

FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1 Name and Address of the Company

Lexam VG Gold Inc. ("**Lexam VG Gold**")
150 King Street West
Suite 2800, P.O. Box 24
Toronto, Ontario
M5H 1J9

Item 2 Date of Material Change

February 13, 2017

Item 3 News Release

A news release with respect to the material change referred to in this report was issued by Lexam VG Gold through Marketwired and filed on the System for Electronic Document Analysis and Retrieval (SEDAR), under Lexam VG Gold's issuer profile, on February 13, 2017.

Item 4 Summary of Material Change

Lexam VG Gold and McEwen Mining Inc. ("**McEwen Mining**") have entered into an agreement dated February 13, 2017 (the "**Arrangement Agreement**"), pursuant to which McEwen Mining has agreed to acquire all of the issued and outstanding securities of Lexam VG Gold. Pursuant to the Arrangement Agreement, holders of Lexam VG Gold common shares (the "**Lexam VG Gold Shares**") (except for McEwen Mining and any holder of Lexam VG Gold Shares validly exercising their dissent rights) are entitled to receive 0.056 of a McEwen Mining Share (the "**Exchange Ratio**") for each Lexam VG Gold Share held. Holders of Lexam VG Gold Shares will receive a premium of 30% to the 30-day volume weighted average price of the Lexam VG Gold Shares.

The transaction will be implemented by way of a plan of arrangement (the "**Arrangement**") under the *Business Corporations Act* (Ontario).

Item 5 Full Description of Material Change

Under the terms of the Arrangement Agreement, the holders of Lexam VG Gold Shares will be entitled to receive an aggregate of 12,689,709 shares of common stock in the capital of McEwen Mining (the "**McEwen Mining Shares**"). Based on a price of US\$4.23 per McEwen Mining Share, being the closing price on the New York Stock Exchange ("**NYSE**") on February 10, 2017, the Exchange Ratio represents an offer price of CDN\$0.31 per Lexam VG Gold Share, being a premium of 30% over the volume weighted average price of Lexam VG Gold Shares for the period comprising the 30 trading days ended on February 10, 2017.

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

To be effective, the Arrangement must be approved at a meeting of the shareholders of Lexam VG Gold (the "**Lexam VG Gold Meeting**") by: (i) at least 66 ⅔% of the votes cast on the resolution to approve the Arrangement by the Lexam VG Gold shareholders present in person or represented by proxy and entitled to vote at the Lexam VG Gold Meeting; and (ii) at least a majority of the votes cast on the resolution to approve the Arrangement by the minority Lexam VG Gold shareholders present in person or represented by proxy and entitled to vote at the Lexam VG Gold Meeting. The minority shareholders are defined by securities legislation and, among others, will exclude the Lexam VG Gold Shares held by the directors of McEwen Mining, including Mr. Robert R. 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 by Lexam VG Gold to McEwen Mining in certain circumstances, and fiduciary out provisions for the benefit of Lexam VG Gold. Lexam VG Gold 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 Toronto Stock Exchange, 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 VG Gold 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. Mr. Robert R. McEwen and Mr. Richard Brissenden noted their respective conflicts as directors of Lexam VG Gold and McEwen Mining and abstained from voting in connection with the approval of the Arrangement by the board of directors of each company.

The proposed acquisition by McEwen Mining of Lexam VG Gold pursuant to the Arrangement Agreement was negotiated at arm's length by the parties.

Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

Item 7 Omitted Information

Not applicable.

Item 8 Executive Officer

Andrew Iaboni
Chief Financial Officer
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Item 9 Date of Report

February 23, 2017