

Klondex Mines Ltd.

Assessment: SECTOR PERFORM with an analytical valuation price of **3,80 CAD**

Closing price as of 06.October 2015	3,23 CAD / 2,198 EUR	Highest stock price within the last 52 weeks	3,87 CAD / 2,66 EUR
Analytical valuation target within the next 12-24 months (*) EUR/CAD cross-rate of 1,45	3,80 CAD / 2,62 EUR (*)	Lowest stock price within the last 52 weeks	1,68 CAD / 1,15 EUR
Projected upside potential in %	17%	Stock-Ticker (Sydney and Frankfurt)	KDX / 32K
Assessment	SECTOR PERFORM	Type of study	Research update as of 07. October 2015
Outstanding shares as of September 2015	137.471.079	ISIN Number / WKN	CA4986961031 / 727231
Market Capitalization	444 Mio. CAD	Metal focus: Gold and Silver	Sector: Mining
Website	www.klondexmines.com	Analyst	Carsten Ringler

Created by Ringler Consulting and Research GmbH, Analyst Carsten Ringler (www.mining-research.com). This document purposes only by persons resident in Federal Republik of Germany, Switzerland and Austria. Disclaimer and Risk Warnings can be found at the end of the document.

Klondex Mines - The success story continues to plan!

Since the release of our initial report on 27. February 2015, Klondex Mines were able to disclose several positive updates. The company received various permits to further increase the production to the planned full capacity level at "Fire Creek". The production (tonnage) cap was lifted in June at their project, which is located in Nevada. Now a higher tonnage of rock can be mined and transported to the processing plant at "Midas".

On 04. August 2015 the company made a press release about excellent drill results at "Fire Creek". The drill program in the "West Zone" comprised 44 underground and surface drill holes totaling 4,391 meters. Especially the drill hole number "FCU-0192" was spectacular! It showed 79.7 grams of gold per ton rock over 0.8 meters. Positive drill results were also seen in the "South Zone", e.g. bore hole number "FCC-003" showed 9.1 grams of gold per ton over the strike length of 17.1 meters. The positive drill results confirm the assessment of the management, that the concession areas have great exploration potential.

On August 12 Klondex disclosed their financial results for the second quarter of 2015: The Company realized in the quarter a net income of \$ 4.8 million and sold 34,189 oz GoldEq. A total of 26,552 ounces of gold and 472,473 ounces of silver have been mined in both mines. The all-in sustaining cost of production (AISC) for the first half 2015 amounted to 595 USD per ounce of gold sold. The management raised the full-year outlook for 2015 by 5,000 ounces GoldEq to 125-130,000 ounces GoldEq at AISC cost of 750-800 USD. Another milestone is the receipt of the approval for the expansion of the tailings dam by an additional 400,000 tons in the processing plant "Midas". The expansion should be completed by year end.

The success on the operational side, had a positive effect on the share price of Klondex Mines. The stock price went up impressive 65% since the beginning of 2015, which was very much appreciated by the shareholders. Klondex Mines were able to outperform the vast majority of peer companies in the sector.

Background information on Klondex Mines

Klondex Mines is a highly profitable gold producer in the safe region Nevada (USA). The name of the main project is "Fire Creek" and is located in north-central Nevada, 100% controlled by Klondex. It is located in the cross-section of Northern Nevada Rift and the Battle Mountain trend. In the near region there are various mines such as the "Pipeline Deposit" of Barrick Gold (7 million ounces of gold) as well as the "Mule Canyon Deposit" of Newmont Mining (3 million ounces of gold). Beside "Fire Creek" also the "Midas Mine" belongs to Klondex, both high grade epithermal gold deposits.

On 02/11/2014, the management of Klondex Mines bought from Newmont Mining the Midas Project, which included a fully permitted and operational ready processing plant and an underground mine. After only eight days the first gold and silver bars were poured. At present the ore of the Midas Mine and high-grade bulk samples of "Fire Creek" (about 100 miles distance to Midas) is processed in the plant/mill of Midas.

The year 2014 was very successful for Klondex Mines and their shareholders. The commercial production (with the inclusion of silver as a by-product) was achieved in a short time frame and a total of 107,860 ounces GoldEq were recovered. Due to the very high grades of processed ore per ton ("Head Grades") the cash costs are very low at 617 USD per ounce GoldEq. For 2015 management forecasts between 125 to 130,000 ounces GoldEq.

To ensure a growing production growth and good utilization of the Midas processing plants in subsequent years, expenditures of 43 million USD in 2015 are budgeted. With this amount of money, both high-grade projects will be further explored and developed. There are also plans to invest approximately USD 3 million in the expansion of the existing tailings dam.

Currently, around 700 tons of ore per day are processed in the plant. Since the maximum production capacity of the plant is roughly 1,200 tons of ore per day, an increase of production from the processing of ores of both mines is easily possible. There is a good chance to process ore from external mines (referred to as "toll milling") to establish and expand an additional income source. So far, ore of "Washington Mine" and "Golden Wonder" are to be processed at Midas.

In 2014, the value of all mergers and acquisitions in the mining sector was at its lowest level for the last 10 years with only \$ 44.6 billion (study by Ernst & Young). Nonetheless, the interest from big market players and private equity firms is large, to participate in high-quality projects or to take over companies completely. The Chinese gold producer Zijin Mining has invested 81 million CAD into Pretium Resources, a company that develops the "Brucejack Project" in Canada.

Because of the very high ore grades of both mines and associated low production costs, we see good chances that **Klondex Mines** is already on the shopping list of some major players!

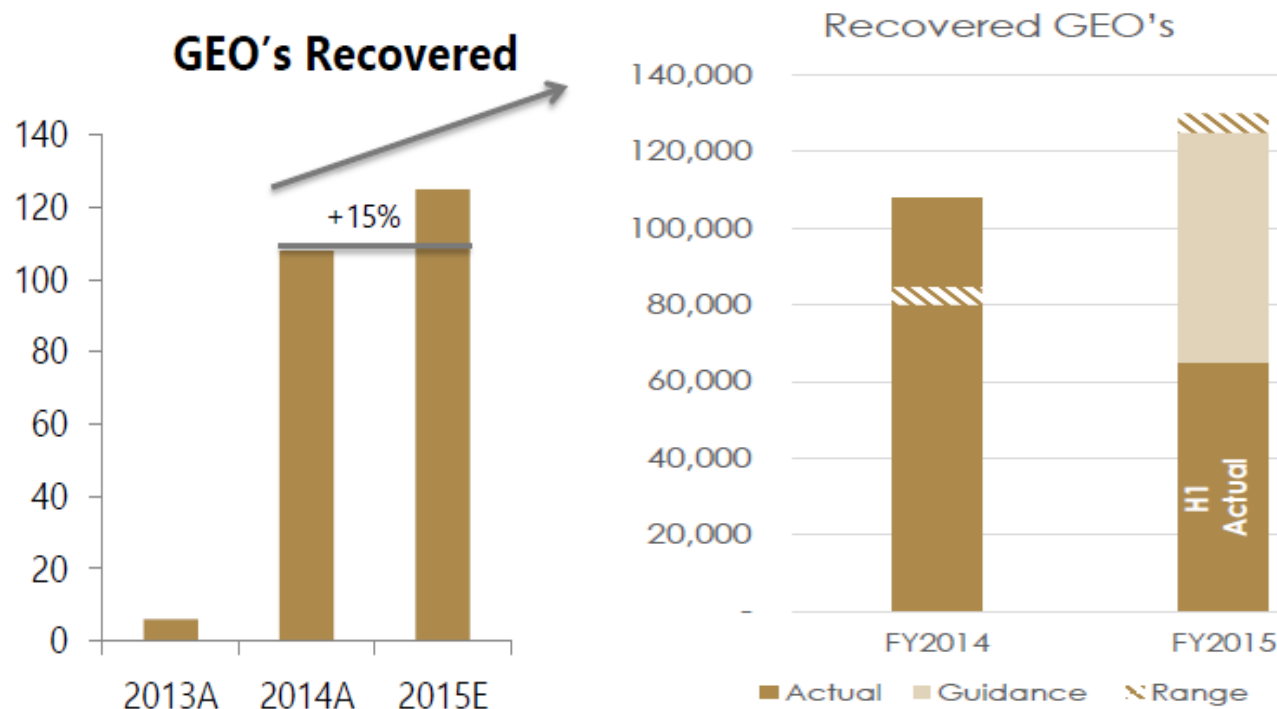
We have summarized below an overview about the recent mergers and acquisitions in the precious metals sector:

<u>M&A Target Company:</u>	<u>Buyer/Investor:</u>	<u>Transaction value:</u>	<u>Resources (all categories) of the M&A Target:</u>
Probe Mines	Goldcorp	526 Mio CAD	ca. 4,35 Mio Ounces Gold
Rio Alto Mining	Tahoe Resources	1,1 Bln. USD	ca. 5,27 Mio Ounces Gold + 3,8 Bln. Pounds Copper
Pretium Resources	Zijin Mining Group	app. 81 Mio CAD for a 9,9% stake	13,6 Mio Ounces Gold
Papillon Resources	B2Gold Corp.	570 Mio USD	5,15 Mio Ounces Gold
Paramount Gold and Silver	Coeur Mining	146 Mio USD	
Newstrike Capial	Timmins Gold Corp.	140 Mio CAD	app. 1,859 Ounces Gold (M+I)
Cayden Resources	Agnico Eagle Mines Ltd.	205 Mio CAD	none

Management: Richard J.Hall (Chairman), Paul Huet (CEO and Director), Barry Dahl (CFO), Brent Kristof (COO), Mike Doolin (VP Business Development), Brian Morris (VP Exploration), John Seaberg (SVP Investor Relations)

List of largest shareholders as of June 2015 in Mio shares: Sentry Investments (19,8), Sun Valley Gold (12,5), US Global Investors (11,5), K2 Principal Fund (10,5), Oppenheimer (4,9), Van Eck (3,5), Goodman and company (2,0), RBMI (2,0), Sprott Asset Management (1,7), MD Private Investment (1,4), BMO Asset Management (1,4)

Successful production expansion looks like this (GoldEq ounces)!



We assume that Klondex Mines is profitable even at low gold prices and enough free cash flow can be generated to fund investments in production expansions and exploration.

Below is a summary of the most important parameters of the PEA from 2014 of "Fire Creek":

Table 1-4 Key Operating and Financial Statistics

Description	Value
Material Mined and Processed (kt)	439
Avg. Gold Grade (OPT)	0.68
Avg. Silver Grade (OPT)	0.34
Contained Gold (koz)	297
Contained Silver (koz)	151
Avg. Gold Metallurgical Recovery	94%
Avg. Silver Metallurgical Recovery	92%
Recovered Gold (koz)	279
Recovered Silver (koz)	139
Mine Life (years)	5
Cash Cost (\$/oz)	\$459
Total Cost (\$/oz)	\$636
Gold Price (\$/oz)	\$1,250
Silver Price (\$/oz)	\$18
LoM Capital Cost (\$ Millions)	(\$49.6)
Payback Period (years)	0.5
Cash Flow (\$ Millions)	\$157.3
5% Discounted Cash Flow (\$ Millions)	\$141.5
10% Discounted Cash Flow (\$ Millions)	\$128.3
Profitability Index ¹	4.1
Internal Rate of Return	N/A

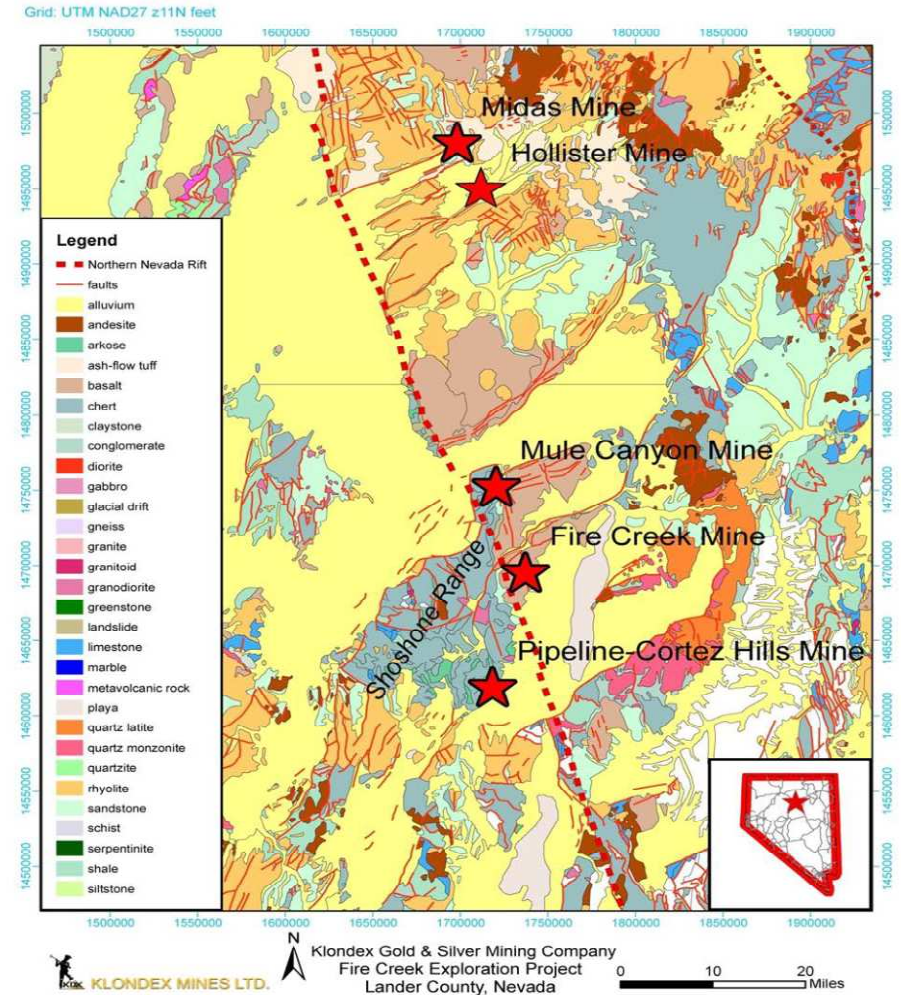
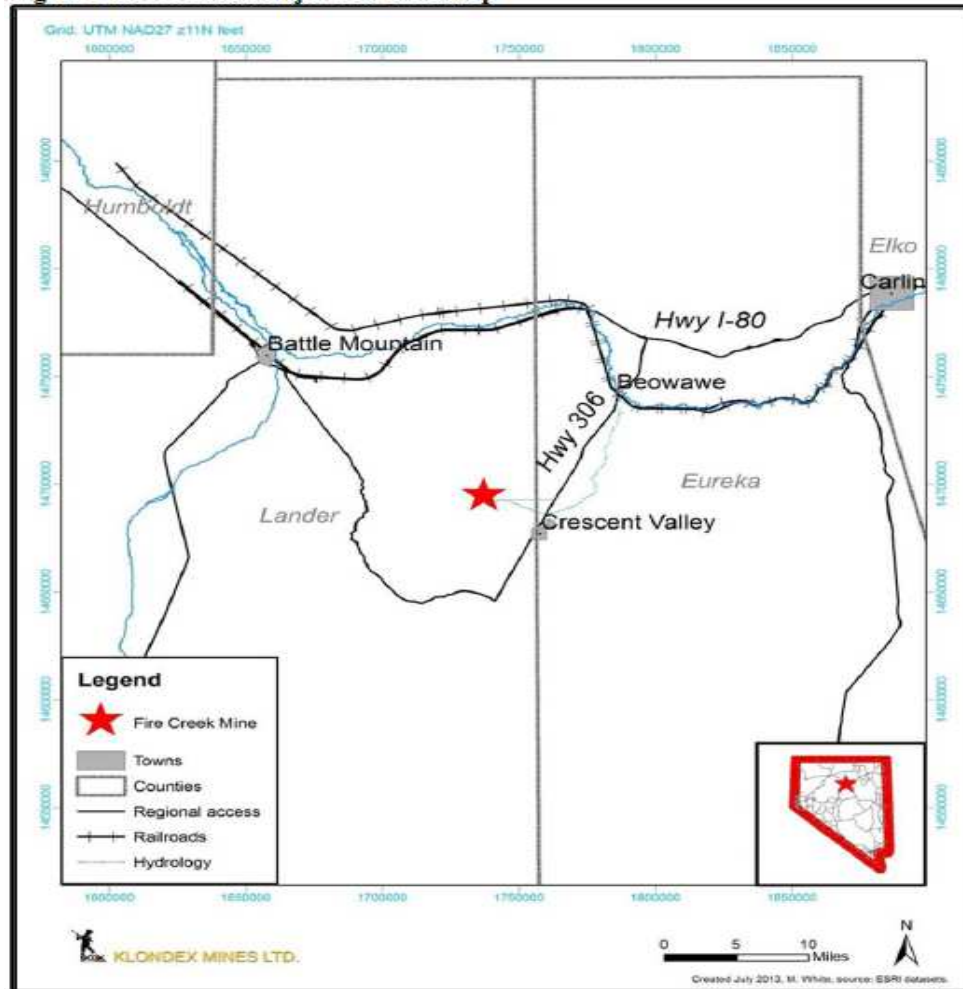
Notes:

Table 20-1 Capital Costs

	Cost (000's)				
	2014	2015	2016	2017	Total
Mine Development	\$6,700	\$6,773	\$9,411	\$5,481	\$28,365
Rapid Infiltration Basin	\$736				\$736
Site Facilities	\$1,603	\$1,127			\$2,730
Environmental Assessment	\$937				\$937
Mining Equipment	\$400	\$2,200	\$2,000	\$932	\$0
Underground and Surface Drilling	\$2,300	\$3,000	\$3,000	\$3,000	\$11,300
Total	\$12,676	\$13,100	\$14,411	\$9,413	\$49,600

The flagship project "Fire Creek" is located in Lander County / Nevada (USA)

Figure 4-1 Fire Creek Project Location Map





The "Midas Mine" including the processing plants is located in Elko County / Nevada (USA)



Images of the processing plant "Midas" and the tailings dam





GRADE IS KING: The high ore grades of "Fire Creek" and "Midas" are absolutely world class!

Mineral Reserves								
	Category	Au opt	Ag opt	Au Eq opt	Au Ounces (000's)	Ag Ounces (000's)	AuEq Ounces (000's)	Tons (000's)
Fire Creek	Proven Reserves	1.462	1.108	1.479	118.2	89.6	119.6	80.9
	Probable Reserves	1.149	0.787	1.161	120.5	82.6	121.8	104.9
	Proven + Probable	1.285	0.927	1.300	238.7	172.2	241.4	185.8
Midas	Proven Reserves	0.381	13.349	0.588	51.1	1,790.5	78.8	134.1
	Probable Reserves	0.376	7.918	0.498	40.6	855.2	53.8	108.0
	Proven + Probable	0.378	10.926	0.548	91.6	2,645.6	132.6	242.1
Mineral Resources								
	Cat.	Au opt (g/T)	Ag opt (g/T)	AuEq opt (g/T)	Au Ounces (000's)	Ag Ounces (000's)	AuEq Ounces (000's)	Tons (000's)
Fire Creek	M&I	1.01 (34.7)	0.78 (26.8)	1.02 (35.1)	468	362	473	463
	Inf.	0.41 (14.1)	0.32 (10.9)	0.42 (13.2)	436	340	442	1,065
Midas	M&I	0.36 (12.2)	8.40 (288.0)	0.49 (16.7)	411	9,701	562	1,155
	Inf.	0.24 (8.1)	4.81 (165.1)	0.31 (10.7)	204	4,125	268	857
TOTAL M&I : 1,035,000 GEO's								
TOTAL INF: 710,000 GEO's								



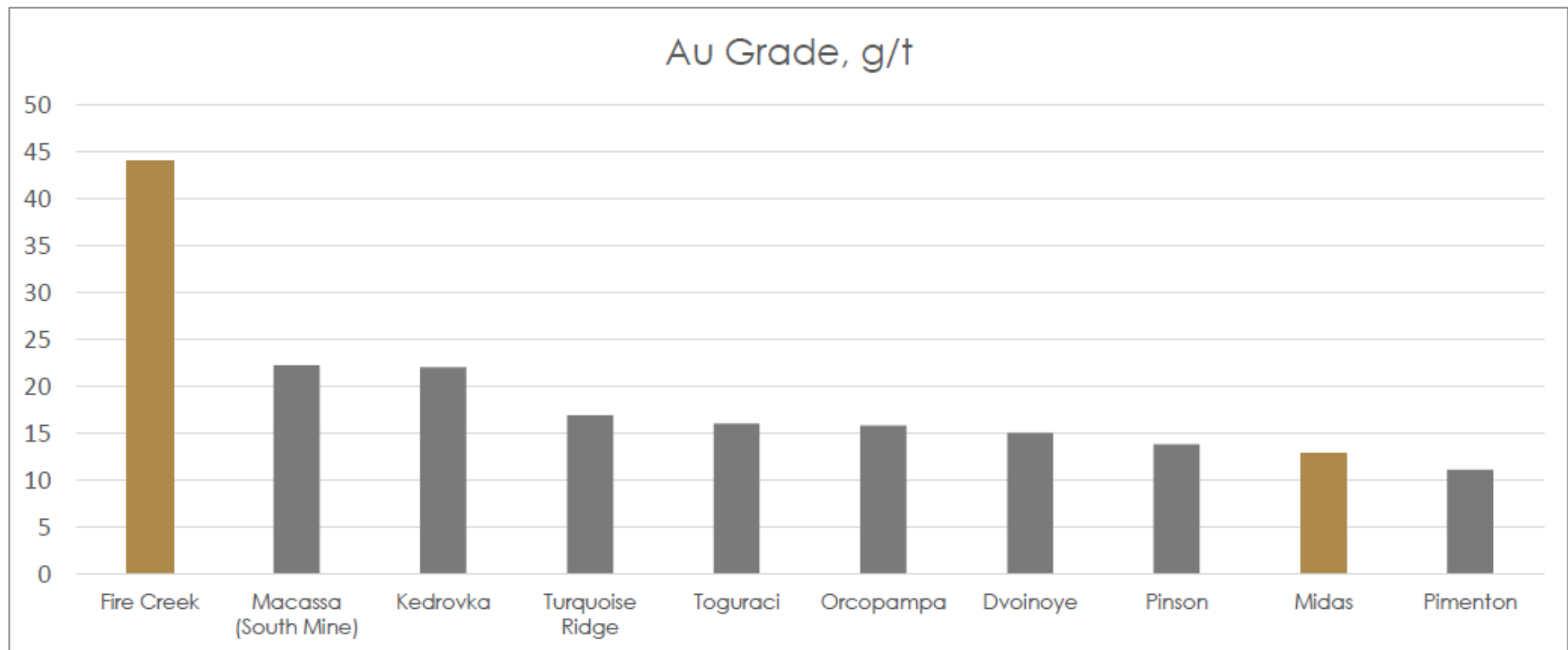
SWOT - Analysis

(Strenghts)	(Opportunities)
<p>The two mining projects „Midas Mine“ and „Fire Creek“ contain very high grade ore. Therefore, the precious metals can be extracted at low costs.</p> <p>Sensitivity analysis in the PEA (“Fire Creek”) revealed, that positive cash flows can be generated, even with much lower gold prices than 1.000 USD).</p> <p>The company has sufficient cash holdings in the treasury to fund internal growth.</p>	<p>The company benefits from rising gold and silver prices.</p> <p>Both projects have a high geological exploration potential. Thus, the conditions are very good, that the mine life could be expanded substantially with further exploration drilling in the future.</p> <p>Klondex Mines is an attractive „prime takeover target“.</p>
(Weaknesses)	(Threats)
<p>The mine life of both mines are relatively short. (<4 years)</p> <p>The company must therefore calculate with annual drilling budget / expenses.</p>	<p>A sustained decline in prices of gold and silver would cause lower revenues and profits.</p> <p>Klondex is waiting for the final approval for the mining expansion and environmental permit (NEPA) for „Fire Creek“. Setbacks in the granting of permits would cause lower revenues and profits.</p> <p>There are typical risks inherent in mining such as e.g.: lower grades, higher cash costs because of higher „dilution“, lower recoveries, fire etc.</p>



The ore grades (GoldEq) of the two Klondex mines "Midas" and "Fire Creek" take the first ranks worldwide

TOP 10 HIGHEST GRADE UNDERGROUND GOLD MINES.



Quelle: Klondex Mines Präsentation September 2015 / <http://www.mining.com/the-worlds-highest-grade-gold-mines/as> of July 15, 2015 Mineral reserves are Proven + Probable, except Kedrovka, where A+B categories calculated

Since the crash of the gold price back in April 2013, gold is in a bottoming process, in the medium term however, we expect much higher prices!



Quelle: Goldprice.org

Gold has an excellent track report since year 2000 against various paper currencies

Gold Price Performance: % Annual Change						Monday, October 05, 2015			
	USD	AUD	CAD	CHF	CNY	EUR	GBP	INR	JPY
2000	-3.0%	14.8%	1.9%	3.0%	-	7.5%	6.6%	4.7%	-
2001	2.0%	12.3%	8.7%	6.5%	-	8.8%	5.0%	5.4%	-
2002	24.7%	13.3%	22.8%	5.7%	-	6.4%	13.1%	23.9%	-
2003	21.1%	-8.5%	0.6%	7.6%	-	1.7%	9.9%	14.8%	-
2004	5.4%	1.4%	-2.1%	-3.5%	13.6%	-3.1%	-2.4%	0.5%	3.7%
2005	20.0%	28.9%	15.4%	37.8%	21.3%	36.7%	33.0%	24.2%	37.6%
2006	23.0%	12.6%	23.0%	14.2%	18.7%	10.6%	8.3%	20.8%	24.4%
2007	30.9%	18.3%	12.1%	21.7%	23.3%	18.4%	29.2%	16.5%	22.9%
2008	5.6%	31.3%	30.1%	-0.1%	-2.4%	10.5%	43.2%	28.8%	-14.4%
2009	23.4%	-3.0%	5.9%	20.1%	23.6%	20.7%	12.7%	19.3%	26.8%
2010	27.1%	13.3%	21.3%	15.4%	22.8%	37.1%	31.4%	22.3%	11.4%
2011	10.1%	10.2%	13.5%	11.2%	5.9%	14.2%	10.5%	31.1%	4.5%
2012	7.0%	5.4%	4.3%	4.2%	6.2%	4.9%	2.2%	10.3%	20.7%
2013	-28.3%	-16.2%	-23.0%	-30.1%	-30.2%	-31.2%	-29.4%	-18.7%	-12.8%
2014	-1.5%	7.7%	7.9%	9.9%	1.2%	12.1%	5.0%	0.8%	12.3%
2015	-3.9%	10.7%	8.4%	-5.8%	-1.7%	3.8%	-1.3%	-1.0%	-3.5%
Average	10.2%	9.5%	9.4%	7.4%	8.5%	9.9%	11.1%	12.7%	11.1%
Total	163.6%	152.5%	150.8%	117.8%	102.3%	159.1%	177.0%	203.7%	133.6%
goldprice.org									

Quelle: Goldprice.org

The share price of Klondex Mines has outperformed in recent years significantly the ETF "Market Vector Junior Gold Miners (GDXJ), which contains a basket of junior gold producers



Period 08.01.2010 to 06.10.2015, Source: Google Finance

The chart illustrates the outperformance / leverage of the stock relative to gold (in this case, the SPDR Gold Trust ETF GLD) can be seen in the first two months of 2015



The above chart refers to the period 04.01.2010 to 27.02.2015, Source: Google Finance



Source: **Valuation Model 1 (Resources in the ground)**

S1	Outstanding shares as of September 2015:	137.471.079
S3	Actual share price as of 06.10.2015 (closing Toronto):	3,23 CAD
S2	Market Cap:	444,0 Mio CAD
S1	Resources (Ounces Gold) all deposits & categories:	1.519.000
S2	LT-Price of 1 Ounce Gold:	1.250 USD
S1	Resources (Ounces Silver) all deposits & categories:	14.528.000
S2	LT-Price of 1 Ounce Silver:	17,50 USD
S2	In-Situ-Value all resources in the ground in CAD:	2.798.887.000 CAD
S4	USD/CAD exchange rate:	1,30
<hr/>		
S2	Total metal value per share:	20,36 CAD
S2	How many Ounces of Gold per share:	0,011
S2	How many ounces of Silver per share:	0,106

S1 Source: Klondex Mines corporate presentation September 2015 // Changes have an impact on the outcome of this analysis

S2 Source: Calculations, Estimates & Simulations Ringler Consulting and Research GmbH // Changes have an impact on the outcome of this analysis

S3 Source: Google Finance

S4 Source: Simulations Ringler Consulting and Research GmbH // This calculation is based on an exchange rate USD/CAD of 1,30 // Changes have an impact on the outcome of this analysis

Source:	Valuation Model 2 (Simple Cash-Flow-Analysis)	Sold GoldEq Ounces:	Average selling price:	Average selling price:	Average selling price:
	Different Simulations for 2015		1.050 USD	1.150 USD	1.350 USD
S1	Expected Production (GoldEq) Ounces:	127.500			
S2	Revenues (including Gold Purchase Agreement 127.500 Ounces minus 7.500 Ounces delivered to Franco Nevada)	120.000	126.000.000 USD	138.000.000 USD	162.000.000 USD
S1	"AISC" cash cost per GoldEq Ounce:	775 USD	98.812.500 USD	98.812.500 USD	98.812.500 USD
S2	OCF Margin per Ounce GoldEq:		227 USD	327 USD	527 USD
S4	OCF in Mio USD p.a.:		27.187.500 USD	39.187.500 USD	63.187.500 USD
S2	OCF multiple of 9 = potential Market Cap:		244.687.500 USD	352.687.500 USD	568.687.500 USD
S2	Market Cap in CAD (cross rate USD/CAD of 1,30 was used):	1,30	318.093.750 CAD	458.493.750 CAD	739.293.750 CAD
S3	Basic shares outstanding as of September 2015:	137.471.079			
S2	Potential stock price target:		2,31 CAD	3,34 CAD	5,38 CAD
S2	Rise in %, if Gold rises from 1.150 USD to 1.350 USD:				17,4
S2	If Gold rise from 1.150 USD to 1.350 USD, what is the % impact on OCF				
S2	if all input cost (cash cost) remaining unchanged?:				61,2
S2	Theoretical stock price leverage to the Gold price:				3,5
<p>S1 Source: Klondex Mines press release as of 12.08.2015 (we used the mid range of the production guidance and AISC cost) // Changes have an impact on the outcome of this analysis</p> <p>S2 Source: Calculations, Estimates & Simulations Ringler Consulting and Research GmbH // Changes have an impact on the outcome of this analysis</p> <p>S3 Source: Klondex Mines September 2015 // Changes have an impact on the outcome of this analysis</p> <p>S4 Source: Ringler Consulting and Research GmbH // Explanation of the "OCF formula": We used different average selling prices for the extracted metals and subtracted the "AISC" numbers</p> <p>GoldEq (Gold Equivalent ounces) used a 73 : 1 silver to gold ratio // Changes have an impact on the outcome of this analysis</p>					

Valuation price analysis and conclusion:

Source	Different assessment approaches, if Klondex will be taken over / bought:	Theoretical stock price calculation:	Possible Valuation price (incl. cash per share):
S1	Actual shares out as of September 2015:	137.471.079	
S1	Cash position as of the end of Q2. 2015 (30.06.2015) 68 Mio. CAD:	0,49 CAD	
S2	M&A: Merger or Buy-Out of Klondex Mines at 6x OCF multiple (@1.150 USD GoldEq) = 235,1 Mio. USD or 305,6 Mio. CAD:	2,22 CAD	
S2	M&A: Merger or Buy-Out of Klondex Mines at 8x OCF multiple (@1.150 USD GoldEq) = 313,5 Mio. USD or 407,5 Mio. CAD:	2,96 CAD	
S2	M&A: Merger or Buy-Out of Klondex Mines at 9x OCF multiple (@1.150 USD GoldEq) = 352,7 Mio. USD or 458,5 Mio. CAD:	3,34 CAD	4,21 CAD
S3	M&A Valuation Price: 135 USD for each GoldEq Ounce X 1.718.014 Ounces GoldEq = 231,9 Mio. USD or 301,5 Mio. CAD:	2,19 CAD	
S3	M&A Valuation Price: 155 USD for each GoldEq Ounce X 1.718.014 Ounces GoldEq = 266,3 Mio. USD or 346,2 Mio. CAD:	2,52 CAD	
S3	M&A Valuation Price: 175 USD for each GoldEq Ounce X 1.718.014 Ounces GoldEq = 300,6 Mio. USD or 390,8 Mio. CAD:	2,84 CAD	3,34 CAD
S2	Average price of both different assessments = potential valuation price, if Klondex Mines will be bought out:		3,77 CAD
<p><u>S1 Source:</u> Klondex Mines September 2015 // Changes have an impact on the outcome of this analysis</p> <p><u>S2 Source:</u> Calculations, Estimates & Simulations Ringler Consulting and Research GmbH // Changes have an impact on the outcome of this analysis</p> <p><u>S3 Source:</u> Simulations Ringler Consulting and Research GmbH //</p> <p>A foreign exchange rate/crossrate USD/CAD of 1.30 and a silver to gold ratio of 73:1 was used // Changes have an impact on the outcome of this analysis</p>			

In this baseline scenario, we assume that Klondex Mines will generate decent cash flow from operations in the coming quarters. Especially due to the high ore grades of processed rock, Klondex is able to operate with low cash cost and is not as vulnerable as some competitors with high costs in an environment of decline in precious metal prices.

The achievement of our analytical valuation price of 3,80 CAD is particularly possible when the experienced management achieves further milestones. This includes the generation of cash flow from operations and further exploration success. High grade deposits that are located in politically stable countries are among the "prime target" for potential M & A deals. So we can strongly assume that a takeover battle can start any time. With the acquisition of Probe Mines for 536 million CAD and Papillon Resources for USD 570 million buyers were willing to put a lot of money on the table already for pure Explorers. For both M&A target companies the buyers need additionally a significant amount of money for building up the infrastructure and construction of the mine and processing facilities. Klondex Mines controls in the "Northern Nevada Rift" with over 30,000 acres a large land package and operates the Midas processing plant, which has further excess capacity left. If the price of gold to resume its upward trend, we expect a strong increase in operating cash flow (OCF) and net profits. If the gold price resumes its uptrend, we expect an strong increase in operating cash flow (OCF) numbers and net profits. Klondex Mines is in our view a rare precious nugget within the peer group of gold producers.

What do we expect in the next months:

We are very confident that the ongoing exploration programs at "Midas" and "Fire Creek" in the next quarters will be successful and result in a significant increase of the resource base. Particularly at "Fire Creek" only less than 10% of the concession areas are already explored by former drilling campaigns. Provided Klondex achieved to expand the existing resource significantly, this would have a large, positive impact on profitability ratios and future earnings. Thus, we assume that the mine life will be extended for additional years for both underground mines.

We expect that Klondex will use the proceeds from the recent capital raise to pay off the outstanding debt (23 Mio. CAD).

We try to take a long-term look into the crystal ball: Where could be the stock price in 3-4 years?

The table below is based on various parameters and is intended to show the interested reader, where the share price could be at various gold price assumptions. These are purely hypothetical calculations!

Actual stock price as of 06.10.2015:	3,23 CAD	Operating cash	Different gold price assumptions:	1.200 USD	1.450 USD	1.650 USD	1.922 USD
USDCAD exchange rate:	1,30	flow (OCF) multiple:	Expected OCF p.a.:	56.000.000 USD	91.000.000 USD	119.000.000 USD	157.080.000 USD
Produced ounces GoldEq p.a.	140.000						
"AISC" costs before taxes:	800 USD						
		8	Possible analytical stock Price valuation:	4,24 CAD	6,88 CAD	9,00 CAD	11,88 CAD
			Potential upside in %:	31,2	113,1	178,7	267,9
Expected number of shares out		9	Possible analytical stock Price valuation:	4,77 CAD	7,74 CAD	10,13 CAD	13,37 CAD
in 2018/2019:	137.471.079		Potential upside in %:	47,6	139,8	213,6	313,9
Source: Calculations, Estimates & Simulations Ringler Consulting and Research GmbH // Changes have an impact on the outcome of this analysis							



Important Notices, Disclaimers and Other Information:

This research document (hereafter “the document”) was created to the best of knowledge and belief. It is for information purposes only by persons resident in Federal Republik of Germany, Switzerland and Austria.

Neither the document nor any copy thereof may be made available, transmitted or distributed in nations where local laws would be violated (for example, the United States of America, Japan, England, Australia, Canada and their territories). The distribution of this document and the information contained therein to persons resident in countries other than the Federal Republik of Germany, Switzerland and Austria may be restricted by law, and persons into whose possession this document comes should obtain information about and observe any such restrictions, if any. Any failure to comply with this restriction may constitute a violation of Canadian securities laws or those of the US or the laws of another country.

The object of this analysis is the stock of a company that is engaged in a risky market. Capital investments of any kind, including those in shares in high-risk markets, such as mining companies, are also exposed to some significant risks or even a total loss.

The object of this analysis is the stock of a company whose stock has a low market capitalization. Especially for companies with a low market capitalization, investors must often expect a high volatility and/or low market liquidity.

The object of this analysis is a stock that is associated with major price risks and is therefore unsuitable for inexperienced or risk-averse investors. This is especially true for all Over The Counter (OTC), i.e. the so-called outside of a monitored stock exchange or a regulated market. . The same applies to shares that are traded on the Australian Stock Exchange (ASX), on Canadian stock exchanges (i.e. Toronto or Vancouver) or on the Alternative Investment Market (AIM), a segment of the London Stock Exchange. The shares we analyzed are frequently traded on any of these markets in which they are segments of the highest risk category. Instruments which are traded there, are threatened at any time by the possibility of a total loss, high volatility and the possibility of reduced liquidity and marketability in particular due to low trading volumes. High price opportunities are faced with enormous risks.

All of the information contained in this document neither constitutes a solicitation nor an offer to sell or purchase any investment or for making other transactions. It is not also not a recommendation as part of investment advice. Any forecasts or opinions expressed reflect the personal, subjective and current views of the publisher and are for guidance and information only. This document does not take into account particular investment objectives, the financial situation or the particular needs of individual users. The securities and financial instruments presented in this document may not be suitable as an investment instrument for every user.

This document contains only a non-binding opinion of the investment instruments and market conditions at the time of publication of the document. An assessment of the company, in particular to share price targets, may change without prior notice. All data and information obtained are from sources the publisher considers to be trustworthy and reliable at the time of the preparation. Despite all due care and attention in the preparation of research papers / reports from the publisher / the author assumes no liability or responsibility whatsoever for the correctness, completeness and accuracy of the information contained in the reports and for losses that could arise from any errors, omissions or inaccuracies. Liability claims against Ringler Consulting and Research GmbH or the author which refer to damages of a material or immaterial nature caused by use or disuse of information are generally excluded, unless it is due to intentional or grossly negligent behavior by the author or Ringler Consulting and Research GmbH. In particular, Ringler Consulting and Research GmbH does not guarantee that said projections prove to be accurate, or that price targets / possible future company values will be reached. Furthermore, neither this document nor the information contained in it form the basis for any contract or obligation of any kind.

Neither by downloading the document nor from the information contained in the document does a broking or investment advisory agreement with Ringler Consulting and Research GmbH come into being. Neither Ringler Consulting and Research GmbH nor the author are registered financial or investment advisors. Any investment decision should therefore take place after previous consultation with a professional investment advisor as well as personal research, for example, the information published by the analyzed company. All statements expressed in this document should be construed to be forward-looking statements that involve substantial risks and could not be true. The positive performance of a financial product in the past can in no way be an indication of future performance.

This document, including all of its parts are protected by copyright. Any use outside of the narrow limits set by copyright law is not permitted without the consent of Ringler Consulting and Research GmbH. This is particularly true for copying, microfilming, translating and storing, distributing and processing in electronic systems.



Image sources and external data sources:

Klondex Mines, Goldprice.org, Bloomberg, Google Finance, Ernst & Young, http://commons.wikimedia.org/wiki/Mining#mediaviewer/File:Morenci_Mine.jpg >> Author TJBlackwell

General note on possible conflicts of interests under § 34b WpHG in connection with FinAnV [German Securities Trading Act (as of 07.10.2015)]

Ringler Consulting and Research GmbH or employees of the Company may at any time conduct buy or sell transactions in the shares of the featured companies (i.e. long or short positions). This also applies to options and derivatives, based on these securities.

Those transactions may affect the respective company's stock price under certain circumstances. Published information on the "web pages", the newsletter or the Ringler Research Reports, recommendations, interviews and company presentations are paid by the respective company or third party (so-called "third parties"). The "third parties" include, for example, Investor Relations, Public Relations, Brokers and Investors. Ringler Consulting and Research GmbH may partly directly or indirectly pay for the preparation and electronic distribution and for other services discussed by the company or might be compensated with an allowance of a so-called "third party". Even if we create each analysis to the best of knowledge and belief and professional standards, we advise you to involve further external sources, such as your local bank or a consultant you trust regarding your investment decisions.

NO	Ringler Consulting and Research GmbH, the author or employees are holding a "long position" (shares, options or derivatives) of the company mentioned in the Ringler Research Report.
NO	Ringler Consulting and Research GmbH, the author or employees are holding a "short position" (shares, options or derivatives) of the company mentioned in the Ringler Research Report.
NO	Ringler Consulting and Research GmbH, the author or employees received or will try to receive a financial compensation (in cash, stocks and/or options) for the creation and distribution of the Ringler Research Report from the company mentioned.
YES	Ringler Consulting and Research GmbH, the author or employees received or will try to receive a financial compensation (in cash, stocks and/or options) for the creation and distribution of the Ringler Research Report from external companies (e.g. Investor Relations, Public Relations, Broker) or Investors.
NO	Ringler Consulting and Research GmbH, the author or employees received or will try to receive a financial compensation from the company (in cash, stocks and/or options) for travel expenses incurred as a result of an on-site visit or business meeting.

Declaration pursuant to § 34b WpHG and FinAnV [Ordinance on the Analysis of Financial Instruments] concerning additional information (as of 07.10.2015)

Disclosures on authorship and responsibilities in accordance with §2 FinAnV:

Carsten Ringler, Managing Director of Ringler Consulting and Research GmbH

Additional information according to §4 Nr. 2 FinAnV:

Issuer is Klondex Mines. The financial analysis was not made available to the issuer prior to distribution or publication.

Additional information according to §4 Nr. 4 FinAnV:

At present there are no plans / there is no specific date on which an update of the financial analysis will be published in the future.

Key principles and standards of value judgments contained in this document:

The assessments and analyzes in this document are the result of different evaluation approaches (e.g. DCF model, peer-group comparisons) and refer to a possible "Fair Value Pricing" if certain milestones are achieved. All evaluation results depend on market conditions and can be faster, slower, or perhaps never equaled.

Statement of Ringler Research stock rating system:

Outperform: The stock is expected to significantly outperform the sector average over the next 12-24 months.

Sector Perform: The stock performance is expected to be in line with the sector average over the next 12-24 months.

Underperform: The stock is expected to perform significantly below the sector average over the next 12-24 months.

Watchlist: We take the stock on our watchlist and wait for further news releases.

Regulatory Authority:

Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) [German Federal Financial Supervisory Authority], Marie-Curie-Straße 24-28, 60439 Frankfurt