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TSXV: KS

Klondike Silver Increases Land Position in Slocan Silver Camp and Closes Private Placement

VANCOUVER — **Klondike Silver Gold Corp.** (TSX-V:KS) (the "Company") is pleased to report that it has aggressively staked new mineral properties in and around the Sandon Silver Camp of south-central British Columbia. The newly expanded land package now encompasses more than 4,500 hectares and includes 25 past-producing mines and a fully permitted 100-tonne-per-day flotation mill.

Klondike Silver is by far the dominant landholder in the Slocan Camp, which has produced more than 24 million ounces of silver plus by-product base metals since the late 1800s. The Company's holdings consist of 2,261 hectares of crown-granted mineral claims and 22,852 hectares of mineral claims, with new additions as follows.

- **Corrigan Mine Group:** 145 hectares were added adjacent to the active and promising Jackson Mine claims to cover three past-producers. The Corrigan Mine was known for its high grades (16,043.71 g/t silver, 34.1% lead and 2.6% zinc). The others are the Rio Mine (8,025 g/t silver, 31.1% lead and 6.0% zinc) and the Silver Bell Mine (5,130 g/t silver and 45.8% lead).
- **Hewitt Mine Area:** 956 hectares of new ground was staked adjacent to the Company's 41 crown-granted claims.
- **Silverton Creek Area:** 951 hectares of new claims were staked, including the past-producing Jennie Lind, Canadian and Ivanhoe Mines on Silver Ridge. This area also covers the Iron Mask silver-lead-zinc-gold showing near the valley bottom.

Klondike Silver's exploration efforts in and around the Sandon Silver Camp are focused on reviving the most promising historic mines near the existing mill and exploring a highly prospective land package focused on five main project areas.

The newly expanded, contiguous land package extends from the heights of Silver Ridge (Idaho Peak, Selkirk Peak and Sandon Peak) to the valley bottom at Sandon, and up and over Payne Mountain north to Three Forks and beyond.

The Company also announces an amendment to and the closing of a private placement previously announced April 21, 2009. The total number of units has been increased from 10,000,000 to 11,040,332 units for total proceeds of \$662,420. Each of the units was priced at \$0.06 and consists of one flow-through or non flow-through common share and one non flow-through non-transferable share purchase warrant entitling the holder to purchase one additional non-flow through common

share for a period of two years at a price of \$0.10 per share. The financing has been fully subscribed and the Company is pleased to announce the closing of this private placement. The proceeds of the private placement will be used for exploration programs, property option payments and general working capital.

The securities issued under the private placement are subject to a four month hold period. In connection with the closing of the private placement, the Company paid a finder's fee of \$7,996 to Bolder Investment Partners Limited representing 8% of the gross proceeds through Bolder Investment Partners Limited. The Company also paid a finders' fee of \$540 to Barrington Capital Corp. and \$540 to Richardson Partners Financial Limited representing 8% of the gross proceeds through Barrington Capital Corp. and Richardson Partners Financial Limited.

The Company also announces an amendment to and the closing of a private placement previously announced May 29, 2009. The total number of units has been increased from 12,500,000 to 13,700,332 units for total proceeds of \$820,820. Each of the units was priced at \$0.06 and consists of one flow-through or non flow-through common share and one non flow-through non-transferable share purchase warrant entitling the holder to purchase one additional non-flow through common share for a period of two years at a price of \$0.10 per share. The financing has been fully subscribed and the Company is pleased to announce the closing of this private placement. The proceeds of the private placement will be used for exploration programs, property option payments and general working capital.

The securities issued under the private placement are subject to a four month hold period. Included in the private placement was the sale of 8,333,332 flow-through units to MineralFields Group. In connection with the transaction, Limited Market Dealer Inc. was paid a total cash commission of \$40,000 and Mr. Ben Lee was paid \$4,224 representing 8% of the gross proceeds of the private placement through Ben Lee.

About MineralFields

MineralFields Group (a division of Pathway Asset Management) is a Toronto-based mining fund with significant assets under administration that offers its tax-advantaged super flow-through limited partnerships to investors throughout Canada during most of the calendar year, as well as hard-dollar resource limited partnerships to investors throughout the world. Information about the MineralFields Group is available at www.mineralfields.com.

The Qualified Person for the purpose of National Instrument 43-101 is Trygve Høy, PEng, PhD who has read and agreed with the technical information in this news release.

About Klondike Silver:

Klondike Silver Corp. has assembled a quality portfolio of silver properties in historic mineral districts in North America, and is applying advanced exploration technologies to add value to these core assets. Klondike Silver is reviving the Gowganda and Elk Lake silver camps in Ontario, and the world-famous Klondike district of Yukon Territory. The Company owns a 100 TPD fully operational flotation mill in Sandon, BC, which is currently processing material from one of its Yukon properties and local mines in the historic Slocan Silver Camp.

Klondike Silver is a member of the Hughes Exploration Group of Companies and is led by a team with a stellar track record of discovery and development in Canada.

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Or visit Klondike Silver's web-site: www.klondikesilver.com to see Smartstox interviews with Company President, Richard Hughes.

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The statements made in this news release may contain forward-looking statements that may involve a number of risks and uncertainties. Actual events or results could differ materially from the Company's expectations and projections.