



CIRCULAR 112-18
July 4, 2018

**ANTICIPATED CONTRACT ADJUSTMENT
Klondex Mines Limited (KDX)
Acquisition**

THE FOLLOWING INFORMATION IS PREPARED FOR THE CONVENIENCE OF CANADIAN DERIVATIVES CLEARING CORPORATION (CDCC) MEMBERS AND BOURSE DE MONTRÉAL INC. (THE BOURSE) APPROVED PARTICIPANTS. THIS DOCUMENT IS AN UNOFFICIAL SUMMARY OF CERTAIN TERMS OF THE AFOREMENTIONED ADJUSTMENT. CDCC AND THE BOURSE ACCEPT NO RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS OF THE SUMMARY. CDCC MEMBERS AND BOURSE APPROVED PARTICIPANTS MUST ENSURE THEY HAVE REVIEWED THE DOCUMENTATION PUBLISHED BY THE ISSUERS INVOLVED IN THIS CORPORATE ACTION.

The Bourse and CDCC wish to inform you that on March 19, 2018 it was announced that Hecla Mining will be acquiring all the outstanding shares of Klondex Mining Limited (Klondex).

Pursuant to a proposed plan of arrangement subject to shareholder approval before close of the third quarter Klondex shareholders may elect to receive either US\$2.47 in cash (Cash Alternative) or 0.6272 of a Hecla share (Share Alternative), each full Hecla share being currently valued at US\$3.94, subject in each case to pro-rata based on a maximum cash consideration of US\$157.4 million and a maximum number of Hecla shares issued of 77.4 million. If all Klondex shareholders elect either the Cash Alternative or the Share Alternative, each Klondex shareholder would be entitled to receive US\$0.8411 in cash and 0.4136 Hecla shares. Klondex shareholders may also elect to receive US\$0.8411 in cash and 0.4136 of a Hecla share and Klondex shareholders who fail to make an election will automatically receive US\$0.8411 in cash and 0.4136 of a Hecla share. Klondex shareholders will also receive shares of a newly formed company (Klondex Canada).

PLEASE ENSURE THAT ALL CLIENTS WHO HAVE EITHER LONG OR SHORT POSITIONS IN THIS OPTION CLASS ARE ADVISED OF THIS NOTICE.

For further information, please contact Market Operations Department at (514) 871-7877. Clearing members may contact the CDCC Corporate Operations Department.

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