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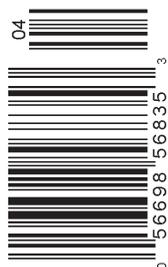
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Klondike Silver tackles Slocan Silver Camp with new plan

by Ellsworth Dickson

KLONDIKE SILVER CORP. [KS-TSXV] has had a presence in the Slocan Silver Camp of southeastern British Columbia for a number of years but has been keeping a low profile in recent times. However, with new management and a new game plan, plus higher commodity prices, the junior is taking another shot at developing this past-producing silver-lead-zinc camp.

It's hard to imagine that in its heyday, the boom town of Sandon, the heart of the Slocan Silver Camp, used to have some 5,000 residents, two newspapers, and was the first town with electricity in BC. The town suffered a major fire in 1900 and much of it was washed away in a 1955 flood. Today, Sandon is a ghost town but does have a museum that is popular with tourists. Sandon is about 10 km east of the town of New Denver.

Since the first discoveries in 1891, the camp has produced more than 69.6 million ounces of silver, 579 million pounds of lead and 569 million pounds of zinc. While these figures are high, most mining was done where the 'Old Timers' could see the mineralized veins. Geophysics, geochemistry and diamond drilling had not yet been developed. Hence, it is logical to assume that there could remain significant mineralized areas 'blind' to surface, covered with overburden as well as more mineralization at depth.

Klondike Silver's claim package, which took Richard Hughes, Chairman of the Technical Advisory Board, years to assemble from the heirs of old Crown grants, plus new staking, covers over 100 km² and includes 68 past-producing mines and a 100 ton-per-day flotation mill in Sandon. The mill, which needs some rehabilitation, is adjacent to the Silvana Mine, the largest producer on the

company's claims. The Silvana Mine produced 7.8 million ounces of silver, 63.3 million pounds of lead and 58 million pounds of zinc grading 13.87 oz/ton silver, 5.62% lead and 5.15% zinc. In total, Klondike Silver's land package has produced 40.4 million ounces of silver from 10 major vein systems.

In an interview with Technical Advisor, David Makepeace, P.Eng., a Senior Geologist with Micon Engineering and a former geologist at the Silvana Mine, he outlined Klondike's exploration plans. These include reactivating the 4625 portal and adit, reactivating the upper workings of the Silvana Mine, locating and validating the broken mineralization in the upper Silvana workings by sampling and surveying and locating unmined zones from the last mineral estimate of 1993. Currently, David Makepeace is digitizing historical mine maps to create an underground 3D geological model.

In addition, after the snow melts, a LIDAR topographical photographic survey (1-metre accuracy) will be prepared and merged with the 3D underground geological model. Underground drill targets will be identified in the upper levels of the Hope, Silvana and Carnation mines using the 3D geological model, geologic interpretation of the model and utilizing already existing soil geochemical data completed by Makepeace in the 1980s. As well, underground drill stations will be established along with rehabilitation of the upper Silvana and lower Carnation Mine levels. Pending identification of suitable targets, drilling is planned for this year.

With so many past-producing mines on Klondike's claim package, one can imagine that there would be considerable mineralized material of varying grades sitting in the old mine waste dumps. Makepeace said the dumps, which contain hundreds of thousands of tonnes, will be examined and possibly used as the initial mill feed when the mill is rehabilitated. While the old Silvana Mine used tracks, he envisages the revamped project will use both track and trackless mining. Project site work is currently underway as well as completing Ministry of Mines requirements.

Tom Kennedy, President and CEO, said, "The reason that I became very interested being involved with Klondike Silver is the fact that a sizeable land package had been put together for the first time in the camp's history. There has never been a real focus on exploring this ground over the last number of years due to market conditions. I have titled our new PowerPoint 2017 – A New Beginning. It's fair to say that it is a new beginning with new management and a very experienced technical team. Another important factor is that we have three commodities working for us – zinc, silver and lead – that have seen substantial price increases throughout 2016 and continuing into early 2017. I believe the opportunity for Klondike Silver to anticipate new discoveries is excellent."

Klondike Silver recently raised \$1.3 million via private placements. ■

The Silvana Mine and mill at Sandon, British Columbia. Photo courtesy Klondike Silver Corp.

