

KLONDIKE GOLD CORP.

MANAGEMENT DISCUSSION & ANALYSIS FOR THE PERIOD ENDED MAY 31, 2013

Corporate Information

Klondike Gold Corp (“Klondike Gold” or the “Company”) 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. The Company currently holds exploration properties in Canada and in Portugal. The Company’s Canadian properties are located in the Yukon, British Columbia, Ontario and in the Valongo mineral belt of North West Portugal.

For more information, please refer to the properties section.

Any 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.

Management Discussions and Analysis

This Management Discussion and Analysis (“MD&A”) should be read in conjunction with the audited consolidated financial statements of the Company for the year ended February 28, 2013, which were prepared in accordance with International Financial Reporting Standards (IFRS).

The Company’s 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 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 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.

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.

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.

Overall Financial Performance

Financial Condition

Results from Operations (3 Months)

During the period ended May 31, 2013, the Company's cash decreased slightly to \$1 million. Cash received in the period from the issue of shares was \$788 thousand (May 2012 - \$Nil) together with the decrease in cash was used to fund \$187 thousand in mineral property exploration and evaluation expenditures (May 2012 - \$1.2 million), net investment in joint venture of \$235 thousand (May 2012 - \$Nil), increase in reclamation bonds of \$127 thousand (May 2012 - \$Nil) and \$632 thousand (May 2012 - \$375 thousand) in operating activities. As at May 31, 2013, a total of \$8.7 million was invested in mineral property costs (i.e.: exploration and evaluation assets) (February 2013 - \$8.5 million) of which \$4.3 million was invested in the Yukon and \$3.8 million in British Columbia. Total assets increased slightly to \$10.7 million, total liabilities decreased by \$173 thousand to \$172 thousand (February 2013 - \$345 thousand) and shareholders' equity increased slightly to \$10.5 million (February 2013 - \$10.0 million).

Expenditures on the Company's Yukon claims totaled \$153 thousand (May 2012 - \$1.1 million) of which \$80 thousand was spent on geology and \$48 thousand was spent on field supplies. \$30 thousand was spent on geology in its Portuguese properties (May 2012 - \$Nil).

The Company's comprehensive loss for the period was \$820 thousand which was up from \$766 thousand from the prior period. The most significant change from the period was the Company's share of loss during the upstart of KG46 Holdings Ltd. first full operating season of \$135 thousand (May 2012 - \$Nil).

Selected Annual Information

Summary of Quarterly Results

Quarter Ended

	May 31, 2013	Feb. 28, 2013	Nov. 30, 2012	Aug. 31, 2012
Other Income (Loss)	(130,836)	(383,309)	857,405	5,804
Net Income (Loss)	(816,212)	(896,677)	567,957	(393,128)
Net Income (Loss) Per Share	(0.01)	(0.01)	0.00	(0.00)

	May 31, 2012	Feb 29, 2012	Nov. 30, 2011	Aug. 31, 2011
Other Income (Loss)	3,676	(69,854)	142	(1,465,384)
Net Income (Loss)	(750,362)	(417,463)	(142,413)	(1,665,032)
Net Income (Loss) Per Share	(0.01)	(0.01)	(0.00)	(0.10)

The net losses in the quarters ended May 31, 2012 and May 31, 2013 includes stock-based compensation. The net losses in the quarters ended August 31, 2011 and February 29, 2012 includes write-off of exploration and evaluation assets. .

Financial Liquidity and Capital Resources

Nature of Financing Activities

The Company has financed its operations primarily by the issue of share capital. The continued operations of the Company are dependent on its ability, to receive continued financial support from public equity financing.

Private Placement Activity

	Shares Issued	Proceeds	Cost Per Share
February / March 2013	27,880,000	\$2,297,100	\$0.082
October 2012	5,874,999	\$ 600,000	\$0.102
February 2012	17,720,000	\$1,772,000	\$0.100
December 2011	18,980,000	\$1,898,000	\$0.100

The private placements included 18,080,000 flow-through units. In conjunction with the placements, the Company paid cash commissions totaling \$61,935.

Working Capital

The Company had working capital of \$1,082,107 at May 31, 2013 compared to a working capital of \$1,002,721 at February 28, 2013. The Company's cash position at May 31, 2013 was \$1,042,882 and at February 28, 2013 was \$1,096,304.

Capital Commitments: None

Asset Arrangements: None

Property Agreements: None

Off-Balance Sheet Arrangements: None

Transactions with Related Parties

Key Management Compensation

Key management is comprised of the Company's chief executive officers. Consulting and wages paid to key management for the period ended May 31, 2013 amounted to \$71,500.

Related Party consulting and wages for the period ended May 31, 2013 were \$99,800, compared with \$252,100 for the year ended February 28, 2013. 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. In addition to consulting and wages, \$12,000 was deferred in exploration and evaluation assets for the period ended May 31, 2013.

On March 22, 2013, the Company granted 3,500,000 incentive stock options to directors and officers of the Company for a period of three years. Included in stock based compensation expense is \$164,800 for options issued to directors and officers.

Other Related Party Transactions

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 \$Nil (February 28, 2013 - \$4,408) payable to a company controlled by a director and \$Nil (February 28, 2013 - \$39,960) to companies with common directors and \$13,178 (February 28 2013 - \$31,503) to directors and officers.
- b) The Company was charged rent and administration fees of \$15,100 (February 28, 2013 - \$180,000) by a company controlled by a former director. The Company was charged \$Nil (February 28, 2013 - \$6,000) for rent in the Yukon by an Officer.
- c) Company has amounts receivable from companies with directors in common in the amount of \$17,551 (February 28, 2013- \$17,551) 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 a receivable from a former director of \$25,000 (February 28, 2013 - \$25,000). This amount was subsequently settled. The Company has a receivable from an officer of \$Nil (February 28, 2013 - \$10,000) for a prepaid expense advance.

Material Transactions

Klondike Star Minerals Corporation

On March 1, 2012, the Company announced a proposal to acquire, by way of a takeover bid to be conducted in accordance with applicable regulatory requirements, a majority equity interest in the common voting shares of Klondike Star Mineral Corporation (“Klondike Star”), a publicly traded Delaware company. During the period, the Company has been conducting the necessary regulatory requirements with the U.S. Securities and Exchange Commission to complete the takeover of Klondike Star.

The Company will invite the shareholders of Klondike Star to exchange their common shares (the “Klondike Star shares”) for newly issued Klondike Gold common shares on the basis of four (4) Klondike Star shares for one (1) share of Klondike Gold. The offer is subject to the tender of a sufficient number of Klondike Star shares to provide the Company with a minimum 66.6% interest in Klondike Star. The offer is also subject to acceptance for filing by the TSX Venture Exchange.

Klondike Star has in the order of 68 million common shares issued and outstanding. Accordingly, the Company will be seeking to acquire a minimum of 45 million Klondike Star shares. To make this acquisition, the Company will issue a total of 11.25 million common shares in its capital, if the minimum amount is tendered, and up to a total of 17 million shares, if all of the shares of Klondike Star are tendered. There will be no change in effective control, or change in control, of the Company as a result of the share exchange, and no new control person in the Company will be created by this transaction.

Klondike Star’s principal asset is a 20 % interest in Lonestar Gold Inc. and a 55 % interest in the Lone Star property which interest has been optioned to Lonestar Gold Inc. Klondike Star also holds a 55% stake in 376 quartz claims that cover important areas of the northern Klondike Gold Fields and a 100 % interest in the 35 quartz claims that form the Gold Run Property, Yukon Territory. Further, Klondike Star also holds rights over 188 placer claims located in the Klondike and Indian River Gold Fields in the Dawson Mining District, Yukon Territory

The acquisition of a controlling interest in Klondike Star and its mineral property holdings, combined with the Company's 45% interest in the Lone Star Property, unifies title on the Lone Star Property, and, adding the additional Klondike Star claims, produces a continuous block of 1,100 quartz claims covering nearly 200 square kilometers of the northern and southern Klondike Gold Fields. The consolidation of this title will allow for a more efficient exploration of this project and enhance access to exploration funding.

New Accounting Standards and Interpretations

Following the joint arrangement of KG 46 Holdings Ltd., the Company determined that it holds an interest in a joint venture as defined under IFRS 11 and elected to early adopt IFRS 10, 11 and 12, and IAS 27, new pronouncements relating to the accounting and presentation of joint ventures and to consolidation. The Company has applied the standards retrospectively. The standards did not result in significant changes to the Company's prior year financial statements.

IFRS 10 'Consolidated Financial Statements' – effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

IFRS 11, 'Joint Arrangements' – effective for annual periods beginning on or after January 1, 2013, with early adoption permitted provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. There are two types of joint arrangement; joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and therefore accounts for its share of assets, liabilities, revenue and expenses. Joint ventures arise where the joint venture has rights to the net assets of the arrangement and therefore equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. The Company had early adopted the standard and accounted for its investment in KG46 using the equity method.

IFRS 12 'Disclosure of Interests in Other Entities' – effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, requires the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows. During the year ended February 28, 2013, the Company elected to early adopt this standard.

IAS 27 'Separate Financial Statements' – effective for annual periods beginning on or after January 1, 2013, as a result of the issue of the new consolidation suite of standards, IAS 27 Separate Financial Statements has been reissued, as the consolidation guidance will now be included in IFRS 10. IAS 27 will now only prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.

IAS 28 'Investments in Associates and Joint Ventures' – effective for annual periods beginning on or after January 1, 2013, as a consequence of the issue of IFRS 10, IFRS 11 and IFRS 12, IAS 28 has been amended and will provide the accounting guidance for investments in associates and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The amended IAS 28 will be applied by all entities that are investors with joint control of, or significant influence over, an investee. During the year ended February 28, 2013, the Company elected to early adopt this standard. Certain new accounting standards and interpretations have been published that are not mandatory for the February 28, 2013 reporting period. The Company has not early adopted the following new and revised standards, amendments and interpretations that have been issued but are not yet effective:

IFRS 7 'Financial Instruments: Disclosures' – effective for annual periods beginning on or after January 1, 2015, is amended to outline the disclosure required when initially applying IFRS 9 Financial Instruments. IFRS 9 'Financial Instruments: Classification and Measurement' – effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments.

IFRS 13 'Fair Value Measurement' – effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, provides the guidance on the measurement of fair value and related disclosures through a fair value hierarchy.

IFRS 32 'Financial Instruments: Presentation' - effective for annual periods beginning on or after January 1, 2014, is amended to provide guidance on the offsetting of financial assets and financial liabilities. IAS 1 'Presentation of Financial Statements' – the IASB amended IAS 1 effective for annual periods beginning on or after July 1, 2012 with a new requirement for entities to group items presented in other comprehensive income on the basis of whether they are potentially re-classifiable to profit or loss.

The Company anticipates that the application of the above new and revised standards, amendments and interpretations will have no material impact on its results and financial position. Disclosure changes are anticipated.

Financial Instruments and Other Instruments

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.

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 years the Company has been able to maintain its liquidity position through private placements.

Outstanding Share Data – As of July 29, 2013

Authorized share capital

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

Common Shares

An aggregate of 115,485,008 common shares are issued and outstanding.

Preferred Shares

There are Nil preferred shares issued and outstanding.

Warrants

The Company has the following warrants outstanding:

Number Outstanding	Exercise Price Per Share	Expiry Date
1,925,000	\$0.25	November 25, 2013

1,542,500	\$0.25	December 16, 2013
1,190,500	\$0.25	December 29, 2013
20,000	\$3.00	December 28, 2013
710,000	\$3.00	January 25, 2014
406,667	\$1.50	September 30, 2014
326,667	\$1.50	November 15, 2014
2,937,500	\$0.20	October 22, 2015
9,058,834		

Options

The Company has the following options outstanding:

Number Outstanding	Exercise Price Per Share	Expiry Date
	\$1.50	February 4, 2014
338,996		
	\$0.10	March 21, 2015
250,000		
	\$0.20	March 21, 2015
250,000		
	\$0.10	March 21, 2016
5,325,000		
	\$1.50	February 2, 2017
323,330		
	\$0.20	February 28, 2017
4,040,000		
10,527,326		

Additional Disclosure

Contractual Obligations

The Company has future obligations under various contracts relating to on operating lease and minimum conditional and non-conditional exploration commitments to keep properties agreements in good standing. The obligations for any conditional exploration expenditures are non-binding, as the Company has the option to relinquish these licenses and any right to the properties at any time.

The table below provides a summary of these contractual obligations (based on undiscounted cash flows) as at May 31, 2013:

	Total	< 1 Year	1-3 Years	3-5 Years	5+ Years
Operating Lease	\$55,013	\$36,173	\$18,840	\$Nil	\$Nil

Yukon Properties

Lone Star

Title Holder:	Klondike Gold Corp
KG Ownership:	72.5%
Acquisition Method:	Earned-in/staked
Underlying Royalties:	No
Land:	135.45 km ² claims & 214 ha Crown Grants
Claims:	728 claims, 14 Crown Grants
Location:	20 km Southeast of Dawson City 586700 m E 7086000 m N, UTM ZONE 7N (NAD83)
Mineral Targets:	Gold
Qualified Person:	Dr. Timothy Liverton, PhD, P.Geo

Asset Considerations

The Company currently owns 72.5% of the property, which is comprised of a 22.5% ownership in the Company's name and 50% in a subsidiary's.

The remaining 27.5% is owned by Klondike Star Mineral Corporation.

The proposed takeover of Klondike Star will result in a 100% Klondike Gold Corp ownership of the Lone Star property.

The Company has fulfilled its earn-in objectives by exercising Option One Further options with Klondike Star have become unnecessary for Klondike Gold to meet its objectives.

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.

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 m 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 recommended 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, chalcopyrite, 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 kilometers between the Violet and 310 Zones.

2012 Exploration Highlights

- ❖ Boulder Lode open cut results of 1.86 g/t over 5 by 25 m, including **9.43 g/t over 2.5 by 4.2 m** 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

Recent Work

During the 2012 exploration season Klondike Gold Corp. conducted diamond drilling, trenching, soil sampling, rock sampling, geological mapping and prospecting on the Lone Star Property, Yukon. This was the first time since 2008 that a sustained large scale exploration program was conducted on the property. The focus of the exploration program was to further investigate known gold occurrences at the Boulder Lode, Nugget, Buckland, Violet, 310, and JF Zones as well as investigate new exploration targets such as the Boy anomaly. During 2012 Klondike Gold also conducted a full Lone Star Property data review and compilation which was used to further evaluate targets and drive exploration.

The table below is a summary of 2012 work on the Lone Star Property:

Property	Location	Work Type	Details
Lone Star	Lone Star Ridge	Drilling	4 diamond drill holes, 1381.1 m, 930 Samples
Lone Star	Boulder Lode	Excavation/trenching	314 samples, detailed structural mapping
Lone Star	Lone Star Ridge	Trenching	123 samples in 12TR01, 12TR02, and 05TR12
Lone Star	JF, Violet	Trenching	131 samples in JF trench, and 90TRV01

Lone Star	Property wide	Rock sampling/prospecting	320 samples
Lone Star	Various on Claims	Soil sampling	1306 samples on Boy, LS back slope, Violet
Lone Star	Property wide	Mapping	Geomorphology mapping
Lone Star	Property wide	Road Improvements	Various locations

Historical Work Completed

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 from 1901-1907. Our consolidation of records indicate that \$20,600,000 has been spent on the property.

The following is a list of the significant work completed on the project:

- ❖ 1901-1907: Violet mine development of including: 3 shafts (47, 7 and 11 m deep), 133 m of drifting and an open cut mining (15 by 4 by 5 m), and a 1065 m tramway to a cyanide mill on Ophir Creek. The mill processed 4.5 tonnes in 1905 and 1.4 tonnes in 1906.
- ❖ 1911-1914: The Lone Star mine produces 1,545 oz @ 5.20 g/t.
- ❖ 1940-1947: 27.2 tonne bulk sample.
- ❖ 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.
- ❖ 1967: Airborne magnetics survey of area published by Geological Survey of Canada
- ❖ 1979-1985: Dawson Eldorado Gold Exploration / Klondike Ken Ventures 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 old workings in 1984. In 1985, Dawson Eldorado drilled 6 percussion holes (183 m).
- ❖ 1986-1994: 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 Boulder Lode and the Nugget to Buckland Zone between Gay Gulch and 27 Pup which accounted for 68 and 63 drill holes respectively.
- ❖ 1995: Kennecott terminated its option agreement with Arbor Resources who changed their name to Klondike Gold Corp. in 1996.
- ❖ 1996: Newmont performed bulk sampling and amenability to milling tests as an evaluation of the property.
- ❖ 2004: Klondike Gold Corp. enters into a joint venture with Klondike Star Mineral Corp.
- ❖ 2004- 2008: Klondike Star drilled 66 diamond holes and 6 percussion holes totalling 9291 m. 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. A bulk sampling program was also conducted on selected targets between 2005 and 2007 in areas identified by geologists as having anomalous mineralization.
- ❖ 2011: Klondike Gold conducted a limited exploration program including 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. 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 work in the Lone Star area.
- ❖ 2012: Lone Star Gold produced a 43-101 Report, entitled: "Geology and Summary Report of the Lone Star Claim Group (Klondike Goldfield), Yukon Territory" by T. Liverton PhD, C. Geol., FGS

Discussion of Lone Star Property 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 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:

- 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 m. 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 m 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 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 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 recognized that portions of the 137.6 km² Lone Star Property remain under explored. The 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.

15 Mile Silver City

Title Holder: Klondike Gold Corp
KG Ownership: 100%
Acquisition Method: Staked
Underlying Royalties: No
Land: 20.90 km²
Claims: 100 claims
Location: 36 km NW of Dawson City
555100 E 7133300 N, UTM ZONE 7N (NAD 83)
Mineral Targets: Gold/Silver
Qualified Person: William Mann, MSc, P.Geo

Asset Considerations

There is no material information to report as it pertains to the overall vision and strategy of the company.

Property Geology

The Silver City property is underlain by a thrust fault, with known high grade silver veins in the lower 150 m of a 600 m slope in an area of multiple slides caused by erosion along steep faults which strike east-west parallel to the river. Prior mapping of the slide material on surface and underground indicates that the lower slope is composed of quartz-carbonates, interbedded with sericite-graphite schist, which is overlain by dioritic rocks, and in turn, quartzite and argillite of probable Paleozoic age. Rhyolite porphyry dykes are present. The quartz-carbonate rocks are host to known mineralization, which consists of galena, tetrahedrite, sphalerite, chalcopryrite and siderite.

There is known fine gold in the Fifteen Mile River, which lies at the north and east edge of the property. The Tintina Fault lies a few kilometers to the northeast of the claims, and a prominent magnetic anomaly is also present which may be related to Cretaceous volcanic rocks mapped in the area.

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 mineralized float boulders found in the slide debris.

Recent Work

In May 2012 three prospectors were dispatched to the property who performed an initial assessment and collected 27 rock samples and 154 soil samples. Gold and silver were found in anomalous amounts in several locations. 9 of 27 rock samples returned greater than 20 ppb gold, with maximum values of 260 and 159.5 ppb Au. The highest silver value from rock was 3.5 g/t Ag, with elevated lead, zinc and gold. These best rock samples were all collected along the riverbank just southwest of the claim block. The best material was a rusty vein-fault in outcrop.

Gold in soil was generally low, with only 8 of 154 samples above 10 ppb Au. However, there was one sample that returned 780.3 ppb Au, collected near the ridge top in the northwest part of the property. This highlight sample gives encouragement for further work on the north side of the claims. Silver in soils returned a maximum value of 10.1 ppm Ag from the south-central part of the claims. The soils on the northern slopes of the claims were still frozen in May, so this area was not examined. Silver is associated with locally elevated Pb, Zn, Cd, Bi, Cu, Mo, Sb, and Se, while gold is sporadically associated with As, silver and silver associates. The highest gold in soil value did not have any strongly anomalous pathfinder elements associated.

Indian River

Title Holder: Klondike Star Mineral Corporation
KG Ownership: 0%
Acquisition Method: Leased
Underlying Royalties: Yes
Land: 10.28km²
Claims: 188 claims leased
Location: 48 km SSE of Dawson City
600125 E 7062600 N, UTM ZONE 7N (NAD 83)
Mineral Targets: Gold
Qualified Person: N/A

Asset Considerations

This property is owned 100% by Klondike Star Mineral Corporation. Subsequently, by way of a Royalty and Lease agreement Klondike Gold obtained, subject to a 10% gross royalty, the Mining Rights to the property. Klondike Gold entered into a 50/50 Joint Venture Agreement with a private company for the purpose of further exploring and developing a placer gold mine located on the property.. (See News Releases dated: July 7, 2012 and September 19, 2013).

Property Geology

The Indian River valley is located 35 km south of Dawson City and forms the southern boundary of the Klondike Gold Fields. The Indian River area is underlain by mainly Paleozoic metasedimentary rocks – Klondike Schist and Nasina Assemblage – and by meta-igneous rocks belonging to the Yukon-Tanana Terrain. Minor amounts of altered ultramafic rocks believed to be part of the Slide Mountain Terrane also occur locally which were juxtaposed with the Yukon-Tanana Terrain by regional scale thrust faulting in Early Mesozoic time. Gold bearing quartz veins were emplaced during the early Cretaceous and then the area was unconformably overlain by post accretionary sedimentary and volcanic rocks during the mid to late Cretaceous.

The sediments that lie unconformably over the Klondike Schist consist of a sequence of conglomerate, sandstone, carbonaceous shales and the occasional coal seam. These sediments are overlain and intruded by andesitic lavas. The sedimentary assemblage has been named the Indian River Formation and may be as old as mid Cretaceous. The intermediate volcanic are considered to be equivalent to the Carmacks Group which are late Cretaceous.

The Indian River area has undergone a period of uplift and erosion in the Pliocene but has not been glaciated since this event occurred.

Recent Work

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 m (984 feet) at the beginning and broadens to a width of over 1,500 m (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 grade is variable 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 80%. Recent staking has added 32 additional placer claims increasing the property to 220 claims.

Portugal Properties

Largares License (Includes Castromil and Serra da Quinta)

Title Holder:	Klondike Gold Corp.Portugal Unipessoal Lda.
KG Ownership:	100% Granted 3 Year Exploration License extendable to an additional 2 years
Acquisition Method:	By Direct Tender
Land:	80 km ²
Claims:	Granted Exploration License
Location:	22 km East of Porto 551300 m E 4556082 m N, UTM ZONE 29T (NAD83)
Mineral Targets:	Gold, Silver ,Antimony, Copper, Lead, Tin, Tungsten and Zinc
Qualified Person:	N/A

Asset Considerations

Klondike Gold Corp. has signed a three year exploration license with the Portuguese government for exclusive exploration rights to the Lagares License extendable to a further 2 years.

Property Geology

The license area overlies the southwestern edge of a major Hercynian batholithic granitic complex in contact with northeasterly dipping Silurian turbiditic metasedimentary rocks within the central Valongo Belt.

The area is dominated by the Valongo anticline, a major regional structure whose limbs of Ordovician quartzite and black shale form the most prominent high ground in the region, extending southeastwards from the town of Valongo as two narrow, elongate, parallel bands. The Ordovician rocks of the southwest limb dip steeply to the northeast and the northeast limb dips consistently at approximately 35° to the northeast. The core of the anticline is occupied by the pre-Ordovician basement sequence of greywacke and shale turbidites.

In the Castromil area, the contact between the Silurian sediments and the granitic rocks coincides with a northwesterly trending shear zone, against which the granite has been thrust over the metasediments. The Silurian sediments and the granitic rocks are affected by a set of northeast trending faults and deformation has played a major role in the emplacement of gold mineralization in both the Castromil and Serra da Quinta deposits.

Historical Work and Current Assessment

The Lagares Licence area has a significant history dating back to early Phoenician and Roman mining.

A considerable amount of exploration has been done, The Company has compiled historic and recent exploration data in an effort to expand the Castromil project to a 43-101 compliance.

There is a substantial amount of information on the geology and gold deposits of northern Portugal, including Castromil. Most of this information has been compiled in electronic format by Klondike Gold and can be accessed on the Company's website by obtaining a password from Klondike. The Castromil database includes geological reports, rock, soil, diamond and percussion drilling data, mineralogical studies, metallurgical test work, geologic maps and cross sections, geotechnical and other engineering studies as well as historic resource and reserve estimates. Drill core from Castromil is stored at the Portuguese Dept. of Mines' facility in Porto.

Castromil is located 21 km east of Porto and is accessible via paved interstate highways and provincial paved roads. The Castromil deposit is one of several orogenic, mesothermal, epigenetic gold bearing mineral deposit occurring in northern Portugal and extending into northwest Spain. These gold bearing deposits include gold skarns, and granite hosted stockwork and vein deposits. A synopsis of gold deposits of northern Portugal and northwest Spain can be found in the December 2012 report to Klondike Gold by J.K Mortesen. (*Gold mineralization in the Castromil and Balazar concessions, Northern Portugal, Observations and Speculations*).

The Castromil deposit occurs on the western flank of a Hercynian granitic body in contact with Silurian metasediments. The metasediments comprise the upper sequence of the eastern flank of the Valongo anticline. On a regional scale the granite intrudes the metasediments as witnessed by the presence of granitic sills intrusive into the metasediments and the development of andalusite porphyroblasts in metasediments adjacent to the granitoid. On the property scale the western contact is defined by a NW trending/NE dipping reverse fault contact separating granite and metasediments. The Castromil biotite granite is distinctly porphyritic with centimeter-scale euhedral feldspar crystals in a quartz-feldspathic matrix. Hydrothermal alteration of the granite includes silicification, kaolinization, leaching of biotite and development of secondary white mica. Mineralization at Castromil has been traced over a strike length of 1,700 metres . It has been subdivided into two adjoining segments referred to as Castromil (*sensu stricto*) and Serra da Quinta. The two segments are separated by the Sousa River and the Douro rail road. Mineralization at Castromil occurs in areas of silicified granite characterized by quartz veins and quartz stockworks. Gold is spatially associated to concentrations of pyrite and arsenopyrite. Accessory metallic minerals include galena, chalcopyrite, sphalerite and perhaps bismuth. The controls of mineralization at Castromil are subject to interpretation. Some evidence point to the introduction of Au-bearing fluids along the granite-metasediment contact. Other evidence indicates that the mineralization developed peripheral to NE trending faults younger than the main NW reverse fault that separates granite and metasediments. The Castromil and Serra da Quinta deposits were discovered in Pre-Roman times and exploited by the Romans who selectively removed colluvial material and oxidized portions of the orebodies to maximum vertical depths of 10 – 15 m. Several Major Companies, including Noranda, Anglo, Billiton and MinMet investigated

Castromil during the second half of the 20th Century. Between 1964 and 1966 Noranda drilled 9 diamond holes totaling 827 m. Between 1988 and 1990 Billiton drilled 65 diamond holes totaling 2875 m at Castromil and 45 diamond holes totaling 1873 m at Serra da Quinta. The most recent work at Castromil was conducted by Connary Minerals of Dublin between 1994 and 1997. The work included 17 diamond drill holes and 276 short percussion holes and culminated with the preparation of a Feasibility Study (*Class III Feasibility Study, Castromil Gold Mine, Portugal by ACE Howe Mining & Metallurgy, October 1997*). All the previously mentioned companies carried out extensive sampling of old underground workings (adits and crosscuts) some dating back to Roman times and other to the underground development work carried out by Companhia das Minas de Ouro do Douro Lda in 1941.

Historic Resource and Reserve Estimates

Billiton's technical personnel calculated an undiluted mineral reserve (at 1.0 g/t Au cutoff) of 1.78 MT @ 2.03 g/t Au and 11.0 g/t Ag at Castromil and 0.79 MT @ 2.91 g/t Au and 11.3 g/t Ag at Serra da Quinta. The estimate was done using the structural contour plan method and 25m x 25m blocks applied to 5 mineralized lenses at Castromil and 5 mineralized lenses at Serra da Quinta. In commenting on the reserve classification Billiton stated that the reserves ranged from proven at the northern end of Castromil to possible in parts of Serra da Quinta and that the overall reserves should be considered probable.

Connary's work led to the definition of measured and indicated resources totaling 2.42 million tonnes at an average grade of 1.89 g/t Au for a total gold content of 4.57 tonnes or 145,662 ounces. The resources were calculated at a 0.5 g/t Au cutoff by ACE Howe International ("ACE") using a computerized block model. ACE also estimated a mineable reserve of 1.713 Mt at an average head grade of 1.92 g/t Au.

Although past exploration work at Castromil appears to have been conducted in a professional manner by experienced geologists working with well known International Companies, it should be stressed that all the above estimates are historical in nature and a qualified person has not done sufficient work to classify the historical estimates as current mineral resources or mineral reserves. Therefore the issuer should not treat the historical estimate as current mineral resources or mineral reserves.

Comments on Castromil, Serra da Quinta end extensions.

An examination of geologic cross sections from the north end of Castromil to the south end of Serra da Quinta shows the following:

Castromil

- 1) The mineralization is exclusively present in granitic rocks. There is some mineralization in metasediments but only where metasediments occur as enclaves in the main granite. The metasediments below the main granite-sediment contact are barren.
- 2) The bulk of Castromil mineralization occurs within a shallow dipping envelope which extends from surface to a maximum depth of 50 metres.
- 3) In the northern part of the deposit the contact granite/metasediments is defined by a shallow dipping reverse fault offset by younger steeply dipping normal and reverse faults. The resulting effect is a series of fault bounded blocks of granitoids underlain by barren metasediments. In the northern part of the deposit the mineralization occurs between surface and 25 m depth.
- 4) Structurally the middle and southern portions of the deposit are characterized by a moderately to steeply dipping contact between granitoids and metasediments and shallow dipping reverse faults cut by younger steep faults. Fault-bounded granitoid blocks are locally mineralized at depths exceeding 50 m (e.g. 1.04 g/t Au over 12.40 m near the bottom hole BIL 20)

In general, it can be stated that the Castromil deposit has been satisfactorily investigated by previous drilling and sampling. The bulk of the mineralization is close to surface and could be ideally suited for open

pit mining. Further modeling will be required to outline the mineralized lenses and constrain the mineralization to the geology. There is limited potential for additional mineralization near the contact between metasediments and faultbounded granite blocks.

Serra da Quinta

The Serra da Quinta deposit occurs within a northwest trending 50 m to 120 m wide variably altered granite body grading into unaltered granite to the east. The southwest contact is a moderately to steeply dipping reverse fault separating granite and metasediments. Details on follow up targets at Serra da Quinta are listed below:

Section 1025 S. Additional drilling to define continuity of mineralization in PD 264 (9m of 5.2 g/t Au)

Section 1050 S. Drilling between PDSQ 202 (7 m of 4.13 g/t Au ended in mineralization) and MIL 22 (3.54 m of 10.58 g/t Au). Potential high grade ore panels.

Section 1125 S. Drilling between 95/13 (14.05 m of 5.0 g/t Au) and MIL 21 . To establish continuity of potential high grade ore panels east of 95/13.

Section 1375 S to 1500 S. Additional drilling east of PD250 (potential shallow mineralization below Roman excavations and deeper mineralization). Infill drilling on sections 1400 S to 1475 S (add to existing resources and extend high grade mineralized panels : e.g. 9.0 m of 7.22 g/t Au and 7.80 m of 3.15 g/t Au in MIL 29 and BIL 68, respectively).

Section 1575 S. The Romans mined a substantial amount of material between sections 1550 S and 1600 S. Based on a hypothetical reconstruction of the original topography on section 1575 S a triangular segment 65 m long and up to 15 m high was removed along section 1575 S. The 38 m long Adit 6 collared at the bottom of the Roman workings penetrated three mineralized zone averaging 5.95 g/t Au over 5.10 m, 14.06 g/t Au over 5 metres and 21.47 g/t Au over 2.1 metres. Drilling is required to establish continuity and inclination of the mineralized zones between holes PDSQ 230 and PDSQ 229.

Sections south of 1600 S. Additional infill drilling required.

In summary, additional infill drilling will be required at Serra da Quinta in order to increase resources and establish a geologic framework for resource definition. Furthermore, based on the density of drilling and the short length of the historic holes, it appears that the contact zone between granite and metasediments needs further investigation. This should be done in the future since at Castromil the contact zone between granite and metasediments is often the site of good mineralized zones. An example of mineralization along this contact can be observed on the railroad cut at the southern end of the Castromil deposit. While further drilling will be required to fully investigate Serra da Quinta, the data on hand suggests that the upside resource potential at Serra da Quinta could match or exceed that of Castromil. In addition, drilling and sampling to date suggest that the grade of the Serra da Quinta resources will exceed that of Castromil.

Extensions of the Deposits

The altered granite/metasediment contact does not stop at the north end of the Castromil grid nor at the south end of Serra da Quinta. Consequently, there is potential for the discovery of additional mineralization in both directions.

The following is a list of the significant work completed on the project:

- ❖ 1941-1949: Minas do Ouro do Douro (MdOD, a Portuguese company) prospected the area of Castromil and assayed a large number of samples for gold and silver. Their exploration adits can be accessed today and many of the entrances are located on the floors of the ancient Roman quarries.

Reports by JC Allen, written in 1949, indicate that the company found, cleared, followed and sampled numerous ancient workings.

- ❖ 1997: Connary Minerals completes a Class III feasibility study on the Castromil and Serra Da Quinta deposits.

2000: Connary Minerals had a positive feasibility study however the project was refused by the Portuguese Government due to Environmental Concerns. 2013: Klondike Gold Corp. is granted the Lagares License encompassing the Castromil and Serra Da Quinta deposits and the Balazar property.

Balazar License

Title Holder:	Klondike Gold Corp. Portugal Unipessoal Lda.
KG Ownership:	100%
Acquisition Method:	By Direct Tender
Underlying Royalties:	No
Land:	194km ²
Claims:	Granted 3 Year Exploration License extendable to an additional 2 years.
Location:	23 km North Northeast of Porto 536500 m E 4578600 m N, UTM ZONE 29N (NAD83)
Mineral Targets:	Gold, Antimony, Lead, Silver, Tin and Tungsten
Qualified Person:	N/A

Asset Considerations

Klondike Gold Corp. has signed a three year lease with the Portuguese government for exclusive exploration rights to the Balazar License extendable to a further 2 years.

Property Geology

Balazar License is located at the northern limit of the Valongo Belt in the Central Iberian unit of north western Portugal. The Valongo Belt is an elongate band of Lower Palaeozoic metasedimentary formations, overlying a pre-Ordovician basement sequence of greywacke-shale turbidites. The basement sequence is oriented northwest to southeast and is bounded to the east by the calc-alkaline Beiras granite and to the west by an alkaline granite.

The area is dominated by the Valongo anticline, a major regional mineralized structure whose limbs of Ordovician quartzite and black shale form the most prominent high ground in the region, extending southeastwards from the town of Valongo as two narrow, elongate, parallel bands. The Ordovician rocks of the southwest limb dip steeply to the northeast and the northeast limb dips consistently at approximately 35° to the northeast. The core of the anticline is occupied by the pre-Ordovician basement sequence of greywacke and shale turbidites. The southern limb of this anticline is truncated by a major arc-shaped strike-thrust fault that thrusts younger sediments over the basement complex. The northwestern extension of the basin is covered by a thick unit of grey-black shale and siltstone of Silurian age. The younger sedimentary rocks occur in narrow strips along this major regional fault. The intrusive igneous rocks include two groups: older intrusions (emplaced prior to deformation) in the western part of the area and corresponding to the alkaline Porto granite; and younger intrusions (syntectonic or post-tectonic) which include the large calc-alkaline Beiras granite and numerous siliceous and feldspathic dykes.

Various minerals are found in Balazar region, such as gold, antimony, iron, tungsten, tin, graphite and kaolin, but despite the significant widespread mineralization this region remains largely underexplored.

VLF studies currently being undertaken revealed a geophysics anomaly, which appear to be related with antimony mineralization.

Lagoa Negra deposits of gold and antimony are associated with antiform structure of Valongo conditioned by active shear since the D1 phase of Hercinian Orogeny until Estefaniano. This structure develops east of

carboniferous sulcus and west of shear Recarei-Bougado intersected south by granitic massif of Castelo de Paiva. The main mineralization are located in traction crevisses in the larger structure, normal to stretch X1, reactivated in D3 with the same and cut by D4 by N-NE direction brittle fracturing.

Historical Work Completed

Within the Balazar License there are several known mineral occurrences, namely gold, antimony, tin, tungsten, iron, graphite, kaolin, as well as records of ancient mining works. Of note is the Roman mine of Lagoa Negra, located in Barqueiros, in the municipality of Barcelos.

Between 1988 and 1992 Consórcio do Baixo Douro (involving different companies DGGM/EDM-ECD-SEREM) conducted exploration along the Valongo Belt, and in 1990 presented a strategic geochemical exploration plan for the northern area of Valongo which includes part of the Balazar License in the area of Lagoa Negra.

British Columbia Properties

The Company's properties under current exploration and evaluation include non-contiguous groups of claims acquired by staking and option agreements in the southeastern mountain region of British Columbia. The properties have Gold, Copper, Lead, Silver and/or Zinc mineralization and are being evaluated and reported upon by Dr. Trygve Höy, P.Eng, the Company's qualified person. The following table summarizes the claims as at February 28, 2013 in the groups presented in the Company's consolidated financial statements.

Property - Royalty %	%	Size KM²	Location
Cranbrook Group			
Ron Gold - 2	100.0	11.7	West Kootenays
Quartz Mountain - 12	100.0	42.7	East Kootenays
Pit Ash - 0	100.0	23.0	East Kootenays
South Vine - 0	100.0	13.7	East Kootenays
Vine - 0	100.0	60.3	East Kootenays
Kid-Star - 0	100.0	51.5	East Kootenays
Hughes Range - 0	100.0	57.17	East Kootenays
Clubine - 0	100.0	2.3	West Kootenays
Cold Creek - 2	98.5	71.34	East Kootenays
Red Point			
Red Point - 2	100.0	32.6	West Kootenays
Sedex Group			
Cruz-Midway - 2	86.8	22.4	East Kootenays
Leadville - 0	100.0	10.0	East Kootenays
Lewis McNeil Creek - 0	100.0	96.7	East Kootenays
Panda Irishman - 0	100.0	12.0	East Kootenays
Thea Gold - 0	100.0	23.0	East Kootenays

Recent Work

Quartz Mountain

Exploration included prospecting, mapping and relogging 2007 drill core. Prospecting found an extension to Price's Pit mineralization as exposed by a road cut some 200 m from known Price's Pit mineralization 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 mineralization and alteration, but the property remains a priority in British Columbia.

Kid-Star

The 2012 exploration by the Company included a prospecting program, mainly directed towards gold, and mapping to better evaluate the potential for 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.

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 m. Samples of the hanging wall of the fault returned anomalous gold 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 m distance. Samples from this area contained elevated values for Cu, Pb, Zn, Ag, As, Sb, Bi, and Hg.

Hughes Range

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 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 % and the highest gold value was 2.5 g/t with 12 of 73 samples running above 0.2 g/t gold.

Pit Ash

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.

Vine

There is currently a joint venture agreement with PJX Resources Ltd. ("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.

In November 2012 PJX undertook a geophysical program on the Vine Property in vicinity of the up-dip conductor targeting the northwest extension of the Vine 1 occurrence. The survey identified a somewhat flat-lying 10 m thick conductive body at depth.

Leadville

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.

Lewis McNeil Creek

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 occurrence 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 m in the ditch. Bull quartz veins have visible gold in one 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.

Thea Gold

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