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# George Cross News Letter

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NO. 204 (1999)  
OCTOBER 25, 1999

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## KLONDIKE GOLD CORP.

[KG-V] 13,963,206 SHS.

SILVANA MINING TO RESUME - Richard W. Hughes, president, Klondike Gold Corp., report a permit has been issued by the Ministry of Energy and Mines for mining to start at its Silvana Mine located in the Sandon - New Denver mining camp of southeast BC, formerly owned by Tremenco Resources Ltd. The Silvana Mine has produced 500,000 tonnes grading 486 grams/tonne (14.19 ounces/ton) silver, 5.3% zinc and 5.7% lead. The mine operated from 1968 until its suspension in 1993 due to a high Canadian dollar and a significant slump in zinc prices. It has an unclassified resource of 54,400 tonnes and several exploration targets that could add tonnage to the proven and possible ore categories with additional exploration drilling.

The permit will initially allow the company to mine up to 4,000 tonnes of ore at the mine. An initial program will be conducted at the 4625 level. Once test mining is complete and subject to additional bonding requirements by the Ministry of Energy and Mines, the ore will be processed at the Silvana Mill located about one km south of the 4625 level portal. The Silvana Mill has a 96% to 97% recovery rate.

The company has received regulatory approval to acquire the Gem claims in southeast BC. With the Gem claims, Klondike continues to build on its New Denver land package. Consideration consists of 100,000 shares over three years and \$20,000 payable over four years. Any shares issued will be subject to a hold period ending 21Sept2000.

Regulatory approval was received for a private placement for 833,333 units at 15¢ per unit for total proceeds of \$125,000. Each unit will consist of one share and one warrant good to buy one additional share at 15¢ per share the first year and 20¢ per share the second year. The shares issued will be subject to a hold period ending 21Sept2000. The proceeds of the private placement will be used for general working capital and to finance production at the company's Silvana Mine.

Regulatory approval was received to settle outstanding payables of \$207,617 through issuing 1,038,085 shares with 1,024,470 of the shares issued to have a hold period ending 21Sept2000. (SEE GCNL NO.155, 13Aug99, P.3 FOR PREVIOUS SILVANA MINE PROJECT INFORMATION)

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