

MEMORANDUM OF OPTION TO PURCHASE

BOOK 416 PAGE 346-349
OFFICIAL RECORDS
RECORDED AT THE REQUEST OF
Mark T Nesbitt
2005 JUN 30 PM 2:51

EUREKA COUNTY, NEVADA
M.N. REBALEATI, RECORDER
FILE NO. FEES 17.00

199725

THIS MEMORANDUM OF OPTION TO PURCHASE ("Memorandum") is made and entered into effective as of June 17th, 2005 ("Effective Date").

BY AND AMONG:

Klondex Gold and Silver Mining Company

Attn: Brendan Donohoe

8 Washington Ave.

Westport, CT 06880

(referred to below as "COMPANY")

AND

Michael H. O'Donnell, Manager

Fire Creek Lands, LLC

10014 Oglesby Drive

Evansville, Indiana 47720

(referred to below as "OWNER")

1. Definitions. For all purposes of this Memorandum, the following terms shall have the definitions specified in this Section 1:

(a) "Effective Date" means the date set forth in the initial paragraph of this Memorandum;

(b) "Option" means that certain Option to Purchase between OWNER and COMPANY dated as of the Effective Date for the Property for which this Memorandum is to give record notice.

(c) "Property" means and includes privately owned lands and other real property rights and other interests, together with all of OWNER's rights to the use of water in connection with the Property, whether now held or hereafter acquired; and

(d) "Purchase Option" means the option to purchase the Property granted to COMPANY in Section 4 of this Memorandum and in the Option.

(e) "Fee Lands" means the lands described in Exhibit A attached hereto.

2. Grant and Term of Option. For and in consideration of Ten Dollars (\$10.00), the mutual covenants and conditions contained herein and in the Option, and other good and valuable consideration, the receipt and adequacy as consideration whereof is hereby acknowledged by the OWNER, OWNER has granted an option to purchase the Property to COMPANY on the terms and conditions contained in the Option. Unless sooner terminated as hereinafter provided, the Option shall remain in full force and effect for an initial term of five (5) years beginning on the Effective Date and expire upon the earlier of the exercise of the Purchase Option or the fifth anniversary of the Effective Date.

3. Exclusive Possession. While the Option is in force and effect, and subject to all of the terms and conditions thereof, COMPANY shall have the exclusive possession of the Property.

4. Purchase Option. At any time while the Option is in effect, COMPANY may, by notice to OWNER, elect to purchase all of OWNER'S right, title and interest in and to the Property at the price, terms and conditions described in the Option. At the closing of the purchase of the Property, OWNER shall deliver to COMPANY special warranty deeds conveying to COMPANY all of OWNER's right, title and interest in and to the Property. Upon the closing of the purchase of the Property, the Option shall automatically be terminated effective as of the date of the closing, provided that OWNER has reserved and shall reserve in the deeds a production royalty on minerals as more particularly described in the Option.

5. Assignment/Binding Effect. The respective rights and obligations of OWNER and COMPANY hereunder shall be freely assignable. The Option shall inure to the benefit of, and be binding upon and enforceable by, COMPANY and OWNER and their respective successors and assigns.

6. Notice. All notices, payments, reports, consents, requests, demands, waivers or other communications required or permitted by the terms of the Option shall be in writing, and each such communication shall be either personally delivered or placed in the United States certified mail, postage prepaid, return receipt requested. Communications from OWNER to COMPANY shall be signed by the OWNER and shall be either delivered or mailed to COMPANY at its address set forth in the initial paragraph of the Option.

7. Additional Option Terms. Additional terms and conditions of the Option are contained in the unrecorded Option. Nothing contained in this Memorandum enlarges or diminishes the respective rights and obligations of either COMPANY or OWNER under their more comprehensive Option. Information concerning the Option may be obtained from COMPANY at the address for COMPANY provided above.

IN WITNESS WHEREOF, the parties have executed this Memorandum effective as of the day and year first above written.

COMPANY:

KLONDEX GOLD & SILVER MINING COMPANY

By William J. Solloway
William J. Solloway, President

OWNER:

FIRE CREEK LANDS, LLC

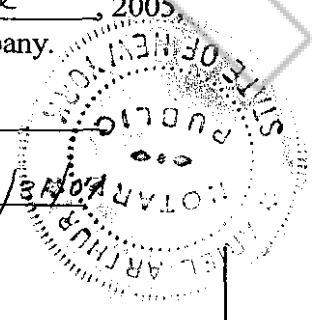
By Michael H. O'Donnell
Michael H. O'Donnell, Manager

STATE OF New York)
) ss.
COUNTY OF New York)

The foregoing instrument was acknowledged before me this 24th day of June, 2005,
by WILLIAM J. SOLLOWAY, the President of Klondex Gold & Silver Mining Company.

ARIEL ARTHUR
Notary Public, State of New York
No. 01AR6089660
Qualified in Queens County
Commission Expires March 31, 2007

Ariel Arthur
Notary Public
My commission expires 03/31/2007



STATE OF INDIANA)
) ss.
COUNTY OF VANDERBURGH)

The foregoing instrument was acknowledged before me this 17 day of June, 2005,
by MICHAEL H. O'DONNELL, the Manager of Fire Creek Lands, LLC.

Patricia Sieke
Notary Public
My commission expires 01-21-2009

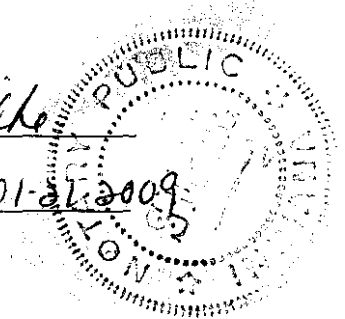


EXHIBIT A: PROPERTY DESCRIPTION

to that Memorandum of Option to Purchase between
 Klondex Gold and Silver Mining Company
 and
 Fire Creek Lands, LLC
 dated _____, 2005.

THE PROPERTY

All of the below-described parcels located in Lander County, State of Nevada

| Owner | Legal Description Twp., Rng. - Sec. | Parcel # | Acres |
|----------------------|---|------------|-------|
| Fire Creek Lands LLC | T30N, R47E - SW4NE4 - 23 | 007-160-04 | 40 |
| Fire Creek Lands LLC | T30N, R47E - NE4NW4SE4 - 23 | 007-160-24 | 10 |
| Fire Creek Lands LLC | T30N, R47E - S2SW4SW4 - 23 | 007-160-13 | 20 |
| Fire Creek Lands LLC | T30N, R47E - N2NW4SW4 - 15 | 007-140-07 | 20 |
| Fire Creek Lands LLC | T30N, R47E - W2NW4SE4 - 15 | 007-140-09 | 20 |
| Fire Creek Lands LLC | T30N, R47E - SE4 - 9 | 007-110-07 | 160 |
| Fire Creek Lands LLC | T30N, R48E - 19 Parcel 1 of Parcel Map recorded in Book 375 at page 170 | 007-060-69 | 10 |

The below-described parcel located in Eureka County, State of Nevada

| Owner | Legal Description Twp., Rng. - Sec. | Parcel # | Acres |
|----------------------|--|------------|-------|
| Fire Creek Lands LLC | T30N, R48E - NW4NW4NW4- 27 | 005-230-38 | 10 |

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