

# NEVADA'S GOLDEN TRANSFORMATION

**KLONDEX**  
Mines Ltd.

**CORPORATE PRESENTATION**

**KDX:TSX; KLNDF:OTCQX**

**November, 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.



# LEADERSHIP TEAM WITH PROVEN TRACK RECORD



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

- 26+ 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 metallurgy, design and permitting of narrow vein mining projects



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

- 17-yrs designing projects, specializing in narrow vein u/g 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 exploration



## **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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## **Blair Schultz, B.Math, Chairman, *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

## **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

## **Ritch J. Hall, *Special Advisor to the Board***

- Seasoned mining executive, specializing in building North and Central American gold mining companies; led the growth of Northgate Minerals, Grayd Resource and Metallica Resources, all prior to being acquired or merged to become major mining companies.

# WHY KLONDEX?



- **Near-term producer with long-term sustainable cash flow potential**
  - High-grade underground epithermal gold deposit
  - Flexibility to the gold price
- **Straight-forward gold deposit in Nevada's mining-friendly jurisdiction**
  - Infrastructure in place at Fire Creek
  - Heart of the Nevada gold belt, neighbours include:
    - Barrick's Cortez/Cortez Hills, Goldstrike and Bald Mountain
    - Newmont's Midas and Mule Canyon
- **High-grade gold defined in updated resource**
  - Exploration potential on 93% of the underexplored Fire Creek project
- **Strong leadership team with a proven track record**
  - +160 yrs experience in Nevada building underground narrow-vein mines (Newmont, Barrick, Kinross)





# HIGH GOLD GRADE AND DEFINED CONTINUITY

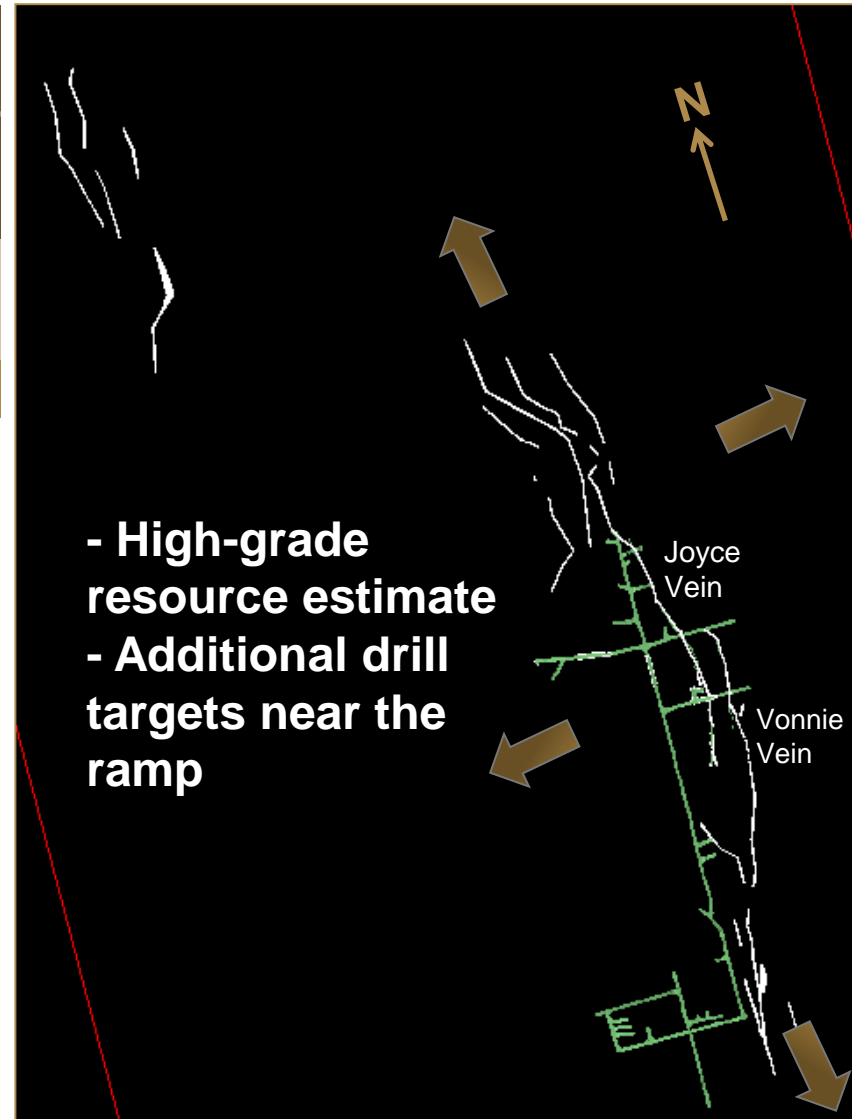
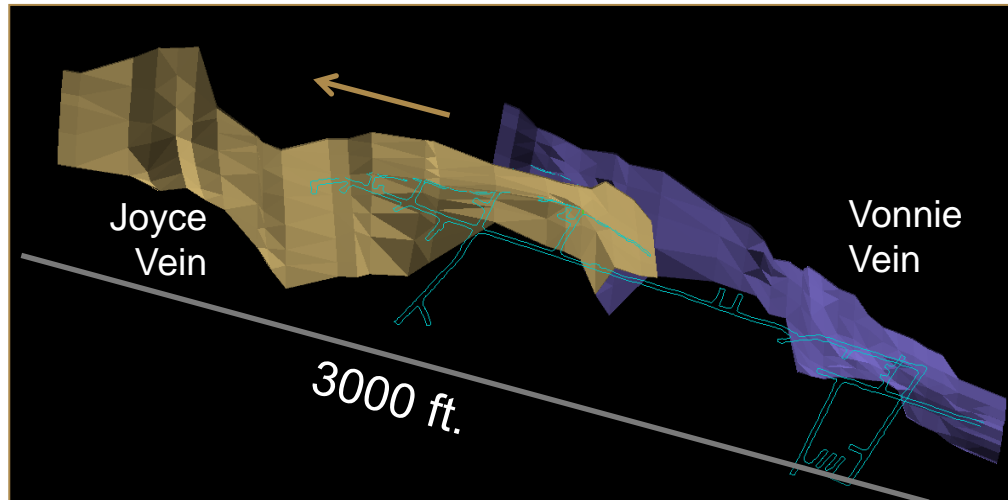


## NI 43-101 Resource Estimate September 2013

| Gold Cutoff (g/t) | Category   | Short Tons | Grade (g/t) | Gold (oz) |
|-------------------|------------|------------|-------------|-----------|
| 7.0               | Meas & Ind | 227,000    | 44.7        | 295,900   |
| 7.0               | Inferred   | 683,000    | 19.2        | 421,400   |

*Using ID3 methodology, wire frames on 0.5m constraints*

**Significant resource growth potential beyond resource envelope**



Source: Technical Report Data as of Sept 2013

Note: \*At variable Au prices we can selectively mine areas and remain economic 6



# UNDERGROUND EXPLORATION AND INFILL DRILLING

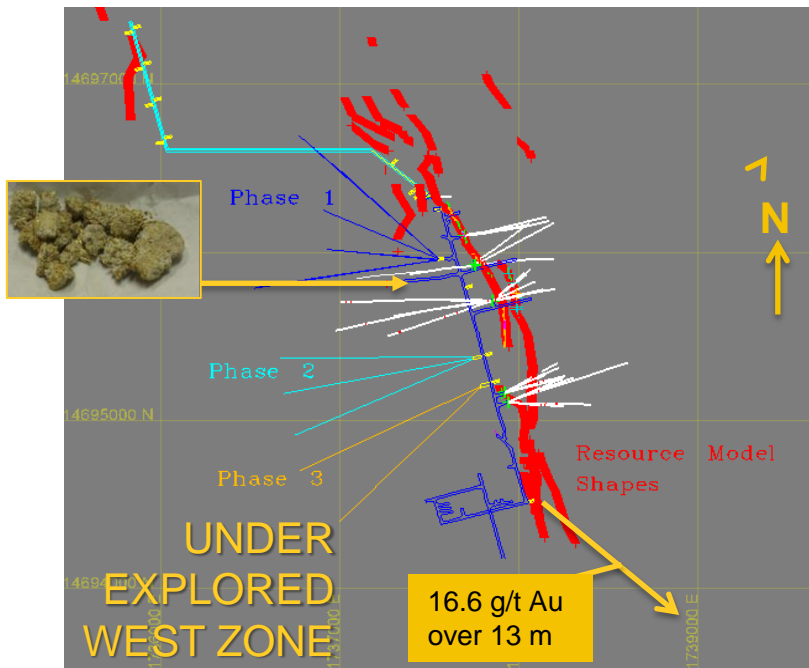


## EXPLORATION:

Joyce and Vonnie open at Depth, North, and South

Drill targets North, East, South and West:

- Project is 93% unexplored
- Easily accessed mineralization
- Follow-up on high-priority targets



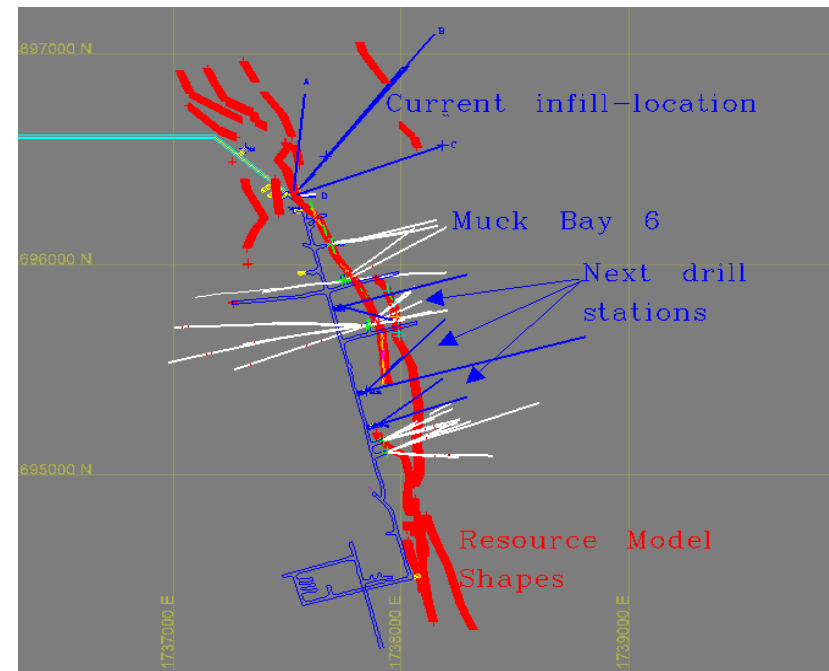
U/G exploration drilling

## INFILL:

To better understand the Joyce and Vonnie veins, ahead of u/g development and bulk sample:

- North-south extension of the veins
- Surrounding halo
- Vertical extent of the veins

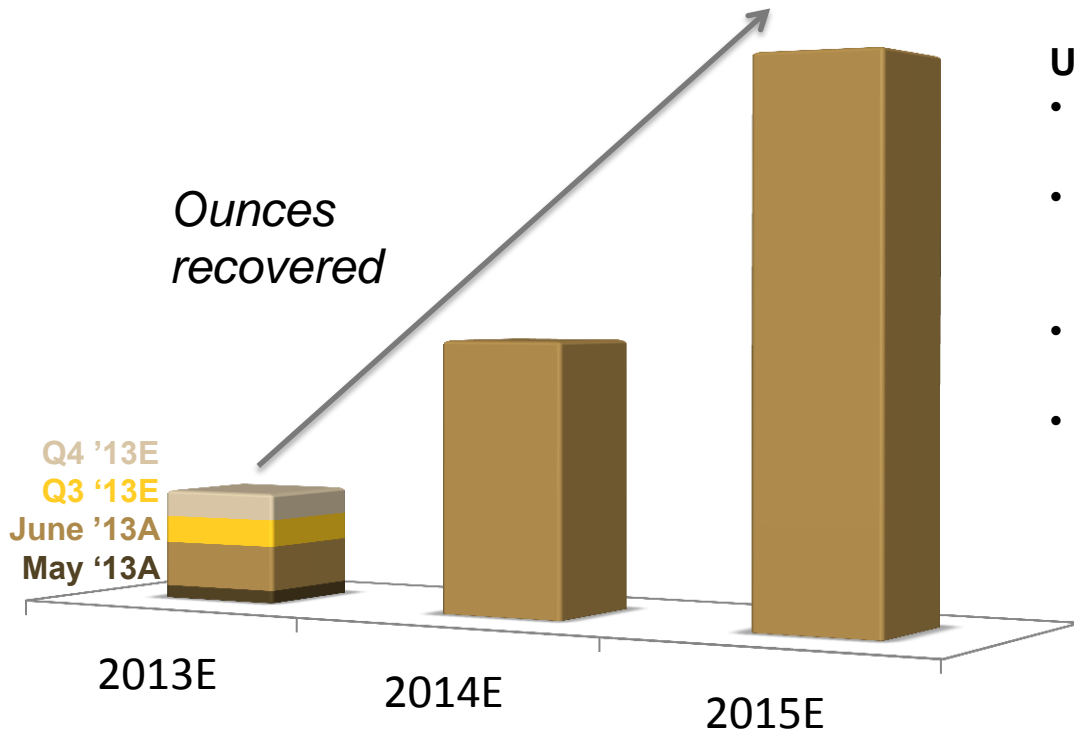
Potential parallel structure to the east



Main Zone infill drilling

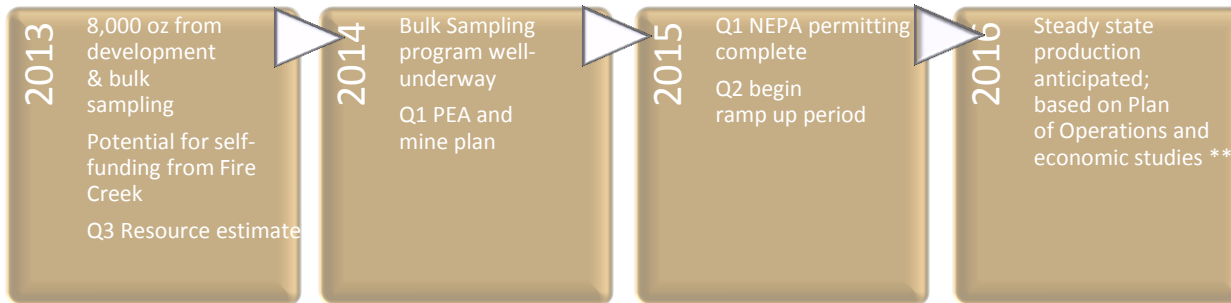
2013 completed drill holes indicated in white lines

# PRODUCTION WITH SUBSTANTIAL GROWTH POTENTIAL



## U/G development program

- Drifting along the Joyce and Vonnie veins
  - +2,000 ft completed
- May-August development
  - 4,375 tonnes (4,824 tons)
  - 63.7 g/t (1.86 opt) average Au grade
- Shipments to NEM regularly
  - NEM blends material for processing
- Development program leads into bulk sample in 2013



Visible gold found in the Joyce Structure

\*\*PEA is underway with Practical Mining LLC



# FIRE CREEK TOLL MILLING AGREEMENTS



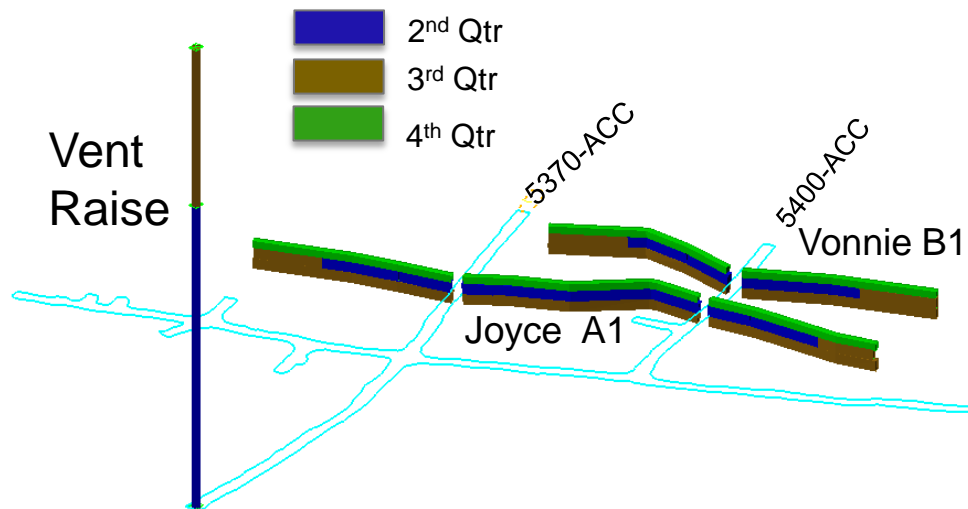
*High-grade processing agreement with Newmont 110 miles north*

- **Metallurgy supports +90% Au recoveries**
- \$36.50/ton transportation
- Blending material, 60% provisional payment received each week
- Shipments began August 5, 2013

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

- \$148.50/ton: Toll milling and transportation costs
  - \$112.00/ton milling; \$36.50/ton transportation

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



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



*Crystallized Visible Gold in Joyce*



*Joyce Vein Exposed in 5400 CC*

# 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
- 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 (total: \$42mm equity, \$11mm 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 Preliminary Economic Assessment                 | \$ 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                      |      |    |      |    |    |    |      |    |    |    |



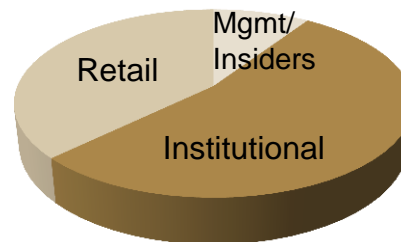
# KLONDEX CAPITALIZATION AND SPONSORSHIP



## Well Positioned for Future Growth with Strong Partners

|                                |                       |
|--------------------------------|-----------------------|
| Symbol                         | TSX: KDX OTCQX: KLNDF |
| 52 Week High/Low               | C\$1.74 - C\$0.91     |
| Average Volume (3 Mos)         | 125 k                 |
| Shares Issued and Out*         | 79 mm                 |
| Fully Diluted                  | 103 mm                |
| Market Cap                     | C\$135 mm             |
| Enterprise Value               | C\$122 mm             |
| Cash*                          | C\$18 mm              |
| Debt: Long-Term – due Jan 2015 | C\$7.0mm              |

## Ownership



| Ownership of FD Shares | %     |
|------------------------|-------|
| Management & Insiders  | 9.3%  |
| Institutional:         | 53.2% |
| K2 Principal Fund      | 14.3% |
| Sun Valley Gold        | 8.4%  |
| Investors Group        | 6.5%  |
| US Global Investors    | 4.4%  |
| Van Eck                | 2.9%  |
| Sentry Investments     | 2.2%  |

## Equity Research

GMP Securities, Oliver Turner                      MPartners, Derek Macpherson  
 Mackie Research Capital, Barry Allan              Europac  
 MGI Securities, Marc Pais

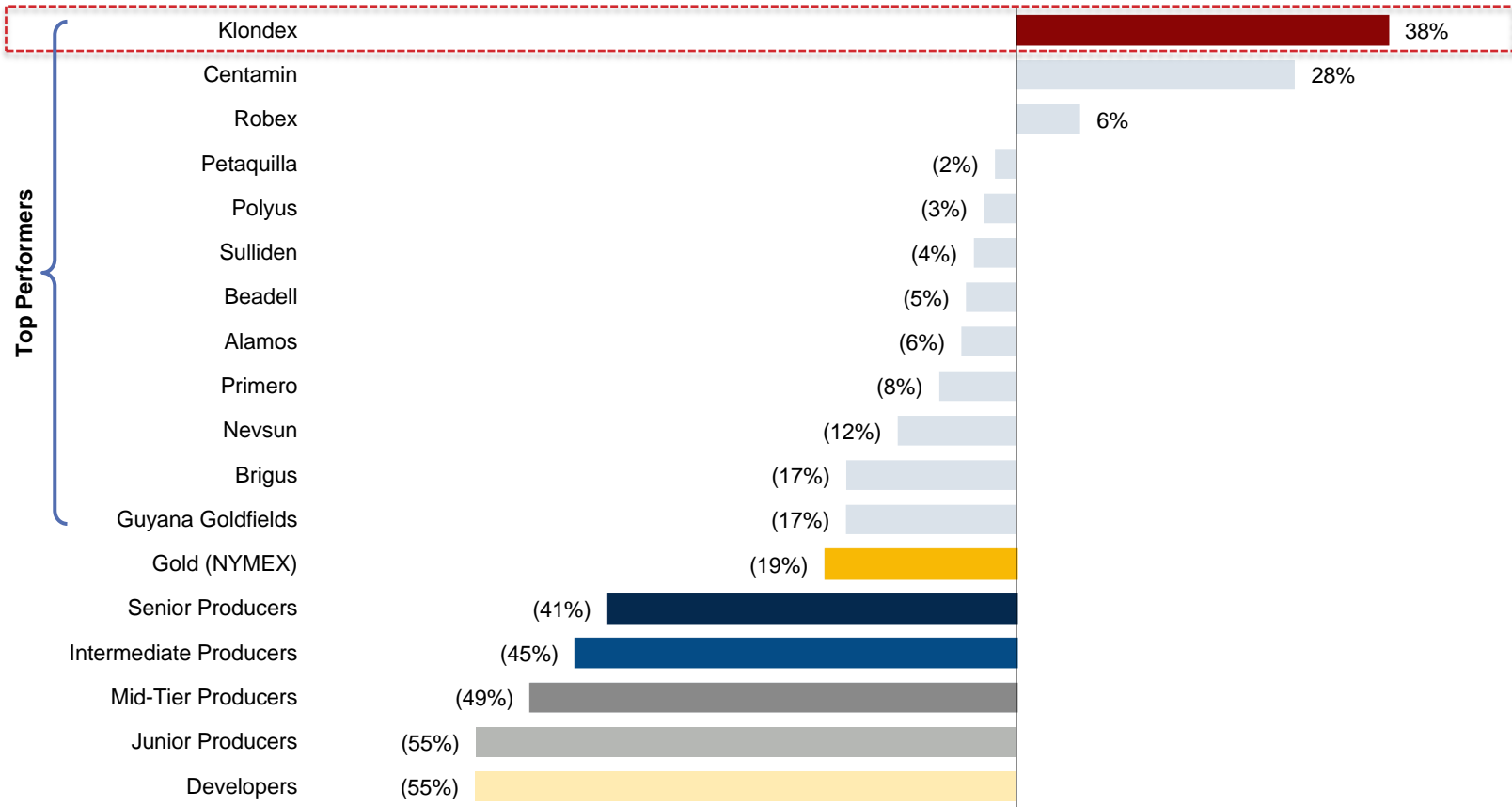




# RELATIVE PERFORMANCE - KLONDEX OUTPERFORMS!



Klondex outperformed other top gold performers since the beginning of 2013



Based on prices as of October 24, 2013 market close

Source: FactSet

Senior Producers: AngloGold Ashanti, Barrick, Gold Fields, Goldcorp, Kinross, Newcrest, Newmont

Intermediate Producers: African Barrick, Agnico-Eagle, Centerra, Eldorado, Harmony, IAMGOLD, New Gold, Osisko, Randgold, Yamana

Mid-Tier Producers: Alacer, Alamos, Allied Nevada, Aura, AuRico, Golden Star, Jaguar, Lake Shore, SEMAFO

Junior Producers: Argonaut, B2Gold, Claude, Crocodile, Endeavour Mining, Gran Colombia, Kirkland Lake, Richmond, Rio Alto, San Gold, St Andrew, Teranga, Timmins

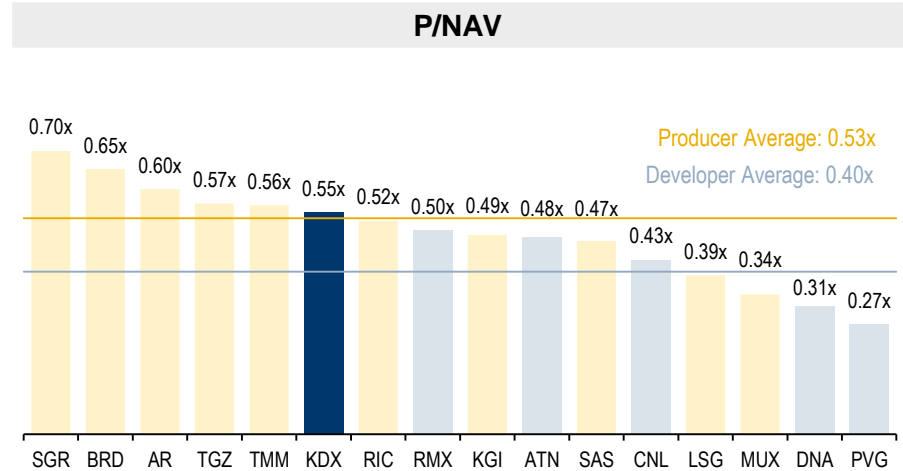
Developers: Atacama Pacific, Chesapeake, Colossus, Continental, Detour, Exeter, McEwen, NovaGold, Orezone, Pretium, Romarco, Rubicon, Torex

# ATTRACTIVE VALUATION VS. JUNIOR GOLD PEERS



Klondex trades in line with junior gold producing peers based on P/NAV but holds significant additional upside potential based on:

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 prices as of October 18, 2013 market close
- KDX: Measured 57k oz Au; Indicated 239k oz Au; Inf. 421k oz Au
- Source: FactSet, Bloomberg, equity research and corporate disclosure

# CONTACT INFORMATION



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*Fire Creek worker/contractor mine safety board*