

Klondike Gold Corp.

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Klondike Gold awakens glories of Yukon gold rush

It's not uncommon for explorers to invoke the former glories of their territory, evidence of somewhat primitive mine workings is often deemed a good omen of deeper mineral resources, nevertheless, few exploration stories come with as much historical context as Klondike Gold Corp (CSE:KG) (OTCMKTS:KDKGF).

KGC is seeking out the original sources of the gold rush that made the Klondike region of the Yukon famous.

Initially, the explorer set out to unearth high grade, highly concentrated deposits.

READ: Klondike Gold reports progress in drilling at Lone Star zone of Klondike property in Yukon

Such a discovery has proved somewhat elusive, so far, but, KGC is presently having success finding lower grade but widespread gold mineralization across its property.

CEO Peter Tallman, who got involved around four years ago, told Proactive Investors that until then, there hadn't really been any success looking for the origin of the alluvial gold in the Klondike.

"We tried to take a new approach to exploration and actually quickly realised that there never had been any systematic surveying across the district," he explained.

After a number of successful field seasons - largely comprising of preliminary exploration and technical geoscience work - the company is increasingly confident that it has a material project on its hands.

"Basically, four years' on, we have now done all the preliminary exploration plus all the basic geoscience - acquiring data - to support the concept that there is considerable gold in the bedrock and that there are multiple sources on the property," Tallman said.

READ: Klondike Gold says Lone Star zone drilling shows broad intervals of gold mineralization

So far, KGC has discovered three such prospects, though it believes there's potentially more to find.

Of the three prospects, the Lone Star Zone is the company's focus right now.

KGC is presently working through the results from the 2018 drill programme, which return largely positive findings - low grade gold found across broad widths with high grade pockets of gold mixed in. It now anticipates ramping up its drilling ambitions over the next two years.

The aim is to prove enough gold to define a 2 million ounce deposit which will in turn establish an asset-backed

Price: C\$0.18

Market Cap: C\$17.44M

1 Year Share Price Graph



Share Information

Code: KG

Listing: TSX-V

52 week High Low
C\$0.44 C\$0.17

Sector: General Mining - Gold

Website: www.klondikegoldcorp.com

Company Synopsis:

Klondike Gold Corp. is a Canadian exploration company with offices in Vancouver, British Columbia, and Dawson City, Yukon Territory.

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valuation, and, hopefully attract the attention of the world's largest gold miners - all of which are presently investing in the Yukon.

KGC isn't the only one investing in the Yukon, far from it

Some US\$1 billion has been invested into the region in the past 8 years and the vast majority of the money is targeting gold — four of the world's five "top" gold producers have operations there — and the local authorities have committed \$360 million to invest in mining infrastructure.

"What we're aiming to do is produce a resource that's acceptable to a major — a resource that would be accretive to a major if they were to acquire us," Tallman said.

"We want to dangle out there that we want to be acquired by one of the many major gold mining companies that are exploring the Yukon right now - basically all of them are there.

"Our neighbors, directly, are Goldcorp. Some of the biggest gold companies in the world are literally driving through our property."

Goldcorp acquired Kaminak Gold Corp for US\$520 million, equating to US\$100 per ounce for the project's 5 million ounces — and the mine is due online by 2021.

Klondike acreage in more detail

The company now holds a substantial portion of the historic mining areas, with 2,943 contiguous claims spanning a 557 square kilometer area. The project is 100% owned by the company.

Most of the company's drilling to date has hit some amount of gold. Its initial exploration campaign targeted higher grade quartz zones and confirmed two new discoveries, with 14 of 19 holes encountering visible gold.

A year later, a follow up 51-hole program found more gold in quartz zones at both the Nugget and Lone Star Zones, but also identified broad areas without quartz containing disseminated gold. In 2017, a further 70-hole program unearthed more positive gold results targeting the disseminated style gold. The 2018 program comprised 87 drill holes also primarily targeting disseminated gold and the results so far have again been positive.

KGC will be drilling with greater scope over 2019 and 2020, with the maiden resource statement potentially following in 2021.

"Starting in 2019, we have a budget of \$2.5 million, which will go to drilling, and that will be for another nine to ten thousand meters. We already have the [money] in hand, so we don't need to finance that."

"If the results that we have been getting continue, I would look at the opportunity of trying to bump the \$2.5 million up to as much as \$5 million for 2019 - that's a decision that would be made in the Spring, at around April, and that will be contingent upon what the gold market is doing and appetite in the market for financing that.

"At that point, though, will be planning for a major escalation in 2020 so as much as \$10 million to \$15 million would be invested and that would basically get us 50,000+ meters of core drilling - that presupposes that we have outlined the Nugget target, the Lone Star target plus perhaps another one - though we don't need more than those."

Klondike snapshot:

Remainder of 2018 drill results still to come

Budget secured for 2019 drilling, but there's scope to expand

In 2020, activity will step up further ahead of a possible resource estimate in 2021

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