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MOMENTUM REPORTS – KLONDIKE SILVER

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Klondike Silver On Track to Reviving Historic Silvery Slocan Valley



Richard W. Hughes, the man behind Klondike Silver is a known Minefinder credited with Hemlo and Balmoral, Sleeping Giant and Beaufor Mines.

Klondike Silver, (TSXV: KS) may be a one of a kind junior mining company. To begin with it is located in the Silvery Slocan mining district, one of Canada's five major known silver, lead, zinc camps. Then there is both the romantic and very real presence of mine-finder Richard W. Hughes who spent 10 years putting together Klondike's land package, 110 square km that includes 68 past producing mines. The most productive mine in the package, Silvana at Sandon, has already produced 7.8 million ounces of silver, 63.2 million lbs. of lead and 57.9 million lbs. of zinc. Average grades were 13.87 ounces per ton silver, 5.62% lead and 5.15% zinc. (source BC MINFILE)

In case you were wondering if the camp could possibly be mined out David Makepeace who sits on the Technical Advisory Board and is building a computerized 3-D geological model of the camp said in a recent interview: "I don't like to be promotional but I would say there is 50 to a 100 years worth of production in the camp if not a lot more, at 100 tons a day. That's one of the reasons I am so happy about getting back in there." Makepeace was the chief exploration and production geologist at Silvana between 1983 and 1989 for Dickenson Mines.

Another bright light shining on the future includes a low development capex. There already is a permitted 100 ton per day flota-

KLONDIKE SILVER

TSX-V: KS

Share Structure:

Issued:	111,633,893
Market Cap:	7,828,000
Year High:	0.145
Year Low:	0.035



Looking Forward

The Company's goal is to rehabilitate and restore the most prospective past mines to production, and to use the cash flow generated to fund advanced exploration technologies to find the new discoveries of the future.

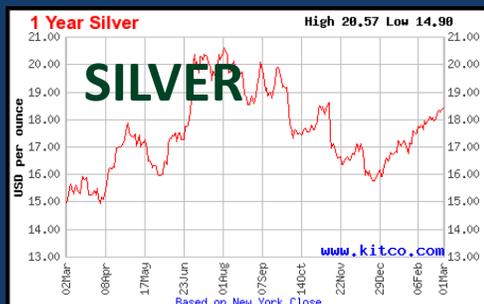
KLONDIKE SILVER TSX-V: KS

Silver-rich polymetallic silver-lead-zinc deposits

Silver price up 23% in one year
March 1, 2017 CA\$23.90 (US\$18.39)

Lead price up 25% in one year
March 1, 2017 CA\$1.35 (US\$1.04)

Zinc price up 57% in one year
March 1, 2017 CA\$1.67 (US\$1.29)



tion mill and a licensed tailings pond facility. The icing on the cake may lie in the fact that Klondike will be exploring from existing adits which not only will help keep costs reasonable but also means that work can continue all year round. Needless to say water, electricity and year-round road access are currently available at the site. To top it off, all the claims are royalty free.

Makepeace left the Silvana Mine partially because the then owners decided to curtail and eventually stopped underground exploration work. With a narrow vein structure, explained Makepeace, you have to mine and explore at the same time. "Over the 50 year history of the mine it had at times as little as two weeks' reserves and at times only as much as 2 years reserves."

Silver Lead and Zinc were discovered in the Slocan in 1891 and the Valley was off to the races. The silver rush attracted people to the province and the money taken out of

the Slocan mining camp went into building British Columbia. Eventually more than \$35 billion in current values would be taken out of the Slocan in the form of lead, zinc and of course, silver. Klondike likes to think of the Slocan as the last best under explored silver camp in Canada.

"Sandon," says Klondike Silver's CEO Tom Kennedy "was once the second largest city in the province. I absolutely believe we will start mining in the Slocan again. From some of the work we are doing now, we could have quite a glorious day coming up."

At one time Sandon could boast a population of 5,000 with 29 hotels, 28 saloons, 3 breweries, opera and theater houses, a 50-bed hospital and 2 newspapers, as well as 3 churches, 2 rail lines, 17 mills, 22 tram lines to haul ore to the mills and miners being miners, had the largest red light district in Western Canada. The Slocan Silver Camp covers 250 square kms of very rugged,

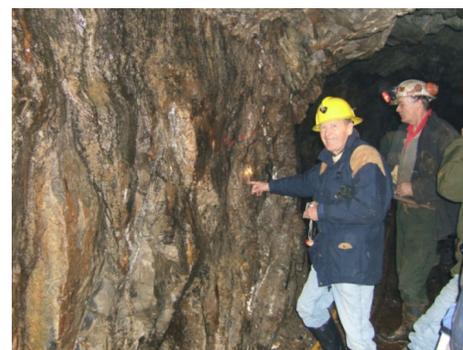
steep terrain. At its peak it contained 173 producing mines. The mines stopped production due to the structural complexity of the narrow veins, lack of modern exploration techniques, the cyclical nature of commodity prices and the way the camp had originally been staked.

Much of the camp had been staked as Crown Grants, 1500 by 1500 square feet. The problem with the size of the claims was that you could mine up to the edge of your claim, but you couldn't acquire the one next to it because everybody wanted millions of dollars. This situation persisted into the 1980s. "When I was at Dickenson's Silvana Mine we constantly tried to expand our land package. It wasn't until Richard Hughes came along and I give him full credit for doing it, that someone was finally able to assemble the land package. He was able to lock up all this property which we never were able to do," said Makepeace.

Hughes is known as a minefinder because he was behind the discovery of the Hemlo, Balmoral, the Sleeping Giant and the Beaufor Mines, just to name a few.



Slocan Silver Camp



This project is located approximately 140 kilometers drive north of the Teck lead/zinc smelter

Klondike's land package includes the majority of the "Main Lode" structure (the main producing vein system), for seven out of its nine kilometre length including the entirety of the "Silver Mile", a 1.5 km length of the "Main Lode", that has had extremely limited exploration work done on it and virtually no mining. Hughes is somewhat of a legend in mining circles and is known as a minefinder because he was behind the discovery of the Hemlo, Balmoral, the Sleeping Giant and the Beauvoir Mines, just to name a few. He now has a new feather in his cap being the president of Integra (TSXV: ICG) when 100% of the Lam-
 aqua property was acquired. With Integra, it

was Richard who insisted 100% was needed for the Company to move forward. Much like Klondike Silver's Slocan mining camp Richard was a big believer in the potential of the Lam-
 aqua property.

"He has a nose for good projects. Richard figures he has staked a big package and the heart of the package," says Tom Kennedy. While Hughes sits as chair of the technical advisory committee his very presence ensures the company's stability. *"He has garnered quite a few significant followers. The money flowed in. We have some strong very successful investors."*

Klondike Silver has already operated the Silvana mine. In 2007 the mine was producing 50 tonnes a day but due to downward pressure on silver prices, the mine was pulled out of production and the mill, which is capable of 100 tonnes a day was put on care and maintenance. When the market went sour Hughes was involved with eight or nine public companies and keeping them afloat meant putting Klondike Silver, which he had spun out of Klondike Gold as a vehicle for his Slocan claims, on hold.



2017 WORK PROGRAM

- ◆ Fly a **LIDAR** topographical survey on the Klondike Silver property and combine it to the **3D underground geological model**.
- ◆ **Identify** and prioritize underground drill targets in the upper levels of the Hope/Silvana/Carnation mines from the **3D underground geological model**.
- ◆ **Establish** underground drill stations and rehabilitate the lower Carnation mine levels.
- ◆ **Underground drilling** (initially 1,000 – 1,500 metres) of **strategic targets** in 2017.
- ◆ **Evaluate** the mineral potential of the Silversmith 10 Level dump for high grade zinc mineralization.
- ◆ **Evaluate** the mineral potential of the Hope 4 and 5 Level dumps for high grade zinc mineralization.
- ◆ **Evaluate** the mineral potential of the Silversmith 5 / Slocan Star Level dumps for high grade zinc mineralization.
- ◆ **Re-condition** the Klondike Silver mill and tailings management facility for processing mineralized feed.

◆

"3D modelling is not brand new but there has never been any 3D modelling on this mining camp or Lidar." (Kennedy)

◆

Now the stars seem perfectly aligned. Commodity prices are jumping. Silver is usually found with lead and zinc. The prices of all three are hitting highpoints. For the year to March 1, 2017, Silver has gone up in price by 23% to C\$23.90, Lead has gone up by 25% to C\$1.35 and Zinc has gone up by 57% to C\$1.67. The surging price of lead and zinc has presented Klondike with something of a gift. "The old zinc-rich mine dumps are a kind of bonus," says Kennedy. Given that the mines were operating for more than a hundred years and that at different times zinc was considered worthless the miners would separate the zinc from the silver and send it to the rock dumps outside their mines. "The rock dumps are reasonably large and there are two or three close by the mill at Sandon on our property," says Kennedy.

Recent developments include the armouring of Carpenter Creek to prevent erosion and to protect the permitted tailings ponds; initial work on building a computerized 3-D geological model of the claims, and in February the company announced that it had raised \$1.3 million in an oversubscribed private placement that closed in February.

One key thing about this project is the addition of modern exploration technology, says Kennedy, "3-D modelling and LIDAR topography surveys are not brand new but these have never been undertaken for this mining camp." Kennedy goes on to say that David Makepeace was excited a couple of weeks ago when he started to identify and display a hanging wall and footwall structure on the Main Lode in the 3-D model, which has never been seen before.

Things are beginning to get busy up at the mine. The flotation mill at Sandon is being visited by engineers and electricians this spring in order to see what may be required in the way of tuning things up. Portals and adits are being inspected to make sure they meet safety standards. Dave Makepeace is working on the computerized 3D geological model and when the snow melts, and the sky is blue, Klondike will start flying its LIDAR survey.

Sometime in September/October the modeling will be finished and the results of the LIDAR survey will be added, and then strategic drilling targets will be chosen. The underground drilling campaign will consist of 1000-1500 metres and the company will be drilling short holes because they will be working inside existing adits. *"A lot of people ask us why we are drilling short holes,"* says Kennedy, *"the main reason is that the underground workings are developed usually in close proximity to the veins and hence require shorter holes"*. If the results are good there is potential for production in 2018. The potential for the *"Silver Mile"* along the *"Main Lode"* to contain undiscovered mineralization is very good.



Tom Kennedy



Silver Lead Zinc Milling Complex. Sandon, BC Canada.

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