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The

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Interview with Richard W. Hughes

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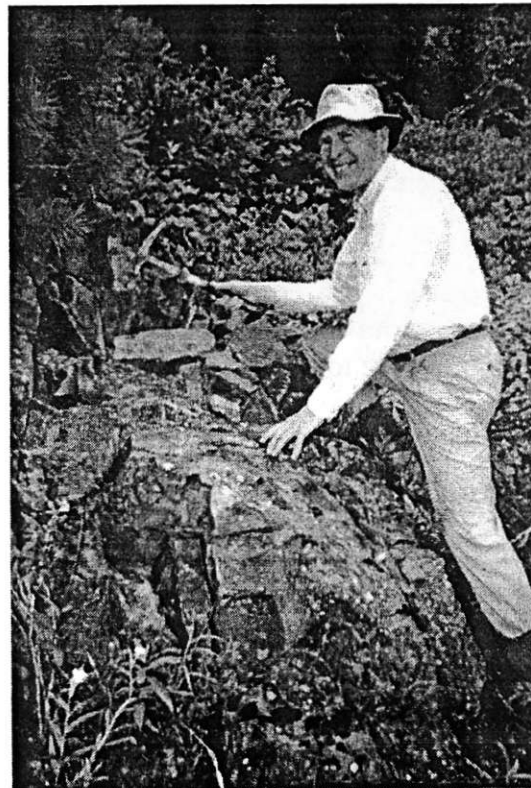
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Klondike Gold Corporation

Over the past decade while investors shunned the mining sector, several wise and wily explorers were quietly taking advantage of the of the situation by amassing coveted ground then patiently waiting for the day when financing would again be available. One of these visionaries is Richard Hughes who was busy accumulating a prime mineral property portfolio for Klondike Gold Corp. [TSX-V: KG] at a time when most mining companies were abandoning British Columbia.

Richard Hughes is no stranger to the mining industry. He has 30 years of experience and is widely recognized as one of the people behind the discovery of the Golden Giant (Hemlo mine) in Ontario. This world-class deposit contains seven million ounces of gold and produces over 400,000 ounces of gold annually with an overall deposit value of C\$2 billion dollars. The stock price peaked at over C\$90.00.



Richard Hughes still gets out to explore the properties .

In the 1970s, Hughes was instrumental in the discovery of the Balmoral Mine near Val d'Or, Quebec, a project that saw its share price peak at C\$40.00 during exploration and development. The mine has since produced in excess of 500,000 ounces of gold.

Hughes was also instrumental in discovering and putting into production the Sleeping Giant Mine near Amos, Quebec during the 1980's. The mine is now owned 50% by Aurizon Mines and 50% by Cambior and produces 50,000 ounces of gold annually. Over the years, Hughes, who controls the Vancouver-based Hastings Management Company and is the president of three companies currently listed on the TSX Venture Exchange, has brought a total of four mines into production and has been instrumental in raising hundreds of millions of dollars for exploration and development.

So when he told **Dynamic** that of all the projects he has ever been involved in Klondike Gold is the most exciting and prospective we took special note.

Klondike Gold Corp., began in 1982 as Arbor Resources Inc., a member of the Hughes-Lang Group. Early in 1996, the company undertook a corporate restructuring and was renamed Klondike Gold Corp.

The early period of Arbor Resources' history was devoted to the acquisition and development of claims held in the Klondike Mining District of the Yukon Territory. The company currently holds approximately 650 claims between and around the two richest known creeks in the region, the Bonanza and Eldorado,

where 6 to 12 million ounces of gold have been produced since the historic Klondike gold rush of 1896.

Three shear zones, the Lone Star, Buckland and the Oro Grande Nugget Zone, intersect the richest gold bearing portions of the Eldorado and Bonanza Creeks Basin. It is along these zones that Klondike Gold Corp. believes to be the source of the 6 to 12 million ounces of placer gold mined from the Eldorado and Bonanza Creeks. Gold nuggets weighing up to 70 ounces have been recovered from these creeks suggesting that very high grade zones may exist along strike.

The question has always been where did the gold come from? Klondike thinks it has found the answer.

The company has spent seven years exploring the area, and found gold in bedrock, in three shear zones ranging in width from 10 to 95 feet and have been followed for up to 4 kilometres.

The Lone Star Zone, named after the Lone Star mine in the area that produced 7,000 tonnes grading 5.1/g.tonne between 1912 and 1914, is located on a ridge top between Bonanza and Eldorado Creeks. This zone is composed of a 3 kilometre long, gold soil geochemical anomaly trending parallel to the Tintina Trench.

An aggressive and extensive trenching program was initiated in early June 1998 by the company and 19 trenches have been completed, several of them more than 100 meters in length and up to 4 meters deep. The trenching has concentrated on the Lone Star Zone where 750 meters strike length of

favourable geology has been exposed along a 310 degree trend.

The Buckland Shear Zone is one kilometre southwest and trends parallel to the Lone Star Zone. This mineralized area is located east of the Eldorado Creek and potentially the source of the placer gold mined from the Eldorado over the years.

Sullivan Project

Another exciting project for Klondike Gold is the **Sullivan Project** in the Kimberley Cranbrook area of southeastern British Columbia and their search for deposits similar to Cominco's Sullivan Mine.

The company is pleased that Dr. Trygve Höy, a top authority on Sullivan type deposits, has become project manager in the pursuit of a Sullivan deposit replacement.

During the lifetime of the Sullivan Mine it produced 18.5 billion pounds of lead, 17.5 billion pound of zinc and 297 million ounces of silver. The Sullivan deposit contained a gross metal value in excess of C\$20 billion at today's prices.

Almost 100 years of exploration has failed to find another Sullivan deposit, but Klondike Gold has been working on a model it thinks will prove effective in finding another Sullivan-type deposit.

While looking at a satellite map of the region one day, Richard Hughes noticed what appeared to be a major north-south lineament that was intersected by several smaller east-west faults. The lineament, an ancient structural break, intersected one of these

east-faults, the Kimberley Fault, right at the Sullivan Mine.

It was at these cross-cutting structural breaks where volcanic vents formed, similar to the vent that acted as a conduit for the Sullivan Mine ore. Klondike has identified 24 targets of possible vent structures on ground that the company controls.

According to Hughes, Klondike Gold's objective is to drill a hole in each of the 24 targets by the end of 2003, including 10 very prospective targets.



Sullivan Mine located on the side of the mountain.

Of the 24 targets, three are under option from Abitibi Mining Corp. and three from Sedex Mining Corp.

More recently, Klondike Gold Corp. has turned its attention to prospects in the **Slocan Mining Camp** in southeastern British Columbia where it recently acquired the Silvana, Hinkley, Hewitt-Van Roi, Arlington and Wonderful Mine properties. The Slocan area of southeastern British Columbia has a rich history of silver/lead/zinc deposits.

These properties are currently not being actively explored, but certainly add to the overall value of the company.

DYNAMIC CONCLUSION

Few Junior exploration companies have management expertise with as impressive, or as proven, a track record as Richard Hughes. Richard is a hands-on mining man with a long and rich history of successful mine exploration, finance and production. To this day, Richard spends time in the field searching for his next discovery along with top-notch geologists such as Dr. Trygve Höy.

The recent increase in price of gold makes the Klondike project one watch. If the shear zones turn out to be the source of the placer gold, Klondike Gold could become Richard Hughes' next success story.

The company is also well-positioned with their Sullivan project. Any one of the 24 cross-cutting fault structures or volcanic vents could prove up to be the next Sullivan Mine.

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