

KLONDIKE GOLD CORP.
Form 51-102F1
Management Discussion and Analysis
For the period ended May 31, 2012

For the Period Ended May 31, 2012

This Management Discussion and Analysis (“MD&A”) should be read in conjunction with the unaudited condensed consolidated financial statements of Klondike Gold Corp (“Klondike Gold” or the “Company”) for the period ended May 31, 2012 and the audited consolidated financial statements for the year ended February 29, 2012, which were both prepared in accordance International Financial Reporting Standards (IFRS).

The Company’s condensed consolidated financial statements have been prepared on a going concern basis, which presume the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The Company’s ability to continue as a going concern is dependent upon achieving profitable operations and upon obtaining additional financing. While the Company is extending its best efforts in this regard, the outcome of these matters cannot be predicted at this time. These condensed consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

This MD&A has been prepared as of July 30, 2012. All amounts are expressed in Canadian dollars unless otherwise stated.

Forward Looking Information

This MD&A includes some statements that may be considered “forward-looking statements”. All statements in this discussion that address the Company’s expectations about future exploration and development are forward-looking statements. Although the Company believes the expectations presented in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploration successes, availability of capital and financing, and general economic, market, and business conditions. Readers are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements.

Risks and Uncertainties

The Company is subject to a number of risks and uncertainties due to the nature of its business. The Company’s exploration and development activities expose the Company to various financial and operational risks that could have a significant impact on its level of operating cash flows in the future. Readers are advised to study and consider risk factors stressed below.

The following are identified as main risk factors that could cause actual results to differ materially from those stated in any forward-looking statements made by, or on behalf of, the Company.

Financing

The Company’s future financial success depends on the ability to raise additional capital from the issue of shares or the discovery of properties which could be economically justifiable to develop. Such development could take years to complete and resulting income, if any, is difficult to determine. The sales value of any mineralization potentially discovered by the Company is largely dependent upon factors beyond the Company’s control, such as the market value of the products produced.

KLONDIKE GOLD CORP.
Form 51-102F1
Management Discussion and Analysis
For the period ended May 31, 2012

General Resource Exploration Risks and Competitive Conditions

The resource exploration industry is an inherently risky business with significant capital expenditures and volatile metals markets. The marketability of any minerals discovered may be affected by numerous factors that are beyond the Company's control and which cannot be predicted, such as market fluctuations, mineral markets and processing equipment, and changes to government regulations, including those relating to royalties, allowable production, importing and exporting of minerals, and environmental protection. This industry is intensely competitive and there is no guarantee that, even if commercial quantities are discovered, a profitable market will exist for their sale. The Company competes with other junior exploration companies for the acquisition of mineral claims as well for the engagement of qualified contractors. Metal prices have fluctuated widely in recent years, and they are determined in international markets over which the Company has no influence.

Governmental Regulation

Regulatory standards continue to change, making the review process longer, more complex and therefore more expensive. Exploration and development on the Company's properties are affected by government regulations relating to such matters as environmental protection, health, safety and labour, mining law reform, restrictions on production, price control, tax increases, maintenance of claims, and tenure. There is no assurance that future changes in such regulations couldn't result in additional expenses and capital expenditures, decreasing availability of capital, increased competition, reserve uncertainty, title risks, and delays in operations. The Company relies on the expertise and commitment of its management team, advisors, employees and contractors to ensure compliance with current laws.

Company Overview

Klondike Gold is a Canadian listed public company with its shares traded on the TSX Venture Exchange under the symbol "KG" as a Tier 2 company.

The Company is a resource exploration stage company engaged in the acquisition, and exploration of mineral properties. For the funding of property acquisitions and exploration that the Company conducts, the Company depends on the issuance of shares from the treasury to investors and does not use long term debt. Once a body of commercial ore is found, the Company may offer to a major mining company the opportunity to acquire an interest in a property in return for funding by the major mining company, of all or part of the exploration and development of the property. The Company currently has no revenues from mineral producing operations and holds properties in British Columbia, Ontario, and the Yukon.

Additional information relating to the Company can be found on SEDAR at www.sedar.com.

Overall Performance

Acquisition and exploration expenses during the period ended May 31, 2012 were \$1,225,227 (2011 - \$69,346). Exploration and evaluation asset expenditures during the period were primarily due to \$40,700 of acquisition costs and \$1,064,820 of exploration costs on the Yukon claims.

Acquisition of Lonestar Gold Inc.

On December 29, 2011 the Company completed an exempt take-over bid to acquire a majority interest in the shares of Lonestar Gold Inc. ("Lonestar") a privately held British Columbia company. The Company invited the shareholders of Lonestar to tender their shares for purchase through the issuance of three Klondike Gold shares for each single share of Lonestar tendered and accepted by the Company. The Company issued 20,709,999 of its shares for 6,903,333 shares of Lonestar. The Company's shareholdings

KLONDIKE GOLD CORP.
Form 51-102F1
Management Discussion and Analysis
For the period ended May 31, 2012

in Lonestar are now 8,703,333 shares, of which 1,800,000 shares were acquired in connection to Note 7(h)), equating to a 79.82% ownership.

Total consideration paid equals the fair value of the Company's shares on the acquisition date in the amount of \$2,071,000. The transaction has been accounted for as an asset acquisition under IFRS. The consideration paid has been allocated to the acquired net assets based on their fair value at the date of acquisition. The purchase price of the acquisition has been allocated as follows:

Net Assets Acquired

Current assets	\$ 955,580
Equipment	43,574
Exploration and evaluation assets	1,635,024
Current liabilities	<u>(22,630)</u>
	2,611,548
Non-controlling interest	<u>540,548</u>
	<u>\$ 2,071,000</u>

Properties

Although the Company has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

Yukon Properties

The Company holds a 45% beneficial interest in a group of quartz claims and crown grants (the "Property") located between Eldorado Creek and Upper Bonanza Creed, Dawson Mining Division, Yukon Territory. A non-related company Klondike Star Mineral Corporation ("KSMC") holds the remaining 55% beneficial interest to the Property.

On June 6, 2011, the Company along with KSMC entered into an option agreement with Lonestar Gold Inc. ("Lonestar") whereby an option was granted to Lonestar to acquire up to 100% right, title and interest, legal and beneficial, in and to the group of claims. Lonestar is able to acquire legal interest in increments by paying the Company and KSMC, according to percentage of beneficial ownership, as follows:

First Option, 50% undivided interest in and to the Property:

- Issue 4,000,000 common shares;
- Incur a minimum \$750,000 in expenditures on the Property on or before May 30, 2012 (subsequently renegotiated to August 30, 2012);
- Incur an additional \$2,000,000 in expenditures on the Property on or before May 30, 2013;
- Issue on or before May 30, 2013 an equal number of shares issued by Lonestar for each equity financing conducted.

KLONDIKE GOLD CORP.
Form 51-102F1
Management Discussion and Analysis
For the period ended May 31, 2012

Second Option, additional 25% undivided interest in and to the Property:

- Incur an additional \$15,000,000 in expenditures on the Property on or before May 30, 2014
- Issue on or before May 30, 2014 an equal number of shares issued by Lonestar for each equity financing conducted.
- Incur an additional \$8,000,000 in expenditures on the Property on or before December 31, 2014
- Issue on or before December 31, 2014 an equal number of shares issued by Lonestar for each equity financing conducted.

Third Option, additional 25% undivided interest in and to the Property:

- Complete a bankable feasibility study on the property on or before December 14, 2014
- Pay cash or in shares an amount calculated as: the number of total proven troy ounces of gold identified on the Property by a gold price factor.

New Operator, Lonestar Gold Inc. is led by President Erich Rauguth who along with partner, Manfred Peshke, have over 70 years of international mining experience, including actively mining since 1972 throughout the Klondike Mining District. Rauguth also has extensive experience in mining in Venezuela, Guyana, Brazil and Costa Rica while serving as President of Rep. Carson Gold Venezuela, as President of Minera Las Christinas Venezuela, and as President of Vannessa de Venezuela.

The Lone Star Property, Yukon

The Lone Star property is located in the Dawson Mining District of Yukon Territory. The property comprises 1200 ungranted Quartz claims, 14 Titled Lots and 300 Placer claims.

The Klondike district has produced over 12 million crude ounces of placer gold since George Carmack's 1896 discovery of gold on Bonanza Creek. The Lone Star gold occurrence, otherwise known as the Boulder Lode, was discovered in 1897 following the discovery of placer gold. From 1898 to 1914, the occurrence was explored and developed from a surface open cut and later from underground workings. Between 1912 and 1914, over 7600 tonnes of material averaging 5.1 grams/tonne gold were processed by a stamp mill located in Victoria Gulch.

A significant breakthrough on the advanced-exploration-stage Lone Star hardrock gold project has been based on the consolidated analysis of 2007 exploration results and geological research of Klondike Star by the University of British Columbia's mineral deposit research unit. Updated analysis has identified about 20- 25% of the mineralization needed for viable mining and established priority drill targets, which are expected to substantially increase known gold potential. There are now four target zones demonstrating significant gold mineralization and resource potential including Lone Star, Nugget, Buckland and Pioneer. A fifth zone, the JF, is drill ready. The comprehensive Lone Star gold project scoping study for a large-tonnage, low-to-medium-grade gold mine with a minimum projected life of 10 years is nearing completion and release. Lone Star is an advanced-exploration-stage project that is being studied for mine development.

Of all its projects, Klondike Star is currently focusing exploration efforts at the majority owned Lone Star project. It involves an area of 135 square km (152 square miles), including the Lone Star zone, the Nugget zone, the Buckland zone, the JF zone, the Pioneer zone and the 27-Pup-Dysle-Veronika zone. These zones extend over large areas with excellent opportunities for the existence of multiple

KLONDIKE GOLD CORP.
Form 51-102F1
Management Discussion and Analysis
For the period ended May 31, 2012

mineralized zones, along both strike and dip. They belong to a class of structures which have potential for large, medium-grade, bulk-tonnage orebodies.

Additional operational and financial highlights are summarized in Klondike Star's annual 10-K filing with the U.S. Securities and Exchange Commission. A copy of the complete report is available on its website or may be requested by contacting info@klondikestar.com.

Five bulk samples have been processed from the Lone Star zone to date in 2007. These samples were collected from the southern end of trench 87TR-16, and continue to extend the sampling of this area reported in 2006 (Press Release #3-2007: Klondike Star Releases Bulk Sampling Results Including 1.33 g/t over 24 metres). The 2006 work at this site included ten contiguous bulk samples which cut the zone over a 67 meter length, and which proved the zone to be continuously mineralized. The five samples collected in 2007 extend this trend an additional 30 metres.

A bulk test from a trench near the Pioneer zone was completed – the first bulk sample from the Pioneer zone. A small bulk test from the 310 zone has also been processed. The 310 zone is a continuous, narrow vein located about 1500 metres southwest of Eldorado Creek on the Lone Star property. This vein has returned chip samples up to 1.12 g/t gold over 1.32 metres.

A cut-line grid totalling 20 line-kilometers has been completed in preparation for geophysical surveys at the JF zone. A detailed soil geochemical survey, with samples collected at 25 meter/82 foot intervals on lines spaced 100 meters/328.1 feet apart is in progress on this grid, and an IP survey is anticipated to start by early September. An extension to the discovery trench is planned within the next month. An area immediately south of the JF zone grid that had not previously been geochemically sampled has been tested with 299 samples over a 1 kilometer/0.62 mile square area.

During the fall of 2011 a limited but important program of exploration was carried out on the Lone Star property under the direction Klondike Gold's new management. This work focused on identifying the prime hosts (lithological and structural) for the gold mineralization on the property and to assist the company in identifying near surface, bulk tonnage targets in its forthcoming exploration planned for 2012. Work included a sample orientation (channel sampling) program on the Lone Star Zone. In addition, a broader based program of back-hoe supported pit sampling was completed along a distance of 10.4 kilometres in a south-easterly direction (Lone Star Ridge road) from the Lone Star Zone.

Trenching and orientated channel sampling was completed near the west side of the Lone Star zone. A shallow trench (87-16) previously excavated was deepened (up to 8 metres) and followed up with detailed mapping and sampling along a length of ~11 metres. Continuous channel samples were collected along vertical faces that cross-cut a series of narrow (10 to 15 cm) but distinct shallow dipping quartz veins generally spaced at less than 1 metre intervals. The combined weighted grade of this panel (34 separate samples) averaged 0.91 gpt gold. The unique feature of this trench (and not previously recognized in this zone) was the recognition of a series of shallow dipping quartz structures that were generally gold enriched compared to the host schist. Secondly, while historic rock chip samples from the upper portions of the original trench measured only low gold (all less than 50 ppb gold) the channel sampling by Klondike Gold may indicate that the historic "discontinuous chip" sampling may have under reported gold potential for some areas. Results from this program will assist the company in establishing its QA/QC program for future sampling and also provide assistance in re-interpretation of previously drilled mineralized intervals within the Lone Star Zone.

KLONDIKE GOLD CORP.
Form 51-102F1
Management Discussion and Analysis
For the period ended May 31, 2012

Along the Lone Star ridge road the company completed the excavation of 139 pits along a length of 10.4 kilometres. Soil samples were collected from the C horizon (up to 3 metres in depth) and sent for gold and multi-element geochemical analysis. Rock chip samples were also collected from most pits and final results are being awaited. Initial evaluation of the soil sample results indicates a number of previously unknown gold in soil anomalies (>30 ppb gold) and includes values up to 535 ppb gold. In addition other elements (including arsenic, copper, lead and molybdenum) often associated with mineralized deposits returned anomalous results which could indicate the presence of mineralized veins/structures and/or felsic schist rock units.

In addition to the work by the company, Dr. Jim Mortensen of the Earth Sciences Department of UBC has been conducting research on whole rock geochemistry of the Klondike Schist in an effort to distinguish (and map) the various lithologies. Initial results have been encouraging in that certain trace elements may assist in the identification of specific schist units associated with syngenetic gold mineralization. The company has been working closely with Dr. Mortensen and will be incorporating his findings in planning its future mapping and geochemical sampling programs. The company feels that the work by Dr. Mortensen supports its premise for searching for near surface, low-grade, bulk tonnage gold deposits within the boundaries of the Lone Star property. While limited in scope, the company's 2011 program was successful in assisting the company in establishing a QA/QC program for future evaluation of the Lone Star property. In addition, trace element work being developed by and in conjunction with UBC is expected to lead to the recognition of preferential hosts for gold mineralization within the Klondike Schist. The company will incorporate this data in plans for its 2012 exploration program.

On April 17, 2012, the Company put out a news release confirming that it has started its 2012 exploration program with drilling between the historical Lone Star and Pioneer mines. The Company has signed a 1500 meter drilling contract with CanDrill Global Inc. of Prince Albert, Saskatchewan, designed to gain a better understanding of the geology and structure of the Lone Star deposit. Despite the efforts of previous operators, there is still insufficient data to produce a reliable geological model of the Lone Star deposit. The Company believes that the current drill program allows the development of a more complete model of the Lone Star deposit.

The 1500 meter diamond drill program is designed to test the geology, structure, and potential for mineralization in the 500 meters between the Lone Star deposit and the Pioneer zone to the southeast. This area is significantly underexplored due to overburden cover, but is along the trend of Lone Star mineralization and cross cuts the Lone Star thrust fault. A more complete understanding of geology and structure between Lone Star and Pioneer is necessary in the development of a more robust model of Lone Star mineralization. The drill program is also designed to simultaneously test undrilled induced polarization geophysical anomalies from a 2006 Aurora Geoscience survey and to test for a favorable unit in the Klondike schist identified by litho-geochemical studies below the 170 meter level, the limit of previous drilling.

On June, 17, 2012, the Company put out a news release stating that the Lone Star Property data review continues with drilling and geophysics from 1979 to present now incorporated into the database. The drilling compilation encompasses 119 core holes, 135 reverse circulation holes, and 21 percussion holes. The Company now has access to over 15,000 assayed drill samples, many with multi-element analysis, in a GIS and modeling compatible format. Available airborne and ground geophysical surveys were also entered into the database.

KLONDIKE GOLD CORP.
Form 51-102F1
Management Discussion and Analysis
For the period ended May 31, 2012

Data review focusing on trenches and soil geochemistry is underway. Soil geochemistry review has been aided by a geomorphology study that has significantly increased confidence in the interpretation of past results and will also improve future soil geochemical exploration programs. Preliminary review of historical soil geochemical data has already identified some new targets and increased confidence in several existing Lone Star soil anomalies.

On July 14, 2012, the Company announced that its summer exploration season continues in the Yukon and is progressing well. Klondike Gold's Yukon exploration program is focusing on the Company's Lone Star Project targeting soil geochemical anomalies with trenching and under explored areas using soil sampling. In addition, surface work on the historic Lone Star and Violet mines is continuing, with particular attention being paid to the Lone Star.

The Boulder Lode open cut at the Lone Star mine has not been worked for over 90 years and during this time the sides of the cut had caved and had been covered with vegetation. Production records show that 7650 tonnes were milled with a recoverable grade of 5.1 g/t Au with an estimated recovery of 75%. (Source: Yukon MINFILE 1150 072). Excavation of the upper portion of the open cut has enabled the rock face to be geologically mapped and channel sampled. Ongoing work at Lone Star will be to complete the cleaning-out of the open cut to enable mapping and sampling of the lower level and to investigate high grade pyritic ore that historic records indicate occurs in the central part of the mine workings.

Work on re-sampling using methods consistent with its fall 2011 work program (Press Release: March 08, 2012 Klondike Gold Reports Initial Results from its Fall 2011 Yukon Work Program) of select trenches along trend with the Boulder Lode is also taking place and prospecting has revealed a possible extension to the east which will be trenched and sampled to gain better exposure.

The exploration team was encouraged by visible gold found in quartz, 150 meters east of the Boulder Lode, along with deformation of the Klondike Schist similar to that of the Boulder Lode. Also of note are preliminary results from targeted grab samples from two stacked continuous 20 cm to 50 cm thick quartz veins in the Boulder Lode Open Cut. Both veins dip to the Northeast and dip measurements range from 25 to 42 degrees with a vertical distance between veins of approximately 4-5 meters.

Targeted grab sample 1719053 of the lower contact of the upper quartz vein ran 41.3 ppm Au and sample 1719054 of the lower vein ran 0.313 ppm Au.

Of the channel samples taken from the schist in the Boulder Lode approximately half the values reported varied between 0.1 and 4 ppm (i.e., g/t). One schist channel sample that included the pyritic selvedge of one quartz vein reported 7.31 ppm with the corresponding vein giving 3.80 ppm. Significant values obtained in schist separate from quartz veins are important for the development of a bulk tonnage target. High grades within quartz veins will add to the overall grade.

Whilst one geological team is working on the Lone Star another is working around the Violet mine, the other gold prospect that received significant underground development before the First World War. This season's surface prospecting has indicated that the Violet vein system may continue on its 310 degree trend towards the "310" prospect that was trenched in 2006. In that year both the Violet mine and "310" trench were bulk sampled, the Violet bulk tests reporting 0.858 g/t from dump material and 1.234g/t from a vein parallel to the mine vein; the 310 bulk reported 2.037g/t over a 75 metre strike length of the

KLONDIKE GOLD CORP.
Form 51-102F1
Management Discussion and Analysis
For the period ended May 31, 2012

exposed vein. A further North-South trending system of quartz veins (possibly a 'conjugate' to the 310) is also being prospected. Hand auger soil sampling over this region is in progress.

To date in 2012 Klondike Gold has sent in 2454 rock, core, and soil samples for analysis from the Lone Star property. This figure includes standards and blanks for internal quality control, at the ratio of approximately 1 in 20 samples. Soil samples in secure bags are dropped off at ACME labs Dawson City processing facility where they are sieved and then send on to ACME Labs Vancouver for analysis. Rock samples are securely shipped to ACME's Whitehorse processing facility for crushing and splitting after which they are forwarded to ACME Labs Vancouver for analysis. The company looks forward to complete results of sampling to date and will use these samples for targeting the second phase of the summer exploration season.

Indian River Placer Property

The Company's joint venture partner Klondike Star has thus far drilled about 60% of the Indian River property. Gold was recovered from nearly 100% of the holes in the main target area. The target zone forms a wedge that is 300 meters (984 feet) at the beginning and broadens to a width of over 1,500 meters (4,921 feet). To date, the mineralized zone extends over a distance of more than three km (1.9 miles) and remains open to expansion to the east and south. Gold is uneven but consistently distributed across this broad area with gold values present across the entire width of the property. The fineness of the gold assayed at over 82%. If mining results are typical of the industry's experience in the Klondike, the extent of mineralization could be higher by as much as 20% to 30%. Klondike Gold has a 5% Net Smelter Royalty interest in the Indian River Placer project.

The Indian River placer gold project consists of 188 Placer Claims and covers over 60 miles of placer claims and leases along the southern edge of the Klondike placer mining region.

On July 7, 2012, the Company announced it has signed a Letter of Intent with 46799 Yukon Inc. wherein the parties agree to enter into a Joint Venture (the "JV") for the purpose of further exploring and developing a placer gold mine located on the Indian River and Montana Creek in the Dawson City Mining District. Klondike Gold Corp. will provide the property and the permits required for exploration and mining and an extensive amount of exploration data. 46799 Yukon Inc. will provide equipment and initial capital to the Joint Venture. Upon each party making their respective contributions to the JV, each will have a 50% participating interest in the JV and its ongoing operations.

The Indian River is a gravel-bed stream located south of Dawson City. It lies on the Klondike Plateau and forms the southern boundary of the Yukon placer gold district. The Indian River and its tributaries are the largest gold producers in the Yukon.

On July 26, 2012, the Company announced is pleased to announce that construction work is under way at the Indian River Project under the terms of a newly signed Joint Venture Agreement with privately held 46799 Yukon Inc. As previously announced (July 12, 2012), Klondike Gold entered into the Joint Venture (JV) with 46799 Yukon Inc. to further explore and develop the Indian River mining project. The fully permitted placer gold property lies within the Indian River Valley — Yukon's largest gold producer in recent years — and is accessible by road (about a 75-minute drive) from Dawson City.

An operating company has been formed to operate the mine under the supervision of an experienced placer-mining team appointed by the JV partners. A preliminary construction camp is being set up while

KLONDIKE GOLD CORP.
Form 51-102F1
Management Discussion and Analysis
For the period ended May 31, 2012

the permanent camp site is prepared. A track-mounted auger drill has started drilling for mine planning and grade-control purposes. Two Caterpillar D9N bulldozers have arrived on the property and will start on-site preparation and overburden stripping while other mining and processing equipment is mobilized to the property. Stripped overburden gravels and sterile gravel layers will be used to improve the internal road system and for the building of an airfield, thereby improving project infrastructure without additional operating or construction cost.

The proposed Mine Plan calls for 50-ton trucks to be loaded by 50-ton Excavators with material prepared by the D9N bulldozers. Mined pay gravels will be stockpiled at a modular-design processing plant consisting of an EL-Jay MRS200 Metal Recovery System, which uses a 6-meter-long double-deck vibratory screen powered by a 5.9-litre Cummins diesel engine as a primary unit. A Rotary Screw Gold Machine 200 Fine Gold Recovery unit will provide secondary processing and serve as an intermittent recovery unit.

The processing plant will be fed by a front-end loader via a portable feeder/conveyor connected to a hopper. Once set-up is completed and pay gravels are stockpiled, the plant is expected to initially process 1,500 m³ per day, to be increased to 3,000 m³ during the second half of the 2013 mining season.

The partners will focus their initial efforts on only 10% of the 188 claims permitted to be mined. Recent staking has added two additional placer leases totaling 3 miles adjacent to the drilled property for the future benefit of the JV. Once converted into claims, this ground will increase the Indian River project to a total of 220 claims.

Silver City Property

On June 1st, 2012 Klondike Gold announced the acquisition by staking of the 15 Mile Silver City Property and provide an update of its ongoing review and compilation of historical work on the Lone Star Property.

The 15 Mile Silver City Property is located approximately 40 kilometres northwest of Dawson City along the Yukon River and totals 100 claims covering an area of 21 km². These claims target an area with a number of placer gold occurrences and the Silver City Yukon Minfile hard rock prospect (Minfile number 116B 03). Of interest to Klondike Gold is the unexplained source of the 15 Mile placer gold occurrences and the interpretation of the Silver City Minfile prospect as being an area of slope failure with mineralised float boulders found in the slide debris. The Company will focus its exploration towards identifying the bedrock source(s) of the placer gold and that of the silver-gold mineralized boulders. An initial program of exploration and preliminary assessment of the property has commenced.

KLONDIKE GOLD CORP.
Form 51-102F1
Management Discussion and Analysis
For the period ended May 31, 2012

B.C. Properties:

The Ron Property: BC

Location: Nelson Mining District, 5 km southeast of Nelson

Size: 1492 ha

Minerals: copper, gold, silver

Property Geology: The Ron claim group is located in the historical “Nelson Mining Camp”. The property is underlain by mainly mafic to intermediate plutonic rocks of the Eagle Creek Complex which intrudes mafic volcanic rocks of the Early Jurassic Elise Formation. These rocks are cut by prominent northwest trending shears, part of the Silver King shear zone that extends more than 40 km to the south. Several styles of mineralization are recognized, including gold-quartz veins and shear zones, and widely dispersed copper mineralization, typical of an alkalic copper-gold porphyry system.

Work Completed To Date: The property was optioned to Klondike Gold Corp from Jack Denny and is now 100 % owned by Klondike Gold Corp. Work done to date includes mapping and sampling in 2003 and during the 2008 field season; limited geological mapping and prospecting and a soil geochemical survey was conducted, mainly on the eastern portion of the claim group. In September, 2009, Klondike Gold Corp. entered into an option/joint venture agreement with Anglo Swiss Resources Inc. for Anglo Swiss to earn up to a 60% interest in the Ron Gold property.

Highlights of Work: Prospecting (Hand sample) 2008 19.4 g/tonne gold (19,412 ppb) and 0.0133% copper (133 ppm) in a quartz shear sample.

Quartz Mountain Property: BC

Ownership: 100 % Klondike Gold Corp

Location: 12km southwest of Kimberley, on the slopes and ridges of Quartz Mountain, including the drainage of Sawmill Creek.

Size: 4246 ha (approximately 20 sq km)

Minerals: IOCG (iron oxide copper-gold)

Property Geology: The Quartz Mountain property straddles a major east-trending fault, the St. Mary fault, as well as several smaller northeast trending faults. The claim area includes several small high-grade past producing veins, including Price’s Pit and the Golden Egg. Recent exploration is focused on an IOCG target, based mainly on the recognition of widespread chlorite, silica and sericite alteration, as well as several zones of disseminated and brecciated hematite. Gold occurs in several very high grade veins, as well as in felsic dykes and copper is associated with the hematite breccias as well as in many small fractures and veinlets.

Many features of the Sawmill Creek area suggest that it represents a much larger “iron-oxide gold-copper” target. The presence of felsic intrusions, elevated gold values associated with these intrusions, a number of occurrences of hematite breccias with visible copper mineralization, and local high grade gold-silver plus base metal quartz veins, support this model. Furthermore, regional structural controls, key elements of iron-oxide gold deposits, are present in the Sawmill Creek area. It is near the

KLONDIKE GOLD CORP.
Form 51-102F1
Management Discussion and Analysis
For the period ended May 31, 2012

intersection of two major structural trends: the two main vein showings, and a third occurrence to the south, are along a north-trending structure near its intersection with the St. Mary fault, a major east-trending structure that has had episodic movements from latest Proterozoic through to late Mesozoic time.

Four exploratory holes were drilled on the property in late 2007. Most of the holes were widely spaced, targeting either known surface mineralization, extensive alteration and structure, or a geophysical EM anomaly. The first hole intersected highly altered sediments throughout its 357-metre length, with some thin intervals of brecciation with minor hematite and sulphides including chalcopyrite. Three separate zones of highly altered, brecciated rock containing minor pyrite were submitted for analyses.

Holes 02 and 03 were drilled from one site about 2 kilometres east-southeast of Hole 01 on the footwall (south) side of the St. Mary Fault. Sparse outcrops here indicate intensely deformed and altered sedimentary rocks that contain quartz-albite-hematite (magnetite) zones that locally contain copper. The drill holes intersected very chloritic sediments, with two separate, extensively brecciated hematite-enriched zones of quartz-albite. The thinner 18-metre zone contains visible chalcopyrite and pyrite. A thicker 40-metre wide zone is pyritic. Both zones are being sampled for their gold and copper content plus other indicator elements to check for an IOCG signature.

Hole 04, centered on an isolated circular airborne EM (low resistivity) anomaly, intersected mainly limonitic clays.

Work Completed to Date:* There has been considerable historical work done to date, particularly on the high grade Price's Pit and Golden Egg veins. A prominent magnetic anomaly in the northeastern part of the property was identified by an airborne magnetic survey conducted by Klondike Gold Corp in 2006. Limited drilling was done by Klondike Gold Corp in 2004, in the immediate area of Price's Pit (six holes) and in the zones of alteration in the IOCG target area (four exploratory holes drilled in 2007).

Highlights of Work: 16.53 g /tonne gold over 0.5 meters drilled in 2004 by Klondike Gold

Weakly mineralized iron oxide breccias were intersected by two drill holes in 2007 (DDH07-02 and 03). * as the Sawmill Creek drainage is one of the richest placer creeks in southeastern BC, it is recommended that an intensive exploration program be conducted towards both vein and IOCG targets.

Sawmill Creek – Quartz Mountain

Many features of the Sawmill Creek area suggest that it represents a much larger "iron-oxide gold-copper" target. The presence of felsic intrusions, elevated gold values associated with these intrusions, a number of occurrences of hematite breccias with visible copper mineralization, and local high grade gold-silver plus base metal quartz veins, support this model. Furthermore, regional structural controls, key elements of iron-oxide gold deposits, are present in the Sawmill Creek area. It is near the intersection of two major structural trends: the two main vein showings, and a third occurrence to the south, are along a north-trending structure near its intersection with the St. Mary fault, a major east-trending structure that has had episodic movements from latest Proterozoic through to late Mesozoic time.

Four exploratory holes were drilled on the property in late 2007. Most of the holes were widely spaced, targeting either known surface mineralization, extensive alteration and structure, or a geophysical EM

KLONDIKE GOLD CORP.
Form 51-102F1
Management Discussion and Analysis
For the period ended May 31, 2012

anomaly. The first hole intersected highly altered sediments throughout its 357-metre length, with some thin intervals of brecciation with minor hematite and sulphides including chalcopyrite. Three separate zones of highly altered, brecciated rock containing minor pyrite were submitted for analyses.

Holes 02 and 03 were drilled from one site about 2 kilometres east-southeast of Hole 01 on the footwall (south) side of the St. Mary Fault. Sparse outcrops here indicate intensely deformed and altered sedimentary rocks that contain quartz-albite-hematite (magnetite) zones that locally contain copper. The drill holes intersected very chloritic sediments, with two separate, extensively brecciated hematite-enriched zones of quartz-albite. The thinner 18-metre zone contains visible chalcopyrite and pyrite. A thicker 40-metre wide zone is pyritic. Both zones are being sampled for their gold and copper content plus other indicator elements to check for an IOCG signature.

Hole 04, centered on an isolated circular airborne EM (low resistivity) anomaly, intersected mainly limonitic clays.

Pitt Ash Property: BC

Ownership : 100 % KG

Location: St. Mary River valley south of Kimberley, 11 kms south of the Sullivan mine.

Size: 3361 ha

Minerals: copper, lead, zinc, silver

Property Geology:

The Pitt Ash Property straddles a major east-trending fault, the St. Mary fault, as well as several smaller northeast trending faults. The claim area includes several small high-grade past producing veins, including Prices Pit and the Gold Egg. Recent exploration is focused on an IOCG target, based mainly on the recognition of widespread chlorite, silica and sericite alteration, as well as several zones of disseminated and brecciated hematite. Gold occurs in several very high grade veins, as well as in felsic dykes and copper is associated with the hematite breccias as well as in many small fractures and veinlets.

The Company drill tested the Ash claims in 2003 interpreted to be at the south end of the Sullivan-North Star sub-basin in the Purcell Supergroup in southeastern British Columbia. Four holes were completed. The purpose of the drilling was to verify a sulphide intersection reported by Texas Gulf Sulphur Corp. in 1971 and to determine the extent of this mineralization. Hole TGS71-1, drilled in 1971 by Texas Gulf Sulphur Corp., is reported to have intersected 5.5 metres of laminated and layered semi-massive sulphides at the Sullivan horizon beneath approximately 100 metres of overburden. The area is located just south of the St. Mary River, 9 kilometres due south of the Sullivan mine at Kimberley.

The widespread alteration and mineralization in Middle Aldridge rocks above the Sullivan horizon, and its contrast with unmineralized rocks in the footwall, suggests the possibility of a mineral source at the Sullivan horizon at the transition from the Middle to Lower Aldridge.

KLONDIKE GOLD CORP.
Form 51-102F1
Management Discussion and Analysis
For the period ended May 31, 2012

Work Completed to Date: Drill hole Pit-04-1 was drilled into 74 meters of overburden and 459.2 meters of bedrock. It was stopped in Middle Aldridge sediments and capped for later possible re-entry.

Panda Bain Irishman Property: BC

Location: 35 kms southwest of Cranbrook, in the Fort Steele Mining District
Size: 2226 ha

Minerals: copper, lead, zinc, silver, Sullivan type (Sedex-style) targets.

Property Geology:

The entire upper Moyie/upper Lewis-Irishman Creek area is underlain by the Middle Proterozoic Aldridge Formation. Mostly Middle Aldridge, these turbidite sequences are generally gently dipping and exhibit broad, open folding along north-trending fold axes. The region lies in the hanging wall to the major, northeast-trending Moyie Fault. Together with several sub-parallel faults in its hanging wall, these northeast-striking panels are the dominant structural elements in the area.

The Moyie West Block comprises the Irishman properties. The Panda basin is considered to be one of the more prospective exploration targets in the Aldridge Formation. Two holes at the north end of the basin, 1.5 km apart, discovered minor stratabound mineralization with total sulphides, lead/zinc ratios and intensity of alteration increasing to the northeast.

Exploration in the Panda, Payday and SMC areas has included a number of soil surveys, both gravity and magnetic, prospecting, geological mapping and diamond drilling. Several holes were drilled in the Panda area prior to 2004. Only two of these, approximately 2.5 km apart, have intersected the Sullivan horizon.

In 2005, two holes were completed in the basin. The first, Panda-04-1E, defined a composite Sullivan intersection of 85 metres with a variety of sedimentary facies and mineralization represented by 15m containing 129 ppm lead and 449 ppm zinc and 5 metres 941 ppm zinc. A second hole was collared about 3.25 kilometres south at the headwaters of Irishman Creek. A comparison of these holes indicated increasing values to the south. As described by D. Anderson (P.Eng.), who was the project geologist, the Irish 05-01 hole, located farther south and closer to the southwest-trending Moyie fault, intersected a thick (132 metres) and complex assemblage of sedimentary facies at Sullivan time that is cut at depth by a gabbro-granofels intrusion similar to the footwall at the Sullivan Mine. The hole was stopped at 1,422.2 metres in the intrusion. The best visible mineralization of galena, sphalerite and pyrrhotite, occurring as disseminations, patches and fracture fillings, was sampled with an interval of 36 metres containing 689 ppm lead and 1297 ppm zinc. Included within this interval is 6.0 metres of 1,717 ppm lead and 2725 ppm zinc. The highest grade, a one-metre sample, ran 0.29% lead and 0.39% zinc. Similar but somewhat weaker mineralization occurs within the fragmental below, down to the top of the intrusion.

In October 2008 the Company commenced a major drilling program on the Irishman property to further explore the Sullivan horizon and in May 2009 the Company announced highly encouraging results from a drilled hole that intersected 155 meters of the prospective Sullivan horizon at the Irishman Property. The Irishman hole, completed to a depth of 1520 meters, tested the Sullivan horizon at the south end of the Panda basin, a north-trending structural basin similar to the Sullivan basin hosting the past-

KLONDIKE GOLD CORP.
Form 51-102F1
Management Discussion and Analysis
For the period ended May 31, 2012

producing Sullivan Mine, 40 km to the north. The 155 meters of Sullivan horizon intersected by the Irishman drill-hole exhibit many characteristics of exhalative activity, typical of the distal fringes of Sedex mineralization in a basin setting. This favourable horizon comprises mainly massive sulphide

Work Completed to Date:

Deep drilling, 1210 meters (Irish-05-1) and 1218 meters (Irish-07-1) was conducted by Klondike Gold Corp. in 2007 and 2008.

Highlights of Work:

Mineralization of lead, zinc, silver, manganese and iron was encountered in the drill hole.

The Vine Property: BC

Ownership: 100 % Klondike Gold Corp

Location: The Vine Property is north and west of Moyie Lake, Fort Steele Mining District, 14 kms southwest of Cranbrook.

Size: 7289.2 ha

Minerals: Sedex, lead, zinc, silver and gold

Property Geology: The Vine property is entirely underlain by Middle Aldridge stratigraphy and a number of included Moyie intrusions (gabbro sills).

On May 1, 2012, the Company put out a news release announcing that it has entered into an option agreement with PJX Resources Inc. ("PJX") The agreement allows PJX to obtain a 50% undivided interest to the Company's Vine Project, located 11 kilometers southwest of Cranbrook, British Columbia. The Property encompasses 84 claims and covers an area of 6,301 hectares. Under the terms of the option PJX is committed to spending a total of \$1,500,000 over five years on the property, of which \$1,000,000 must be spent on drilling. PJX will also issue to the Company up to 200,000 shares.

Clubine Property: BC

Ownership: 100 % KG

Location: 5 km north of Salmo, southeastern British Columbia, Nelson Mining District

Size: 232 ha

Minerals: gold, silver, copper, zinc, lead

Property Geology:

KLONDIKE GOLD CORP.
Form 51-102F1
Management Discussion and Analysis
For the period ended May 31, 2012

The Clubine property contains two mineralized zones, a lower zcshear-related quartz-gold-silver-sulphide vein and an upper lead-zinc-silver zone characterized by a broad geochemical anomaly and thin, mainly quartz-galena veins. The high grade gold-silver vein has had some past production, recovering 3900 ounces of gold, 7700 ounces of silver and 818 kg of copper from 3666 tonnes of ore. It is an east dipping vein structure, typically up to one meter wide, which has been drilled through a vertical relief of approximately 200 meters and a strike length of 130 meters. The structure is open to depth and along strike. Vein minerals include quartz, siderite, pyrite, chalcopryrite and galena with minor pyrrhotite, sphalerite and tetrahedrite.

Work Completed to Date:

Past mining (1926-1942) and underground development; soil surveys, trenching and diamond drilling to test both the upper (Maggie) lead-zinc-silver zone and the Clubine vein. Klondike Gold conducted a ground VLF-EM survey in 2007 and a 14-hole diamond drill program in 2009-2010.

Highlights of Work:

DDH-2009

CB09-1 – 0.20 meters of 148.4 g /tonne gold (54.49 meter depth)

CB09-1 – 0.27 meters of 15.45 g /tonne gold (54.69 meter depth)

CB09-1 – 0.36 meters of 79.25 g /tonne gold (56.39 meter depth)

Hughes Range: BC

Ownership: 100 % KG . PJX Optioned to the Company

Location: Fort Steele Mining District, on the western slopes of Hughes Range and east of Rocky Mountain Trench

Minerals: Gold and SEDEX

Size: 6281.16 ha

Property Geology:

Mineralization comprises mainly thin quartz veins and breccias that locally contain minor sulphides and elevated gold values. These appear to be related to northwest trending syenite and granite dykes that cut Proterozoic Fort Steele quartzites. The property is within a recently recognized gold belt that extends south-westward from the Hughes Range to the central Purcell Mountains.

Work Completed to Date:

Staking

KLONDIKE GOLD CORP.
Form 51-102F1
Management Discussion and Analysis
For the period ended May 31, 2012

Highlights of Work:

The area is considered high potential for gold, due to placer production that occurs in the Wild Horse River immediately to the east. The property is on strike with a new discovery to the north (PJX Resources).

On May 1, 2012, the Company put out a news release announcing the purchase of two mining claims from Kootenay Silver Inc. These claims are contiguous with Company's Hughes Range property located 24 km north-east of Cranbrook, British Columbia. The terms of the agreement are a onetime payment of \$10,000, and should either of these two claims go into commercial production the Company will issue 250,000 shares to Kootenay Silver Inc.

Panda Bain Irishman Property: BC
Irishman of the Moyie West Block

The Moyie West Block comprises the Irishman properties. The Panda basin is considered to be one of the more prospective exploration targets in the Aldridge Formation. Two holes at the north end of the basin, 1.5 km apart, discovered minor stratabound mineralization with total sulphides, lead/zinc ratios and intensity of alteration increasing to the northeast.

Exploration in the Panda, Payday and SMC areas has included a number of soil surveys, both gravity and magnetic, prospecting, geological mapping and diamond drilling. Several holes were drilled in the Panda area prior to 2004. Only two of these, approximately 2.5 km apart, have intersected the Sullivan horizon.

In 2005, two holes were completed in the basin. The first, Panda-04-1E, defined a composite Sullivan intersection of 85 metres with a variety of sedimentary facies and mineralization represented by 15m containing 129 ppm lead and 449 ppm zinc and 5 metres 941 ppm zinc. A second hole was collared about 3.25 kilometres south at the headwaters of Irishman Creek. A comparison of these holes indicated increasing values to the south. As described by D. Anderson (P.Eng.), who was the project geologist, the Irish 05-01 hole, located farther south and closer to the southwest-trending Moyie fault, intersected a thick (132 metres) and complex assemblage of sedimentary facies at Sullivan time that is cut at depth by a gabbro-granofels intrusion similar to the footwall at the Sullivan Mine. The hole was stopped at 1,422.2 metres in the intrusion. The best visible mineralization of galena, sphalerite and pyrrhotite, occurring as disseminations, patches and fracture fillings, was sampled with an interval of 36 metres containing 689 ppm lead and 1297 ppm zinc. Included within this interval is 6.0 metres of 1,717 ppm lead and 2725 ppm zinc. The highest grade, a one-metre sample, ran 0.29% lead and 0.39% zinc. Similar but somewhat weaker mineralization occurs within the fragmental below, down to the top of the intrusion.

In October 2008 the Company commenced a major drilling program on the Irishman property to further explore the Sullivan horizon and in May 2009 the Company announced highly encouraging results from a drilled hole that intersected 155 meters of the prospective Sullivan horizon at the Irishman Property. The Irishman hole, completed to a depth of 1520 meters, tested the Sullivan horizon at the south end of the Panda basin, a north-trending structural basin similar to the Sullivan basin hosting the past-producing Sullivan Mine, 40 km to the north. The 155 meters of Sullivan horizon intersected by the Irishman drill-hole exhibit many characteristics of exhalative activity, typical of the distal fringes of Sedex mineralization in a basin setting. This favourable horizon comprises mainly massive sulphide

KLONDIKE GOLD CORP.
Form 51-102F1
Management Discussion and Analysis
For the period ended May 31, 2012

fragmentals with zones of alteration and visible sulphides (pyrrhotite, sphalerite and galena) mineralization.

The drilled hole represents the thickest Sullivan-time interval intersected to date. The work programs are under the direction of Trygve Hoy, Ph.D. P.Eng., a former provincial government geologist who is now a world-recognized expert on the setting and controls for Sullivan type deposits in the Proterozoic Purcell Basin of southern BC. "This is an exciting drill hole, the best we have ever done and probably the best that has ever been drilled in the Purcell basin outside of the Sullivan area," stated Dr. Hoy. Selected assays of the mineralized intervals are given below:

Sample	Depth (m)	Interval (m)	Zn ppm	Pb ppm	Ag ppm	Cd ppm
866328	1414.4 m	0.6 m	785	4137	1.2	9.4
866331	1417.3 m	0.33 m	2168	6861	4.7	24.5
866337	1424.0 m	1.0 m	2511	3286	6.7	11.7
866339	1426.0 m	1.0 m	3923	4769	9.1	14.7
866340	1427.0 m	1.0 m	2764	5167	7.3	17.2
866348	1451.2 m	1.0 m	161.1	2325	0.5	7.6
866358	1466.0 m	1.0 m	65.1	4649	0.8	26.3
866364	1505.7 m	1.8 m	775	3376	0.8	7.8

Clubine Property

During the fourth quarter of the previous fiscal year, the Company received drilling results of the drill program on the Clubine property (part of the Cranbrook Claims). Based on results from 1989 work, the Company drilled both above and below the Number 5 level for gold zones discovered in underground workings and to determine strike and depth of surface mineralized structures.

Assay results from the first of nine holes showed that drilling intersected a prominent, steeply dipping, north-trending shear zone, characterized by quartz veining, sulphide mineralization, and locally high gold and silver content. Assay results from mineralized sections in the first hole show the central part of an approximate 1 meter thick vein section containing 148 g/tonne gold and 203 g/tonne silver across 0.2 meters and a second lower vein containing 79 g/tonne gold and 110 g/tonne silver across 0.36 meters.

Ash Claims (Pit Claims)

The Company drill tested the Ash claims in 2003 interpreted to be at the south end of the Sullivan-North Star sub-basin in the Purcell Supergroup in southeastern British Columbia. Four holes were completed. The purpose of the drilling was to verify a sulphide intersection reported by Texas Gulf Sulphur Corp. in 1971 and to determine the extent of this mineralization. Hole TGS71-1, drilled in 1971 by Texas Gulf Sulphur Corp., is reported to have intersected 5.5 metres of laminated and layered semi-massive sulphides at the Sullivan horizon beneath approximately 100 metres of overburden. The area is located just south of the St. Mary River, 9 kilometres due south of the Sullivan mine at Kimberley.

KLONDIKE GOLD CORP.
Form 51-102F1
Management Discussion and Analysis
For the period ended May 31, 2012

The widespread alteration and mineralization in Middle Aldridge rocks above the Sullivan horizon, and its contrast with unmineralized rocks in the footwall, suggests the possibility of a mineral source at the Sullivan horizon at the transition from the Middle to Lower Aldridge.

Kid-Star Property

Through staking, the Company extended its land position in the Spider Creek and Star prospect areas in the Purcell Supergroup in southeastern British Columbia. This is a sedex massive sulphide target area that has received considerable past exploration, including drilling. In 2003, Klondike Gold began a hole at Spider Creek to test the Sullivan Horizon at the inferred intersection of two prominent linears.

The Spider Creek-Star area is within a structurally complex block of mainly Middle Aldridge stratigraphy. Several north-trending faults with considerable west-side down motion increase the depth to the Sullivan horizon to the west. Hence, drilling and sulphide mineralization in the Star deposit area have been restricted to the Middle Aldridge or hangingwall rocks of the Sullivan deposit. The faults are associated with wide zones of shearing and intense alteration, including silicification, widespread pyrite, and minor galena and sphalerite. Surface exposures of Middle Aldridge stratigraphy on the Star property are also locally intensely altered. Two zones of tourmalinite, aligned along a north-south structure, are indicative of Aldridge-age fault movement. The northern tourmalinite consists of a massive tourmalinite fragmental more than 25 metres thick and 15 metres wide. The southern exposure is about 3 m thick, consisting of fine-grained tourmalinite in metasediments. Two occurrences of albitized sediments are also noted on the claim block.

Exploration on the Star property has included some mapping, soil geochemistry and a UTEM geophysical survey by Cominco Ltd. in the late 1980s. Based on results of these surveys, Cominco drilled one hole and discovered thin pyrrhotite laminations in drill core. In 1990, Kokanee Explorations Ltd. entered into an agreement with Barkhor Resources Inc. to explore the property. Early work included a HLEM geophysical survey and a grid soil survey that led to drilling of a coincident geological, geochemical and geophysical anomaly.

Fourteen holes were drilled on the property in 1990-1991. Weak to highly anomalous to significant sulphide intersections were intersected in all holes in the central part of the block. Sulphides, including pyrite, sphalerite and galena, occur as cross cutting veins or layer parallel, stratabound accumulations (A. Hagen, 1990 report). Sulphides are reported as occurring as irregular lenses with quartz, parallel beds or as intensely disrupted, slump-like beds (A. Hagen). The best vein intersection (Hole S90-1) assayed 8.52% lead, 2.38% zinc and approximately 75 g/t silver across 2 metres (BC MINFILE report). Similar assays are reported from other holes; for example DDH 90-3, 210 metres farther south contained mineralized beds with assays of 1.12% zinc across 1 metre, and 12.12% lead and 340 g/t silver in a 1 metre interval in an immediately underlying bed.

In summary, the Kid-Star property is a known mineral occurrence with considerable past work that has identified significant vein and stratabound lead-zinc-silver mineralization. Diamond drilling on this property commenced in June 2007.

Ron Gold Property

The Company acquired the Ron Gold property in July 2003. The Ron Gold property is underlain mainly by mafic to intermediate rocks of the Eagle Creek plutonic complex that intrudes metavolcanics of the Early Jurassic Rosslund Group. The complex and host rocks are sheared by the northwest trending Silver King shear zone that extends more than 40 km to the south.

KLONDIKE GOLD CORP.
Form 51-102F1
Management Discussion and Analysis
For the period ended May 31, 2012

Numerous mineral occurrences, including the past-producing Granite-Poorman or Kenville mine, occur on immediately adjacent claims, and several mineral occurrences listed in BC Minfile are on the Ron claims. Work during the 2008 season included a small geochemical soil grid and 5 days of prospecting. Prospecting in 2004 and during the 2008 program discovered several new occurrences and showings. These are generally shear-related veins with variable to locally high copper and gold values, as well as fracture and vein controlled mineralization within the Eagle Creek plutonic complex itself. A small soil geochemical survey done in the northeastern part of the claim group identified some broad, irregular north to north-northwest trending coincident copper-(lead)-(zinc)-(silver) anomalies that appear to roughly parallel the trend of the Silver King shear zone. Gold values in the soil survey were more erratic although several very high values were recorded. Specifically, two samples 25 meters apart, returned values of 1460 and 132 ppb Au and a third sample, 225 meters to the west, returned 911 ppb Au.

Results of the 2008 field program were consistent with an exploration model for a porphyry type copper-gold system. Later structural modifications, specifically veining and shearing associated with the Silver King shear zone, may have locally enhanced copper and gold values. Currently the Company is looking into an airborne geophysical survey covering the entire claim group.

On September 24, 2009 the company announced that it had entered into an option/joint venture agreement (“Agreement”) with Anglo Swiss Resources Inc. (“Anglo”) wherein Anglo can earn up to a 60% interest in the Ron Gold property. The agreement was amended in September 2011. Consideration consists of Anglo paying \$200,000 (\$150,000 received), issuing 433,333 Anglo shares (received) and incurring \$650,000 in exploration expenditures by September 2014. This agreement is subject to an underlying agreement with an arm’s length party that comes with a 2% net smelter return royalty. Anglo may at any time purchase 1.5% of the royalty interest from the holder for \$500,000. The Company also holds an additional second royalty equal to 1% of net smelter returns. Anglo may at any time purchase 100% of the interest from the Company for an additional \$500,000.

On May 7, 2012 Anglo announced results from a 5 hole drill program which included one hole (KE12-04) being drilled on the Company’s Ron Claim optioned to Anglo as noted above. Anglo commented that their drill hole KE12-04 significantly extended the high grade vein system south of the historic Kenville mine workings and continued at depth and further along strike. Results of this drill program may be reviewed on Anglo’s website; www.angloswissresources.com

Red Point Property, Rossland

The Red Point property is a gold prospect where mineralization is believed to represent a gold-rich, copper-poor porphyry occurrence. Gold is associated with pyrrhotite and pyrite (with only trace amounts of chalcopyrite) disseminated through and coating hairline fractures in Rossland Group pyroclastics and flows which seem to range in composition from andesite to felsites. There are several old workings on the property from the 1800s and a large dump indicates there was a significant amount of underground development at that time. A total of six holes were drilled on the property totaling 1013 metres with the best assay interval reported from hole #2 in which 166 metres averaged 0.84 grams per tonne gold (Exploration in BC 1997, page 49).

Black Hawk Drilling began drilling the Red Point property in October 2007. Exploration on the property in 2006, including ground and airborne geophysical surveys, a soil survey and diamond drilling, identified several targets of widespread disseminated and fracture controlled copper-gold mineralization and massive sulphide copper-gold veins similar to those of the “Main veins” in the Rossland camp. Six holes are currently planned, testing at depth known surface mineralization and

KLONDIKE GOLD CORP.
Form 51-102F1
Management Discussion and Analysis
For the period ended May 31, 2012

coincident soil and geophysical anomalies. The holes are located mainly north and east of drilling done during the 2006 season.

Ontario

Matarrow Property

In February 2007, Klondike Gold announced it had acquired a 100% interest in the Matarrow mine property, located approximately six kilometres southwest of the Matachewan gold camp in Yarrow township, Ontario. New terms were signed on December 10, 2008. Consideration for the property consisted of \$42,500 (paid), 170,000 shares (issued) and a work commitment of \$45,000 (completed). There is a 2% net smelter return payable, of which half may be purchased for \$1,000,000.

The Matarrow mine consists of a three-compartment shaft and workings on the 150 and 300-foot levels. In 1952/1953, the Property produced approximately 40,000 tons of ore averaging 6.13% lead-zinc. Sphalerite (zinc), galena (lead) and silver occur in carbonate veins in "veined shatter zones" associated with a banded iron formation (BIF) that is 60 metres in width and extends for two kilometres along strike. These shatter zones may be feeder systems to a massive sulphide orebody related to the iron formation, or remobilized mineralization from a massive sulphide orebody.

In 1965, a geophysical EM survey performed in the area identified two major conductors. The first is in the shaft area and the second is located east of the shaft area. The second conductive zone exhibits a high conductivity with reported widths up to 60 feet. The second anomaly which is approximately 1,200 feet in length has only one recorded drill hole. This hole reportedly intersected a very heavily mineralized zone with pyrite and pyrrhotite from 122 to 156 feet, and a second mineralized zone from 252 to 315 had anomalous sections of gold and copper.

In 1996, Opawica Explorations Inc. drilled a single deep hole (MAT96-6) beneath the existing mine workings and intersected the South and North Veins with reported values of **9.57% Pb and 2.78% Zn over 1.0 meters** and **2.29% Pb and 0.87% Zn over 1.1 meters**, respectively. The intersections are approximately 220 meters vertically below surface. Klondike Gold's drill hole was collared approximately 60 meters south of Opawica's drill hole MAT96-6 at -70 degrees, intersecting **4.56% Zn and 0.59% Pb over 4.10 meters** drilled width, approximately 375 meters vertically below surface. This intersection is within a broader mineralized zone of **1.91% Zn and 0.27% Pb over 11.0 meters** drilled width. From historical data the estimated true width is believed to be approximately 1.49 meters within a broader mineralized zone of approximately 4.0 meters. Both the North and South Vein systems appear to coalesce at depth, dip subvertically and display continuity to the mineralized system at these greater depths.

The second drill hole twinned a 1953 drill hole and encountered massive sections of pyrrhotite and pyrite. Klondike Gold is planning a program of stripping and trenching as well as MMI geochemical sampling, and follow-up diamond drilling for the Matarrow Property.

A quality assurance program is employed which includes the insertion of standards and blanks for each batch of samples. Samples of the NQ size drill core are sawed in half, with one-half sent to a commercial laboratory, Expert Laboratory of Rouyn-Noranda, Quebec, and the other half retained in a secure facility for future reference.

KLONDIKE GOLD CORP.
Form 51-102F1
Management Discussion and Analysis
For the period ended May 31, 2012

To obtain the claims the company paid \$42,500 cash and issued 170,000 shares. There is a 2% NSR, of which half may be purchased for \$1,000,000.

Akweskwa West Property

In December 2010, the Company announced, subject to regulatory approval, the acquisition of a 100% interest in the Akweskwa West gold property. The property consists of ten claims (100 units) in Kenogaming Township, Porcupine Mining Division. The property is located approximately 50 km southwest of Timmins, accessible by road and is a key addition to the Company's gold portfolio. Consideration for the property consists of \$55,000 (\$15,000 paid) and 450,000 shares (100,000 issued), payable over four years. There is a 3% net smelter return payable, 1% of which may be purchased for \$1,500,000 and a further 1% purchased for a further \$1,500,000.

Results of Operations, period ended May 31, 2012

For the period ended May 31, 2012, the Company had a net loss of \$750,362 (2011 - \$171,067). The significant differences between the two periods include:

- Administration of \$75,207 (2011 - \$105,500). The decrease is due to a decrease in administrative services provided by a related party See "*Transactions with Related Parties*" below.
- Consulting and wages of \$122,210 (2011 - \$27,147). The increase is due to increased payments to directors and officers in the current period. See "*Transactions with Related Parties*" below.
- Depreciation expenses of \$14,935 (2011 - \$Nil). The increase relates to depreciation on equipment acquired in the current period.
- Office and miscellaneous of \$47,320 (2011 - \$4,617). The increase is primarily due to an increase in overall activities from the previous year.
- Professional fees of \$33,842 (2011 - \$7,768). The increase is primarily due to professional services related to the Klondike Star takeover bid.
- Stock based compensation of \$330,321 (2011 - \$Nil). The increase is a result of the fair value attributed to stock options granted in the current period.
- Travel and promotion costs of \$124,511 (2011 - \$23,807). The increase relates to cost of increased travel to mineral properties during the period and attending the PDAC conference in March 2011 versus a onetime recovery of costs in the previous year.

The Company's comprehensive loss was \$766,151 (2011 - \$189,788) which included a loss on valuing the Company's investments to market of \$15,789 (2010 - \$18,721).

Acquisition and exploration expenses during the period ended May 31, 2012 were \$1,225,227 (2011 - \$69,346). Exploration and evaluation asset expenditures during the period were primarily due to \$40,700 of acquisition costs and \$1,064,820 of exploration costs on the Yukon claims.

KLONDIKE GOLD CORP.
Form 51-102F1
Management Discussion and Analysis
For the period ended May 31, 2012

Summary of Quarterly Results

The following table sets forth selected quarterly financial information for each of the last eight quarters with the figures for each quarter in Canadian dollars.

Quarter Ending	Other Income (Loss) \$	Net Loss \$	Net Loss per Share \$
May 31, 2012 (IFRS)	3,676	(750,362)	(0.01)
February 29, 2012 (IFRS)	(69,854)	(417,463)	(0.01)
November 30, 2011 (IFRS)	142	(142,413)	(0.00)
August 31, 2011 (IFRS)	(1,465,384)	(1,665,032)	(0.10)
May 31, 2011 (IFRS)	50	(171,067)	(0.01)
February 28, 2011 (IFRS)	971	(266,327)	(0.01)
November 30, 2010 (IFRS)	(1,894)	(68,755)	(0.01)
August 31, 2010 (IFRS)	(455)	(133,990)	(0.01)

The increase in net loss in quarters ended August 31, 2011 and February 29, 2012 were primarily related to the write-off of exploration and evaluation assets.

Liquidity and Capital Resources

The Company has financed its operations primarily by the issue of share capital and loans from related parties. The continued operations of the Company are dependent on its ability to develop a sufficient debt restructuring plan, receive continued financial support from related parties, complete sufficient public equity financing, or generate profitable operations in the future.

The Company had working capital of \$1,286,156 at May 31, 2012 compared to a working capital of \$3,230,397 at February 29, 2012. The Company's cash position at May 31, 2012 was \$2,058,344. The Company does not have sufficient working capital to meet its obligations for the next twelve months. Additional capital will be required to meet the obligations of the option agreements and meet its flow through obligations.

Transactions with Related Parties

Key Management Compensation

	PERIOD ENDED	
	MAY 31 2012	MAY 31 2011
Consulting and wages	\$133,777	\$16,849

Payments to key management personnel including the Directors and Officers, are wages and consulting fees and are directly related to their position in the organization. Of the above \$26,377 (May 31, 2011 – Nil) was deferred in exploration and evaluation assets.

KLONDIKE GOLD CORP.
Form 51-102F1
Management Discussion and Analysis
For the period ended May 31, 2012

Other Related Party Transactions

In addition to related party transactions disclosed in the available-for-sale investments note and the mineral properties note, the Company entered into the following transactions and had the following balances payable with related parties. The transactions were recorded at the exchange amount agreed to by the related parties. Balances outstanding are non-interest bearing, unsecured and had no specific terms for collection or repayment.

- a) Due to related parties comprised \$118,631 (February 29, 2012- \$120,017) payable to a company controlled by a director and \$12,498 (February 29, 2012- \$18,932) to directors and officers.
- b) Under an annual renewable agreement for services and cost recovery, the Company was charged administration fees of \$75,207 (May 31, 2011 - \$91,500) by a company controlled by a director. The agreement can be terminated by either party with 30 days notice. The services to the Company included supervision and administration of the financial requirements of the Company's business, producing quarterly accounts in accordance with public reporting requirements; communicating with various regulatory authorities to ensure compliance with all applicable laws; professional analysis and planning of exploration programs, assisting in the preparation of news releases, promotional materials and other documents required to be disseminated, responding to any requests for information and questions; providing secretarial services and legal consultation; office space, office furniture, boardroom facilities, photocopier, fax and such other amenities normally associated with office needs; and providing such other additional instructions and directions as required.
- c) The Company was charged \$6,000 (May 31, 2011 – \$Nil) for rent in the Yukon by a director.
- d) The Company has amounts receivable from companies with directors in common in the amount of \$70,279 (February 29, 2012- \$29,725) for expenses and shared exploration and evaluation asset costs. The advances are unsecured, non-interest bearing and have no fixed terms of repayment. The Company has amounts receivable from directors of \$44,944 (February 29, 2012- \$35,000) for a prepaid expense advance and a private placement.
- e) The Company's loan payable to a company with a common director is non-interest bearing with no specific terms for repayment.

Financial Instruments and Other Instruments

Financial instruments are exposed to commodity price risk, liquidity and market risks.

a) Commodity Price Risk

The Company's ability to raise capital to fund exploration or development activities is subject to risk associated with fluctuations in the market prices of base and precious metals including gold, silver, zinc and lead, and the outlook for these metals. The Company does not have any hedging or other derivative contracts respecting its operations.

Market prices for metals historically have fluctuated widely and are affected by numerous factors outside of the Company's control, including, but not limited to, levels of worldwide production, short-term changes in supply and demand, industrial and retail demand, central bank lending, and forward sales by producers and speculators. The Company has elected not to actively manage its commodity price risk, as the nature of Company's business is in exploration.

KLONDIKE GOLD CORP.
Form 51-102F1
Management Discussion and Analysis
For the period ended May 31, 2012

b) Liquidity Risk

The liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages its liquidity risk through careful management of its financial obligations in relation to its cash position. Using budgeting processes the Company manages its liquidity requirements based on expected cash flow to ensure there are adequate funds to meet the short term obligations during the year.

During the past year the Company has been able to maintain its liquidity position through private placements.

Outstanding Share Data

The authorized share capital consists of an unlimited number of common shares.

Common shares - As of July 30, 2012, an aggregate of 81,729,982 common shares were issued and outstanding.

Warrants - The Company has the following warrants outstanding as of July 30, 2012:

Warrants	Exercise Price	Expiry Date
281,560	\$0.20	November 25, 2012
130,500	\$0.20	December 16, 2012
508,667	\$1.50	December 27, 2012
409,580	\$0.20	December 29, 2012
244,000	\$0.25	December 29, 2013
26,520	\$0.25	December 29, 2012
606,060	\$1.50	July 25, 2013
1,925,000	\$0.25	November 25, 2013
1,542,500	\$0.25	December 16, 2013
20,000	\$2.25 / 3.00	December 28, 2013
1,190,500	\$0.25	December 29, 2013
710,000	\$2.25 / 3.00	January 25, 2014
406,667	\$1.50	September 30, 2014
<u>326,667</u>	\$1.50	November 15, 2014
<u>8,328,221</u>		

Options – The Company has the following options outstanding as of July 30, 2012:

Options	Exercise Price	Expiry Date
125,667	\$1.50	June 14, 2012*
338,996	\$1.50	February 4, 2014
323,330	\$1.50	February 2, 2017
<u>4,040,000</u>	\$0.20	February 28, 2017
<u>4,827,993</u>		

*Expired subsequent to quarter end unexercised.

KLONDIKE GOLD CORP.
Form 51-102F1
Management Discussion and Analysis
For the period ended May 31, 2012

Investor Relations

Directors and Officers of the Company all participate in a limited investor relations program. The Company attends trade shows for external promotional activities. Costs allocated to investor relations are comprised of promotional expenses incurred by Directors and Officers of the Company.

On February 8, 2012, the Company announced that it has engaged The Raya Group of Vancouver to assist with its investor relations. The Raya Group is headed by Robert A. Young and has over 20 years of experience in working with the investment community

Future Accounting Pronouncements Not Yet Adopted

The following standards and interpretations have not been in effect as they will only be applied for the first time in future periods. They may result in consequential changes to the accounting policies and other note disclosures. The Company has not yet assessed the impacts of the standards or determined whether it will adopt the standards early.

IFRS 9 – Financial Instruments

IFRS 9 establishes the requirements for recognizing and measuring financial assets and financial liabilities. This new standard is effective January 1, 2013 with earlier application permitted.

IFRS 10 - Consolidated Financial Statements

IFRS 10 supersedes IAS 27: Consolidated and Separate Financial Statements and establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. This new standard is effective January 1, 2013 with earlier application permitted.

IFRS 11 - Joint Arrangements

IFRS 11 establishes principles for financial reporting by parties to a joint arrangement and supersedes IAS 31: Interests in Joint Ventures and SIC 13: Jointly Controlled Entities - Non- Monetary Contributions by Venturers. This new standard is effective January 1, 2013 with earlier application permitted.

IFRS 12 - Disclosure of Interests in Other Entities

IFRS 12 applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. This new standard is effective January 1, 2013 with earlier application permitted.

IAS 27 - Separate Financial Statements

IAS 27 contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. IAS 27 requires an entity preparing separate financial statements to account for those investments at cost or in accordance with IFRS 9. This new standard is effective January 1, 2013 with earlier application permitted.

IAS 28 - Investments in Associates and Joint Ventures

KLONDIKE GOLD CORP.
Form 51-102F1
Management Discussion and Analysis
For the period ended May 31, 2012

IAS 28 prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. This amendment is effective January 1, 2013 with earlier application permitted.