

Klondex Mines Ltd.

Interim Consolidated Financial Statements

March 31, 2007

Klondex Mines Ltd.**Interim Consolidated Financial Statements**

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UNAUDITED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 released by
the Canadian Securities Administrators

NOTICE TO READER

The interim balance sheet as at March 31, 2007 and the interim statement of loss and deficit, and the interim statement of cash flows for the three month period then ended are the responsibility of the Company's management.

The interim financial statements have been prepared by management and include the selection of appropriate accounting principles, judgments and estimates necessary to prepare these financial statements in accordance with Canadian Generally Accepted Accounting Principles.

/s/ William J. Solloway

William J. Solloway, Director
Vancouver, BC Canada
May 11, 2007

/s/ Fred Baker

Fred Baker, Director
Vancouver, BC Canada
May 11, 2007

Klondex Mines Ltd.**Interim Consolidated Balance Sheets**

	March 31, 2007	December 31, 2006
Assets		
Current		
Cash and equivalents (note 3)	\$ 8,631,440	\$ 8,920,320
Marketable securities (note 4)	549	459,404
Prepaid expenses	45,832	8,881
Accounts receivable	50,651	48,838
Due from a related party (note 14)	13,463	13,161
	8,741,935	9,450,604
Rent deposit (note 5)	16,375	16,375
Property and equipment (note 6)	47,129	46,063
Mineral properties and related deferred expenses (note 7)	10,723,979	10,379,959
Reclamation bonds (note 8)	191,426	98,956
	\$ 19,720,844	\$ 19,991,957
Liabilities		
Current		
Accounts payable and accruals	\$ 79,475	\$ 368,826
Due to directors (note 14)	-	-
Asset retirement obligation (note 8)	191,426	98,956
	270,901	467,782
Deferred lease inducement (note 16)	9,844	10,663
	280,745	478,445
Shareholders' Equity		
Share capital (note 9)	25,980,401	25,777,601
Contributed surplus (notes 9 and 10)	2,190,345	2,157,245
Deficit	(8,730,647)	(8,421,334)
	19,440,099	19,513,512
	\$ 19,720,844	\$ 19,991,957

Subsequent event (note 17)**Contingency (note 7f)****Approved by the Directors:****William J. Solloway (sgd.)** Director**Fred Baker (sgd.)** Director

Klondex Mines Ltd.**Interim Consolidated Statements of Loss and Deficit**

For the first quarter ended March 31,	2007	2006
Administrative Expenses		
Amortization	\$ 2,994	\$ 3,303
Consulting fees (note 14)	44,309	43,080
Legal, audit and accounting	32,275	31,605
Management fees & salaries (note 14)	35,402	25,116
Office and miscellaneous	15,206	11,126
Stock-based compensation (note 10)	126,400	-
Telephone	3,900	4,527
Transfer agent and regulatory fees	90,187	7,828
Travel, accommodation, meetings	71,859	112,618
Foreign exchange translation	14,564	(308)
Interest earned	(86,583)	(3,233)
	350,513	235,662
Net loss, being comprehensive loss for the period	(350,513)	(235,662)
Deficit, beginning of period	(8,421,334)	(6,951,254)
Fair value adjustment on marketable securities (note 2)	41,200	-
Deficit, end of period	\$ (8,730,647)	\$ (7,186,916)
Basic and diluted loss per share	\$ (0.02)	\$ (0.01)
Weighted average number of shares outstanding	22,630,548	17,409,928

Klondex Mines Ltd.**Interim Consolidated Statements of Deferred Acquisition and Exploration Expenses**

Nevada Properties

For the first quarter ended March 31,	2007	2006
Balance, beginning of period	\$ 10,379,959	\$ 5,703,605
Acquisition of land	76,854	58,319
Assays and core costs	47,567	449,726
Consulting	46,705	436,874
Drilling	12,129	3,241,590
Field supplies and equipment	2,994	76,130
Geophysics	528	131,635
Lease payments, taxes and royalties	-	22,862
Legal	-	980
Maintenance fees	-	105,048
Mapping and sampling	55,221	12,929
Miscellaneous	1,061	35,057
Site reclamation	92,470	53,840
Site visits	8,491	51,364
Current year expenditures	344,020	4,676,354
Balance, end of period	\$ 10,723,979	\$ 10,379,959

Klondex Mines Ltd.**Interim Consolidated Statements of Cash Flows**

For the first quarter ended March 31,	2007	2006
Cash provided by (used in)		
Operating activities		
Loss for the period	\$ (350,513)	\$ (235,662)
Items not involving cash		
Amortization	2,994	3,303
Deferred lease inducement recognized	(819)	(819)
Foreign exchange	5	6
Stock based compensation	126,400	-
	(221,933)	(233,172)
Change in non-cash working capital items		
Accounts receivable	(1,813)	(11,666)
Prepaid expenses	(36,951)	3,359
Accounts payable	(24,128)	(2,478)
	(284,825)	(243,957)
Financing activities		
Issue of share capital	109,500	7,561,861
Share issue cost, cash	-	(575,575)
Advances from (repayment to) directors	(302)	(847)
	109,198	6,985,439
Investing activities		
Redemption of marketable securities	500,050	-
Purchase of property and equipment	(4,060)	(1,992)
Reclamation bonds posted	(92,470)	-
Deferred exploration and development expenditures	(251,550)	(618,745)
Accounts payable related to mineral properties	(265,223)	-
	(113,253)	(620,737)
Net increase (decrease) in cash and equivalents	(288,880)	6,120,745
Cash and equivalents, beginning of period	8,920,320	2,895,695
Cash and equivalents, end of period	\$ 8,631,440	\$ 9,013,440
Supplemental Cash Flow Information (note 11)		
The company had the following cash transactions:		
Interest received	\$ 86,583	\$ 3,233
Income taxes paid	-	-

March 31, 2007

1. Nature of Operations

The Company is in the business of owning, acquiring, exploiting, exploring, developing and evaluating mineral properties, and either joint venturing or developing these properties further or disposing of them when the evaluation is completed. The company has interests in the properties all located in the State of Nevada, USA.

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles on a going concern basis, which presume the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The company's ability to continue as a going concern is dependent upon achieving profitable operations and upon obtaining additional financing. While the company is expending its best efforts in this regard, the outcome of these matters can not be predicted at this time. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the company be unable to continue in business.

The recoverability of amounts shown as mineral properties and deferred exploration costs is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete their development, and future profitable production or disposition thereof.

2. Financial Statement Presentation

These unaudited consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles on a basis consistent with those followed in the most recent audited financial statements. These unaudited consolidated financial statements do not include all the information and footnotes required by generally accepted accounting principles for annual financial statements. Therefore readers are advised to refer to the company's annual audited financial statements for the year ended December 31, 2006 for additional information.

Changes in accounting policies

Effective January 1, 2007, the Company adopted the new recommendations of the Canadian Institute of Chartered Accountants (CICA) under CICA Handbook Section 1530, Comprehensive Income., Section 3251, Equity, Section 6855, Financial Instruments – Recognition and Measurement, Section 3861 Financial Instruments – Disclosure and Presentation and Section 3865, Hedges. These new Handbook Sections provide requirements for the recognition and measurement of financial instruments and on the use of hedge accounting. Section 1530 establishes standards for reporting and presenting comprehensive income which is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income but that are excluded from net income calculated in accordance with generally accepted accounting principles.

Under Section 3855, all financial instruments are classified into one of five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments are measured in the balance sheet at fair value except for loans and receivables, held-to-maturity instruments and other financial liabilities, which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification. Held-for-trading financials assets and liabilities are measured at fair value and changes in fair value are recognized into net income. Available-for-sale financial instruments are measured at their fair value with changes in fair value recorded in other comprehensive income.

Klondex Mines Ltd.**Notes to the Interim Consolidated Financial Statements**

March 31, 2007 and 2006

2. Changes in accounting policies (continued)

As a result of the adoption of these new standards, the Company has classified its marketable securities as held-for-trading. Receivables are classified as loans and receivables. Accounts payable and accrued liabilities are classified as other liabilities, which are measured at amortized cost.

As a result of application of Section 3855, the Company's deficit as at January 1, 2007 was reduced by \$41,200 to reflect the opening fair value of marketable securities.

3. Cash and cash equivalents

	March 31, 2007	December 31, 2006
Cash on deposit	\$ 1,016,244	\$ 920,294
Treasury bills	7,615,196	8,000,026
	\$ 8,631,440	\$ 8,920,320

4. Marketable securities

During the year-ended December 31, 2005, the Company purchased convertible debentures of the Retirement Residences REIT with a face value of \$500,000 for a cost of \$500,000. The convertible debentures bear interest at 5.5%, paid semi-annually and are convertible at the option of the holder at any time up to the maturity date of March 31, 2015 at a price of \$11.35 per unit. At December 31, 2005 the market value of the debentures was \$458,850 and accordingly a write-down of \$41,150 was recorded. At December 31, 2006, the market value of the debentures was \$500,050. The REIT convertible debentures were redeemed on March 13, 2007 at 101% of the principal amount, which amount (\$505,000) was received by the Company.

The company also holds 100 shares of Coeur D'Alene Mines with a book value of US\$475 and a market value of US\$495.

5. Rent Deposit

As part of the lease agreement, the Company paid the last three months of the fourth year and the last four months of the fifth year of the lease term in advance. These deposits bear interest at approximately 4% per annum, receivable at the end of the fourth and fifth year of the lease term.

6. Property and Equipment

	March 31, 2007		
	Cost	Accumulated amortization	Net book value
Computer equipment	\$ 32,424	\$ 11,792	\$ 20,632
Telephone equipment	1,376	794	582
Furniture and fixtures	25,600	13,651	11,949
Leasehold improvements	24,736	10,770	13,966
	\$ 84,136	\$ 37,007	\$ 47,129

Klondex Mines Ltd.**Notes to the Interim Consolidated Financial Statements**

March 31, 2007 and 2006

6. Property and Equipment (continued)

	December 31, 2006		
	Cost	Accumulated amortization	Net book value
Computer equipment	\$ 28,370	\$ 10,726	\$ 17,644
Telephone equipment	1,376	765	611
Furniture and fixtures	25,600	12,689	12,911
Leasehold improvements	24,736	9,839	14,897
	\$ 80,082	\$ 34,019	\$ 46,063

7. Mineral Property and Related Deferred Exploration Expenses**a) Fire Creek Gold Properties, Lander County, Nevada, U.S.A.**

The Company has a 100% ownership interest in this land block which was expanded during fiscal 2003 by 2,720 acres to a total of 4,875 acres. In 1988, the Company entered into an agreement with two joint venturers to explore and develop the gold property. Under the terms of the agreement, Klondex received an advance minimum royalty of \$10,000 per month. The joint venturers terminated the agreement on March 31, 1999. As a result the Company has regained 100% ownership of the property and is not obligated to repay the advance royalty payments amounting to \$1,582,162 (US\$1,220,000). During the fiscal year 2002, the Company purchased the drill cores and data from the joint venturers for consideration of US\$4,000 and issuance of 15,000 common shares of the Company.

During the fiscal year 2004, the Company acquired 4 additional blocks of land (80 acres) in the area for Cdn\$69,567 (US\$52,983). These acquisitions were necessary to insure logistical access to the main mineralized zones and to acquire areas which represent the strike extensions of these zones.

During the fiscal year 2005, the Company acquired 5 additional blocks of land, which totaled 13 acres for \$65,686 (US\$53,594). In the second quarter of this year, an additional 100 acres were acquired for \$53,344 (US\$43,415). These new acquisitions bring the total acreage to 5,185 acres.

During the first quarter ended March 31, 2007, the Company acquired an additional 50 acres for \$76,854 (US\$66,490) to bring total acreage to 5,235. The additional acreage is the most suitable land to put the planned tunnel that will be used for the underground drilling.

b) Lander & Eureka Counties, Nevada

The Company has an option to acquire a 100% interest (the "Option") in certain lands located in Lander & Eureka Counties, Nevada (the "Property"), from Fire Creek Lands, LLC (the "Optionor"). The Property has the potential for copper, silver, gold and other valuable mineral deposits. In consideration of the Option, the Company must make option payments in the aggregate amount of \$380,000 over a period of five years (US\$80,000 paid to date), and may purchase the Property on or before June 17, 2010 for \$2,500,000 with prior option payments being applied as a credit towards the purchase price.

In the event of the outright purchase of the Property by the Company, the Optionor will retain a 3% net smelter royalty, with the Company having a one-time option to purchase one percent of the royalty in consideration of \$1,000,000, at any time until June 17, 2015.

Klondex Mines Ltd.**Notes to the Interim Consolidated Financial Statements**

March 31, 2007 and 2006

7. Mineral Property and Related Deferred Exploration Expenses (continued)**c) Maggie Creek, Elko County, Nevada**

The Company has a 66.66% undivided interest in 48 claims (960 acres) situated in sections 8, 16 and 20 in the Maggie Creek area.

d) Corral Canyon, Lander County, Nevada

The Company has a 100% ownership interest in 42 claims (840 acres) in Corral Canyon, Lander County, Nevada.

e) Woodtick claims, Lander County, Nevada

The Company has a 100% ownership interest in these 26 claims (520 acres). They lie directly north-east of Fire Creek. These claims provide access to the northern Fire Creek block from the powerline road.

f) Hot Springs Point, Lander County, Nevada

The Company has a 100% ownership interest in 39 claims (780 acres) situated about 6 miles east of the town of Crescent Valley.

During the period, the Company negotiated the principal terms of a 10 year lease of the Hot Springs Point Property to Vasquir Mines Inc. ("Vasquir") Under the negotiated terms, Vasquir would lease the property for an initial cash payment and share issuance, annual cash payments and exploration expenditures, and a scaled net smelter return royalty of a minimum of 3% to a maximum of 10%.

On December 5, 2006 the Company received a claim filed in the Nevada Supreme Court from Vasquir Mines Inc. ("Vasquir"), a subsidiary of CMQ Resources Inc. in relation to a lease agreement between Vasquir and Klondex Mines Ltd. for Klondex Mines Hot Springs Point property, located 8.5 miles southeast of the Fire Creek Property. Vasquir has claimed that Klondex repudiated the agreement, and seeks: (i) a declaration from the court that the agreement is valid and enforceable lease, (ii) specific performance of the agreement, (ii) damages for slander of title and (iv) damages for breach of contract. Vasquir has also claimed damages for interference with economic advantage, claiming that Klondex's purported repudiation of the agreement resulted in the loss of a \$10 million financing by CMQ, and a decrease in the market capitalization of CMQ of \$8.3 million. The Company has denied all of the allegations of Vasquir and intends to vigorously defend the claim. The outcome is not determinable at this time and no loss has been recorded in the financial statements.

g) Reef claims, Churchill county, Nevada

The Company has a 100% ownership interest in 8 claims (160 acres) in the Fairchild district of Churchill County.

Klondex Mines Ltd.**Notes to the Interim Consolidated Financial Statements**

March 31, 2007 and 2006

8. Asset Retirement Obligation

Included in the carrying value of the mineral properties is \$191,426 representing the fair value of a liability for asset retirement obligations that arose as a result of drilling activities during fiscal 2004, 2005 and 2006 and the first quarter ended March 31, 2007 on the Fire Creek properties. The fair value of the liability \$98,956 was determined to be equal to the estimated drill well site remediation costs as it is assumed that remediation would commence within six months of year end. As at March 31, 2007 the Company has not commenced development of any property and accordingly a reasonable estimate of the timing of the cash flows can not be made. As a result the expected cash costs have been recorded as a current liability.

During the fiscal year December 31, 2004, the Company posted non-interest bearing bonds of \$49,400 (US\$41,003) with the Bureau of Land Management in the State of Nevada as security for these obligations. On December 31, 2005, the Company posted additional non-interest bearing bonds of \$49,556 (US\$42,500). During the first quarter ended March 31, 2007, the Company posted additional non-interest bonds of \$92,470 (US\$80,000). Fair value can not be reasonably determined and accordingly the bonds have been recorded at historical cost.

9. Share Capital

a) **Authorized:** unlimited common shares with no par value

b) **Issued**

	Shares	Amount	Contributed Surplus
Balance, December 31, 2005	17,151,317	\$ 14,431,926	\$ 1,318,766
Issued for cash			
Private placement	3,250,000	7,312,500	-
Exercise of options	280,000	212,000	-
Exercise of warrants	1,570,550	3,690,793	-
Exercise of agents' warrants	263,681	616,237	-
Fair value of options exercised	-	162,800	(162,800)
Fair value of agents' warrants exercised	-	254,747	(254,747)
	5,364,231	12,249,077	(417,547)
Share issue costs			
Commission	-	(511,875)	-
Agents' warrants	-	(320,775)	320,775
TSX filing fees	-	(32,000)	-
Legal fees & others	-	(38,752)	-
		(903,402)	320,775
Stock based compensation	-	-	935,250
Total increase	5,364,231	11,345,675	838,478
Balance, December 31, 2006	22,515,548	\$ 25,777,601	\$ 2,157,245

Klondex Mines Ltd.**Notes to the Interim Consolidated Financial Statements**

March 31, 2007 and 2006

9. Share Capital (continued)

	Shares	Amount	Contributed Surplus
Balance, December 31, 2006	22,515,548	\$ 25,777,601	\$ 2,157,245
Issued for cash			
Exercise of warrants	150,000	109,500	-
Fair value of options exercised	-	93,300	(93,300)
Stock based compensation	-	-	126,400
Balance, March 31, 2007	22,665,548	\$ 25,980,401	\$ 2,190,345

c) Options outstanding

A summary of the Company's outstanding stock options as of March 31, 2007 and the changes during the period then ended is presented below:

	Number of options	Weighted average exercise price
Outstanding and exercisable at December 31, 2005	1,565,131	\$ 0.80
Options granted (note 10)	645,000	2.35
Options exercised	(280,000)	0.76
Outstanding and exercisable at December 31, 2006	1,930,131	1.32
Options exercised	(150,000)	0.73
Outstanding and exercisable at March 31, 2007	1,780,131	\$ 1.37

At March 31, 2007, there were 1,780,131 stock options outstanding and exercisable entitling the holders thereof the right to purchase one common share for each option held as follows:

Number of Shares	Exercise Price	Expiry Date
659,750	\$ 0.65	November 28, 2008
475,381	\$ 1.05	June 10, 2010
645,000	\$ 2.35	July 17, 2011
1,780,131		

Klondex Mines Ltd.**Notes to the Interim Consolidated Financial Statements**

March 31, 2007 and 2006

9. Share Capital (continued)**e) Warrants outstanding**

A summary of the Company's outstanding share purchase warrants at March 31, 2007 and the changes during the period then ended is presented below:

	Number of warrants	Weighted average exercise price
Outstanding and exercisable at December 31, 2005	1,875,300	\$ 2.29
Warrants granted	1,625,000	3.00
Agents' unit warrants granted	227,500	2.25
Agents' warrants granted	113,750	3.00
Warrants exercised	(1,570,550)	2.35
Agents' warrants exercised	(229,556)	2.35
Agents' unit warrants exercised	(22,750)	2.25
Agents' warrants exercised (note 17)	(11,375)	2.25
Warrants expired	(74,450)	2.35
Agents' warrants expired	(744)	2.35
Outstanding and exercisable December 31, 2006	1,932,125	\$ 2.88
Outstanding and exercisable March 31, 2007	1,932,125	\$ 2.88

At March 31, 2007, there were 1,932,125 outstanding share purchase warrants entitling the holders thereof the right to purchase one common share for each warrant held as follows:

Number of Shares	Exercise Price	Expiry Date
1,625,000	\$ 3.00	September 28, 2007
204,750	\$ 2.25	September 28, 2007
102,375	\$ 3.00	September 28, 2007
1,932,125		

10. Stock Based Compensation

The Company has adopted an incentive stock option plan (the "Plan"). The essential elements of the Plan provide that the aggregate number of common shares of the Company's capital stock issuable pursuant to options granted under the Plan may not exceed 10% of the number of issued shares of the Company at the time of the granting of the options. Options granted under the Plan will have a maximum term of five years. The exercise price of options granted under the Plan will not be less than the discounted market price of the common shares (defined as the last closing market price of the Company's common shares immediately preceding the issuance of a news release announcing the granting of the options, less the maximum discount permitted under TSX Venture Exchange policies), or such other price as may be agreed to by the Company and accepted by the TSX Venture Exchange. Options granted under the plan vest immediately, except for consultants conducting investor relation activities who will become vested with the right to exercise one-fourth of the option upon the conclusion of each three month period subsequent to the date of the grant of the option.

During the period ended March 31, 2007 the Company granted 150,000 incentive stock options to directors, officers and consultants at an exercise price of \$2.30 per share expiring on January 10, 2012.

Klondex Mines Ltd.**Notes to the Interim Consolidated Financial Statements**

March 31, 2007 and 2006

10. Stock Based Compensation (continued)

The fair value of the incentive stock options granted is estimated on the grant date using the Black-Scholes option pricing model with the following assumptions:

	2007	
Dividend rate	0.00	%
Risk-free interest rate	4.06	%
Expected life	5	years
Expected annual volatility	93.47	%
Strike price	\$ 2.30	
Spot price	\$ 1.88	

Using the above assumptions the fair value of each option granted was \$1.69. Compensation expense of \$126,400 for the vested portion has been expensed in the statement of operations and credited to contributed surplus for the period ended March 31, 2007.

11. Non Cash Transactions

The following non-cash transactions were recorded during the period ended:

	31-Mar-07		31-Dec-2006	
Financing activities				
Contributed surplus allocated on exercise of options	\$	93,300	\$	162,800
Fair value of agent's warrants granted	\$	-	\$	254,747
Asset retirement obligation recorded	\$	92,470	\$	53,840
Investing activity				
Asset retirement obligation recorded as mineral property costs	\$	(92,470)	\$	(53,840)

12. Financial Instruments**a) Currency risk**

Currency risk is the risk to the Company's earnings that arises from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

At March 31, 2007 the Company had the following financial assets and liabilities:

	US Dollars	
Cash	\$	114,074
Marketable securities	\$	475
Reclamation bonds	\$	163,503
Accounts payable	\$	41,822
Due from Directors	\$	11,648

At March 31, 2007 US dollar amounts were converted at a rate of \$1.15587 Canadian dollars to \$1.00 US dollar.

Klondex Mines Ltd.**Notes to the Interim Consolidated Financial Statements**

March 31, 2007 and 2006

12. Financial Instruments (continued)**b) Credit risk**

At March 31, 2007 the Company held a treasury bill and marketable securities of \$8,440,472 (December 2006 - \$8,845,000) in an account with a Canadian brokerage firm. This amount is in excess of the \$1,000,000 insurance coverage provided by the Canadian Investor Protection Fund.

14. Related Party Transactions

The following transactions with related parties have been valued in these financial statements at the exchange amount, which is the amount of consideration established and agreed to by the related parties:

- a) During the period, the Company paid consulting fees of \$15,503 (2006 - \$16,500) and mineral property services of \$26,204 (2006 - \$23,500) to an officer and to companies controlled by directors and an officer.
- b) During the period, the Company incurred salary & benefit expenses of \$24,498 (2006 - \$18,189) to the President.
- c) During the period, the Company incurred management fees of \$10,390 (2006 - \$6,926) and rent of \$1,732 (2006 - \$1,732) to a director of the wholly-owned subsidiary.
- d) During the period, the Company incurred accounting fees of \$14,839 (2006- \$Nil) to an officer.
- e) Amounts owing from the president of \$13,463 (December 31, 2006 - \$13,161) are non-interest bearing, unsecured, and payable upon demand. Fair value cannot be reliably determined.

15. Segmented Information

March 31, 2007	Canada	United States	Total
Revenue	\$ -	\$ -	\$ -
Expenses	223,918	126,595	350,513
Loss for the period	\$ (223,918)	\$ (126,595)	\$ (350,513)
Identifiable assets	\$ 8,599,583	\$ 11,121,261	\$ 19,720,844

March 31, 2006	Canada	United States	Total
Revenue	\$ -	\$ -	\$ -
Expenses	170,273	65,389	235,662
Loss for the period	\$ (170,273)	\$ (65,389)	\$ (235,662)
Identifiable assets	\$ 9,427,605	\$ 6,296,127	\$ 15,723,732

Klondex Mines Ltd.**Notes to the Interim Consolidated Financial Statements**

March 31, 2007 and 2006

16. Commitments

As at March 31, 2007, the Company has shared lease commitments for office space expiring in February 2010. Minimum lease payments including estimated taxes and excluding operating costs for each of the next four years are as follows:

2007	\$ 12,031
2008	\$ 16,042
2009	\$ 16,042
2010	\$ 4,011

As an inducement to enter into the new office space lease the landlord funded \$65,000 of leasehold improvements on behalf of the 4 tenants. The Company's share of these improvements has been capitalized and the resulting deferred leasehold inducement will be recognized as a reduction of rent expense over the term of the lease.

17. Subsequent Event

Subsequent to the quarter end, the 11,375 shares issued on the exercise of agent's warrants during 2006 were returned to treasury.