

KLONDIKE GOLD CORP.
Form 51-102F1
Management Discussion and Analysis
For the period ended November 30, 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 November 30, 2012 and the audited consolidated financial statements for the year ended February 29, 2012, which were both prepared in accordance with 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 January 29, 2013. 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.

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

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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 and also on the Company's website at www.klondikegoldcorp.com.

Overall Performance

Acquisition and exploration additions during the period ended November 30, 2012 were \$2,560,911 (2011 - \$54,455). Exploration and evaluation asset expenditures during the period were primarily due to \$41,595 of acquisition costs and \$2,197,405 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 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.

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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 (completed);
- 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.

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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 Pecshke, 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.

Lone Star

Ownership: Klondike Gold Corp.

Location: 20 km southeast of Dawson City, Yukon Territory

Size: 728 Claims and 14 Crown Grants covering 13750 hectares

Minerals: Gold, silver

Property Geology:

The Lone Star Ridge is underlain by quartz and feldspar augen-bearing quartz-muscovite schist (unit Psa) and muscovite-quartz schist (unit Psqm) of the Permian Klondike Schist Assemblage. This unit has a complex deformation history with at least four phases of deformation (D1-D4). The 2012 excavation of the Boulder Lode open cut has led to a significant increase in understanding the relationship between deformation and the gold mineralization.

In the Eldorado-Bonanza area the first phase of deformation consisting of ductile completely isoclinal folding is rarely observed. More common is the S2 i.e, compositional layering transposed by F2 folding. The attitude of S2 foliation in the Eldorado-Bonanza area describes a ridge scale macroscopic antiformal structure whose northeast limb is sheared by a thrust fault low on the northeast side of the Lone Star Ridge. This is indicated by sheared serpentinite, soapstone and graphitic phyllite encountered during the 2004 trenching and has been mapped as a thrust fault.

The third phase of deformation (D3) folds S2 with generally tight similar style folds with a northwest trend. Phase 4 deformation (D4) is conjugate angular kink folds and possible macroscopic warping (km scale) of the penetrative foliation. This produced pervasive folding and complex refolded folds which may appear as two conjugate sets: north to northeast and east to southeast.

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Gold mineralization is in shallow dipping sheets. This shallow dipping system is somewhat similar to that of the Veronika, 27 Pup and Nugget prospects. How significant the gold mineralization disseminated in schist without veins is not certain at present. It is possible that the quartz vein system derived its material from a very local syngenetic source. This is consistent with observed syngenetic base metal and silver mineralization within the Klondike Schist. Interpretation of drill hole data and surface mapping has shown that the F3 and F4 folding of the quartzite/schist boundary produces an interference pattern of classical 'egg carton' geometry and that the enriched mineralization is contained within such a dome of undulating D2 and D3 folding on a 100 to 200 meter scale. This structural work may be used to guide future drilling in the immediate Lone Star area.

Moving southwest down slope towards Eldorado Creek the Buckland to Nugget trend consists of locally gold-bearing quartz veins cutting strongly deformed muscovite and muscovite-quartz schist (unit Psqm) of the Permian Klondike Schist Assemblage. This area contains significant high grade results from work by previous operators and the Company views the possibility of high grade quartz veins over this 1000 m strike length as being very positive. It is noted that the Upper Eldorado gold occurrence with assays up to 98.8 g/t Au and several impressive specimens of visible gold may have some relation to this trend; however more work is required to confirm this.

The west side of Eldorado Creek is underlain by strongly deformed, blocky weathering, quartz augen-bearing quartz-muscovite-chlorite schist (unit Psa) with isoclinal infolds or interlayers of muscovite-quartz schist and carbonaceous phyllite (unit Psqm) and can be found from Adams Creek to the northwest down to Chief Gulch to the southeast. A number of narrow, southwest-dipping shear zones cut the schist as well as several small dykes of quartz-feldspar porphyry (unit eTqfp).

The Violet Ridge on the western boundary of the Lone Star Property contains several massive white quartz-barite veins cutting flaggy, quartz and feldspar augen-bearing, quartz-muscovite schist (unit Psa) of the Permian Klondike Schist Assemblage. The rock samples show quartz veining and stock working with common pyrite and limonite with local galena, chalcopryrite, and barite. The mineralization appears to be in at least two parallel trends with both showing sharp soil anomalies of 20 to 100 ppb Au and extends over four kilometres between the Violet and 310 Zones.

Work Completed to Date:

The Lone Star property has a long history starting with the 1896 gold rush and contains many active placer claims. It also has two past producing mines, the Lone Star mine (Boulder Lode) which operated from 1911-1914 and the Violet mine which was active in 1907.

After the closing of the Lone Star mine in 1914, no significant work was done on the property until 1960-1961 when the claims were explored with bulldozer trenching and sampling as well as 180 m of diamond drilling and 84 m of churn drilling. Activity again ceased until 1980 when Klondike Ken Ventures Incorporated explored the property with geochemical sampling, a resistivity survey and trenching in 1980-81, geological mapping in 1983 and 1984 and geochemical sampling and rock sampling of nearby old workings in 1984. In 1985, Dawson Eldorado drilled 6 percussion holes (183 m). Between 1986 and 1994 first Arbor Recourses then Kennecott Canada Inc. as part of an option agreement with Arbor conducted exploration on the property. This included multiple geophysics grids and 196 drill holes consisting of 13,075 m of RC and percussion drilling and 8094 m of diamond drilling. In addition approximately 220 trenches were dug and over 4000 trench samples assayed as well as over 5000 soil samples across the property. The majority of the work was concentrated around the

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Boulder Lode and the Nugget to Buckland Zone between Gay Gulch and 27 Pup which accounted for 68 and 63 drill holes respectively.

In 1995 Kennecott terminated its option agreement with Arbor Resources who changed their name to Klondike Gold Corp. in 1996. Very little work was conducted on the property from 1996 to 2003 until Klondike Gold Corp entered into a joint venture with Klondike Star Mineral Corp. in 2004.

Between 2004 and 2008 Klondike Star drilled 66 diamond holes and 6 percussion holes totalling 9291 m. Fifty nine of the drill holes were located on the Lone Star Ridge in the Boulder Lode area while a further 7 holes tested the Buckland to Nugget trend. Approximately 35 trenches were dug and numerous historic trenches were cleaned out and re-assayed with over 1600 samples collected as well as over 2500 soil samples. The soil sampling was concentrated on the eastern part of the property in areas that had seen very little previous work. A bulk sampling program was also conducted on selected targets between 2005 and 2007 in areas identified by geologists as having anomalous mineralization. In order to compare the effectiveness of the bulk sampling each sample has a corresponding set of chip samples to test the difference between bulk and conventional sampling.

In 2011 a limited exploration program was conducted by Klondike Gold and included trenching and soil and rock sampling along the Lone Star ridge road. In addition select trenches and the historic Boulder Lode were examined to investigate the relationship of structure to gold grade. These studies led to the re-excavation of the Boulder Lode open cut in 2012 where an extensive sampling program of 314 channel samples identified mineralization in both the flat lying quartz veins and the host schist. The relationship between mineralization and the complicated structure of the area was also examined and a structural model was developed that may be used to guide future drilling in the immediate Lone Star area.

A limited drill program of four holes totalling 1381 m was also conducted in addition to the 254 trench samples and 1306 soil samples. Much of the soil sampling was concentrated in the area surrounding the historic Violet mine where sharp soil anomalies delineate at least two parallel vein systems trending northwest in the direction of the 310 Zone over a distance of at least 3.6 km.

2012 Exploration Highlights:

- Boulder Lode open cut results of 1.86 g/t over 5 by 25 meters, including **9.43 g/t over 2.5 by 4.2 meters** of the excavation and significant advances in understanding of the structural and lithologic control on two types of gold mineralization
- Nugget Zone mapping, extension and grab samples of **179 g/t Au with 78 g/t Ag** and recognition of a possible trend to the Buckland Zone
- Upper Eldorado grab samples of up to **98.8 g/t Au with 20.7 g/t Ag**
- Violet Ridge trend advancement with high sample of **47.4 g/t Au and 894 g/t Ag** and recognition of possible 4 km strike length
- Boy Zone 400 by 900 m soil anomaly and recognition of further under explored areas of the property

2012 Work and Discussion of Priorities:

The exploration on the Lone Star Property during 2012 used a systematic approach to evaluate the potential of known targets and explore for new gold mineralization. The winter 2012 data review brought together over 30 years of data into a usable format and drove 2012 exploration priorities.

There are four high priority targets on the Lone Star Property:

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- 1) The Boulder Lode on top of Lone Star Ridge
- 2) The Nugget to Buckland trend midway up Lone Star Ridge with possible extent of greater than 1.1 km and significant past high grade results
- 3) The Violet Ridge trend with possible extent of 3.6 km from the historic Violet mine to the 310 Zone
- 4) The underexplored areas of the property which have significant extensive ongoing placer production

New understanding of the mineralization at the Boulder Lode has been facilitated by the excavation and sampling of the 100 year old open cut in June 2012 and by structural and lithological mapping by academic consultants Dr. Doug Mackenzie, Dr. Jim Mortensen, and Dr. Timothy Liverton. This understanding of the Boulder Lode gives evidence for two complementary types of significant gold mineralization:

- 1) Shallow dipping stacked quartz vein system visible in the 2012 Boulder Lode excavation with local thickness of 8 plus metres. Channel sampling shows results of 1.86 g/t (147 sample average) over a 5 by 25 m portion of the stacked vein system, including 9.43 g/t over a 2.5 by 4.2 meters. Individual samples show a high of 43.1 g/t Au in the quartz veins and 4.1 g/t in the interstitial schist host rock. This mineralization dips to the northeast into an area with very limited historical drilling and coincides with an area of favorable host lithology postulated by Dr. Jim Mortensen. Further investigation by drilling into the down dip extension of this mineralized unit is recommended.
- 2) Contouring and lithological mapping used previous drilling and trench data to generate an exploration model that shows gold enrichment in a subunit of the Klondike schist on the anticlines (structural high points) of undulating D₃ and D₄ folding on a 100 to 200 meter scale. Late D₄ extensional deformation appears to have preferentially mineralized these anticlines. This has implications for new target areas to the east and north of the Boulder Lode.

Geotechnical drilling in the Pioneer Zone southeast of the Boulder Lode was conducted in April and May to increase geological understanding of the relationship of the Boulder Lode to the Pioneer as well as to test induced polarization geophysical anomalies to the north of the Pioneer Zone. The program provided insights for future exploration; a stronger IP anomaly north of 12DDH003 is a possible target when taken in context of new lithological and structural understanding of the Boulder Lode. The stronger of the two anomalies was not drilled due to access issues during the early spring thaw.

Boulder Lode results of panel sampling, drilling results, and further explanation of structure contouring is available in Press Release September 5, 2012 "Klondike Gold Advances Lone Star Property".

The Nugget to Buckland trend was investigated in 2012 through mapping and rock sampling. This investigation by the Company's technical team has found that the trend of the upper Nugget Zone can be extended on surface. Select samples were collected including a grab sample of **179 g/t Au with 78 g/t Ag** (30 g fire assay with Gravimetric over limit). Results support future drilling to test the Nugget Zone at depth and along strike towards the Buckland Zone quartz veins. Active placer mining in Oro Grande Gulch suggests a source for gold in the area where the Buckland and Nugget Zones are assumed to intersect. Nugget and Buckland Zones have significant high grade results from work by previous operators and the Company views the possibility of high grade quartz veins over this 1000 m strike

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length as being very positive. It is noted that the Upper Eldorado gold occurrence with assays up to 98.8 g/t Au and several impressive specimens of visible gold may have some relation to this trend; however more work is recommended to confirm this. Further discussion and significant past results are available and in Press Release November 14, 2012 “Klondike Gold Samples 179 g/t Gold with 78 g/t Silver and 98.8 g/t Gold with 20.7 g/t Silver on the Lone Star Property, Yukon Territory”.

The Violet Ridge trend from the historic Violet mine to the 310 Zone was explored by mapping, rock sampling, and soil sampling in 2012. The results of this work in addition to further research on historical results have better defined the Violet Ridge trend mineralization. The mineralization appears to be in at least two parallel trends, both showing sharp soil anomalies of 20 to 100 ppb Au with rock sample results of up to 47.4 g/t Au and 894 g/t Ag at the Violet mine ore pile. The veins have vertical extent of approximately 400 m in the area of the 310 Zone on the ridge down to the base of Nugget Gulch where the vein was observed to be steeply dipping to the northeast. The four plus kilometer extent and vertical extent of the Violet Ridge trend with the possibility of high grades make this an attractive target for the Company.

Previous Press Release relating to the Violet Ridge trend include September 20, 2012: “Klondike Gold Samples 47.4 g/t Gold and 894 g/t Silver along the Violet Vein Trend” and November 14, 2012: “Klondike Gold Samples 179 g/t Gold with 78 g/t Silver and 98.8 g/t Gold with 20.7 g/t Silver on the Lone Star Property, Yukon Territory”

The technical team has recognised that portions of the 137.6 km² Lone Star Property remain under explored. The newly discovered Boy Zone 400 by 900 m soil anomaly illustrates the possibility of finding new zones on the Lone Star Property. Further promising early stage exploration target areas include:

- 1) The southeast portion of the property in the area of Little Blanche and Quartz Creek where there is significant and ongoing placer gold production.
- 2) Northwest of French Gulch to Adams Creek area along strike with the Violet Ridge trend where there has been little recent work and placer production that was some of the richest in the Klondike Gold Fields and continues to present.

Senior management, expert scientific consultants, and the technical team are currently developing the plan to most efficiently and effectively test Lone Star priority targets in the 2013 season.

Indian River Placer Project

The Company's, by way of a Royalty & Lease agreement obtained from its Joint Venture Partner Klondike Star Mineral Corporation the Mining Rights to the 188 claims that form the Indian River Placer Gold Project. The project is located in the Dawson Mining District about 75 minutes drive from Dawson City and about 30 minutes from the Companies Lone Star Property.

On July 7, 2012, The Company 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

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50% participating interest in the JV and its ongoing operations. The Parties entered in to a formal agreement on July 26 2012 which set the stage for the development of the mine. (NR July 26 2012)

The Indian River Placer Property covers over 60 miles of placer claims and leases along the southern edge of the Klondike placer mining region at the confluence of Indian River and Montana Creek, both gold producing drainages. The Indian River and its tributaries have been the largest gold producers in the Yukon for the last seven years.

At start of construction about 60% of the property has been drilled between 2005 and 2007. 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%.

An operating company has been formed to operate the mine under the supervision of an experienced placer-mining team appointed by the JV partners. Work on the project commenced on July 27 2012 A preliminary construction camp is being set up while the permanent camp site is prepared. A track-mounted auger drill had started drilling for mine planning and grade-control purposes. Two Caterpillar D9N bulldozers arrived on the property starting on-site preparation and overburden stripping while other mining and processing equipment was mobilized to the property. Stripped overburden gravels and sterile gravel layers were used to improve the internal road system and for the building a 800 meter to carry a pipeline to water. Efforts were made to build project infrastructure without additional operating or construction cost. Field operations ended October 15 with the Mine infrastructure completed and tested the mine ready to produce in the 2013 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 been completed and the property is in good standing.

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B.C. Properties:

Panda Irishman Group

Ownership: 100 % Klondike Gold Corp.

Location: 35 km southwest of Cranbrook, in the Fort Steele Mining District

Size: 273 claims covering 30147 hectares, this contiguous property is sub divided into Panda Irishman, Lewis McNeil, Leadville, Thea Gold, and Kid-Star for administrative purposes

Minerals: gold, lead, zinc, silver, copper

Property Geology:

The Panda Irishman Group is mainly underlain by the Middle Proterozoic Aldridge Formation, host to the Sullivan sedex deposit. The claims are aligned roughly northeast, in the hanging wall of the northeast trending Moyie fault, covering an area of approximately 10 by 25 kilometers. They include several individual properties or areas, including the Panda-Irishman, Lewis McNeil Creek, Kid-Star, Thea Gold, and Leadville and the Brook gold vein occurrence. These properties have received considerable past work by Klondike Gold Corp. and the previous owner, Sedex Mining Corp, as well as other exploration companies. This area is within a recognized structural zone, commonly referred to as the “Kanasewich rift”, which is marked by structures that have a repeated history of movement from Middle Proterozoic to Tertiary time and played an important role in the distribution of sedimentary rocks, intrusions and related mineral deposits.

Geology details are as per the below sub group properties Panda Irishman, Lewis McNeil, Leadville, Thea Gold, and Kid-Star.

2012 Work:

The 2012 exploration program included geological mapping, prospecting, sampling and analyses, and two small ground geophysical surveys on the Brook Au vein occurrence. These activities resulted in the discovery of several new mineralized areas with anomalous gold values. A considerable part of the work was spent at the Brook tracing and sampling the extent of the exposed vein and recognizing the importance of northwest-trending structures in localizing mineralization within the north trending shear. Mapping and prospecting in the Kid-Star area resulted in the discovery of several shear structures with base metal mineralization; anomalous gold values were discovered in several of these, although values were low. Also on Kid-Star rocks interpreted to be Lower Aldridge were recognized in the immediate footwall Carrol Creek fault. This enhances considerably the prospect of exploration of the Sullivan horizon at the lower to middle Aldridge contact within the area. Further evaluation of these anomalous areas is recommended.

Panda Irishman

(Sub-grouping of the Panda Irishman Group for administrative purposes)

Ownership: 100 % Klondike Gold Corp.

Location: Central and southeast in the Panda Irishman Group

Size: 74 claims covering 12030 hectares

Minerals: Lead, zinc, silver

Property Geology:

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The upper Moyie/ Lewis-Irishman Creek area is underlain by the Middle Proterozoic Aldridge Formation, intruded by several gabbroic Moyie sills and dykes. The region lies in the hanging wall of the major, northeast-trending Moyie Fault, a regional fault with a history of movement dating to Aldridge time. More northerly faults in the area are interpreted to parallel Proterozoic growth faults that define small structural basins, typical settings for sedex type deposits. Several sedimentary fragmentals, tourmalinites, and occurrences of vein lead-zinc-silver mineralization are further evidence of exhalite mineralization.

Work Completed to Date:

Between 2002 and 2007 Klondike Gold Corp. drilled nine widely spaced holes to the Sullivan time horizon. Deep drilling has defined a north trending Proterozoic age structural basin that contains anomalous concentrations of exhalative lead and zinc mineralization. Furthermore drilling indicates that both the total content of metals and sulphides and the thickness of the key Sullivan horizon increases to the southwest within the basin and towards the east-northeast trending Moyie fault.

Lewis McNeil Creek (including the Brook Zone)

(Sub-grouping of the Panda Irishman Group for administrative purposes)

Ownership: 100 % Klondike Gold Corp.

Location: Northeast in the Panda Irishman Group

Size: 87 claims covering 9667 hectares

Minerals: Gold, lead, zinc, silver

Property Geology:

The Lewis McNeil Creek property is underlain mainly by the Proterozoic Middle Aldridge Formation north of the northeast-trending Moyie fault. Several well defined exploration targets have recently been discovered, which include both sedex (similar to the world-class Sullivan sedex deposit) and gold within the newly recognized Kimberley Gold Trend. Detailed mapping in the vicinity of the past trenching on the Brook occurrence on this property has identified a shear zone which may be a composite of several shears oriented north northeast with widths up to 20 meters wide.

Work Completed To Date:

Past work has identified several mineral occurrences, including the Brook gold-quartz vein, and McNeil lead showings.

2012 Work:

Exploration on the property in 2012 focused on the Brook gold occurrence and included geological mapping, prospecting and a ground VLF-EM and magnetometer geophysical survey. The highest value for gold from the detailed sampling program came from a 20 cm wide goethite bearing quartz vein with yellow clay alteration assayed approximately 15.3 g/t Au. Three other chip samples contained values greater than 1 g/t Au (1011 – 6004 ppb Au) with several other samples containing gold over 100 ppb. All the samples collected from the Brook occurrence contained what is considered anomalous gold values (>15 ppb Au). In addition to elevated gold, the Brook also showed elevated values of Cu, Pb, Ag, As, Sb, Hg and Te.

Approximately 1 km north of the Brook a sub-cropping zone of carbonate altered gabbro is located in a road ditch. Some float boulders are comprised of milky quartz veins in an orange weathering altered gabbro sill and occur over a distance of 300 meters in the ditch. Bull quartz veins have visible gold in one

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location (associated with galena and chalcopyrite). Six samples were collected from this zone with the highest gold value at 778 ppb Au.

The Brook occurrence can be traced in subcrop or extrapolated several hundred meters to the north, although rock outcropping is poor. Approximately 1 km to the north and roughly on strike with the Brook shear, discovery of visible gold in bull quartz vein material suggests that the shear extends considerably farther. The small ground magnetic survey indicates that a northwest-trending fault intersects the shear zone. The limited geophysical survey was encouraging and should be expanded.

Leadville

(Sub-grouping of the Panda Irishman Group for administrative purposes)

Ownership: 100 % Klondike Gold Corp.

Location: Northwest in the Panda Irishman Group

Size: 16 claims covering 1002 hectares

Minerals: Gold, lead, zinc, silver

Property Geology:

The Leadville property is underlain mainly by the Middle Proterozoic Aldridge Formation that contains many indicators such as vein sulphides, fragmentals and tourmalinites that characterize sedex mineralization in the Purcell Mountains. As well, the property is on the northern inferred extension of the Thea Gold vein occurrence. 2012 work showed several vein occurrences on strike with the Thea which contains significant anomalous gold.

Work Completed To Date:

There has been little past exploration done by Klondike Gold Corp. on the property prior to 2012

2012 Work:

A program of prospecting and rock sampling conducted in the upper Leadville and upper Kidd Creek areas focused primarily on developing and expanding the Thea vein, a gold bearing shear system hosted in Middle Aldridge sediments to the south. The area that was prospected was generally north-northwest of and roughly on strike with the Thea prospect.

Gold mineralization and associated alteration was found to be developed in the Aldridge metasediments below and between the Moyie sill packages. Nine zones of multi-gram gold were sampled during the program, with an additional 24 samples assaying between 100-1000 ppb Au. These zones are all associated with silicification, albitization, sericite, goethite, hematite, manganese and pyrite. Chalcopyrite, galena, and arsenopyrite were found in a number of these gold bearing zones. Assay results indicate elevated values of Cu, Pb, Ag, As, Sb, Hg and Te, associated with the higher gold values.

Numerous other zones of anomalous gold and base metal occurrences were found during the program. Zones of hornfelsing with copper mineralization are widespread in the footwall of the lower Moyie sill in the upper Leadville area. Alteration in the Moyie sills in this area was also found to host galena, sphalerite, chalcopyrite, and arsenopyrite. A fragmental pipe was located that was largely comprised of sediment and gabbro clasts in a biotite/sericite matrix. It appears to be roughly circular and has a north trending, 50 degree east orientation. It is capped by sediments in the basin wall and down dip is covered by talus scree. Pyrrhotite is locally developed within the pipe with some chalcopyrite and native copper. In the hanging wall of the pipe fractured and altered sediments were found to host quartz veins with chlorite and galena.

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Thea Gold

(Sub-grouping of the Panda Irishman Group for administrative purposes)

Ownership: 100 % Klondike Gold Corp.

Location: Central west in the Panda Irishman Group

Size: 15 claims covering 2298 hectares

Minerals: Gold, lead, zinc, silver

Property Geology:

The Thea Gold prospect consists of a north trending, variably east dipping shear zone in Middle Aldridge siltstone and quartzite that is intensely silicified with quartz breccias, quartz stringers and veins. The shear zone has been traced, through drilling and trenching, over a strike length of approximately 700 meters. The zone varies in width from less than a meter to 6 meters.

Work Completed to Date:

Trenching done in 2002 and 2003, soil survey in 2003, 13 drill holes (totaling 378 meters) in 2003, and 12 holes, (totaling 825.41 meters) completed in 2004, and limited geological mapping.

Highlights of Work:

0.65 m of 11.51 g/t Au in drill hole DDH T-03-13 and Trench A – 4 meters of 14.5 g/t Au from chip sample.

2012 Work:

A program of prospecting and rock sampling conducted in the upper Leadville and upper Kidd Creek areas focused primarily on developing and expanding the Thea vein, a gold bearing shear system hosted in Middle Aldridge sediments to the south. The area that was prospected was generally north-northwest of and roughly on strike with the Thea prospect.

Gold mineralization and associated alteration was found to be developed in the Aldridge metasediments below and between the Moyie sill packages. Nine zones of multi-gram gold were sampled during the program, with an additional 24 samples assaying between 100-1000 ppb Au. These zones are all associated with silicification, albitization, sericite, goethite, hematite, manganese and pyrite. Chalcopyrite, galena, and arsenopyrite were found in a number of these gold bearing zones. Assay results indicate elevated values of Cu, Pb, Ag, As, Sb, Hg and Te, associated with the higher gold values.

Numerous other zones of anomalous gold and base metal occurrences were found during the program. Zones of hornfelsing with copper mineralization are widespread in the footwall of the lower Moyie sill in the upper Leadville area. Alteration in the Moyie sills in this area was also found to host galena, sphalerite, chalcopyrite, and arsenopyrite. A fragmental pipe was located that was largely comprised of sediment and gabbro clasts in a biotite/sericite matrix. It appears to be roughly circular and has a north trending, 50 degree east orientation. It is capped by sediments in the basin wall and down dip is covered by talus scree. Pyrrhotite is locally developed within the pipe with some chalcopyrite and native copper. In the hanging wall of the pipe fractured and altered sediments were found to host quartz veins with chlorite and galena.

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Kid-Star

(Sub-grouping of the Panda Irishman Group for administrative purposes)

Ownership: 100 % Klondike Gold Corp.

Location: Southwest in the Panda Irishman Group, 20 km east of Creston, B.C.

Size: 81 claims covering 5150 hectares

Minerals: Lead, zinc, silver, gold

Property Geology:

The Kid-Star is underlain by the Middle Proterozoic Aldridge Formation as is the Irishman and Panda to the northeast. The bedded (sedex) mineralization on the Kid-Star property appears to be stratigraphically higher than in the Sullivan deposit, and contains considerable vein mineralization, tourmalinite alteration, and fragmentals.

Work Completed to Date:

Past drilling, by Kokanee Exploration (1990 and 1991), discovered both stratabound and vein mineralization in the Aldridge Formation at stratigraphic levels above the Sullivan horizon. Recent work by Klondike Gold (2012) is focusing on the gold potential, as well as the sedex mineralization, due in large part to the discovery of significant gold values in correlative rocks on Eagle Plains Resources and Providence Resources property to the west, and on Fjordland Exploration's property immediately to the north. Highlights of work include pyrite, sphalerite, galena: cross cutting veins or layer parallel stratiform mineralization with notable drill intersections:

S90-1: 2m: 8.52% Pb 2.38% Zn 75g/t Ag

S90-3: 1m: 12.12% Pb 1.12% Zn 340g/t Ag

2012 Work:

The 2012 exploration by Klondike Gold included a reconnaissance prospecting program, mainly directed towards gold, and reconnaissance mapping to better evaluate the potential for sedex lead-zinc mineralization.

The central portion of the Kid-Star property was mapped at a scale of 1:10,000, augmenting and updating previous industry and government work.

The property is underlain mainly by Middle Aldridge stratigraphy which is cut by numerous steeply dipping, north-trending and northwest-trending faults with typical normal displacement. Middle Aldridge stratigraphic marker units, largely located and identified by Cominco geologists, were used in defining fault offsets and stratigraphic position within the Middle Aldridge Formation. These markers also confirm that the Sullivan horizon, at the Lower/Middle Aldridge contact, subcrops on the west side of the property. Limited outcrop here does not allow for details about the character of the Lower Aldridge but the rocks seem atypical. This may impact the potential for developing a Sullivan horizon sub-basin setting on the property but the two fault orientations and presence of alteration and lead-zinc along them are positive indicators for the property and area. Potential for gold has been enhanced by the confirmation of large structures with widespread alteration zones and some weaker but anomalous gold values over significant widths.

In the western portion of the property the Middle Aldridge is in fault contact with Creston Formation sediments along the Carrol Creek fault. Prospecting showed alteration in the hanging wall of the fault extends westward over 400 meters. Sampling in the hanging wall of the fault returned anomalous gold

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with values up to 580 ppb Au. This sample was collected from a wide zone (8 m exposed) of thin goethite rich quartz veins and is within a larger zone of weakly anomalous gold (30-60 ppb Au) that extends over a 300 meter distance. Samples from this area contained elevated values for Cu, Pb, Zn, Ag, As, Sb, Bi, and Hg.

Hughes Range

Ownership: 100 % Klondike Gold Corp.

Location: Fort Steele Mining District, 20 km northeast of Cranbrook on the western slopes of Hughes Range

Size: 36 claims covering 6323 hectares

Minerals: Gold, copper, lead, zinc, silver

Property Geology:

The Hughes Range property is located along the eastern side of the middle Proterozoic Purcell basin, a well-mineralized sequence of rocks that hosts the Sullivan sedex deposit 20 km west of the Hughes Range, the Couer d'Alene veins in Idaho, and the stratabound copper-silver deposits of Spar Lake and Montanore in Montana. 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 southwest from the Hughes Range to the central Purcell Mountains. 2012 work showed copper mineralisation of chalcopyrite, bornite, and native copper in the some areas of the Fort Steele quartzites which the company views as significant and plans to investigate further.

2012 Work:

Activity was focused mainly on a new exploration target, disseminated and fracture controlled copper mineralization in Fort Steele quartzites. As well, some prospecting and reconnaissance mapping were done on the sedex Kootenay King lead-zinc deposit on the east side of the property and on known gold and silver vein occurrences farther west.

2012 prospecting discovered a widespread zone of copper sulphide mineralization within a southwest-trending structural corridor that is also marked by Cretaceous intrusive rocks and base and precious metal vein mineralization. Mineralization tends to be focused at the intersection of this corridor with north-trending faults that parallel the Rocky Mountain trench faults.

Numerous thin quartz-sulphide veins with multi-gram gold values, the polymetallic Try Again occurrence (BC Minfile 082GNW017) and on the western end, the copper zone, occur within this mineralized corridor. Of 73 exploration rock samples taken in 2012 the highest copper value returned was 0.74 percent and the highest gold value was 2.5 g/t with 12 of 73 samples running above 0.2 g/t gold.

Quartz Mountain

Ownership: 100 % Klondike Gold Corp.

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

Size: 74 claims covering 4037 hectares

Minerals: IOCG (Iron oxide copper gold), possible intrusion related gold

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Property Geology:

The Quartz Mountain property straddles a major east-trending fault, the St. Mary fault, and several smaller northeast trending faults. The claim area includes several small high-grade past producing veins called Prices Pit and Golden Egg. Recent exploration focused on an IOCG (iron oxide copper-gold) target, recognising widespread chlorite, silica and sericite alteration, as well as several zones of disseminated and brecciated hematite. Gold occurs in several very high grade veins, in felsic dykes and copper is associated with the hematite breccias as well as in many small fractures and veinlets.

Work Completed to Date:

Considerable historical work has been done to date, particularly on the high grade Prices 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 completed 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/t Au over 0.5 meters drilled in 2004 by Klondike Gold. Weakly mineralized iron oxide breccias were intersected by two drill holes in 2007.

2012 Work:

Although limited in scope the 2012 work found an extension to Prices Pit mineralisation as exposed by a road cut some 200 meters from know Prices Pit mineralisation and further alteration above Golden Egg. Some alteration looks as though it may be intrusion related as opposed to IOCG type. Discussions are ongoing within the Klondike Gold technical team and consultants as to the nature of mineralisation and alteration, but the property remains one of the highest priorities in British Columbia.

Pit Ash

Ownership: 100 % Klondike Gold Corp.

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

Size: 36 claims covering 3654 hectares

Minerals: Lead, zinc, silver

Property Geology:

The claims cover a segment of the Aldridge Formation in the immediate hanging wall of the St. Mary fault. The area has attracted exploration interest because it may cover the southern extension to the Sullivan-North Star feeder system, some eleven kilometers south of the Sullivan ore body. Thick overburden minimizes outcrop and makes exploration conjectural. Complex structures also contribute to the difficulties of effective exploration. The St. Mary fault places Lower Kitchener Formation in the south against Middle Aldridge to the north, indicative of at least 1200 metres of vertical movement.

Work History:

Several small exploration companies explored the area, by mapping and ground geophysics, in the 1950s. Magnetic responses resulted in two short holes through overburden which hit a magnetic gabbro intrusion.

In the 1970s, Texas Gulf Sulfur's first drill hole (TGS71-1) hit a significant sulfide zone at subcrop which is interpreted as occurring at Sullivan time horizon. The bands of bedded, high percentage sulfide are

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dominantly iron sulfides (pyrrhotite and pyrite) occurring over approximately 6 m true thickness with anomalous lead and zinc values. The drilling also identified the east-west striking Polaris fault. Subsequent drilling was unsuccessful in penetrating the same horizon due to erosion and faulting. In 1999, the Pit claims were drilled about two kilometers west of the original discovery hole however the faulting and a dramatic increase in metamorphic grade made correlation to the 1971 hole impossible.

Between 2002 and 2004, drilling by Klondike Gold recognized that the potential host stratigraphy (i.e., Middle Aldridge Formation and Sullivan time) was present at depth between the regional St. Mary fault and the Polaris fault, an east-west striking fault which juxtaposes Middle Aldridge on the south with Lower Aldridge on the north. The western boundary of the host stratigraphy is likely formed by a north trending thrust fault identified by previous drilling (1999-2000). Exploration on the Pit/Ash property was dormant from 2004 until 2012.

2012 Work:

The 2012 work was concentrated along the south boundary of the property, and north of the St. Mary River in an attempt to define the controlling structures in the area, and determine the extent of favourable Middle Aldridge stratigraphy and the Sullivan horizon. Mapping, combined with a ground geophysical survey was successful in increasing understanding of the complex structures in the area. Further work is recommended.

Vine JV

Ownership: 100 % Klondike Gold Corp.

Location: The Vine property is north and west of Moyie Lake, Fort Steele Mining District, 11 km southwest of Cranbrook.

Size: 82 claims covering 6028 hectares

Minerals: Lead, zinc, silver, gold

Property Geology:

The Vine property is entirely underlain by Middle Aldridge stratigraphy and a number of included Moyie intrusions (gabbro sills), shear-related vein systems have been noted on the property and in adjacent PJX Resources in ground.

On May 1, 2012, the Company announced 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, 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 up to 200,000 shares to the Company.

South Vine

Ownership: 100 % Klondike Gold Corp.

Location: The South Vine property is north of Moyie Lake, Fort Steele Mining District, 14 km southwest of Cranbrook. This property is contiguous with the Vine JV, but is not included in the PJX Resources option agreement.

Size: 23 claims covering 1366 hectares

Minerals: Gold, lead, zinc, silver

Property Geology:

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The South Vine property is entirely underlain by Middle Aldridge stratigraphy and a number of Moyie intrusions (gabbro sills). Shear-related vein systems and placer gold occurrences have been noted on the property. This property is contiguous with the Vine JV, but is not included in the PJX Resources option agreement.

Cruz-Midway

Ownership: 100 % Klondike Gold Corp.

Location: 25 km south of Cranbrook, BC, South of Moyie Lake, Fort Steele Mining District

Size: 52 claims covering 2236 hectares

Minerals: Lead, zinc, silver

Property Geology:

The area is underlain by Middle Proterozoic Aldridge Formation

2012 Work:

No work was conducted on this property in 2012.

Cold Creek

Ownership: 100 % Klondike Gold Corp.

Location: Located 15 km east of the community of Yahk and about 55 km south of Cranbrook, B.C. in the Fort Steele Mining division

Size: 29 claims covering 7135 hectares

Minerals: Lead, zinc, silver

Property Geology:

The area is underlain by Middle Proterozoic Aldridge Formation and a western quartzitic facies referred to as the Ramparts Facies; these rocks correlate with the host rocks of the Sullivan deposit at Kimberley. Several thick Moyie gabbroic sills intrude the succession, and tourmalinites, conglomerates, and vein lead-zinc mineralization, indicators of sedex mineralization, are abundant throughout the area.

Work Completed To Date:

In 2001 Klondike Gold Corp. optioned the property and drilled several short holes on the slopes east of Cold Creek, mainly to test a large stratabound tourmalinite occurrence and a soil geochemical anomaly. Klondike Gold Corp. also drilled a deep hole (540 meters) south of the area in the valley of Hawkins Creek.

The latest deep hole intersected interlayered Ramparts Facies and Lower Aldridge stratigraphy, suggesting proximity to a Sullivan age growth fault, an important control in exploration for sedex mineralization. Further deep drilling is warranted.

Red Point

Ownership: 100 % Klondike Gold Corp.

Location: Trail Mining District, approximately 5 km east of Rossland.

Size: 9 claims covering 3259 hectares

Minerals: Copper, Gold

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Property Geology:

The Red Point area is underlain by Elise Formation metavolcanic and metasedimentary rocks that are exposed in a 1.5 to 2.5 km wide embayment in the east-trending Rossland monzonite. Numerous north-trending dykes cut all lithologies. A high-grade gold-quartz vein, the Cathedral, trends easterly, parallel to the trend of similar style mineralization in the Rossland camp. Disseminated and fracture controlled mineralization occurs in the northwestern part of the area and this has been the focus of past exploration drilling and more recent drilling by Klondike Gold Corp.

Work Completed To Date:

Diamond drilling was conducted in 1988 and 1997 by previous operators, and in 2006 and 2007 by Klondike Gold Corp. Considerable prospecting, geologic mapping, a regional airborne geophysical survey and a soil geochemical survey have been conducted.

Highlights of Work:

DDH 12 (Tobex Resources) – 1.52 meters of 16.15 g/t Au drilled in 1988

97RP-2 (Loumic Resources) – 3.0 meters of 12.22 g/t Au drilled in 1997

RP06-03 (Klondike Gold) – 2.0 meters of 9.2 g/t Au drilled in 2006

2012 Work:

Site visit by Klondike Gold geologist, consultants, and prospective partners.

Clubine

Ownership: 100 % Klondike Gold Corp.

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

Size: 5 claims covering 232 hectares

Minerals: gold, silver, copper, zinc, lead

Property Geology:

The Clubine property contains two mineralized zones, a lower shear-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, chalcopyrite 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 2009-2010 work include:

CB09-1 – 0.20 meters of 148.4 g /t Au (54.49 meter depth)

CB09-1 – 0.27 meters of 15.45 g /t Au (54.69 meter depth)

CB09-1 – 0.36 meters of 79.25 g /t Au (56.39 meter depth)

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Ron Gold

Ownership: 100 % Klondike Gold Corp.
Location: Nelson Mining District, 5 km southeast of Nelson
Size: 29 claims covering 1167 hectares
Minerals: Copper, Silver, Gold

Property Geology:

The property is underlain mainly by 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 work done to date by Klondike Gold Corp. 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:

2008 prospecting (hand sample) assayed at 19.4 g/t Au (19,412 ppb) and 0.0133% copper (133 ppm) in a quartz shear sample.

2012 Development:

The property was recently released from option by Anglo Swiss Resources and Klondike Gold is currently reviewing opportunities for this property.

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

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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.

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.

Results of Operations – Nine Months

For the nine month period ended November 30, 2012, the Company had a net loss of \$575,533 (2011 - \$1,978,512). The significant differences between the two periods include:

- Mineral properties abandoned and written off of \$Nil (2011- \$1,576,974).
- Administration of \$159,213 (2011 - \$278,000). The decrease is due to a decrease in administrative services provided by a related party See "*Transactions with Related Parties*" below.
- Consulting of \$320,042 (2011 – \$101,631). The increase is due to increased payments to directors and officers in the current period. See "*Transactions with Related Parties*" below.
- Depreciation expenses of \$80,127 (2011 - \$Nil). The increase relates to depreciation on equipment acquired in the current period.
- Joint venture cash contribution of \$1,025,000 (2011 - \$Nil) related to the Indian River JV in the current period.
- Office and miscellaneous of \$80,989 (2011 - \$10,937). The increase is primarily due to an increase in overall activities from the previous year.
- Professional fees of \$135,998 (2011 - \$56,207). The increase is primarily due to professional services related to property agreements and the IFRS transition and acquisition of subsidiaries.
- Stock based compensation of \$332,035 (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 \$315,353 (2011 – \$40,418). The increase relates to cost of increased travel to mineral properties during the period and a onetime recovery of costs in the

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previous year.

The Company's comprehensive loss was \$598,453 (2011 - \$2,006,081) which included a loss on valuing the Company's investments to market of \$22,920 (2011 - \$27,569).

Acquisition and exploration expenses during the period ended November 30, 2012 were \$2,560,911 (2011 - \$54,455). Exploration and evaluation asset expenditures during the period were primarily due to \$41,595 of acquisition costs and \$2,197,405 of exploration costs on the Yukon claims.

Results of Operations – Three Months

For the three month period ended November 30, 2012, the Company had a net loss of \$(567,957) (2011 - \$142,404). The significant differences between the two periods include:

- Administration of \$29,006 (2011 - \$75,000). The decrease is due to a decrease in administrative services provided by a related party See "Transactions with Related Parties" below.
- Consulting of \$82,847 (2011 - \$21,799). The increase is due to increased payments to directors and officers in the current period. See "Transactions with Related Parties" below.
- Depreciation expenses of \$49,643 (2011 - \$Nil). The increase relates to depreciation on equipment acquired in the current period.
- Joint venture cash contribution of \$1,025,000 (2011 - \$Nil) related to the Indian River JV in the current period.
- Travel and promotion costs of \$62,550 (2011 - \$8,420). The increase relates to cost of increased travel to mineral properties during the period and a onetime recovery of costs in the previous year.

The Company's comprehensive loss was \$(564,573) (2011 - \$150,737) which included a loss on valuing the Company's investments to market of \$3,384 (2011 - \$8,333).

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 \$
November 30, 2012	857,405	567,957	0.00
August 31, 2012	5,804	(393,128)	(0.00)
May 31, 2012	3,676	(750,362)	(0.01)
February 29, 2012	(69,854)	(417,463)	(0.01)
November 30, 2011	142	(142,413)	(0.00)
August 31, 2011	(1,465,384)	(1,665,032)	(0.10)
May 31, 2011	50	(171,067)	(0.01)
February 28, 2011	971	(266,327)	(0.01)
November 30, 2010	(1,894)	(68,755)	(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. The increase in net loss in the quarter ended May 31, 2012 was primarily a result of stock-based compensation of \$331,427 and travel expenses of \$124,511.

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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.

During the period ended November 30, 2012, the following private placements were completed: In October 2012, 5,874,999 shares for total proceeds of \$600,000.

During the year ended February 29, 2012, the following private placements were completed: In December 2011, 18,980,000 shares for total proceeds of \$1,898,000. In February 2012, 17,720,000 shares for total proceeds of \$1,772,000. The private placements included 18,020,000 flow-through units. In conjunction with the placements the Company paid cash commissions of \$61,935.

The Company had working capital of \$(436,107) at November 30, 2012 compared to a working capital of \$3,230,397 at February 29, 2012. The Company's cash position at November 30, 2012 was \$338,387. 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.

Transactions with Related Parties

Key Management Compensation

	NINE MONTHS ENDED	
	November 30 2012	November 30 2011
Consulting and wages	<u>\$ 238,200</u>	<u>\$ 80,465</u>

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 \$46,377 (November 30, 2011 – \$Nil) was deferred in exploration and evaluation assets.

On March 1, 2012, the Company granted 2,000,000 incentive stock options to directors and officers of the Company for a period of five years. Included in stock based compensation expense is \$165,330 for options issued to directors and officers.

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 \$120,548 (February 29, 2012- \$120,017) payable to a company controlled by a director and \$Nil (February 29, 2012- \$18,932) to directors and officers.

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- b) The Company was charged rent and administration fees of \$80,127 (November 30, 2011 - \$258,000) by a company controlled by a director. The Company was charged \$6,000 (November 30, 2011 – \$Nil) for rent in the Yukon by a director.
- c) The Company has amounts receivable from companies with directors in common in the amount of \$4,125 (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 \$25,000 (February 29, 2012- \$35,000) for a prepaid expense advance and a private placement.
- d) The Company's 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.

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.

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Outstanding Share Data

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

Common shares - As of January 29, 2013, an aggregate of 87,604,981 common shares were issued and outstanding.

Warrants - The Company has the following warrants outstanding as of January 29, 2013:

Warrants	Exercise Price	Expiry Date
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
326,667	\$1.50	November 15, 2014
<u>5,874,999</u>	\$0.20	October 22, 2015
<u>12,602,393</u>		

Options – The Company has the following options outstanding as of January 29, 2013:

Options	Exercise Price	Expiry Date
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>4,702,326</u>		

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.

During the period ended November 30, 2012, the Company moved their investor relations work to Stockhouse (www.stockhouse.com) and Vantage Wire (www.vantagewire.ca).

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 - 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- 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.

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IFRS 11 - Joint Arrangements - 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 - 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 - 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 - 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.