

APNs: None—unpatented mining claims

Recorded at the request of  
and when recorded return to:

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EUREKA COUNTY, NV  
RPTT:\$0.00 Rec:\$35.00  
\$35.00 Pgs=18  
JEFF N. FAILLERS, P.C.  
LISA HOEHNE, RECORDER

**2018-237051**  
**12/19/2018 01:24 PM**

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*The undersigned affirm that this document  
does not contain the personal information of any person.*

**Deed of Net Profits Interest  
(SW and NH Claims; Eureka County, Nevada)**

This Deed of Net Profits Interest (the “Deed”) is dated effective October 15, 2018 (the “Effective Date”), from McEwen Mining Nevada Inc., a Delaware corporation (“McEwen”), to Teck American Incorporated, a Washington corporation (“Teck”). McEwen and Teck are sometimes referred to individually as a “Party” and collectively as the “Parties.”

**Recitals**

- A. McEwen is the owner of the ninety-four (94) unpatented lode mining claims identified as the SW 1 through 50 and NH 1 through 44 claims (the “Claims”) situated in Eureka County, Nevada, which are more particularly described in Exhibit A attached to and by this reference incorporated in this Deed.
- B. Teck Cominco American Incorporated, a Washington corporation (“TCAI”), Tone Resources Limited, a Canadian corporation (“Tone Canada”), and Tone Resources (U.S.) Inc., a Nevada corporation (“Tone Nevada”), are parties to the Financing and Property Acquisition Agreement dated March 9, 2004 (the “Acquisition Agreement”), pursuant to which Teck has the right to acquire a joint venture interest in certain properties comprising part of McEwen’s Gold Bar Project pursuant to the terms of the Acquisition Agreement.
- C. TCAI changed its name to Teck by the Certificate of Amendment of Articles of Incorporation dated effective October 15, 2008, which was recorded in the Office of the Eureka County Recorder on November 19, 2008, as Document No. 212739.

- D. Tone Nevada conveyed certain Gold Bar North Project properties subject to the Acquisition Agreement to White Knight Gold (U.S.) Inc., a Delaware corporation (“WKGUS”), by the Quitclaim Deed dated effective July 5, 2016, which was recorded in the Office of the Eureka County Recorder on July 13, 2016, as Document No. 231663. WKGUS subsequently changed its name to McEwen Nevada by the Certificate of Amendment of Articles of Incorporation dated effective June 6, 2017, which was recorded in the Office of the Eureka County Recorder on October 16, 2017, as Document No. 2017-233917.
- E. The Parties entered into an Agreement and Termination of Financing and Property Acquisition Agreement dated as of the Effective Date (the “Agreement”), pursuant to which, *inter alia*: (a) the Parties terminated the Acquisition Agreement; and (b) McEwen agreed to execute and deliver to Teck a royalty in the amount of eight percent (8%) of net profits from the sale of products from the Claims.
- F. Pursuant to the terms of the Agreement, McEwen now wishes to convey the net profits interest on the Claims under the terms and conditions of this Deed and Exhibit B attached to and by this reference incorporated in this Deed.

Now, therefore, in consideration of ten dollars (\$10), their mutual promises in the Agreement, and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Parties agree as follows:

### **Conveyance**

1. Grant of Net Profits Interest. Owner grants to Grantee, and Grantee’s successors and assigns forever, and Owner covenants for itself and its assigns and successors, to pay Grantee, and Grantee’s assigns and successors, a royalty (the “Royalty”) equal to eight percent (8%) of the Net Profits (as defined in Exhibit B) from the sale of Products (as defined in Exhibit B) to be paid in accordance with, and subject to the terms and conditions of Exhibit B attached to and by this reference incorporated in this Deed. The Royalty shall be a nonadministrative, nonexecutive and nonworking royalty.
2. Burden on the Claims. The Royalty shall burden and run with the Claims, including any amendments, conversions to a lease or other form of tenure, relocations or patent of all or any of the unpatented mining claims which comprise all or part of the Claims.

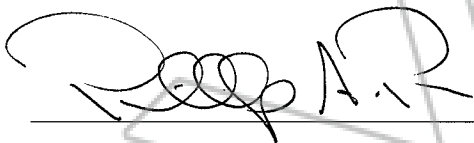
On amendment, conversion to a lease or other form of tenure, relocation or patenting of any of the unpatented mining claims which comprise all or part of the Claims, Owner agrees and covenants to execute, deliver and record in the office of the recorder in which all or any part of the Claims is situated an instrument by which Owner grants to Grantee the Royalty and subjects the amended, converted, patented and relocated mining claims, as applicable, to all of the burdens, conditions, obligations and terms of this Deed.

3. Additional Documents. The parties shall from time to time execute all such further instruments and documents and do all such further actions as may be necessary to effectuate the purposes of this Deed.
4. Binding Effect. All of the covenants, conditions, and terms of this Deed shall bind and inure to the benefit of the parties and their successors and assigns.
5. No Partnership. Nothing in this Deed shall be construed to create, expressly or by implication a joint venture, mining partnership or other partnership relationship between the parties.
6. Governing Law and Forum Selection. This Deed is to be governed by and construed under the laws of the State of Nevada. Any action or proceeding concerning the construction, or interpretation of the terms of this Deed or any claim or dispute between the parties shall be commenced and heard in the Second Judicial District Court of the State of Nevada, in and for the County of Washoe, Reno, Nevada.
7. Severability. If any part, term or provision of this Deed is held by a court of competent jurisdiction to be illegal or in conflict with any laws or regulations, the validity of the remaining portions or provisions shall not be affected, and the rights and obligations of the parties shall be construed and enforced as if the Deed did not contain the particular part, term or provision held to be invalid.
8. Multiple Counterparts. This Deed may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which shall constitute the same Deed.

*[Signature page follows.]*

The Parties have executed this Agreement as of the Effective Date first written above.

**TECK AMERICAN INCORPORATED**, a  
Washington corporation

By: 

Name: Phillip A. Pesek

Title: Vice President

**MCEWEN MINING NEVADA INC.**, a  
Delaware corporation

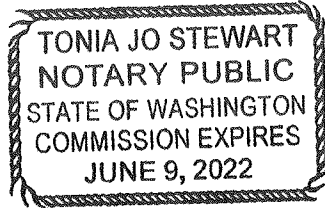
By: 

Name: Andrew Jaboni

Title: Secretary, Treasurer

STATE OF Washington )  
 ) ss.  
COUNTY OF Spokane )

This Deed of Net Profits Interest was acknowledged before me by Phillip A. Posek [name], as Vice President [title] of Teck American Incorporated, a Washington corporation, on October 30, 2018.

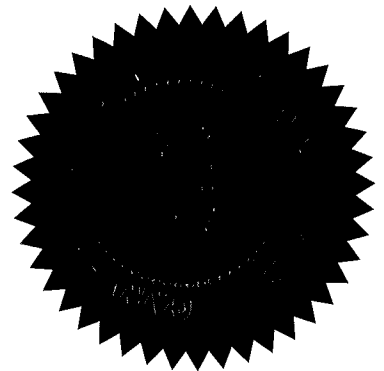


Tonia Jo Stewart  
Notary Public: Tonia Jo Stewart

PROVINCE  
STATE OF ONTARIO )  
 ) ss.  
COUNTY OF TORONTO )

This Deed of Net Profits Interest was acknowledged before me by ANDREW IARONI [name], as SECRETARY, TREASURER [title] of McEwen Mining Nevada Inc., a Delaware corporation, on October 18, 2018.

EARMAN HYDIA DIGES  
Notary Public



**Exhibit A**  
**Description of the Claims**

The Claims are comprised of the following ninety-four (94) unpatented lode mining claims situated in Eureka County, Nevada:

Claim Name	Location Date	County		BLM
		Document No.	Book/Page	NMC No.
SW 1	10/31/2002	180365	356/222	838777
SW 2	10/31/2002	180366	356/223	838778
SW 3	10/31/2002	180367	356/224	838779
SW 4	10/31/2002	180368	356/225	838780
SW 5	10/31/2002	180369	356/226	838781
SW 6	10/31/2002	180370	356/227	838782
SW 7	10/31/2002	180371	356/228	838783
SW 8	10/31/2002	180372	356/229	838784
SW 9	10/31/2002	180373	356/230	838785
SW 10	10/31/2002	180374	356/231	838786
SW 11	10/30/2002	180375	356/232	838787
SW 12	10/31/2002	180376	356/233	838788
SW 13	10/30/2002	180377	356/234	838789
SW 14	10/30/2002	180378	356/235	838790
SW 15	10/30/2002	180379	356/236	838791
SW 16	10/30/2002	180380	356/237	838792
SW 17	10/30/2002	180381	356/238	838793
SW 18	10/30/2002	180382	356/239	838794
SW 19	10/30/2002	180383	356/240	838795
SW 20	10/30/2002	180384	356/241	838796
SW 21	10/30/2002	180385	356/242	838797
SW 22	10/30/2002	180386	356/243	838798
SW 23	10/30/2002	180387	356/244	838799
SW 24	10/30/2002	180388	356/245	838800
SW 25	10/30/2002	180389	356/246	838801
SW 26	10/30/2002	180390	356/247	838802
SW 27	10/30/2002	180391	356/248	838803
SW 28	10/30/2002	180392	356/249	838804
SW 29	10/30/2002	180393	356/250	838805

Claim Name	Location Date	County		BLM
		Document No.	Book/Page	NMC No.
SW 30	10/30/2002	180394	356/251	838806
SW 31	10/12/2003	184655	372/371	857738
SW 32	10/12/2003	184656	372/372	857739
SW 33	10/12/2003	184657	372/373	857740
SW 34	10/12/2003	184658	372/374	857741
SW 35	10/12/2003	184659	372/375	857742
SW 36	10/12/2003	184660	372/376	857743
SW 37	10/12/2003	184661	372/377	857744
SW 38	10/12/2003	184662	372/378	857745
SW 39	10/12/2003	184663	372/379	857746
SW 40	10/12/2003	184664	372/380	857747
SW 41	10/12/2003	184665	372/381	857748
SW 42	10/12/2003	184666	372/382	857749
SW 43	10/12/2003	184667	372/383	857750
SW 44	10/12/2003	184668	372/384	857751
SW 45	10/12/2003	184669	372/385	857752
SW 46	10/12/2003	184670	372/386	857753
SW 47	10/12/2003	184671	372/387	857754
SW 48	10/12/2003	184672	372/388	857755
SW 49	10/12/2003	184673	372/389	857756
SW 50	10/12/2003	184674	372/390	857757
NH 1	12/27/2002	181316	359/164	844417
NH 2	12/27/2002	181317	359/165	844418
NH 3	12/27/2002	181318	359/166	844419
NH 4	12/27/2002	181319	359/167	844420
NH 5	12/27/2002	181320	359/168	844421
NH 6	12/27/2002	181321	359/169	844422
NH 7	12/27/2002	181322	359/170	844423
NH 8	12/27/2002	181323	359/171	844424
NH 9	12/27/2002	181324	359/172	844425
NH 10	12/27/2002	181325	359/173	844426
NH 11	12/27/2002	181326	359/174	844427
NH 12	12/27/2002	181327	359/175	844428
NH 13	12/27/2002	181328	359/176	844429
NH 14	12/27/2002	181329	359/177	844430

Claim Name	Location Date	County		BLM
		Document No.	Book/Page	NMC No.
NH 15	12/27/2002	181330	359/178	844431
NH 16	12/27/2002	181331	359/179	844432
NH 17	12/27/2002	181332	359/180	844433
NH 18	12/27/2002	181333	359/181	844434
NH 19	12/27/2002	181334	359/182	844435
NH 20	12/27/2002	181335	359/183	844436
NH 21	4/25/2004	187603	381/133	868013
NH 22	4/25/2004	187604	381/134	868014
NH 23	4/25/2004	187605	381/135	868015
NH 24	4/25/2004	187606	381/136	868016
NH 25	4/25/2004	187607	381/137	868017
NH 26	4/25/2004	187608	381/138	868018
NH 27	4/25/2004	187609	381/139	868019
NH 28	4/25/2004	187610	381/140	868020
NH 29	4/25/2004	187611	381/141	868021
NH 30	4/25/2004	187612	381/142	868022
NH 31	4/25/2004	187613	381/143	868023
NH 32	4/25/2004	187614	381/144	868024
NH 33	4/25/2004	187615	381/145	868025
NH 34	4/25/2004	187616	381/146	868026
NH 35	4/25/2004	187617	381/147	868027
NH 36	4/25/2004	187618	381/148	868028
NH 37	4/25/2004	187619	381/149	868029
NH 38	4/25/2004	187620	381/150	868030
NH 39	4/24/2004	187621	381/151	868031
NH 40	4/24/2004	187622	381/152	868032
NH 41	4/24/2004	187623	381/153	868033
NH 42	4/24/2004	187624	381/154	868034
NH 43	4/24/2004	187625	381/155	868035
NH 44	4/24/2004	187626	381/156	868036

[End of Exhibit A]



**Exhibit B**  
**Net Profits Interest**

**Royalty Payor:** McEwen Mining Nevada Inc. (“Royalty Payor”)

**Royalty Holder:** Teck American Incorporated (“Royalty Holder”)

**1. Royalty.** The Royalty Holder has agreed to accept and the Royalty Payor has agreed to pay to the Royalty Holder a royalty equal to eight percent (8%) of the New Profits (as defined in Section 3 below) from the sale of all Products, on the terms and conditions specified in this Exhibit B (the “**Royalty Agreement**”).

**2. Obligation.**

**2.1** The Royalty Payor shall calculate, as at the end of each calendar quarter after the Completion Date, the Net Profits in accordance with generally accepted accounting principles consistently applied as applied in the United States of America.

**2.2** After the Completion Date, the Royalty Payor shall within 60 days of the end of each calendar quarter: (a) deliver to the Royalty Holder a statement indicating: (i) the Gross Receipts during the calendar quarter; (ii) the deductions therefrom made in the order itemized in Section 3.1; (iii) the amount of Net Profits remaining, if any; and (iv) the amount of those Net Profits, if any, to which the Royalty Holder is entitled; and (b) pay or cause to be paid to the Royalty Holder the amount of the Net Profits to which the Royalty Holder is entitled under this Royalty Agreement.

**2.3** Nothing contained in this Royalty Agreement shall be construed as conferring on the Royalty Holder any right to or interest in any Claims or assets except the right to receive royalty payments from the Royalty Payor as and when due.

**3. Definition of Net Profits.**

**3.1** “**Net Profits**” means, with respect to each period of calculation, the Gross Receipts minus allowable deductions therefrom of the then net unrecovered amounts of the following classes of Costs made in the following itemized order: (a) Marketing Costs; (b) Distribution Costs; (c) Operating Costs; (d) Taxes and Royalties; (e) Interest Costs; and (f) Capital Costs.

**3.2** For greater certainty, in calculating Net Profits at any time, each of the classes of Costs shall constitute a separate pool from which all Costs deducted on any previous

quarterly calculation shall be removed and to which Costs of those classes recorded since the date of this Royalty Agreement (in the case of the first quarterly calculation) or since the date of the last quarterly calculation (in the case of any calculation subsequent to the first quarterly calculation) shall be added.

**3.3** If the application of credits to a pool of Costs results in a negative balance in that pool of Costs, the amount of any negative balance from a Cost pool shall be applied to reduce the balances then remaining in pools itemized in Section 3.1 in the order itemized.

**4. Definitions.** The terms defined in this instrument to which this Exhibit is attached and made part of shall have the same meanings in this Exhibit. The following definitions apply to this Exhibit:

**4.1 “Completion Date”** means the date on which the Royalty Payor determines that it has commenced extraction of ore from the Claims for the purposes of commercial production;

**4.2 “Costs”** means all items of outlay and expense whatsoever, both direct and indirect, with respect to the Claims or any Mine, recorded by the Royalty Payor after a Production Decision Date in accordance with its accounting practices applicable from time to time and, without limiting generality, more particularly:

(a) **“Capital Costs”** means (i) the Costs of preparing and equipping a Mine for commercial production, limited to permitting costs and capital specific to the development of an open pit on the Claims or any leach pads or haulage roads specifically related to the removal and processing of ore from the Claims, which are recorded by the Royalty Payor from the including the Production Decision Date to and including the Completion Date, and all Costs of obtaining financing and providing security; and (ii) subject to Section 9.1, a charge of two percent of the Capital Costs referred to in Section 4.2(a)(i) in return for its overhead functions which are not charged directly;

(b) **“Distribution Costs”** means all Costs of (i) transporting Products from a Mine or a concentrating plant to a smelter, refinery or other place of delivery designated by the purchaser and, in the case of concentrates tolled, of transporting the metal from a smelter to the place of delivery designated by the purchaser; (ii) handling, warehousing and insuring the Products; and (iii) in the case of concentrates tolled, of smelting and refining, including any penalties thereon or in connection therewith;

(c) **“Interest Costs”** means interest computed quarterly and not in advance and being the aggregate of the interest determined for each month in the quarter as follows: (i) the average of the opening and closing monthly outstanding balances for each month of the net unrecovered amounts of all Costs in the classes enumerated in Section 3.1; multiplied by (ii) the Prime Rate; multiplied by (iii) the number of days in the month; divided by (iv) the number of days in the year. These Interest Costs are in lieu of an inclusion in Costs for the interest charged by third party project lenders of Capital Costs and Operating Costs;

(d) **“Marketing Costs”** means such reasonable charge for marketing of ores and concentrates sold or of concentrates tolled as is consistent with generally accepted industry marketing practices;

(e) **“Operating Costs”** means: (i) all Costs of Mining Operations recorded by the Royalty Payor subsequent to the Completion Date, including, without limiting generality, an amount to be established by the Royalty Payor in good faith as representing the cost of rehabilitation which will have to be spent after commercial production has terminated, it being agreed that the Royalty Payor may charge a portion of that cost to the Royalty account over a reasonable period of time commencing no sooner than five years before the anticipated termination of the commercial production; and (ii) subject to Section 9.1, a charge of two percent of the Operating Costs referred to in Section 4.2(e)(i) in return for its overhead functions which are not charged directly;

(f) **“Taxes and Royalties”** means all taxes (other than income taxes), royalties or other charges or imposts provided for pursuant to any law or legal obligation imposed by any government if paid by the Royalty Payor.

**4.3 “Gross Receipts”** means the aggregate of all receipts, recoveries or amounts received by or credited to the Royalty Payor in connection with this Royalty Agreement including, without limiting the generality of the foregoing:

- (a) all proceeds received from the sale of the Claims or assets, limited to those assets that have been included as a Capital Cost or Operating Cost hereunder, subsequent to the Operative Date;
- (b) all insurance recoveries (including amounts received to settle claims) in respect of loss of, or damage to any portion of the Claims or assets subsequent to the Operative Date;

- (c) all amounts received as compensation for the expropriation or forcible taking of any portion of the Claims or assets subsequent to the Operative Date;
- (d) the fair market value, at the Claims, of those assets, if any, that are transferred from the Claims for use by the Royalty Payor elsewhere subsequent to the Completion Date; and
- (e) the amount of any negative balance remaining after the reallocation of negative balances pursuant to Section 3.3; to the extent that those receipts recoveries or amounts have not been applied by the Royalty Payor as a recovery of any of the classes of Costs itemized in Section 3.1;
- (f) provided that where any Products are sold to, or treated in, a smelter or refinery owned or controlled by Royalty Payor, the pricing for that sale or treatment will be established by Royalty Payor on an arms-length basis so as to be fairly competitive with pricing, net of transportation, insurance, treatment charges and other related costs, then available on world markets for product of like quantity and quality.

**4.4 “Mine”** means the workings established and assets acquired in order to bring the Claims or a portion thereof into commercial production.

**4.5 “Mining Operations”** means every kind of work done by the Royalty Payor on or in respect of the Claims after a Production Decision Date including, without limiting generality, developing, property maintenance, preparing reports, estimates and studies, designing, equipping, improving, surveying, construction and mining, milling, concentrating, and reclamation.

**4.6 “Operative Date”** means the date of this Royalty Agreement.

**4.7 “Prime Rate”** means the weighted average of the rates of interest for the period of calculation as stated by the Bank of America, as being charged by it on US Dollar demand loans to its most creditworthy domestic commercial customers.

**4.8 “Production Decision Date”** means the date on which a decision is made by the Royalty Payor to establish and operate a Mine on the Claims.

**4.9 “Products”** shall mean ores, concentrates and minerals mined from the Claims, or solutions, concentrates or cathodes retrieved through leaching or solution mining or solution extraction/electrowinning or other processing of mineralized material mined from the Claims.

**4.10 “Trading Activities”** shall have the meaning set out in Section 7.

**5. Royalty Payor to Determine Operations.** The Royalty Payor will have complete discretion concerning the nature, timing and extent of all exploration, development, mining and other operations conducted on or for the benefit of the Claims and may suspend operations and production on the Claims at any time it considers prudent or appropriate to do so. The Royalty Payor will owe the Royalty Holder no duty to explore, develop or mine the Claims, or to do so at any rate or in any manner other than that which the Royalty Payor may determine in its sole and unfettered discretion. The Royalty Payor may, but will not be obligated to treat, mill, heap leach, sort, concentrate, refine, smelt, or otherwise process, beneficiate or upgrade the ores, concentrates, and other products at sites located on or off the Claims, prior to sale, transfer, or conveyance to a purchaser, user, or consumer. The Royalty Payor will not be liable for mineral values lost in processing under sound practices and procedures, and no royalty will be due on any such lost mineral values.

**6. Commingling.** Ores, concentrates and derivatives mined or retrieved from the Claims may be commingled with ores, concentrates or derivatives mined or retrieved from other properties. All determinations required for calculation of Net Profits, including without limitation the amount of the metals contained in or recovered from ores, solutions, concentrates or derivatives mined or retrieved from the Claims, the amount of the metals contained in or recovered from commingled ores, solutions, concentrates or derivatives, gross revenues from the sale of Products, and costs and expenses allocated to the Claims or Products shall be made in accordance with prudent engineering, metallurgical and cost accounting practices.

**7. Trading Activities.** The Royalty Payor may, but need not, engage in forward sales, futures trading or commodity options trading, and other price hedging, price protection, and speculative arrangements (“**Trading Activities**”) which may involve the possible delivery of base or precious metals produced from the Claims. The parties acknowledge and agree that the Royalty Holder shall not be entitled to participate in the proceeds or be obligated to share in any losses generated by the Trading Activities.

## **8. Adjustments and Verifications.**

**8.1** Payment of any Net Profits by the Royalty Payor shall not prejudice the right of the Royalty Payor to adjust the statement supporting the payment; provided, however, that all statements presented to the Royalty Holder by the Royalty Payor for any quarter shall conclusively be presumed to be true and correct upon the expiration of 12 months following the end of the quarter to which the statement relates, unless within that 12 month period that the Royalty Payor gives notice to the Royalty Holder making claim on the Royalty Holder for an adjustment to the statement which will be reflected in subsequent payment of Net Profits.

**8.2** The Royalty Payor shall not adjust any statement in favor of itself after the expiration of 12 months following the end of the quarter to which the statement relates.

**8.3** The Royalty Holder may from time to time request reasonable supporting documentation for statements that are within the period contemplated in Section 8.1 and the Royalty Payor, acting in good faith, shall provide the same promptly to the Royalty Holder.

**8.4** If the supporting documentation and any discussion with the Royalty Payor do not resolve the Royalty Holder's concerns, the Royalty Holder shall be entitled upon notice to the Royalty Payor to request from the Royalty Payor that mutually accepted auditors be requested to provide the Royalty Holder with their opinion that any statement delivered pursuant to Section 2.2 in respect of any quarterly period falling within the 12 month period immediately preceding the date of the Royalty Holder's notice has been prepared in accordance with this Royalty Agreement. When giving any notice aforesaid, the Royalty Holder will articulate the matter or matters of concern to it.

**8.5** The time required for giving the audit opinion contemplated in Section 8.4 shall not extend the time for the taking of exception to and making claim on the Royalty Holder for adjustment as provided in Section 8.1.

**8.6** The cost of the auditor's opinion referred to in Section 8.4 shall be shared by the Royalty Payor and Royalty Holder unless the audit opinion reveals a Material Error adverse to the Royalty Holder, in which case the cost shall be solely for the account of the Royalty Payor. For the purpose of this Section 8.6, the term "Material Error" shall mean an error amounting to more than ten percent (10%) of the true amount owed Royalty Holder.

**8.7** If the audit opinion delivered under Section 8.4 does not adequately address the concerns raised by the Royalty Holder, the Royalty Holder, acting reasonably, will have the right to have an independent accounting firm, that is one of the three largest international

accounting firms that does not act for either the Royalty Payor or Royalty Holder, audit the Royalty Payor's accounts related to the calculation of Net Profits. In order to exercise this right, the Royalty Holder will provide the Royalty Payor with notice, within 30 days of receipt of the audit opinion under Section 8.4, of its intention to do so. Thereupon, the Royalty Holder shall cause the accounting firm to proceed promptly and complete the audit efficiently, undertaking to minimize disruption to the Royalty Payor. The cost of this audit shall be solely for the account of the Royalty Holder.

**8.8** The provisions of Section 8.4 and 8.7 are intended to provide an effective mechanism for the Royalty Holder to resolve its unresolved concerns regarding Net Profits accounting and not to effect a regular audit of the Net Profits calculation.

**9. Overhead Charges.** The charges in Sections 4.2(a)(ii) and 4.2(e)(ii) are intended as a reimbursement of the costs for the time incurred by the Royalty Payor's head office management and support functions in respect of work on or in respect of the financing, constructing and operating a Mine. It is intended that the Royalty Payor shall not profit nor suffer loss by virtue of providing the services. This charge shall not be subject to audit but may be reviewed, in good faith, by the parties from time to time, at the instance of either party.

**10. Indemnity.** The Royalty Payor agrees that it will defend, indemnify, reimburse and hold harmless the Royalty Holder, its Affiliates and each of their officers, directors, shareholders, employees, agents and representatives, and their successors and assigns (collectively, the "**indemnified parties**"), and each of them, from and against any and all claims, demands, liabilities, actions and proceedings, which may be made or brought against the indemnified parties or which they may sustain, pay or incur that result from or relate to operations conducted on or in respect of the Claims.

**11. Assignment.**

**11.1** The Royalty Holder may convey or assign all or any undivided portion of the Net Profits royalty, provided that such assignment will not be effective against the Royalty Payor until the assignee has delivered to the Royalty Payor a written and enforceable undertaking, whereby such assignee agrees to be bound, to the extent of the interest assigned, by all of the terms and conditions of this Royalty Agreement.

**11.2** The Royalty Payor shall not transfer, sell, assign or otherwise dispose of all or any portion of its interest in the Claims unless the purchaser has first delivered to the Royalty

Holder a written and enforceable undertaking agreeing to be bound, to the extent of the interest disposed of, by all of the terms and conditions of this Royalty Agreement.

**12. Notice.** Any notices required or authorized to be given by this Deed shall be in writing and shall be sent either by commercial courier, facsimile, or by certified U.S. mail, postage prepaid and return receipt requested, addressed to the proper party at the address stated below or such address as the party shall have designated to the other parties in accordance with this Section. Such notice shall be effective on the date of receipt by the addressee party, except that any facsimiles received after 5:00 p.m. of the addressee's local time shall be deemed delivered the next day.

If to Royalty Payor:           McEwen Mining Inc.  
150 King Street West, Suite 2800  
PO Box 24  
Toronto, ON M5H 1J9

*with copy to:*               McEwen Mining Inc.  
2215 N. 5th Street  
Elko, NV 89801  
Attn: Land Department

If to Royalty Holder:       Teck American Incorporated  
501 N Riverpoint Blvd., Suite 300  
Spokane, WA 99202  
Attn: Legal/Land

**13. Miscellaneous.**

**13.1** All payments to be made under this Royalty Agreement will be made in United States dollars.

**13.2** Payments hereunder will be made without demand, notice, set-off, or reduction, by wire transfer in good, immediately available funds, to such account or accounts as the Royalty Holder may designate pursuant to wire instructions provided by the Royalty Holder to the Royalty Payor not less than three (3) business days prior to the dates upon which such payments are to be made.



**13.3** This Royalty Agreement will in all respects be governed by and be construed in accordance with the laws in force in the State of Nevada. The forum for any action regarding the construction or enforcement of this Agreement shall be the Second Judicial District Court, Washoe County, Reno, Nevada. The prevailing party in any such action shall be entitled to an award of its costs and attorney's fees incurred in such action.

**13.4** If any one or more of the provisions contained in this Royalty Agreement is held to be invalid, illegal or unenforceable in any respect under the laws of any jurisdiction, the validity, legality and enforceability of such provision will not in any way be affected or impaired thereby under the laws of any other jurisdiction and the validity, legality and enforceability of the remaining provisions contained herein will not in any way be affected or impaired thereby.

**13.5** If any time period set forth in this Royalty Agreement ends on a day of the week which is not a business day, then notwithstanding any other provision of this Royalty Agreement, such period will be extended until the end of the next following day which is a business day.

**13.6** The headings to the articles and sections of this Royalty Agreement are inserted for convenience only and will not affect the construction hereof.

**13.7** In this Royalty Agreement: (a) the singular includes the plural and vice versa; (b) the masculine includes the feminine and vice versa; (c) references to "article," "section" and "subsection" are to articles, sections and subsections of this Royalty Agreement, respectively; (d) all provisions requiring a Party to do or refrain from doing something will be interpreted as the covenant of that Party with respect to that matter notwithstanding the absence of the words "covenants" or "agrees" or "promises"; (e) all provisions requiring a Party to do something will be interpreted as including the covenant of that Party to cause that thing to be done when the Party cannot directly perform the covenant but can indirectly cause that covenant to be performed, whether by an Affiliate under its control or otherwise; (f) the word "person" includes an individual, partnership, firm, corporation, company, body politic, or government or department thereof; and (g) the words "hereto", "herein", "hereby", "hereunder", "hereof" and similar expressions when used in this Royalty Agreement refer to the whole of this Royalty Agreement and not to any particular article, part, section, exhibit or portion thereof.

**13.8** This Royalty Agreement and the rights and obligations of the Parties hereunder are strictly limited to the Claims. Each Party will have the free and unrestricted right to enter into, conduct and benefit from any and all business ventures of any kind whatsoever, whether

or not competitive with the activities undertaken pursuant hereto, without disclosing such activities to the other Party or inviting or allowing the other to participate therein, including activities involving mineral titles adjoining the Claims.

**13.9** All information, data, reports, records, feasibility studies and test results relating to the Claims that the Royalty Payor designates as confidential and the activities of the Royalty Payor on the Claims and the terms and conditions of this Royalty Agreement, all of which will hereinafter be referred to as “**confidential information**”, will be treated by the Royalty Holder as confidential and will not be disclosed to any person not a Party to this Royalty Agreement, except in the following circumstances: (a) the Royalty Holder may disclose confidential information to its auditors, legal counsel, institutional lenders, brokers, underwriters and investment bankers, provided that such non-party users are advised of the confidential nature of the confidential information, undertake to maintain the confidentiality thereof and are strictly limited in their use of the confidential information to those purposes necessary for such non-party users to perform the services for which they were retained by the Royalty Holder; (b) the Royalty Holder may disclose confidential information where that disclosure is necessary to comply with its disclosure obligations and requirements under any securities law, rules or regulations or stock exchange listing agreements, policies or requirements or in relation to proposed credit arrangements, provided that the proposed disclosure is limited to factual matters and that the Royalty Holder will have availed itself of the full benefits of any laws, rules, regulations or contractual rights as to disclosure on a confidential basis to which it may be entitled; or (c) with the approval of the Royalty Payor. Any confidential information that becomes part of the public domain by no act or omission in breach of this Section 13.9 will cease to be confidential information for the purposes of this Section 13.9.

**13.10** Each Party will, at the request of another Party and at the requesting Party’s expense, execute all such documents and take all such actions as may be reasonably required to effectuate the purposes and intent of this Royalty Agreement.

**13.11** Time is of the essence in the performance of any and all of the obligations of the Parties, including, without limitation, the payment of monies.

**[End of Exhibit B]**

# STATE OF NEVADA DECLARATION OF VALUE

## 1. Assessor Parcel Number (s)

- a) N/A - Unpatented Claims
- b) \_\_\_\_\_
- c) \_\_\_\_\_
- d) \_\_\_\_\_

## 2. Type of Property:

- |  |                                       |                             |                 |
|--|---------------------------------------|-----------------------------|-----------------|
| a) <input type="checkbox"/>            | Vacant Land                           | b) <input type="checkbox"/> | Single Fam Res. |
| c) <input type="checkbox"/>            | Condo/Twnhse                          | d) <input type="checkbox"/> | 2-4 Plex        |
| e) <input type="checkbox"/>            | Apt. Bldg.                            | f) <input type="checkbox"/> | Comm'l/Ind'l    |
| g) <input type="checkbox"/>            | Agricultural                          | h) <input type="checkbox"/> | Mobile Home     |
| i) <input checked="" type="checkbox"/> | Other <u>Unpatented mining claims</u> |                             |                 |

### FOR RECORDERS OPTIONAL USE ONLY

Notes: \_\_\_\_\_  
 \_\_\_\_\_

## 3. Total Value/Sales Price of Property:

\$ \_\_\_\_\_  
 Deed in Lieu of Foreclosure Only (value of property) \$ \_\_\_\_\_  
 Transfer Tax Value: \$ \_\_\_\_\_  
 Real Property Transfer Tax Due: \$ 0.00

## 4. If Exemption Claimed:

- a. Transfer Tax Exemption, per NRS 375.090, Section: 8
- b. Explain Reason for Exemption: Conveyance of net profits interest on unpatented mining claims

5. Partial Interest: Percentage being transferred: 100 %

The undersigned declares and acknowledges, under penalty of perjury, pursuant to NRS 375.060 and NRS 375.110, that the information provided is correct to the best of their information and belief, and can be supported by documentation if called upon to substantiate the information provided herein. Furthermore, the disallowance of any claimed exemption, or other determination of additional tax due, may result in a penalty of 10% of the tax due plus interest at 1% per month.

**Pursuant to NRS 375.030, the Buyer and Seller shall be jointly and severally liable for any additional amount owed.**

Signature  Capacity Agent for Grantor  
 Signature \_\_\_\_\_ Capacity \_\_\_\_\_

## SELLER (GRANTOR) INFORMATION

(REQUIRED)

Print Name: McEwen Mining Nevada Inc.  
 Address: 241 Ridge Street, Suite 210  
 City: Reno  
 State: NV Zip: 89501

## BUYER (GRANTEE) INFORMATION

(REQUIRED)

Print Name: Teck American Incorporated  
 Address: 501 North Riverpoint Boulevard, Suite 300  
 City: Spokane  
 State: WA Zip: 99202

## COMPANY/PERSON REQUESTING RECORDING

(REQUIRED IF NOT THE SELLER OR BUYER)

Print Name: Jeff N. Faillers, Esq. Escrow # N/A  
 Address: 241 Ridge Street, Suite 210  
 City: Reno State: NV Zip: 89501

(AS A PUBLIC RECORD THIS FORM MAY BE RECORDED)