

KLONDIKE SILVER

Our Vision: Silver/Zinc/Lead Production

Klondike Provides Update on Upgrades to Tailings Management Facility

May 27, 2021 - Vancouver, Canada – Klondike Silver Corp. (“Klondike Silver” or the “Company”) (TSX.V: KS) is pleased to provide an up-date on the significant progress being made on remedial measures to its Tailings Management Facility (“TMF”) in Sandon, British Columbia. As noted in Klondike’s press release of February 26, 2021, the Company received notification from the Chief Gold Commissioner for British Columbia that its Free Miner Certificate (“FMC”) had been cancelled. The FMC is required in order for the Company to continue with underground exploration and development of its Silvana underground mine property. The cancellation of the FMC resulted from a culmination of a number of outstanding non-compliance issues associated with the Company’s TMF. The current TMF is comprised of three distinct tailings ponds that are abutted against each other and are adjacent to Carpenter Creek.

The Company is permitted to apply for renewal and reinstatement of the FMC once the following conditions have been fulfilled:

- A 2020 Dam Safety Inspection report is to be completed, signed and sealed by a professional engineer prior to the end of March 2021. **THIS HAS BEEN COMPLETED.** Klondike Silver submitted to the Ministry of Energy Mines and Low Carbon Innovation (“EMLI”) the 2020 Dam Safety Inspection (DSI) report (signed and sealed by a professional engineer) prior to the end of Q1, 2021.
- A Geotechnical Site Investigation factual report and geotechnical assessment is to be completed signed and sealed by a professional engineer. **THIS IS IN PROGRESS.** Tetra Tech Inc. (“Tetra Tech”), a geotechnical and engineering consulting firm, has been commissioned to complete this report with a target date for completion of August 2021. Tetra Tech has already completed a drill program on the TMF to examine the embankments of all three tailings ponds, the tailings material within the ponds and the characteristics of the subsurface of the TMF. As outlined in the Company’s press release of April 19, 2021, Tetra Tech installed piezometers in the drill holes to measure the depth of groundwater within the TMF throughout the year.
- An Erosion Protection Plan and an Erosion Protection As-Built Report is to be completed, signed and sealed by a professional engineer. **THIS IS IN PROGRESS.** Tetra Tech has been commissioned to complete this plan and report with a target completion date of September 2021. The Protection Plan is expected to include armouring of the banks of Tributary Creek and Carpenter Creek through the placement of “rip-rap” or large loose rock, re-sloping of the downstream angle of #3 dam and development of a catchment at the bottom of Tributary Creek to provide surge capacity. In addition, the Company secured approximately 1,000 tonnes of rip-rap material for emergency use during the 2021 spring freshet. The 2021 spring runoff has not been as extreme as 2020 and the Company does not expect to need to place this material.

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As further background, the Company was in the process of remedying the non-compliance issues identified above, when in April 2020 the Sandon mill and surface facilities received an inrush of water, sediments and trees from upper Tributary Creek which originates above the facilities and captures water from the Idaho Peak watershed. Tributary Creek joins Carpenter Creek with the confluence of the creeks meeting in close proximity to the three existing TMF structures and the mill. The volume of water and sediments represented a 200-year flood event which exceeded the capacity of Carpenter Creek and resulted in some erosion of the base of #3 Tailing Storage Facility (“TSF”). Repairs to #3 TSF were completed in June 2020. Klondike Silver is not responsible for maintenance of the access roads above the mill location but based on the 2020 freshet Klondike Silver has committed to taking measures to mitigate a similar result by taking pro-active measures in proximity to Carpenter Creek.

Klondike Silver and Tetra Tech continue to work closely with the EMLI to ensure that the non-compliance issues are remedied. The Company will provide a further update on progress by the end of Q2 2021.

The scientific and technical disclosure in this news release has been reviewed and approved by David Makepeace, P.Eng., Senior Geologist – Environmental Engineer at Geospectrum Engineering, who is an independent consultant to the Company and Qualified Person as defined in NI 43-101.

About Klondike Silver

Klondike’s Silvana Mine Silver Zinc Lead project is located in South Eastern B.C., 138km north of the Trail B.C. smelter. The Company is actively exploring from underground, the western extension of the Silvana Mine, along the “Main Lode”. The “Main Lode” is a 9 km vein structure which is the most prolific mineralized structure in the Slocan Mining Camp. There are 13 historical mines that are situated along the 9 km vein structure which have produced 886,000 kg of silver, 95 million kg of zinc and 117 million kg lead so far. Including 8 of the 13 above there are 68 historical mines that are situated in the Klondike Silver 116 square kilometer claim block which have produced 1,258,000 kg of silver, 72 million kg of zinc and 158 million kg lead so far. (source: BC MINFILE).

Additional information can be found on the Company website: www.klondikesilver.com

On Behalf of the Board of Directors

Klondike Silver Corp.

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