



Klondex Gold & Silver Mining Company
4000 W Winnemucca Blvd, Winnemucca, NV 89445
Telephone (775) 621-5507 Fax (775) 621-5300

February 6, 2017

Dear [Employee Name],

Notice of Data Breach

We are writing to inform you of a data security incident that exposed some of your personal information. We take the protection and proper use of your information very seriously, and we sincerely apologize for any inconvenience this may have caused you.

I. What Happened?

We discovered that we were the victim of a data security incident that took place on January 20, 2017, during which an outside actor fraudulently obtained employee W-2 forms. The information on W-2 forms can be used to file a fraudulent tax return, apply for credit cards and loans, among other activities. We are committed to help you avoid, and minimize, as much as possible any negative consequences.

II. What Information was Involved?

The compromised information relates to your W-2 forms. Your W-2 form includes your name, address on file, and your social security number. Compromised information could reasonably be expected to be used to fraudulently attempt to apply for credit cards, file tax returns, and open other loan applications, among other types of fraud.

III. What We Are Doing?

We have determined the cause of the incident and are taking immediate actions to prevent future incidents of this nature.

We have filed a report with the police and the FBI. Our notification has not been delayed as a result of any law enforcement investigation.

In order to protect your personal financial accounts, we are providing you with IRS Form 14039 and the contact information for the three major credit bureaus, Equifax, Experian, and TransUnion as well as information required to file an identify-theft complaint with the FTC, listed at the end of this letter under "Additional Resources". You may place a fraud alert or security freeze with the major credit bureaus.

We have secured the services of LifeLock to provide identity monitoring at no cost to you for two years. LifeLock is a leader in identity and theft protection, and has extensive experience helping people who have sustained an unintentional exposure of confidential data. Your identity monitoring services include social security number and credit monitoring, black market website surveillance, and identity restoration. Below is a summary of the LifeLock program. The

LifeLock Standard program is provided at no cost to you. **You must enroll by March 28, 2017 to take advantage of your identity monitoring service.**

The steps for you to redeem the service include:

1. Visit <https://www.lifelock.com/> to enroll and take advantage of your identity monitoring services.
2. On the Website, please scroll down to the bottom of the page and input the following promotional code in the “Promo Code (optional)” text box: **MINES117**. Please hit apply.
3. On the next screen, enter your Member ID. Your Member ID is your first name and last name and your 5-digit zip code. Ex. JOHNNORTON12345. Then, click the “Apply” and then “Start Membership.”
4. LifeLock will then proceed through a series of fields that you will need to complete. At the end of the fields, please remember to click “Place Order” at the end.
5. LifeLock will send you an email with a new Member ID and Password to sign in to view your account. Please contact LifeLock if you have any questions on their services. The service is between LifeLock and you. It is up to you to use the service.

Alternatively, you may call LifeLock at 1-800-899-0180 to set up your account. Use your promotion code when prompted: MINES117. Also, use your Member ID when prompted: Your Member ID is your first name and last name and your 5-digit zip code (Ex. JOHNNORTON12345).

If you enroll correctly, you will not be asked for credit card information to pay for the service. If you subscribe without the Klondex promotional code then you will be responsible for the charges. Klondex will not have access to your LifeLock account.

IV. What You Can Do?

Because this is a serious incident, **we strongly encourage you to take the following preventative measures to help detect and mitigate any misuse of your information.**

1. Closely monitor your financial accounts and promptly contact your financial institution if you notice an unusual activity. You may also wish to contact your credit or debit card issuer(s) to determine whether a new card should be issued and whether additional levels of security or protective measures should be placed on your account(s).
2. Contact the IRS immediately. The IRS requires you to report the potential identity fraud directly to them. (It will not accept notification from us on your behalf). Go to <https://www.irs.gov/uac/Taxpayer-Guide-to-Identity-Theft>. You will need to complete and submit **IRS Form 14039**, available on the IRS webpage and below. If you have further questions or concerns, please contact the IRS Identity Theft hotline at 1-800-908-4490.

3. Contact one of the three major credit bureaus to place a 'fraud alert' on your credit records:
 - a. Equifax, www.Equifax.com, 1-800-766-0008
 - b. Experian, www.Experian.com, 1-888-397-3742
 - c. TransUnion, www.TransUnion.com, 1-800-680-7289

You can also place a security freeze on your credit files if you wish, which will prevent someone from using your personal information to open new accounts or borrow money in your name. Please understand, however, that that when you place the freeze, you will not be able to borrow money, obtain instant credit, or get a new credit card unless you temporarily or permanently remove the freeze.

4. You may also File a complaint with the Federal Trade Commission (FTC) at identitytheft.gov, You may also contact the FTC to receive information about preventing identity theft, fraud alerts, and security freezes: 1-877-ID-THEFT (877-438-4338).

Please review the enclosed "Additional Resources" section included with this letter. This section describes additional steps you can take to help protect yourself.

You should also remain vigilant in protecting against incidents of identity theft, like reviewing account statements and obtaining and double-checking free credit reports.

V. For More Information.

Thank you for your patience and understanding as we work through this process. Protecting your information is critical to us. We trust that the services we are offering to you demonstrate our continued commitment to your security and satisfaction.

If you have additional concerns, please contact Kellie Kranovich at kkranovich@klondexmines.com.

Sincerely,

Kellie Kranovich
HR Manager

ADDITIONAL RESOURCES

Contact information for the three nationwide credit reporting agencies is:

Equifax, PO Box 740241, Atlanta, GA 30374, www.equifax.com, 1-888-766-0008

Experian, PO Box 4500, Allen, TX 75013, www.experian.com, 1-888-397-3742

TransUnion, PO Box 2000, Chester, PA 19016, www.transunion.com, 1-800-680-7289

Free Credit Report. It is recommended that you remain vigilant for incidents of fraud and identity theft by reviewing account statements and monitoring your credit report for unauthorized activity. You may obtain a copy of your credit report, free of charge, once every 12 months from each of the three nationwide credit reporting agencies.

To order your annual free credit report please visit **www.annualcreditreport.com** or call toll free at **1-877-322-8228**.

You can also order your annual free credit report by mailing a completed Annual Credit Report Request Form (available from the U.S. Federal Trade Commission's ("FTC") website at www.consumer.ftc.gov) to: Annual Credit Report Request Service, P.O. Box 105281, Atlanta, GA 30348-5281.

For Colorado residents: You may obtain one or more (depending on the state) additional copies of your credit report, free of charge. You must contact each of the credit reporting agencies directly to obtain such additional report(s).

Fraud Alert. You may place a fraud alert in your file by calling one of the three nationwide credit reporting agencies above. A fraud alert tells creditors to follow certain procedures, including contacting you before they open any new accounts or change your existing accounts. For that reason, placing a fraud alert can protect you, but also may delay you when you seek to obtain credit. (As an example Experian's fraud center link is <https://www.experian.com/fraud/center.html>.)

Security Freeze. You have the ability to place a security freeze on your credit report. (As an example Experian's freeze centers link is <https://www.experian.com/freeze/center.html>.)

A security freeze is intended to prevent credit, loans and services from being approved in your name without your consent. To place a security freeze on your credit report, you may be able to use an online process, an automated telephone line, or a written request to any of the three credit reporting agencies listed above. The following information must be included when requesting a security freeze (note that if you are requesting a credit report for your spouse, this information must be provided for him/her as well): (1) full name, with middle initial and any suffixes; (2) Social Security number; (3) date of birth; (4) current address and any previous addresses for the past five years; and (5) any applicable incident report or complaint with a law enforcement agency or the Registry of Motor Vehicles. The request must also include a copy of a government-issued identification card and a copy of a recent utility bill or bank or insurance statement. It is essential that each copy be legible, display your name and current mailing address, and the date of issue. The credit reporting agencies may charge a fee to place a freeze, temporarily lift it or permanently remove it. The fee is waived if you are a victim of identity

theft and have submitted a valid investigative or law enforcement report or complaint relating to the identity theft incident to the credit reporting agencies. (You must review your state's requirement(s) and/or credit bureau requirement(s) for the specific document(s) to be submitted.)

Federal Trade Commission and State Attorneys General Offices. If you believe you are the victim of identity theft or have reason to believe your personal information has been misused, you should immediately contact the Federal Trade Commission and/or the Attorney General's office in your home state. You may also contact these agencies for information on how to prevent or avoid identity theft.

To report identify theft, you may contact the **Federal Trade Commission**, Consumer Response Center, 600 Pennsylvania Avenue, NW, Washington, DC 20580, www.ftc.gov/bcp/edu/microsites/idtheft/, 1-877-IDTHEFT (438-4338).

Reporting of identity theft and obtaining a police report.

For Oregon residents: You are advised to report any suspected identity theft to law enforcement, the Federal Trade Commission, and the Oregon Attorney General.

Dear Employee:

Klondex Mines has retained LifeLock® to provide **two (2) years** of complimentary identity theft protection.

To get protection immediately at no cost to you:

1. Call 1-800-899-0180 or visit www.lifelock.com to enroll.
2. Use the promotion code: **MINES117** when prompted as well as your Member ID.
3. Your Member ID is your first name last name plus 5-digit zip code.
Ex. JOHNNORTON12345

LifeLock's specialized team of telephone representatives is available 24 hours a day, seven days a week to help you enroll in LifeLock after the recent data breach.

You will have until 03/28/2017 to enroll in this service.

Once you have completed the LifeLock enrollment process, the services will be in effect immediately. Your LifeLock Standard™ membership includes:

- ✓ LifeLock Identity Alert® System[†]
- ✓ Black Market Website Surveillance
- ✓ Address Change Verification
- ✓ LifeLock Privacy Monitor
- ✓ Live, U.S.-based Member Service Support
- ✓ Identity Restoration Support
- ✓ Dollar for Dollar Stolen Funds Reimbursement up to \$25,000 for LifeLock Standard™[‡]

LifeLock backs up its services with its \$1 Million Service Guarantee[‡].

Please rest assured that the safety and well-being of our clients is our highest priority. We apologize for any inconvenience this incident may cause you, and thank you for your understanding and cooperation.

No one can prevent all identity theft.

[†] LifeLock does not monitor all transactions at all businesses.

[‡] Stolen Funds Reimbursement benefits and Service Guarantee benefits for State of New York members are provided under a Master Insurance Policy underwritten by State National Insurance Company. Benefits for all other members are provided under a Master Insurance Policy underwritten by United Specialty Insurance Company. Under the Stolen Funds Reimbursement, LifeLock will reimburse stolen funds up to \$25,000 for Standard membership, up to \$100,000 for Advantage membership and up to \$1 million for Ultimate Plus membership. Under the Service Guarantee LifeLock will spend up to \$1 million to hire experts to help your recovery. Please see the policy for terms, conditions and exclusions at LifeLock.com/legal.

FACT SHEET

Lifelock Standard™

LifeLock Standard™ identity theft protection uses innovative monitoring technology and alert tools to help proactively safeguard your credit and finances.* We'll send you alerts for potential identity theft by text, phone, email or mobile app.† If identity theft does occur, an Identity Restoration Specialist is there to personally manage your case.

Benefits of LifeLock Standard™:

✔ LifeLock Identity Alert® System†

It's the foundation for all LifeLock services. We monitor for fraudulent use of your Social Security number, name, address, or date of birth in applications for credit and services. The patented system sends alerts by text, phone,‡ or email.

✔ Black Market Website Surveillance

Identity thieves sell personal information on black market websites around the world. LifeLock patrols over 10,000 criminal websites and notifies you if we find your data.

✔ LifeLock Privacy Monitor™

Privacy Monitor helps reduce public exposure of your personal information. We scan common public people-search websites to find your personal information and help you opt-out.

✔ Address Change Verification

Identity thieves try to divert mail to get important financial information. LifeLock lets you know of change in address requests linked to your identity.

✔ Reduced Pre-Approved Credit Card Offers

Pre-approved credit card offers can provide important information to identity thieves. LifeLock will request your name be removed from many pre-approved credit card mailing lists.

About LifeLock

LifeLock is a leader in identity theft protection services. Our focus is on helping you protect your identity, which may not be the focus of a bank or credit card company – to help focus on protecting identity in an always – connected world.

3 Layers of Protection

DETECT

We search over a trillion data points looking for potential threats to your identity.

ALERT

The patented LifeLock Identity Alert® system† will let you know about suspicious activity by text, phone or email.†

RESTORE

If you become a victim of identity theft, an Identity Restoration Specialist will handle your case every step of the way.

No one can prevent all identity theft.

* LifeLock does not monitor all transactions at all businesses.

† Fastest alerts require member's current email address.

‡ Phone alerts made during normal local business hours.

§ Stolen Funds Reimbursement and Service Guarantee benefits for State of New York members are provided under a Master Insurance Policy issued by State National Insurance Company. Benefits for all other members are provided under a Master Insurance Policy underwritten by United Specialty Insurance Company. Under the Service Guarantee LifeLock will spend up to \$1 million to hire experts to help your recovery. Under the Stolen Funds Replacement, LifeLock will reimburse stolen funds up to \$25,000 for Standard membership. Please see the policy for terms, conditions and exclusions at LifeLock.com/legal.

Lifelock Standard™ (cont'd)

Benefits of LifeLock Standard™:

✔ Lost Wallet Protection

A lost wallet can mean a lost identity. Call us if your wallet is lost or stolen and we'll help cancel or replace credit cards, driver's licenses, Social Security cards, insurance cards and more.

✔ Live Member Support

We have live, U.S.-based, award-winning Identity Protection Agents available to answer your questions.

✔ Identity Restoration Support

If your identity is compromised, an Identity Restoration Specialist will personally handle your case and help restore your identity.

✔ \$1 Million Service Guarantee[‡]

If you become a victim of identity theft while a LifeLock member, we'll spend up to \$1 million to hire the necessary lawyers, accountants and investigators to help your recovery.

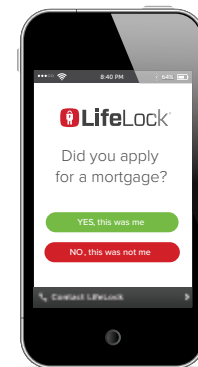
✔ Stolen Funds Reimbursement[‡]

If you're a victim of identity theft while a LifeLock Standard™ member, LifeLock protects your hard earned money with dollar for dollar reimbursement for stolen funds up to \$25,000. This includes everything from fraudulent bank and investment account withdrawals to tax returns filed in your name.

LifeLock Junior®

Available with an adult membership.

Your child's clean credit file is a gold mine for identity thieves. LifeLock Junior® identity theft protection helps proactively safeguard your child's personal information with a combination of advanced monitoring[†] features uniquely designed to help protect children from identity theft.



Alert modified for demonstration purposes.

Alerts for What Matters Most[†]

LifeLock Helps Protect You in Ways You Can't Protect Yourself.

Sign up in minutes. Protection starts immediately.

1-877-511-7906

LifeLock.com/Business

No one can prevent all identity theft.

[†] LifeLock does not monitor all transactions at all businesses.

^{**} Fastest alerts require member's current email address.

[#] Phone alerts made during normal local business hours.

[‡] Stolen Funds Reimbursement and Service Guarantee benefits for State of New York members are provided under a Master Insurance Policy issued by State National Insurance Company. Benefits for all other members are provided under a Master Insurance Policy underwritten by United Specialty Insurance Company. Under the Service Guarantee LifeLock will spend up to \$1 million to hire experts to help your recovery. Under the Stolen Funds Replacement, LifeLock will reimburse stolen funds up to \$25,000 for Standard membership. Please see the policy for terms, conditions and exclusions at LifeLock.com/legal.