

NATIONAL INSTRUMENT 62-103

EARLY WARNING REPORT

1. Name and address of the offeror:

Klondex Mines Ltd. (the "**Offeror**")
Suite 2200, 1055 West Hastings Street
Vancouver, BC V6E 2E9

2. The designation and number or principal amount of securities and the offeror's securityholding percentage in the class of securities of which the offeror acquired ownership or control in the transaction or occurrence giving rise to the obligation to file the news release, and whether it was ownership or control that was acquired in those circumstances:

Klondex Canada Ltd. ("**Klondex Canada**"), an entity wholly-owned by the Offeror, acquired beneficial ownership of 43,047,256 common shares ("**Common Shares**") of SGX Resources Inc. (the "**Company**") in connection with the completion of its acquisition of substantially all of the assets of 7097914 Manitoba Ltd. (formerly Shoreline Gold Inc.) ("**Shoreline**"), including the Rice Lake mine and mill complex near Bissett, Manitoba (the "**Acquisition**"). The 43,047,256 Common Shares acquired by Klondex Canada represent approximately 31.84% of the issued and outstanding Common Shares.

3. The designation and number or principal amount of securities and the offeror's securityholding percentage in the class of securities immediately after the transaction or occurrence giving rise to the obligation to file the news release:

After giving effect to the Acquisition, the Offeror has beneficial ownership of 43,047,256 Common Shares, representing approximately 31.84% of the issued and outstanding Common Shares.

4. The designation and number or principal amount of securities and the percentage of outstanding securities of the class of securities referred to in paragraph 3 over which:

(a) the offeror, either alone or together with any joint actors, has ownership and control:

See item 3 above.

(b) the offeror, either alone or together with any joint actors, has ownership but control is held by other persons or companies other than the offeror or any joint actor:

Not applicable.

(c) the offeror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership:

Not applicable.

- 5. The name of the market in which the transaction or occurrence that gave rise to the news release took place:**

Not applicable.

- 6. The value, in Canadian dollars, of any consideration offered per security if the offeror acquired ownership of a security in the transaction or occurrence giving rise to the obligation to file a news release:**

A purchase price for the Common Shares was not allocated at the time of closing of the Acquisition.

- 7. The purpose of the offeror and any joint actors in effecting the transaction or occurrence that gave rise to the news release, including any future intention to acquire ownership of, or control over, additional securities of the reporting issuer:**

The Offeror acquired the Common Shares as part of the Acquisition and not for the purpose of exercising control or direction over the Company. The Offeror may acquire additional securities or dispose of some or all of its existing securities according to market conditions and other relevant factors in the future.

- 8. The general nature and the material terms of any agreement, other than lending arrangements, with respect to securities of the reporting issuer entered into by the offeror, or any joint actor, and the issuer of the securities or any other entity in connection with the transaction or occurrence giving rise to the news release, including agreements with respect to the acquisition, holding, disposition or voting of any of the securities:**

The Common Shares were acquired as part of the Acquisition pursuant to the terms of an asset purchase agreement dated December 16, 2015 among Shoreline, Klondex Canada and the Offeror.

- 9. The names of any joint actors in connection with the disclosure required by Appendix E of National Instrument 62-103:**

Not applicable.

- 10. In the case of a transaction or occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, the nature and value, in Canadian dollars of the consideration paid by the offeror:**

A purchase price for the Common Shares was not allocated at the time of closing of the Acquisition.

- 11. If applicable, a description of any change in any material fact set out in a previous report by the entity under the early warning requirements or Part 4 in respect of the reporting issuer's securities:**

Not applicable.

- 12. If applicable, a description of the exemption from securities legislation being relied on by the offeror and the facts supporting that reliance:**

The Common Shares were sold by Shoreline pursuant to the prospectus exemption set forth in section 2.8 of National Instrument 45-102 – *Resale of Securities* and acquired by the Offeror

pursuant to the private agreement exemption from the formal takeover bid requirements under applicable securities legislation.

DATED this 22nd day of January, 2016.

By: (signed) "Barry Dahl"
Name: Barry Dahl