

Assessor's Parcel No.: 003-083-03

When recorded mail to:

Fennemore Craig, P.C.
300 E. Second St, Suite 1510
Reno, NV 89501
Attention: Colleen A. Dolan

DOC# 231100
04/14/2016 11:48AM
Official Record
Requested By
THOMAS P. ERWIN P.C.
Eureka County - NV
Sara Simmons - Recorder
Page: 1 of 23 Fee: \$61.00
Recorded By LH RPTT: \$0.00
Book- 0590 Page- 0029



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The undersigned affirms that this document does not contain the personal information of any person.

**DEED OF TRUST,
ASSIGNMENT OF LEASES AND RENTS
AND SECURITY AGREEMENT
(Fire Creek-Eureka County)**

KLONDEX GOLD & SILVER MINING COMPANY
Trustor

STEWART TITLE COMPANY
Trustee

and

FRANCO-NEVADA GLW HOLDINGS CORP., as Collateral Agent
Beneficiary

Dated: March 23, 2016

**DEED OF TRUST, ASSIGNMENT OF LEASES AND RENTS
AND SECURITY AGREEMENT**

THIS DEED OF TRUST, ASSIGNMENT OF LEASES AND RENTS AND SECURITY AGREEMENT ("Deed of Trust"), dated as of March 23, 2016, between Klondex Gold & Silver Mining Company ("Trustor"), Stewart Title Company ("Trustee") and Franco-Nevada GLW Holdings Corp., as Collateral Agent ("Beneficiary").

RECITALS

A. Pursuant to the terms of a Gold Purchase Agreement dated February 11, 2014 between Klondex Mines Ltd., as seller ("Seller"), and Franco-Nevada GLW Holdings Corp., as buyer (in such capacity, "Buyer"), (as amended, restated, renewed, extended, supplemented or otherwise modified from time to time, the "Purchase Agreement"), Seller agreed to sell and deliver to Buyer gold in the aggregate value of \$33,763,640. Trustor has guaranteed the Delivery Obligations (as defined in the Purchase Agreement, and other obligations of Seller under the Purchase Agreement (collectively, the "Purchase Agreement Obligations") pursuant to the terms of a guarantee dated of even date herewith (the "Purchase Agreement Guarantee").

B. Pursuant to the Senior Revolving Facility Agreement dated March 23, 2016 between Seller, as borrower, the loan parties thereto, Investec Bank PLC, as a lender and hedge counterparty, and as security agent (in such capacity, the "Security Agent"), and the parties thereto, as lenders (as amended, restated, renewed, extended, supplemented or otherwise modified from time to time, the "Facility Agreement"), the Lenders (as defined in the Facility Agreement) agreed to provide certain credit facilities to Seller in the aggregate amount of \$25,000,000. Trustor has guaranteed the Obligations, as defined in the Facility Agreement and other obligations of Seller under the Facility Agreement (collectively, the "Facility Agreement Obligations") pursuant to the terms of a guarantee dated March 23, 2016 (the "Facility Agreement Guarantee"; the Purchase Agreement Guarantee and the Facility Agreement Guarantee are sometimes referred to together herein as the "Guarantees").

C. Trustor has agreed that the Purchase Agreement Guarantee and the Facility Agreement Guarantee be secured by this Deed of Trust.

D. Pursuant to the terms of an Intercreditor Agreement, as defined in the Purchase Agreement and the Facility Agreement, Beneficiary shall act as collateral agent under this Deed of Trust.

THEREFORE, Trustor hereby covenants and agrees as follows:

SECTION 1

Grant of Security Interests

1.01 Trustor irrevocably grants, bargains, sells, transfers and assigns to Trustee in trust, with power of sale, the following (collectively, the "Real Property"):

(a) The real property located in the County of Eureka, State of Nevada, as more fully described in Exhibit A attached hereto and made a part hereof as if fully set forth, together with



all existing and future easements and rights affording access to it. All of the foregoing described real property is referred to collectively here as the "Patented Land";

(b) All interests the Trustor may have or may hereafter acquire in those certain unpatented mining claims and millsite claims in the County of Eureka, State of Nevada described in Exhibit A (the "Unpatented Claims", together with the Patented Land, the "Land"); together with

(c) All interest which Trustor may have or may hereafter acquire in all water, water rights and the permits and other evidence of authority or approval to appropriate and/or use ground or surface water in connection with the Land (the "Water Rights"); together with

(d) All buildings, structures and improvements now located or later to be constructed on the Land (the "Improvements") and all appurtenances and other property and interests of any kind or character, whether described in the attached exhibits or not, which may be reasonably necessary or desirable to promote the present and any reasonable future beneficial use and enjoyment of the Land and Improvements; together with

(e) Except as reserved to the United States of America, all existing and future appurtenances, privileges, easements, franchises, hereditaments and tenements of the Land, including all minerals and ores, together with all dips, spurs and angles, minerals and ores therein, mineral products, oil, gas, other hydrocarbons and associated substances, sulphur, nitrogen, carbon dioxide, helium and other commercially valuable substances which may be in, under or produced from any part of the Land, whether or not severed or extracted from the Land, possessory rights, privileges, franchises and all development rights and credits incident, appendant, appurtenant, or therewith usually had and enjoyed, air rights, water courses, and water stock, easements, rights-of-way, gores or strips of land, and any land lying in the streets, ways, alleys, passages, roads or avenues, open or proposed, in front of or adjoining the Land and the Improvements.

1.02 There is hereby assigned to Beneficiary the lessor's interest in any and all leases of the Real Property and/or Personal Property, as hereinafter defined, or any portion thereof, now or hereafter owned or entered into by Trustor or any other party claiming by, through or under Trustor (All of said leases and any and all interest in said leases or any guarantee thereof shall hereinafter be referred to as the "Leases").

1.03 Trustor grants Beneficiary, pursuant to the Nevada Uniform Commercial Code, a present and continuing security interest in and to all of the goods, equipment, fixtures, building materials, books and records of Trustor, now or which may hereafter be located on or used in connection with the Real Property, together with all contract rights, plans, specifications and other similar documents, rights to trademarks and names of Trustor and goodwill associated therewith, all minerals and associated byproducts mined or obtained from the Real Property, including, without limitation, all clays, metals, mineral-bearing ores, precipitates, concentrates, or the mineral-bearing material which is mined, removed or extracted from the Land, or which is derived from the matter mined, removed or extracted from the Land, and all proceeds thereof, all accounts arising out of the sale at the minehead of any minerals extracted from the Land, all



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royalties payable to Trustor, all general intangibles, accounts, investment property, deposit accounts, chattel paper, documents, letter of credit rights, letters of credit, money and instruments with respect to said Real Property and policies of insurance arising out of or in connection with the Real Property or the herein described property, all proceeds of any fire and/or builders risk insurance policy or any other policy insuring the Real Property or the herein described property against any other perils, and all awards made in eminent domain proceedings, or purchase in lieu thereof, with respect to the Real Property or the herein described property, together with all additions to, substitutions for, proceeds of, changes in or replacements of the whole or any part of said personal property and this instrument shall constitute a security agreement with respect thereto. (All of the foregoing are herein referred to as "Personal Property." The Personal Property, Real Property and Leases are collectively referred to as the "Property.")

1.04 This Deed of Trust is for the purpose of securing:

- (a) Performance of each and every term, covenant and condition incorporated by reference or contained herein.
- (b) Payment and performance of (i) Trustor's guarantee of the Purchase Agreement Obligations and other obligations pursuant to the Purchase Agreement Guarantee including, without limitation, the Delivery Obligations and (ii) Trustor's guarantee of the Facility Agreement Obligations and other obligations pursuant to the Facility Agreement Guarantee.
- (c) Payment of such additional sums as may hereafter be advanced hereunder for the account of Trustor or its assigns by Beneficiary, with interest thereon.

SECTION 2

Warranties and Covenants of Trustor

2.01 Trustor represents and warrants that:

- (a) Trustor has full, complete and marketable title to the Property. Without limiting the foregoing, with respect to the Unpatented Claims: (i) all Unpatented Claims located by or at the direction of Trustor or an affiliate of Trustor were properly located in compliance with all applicable federal and state laws and Trustor has no actual knowledge that any Unpatented Claims located by third parties were not properly located in compliance with such laws, and (ii) all assessment work requirements for the Unpatented Claims have been timely performed and all filings and recordings made and fees paid in order to keep and maintain the Unpatented Mining Claims as valid unpatented claims in good standing.



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- (b) This Deed of Trust is and will remain a valid and enforceable first lien on the Property subject only to those exceptions heretofore approved of in writing by Beneficiary, including the Permitted Encumbrances.
- (c) All information and financial statements furnished or to be furnished to Beneficiary by or on behalf of Trustor in connection herewith or the Purchase Agreement or Facility Agreement or any other instrument or obligation secured hereby are true and correct and not misleading.
- (d) Trustor has not performed any act and is not bound by any instrument which would prevent Beneficiary from enforcing this Deed of Trust.
- (e) Trustor has all requisite power and authority and all licenses, permits and authorizations necessary to own and operate its properties and businesses as currently operated and conducted or proposed to be.
- (f) Trustor has not received any notice, nor is it aware after a reasonable, prudent and diligent inquiry, that it is in non-compliance with any requirements of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") and the regulations thereunder and there exist no "reportable events," as that term is defined in Section 4043 of ERISA, with respect to Trustor.
- (g) None of the transactions in connection with which this Deed of Trust is given will violate or result in a violation of Section 7 of the Securities Exchange Act of 1934, as amended, or any regulations issued pursuant thereto, including, without limitation, Regulations G, T, U and X of the Board of Governors of the Federal Reserve System.
- (h) The Property has utilities available to it sufficient to serve the current and anticipated use of the Property, and such utilities are located through private rights-of-way or properly dedicated public roads.
- (i) The Real Property is accessible by way of easements or dedicated private rights-of-way.
- (j) Trustor is not a foreign corporation, foreign partnership, foreign trust, or foreign estate (as those terms are defined in the Internal Revenue Code of 1986, as amended, or the regulations thereunder); Trustor understands that the certification in this clause (j) may be disclosed to the Internal Revenue Service by Beneficiary or Security Agent and that any false statement contained herein could be punished by fine, imprisonment, or both. The person or persons executing this Deed of Trust each declares under penalties of perjury that he had examined this certification and to the best of his knowledge and belief it is true, correct and complete, and further declares that he has authority to sign this certification on behalf of Trustor.



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- (k) Trustor is a corporation duly organized, validly existing and in good standing in the State of Nevada and duly qualified to conduct business in each jurisdiction in which the nature of its business requires such qualification.
- (l) Trustor has the corporate power and authority to execute, deliver and perform all of its obligations under this Deed of Trust and each other document contemplated by, or required in connection with, the transactions pursuant hereto and has taken all corporate action required in connection with such execution, delivery and performance.

2.02 Trustor shall complete in a good and workmanlike manner any building or other improvements which may be constructed on the Real Property and pay when due all claims for labor performed and materials furnished therefore. Trustor shall comply with all laws, rules, ordinances, regulations, covenants, conditions, restrictions, easements and agreements pertaining to the Property or Trustor's use thereof. Trustor shall not commit, suffer or permit any act to be done in or upon the Property in violation of law.

2.03 Trustor shall not initiate or acquiesce in any change in any zoning or other land use classification now or hereafter in effect and affecting the Property or any part thereof nor shall Trustor otherwise change or attempt to change the use of the Property or any portion thereof without in each case obtaining Beneficiary's prior written consent thereto.

2.04 Trustor will keep and maintain or cause to be kept and maintained the Property in good order, condition and repair.

2.05 Except in the ordinary course of Trustor's conduct of its business on the Property, no building, structure, fixture or other improvement shall be erected, removed, demolished, or materially changed or altered without the prior written consent of Beneficiary. Trustor will not remove or permit the removal of the Personal Property or any part thereof (including renewals, replacements and other after acquired property) from the Real Property without the prior written permission of Beneficiary, provided that obsolete and worn out articles may be removed concurrently with the replacement or renewal thereof with property of at least equal value and of equal usefulness in the operation of the Property. Trustor will promptly notify Beneficiary of any fire or other casualty causing damage to the Property. Trustor will promptly and in good and workmanlike manner repair and restore any improvement which may be damaged or destroyed. Trustor will promptly replace any lost, stolen, damaged or destroyed Personal Property.

2.06 Trustor agrees to pay and discharge all costs, fees and expenses in connection with this Deed of Trust, including, but not limited to, Beneficiary's, Security Agent's and Trustee's costs and expenses, including attorneys' fees, in any litigation with respect hereto, in connection herewith, any transactions related hereto, the Property or any interest therein and the cost of evidence of title and trustee's fees in connection with sale, whether completed or not, which amounts shall become due upon demand by any of Beneficiary, Security Agent or Trustee.



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2.07 During the existence of this trust, Trustor agrees to maintain policies of insurance as required under prudent mining practices.

2.08 Trustor immediately upon obtaining knowledge of the institution of any proceedings for the condemnation of the Property, any part thereof, or any interest therein, will notify Beneficiary of the pendency of such proceedings. Beneficiary may, but shall not be required to, participate in any such proceedings and Trustor from time to time will deliver to Beneficiary all instruments requested by it to permit such participation. Trustor shall pay all of Beneficiary's costs and expenses, including, but not limited to, attorneys' fees, incurred in any such proceedings. In the event of such condemnation proceedings, any award or compensation shall be paid to Beneficiary and shall be applied, after payment of all costs and expenses of Beneficiary and/or Trustee incurred in collecting the same, in such manner as Beneficiary elects in its sole and absolute discretion, without regard to whether or not its security hereunder has been impaired. For the purposes hereof, any proceeding to acquire any interest in or affecting the value of the Property, or seeking damages therefor, including, but not limited to, severance or change of grade, whether by court action or purchase in lieu thereof, shall be deemed a proceeding for condemnation and any award for inverse condemnation shall be deemed condemnation proceeds.

Beneficiary may, in its sole and absolute discretion, whether or not its security hereunder has been impaired, and notwithstanding any other provision hereof, direct that any property insurance or condemnation proceeds, or any portion thereof, remaining after payment of all costs and expenses of Beneficiary and/or Trustee in collecting the same ("Net Proceeds"), be paid, on such terms and conditions as Beneficiary may provide, for the restoration and repair of the improvements and/or Personal Property, as the case may be, damaged, destroyed or taken by such casualty or condemnation.

2.09 Trustor shall pay when due, before delinquency, all taxes, assessments, levies, utility fees and all other fees and charges of every kind and nature, whether of a like or different nature, imposed upon or assessed against or which may become a lien on the Property, or any part thereof, or arising from, by reason of or in connection therewith, the use thereof or this Deed of Trust. In addition, Trustor shall file all required tax forms with the appropriate governmental authorities on or before the day they become due. Trustor will, within thirty (30) days after the due date therefor, deliver to Beneficiary receipts evidencing payment of taxes, assessments, levies, fees and charges as required in this Section 2.09. Beneficiary may require Trustor to obtain and pay for a tax service satisfactory to Beneficiary in order to assure Beneficiary such taxes are paid.

2.10 If any action or proceeding shall be instituted for any purpose affecting the Property, any part thereof, any interest therein, title thereto or this Deed of Trust, or should Trustor receive any notice from any governmental agency relating to the structure, use or occupancy of the Property, Trustor will immediately upon service thereof on or by Trustor, deliver to Beneficiary true copies of each notice, petition, summons, complaint, notice of motion, order to show cause, and all other process, pleadings and papers, however designated, served in



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any action or proceeding. Immediately upon becoming aware of any development or other information which may materially and adversely affect the property, business, prospects, profits or condition (financial or otherwise) of Trustor or the Property or the ability of Trustor to perform the obligations secured hereby, Trustor shall notify Beneficiary of the nature of such development or information and such anticipated effect. Without limiting the generality of the foregoing, Trustor shall promptly notify Beneficiary of any substantial change in the occupancy rate of the Real Property.

2.11 Trustor promises and agrees that if during the existence of this Deed of Trust there be commenced or pending any suit, action, arbitration, or other proceeding affecting the Property, any part thereof, or in relation thereto, the title thereto or this Deed of Trust, or if any adverse claim for or against said Property, or any part thereof, be made or asserted, it will appear in and defend any such matter and will pay all costs and damages arising because of such proceeding. Beneficiary may elect to appear in any such proceeding. Beneficiary shall have the option to control such action or defense, whether or not Beneficiary elects to appear. If Beneficiary elects to appear in any such action or proceeding, Beneficiary shall have the right to retain counsel of its choice. Trustor shall be solely responsible for any and all expenses and costs, including, but not limited to, the fees of counsel retained by Beneficiary, which are incurred pursuant to this section. If Beneficiary elects to appear in or control any action or proceeding, Trustor agrees to indemnify Beneficiary against, release Beneficiary from, and hold Beneficiary harmless from any damages, liability, costs, expenses, litigation, or claims incurred in or in connection with such action or appearance or in the exercise of such control, except as a result of Beneficiary's gross negligence or wilful misconduct.

2.12 Trustor will not permit or suffer the filing of any mechanics', materialmen's, or other liens against the Property, any part thereof, any interest therein, or the revenue, rents, issues, income and profits arising therefrom. If any lien shall be filed against the Property, any part thereof, or any interest therein, Trustor agrees to discharge the same of record within ten (10) days after the same shall have been filed unless Trustor is diligently contesting such lien in accordance with applicable law and during the pendency of such contest the Property is not in reasonable danger of being foreclosed or the lien of this Deed of Trust impaired.

2.13 Trustor shall take any and all such action as may be necessary to prevent any third parties from acquiring any prescriptive easement upon, over, or across any part of the Property, or from acquiring any rights whatsoever to or against the Property by virtue of adverse possession.

2.14 Except as provided in Section 2.05 hereof the sale, agreement to sell, transfer, assignment, mortgage, pledge, hypothecation or encumbrance, including, but not limited to, the granting of any option to do any of the foregoing, whether voluntary or involuntary, by agreement, operation of law or otherwise, of the whole or any portion of Trustor's right, title or interest in and to the Property or any portion thereof without the prior written consent of Beneficiary shall entitle Beneficiary to accelerate the indebtedness secured hereby in the same manner as in the case of any other default.

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2.15 Trustor shall not lease or license the use of the Property, or any part thereof, without the prior written consent of Beneficiary. Trustor shall pay on demand all costs of Beneficiary in connection with any review and/or approval pursuant to this Section 2.15 or Sections 2.14 and 2.17 hereof.

2.16 Immediately upon becoming aware of the occurrence of any (i) "reportable event," as such term is defined in Section 4043 of ERISA, or (ii) "prohibited transaction," as such term is defined in Section 4975 of the Internal Revenue Code of 1986, as amended, in connection with any pension plan or any trust created thereunder, a written notice specifying the nature thereof, what action Trustor is taking or proposes to take with respect thereto, and, when known, any action taken or proposed to be taken by the Internal Revenue Service and/or the Department of Labor with respect thereto shall be delivered to Beneficiary. Trustor will not at any time permit any pension plan maintained by it or to which Trustor is a contributing employer to (a) engage in any "prohibited transaction," as such term is defined in Section 4975 of the Internal Revenue Code of 1986, as amended; (b) incur any "accumulated funding deficiency," as such term is defined in Section 302 of ERISA, whether or not waived; or (c) terminate any such pension plan in a manner which could result in the imposition of a lien on the Property pursuant to Section 4068 of ERISA. Trustor shall not take any action which will cause or effect any withdrawal complete or partial, or any resulting withdrawal liability, with respect to any such plan. Trustor shall promptly pay all contributions to any employee benefit plan to which it is required to pay.

2.17 Trustor agrees at any time and from time to time during the term hereof and within ten (10) days after demand therefor from Beneficiary, to execute and deliver to Beneficiary, or any party designated by Beneficiary, a certificate in recordable form certifying the amount then due pursuant to this Deed of Trust and the obligations secured hereby, the terms of payment thereof, the dates to which payments have been paid, that this Deed of Trust and all instruments and obligations secured hereby are in full force and effect and that there are no defenses or offsets thereto, or specifying in what regards this Deed of Trust or such obligations are not in full force and effect and the nature of any defense or offsets thereto, together with such other information as Beneficiary may request.

2.18 Trustor will enforce the covenants, agreements, terms and conditions to be performed by any other parties to any construction contracts and other agreements, bonds, leases, licenses, rental agreements, geological surveys, plans and specifications, documents, chattel paper, instruments, and other contracts and policies of insurance encumbered hereby in accordance with their terms and will not enter into, modify or amend or permit the modification or amendment thereof and will not cancel, surrender, fail to renew or permit the cancellation, surrender or failure to renew of any of the foregoing without, in each case, the prior written consent of Beneficiary.

2.19 Trustor shall execute, acknowledge and deliver to Beneficiary, and, if applicable, cause to be executed, recorded and/or filed at Trustor's cost and expense, any and all such mortgages, assignments, transfers, assurances, control agreements, financing statements and other instruments and documents and do such acts as Beneficiary shall from time to time require for the better perfecting, assuring, conveying, assigning, transferring and confirming unto



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Beneficiary the property and rights herein conveyed or assigned or intended now or hereafter so to be. Trustor hereby authorizes Beneficiary to file any and all financing statements and amendments thereto in such form and in such locations as Beneficiary deems necessary or appropriate in connection herewith. The parties agree that this Deed of Trust shall constitute a security agreement under the Uniform Commercial Code and that a carbon, photographic or other reproduction of this Deed of Trust or of a financing statement shall be sufficient as a financing statement. Trustor represents and warrants that Trustor is a corporation duly organized and currently existing in good standing under the laws of the State of Nevada; and (c) Trustor has not executed, filed or authorized any Person, other than Beneficiary, Buyer and Security Agent, to file, any financing statement or amendment thereto with respect to all or any portion of the Property. Trustor has not within the five (5) year period prior to the date of this Deed of Trust changed its name, chief executive office or state of organization nor will Trustor do so without notifying Beneficiary at least sixty (60) days in advance.

2.20 Trustor will protect, indemnify, save harmless and defend Beneficiary, Security Agent and Trustee and their officers, directors, shareholders, employees, successors and assigns from and against any and all liability, loss, costs, charges, penalties, obligations, expenses, attorneys' fees, litigation, judgments, damages, claims and demands imposed upon or incurred by or asserted against Beneficiary and/or Security Agent and/or Trustee by reason of (a) ownership by Trustee, Beneficiary or Security Agent of its interest in the Property pursuant to this Deed of Trust, (b) any accident or injury to or death of persons or loss of or damage to or loss of the use of property occurring on or about the Property or any part thereof, (c) any use, non-use or condition of the Property or any part thereof, (d) any failure on the part of Trustor to perform or comply with any of the terms of this Deed of Trust or any instrument or agreement secured hereby, (e) performance of any labor or services or the furnishing of any materials or other property in respect of the Property or any part thereof made or suffered to be made by or on behalf of Trustor, (f) any negligence or tortious act on the part of Trustor or any of its respective agents, contractors, lessees, licensees or invitees, (g) any work in connection with any alterations, changes, new construction or demolition of the Property, whether or not permitted hereunder or (h) the exercise by Beneficiary of any of its rights and remedies, or the performance of any of its obligations, under this Deed of Trust. All amounts payable to Beneficiary, Security Agent or Trustee, as the case may be, under this Section 2.20 shall be payable on demand and shall be deemed indebtedness secured by this Deed of Trust.

2.21 All obligations of Trustor to any of its affiliates, including, but not limited to, any of its shareholders, partners or members, are hereby subordinated to the obligations secured by this Deed of Trust and none of such obligations shall be paid while any obligation secured hereby remains unsatisfied.

2.22 Trustor covenants and represents that none of the funds or assets that are used to repay the indebtedness secured hereby shall constitute property of, or shall be beneficially owned directly or, to Trustor's best knowledge, indirectly, by any Person subject to sanctions or trade restrictions under United States law ("Embargoed Person" or "Embargoed Persons") that are identified on (a) the "List of Specially Designated Nationals and Blocked Persons" maintained by the Office of Foreign Assets Control ("OFAC"), U.S. Department of the Treasury, and/or to Trustor's best knowledge, as of the date thereof, based upon reasonable inquiry by Trustor, on



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any other similar list pursuant to any authorizing statute including, but not limited to, the International Emergency Economic Powers Act, 50 U.S.C. §§ 1701 et seq., the Trading with the Enemy Act, 50 U.S.C. App. 1 et seq., and any Executive Order or regulation promulgated thereunder, with the result that the investment in Trustor (whether directly or indirectly), is prohibited by law, or the loans or financial accommodations under the Purchase Agreement or the Facility Agreement would be in violation of law, or (b) Executive Order 13224 (September 23, 2001) issued by the President of the United States ("Executive Order Blocking Mortgaged Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism"), any related enabling legislation or any other similar Executive Orders. Trustor covenants and represents that no Embargoed Person shall have any direct interest, and to Trustor's best knowledge, based upon reasonable inquiry by Trustor, indirect interest, of any nature whatsoever in Trustor, with the result that the investment in Trustor (whether directly or indirectly) is prohibited by law, or the loan or any financial accommodation is in violation of law.

2.23 Trustor shall maintain each Unpatented Mining Claim in good standing during the term of this Deed of Trust. Trustor shall perform any required assessment work and timely prepare, record and file any evidence of such work, together with the payment of all applicable fees as may be required from time to time under federal or state law. Trustor shall timely pay all annual mining claim maintenance or rental fees and make all federal and state filings with respect to the Unpatented Claims as are necessary to maintain the Unpatented Claims in full effect as valid unpatented mining and millsite claims under federal and state law. Without limiting the foregoing, by no later than August 1st of each year, Trustor shall deliver to Beneficiary documentation of acknowledgment by the United States Bureau of Land Management ("BLM") that the Annual Maintenance Fee for all Unpatented Claims have been paid; and, copies of the Affidavit and Notice of Intent to Hold Claims recorded in the State of Nevada. Trustor shall provide a copy of all correspondence, including, but not limited to any filings, received from, or sent to, the BLM or the State of Nevada or any third party, with respect to the Unpatented Claims to Beneficiary within three (3) business days following receipt or transmittal by Trustor.

2.24 With respect to the Water Rights:

(a) Trustor shall comply with all filing deadlines, pay all fees, and perform such work or other obligations required in connection with the Water Rights and necessary or advisable to maintain the validity of the Water Rights.

(b) Beneficiary shall have the right, but not the obligation, to complete and make all filings, pay all fees and perform such work or other obligations required in connection with the Water Rights and necessary or advisable to maintain the validity of the Water Rights if Trustor fails to take such actions. Trustor shall be responsible for any and all associated fees and costs.

(c) Trustor shall provide a copy of all correspondence, including, but not limited to any filings, received from, or sent to, the Nevada Division of Water Resources ("NDWR") to Beneficiary within three (3) business days following receipt or transmittal by Trustor.



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(d) If Trustor fails to put the full quantity of water authorized for use in the Water Rights to beneficial use for two consecutive years, Beneficiary shall have the rights, but not the obligation, to take all necessary actions to put the water to beneficial use. Trustor shall be responsible for any and all associated fees and costs.

(e) Trustor shall obtain the written consent of Beneficiary prior to filing an Application for Permission to Change the Point of Diversion, Manner of Use and Place of Use of the Public Waters of the State of Nevada Heretofore Appropriated. Further, Trustor shall obtain the written consent of Beneficiary prior to filing any other document that changes in any way the point of diversion, place of use or manner of use of the Water Rights.

(f) Trustor shall not take any action consistent with abandoning the Water Rights without the written consent of Beneficiary.

(g) If Trustor fails to make any filing or to put the Water Rights to beneficial use resulting in a forfeiture or cancellation action by the NDWR, Beneficiary shall have the right to prosecute an appeal of the decision on behalf of Trustor and Beneficiary is hereby appointed as the Trustor's attorney in fact to prosecute such appeal and execute any documents in connection therewith on behalf of Trustor. This appointment is coupled with an interest and may not be revoked. Trustor shall be responsible for any and all associated fees and costs.

(h) Without the express written consent of Beneficiary, Trustor shall not transfer or further encumber the Water Rights, or any portion thereof, or put the Water Rights to any use other than for the benefit of the Land.

SECTION 3 Trustee's and Beneficiary's Rights

3.01 The waiver or release by Beneficiary or Trustee of any default or of any of the provisions, covenants and conditions hereof on the part of Trustor to be kept and performed shall not be a waiver or release of any preceding or subsequent breach of the same or any other provision, covenant or condition contained herein. The subsequent acceptance of any sum in payment of any indebtedness secured hereby or any other payment hereunder by Trustor to Beneficiary or Trustee shall not be construed to be a waiver or release of any preceding breach by Trustor of any provision, covenant or condition of this Deed of Trust other than the failure of Trustor to pay the particular sum so accepted, regardless of Beneficiary's or Trustee's knowledge of such preceding breach at the time of acceptance of such payment. No payment by Trustor or receipt by Beneficiary of a lesser amount than the amount herein provided shall be deemed to be other than on account of the earliest sums due and payable hereunder, nor shall any endorsement or statement on any check or any letter accompanying any check or payment be deemed an accord and satisfaction, and Beneficiary may accept any check or payment without prejudice to Beneficiary's right to recover the balance of such sum or pursue any other remedy provided in this Deed of Trust. The consent by Beneficiary or Trustee to any matter or event requiring such consent shall not constitute a waiver of the necessity for such consent to any subsequent matter or event.

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3.02 Beneficiary shall be subrogated to the lien of any and all prior encumbrances, liens, or charges paid or discharged from the proceeds resulting from the Facility Agreement or the Purchase Agreement, and even though said prior liens may have been released of record, the payment and performance of the Guarantees shall be secured by such liens on the portions of the Property affected thereby to the extent of such payments. In consideration of the advances made to Trustor, Trustor hereby waives and releases all demands and causes of action for offsets, payments and rentals to, upon, and in connection with said prior indebtedness.

3.03 Notwithstanding the right otherwise provided to Trustor to collect rent and other payments pursuant to the Leases while Trustor is not in default under the Purchase Agreement Guarantee, the Facility Agreement Guarantee or this Deed of Trust, if there is filed any petition in bankruptcy by or against any lessee under any of the Leases or there is appointed a receiver or trustee to take possession of all or a substantial portion of the assets of such lessee or there is a general assignment by such lessee for the benefit of creditors, or any action is taken by or against such lessee under any state or federal insolvency law or bankruptcy act, or any similar law now or hereafter in effect, Beneficiary is appointed a creditor of such lessee and is entitled to recover on any claim or right of recovery that Trustor may have against such lessee or its receiver or trustee; provided, however, that Beneficiary shall not be obligated to pursue any such claim or right of recovery. Beneficiary may apply any such recovery against any obligation secured hereby in such manner as it may deem desirable, in its sole and absolute discretion.

3.04 Beneficiary may make or cause to be made reasonable entries upon and inspection of the Property in compliance with applicable laws and Trustor's safety regulations and rules.

3.05 Beneficiary may, at any time, by instrument in writing, appoint a successor or successors to the Trustee named herein or acting hereunder, which instrument, executed and acknowledged by Beneficiary, and recorded in the Office of the County Recorder, Eureka County, Nevada, shall be conclusive proof of the proper substitution of such successor trustee, who shall have all the estate, powers, duties and trusts in the premises vested in or conferred on the original trustee. If there be more than one trustee, either may act alone and execute these trusts upon the request of Beneficiary and his acts shall be deemed to be the acts of all trustees, and the recital in any conveyance executed by such sole trustee of such requests shall be conclusive evidence thereof, and of the authority of such sole trustee to act.

3.06 Without affecting the liability of Trustor or any other Person, except any Person expressly released in writing, for payment of any indebtedness secured hereby or for performance of any of the obligations or any of the terms, covenants and conditions hereof, and without affecting the rights of Trustee and Beneficiary with respect to any security not expressly released in writing, at any time and from time to time, without notice or consent other than consent of Beneficiary, Trustee and/or Beneficiary may:

- (a) Release any Person liable for payment of all or any part of the indebtedness or for the performance of any obligation.



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- (b) *Make any agreement extending the time or otherwise altering the terms of payment of all or any part of said indebtedness or modifying or waiving any obligation or subordinating, modifying or otherwise dealing with the lien or charge hereof.*
- (c) *Exercise or refrain from exercising or waive any right either of them may have.*
- (d) *Accept additional security of any kind.*
- (e) *Release or otherwise deal with any property, real or personal, securing the obligations secured hereby.*

3.07 If Trustor fails to execute, acknowledge or deliver to Beneficiary any and all mortgages, assignments, transfers, assurances, financing statements, maps, and other instruments or documents required to be so executed, acknowledged or delivered hereunder, within fifteen (15) days after Beneficiary's demand or such lesser period as may be provided elsewhere herein, then Trustor hereby appoints Beneficiary as Trustor's true and lawful attorney-in-fact to act in Trustor's name, place and stead to execute, acknowledge and deliver the same.

3.08 Whenever under any provision of this Deed of Trust Trustor shall be obligated to make any payment or expenditure, or to do any act or thing, or to incur any liability whatsoever, and Trustor fails, refuses or neglects to perform as herein required, Beneficiary shall be entitled, but shall not be obligated, to make any such payment or expenditure or to do any such act or thing, or to incur any such liability, all on behalf of and at the cost and for the account of Trustor. In such event, the amount thereof with interest thereon at the rate of twelve percent (12%) per annum ("Agreed Rate") shall be paid by Trustor to Beneficiary on demand. Without limiting the generality of the foregoing, any act or payment by Beneficiary to cure, forestall, prevent or mitigate default hereunder shall be at the sole option of Beneficiary, shall be at the cost of Trustor and shall be reimbursed to Beneficiary as above provided. Beneficiary shall not be bound to inquire into the validity of any apparent or threatened tax, assessment, adverse title, lien, encumbrance, claim, or charge before making an advance for the purpose of preventing, removing or paying the same. Beneficiary shall be subrogated to all rights, equities and liens discharged by any such expenditure. All funds advanced by Beneficiary pursuant to this Section 3.08 or any other provision of this Deed of Trust for the performance of any obligation of Trustor or to protect Beneficiary's security shall be deemed obligatory advances regardless of the Person to whom such funds are furnished and such advances, together with interest thereon at the Agreed Rate, shall be secured by this Deed of Trust.

3.09 Any default in the performance of any term, covenant or condition contained herein or in any instrument or obligation secured hereby or any Event of Default under the Purchase Agreement or the Facility Agreement shall be a default hereunder.

3.10 The collection of rents and the application thereof by Beneficiary or any receiver obtained by Beneficiary shall not cure or waive any default or notice thereof, or invalidate any act of Beneficiary pursuant thereto. In the exercise of the powers herein granted to the Beneficiary, Beneficiary shall not be deemed to have affirmed any Lease or subordinated the lien



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hereof thereto nor shall any liability be asserted or enforced against Beneficiary, all such liability being hereby expressly waived and released by Trustor. Neither Beneficiary nor any receiver shall be obligated to perform or discharge any obligation, duty or liability under any Lease or under or by reason of the assignment contained in this Deed of Trust and Trustor shall and does hereby agree to protect, indemnify, save harmless and defend Beneficiary and such receiver from and against any and all liability, loss, costs, charges, penalties, obligations, expenses, attorneys' fees, litigation, judgments, damages, claims and demands which they may or might incur by reason of, arising from, or in connection with the Leases, such assignment, any alleged obligations or undertakings on their part to perform or discharge any of the terms, covenants or agreements contained in the Leases, any alleged affirmation of or subordination to the Leases, or any action taken by Beneficiary or such receiver pursuant to any provision of this Deed of Trust. Without limiting the generality of the foregoing, no security deposited by the lessee with the lessor under the terms of any Lease hereby assigned has been transferred to Beneficiary, and Beneficiary assumes no liability for any security so deposited.

3.11 In the event of any default hereunder or in the performance of any of the obligations secured hereby, Beneficiary may exercise any and all of its rights provided hereunder or by law. Without limiting the generality of the foregoing, any Personal Property may, at the sole and absolute option of Beneficiary, (i) be sold hereunder, (ii) be sold pursuant to the Uniform Commercial Code of the State of Nevada, or (iii) be dealt with by Beneficiary in any other manner provided by statute, law or equity. Without limiting the foregoing, Beneficiary may require Trustor to assemble the Personal Property and make it available to Beneficiary at a place to be designated by Beneficiary. In the event of a default, Beneficiary shall be the attorney-in-fact of Trustor with respect to any and all matters pertaining to the Property with full power and authority to give instructions with respect to the collection and remittance of payments, to endorse checks, to enforce the rights and remedies of Trustor, and to execute on behalf of Trustor and in Trustor's name any instruction, agreement or other writing required therefor. This power shall be irrevocable and deemed to be a power coupled with an interest. Beneficiary may, in its sole discretion, appoint Trustee as the agent of Beneficiary for the purpose of disposition of the Personal Property in accordance with the Uniform Commercial Code. Trustor acknowledges and agrees that a disposition of the Personal Property in accordance with Beneficiary's rights and remedies in respect to real property as hereinabove provided is a commercially reasonable disposition thereof. Trustor acknowledges and agrees that the fact that the price obtained at a private sale may be less than the price which might have been obtained at a public sale does not render a private sale unreasonable even if Beneficiary accepts the first offer received and does not offer the subject property to more than one offeree.

3.12 In the event of any default hereunder or in the performance of the obligations secured hereby, including, without limitation, any default under one or both of the Guarantees, Beneficiary may, to the full extent permitted by law, in addition to all other rights and remedies, forthwith after any such default enter upon and take possession of the Property, complete any buildings or other improvements under construction, construct new improvements and make modifications to and/or demolish any of the foregoing. In connection therewith Beneficiary shall have the power to file any and all notices and obtain any and all permits and licenses which Beneficiary, in its sole and absolute discretion, deems necessary or appropriate, including, but not limited to, the filing of notices of completion and the obtaining of certificates of occupancy.



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Beneficiary shall also have the right to receive all of the rents, issues and profits of the Property, overdue, due or to become due, and to apply the same, after payment of all necessary charges and expenses, including attorneys' fees, on account of the indebtedness secured hereby. Beneficiary may do any and all of the foregoing in its own name or in the name of Trustor and Trustor hereby irrevocably appoints Beneficiary as its attorney-in-fact for such purposes. Beneficiary may also, at any time after such default, apply to any court of competent jurisdiction for the appointment of a receiver and Trustor agrees that such appointment shall be made upon a prima facie showing of a claimed default without reference to any offsets or defenses against such default and without regard to whether any portion of the Property is in danger of being lost, removed, injured or destroyed or of waste, whether income from the Property is in danger of being lost or whether the Property is or may become insufficient to discharge the obligations secured by this Deed of Trust. Such receiver shall have all the rights and powers provided Beneficiary pursuant to this section or otherwise provided hereunder or by law. Said receiver may borrow monies and issue certificates therefor. Said certificates shall be a lien on the Property subordinate only to this Deed of Trust and the Leases; provided, however, that should any of said certificates be acquired by Beneficiary the amount thereof shall constitute additional indebtedness secured hereby. Such receiver may lease all or any portion of the Property on such terms and for such a term (which may extend beyond the terms of such receiver's appointment and/or, if Beneficiary so consents, sale of the Property hereunder) as such receiver may deem appropriate in its sole and absolute discretion. The entering upon and taking possession of the Property pursuant to this section and the collection of the rents, issues and profits therefrom shall not cure or waive any default or notice of default hereunder or invalidate any act of Beneficiary pursuant thereto.

3.13 Should default be made by Trustor in payment or performance of any indebtedness or other obligation or agreement secured hereby and/or in performance of any agreement herein, including, without limitation, under one or both of the Guarantees, or should Trustor otherwise be in default hereunder, Beneficiary may, subject to NRS 107.080, declare all sums secured hereby immediately due by delivery to Trustee of a written notice of breach and election to sell (which notice Trustee shall cause to be recorded and mailed as required by law).

3.14 After three (3) months shall have elapsed following recordation of any such notice of breach, Trustee shall sell the property subject hereto at such time and at such place in the State of Nevada as Trustee, in its sole discretion, shall deem best to accomplish the objects of these trusts, having first given notice of such sale as then required by law. In the conduct of any such sale Trustee may act itself or through any auctioneer, agent or attorney. The place of sale may be either in the county in which the property to be sold, or any part thereof, is situated, or at an office of the Trustee located in the State of Nevada or otherwise as directed by law. If Trustee or its successor shall have recorded notice of breach or given notice of sale hereunder, any successor Trustee thereafter appointed may complete the sale and the conveyance of the property pursuant thereto as if such notice or breach or sale had been given by the successor Trustee.

- (a) Upon the request of Beneficiary or if required by law Trustee shall postpone sale of all or any portion of said property or interest therein by public announcement at the time fixed by said notice of sale, and shall



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thereafter postpone said sale from time to time by public announcement at the time previously appointed.

- (b) At the time of sale so fixed, Trustee shall sell the property so advertised or any part thereof or interest therein either as a whole or in separate parcels, as Beneficiary may determine in its sole and absolute discretion, to the highest bidder for cash in lawful money of the United States, payable at time of sale, and shall deliver to such purchaser a deed or deeds or other appropriate instruments conveying the property so sold, but without covenant or warranty, express or implied. Beneficiary and Trustee may bid and purchase at such sale. To the extent of the indebtedness secured hereby, Beneficiary need not bid for cash at any sale of all or any portion of the Property pursuant hereto, but the amount of any successful bid by Beneficiary shall be applied in reduction of said indebtedness. Trustor hereby agrees, if it is then still in possession, to surrender, immediately and without demand, possession of said property to any purchaser. If Trustee or its successor or substitute shall have given notice of sale hereunder, any successor or substitute Trustee hereafter appointed may complete the sale and the conveyance of the Property pursuant thereto as if such notice had been given by the successor or substitute Trustee conducting the sale.

3.15 Trustee shall apply the proceeds of any such sale to payment of expenses of sale and all charges and expenses of Trustee and of these trusts, including cost of evidence of title and Trustee's fee in connection with sale; all sums expended under the terms hereof, not then repaid, with accrued interest at the Agreed Rate; all other sums then secured hereby, and the remainder, if any, to the Person or Persons legally entitled thereto.

3.16 Beneficiary, from time to time before Trustee's sale, may rescind any notice of breach and election to sell by executing, delivering and causing Trustee to record a written notice of such rescission. The exercise by Beneficiary of such right of rescission shall not constitute a waiver of any breach or default then existing or subsequently occurring, or impair the right of Beneficiary to execute and deliver to Trustee, as above provided, other notices of breach and election to sell, nor otherwise affect any term, covenant or condition hereof or under any obligation secured hereby, or any of the rights, obligations or remedies of the parties thereunder.

3.16 Without limitation of any other provision of this Deed of Trust or of any other document or agreement executed in connection herewith Trustor will pay, and will reimburse to Beneficiary and/or Trustee on demand to the extent paid by Beneficiary and/or Trustee: (i) all appraisal fees, filing, registration and recording fees, recordation, transfer and other taxes, brokerage fees and commissions, abstract fees, title search or examination fees, title policy and endorsement premiums and fees, uniform commercial code search fees, judgment and tax lien search fees, escrow fees, attorneys' fees, architect fees, engineer fees, construction consultant fees, environmental inspection fees, survey fees, and all other costs and expenses of every character incurred by Beneficiary and/or Trustee in connection with the preparation of this Deed of Trust and every document or instrument executed in connection herewith, and any and all amendments and supplements to this Deed of Trust or any other document or agreement



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executed in connection herewith, any approval, consent, waiver, release or other matter requested or required hereunder or thereunder, or otherwise attributable or chargeable to Trustor as owner of the Property; and (ii) all costs and expenses, including attorneys' fees and expenses, incurred or expended in connection with the exercise of any right or remedy, or the defense of any right or remedy or the enforcement of any obligation of Trustor, hereunder or under any other document or agreement executed in connection herewith.

SECTION 4 Miscellaneous

4.01 Upon receipt of written request from Beneficiary reciting that all sums secured hereby have been paid and upon surrender of this Deed of Trust and each of the Purchase Agreement Guarantee and the Facility Agreement Guarantee secured hereby to Trustee for cancellation and upon payment of its fees, Trustee shall reconvey without warranty the property then held hereunder. The recitals in such reconveyance of any matters of fact shall be conclusive proof of the truth thereof. The grantee in such reconveyance may be described in general terms as "the person or persons legally entitled thereto."

4.02 Trustor, for itself and for all Persons hereafter claiming through or under it or who may at any time hereafter become holders of liens junior to the lien of this Deed of Trust, hereby expressly waives and releases all rights to direct the order in which any of the Property or any interest therein shall be sold in the event of any sale or sales pursuant hereto and to have any of the Property and/or any other property now or hereafter constituting security for any of the indebtedness secured hereby or any interest therein marshaled upon any sale under this Deed of Trust or of any other security for any of said indebtedness.

4.03 Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be sent or delivered to Trustor and Beneficiary at their respective addresses, facsimile numbers or e-mail addresses set forth below (or at or to such other address, facsimile, number or e-mail address as shall be designated by either Trustor or Beneficiary in a written notice to the other):

If to Trustor:

c/o Klondex Ltd.
Suite 600-595 Howe Street
Vancouver, BC V6C 2T5
Attention: Paul Huet
Fax Number: 604.662.3904
Email: phuet@klondexmines.com

with a copy (which shall not constitute notice) to:

Bennett Jones LLP
3400 One First Canadian Place



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PO Box 130
Toronto, ON M5X 1A4
Attention: Abbas Ali Khan
Fax Number: 416.863.1716
Email: alikhana@bennettjones.com

If to the Beneficiary:

c/o Franco-Nevada Corporation
199 Bay Street, Suite 2000
P.O. Box 285
Commerce Court Postal Station
Toronto, ON M5L 1G9
Attention: Chief Legal Officer
Fax Number: 416.306.6330
Email: hong@franco-nevada.com

Any notice and communications shall be effective:

(a) if delivered by hand, sent by certified or registered mail or sent by an overnight courier service, when received; and, provided that if such date is a day other than a business day, where the recipient party is located, then such notice shall be deemed to have been given and received on the first business day, where the recipient party is located, following the date of such delivery; and

(b) if sent by facsimile or e-mail transmission and successfully transmitted before 5:00 p.m. on a business day, where the recipient party is located, then on that business day; and if transmitted after 5:00 p.m. on that day or on a day that is not a business day, then on the first business day, where the recipient party is located, following the date of transmission.

4.04 This Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns.

4.05 Trustee accepts these trusts when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by law.

4.06 Where any provision in this Deed of Trust refers to action to be taken by Trustor, or which Trustor is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by Trustor.

4.07 If any term, provision, covenant or condition of this Deed of Trust, or any application thereof, should be held by a court of competent jurisdiction to be invalid, void or unenforceable, all terms, provisions, covenants and conditions of this Deed of Trust, and all applications thereof, not held invalid, void or unenforceable shall continue in full force and effect and shall in no way be affected, impaired or invalidated thereby, provided that the invalidity, voidness or unenforceability of such term, provision, covenant or condition (after giving effect to



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the next sentence) does not materially impair the ability of the parties to consummate the transactions contemplated hereby. In lieu of such invalid, void or unenforceable term, provision, covenant or condition, there shall be added to this Deed of Trust a term, provision, covenant or condition that is valid, not void and enforceable and is as similar to such invalid, void or unenforceable term, provision, covenant or condition as may be possible. If the lien of this Deed of Trust is invalid or unenforceable as to any part of the Property, or if the lien is invalid or unenforceable as to any part of the indebtedness secured hereby, the unsecured or partially unsecured portion of such indebtedness shall be completely paid prior to the payment of the remaining and secured or partially secured portion of such indebtedness, and all payments made on such indebtedness, whether voluntary or under foreclosure or other enforcement action or procedure, shall be considered to have been first paid on and applied to the full payment of that portion of such indebtedness which is not secured or fully secured by the lien of this Deed of Trust.

4.08 In the event that Trustor shall consist of more than one Person then and in such event all of such Persons shall be jointly and severally liable hereunder.

4.09 The laws of the State of Nevada shall govern the validity, construction, performance and effect of this Deed of Trust.

4.10 This Deed of Trust shall be construed in accordance with its intent and without regard to any presumption or other rule requiring construction against the party causing the same to be drafted.

4.11 The various rights, options, elections and remedies of Beneficiary and Trustee hereunder shall be cumulative and no one of them shall be construed as exclusive of any other, or of any right, option, election or remedy provided in any agreement or by law.

4.12 Time is of the essence of this Deed of Trust and all of the terms, provisions, covenants and conditions hereof.

4.13 Whenever any provision of this Deed of Trust requires Beneficiary's consent or approval, unless otherwise specifically provided, the same may be granted or withheld by Beneficiary in its sole and absolute discretion.

4.14 THE PARTIES, TO THE FULL EXTENT PERMITTED BY LAW, HEREBY KNOWINGLY, INTENTIONALLY AND VOLUNTARILY, WITH AND UPON THE ADVICE OF COMPETENT COUNSEL, WAIVE, RELINQUISH AND FOREVER FORGO THE RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING BASED UPON, ARISING OUT OF, OR IN ANY WAY RELATING TO THIS DEED OF TRUST OR ANY CONDUCT, ACT OR OMISSION OF EITHER PARTY OR ANY OF THEIR RESPECTIVE DIRECTORS, OFFICERS, PARTNERS, MEMBERS, MANAGERS, EMPLOYEES, AGENTS OR ATTORNEYS, OR ANY OTHER PERSONS AFFILIATED WITH EITHER OF THE PARTIES IN EACH OF THE FOREGOING CASES, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE.



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4.15 In this Deed of Trust, whenever the context so requires any gender includes the others, and the singular number includes the plural, and vice-versa, the term Beneficiary shall include any future agent for the holders, including pledgees, of the Guarantees secured hereby, and the term Trustor shall mean the original signator hereof, the successors and assigns thereof and any future owners of any interest in the Property or any portion thereof. In the event the ownership of all or any portion of such property becomes vested in a Person other than the signator hereof, Beneficiary may, without notice to such signator, deal with such successor or successors with reference to this Deed of Trust and to the indebtedness hereby secured in the same manner as with the signator, without in any way vitiating or discharging such signator's liability hereunder or upon the indebtedness hereby secured. In this Deed of Trust, the use of words such as "including" or "such as" shall not be deemed to limit the generality of the term or clause to which they have reference, whether or not non-limiting language (such as "without limitation," or "but not limited to," or words of similar import) is used with reference thereto, but rather shall be deemed to refer to all other items or matters that could reasonably fall within the broadest possible scope of such general statement, term or matter. The captions appearing at the commencement of the sections hereof are descriptive only and for convenience in reference to this Deed of Trust and in no way whatsoever define, limit or describe the scope or intent of this Deed of Trust, nor in any way affect this Deed of Trust. As used in this Deed of Trust the term "Person" means any individual, partnership, limited partnership, corporation, limited liability company, joint stock company, trust, unincorporated association, joint venture or other entity and any government and any political subdivision and agency thereof.

4.15 Where not inconsistent with the above, the following covenants, Nos. 1; 2 (full replacement value); 3; 4 (twelve percent per annum); 5; 6; 7 (reasonable counsel fees and costs actually incurred); 8 and 9 of NRS 107.030 are hereby adopted and made a part of this Deed of Trust.

4.16 The lien and security interest under this Deed of Trust shall be subordinate and junior to the royalty interests under the Royalty Deed from Trustor to Franco-Nevada U.S. Corporation (the "Royalty Deed"). This subordination shall apply irrespective of the time or order of recording of this Deed of Trust and the Royalty Deed and shall remain in full force and effect notwithstanding any foreclosure, deed in lieu of foreclosure or other enforcement action with respect to this Deed of Trust. From time to time after the date hereof Beneficiary may record one or more subordination agreements confirming the subordination of this Deed of Trust to the Royalty Deed and, if requested by Beneficiary, Trustor shall join in the execution of such subordination agreements, in recordable form.

IN WITNESS WHEREOF, Trustor has executed this Deed of Trust the day and year first above written.

Klondex Gold & Silver Mining
Company

By Barry Dahl
Name: Barry Dahl
Title: Treasurer



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STATE OF Nevada)
COUNTY OF Washoe) ss.

This instrument was acknowledged before me on March 23, 2016 by Barry Dahl as Treasurer of Klondex Gold & Silver Mining Company.



Karen J. Stowell
NOTARY PUBLIC
My Commission Expires 4/29/2017

COPY



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EXHIBIT A

PATENTED LANDS AND UNPATENTED CLAIMS

DESCRIPTION OF EUREKA COUNTY FIRE CREEK PROPERTY

Fee Lands

**Section 21, T30N R48E MDB&M
APN 003-083-03**

Parcel 1

Lot 7, Block 11. Crescent Valley Ranch and Farms, Unit No. 4, Map recorded November 5, 1959, File NO. 34552.

Parcel 2

Lot 3, Block 15. Crescent Valley Ranch and Farms, Unit No. 4, Map recorded November 5, 1959, File NO. 34552.

Unpatented Mining Claims

**T30N R47E MDB&M
Eureka County Nevada**

Claim Name	Location Date	BLM NMC Nos.
Maipais 266-301	10/07/2014	1105369-1105404

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