November 10, 2016 | 14:35 ET | 14:35 ET~

FLASH

Klondex Mines

KDX-TSX	Rating	Price: Nov-9	Target	Total Rtn
	Market Perform	$7.00	$8.25	18%

Adding Fuel to Fire Creek

Bottom Line: Klondex Mines reported drill results from its Fire Creek Mine in Nevada, USA. Surface and underground drilling provided some positive results, suggesting the continuation of known veins as well as additional mineralized areas on the wider Fire Creek property.

Key Points

- **Underground drilling extends known veins.** Underground drilling to test the extensions of the known veins, especially vein 16 and vein 9, returned high-grade intercepts. The drilling extended Vein 16 267m to the south and 53m vertically. Vein 9 was extended 31m to the north with this drilling.

- **Some of the ounces discovered in this round of drilling may be produced in 2017.** Infill, down-dip drilling was a portion of the 65 drill holes (12.5km) released in this update. This infill drilling was the on Karen, Hui Wu, Joyce, and Vonnie veins.

- **Surface drilling begins to delineate new areas of mineralization.** Follow-up surface drilling in the Northwest, North, Eastern, and South Expansion areas extended known vein systems along strike and vertically. For the most part, these drill intercepts were less spectacular than those we have come to expect from the Fire Creek property, but the company is starting to home in on some higher-grade areas within these new areas of mineralization.

- **Surface drilling provides a new discovery.** KDX encountered a geophysical anomaly 1207m west of the current mine workings, which is now called the West Zone. The anomaly suggests a new mineralized structure, that is open in all directions. The West Zone currently has only one drill hole in it. A follow-up drill program for this discovery, as well as others in the district, is currently under way.

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2YR Price Volume Chart

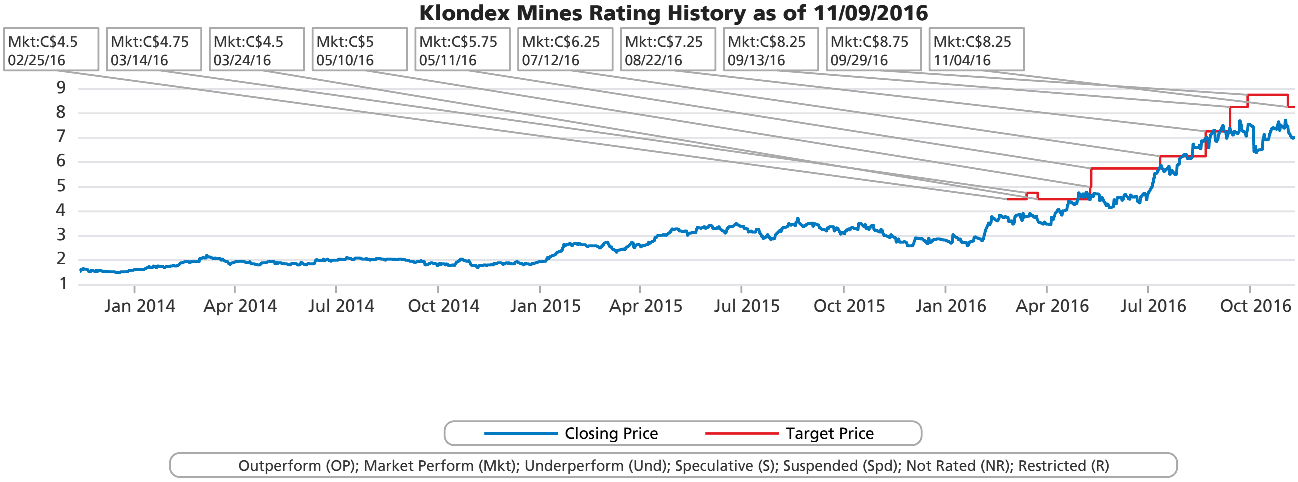
LHS: Price ($) / RHS: Volume (mm) Source: FactSet

Company Description

Klondex Mines is an integrated gold and silver producer focused in north central Nevada. The company is producing from its Midas mine and its Fire Creek mine.

KDX-TSX Research | Industry Research | Company Models

Klondex Mines Rating History as of 11/09/2016



Source: FactSet, BMO Capital Markets

IMPORTANT DISCLOSURES

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Distribution of Ratings (November 09, 2016)

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Hold	Market Perform	54.4%	12.7%	45.8%	53.7%	43.9%	41.4%
Sell	Underperform	3.3%	5.6%	1.2%	3.0%	1.3%	5.7%

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Prior BMO Capital Markets Rating System

(April 2013 – October 2016)
http://researchglobal.bmocapitalmarkets.com/documents/2013/rating_key_2013_to_2016.pdf

(January 2010 – April 2013)
http://researchglobal.bmocapitalmarkets.com/documents/2013/prior_rating_system.pdf

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