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**George Cross News Letter**  
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**KLONDIKE GOLD CORP.**

[KG-V] 13,100,706 SHS.

BC MINES BEING ACQUIRED - Richard Hughes, president, reports Klondike Gold Corp. is acquiring the Silvana and the Hinckley mine properties located in the Sardon-New Denver mining camp of southeast BC. Terms of acquisition were not disclosed. The Silvana Mine, formerly owned by Tremanco Resources Ltd., has produced 500,000 tonnes grading 486 grams silver/tonne (14.19 oz/ton), 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 54,000 tonnes and several exploration targets that could add tonnage to the proven and possible ore categories with additional exploration drilling.

The company intends to start selective mining in early July of existing highgrade stopes. An initial program will be conducted at the 4,625 level and will consist of mining 3000-4000 tonnes. Once mining is complete the ore will be processed at the Silvana Mill which is located about one km south of the 4,625 level portal. The Silvana Mill has a 96% to 97% recovery rate.

Klondike Gold plans to conduct surface diamond drilling and/or trenching on the Silvana property this summer. This exploration work will focus on areas that can provide additional resources readily accessible for near-term mining.

Exploration will also be carried out on the adjacent Wonderful property where a new vein has recently been discovered on surface and was trenched last fall. Galena sampled from the vein assayed 127 oz. silver/ton, 77.4% lead and 3.23% zinc. (SEE GCNL NO.103, 31 May 99, P.3 FOR CORPORATE UPDATE)

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