

# Klondike Star Releases Scoping Study for Lone Star Gold Project

SEATTLE, WA--Jul 1, 2008 -- Donald W. Flinn, P.Eng., Chief Operating Officer of Klondike Star Mineral Corporation (OTC BB:[KDSM.OB](#) - [News](#)), today released highlights of the Lone Star Gold Project Scoping Study filed with the U.S. Securities and Exchange Commission.

Klondike Star initiated a full-scale Scoping Study for the Lone Star Project as a management planning tool to guide and accelerate the assessment of mineral potential, feasibility planning, environmental assessment, permitting and mine development decision-making. It discusses the economic viability of the Lone Star mineral deposit, provides a baseline assessment of environmental and socio-economic considerations (including the permitting process), along with a base case mine design. The study identifies strategies for dealing with critical success factors such as energy supply, and produces detailed capital and operating cost estimates.

Three successive years of environmental monitoring already completed can help to fast-track environmental assessment and permitting as decisions are made to proceed.

"Through its comprehensive, proactive and holistic approach to mine feasibility planning, Klondike Star believes it will cut years from the environmental and socio-economic assessment, mine authorization and permitting processes," stated Hans Boge, President.

The proposed project is an open pit hard rock, low grade, large-scale gold mining and processing operation. It is anticipated that the open pit mine would process approximately 27,000 tonnes per day of gold-bearing ore (in addition to waste rock) over an expected mine life of 10 years. This ore would come from one or more of several mineralized zones on the property.

A special focus was placed on the examination of options for reducing energy costs and taking advantage of locally available renewable energy resources, including small hydro and wind, through a northern appropriate, lowest life-cycle cost design. Such measures reduce and stabilize operating costs, thereby enhancing mine profitability.

The preliminary estimate of capital costs is in the range of \$250 million to \$300 million (USD). A 24-hour per day mining operation for 330 days per year would yield a projected amount of 271,000 ounces of gold per year, assuming a head grade of about 1.0 g/t and a recovery rate of 92 per cent.

The technical model designed through the scoping study indicates the target, a preferred reserve estimate for making a production decision, is currently in the range of approximately 38.8 tonnes (42.75 tons) of contained gold assuming a gold price of \$700 oz (USD). Management is of the opinion that about 25% of the target, identified by the Scoping Study as the threshold for economic viability, has been identified.

Through patient, systematic mineral exploration, complemented by rigorous geological research -- including a Company-funded independent geological investigation of the entire Klondike gold-producing region by the internationally recognized University of British Columbia Mineral Deposit Research Unit (MDRU) -- Klondike Star believes there has been a major breakthrough in the understanding of Klondike geology, in locating the sources of gold and in assessing the scale of mineralization. The company holds all the key ground within the boundaries of the 135 km<sup>2</sup>/52 mi<sup>2</sup> property.

Based on the consolidated analysis of structural geology of the area, previous and exploration results from seven programs (1986 - 2007), including the drilling, bulk sampling, geochemistry and

geophysical programs completed by Klondike Star 2005-2007, Company geologists are of the opinion that mineralized material containing 253,000 troy oz has been delineated in the Lone Star Zone (site of the original Lone Star Mine circa 1912-1914) with reasonable confidence in the exploration results. The opinion is based on 14,730 m of drilling in 109 drill-holes. The estimate does not include any of the mineralized material present at other major exploration targets, such as the Buckland or Nugget Zones.

Exploration Manager Bill Mann, P.Geo, says, "A planned program of infill, step-out and deep drilling is expected to substantially increase the identified gold mineralization at the Lone Star Zone."

The scoping study complies with Securities and Exchange Commission Industry Guide 7.

#### About Klondike Star

Klondike Star is a well-governed mineral exploration and development enterprise with a solid portfolio of projects in Canada and Egypt. The company has majority or 100% interests in 5 gold projects totaling about 280 km<sup>2</sup>/107.4 mi<sup>2</sup> in the Yukon, located in the northwest corner of Canada underlying the site of the world-renowned Klondike gold fields. Major properties include the advanced-stage exploration Lone Star Gold Project with a completed scoping study, the intermediate-stage Dominion Gold (and silver) property; and, the pre-development Indian River Gold Project. The mission is to explore, develop and operate new mines as socially responsible, sustainable developments. Through its wholly owned Canadian subsidiary, Klondike Star was awarded the right to explore and develop gold, iron ore and other minerals on the expansive 1,245 km<sup>2</sup>/481 mi<sup>2</sup> Oweinat concession in the Arab Republic of Egypt through a competitive, international bidding process.

The statements in the press release that relate to the company's expectations with regard to the future impact on the company's results from new products or actions in development are forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995. The statements in this document may also contain "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Since this information may contain statements that involve risk and uncertainties and are subject to change at any time, the company's actual results may differ materially from expected results.

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