

Klondex Announces Closing of C\$42.6 Million Midas Financing

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ELKO, NEVADA and VANCOUVER, BRITISH COLUMBIA -- (Marketwired - Jan. 9, 2014) - Further to its news release dated December 6, 2013 and its announcement to purchase the Midas mine and mill from Newmont Mining Corporation, [Klondex Mines Ltd.](#) (TSX:KDX) (OTCQX:KLNDF) ("Klondex", or the "Company") is pleased to announce the closing of its private placement offering (the "Offering") of subscription receipts ("Subscription Receipts"). The Offering was upsized to gross proceeds of C\$42,630,000 on the sale of 29,400,000 Subscription Receipts. A syndicate of agents, led by GMP Securities L.P., and including MGI Securities Inc., Mackie Research Capital Corporation, M Partners Inc., Jones, Gable & Company Limited and PI Financial Corp. (collectively, the "Agents"), acted as agents under the Offering.

Each Subscription Receipt issued pursuant to the Offering was sold at a price of C\$1.45 and will be deemed to be converted upon satisfaction of the Escrow Release Conditions (as defined below), without payment of any additional consideration, into one common share of the Company (an "Underlying Share"). The Subscription Receipts provide for appropriate adjustments to be made in the event of share dividends, consolidations, distributions and other forms of capital reorganizations.

The gross proceeds of the Offering, less the Agents' expenses and out-pocket-costs and legal expenses (the "Escrowed Funds"), have been deposited in escrow. The Escrowed Funds will be released from escrow to the Company upon the satisfaction of the following conditions (together, the "Escrow Release Conditions"): (i) the satisfaction or waiver of all conditions precedent to the proposed acquisition of the Midas mine and related ore milling facility (previously announced by the Company on December 4, 2013) (the "Acquisition"), other than the delivery of the purchase price of the Acquisition; and (ii) receipt by the Company of the requisite approval of the Company's shareholders to the Offering pursuant to the requirements of the Toronto Stock Exchange. If the Escrow Release Conditions are not satisfied on or before February 28, 2014, the gross proceeds will be returned to the holders of the Subscription Receipts and the Subscription Receipts will be cancelled. The Subscription Receipts are and the Underlying Shares will be subject to a four month plus one day hold period pursuant to applicable Canadian securities laws.

The net proceeds from the Offering are expected to be used to partially fund the purchase price of the Acquisition and for the repayment of \$7 million in outstanding notes. The Company is targeting to complete the Acquisition in early February.

About Klondex Mines Ltd. (www.klondexmines.com)

Klondex Mines is focused on the exploration and development of its high-grade Fire Creek gold deposit in north central Nevada. Fire Creek is a compelling gold project located in a mining-friendly jurisdiction, near major producers, power, transportation, mining infrastructure and milling facilities. As at January 9, 2014, following the closing of the Offering, the Company had 79.2 million shares issued and outstanding and 127.3 million shares fully diluted.

This news release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities in the United States. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws and may not be offered or sold within the United States unless registered under the U.S. Securities Act and applicable state securities laws, unless an exemption from such registration is available.

Cautionary Note Regarding Forward-Looking Information

This news release contains certain information that may constitute forward-looking information under applicable Canadian securities legislation, including information about the release of the Escrowed Funds and current expectations on the expected use of proceeds of the Offering. This forward-looking information

entails various risks and uncertainties that are based on current expectations and actual results may differ materially from those contained in such information. These risks and uncertainties include, but are not limited to, the approval of the shareholders of the Company (to the extent required) of the Offering; the completion of the Acquisition; the risks and hazards associated with environmental compliance and permitting for its existing underground operations; the strength of the global economy; the price of gold; operational, funding and liquidity risks; the degree to which mineral resource estimates are reflective of actual mineral resources; and the degree to which factors which would make a mineral deposit commercially viable are present. There is no assurance that the Acquisition or any related financing will be completed, either on the terms proposed or at all. Risks and uncertainties about the Company's business are more fully discussed in the Company's disclosure materials filed with the securities regulatory authorities in Canada and available at www.sedar.com. Readers are urged to read these materials. The Company assumes no obligation to update any forward-looking information or to update the reasons why actual results could differ from such information unless required by law.

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