

FOR IMMEDIATE RELEASE
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TSX-V: KG
www.klondikegoldcorp.com

KLONDIKE GOLD RESPONDS TO CURRENT MARKET CONDITIONS BY CONSERVING CAPITAL

VANCOUVER, BC – Klondike Gold Corp. (TSX-V: KG) has terminated its Meteor Lake Project in Northern Ontario and renegotiated option agreements on the majority of its properties in Yukon, British Columbia and Ontario. This is in keeping with the Company's policy to conserve capital during the current period of weak financial markets. Klondike Gold Corp. has also joint ventured several projects as a means of reducing operating costs.

Klondike Gold and Chalice Diamond Corp., joint venture partners on properties located in the Chapleau/Wawa area of Ontario, have entered into an agreement on the Josephine Property with Revolution Technologies Inc. and Canada Iron Inc. who also own properties in this area. Revolution has assigned their mineral rights on its Esquega property (less iron ore rights) to COD and KG, and Canada Iron has assigned its mineral rights on their Corbiere property (less iron ore rights) to COD and KG in exchange for COD & KG assigning their iron ore rights on the Josephine property to Revolution and Canada Iron.

In response to financial markets and subject to regulatory (and disinterested shareholder approval of insider options), Klondike Gold plans to re-price incentive stock options that expire from August 2009 through June 2012 (currently priced at between \$0.12 and \$0.15) to \$0.10. Subject to TSX and warrant-holder approval, Klondike Gold has also re-priced a number of warrants to reflect the current market. Warrants that expire on February 20th will be re-priced to \$0.05 per warrant and the term extended by 12 months. Warrants which expire on May 23 and November 14, 2009 will be re-priced to \$0.05 per warrant with no changes to their term.

The Company also announces that, subject to regulatory approval, it has granted 1,800,000 stock options to directors and officers of the Company and 3,600,000 stock options to employees and consultants at a price of \$0.10 per share for a period of five years.

About Klondike Gold Corp

Klondike Gold is a large landholder in the Klondike District of the Yukon Territory, an area which produced between six and twelve million ounces of gold during its historic gold rush. The Company also holds a 50% interest with partner Chalice Diamond Corp in approximately 78,000 acres of diamond properties located in the Chapleau-Wawa region of Ontario and a number of properties in southeastern British Columbia.

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Please visit the Company's website: www.klondikegoldcorp.com for more information on the diamond properties in Ontario, our holdings in the Klondike and our properties in southeastern BC. You will also find Smartstox interviews with company President, Richard Hughes located on the website.