



KLONDEX MINES LTD.

March 10, 2010

*A personal letter from the president of Klondex Mines Ltd.
on Permitting, a Key Strategic Asset of the Company*

Dear KDX Investor,

I wanted to take a moment to give you a personal update on the incredibly positive and significant changes occurring at Klondex. We are making huge strides forward on our deliverables and big additions to both management and marketing. Please look to future news releases as we advance through 2010. The primary purpose of this letter is to explain in some detail the importance of our accomplishments and our underground permitting successes to date.

In late December 2009, Klondex successfully secured permits from the U.S. Bureau of Land Management (BLM) for our underground confirmation program at Fire Creek. This in itself is a mighty accomplishment for Klondex as it clearly underscores our transition from an exploration company with proven resources in the ground into a hybrid company focused on underground production AND continued exploration. We feel the importance of this distinction will be graphically demonstrated over the next 12 months as previously uninterested investors begin to position themselves into the Klondex shareholder base. The BLM approvals also pave the way for Klondex to extend to the south its Main Zone surface exploration program. This is very good news as it gives us the opportunity to build upon our already substantial 1.64 million ounce NI 43-101 compliant indicated gold resource and our 0.5 million ounces of inferred gold resource.

To ensure the timely completion of the permitting process, Klondex has posted the required \$1.4 million reclamation bond, and we have executed a \$258,000 contract with Western Cultural Resource Management to complete a required Archeological Site Study which, weather permitting, should begin in the next few weeks. Klondex must also secure final state approvals, including approval from the Nevada Department of Environmental Protection. The Nevada state permit is expected to enter the public comment stage in the next few weeks, and **we are excited to report that we continue to anticipate receipt of final permits between April and June 2010.**

The permits will enable Klondex to pursue bulk sampling and processing of 120,000 tons of high-grade ore (limited to 36,500 tons per year). Given a target grade of one ounce per ton, **the bulk sampling initiative could enable Klondex to produce approximately 120,000 ounces of gold with a current market value before production costs of over \$120 million.** With approximately 36.2 million diluted shares outstanding, this represents an enormous opportunity for our Company. To initiate the underground program, the permits will allow Klondex to drive 3,000 meters of decline tunneling to access our Main Zone mineralization. This access will facilitate more cost effective exploratory and in-fill drilling of KDX's resource to expand and improve the geologic model of Main Zone gold mineralization. This should support our efforts to build our NI 43-101-compliant resource and give us the ability to initiate appropriate underground mine planning.

After careful consideration and concerted negotiation, Klondex has chosen to proceed with Small Mine Development Co. (SMD) of Boise, Idaho to engineer and perform the underground development and bulk sampling work. SMD is a highly respected underground mining contractor with substantial high-grade gold mining experience and in-depth knowledge. Their understanding of our project and the local geology will ensure we extract the ore and produce gold at the lowest possible cost. The excellent and very convenient location of our high-grade deposit at Fire Creek gives Klondex a number of choices for processing the approximately one ounce per ton ore we will target. Currently we are reviewing several regional mills where after a short truck ride our ore could be milled on a contract basis. Klondex is very sensitive to our shareholders and to limiting dilution, so we are focused on financing future requirements for this program with the least dilution possible.

In summary, we believe KDX's permitting program is creating substantial value for our shareholders. If you would like a more detailed and personal review please feel free to contact me or my team to set up a time convenient for you. We are also available to meet with you today, the final day of the PDAC show in Toronto. Our booth number is 2835.

Finally, for a window on the true scope and effort behind the permitting process, we have provided some additional background below.

Kindest regards,

William J. Solloway
President
Klondex Mines Ltd.

Background on Scope of Permitting Process
--

Years expended to date:	Approximately 3 years; initial permits filed March 2007
Permits received to date:	BLM Environmental Assessment. Amended Plan of Operations. Permit for Reclamation and Surface and Underground Exploration
Contractors utilized:	Enviroscientists, Inc – leading environmental consulting firm focused on resource permitting. www.enviroincus.com Knight Piésold – leading global consulting engineers and environmental scientists. www.knightpiesold.com SRK - international consulting practice in earth and water resource industries. www.SRK.com Western Cultural Resource Management . is a full service cultural resource consulting firm. www.wcrminc.com
Regulatory bodies involved:	U.S. Bureau of Land Management (BLM) Nevada Department of Environmental Protection (NDEP)
Consultant fees to date:	\$586,000
Estimated KDX man-hours to date	2,300 hours across 3 professionals
Estimated # of regulatory meetings	20