



# KLONDEX

Mines Ltd.

## A GOLDEN LIGHT IN VOLATILE TIMES NEAR-TERM CASH FLOWS

CORPORATE PRESENTATION  
KDX:TSX; KLNDF:OTCQX  
September 2013





## Forward-Looking Statements

This presentation may include certain statements that may be deemed “forward-looking statements.” All statements in this presentation or those made by Klondex management or representatives, other than statements of historical facts, including the likelihood that bulk sampling will generate significant revenues and the possible results of future exploration are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include unsuccessful exploration results, inability to obtain necessary permits and regulatory approvals, changes in metals prices, currency fluctuations, changes in the availability of funding for mineral exploration, unanticipated changes in key management personnel, unavailability of necessary equipment and contractors, and general economic conditions. Mining is an inherently risky business. There is no guarantee that the Company will be able to carry out their work programs or that the results of those work programs will be successful. Accordingly, the actual results may differ materially from those projected in the forward-looking statements. For more information on the Company and the risks and challenges of their businesses, investors should review the Company filings available at [www.sedar.com](http://www.sedar.com) and [www.klondexmines.com](http://www.klondexmines.com).

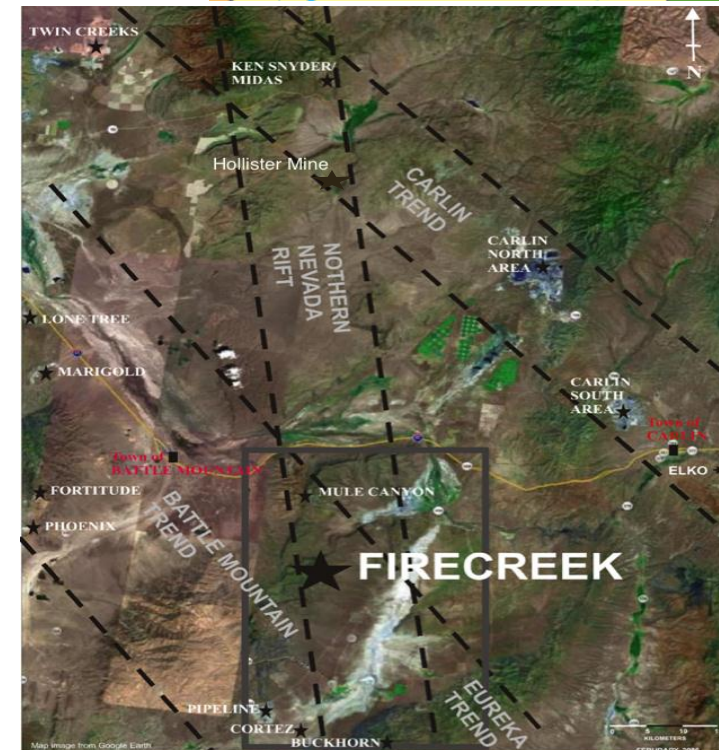
## CAUTIONARY NOTE TO U.S. INVESTOR CONCERNING RESOURCES

This presentation uses the terms “Indicated and Inferred” resources as defined in accordance with National Instrument 43-101. While such terms are recognized and required by Canadian Securities laws, the United States Securities and Exchange Commission does not recognize them. Under the United States standards, mineralization may not be classified as a “reserve” unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve calculation is made. “Inferred Resources” have a great amount of uncertainty as to their economic and legal feasibility and readers are cautioned not to assume that all or any part of the inferred resources exists or is economically mineable.

# WHY KLONDEX?



- **Newest near-producing underground gold mine in Nevada with the potential for long-term sustainable cash flows**
  - High-grade underground epithermal gold deposit
  - Ramping up to 100,000 oz gold by 2016
  - High-grades at Fire Creek allow flexibility to the gold price
- **Straight-forward gold deposit in a mining-friendly jurisdiction**
  - Located in the heart of Nevada gold country
  - Premium mining infrastructure already in place at Fire Creek
  - Area also hosts some of the world's most prominent gold deposits:
    - Barrick's Cortez/Cortez Hills, Goldstrike and Bald Mountain
    - Newmont's Midas and Mule Canyon
- **Updated resource pending**
  - Infill drilling on 75 ft centers to better define continuity and guide bulk sampling
  - Fire Creek remains 93% unexplored
- **Strong leadership team with a proven track record**
  - Over 100 yrs experience in Nevada building underground narrow-vein mines
    - Experience working for major local mining companies (Newmont, Barrick, Kinross)



# LEADERSHIP TEAM WITH PROVEN TRACK RECORD



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## **Paul Huet – President, CEO and Director**

- 25 years high-grade mining experience, particularly in narrow vein gold mining in Nevada



## **Jorge Avelino – Chief Financial Officer**

- 25+ years of accounting and financial management experience across range of industries and public companies



## **Mike Doolin – General Manager**

- 25-years with extensive experience in design and permitting of mining projects



## **Dr. Shuai Chen – Chief Engineer**

- 17-yrs designing projects, specializing in underground mine design, planning and ground and cost controls in Nevada



## **Steve McMillin – Chief Geologist**

- 25 years experience including grass-roots, near-mine exploration and underground production



## **Sid Tolbert – Mine Superintendent**

- 20 years of mining experience with extensive knowledge in the extraction of narrow, high-grade gold vein systems in Nevada



## **Lucy Downer – Environmental Manager**

- 18 years of environmental experience and has been instrumental in the success of several mining and environmental projects across North America, primarily within Nevada



## **Bryan Ouellette - Safety and Projects Foreman**

- 30+ years of mining experience across North America.
- Certified in Lean Six Sigma Black Belt process at Carlin

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## **Larry Phillips, Chairman, Co-founder IAMGold**

- Previously served on the World Gold Council; currently President of Corplex Management Services, an Executive in Residence and part-time lecturer at Queens University School of Business and is a Director and Chair of the Governance Committees for Gowest Gold and Compass Gold, and Chairman and CEO of Niagara Ventures Corporation

## **Renaud Adams, P.Eng., Primero Mining Corp.**

- Chief Operating Officer of Primero Mining, responsible for the operations and organic growth of the company in addition to its operations in Mexico
- He previously held mining positions with major operating mines for IAMGOLD Corporation and Breakwater Resources, among others

## **Rodney Cooper, P.Eng., Labrador Iron Mines**

- 30 years in mining; broad experience in technical services, operations, project management, investment evaluation and finance

## **Jamie Haggarty, CA, JELL Advisors**

- Financial and operational executive with over 20 years of experience ranging from strategic planning to M&A transactions to managing diverse businesses day-to-day

## **William Matlack, B.Geo., Scarsdale Equities**

- Specializes in metals and mining investment banking with Scarsdale Equities LLC; has 14 years prior experience in metals and mining equities

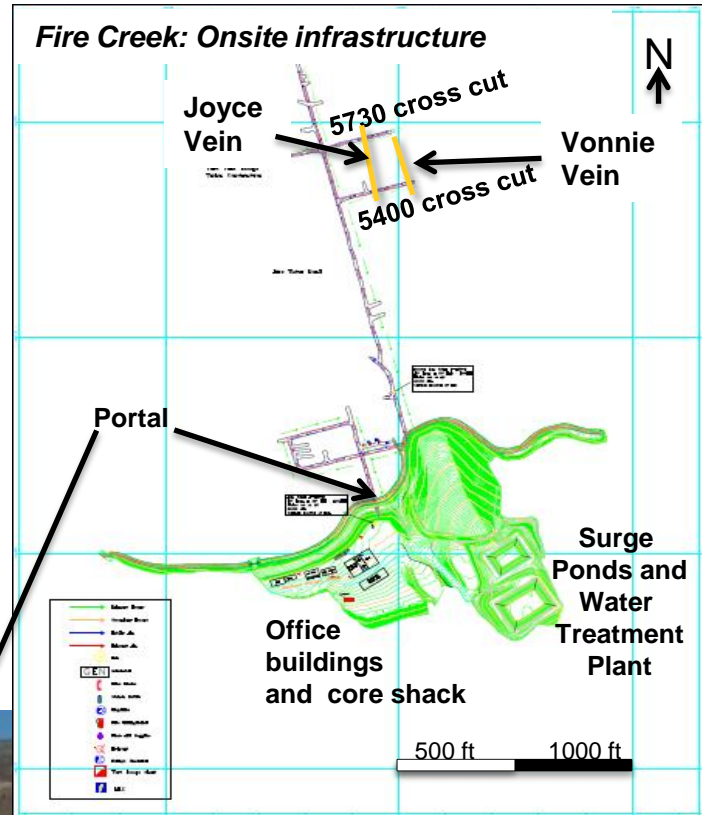
## **Blair Schultz, B.Math, K2 and Associates**

- Over 11 years of experience evaluating M&A transactions in the mining space, is a Vice President and Head of Special Situation Analytics, Portfolio Management & Trading at K2 & Associates Investment Management Inc. in Toronto



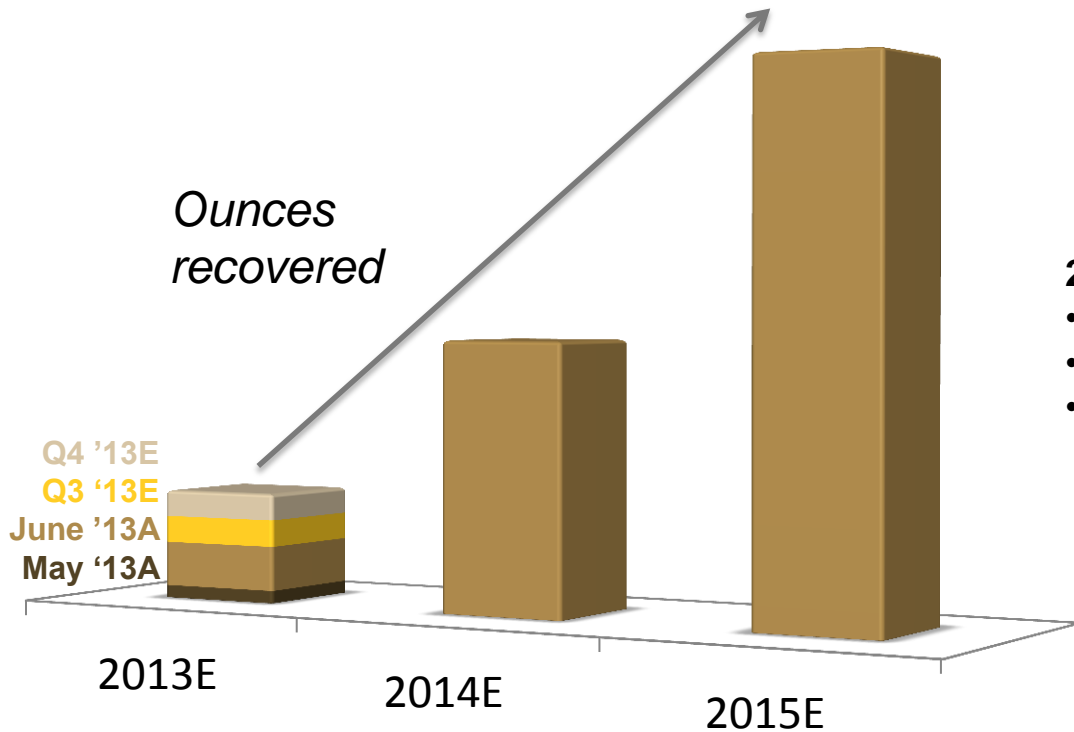
# FIRE CREEK – LOCATION AND INFRASTRUCTURE ADVANTAGE

- Located in the heart of Nevada’s gold trends neighbouring world-class mines
  - At the intersection of Northern Nevada Rift (NNR) & Battle Mountain Trends
  - NNR host to Fire Creek, Midas and Hollister: high-grade, narrow vein, epithermal gold deposits
- Fire Creek processing facilities accessible via federal and state roads
- Favourable regulatory environment
- 5,000 ft+ of underground workings already excavated (ramp, decline and cross cuts)
- Connected Fire Creek to the electric grid in Q3 2013 from generators, reducing costs by at least 25%



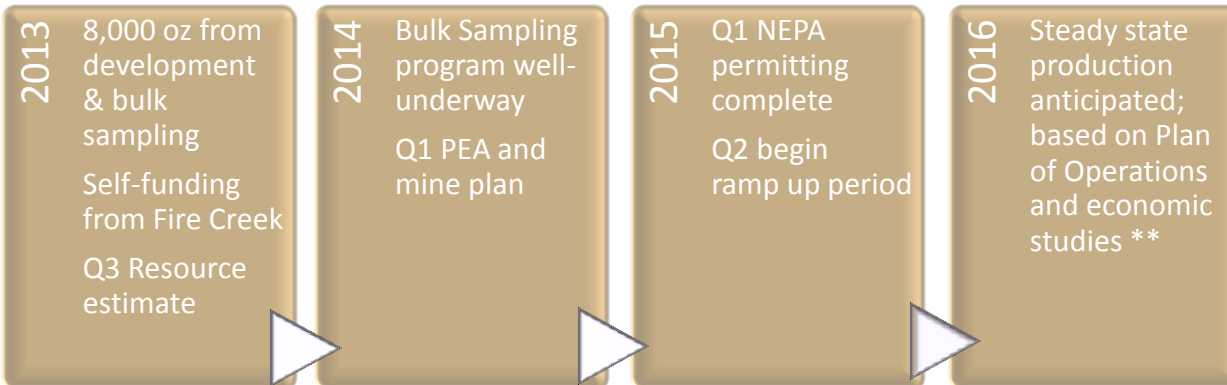
Fire Creek onsite infrastructure: buildings, power line, portal and bags of mineralized material

# PRODUCTION WITH SUBSTANTIAL GROWTH POTENTIAL



## 2013: U/G development program yielded:

- May: 682 tons @ 73.9 g/t Au
- June: 1,435 tons @ 119.8 g/t Au
- Continuous throughout the year (bulk sample permit allows up to 36,500 tons per year)



Visible gold found in the Joyce Structure

\*\*PEA and POO will be completed based on the upcoming updated Resource Estimate

# FIRE CREEK - CASH FLOW EXPECTED 2013



## Underground Development Program:

*High-grade processing agreement with Newmont*

- \$36.50/ton transportation
- Shipment of first lot began August 5, 2013

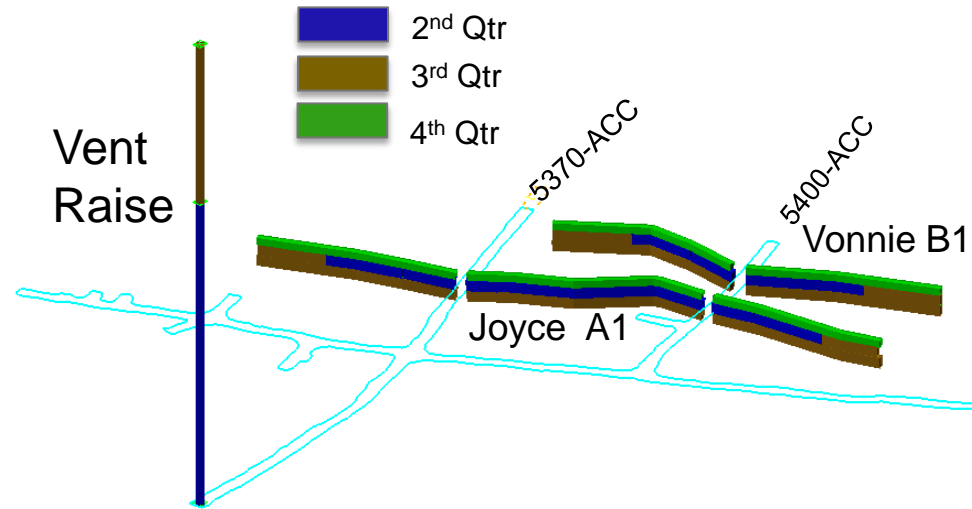
## 2013 Bulk Sampling Program

*Toll milling agreement with Veris Gold to Jerritt Canyon Mill, 120 miles NE*

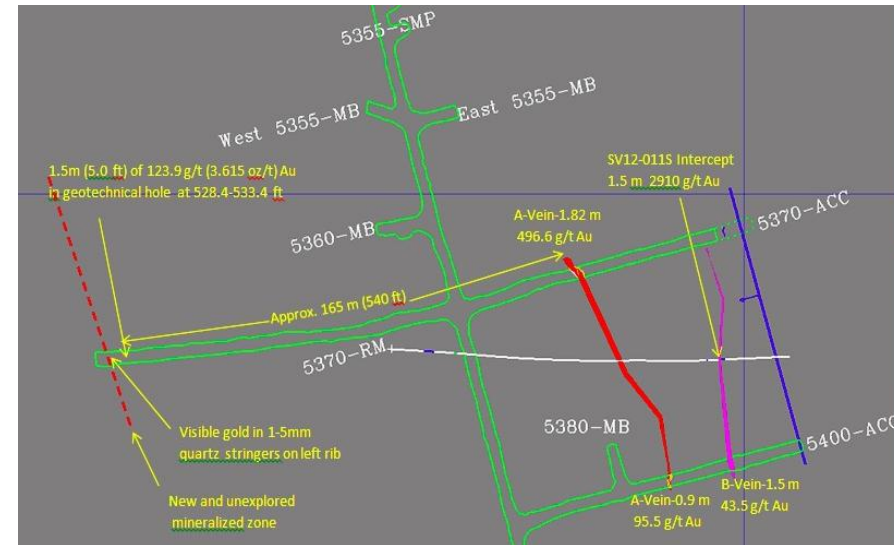
- \$148.50/ton: Toll milling and transportation costs
  - \$112.50/ton milling; \$36.50/ton transportation

**Initial test-work supports +90% Au recoveries**

***Upon completion of updated resource (H2 2013) and PEA (Q1 2014), bulk sampling and mining projections for 2013 and beyond will be available.***



High-grade material bagged at Fire Creek, awaiting shipment to Newmont



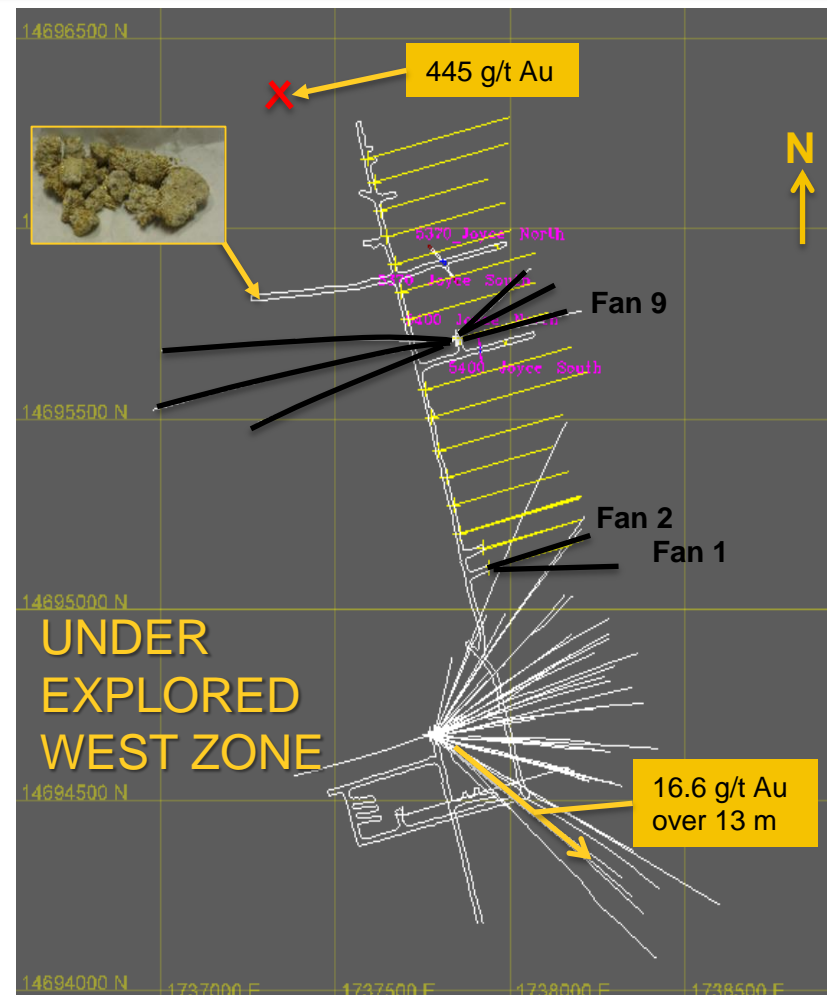
Underground: ramp and cross cuts

# 2013 UNDERGROUND IN-FILL DRILLING PROGRAM



## Target continuity of mineralization to the east

- Closer spacing – increased detail on mine plan
- In-fill drilling on 23m (75ft) spacing, ~ 9,754m (32,000 ft) program
- 16 easterly drill fans, multiple holes/fan
- Testing continuity of easily accessed mineralization
- East/West drill Fan 9 complete; Fan 1 assays pending; currently drilling Fan 2
- Five westerly drill holes in Fan 9 to test southern extension of vent raise access



- Yellow lines: 2013 u/g infill drill program: ~5 holes per fan
- Heavy black lines, completed 2013 fans, assays pending on Fan 1, 2
- White lines: 2011-2012 u/g drill program



Crystallized Visible Gold in Joyce



Joyce Vein Exposed in 5400 CC



# RESULTS: CONTINUITY AND DISCOVERY

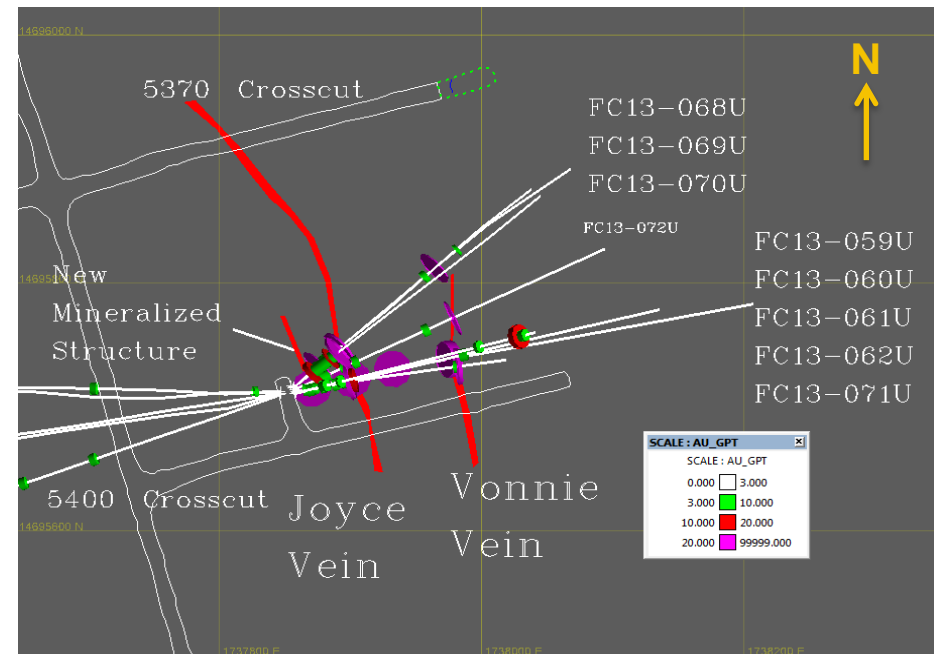


## Tremendous exploration potential – 7% resource footprint

- 93% of project unexplored
- Several new discoveries
  - New discoveries close to ramp and infrastructure
- Continuity of Main Zone
  - Joyce and Vonnie veins extend at least 600 ft strike x 630 ft height
  - West Zone: new discovery outside of current resource:
    - 123.9 g/t (3.6opt) Au over 1.5m (5ft) at 528ft –533ft
- Fan 9: drilling in all 5 holes intercepted significant gold mineralization 320ft south of vent raise
- South Zone: Near ramp discovery (April 2013)
  - 15.5 g/t (0.53 opt) Au over 13m (42.8ft) FC12-029U
  - Potential extension of Vonnie vein 500 ft south



Core shack and drill core



Fan 9 Drilling at 5400 Cross Cut

# FIRE CREEK PERMITS: FULLY-PERMITTED FOR BULK SAMPLE



## ● Issued Permits

- Easements to bring power on site: August 2013
- Secured NDEP 6-month temporary discharge permit: Mar 2013
- BLM permit # N-56088 Amendment allowing NV Energy to connect to offsite substation: Dec 2012
- Class II Air Quality Operating Permit #AP1041-2774 (State): Mar 2011 & July 2012
- Water Pollution Control Permit #NEV2007104 (State): Mar 2011, Nov 2011 & Jun 2012
- BLM Notice to Proceed (Fed): Sept 2010

## ● Future Permits

- Rapid Infiltration Basin (RIB) Permit – initiated and on track
- Revised Plan of Operations (BLM) and Water Pollution Control Permit (State) – in process
- **NEPA (environmental) documentation to expand to full production – initiated**



# ROAD MAP: EXECUTING WITH DISCIPLINE



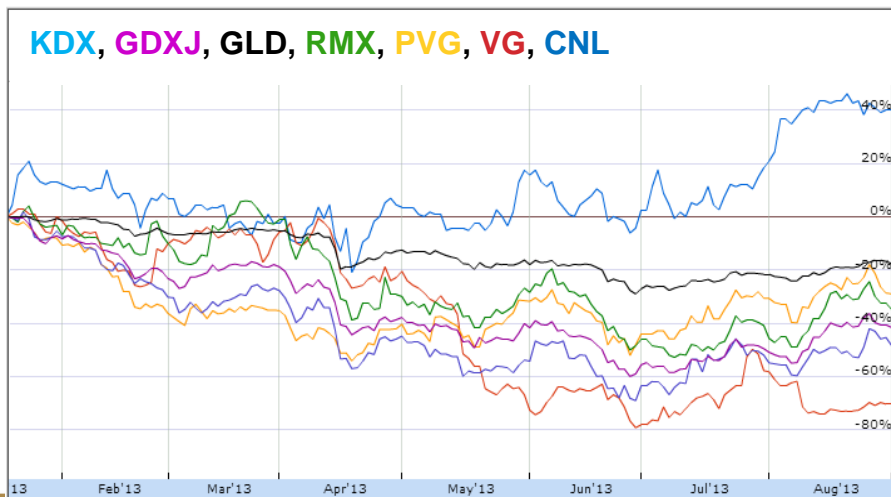
Well-funded, 80% of total estimated costs already spent	TOTAL 2013 Expenses US \$mm	2012		2013				2014				
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Strengthen the Klondex Team	-	✓	✓	✓	✓							
Funding (\$23mm Equity, \$7mm Debt)	-		✓	✓								
Infill drilling – underground	\$ 2.9											
Mine infrastructure	\$ 1.0			✓								
Examine, re-log core, pictures and metallurgy	\$ 1.0			✓								
Prepare new resource	\$ 0.3											
Prepare PEA	\$ 0.3											
Vent raise construction	\$ 1.4											
Milling agreement/ Direct smelt agreement	-			✓								
Power line installation	\$ 1.3											
Remaining drifting underground	\$ 3.2											
Temporary Discharge Permit	-			✓								
Water management (RIB)	\$ 0.8											
NEPA documentation to expand to full production	\$ 0.5											
Initiate Bulk Sample: up to 36,500t/yr	-											
<b>Begin shipping to Newmont</b>												
<b>Revenue and cash flow from gold shipments</b>												
Total 2013 Estimated Costs	\$12.7											

# KLONDEX CAPITALIZATION AND SPONSORSHIP



## Well Positioned for Future Growth with Strong Partners

Symbol	TSX: KDX OTCQX: KLNDF
52 Week High/Low	C\$1.68 - C\$0.91
Average Volume (3 Mos)	96k
Shares Issued and Out	64.4mm
Fully Diluted	87.2mm
Market Cap	C\$103mm
Enterprise Value	C\$110mm
Cash	C\$2.0mm
Debt: Short-term – due Nov 2013	C\$4.0mm
Debt: Long-Term – due Jan 2015	C\$7.0mm



## Top 10 Shareholders

	Ownership* (mm shares)	Fully-Diluted (%)
K2 & Associates	11.5	13.4%
Glenn Pountney	7.9	9.2%
Investors Group	6.7	7.8%
U.S. Global Investors	4.5	5.2%
William Solloway	3.8	4.4%
Van Eck Global	3.0	3.5%
PSP-MTL Private Sector Pension	3.0	3.5%
William Matlack, Director	1.4	1.7%
Paul Huet, CEO	1.2	1.4%
Brendan Donohoe	1.1	1.3%
<b>Top Shareholders</b>	<b>44.1</b>	<b>51.1%</b>

\*Includes shares, warrants, options

## Equity Research

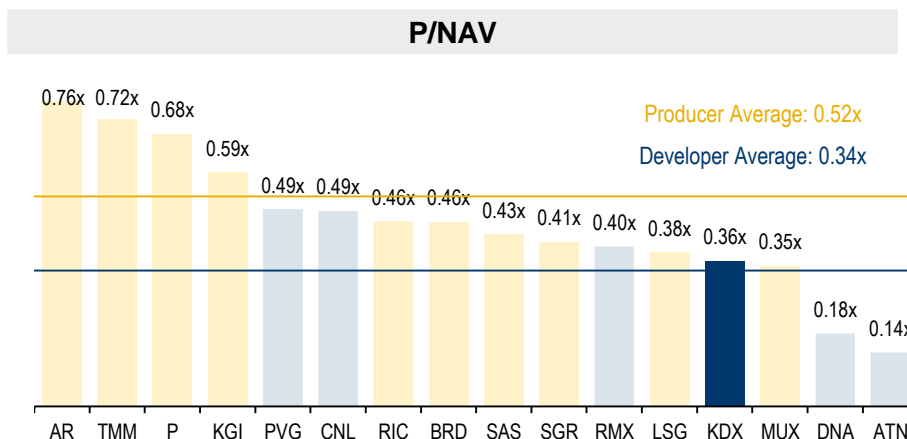
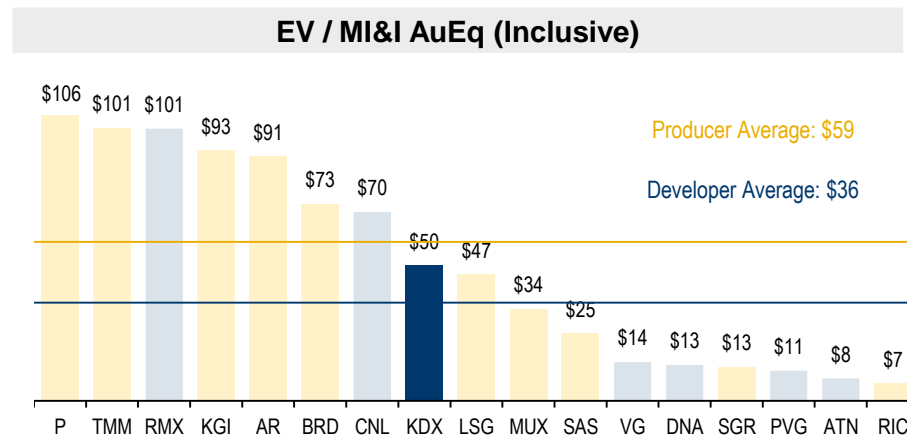
GMP Securities	Oliver Turner
Mackie Research Capital	Barry Allan
MGI Securities	Marc Pais
M Partners	Derek MacPherson
Europac Canada	Matthew Zylstra

# ATTRACTIVE VALUATION VS. JUNIOR GOLD PEERS



Klondex trades at a discount to most junior gold producing proxies on an EV/Resource basis and is one of the cheapest peers in the set based on P/NAV notwithstanding the following characteristics:

1. Near-term production and revenues from bulk sample
2. Impressive high-grade allows resource flexibility and upside potential
3. Great location and access to infrastructure
4. Funding in place
5. Dedicated and proven management & Board



- Based on MI&I resources, up to August 7, 2013
- KDX: Ind. 1.6mm oz Au; Inf. 0.4mm oz Au.
- Pretium resource includes Brucejack high-grade only; bulk tonnage and snowfield excluded
- Source: FactSet, Bloomberg, equity research and corporate disclosure
- Note: Gold equivalent resources and production shown on a precious metals basis only; enterprise value adjusted to exclude minority interest when calculating resource and production valuation multiples

# CONTACT INFORMATION



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*Fire Creek worker/contractor mine safety board*