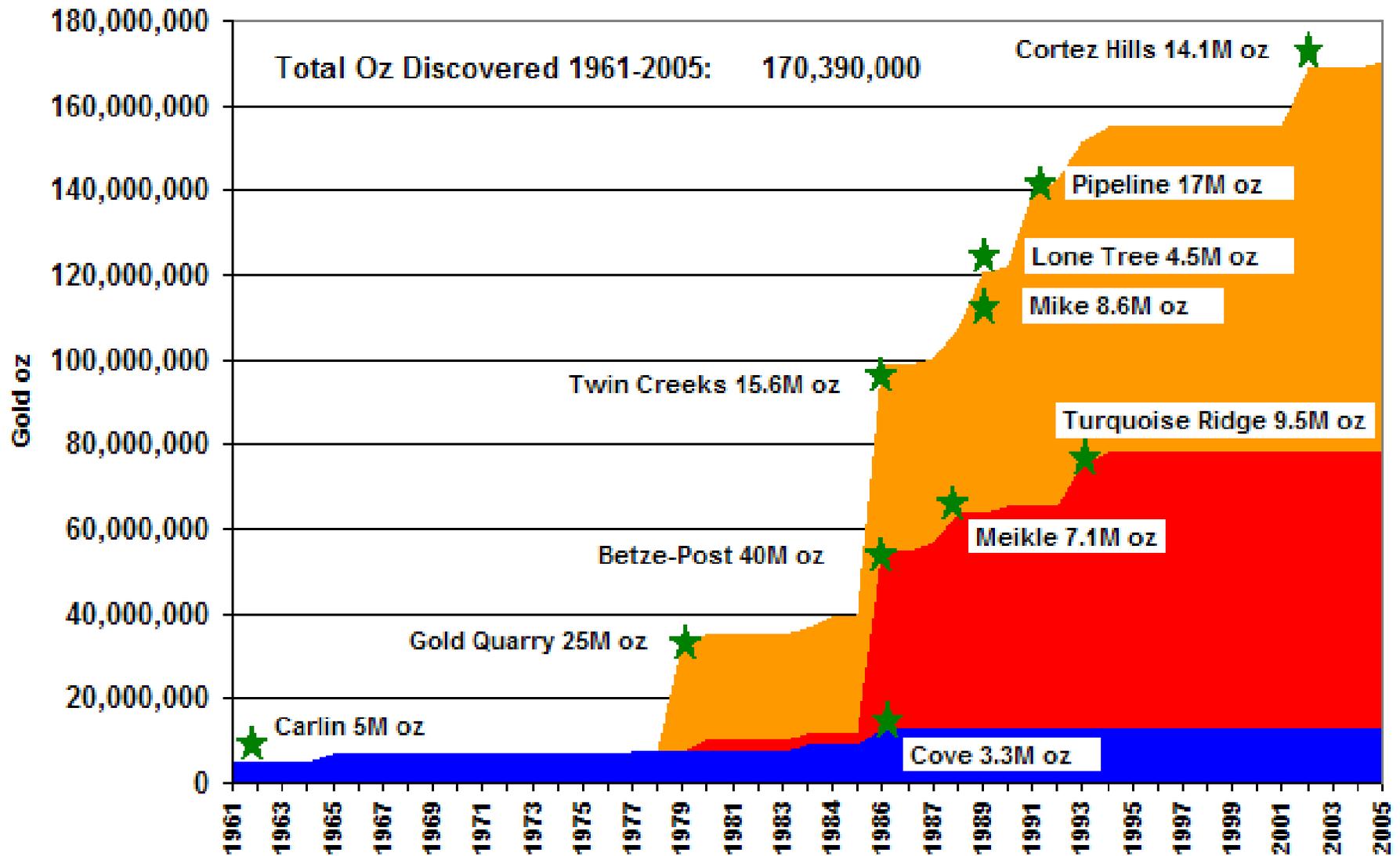


Source: Wade Hodges



## Cumulative Gold Discovery in Nevada Selected Deposits

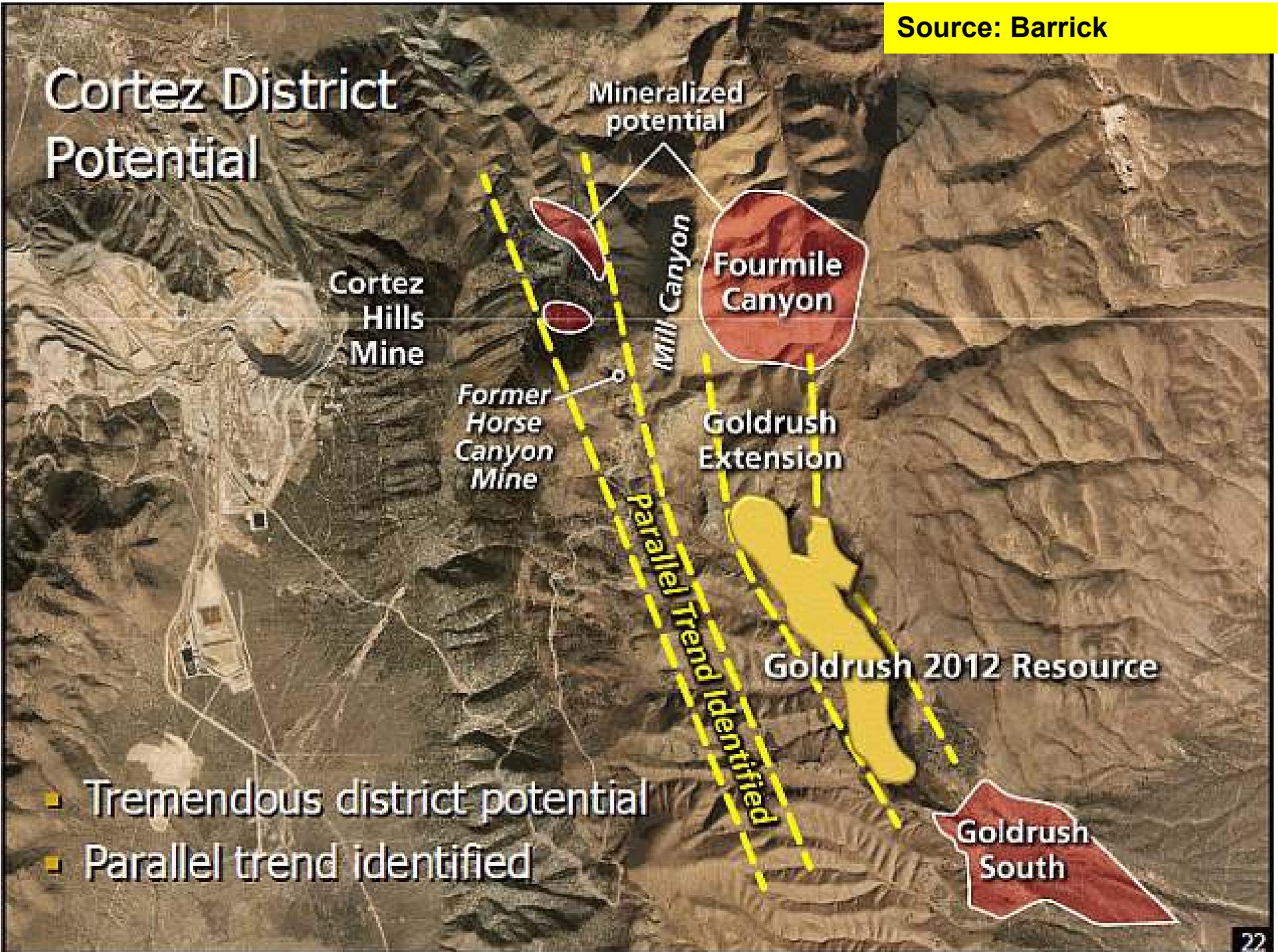
■ Outcrop     
 ■ Barren Rock Cover     
 ■ Gravel Cover



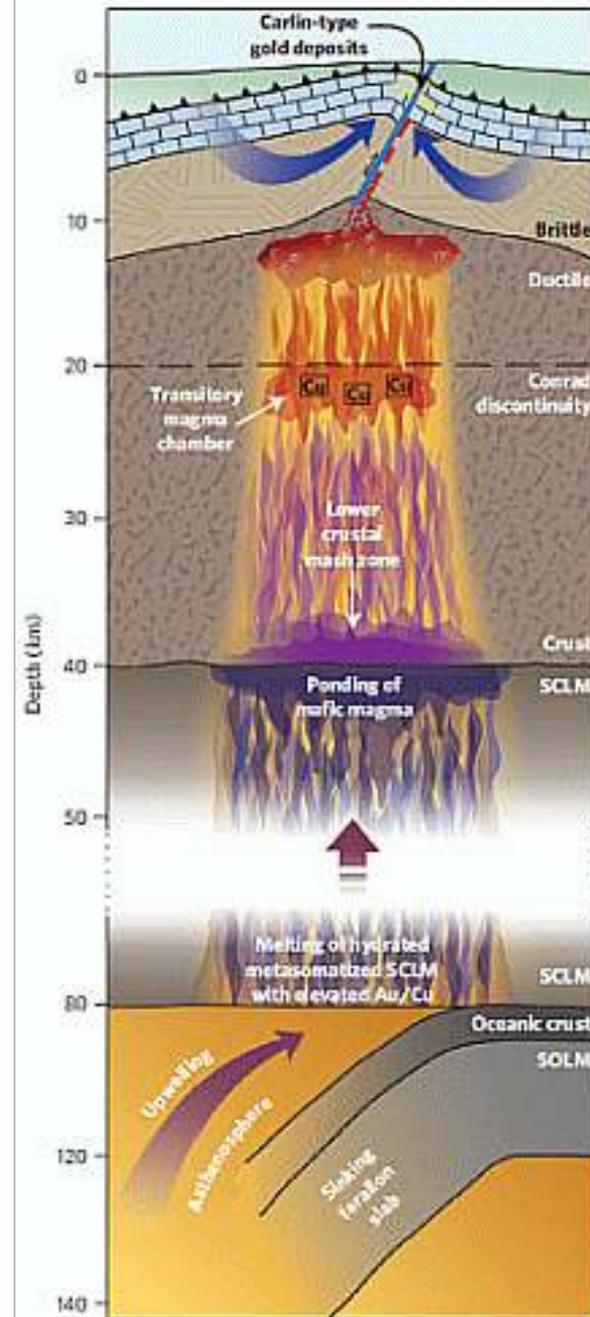
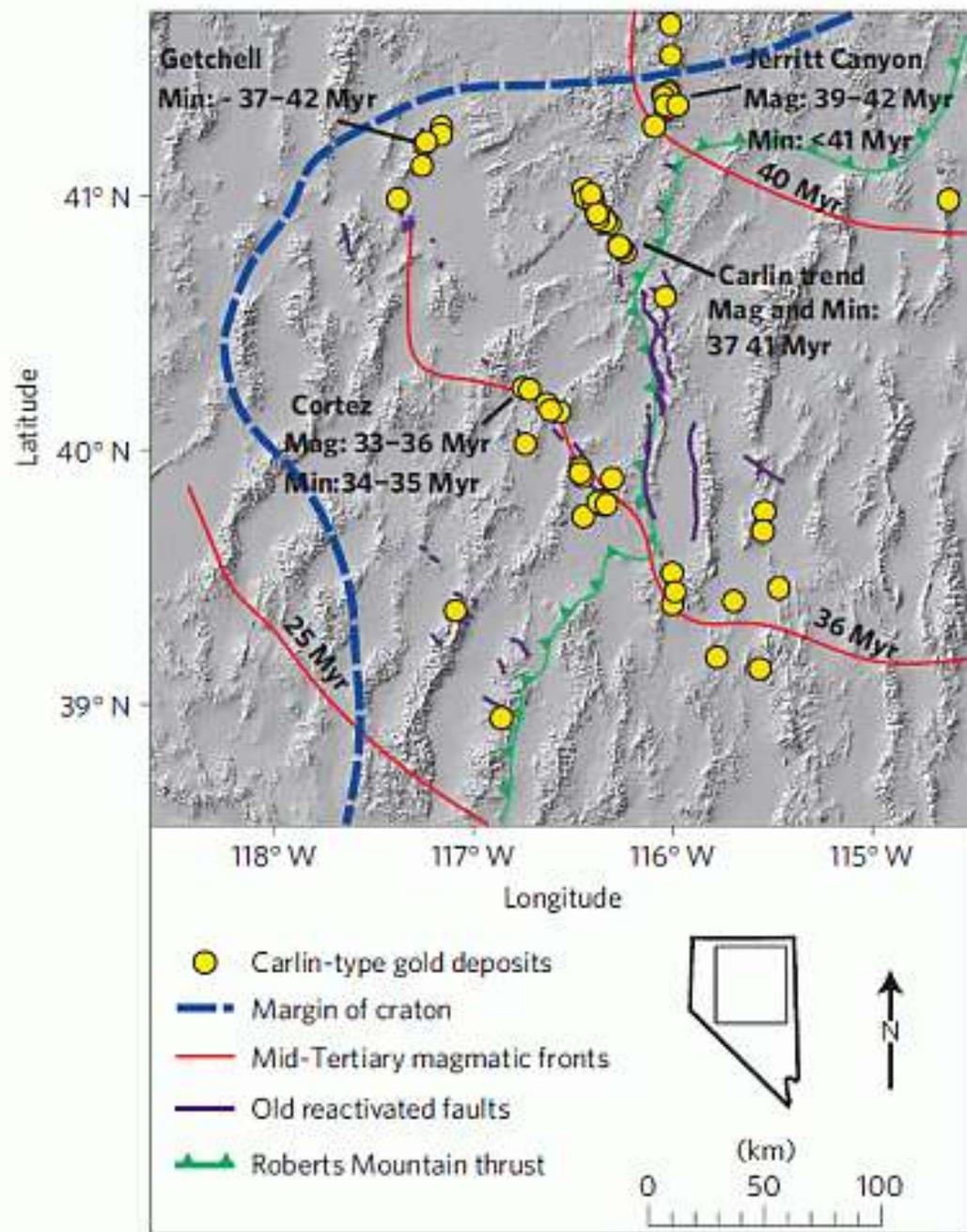
Source: Economic Geology 2011 - John Muntean & Paul Taufen

Kaiser Research Online

# Cortez District Potential



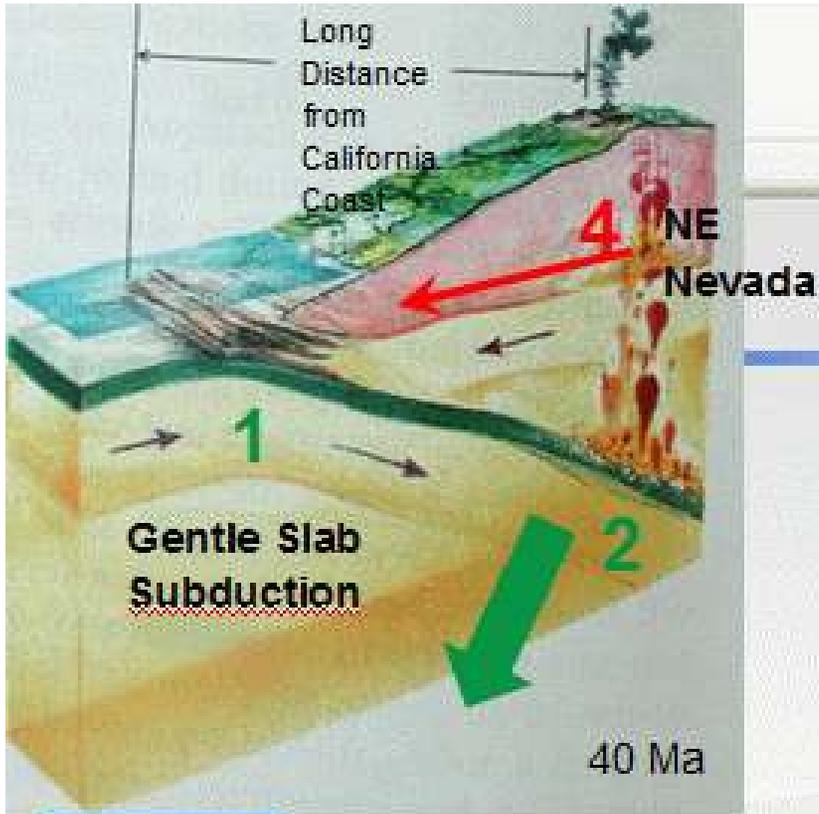
- Tremendous district potential
- Parallel trend identified



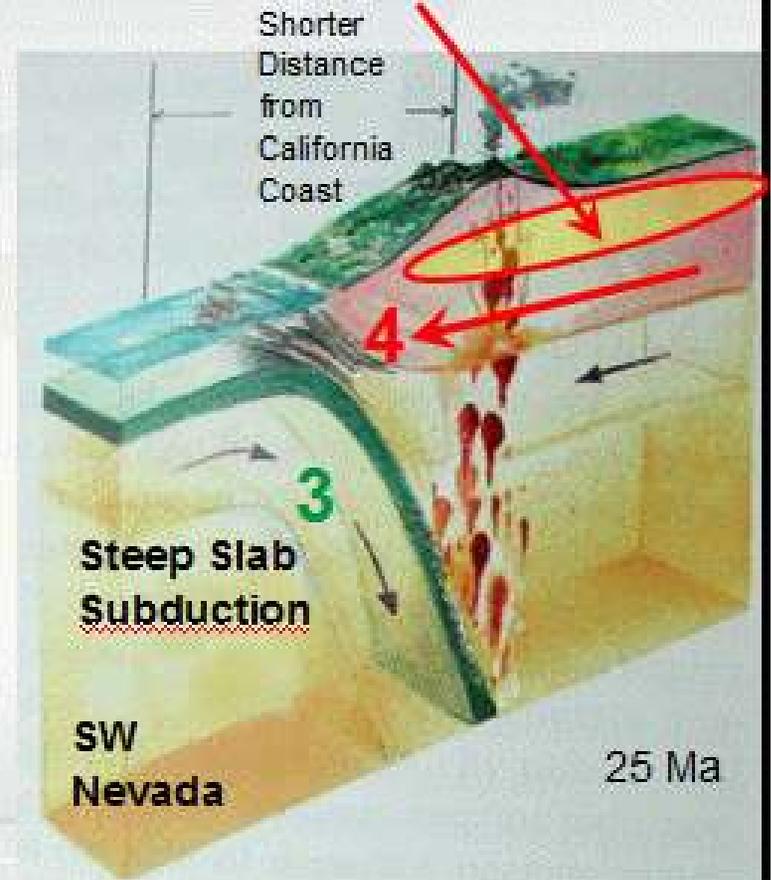
Source: John Muntean et al

Source: Wade Hodges

1. Rate of Subduction Slows
2. Hydrated Slab Rolls Back and
3. Steepens



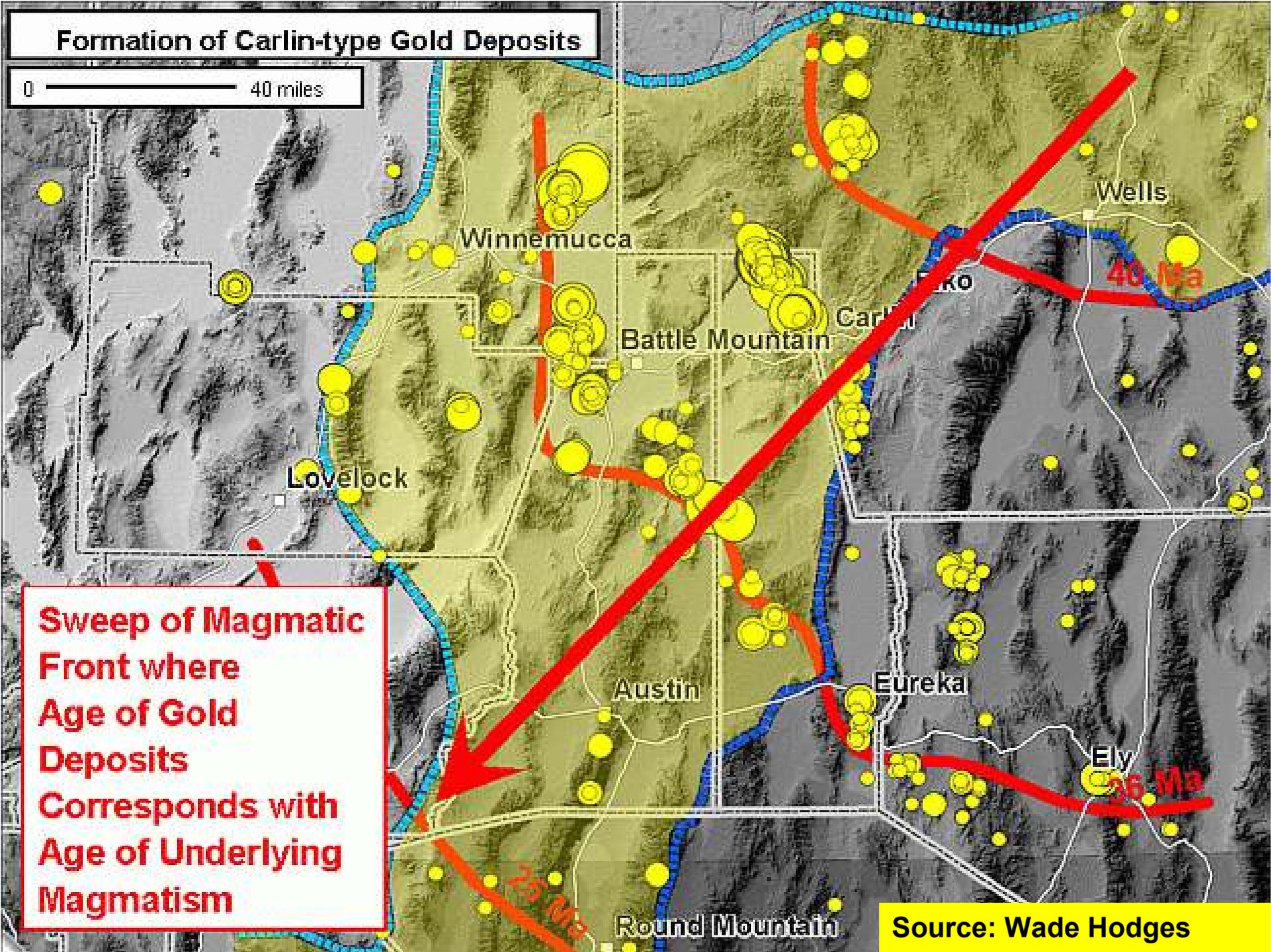
Broad Zone of Gold Deposition



4. Magmatic Activity Sourcing Carlin-Type Gold Deposits Sweeps from the NE to the SW Across Nevada.

# Formation of Carlin-type Gold Deposits

0 40 miles



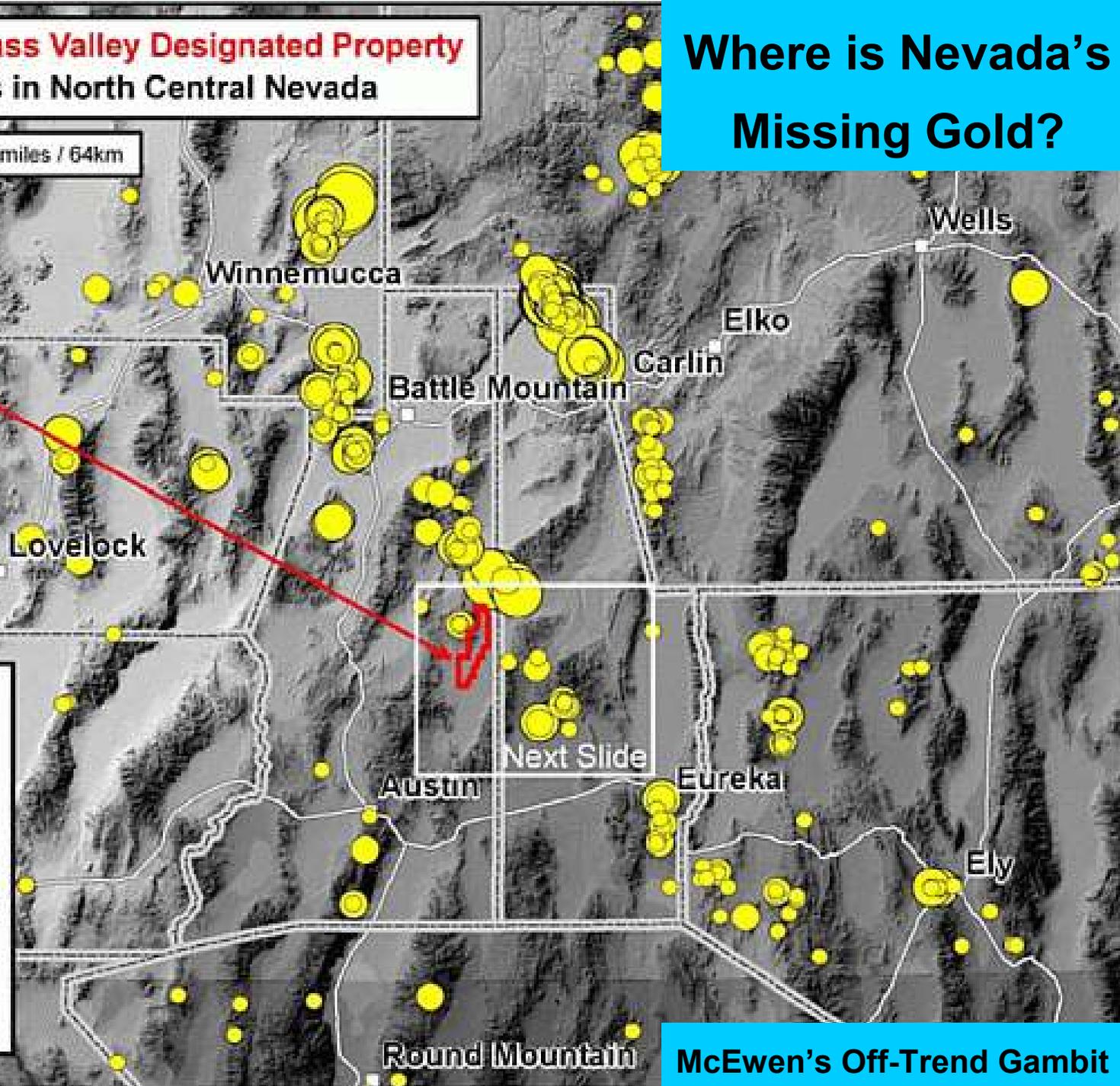
**Sweep of Magmatic Front where Age of Gold Deposits Corresponds with Age of Underlying Magmatism**

Source: Wade Hodges

Location of the **Grass Valley Designated Property** and Gold Deposits in North Central Nevada

Where is Nevada's Missing Gold?

0 40 miles / 64km



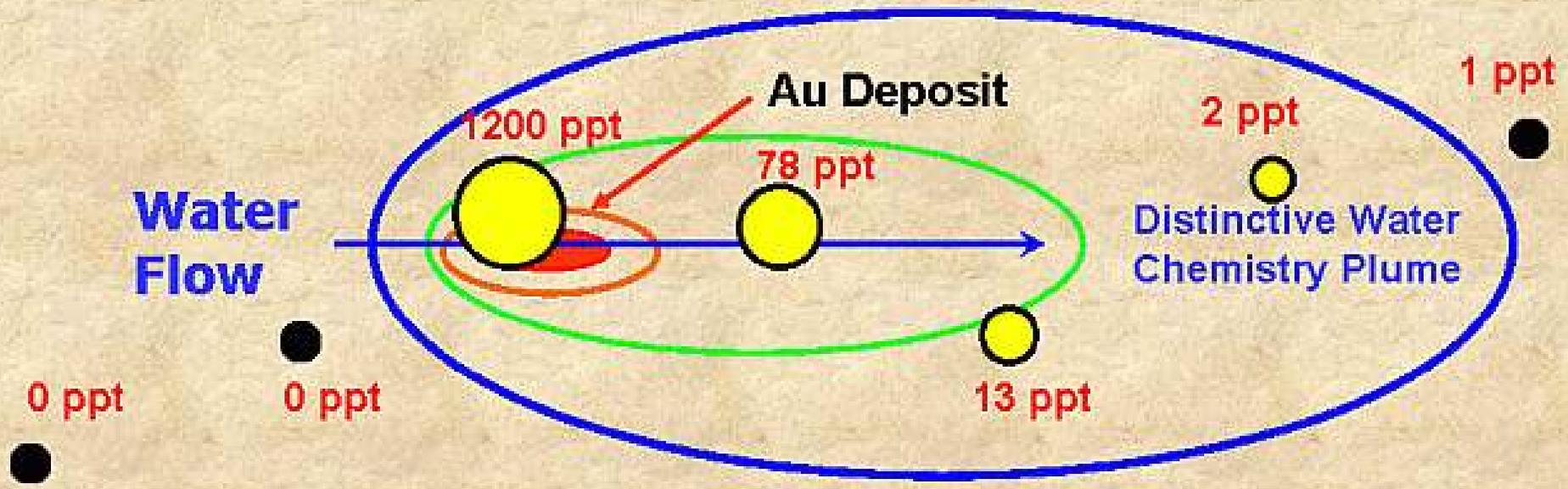
**Gold Mines**

**Total Ounces Gold**

-  < 100,000 ozs Au
-  100,000 - 1,000,000
-  1,000,000 - 5,000,000
-  5,000,000 - 10,000,000
-  > 10,000,000 ozs Au

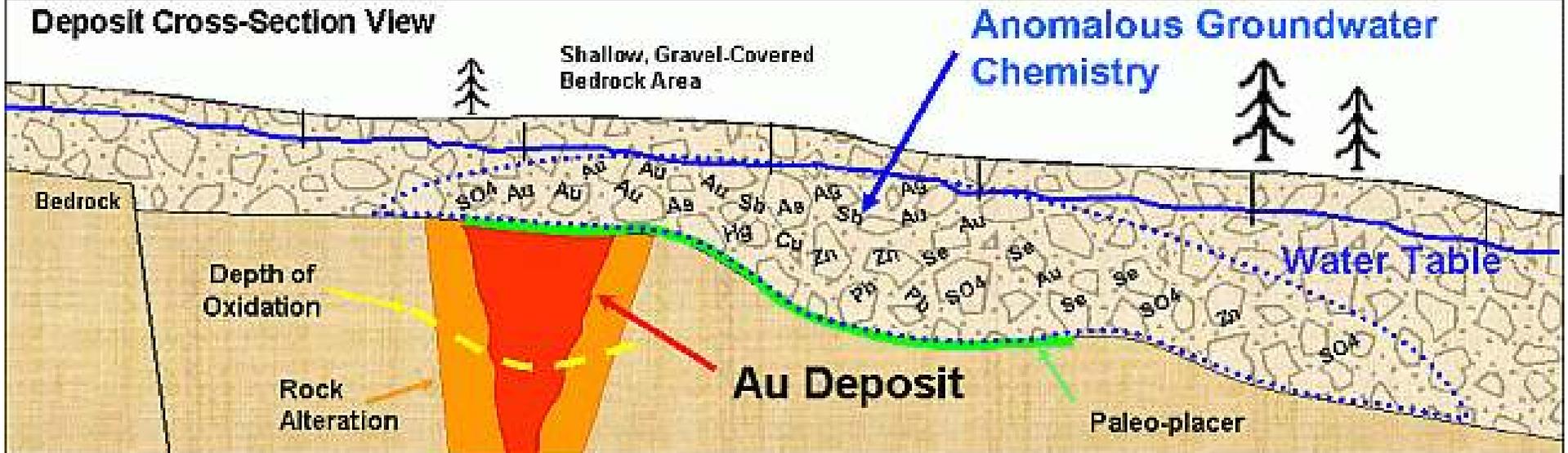
McEwen's Off-Trend Gambit

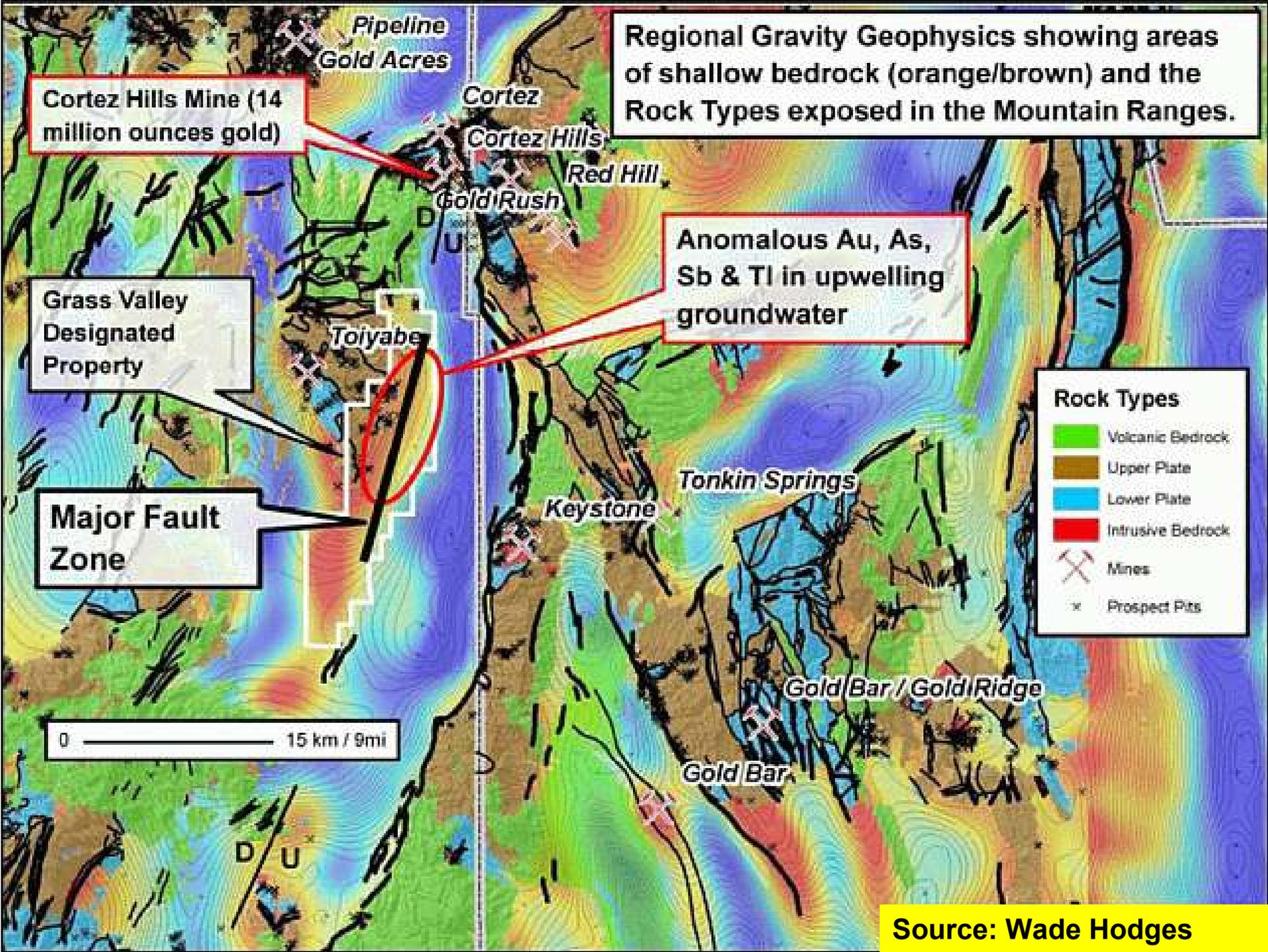
### Deposit Plan View

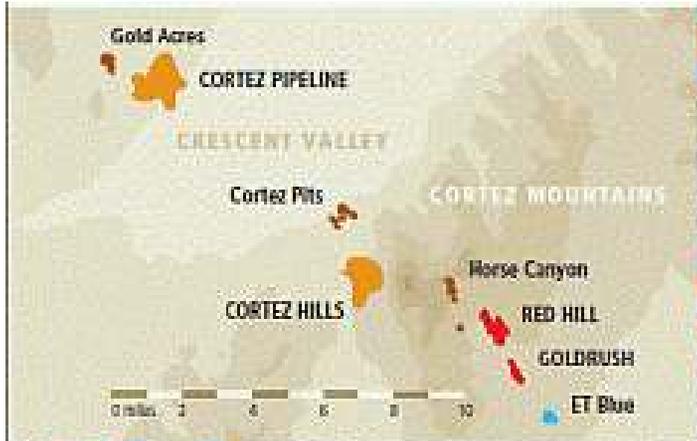


Hydrogeochemistry: an innovative exploration tool for looking under gravel cover

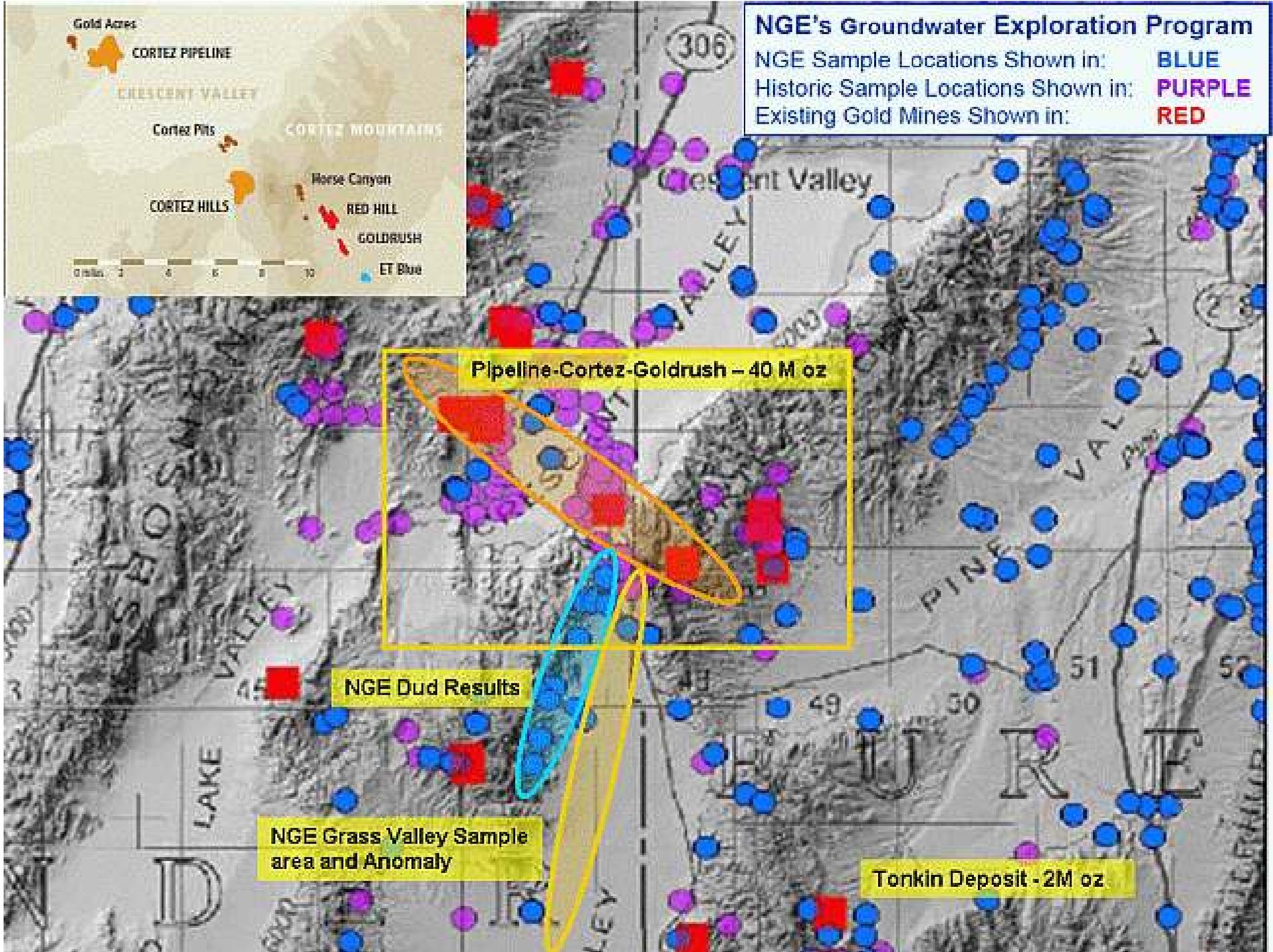
### Deposit Cross-Section View







**NGE's Groundwater Exploration Program**  
 NGE Sample Locations Shown in: **BLUE**  
 Historic Sample Locations Shown in: **PURPLE**  
 Existing Gold Mines Shown in: **RED**



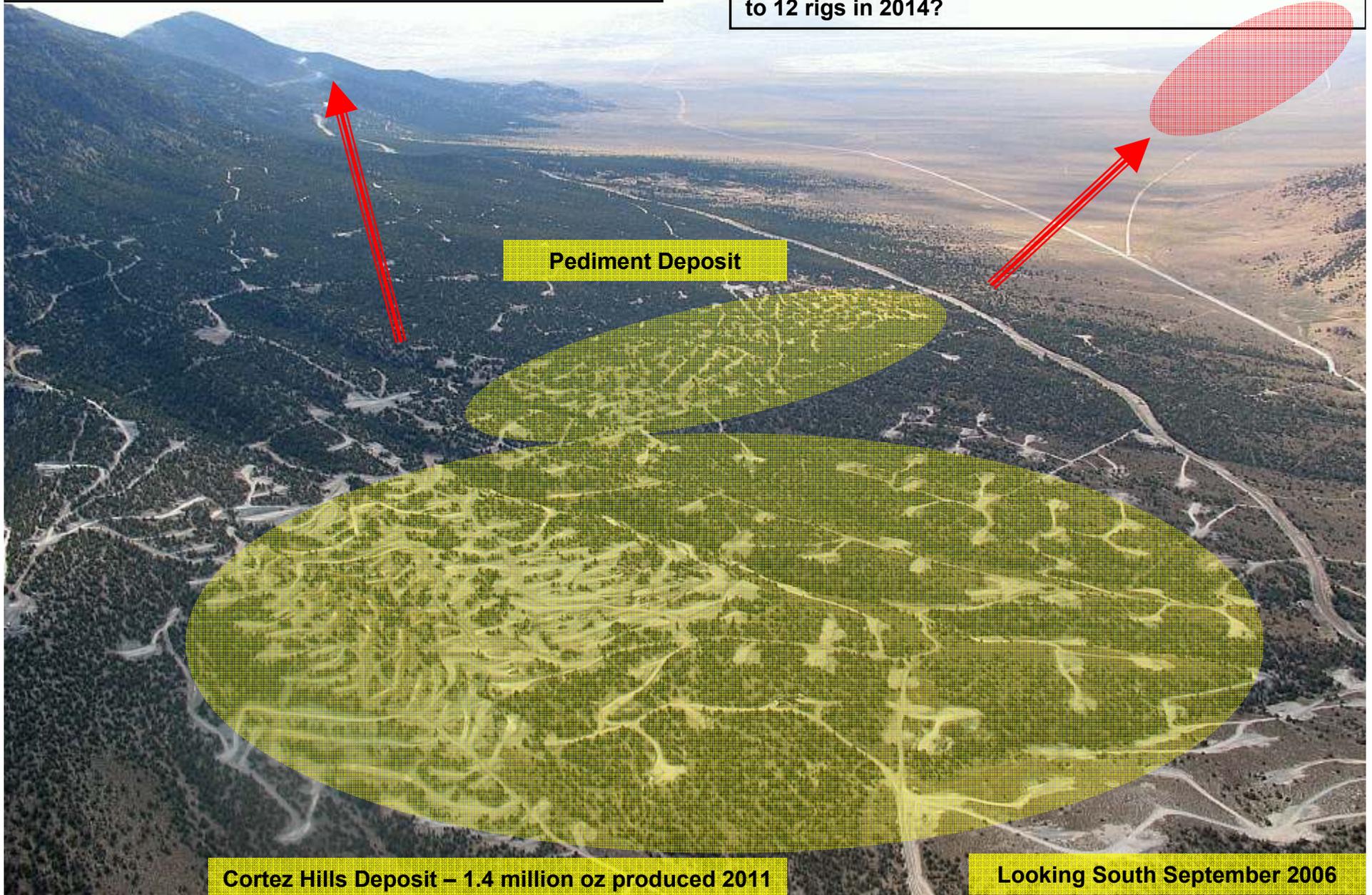
Southeast Cortez "Trend" along which Barrick has found Red Hill & Goldrush (7 M oz & growing with help of 12 rigs in 2012), but beyond which McEwen et al have spent more than \$60 million with disappointing results so far.

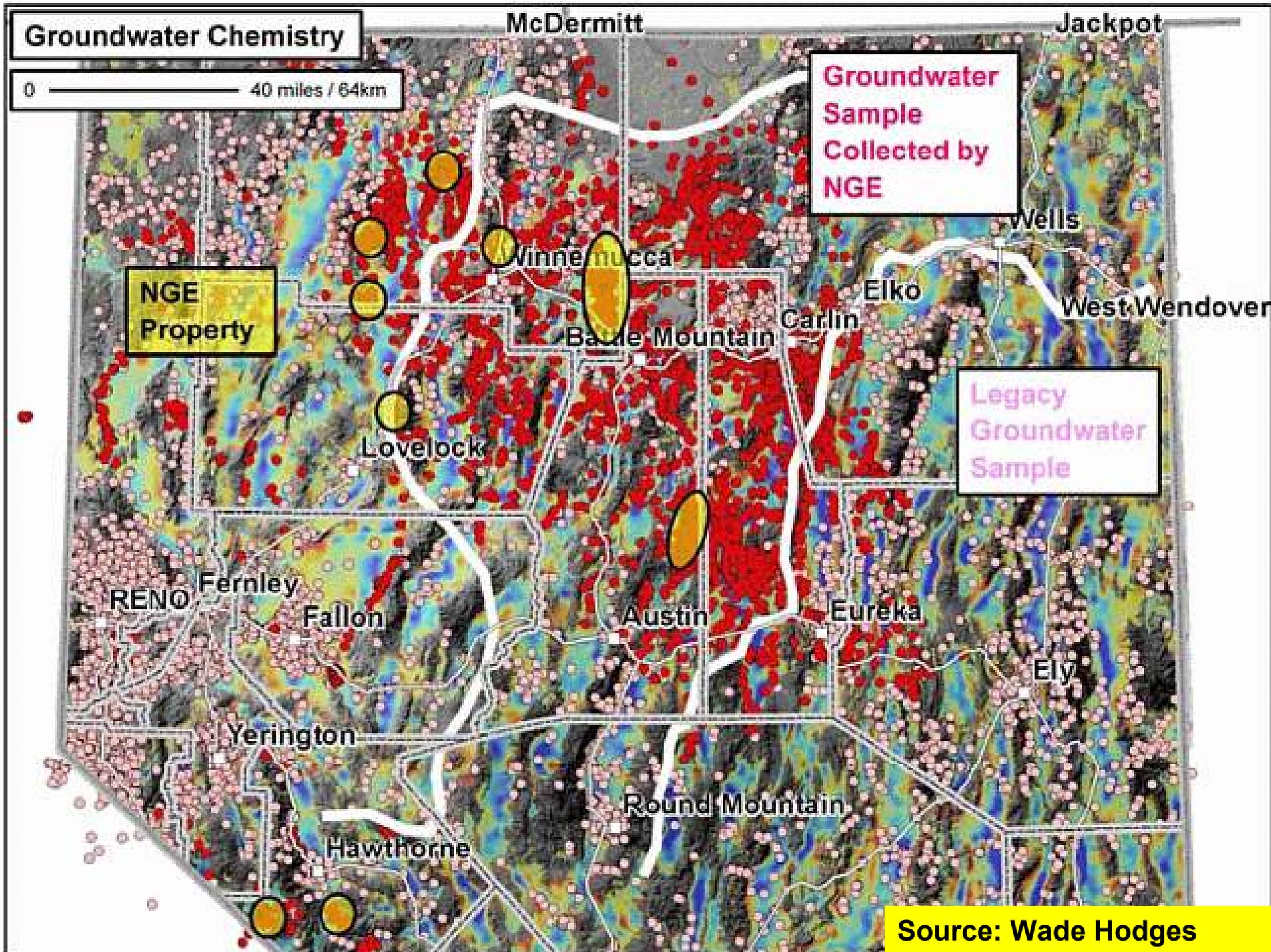
Southwest Grass Valley "Trend" along which "ignorant juniors" have staked claims and spent little. In 2012 staked 70:30 by McEwen/NGE based on 15 km gold-in-groundwater anomaly. Will \$2 million exploration lead to 12 rigs in 2014?

Pediment Deposit

Cortez Hills Deposit – 1.4 million oz produced 2011

Looking South September 2006





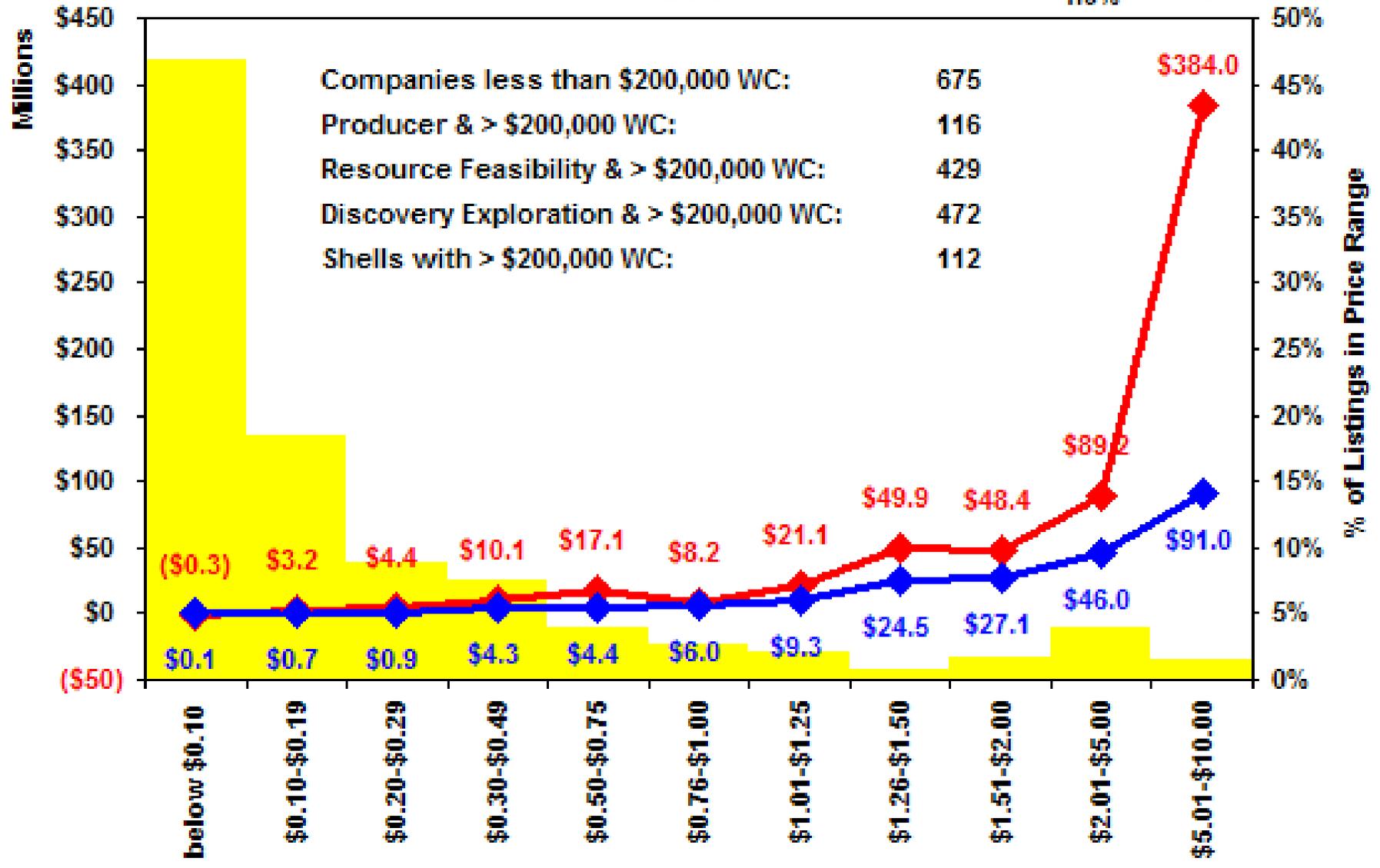
Source: Wade Hodges

# KRO Price Range - Working Capital Distribution

■ % of Listings  
◆ Avg Working Capital  
◆ Median Working Capital

1,804 All Companies as of February 28, 2013

46.8% 18.4% 8.8% 7.5% 3.9% 2.5% 2.1% 0.8% 1.7% 4.0% 1.4%



Companies less than \$200,000 WC: 675  
 Producer & > \$200,000 WC: 116  
 Resource Feasibility & > \$200,000 WC: 429  
 Discovery Exploration & > \$200,000 WC: 472  
 Shells with > \$200,000 WC: 112

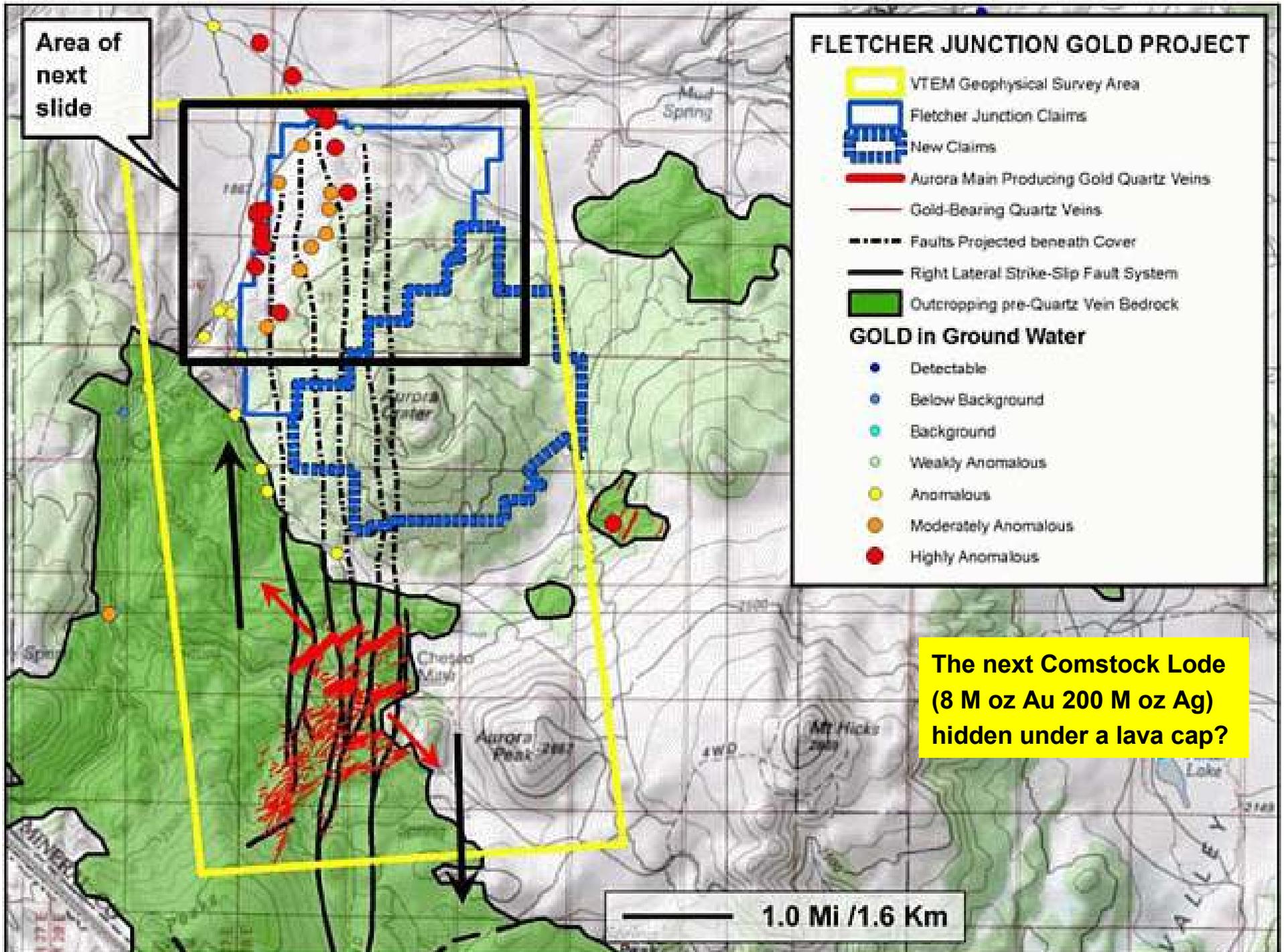
# Spruce Ridge Resources Ltd

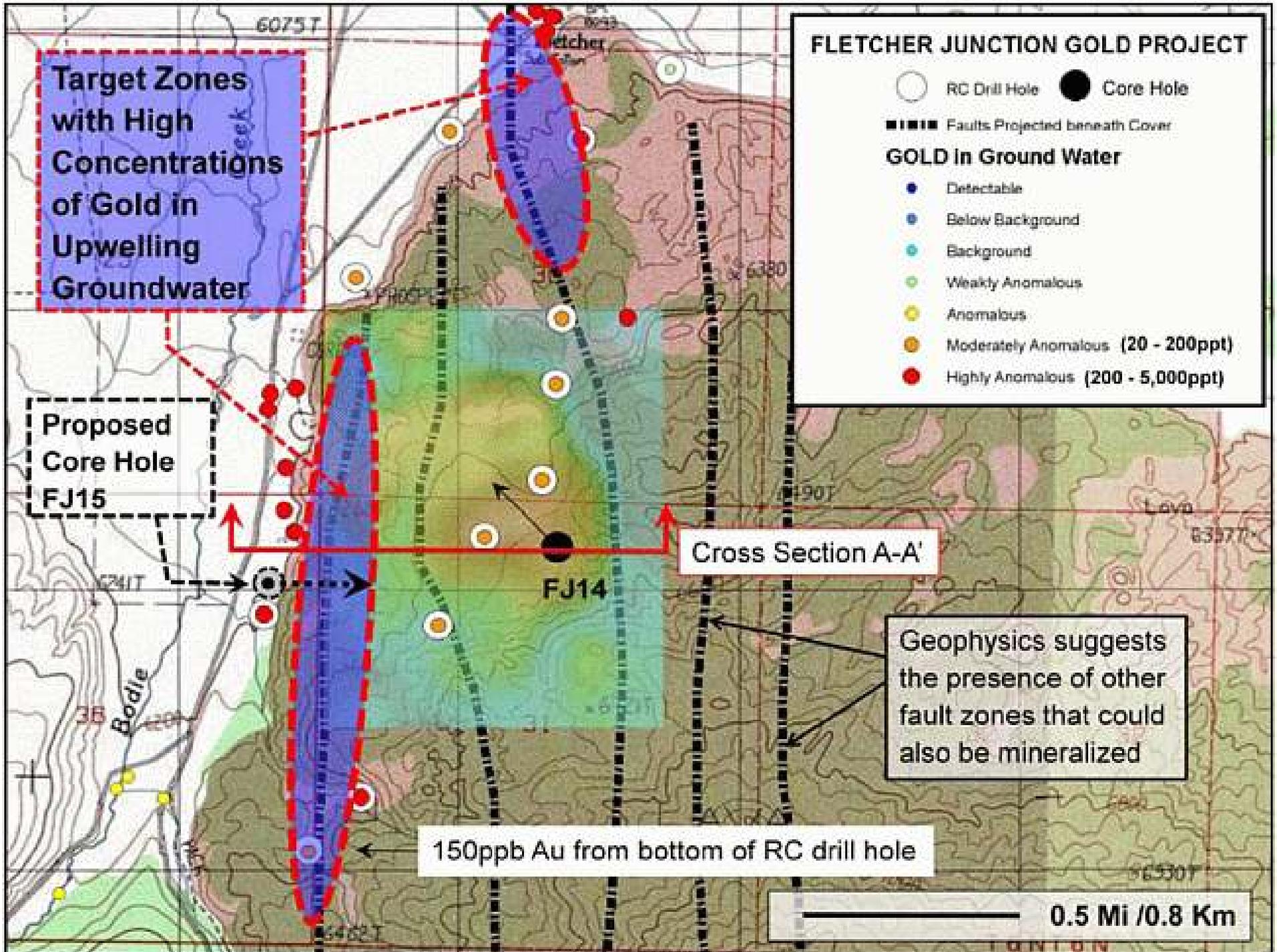
6/5/2009 TO 3/1/2013

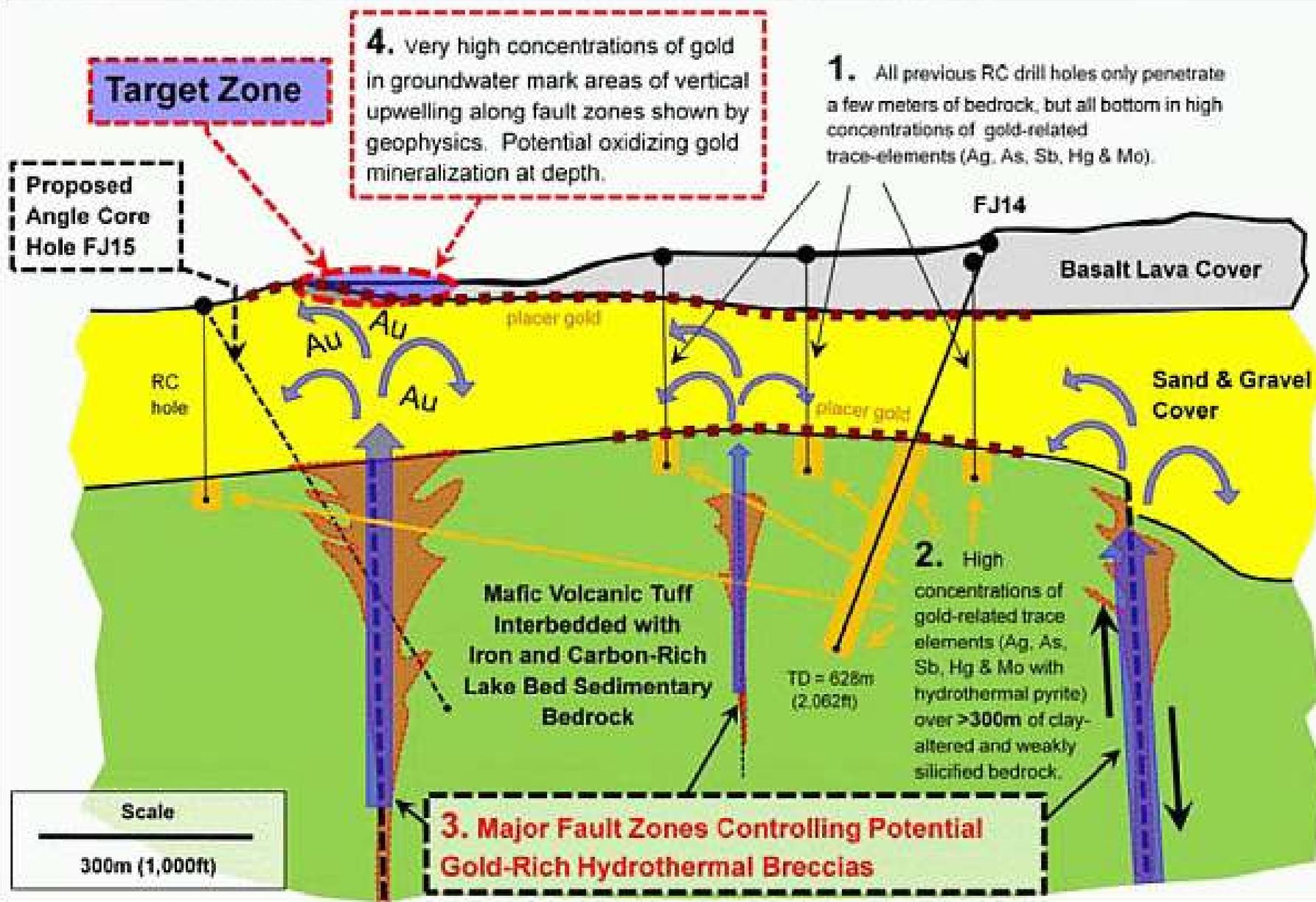


**McEwen Mining not the only innovator:  
here is one of the 675 possibly doomed  
juniors with less than \$200,000 to test a  
Comstock Lode style target under cover.**

Issued:	42,299,456	High: \$0.39 on 1/27/2011	Max Volume: 302,000 on 10/2/2012
Diluted:	57,587,789	Low: \$0.07 on 6/26/2009	Max Value: \$49,413 on 11/23/2010







# Arequipa Resources Ltd

9/8/1993 TO 10/24/1996

Going forward the strategy will not be proving old duds are economic at post China super-cycle metal prices, or hoping to find an overlooked outcropping Pierina. It is about applying innovative exploration to make big new discoveries Under Cover!



Issued: 31,400,000

High: \$34.75 on 5/27/1996

Max Volume: 5,799,304 on 7/11/1996

Diluted: 35,900,000

Low: \$0.49 on 2/3/1995

Max Value: \$166,440,025 on 7/11/1996



**New discoveries driven  
by innovation is what we  
need to cheer up Grumpy  
Cat and switch the junior  
resource sector glass  
half full again!**



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