

FOR IMMEDIATE RELEASE
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TSX-V: KG
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Purcell Basin, BC: Massive Sulphide Exploration Update

VANCOUVER, BC —**Klondike Gold Corp.** (TSX-V:KG) (the “Company”) has led a detailed and comprehensive exploration program focused on the search for “Sullivan-type” massive sulphide deposits in the Purcell Basin of southwestern British Columbia since 2002. These programs were conducted in partnership with Sedex Mining Corp., Abitibi Mining Corp, Golden Chalice Resources Inc. and Supergroup Holdings Ltd.

Approximately \$6 million has been spent to date on airborne geophysical surveys, geochemical programs and deep drilling to locate structural basins similar to the Proterozoic basin hosting the world-class Sullivan Mine near Kimberley, which closed in 2001 after producing more than 150 million tonnes averaging 6.9% lead, 5.1% zinc and 67 g/t silver. The Sullivan deposit is known as one of the largest and richest sedimentary exhalative (SEDEX) deposits in the world.

Exploration programs to date have successfully identified six structural basins as well as several more areas with indicators of Proterozoic tectonic activity, one of the main criteria for basin recognition. Drilling in several of these basins — Panda, Cold Creek, Sullivan South (Pitt-Ash), Fors-Davent and Pakk — intersected distal base metal sulphide mineralization at Sullivan time, indicating seafloor exhalite mineralization. This initial exploration success was followed up by systematically testing these basins, also by deep widely spaced drill holes, in order to vector towards the source of sulphide mineralization.

One of the more successful programs focused on the Panda Basin and involved drilling six holes, all to the Sullivan time horizon, over a widely spaced area. This work clearly defined the limits of the basin and also showed that the sulphide content is increasing towards the southwest, near the intersection of the basin axis with a northeast-trending Proterozoic-age fault. A seventh hole initiated in the 2007 field season was successfully completed late last fall. Hole DDH Irish 07-01 intersected an anomalously thick Sullivan-type stratigraphic interval with considerable disseminated and wispy sulphides, including both lead and zinc mineralization. This represents one of the best Sullivan intersections drilled in the Purcell Basin outside of the immediate Sullivan basin itself. The Company believes that further exploration of the Panda Basin is warranted, including down-hole geophysics and additional step-out drilling.

Klondike Gold and its joint venture partners have held a large ground position in the Purcell Mountains, which has since been reduced to cover key ground based on the recognition of the location and evaluation of prospective Sullivan-type basins. The Cold Creek basin, located 20 km south of the Panda basin, is marked by numerous surface indicators of mineralization as well as diagnostic sedimentary units but has, to date, only one hole drilled to Sullivan time. Considerable ground has been released in the southern part of the Sullivan-Pitt-Ash basin, but several key tenures have been retained to cover ground where a well-mineralized Sullivan horizon was intersected. Some ground was also retained in the Hughes Range, 25 km east of the Sullivan Mine where a small past-producing stratiform silver-lead-zinc deposit known as the Kootenay King is located.

The Purcell Basin is considered one of the most prospective Proterozoic-age sedimentary successions in the world, based largely on the successful exploration of the \$40-billion Sullivan deposit. These basins typically contain several SEDEX-type silver-lead-zinc deposits, in contrast to the Purcell basin, which until recently had only one known massive sulphide deposit of substantial size. The recently reported drilling success of Azteca Gold Corp. in intersecting several meters of massive lead-zinc mineralization in similar rocks in Idaho increases the potential for discovery of Sullivan-type massive sulphide deposits in correlative Purcell rocks in British Columbia. After an aggressive and successful exploration program, Klondike Gold believes it has the

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knowledge and expertise, as well as an excellent ground position, to successfully continue its exploration for a world-class massive sulphide deposit.

The Qualified Person for the purpose of National Instrument 43-101 is Trygve Höy, who has read and agreed with the contents of this news release.

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.

The statements made in this Press 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.

The TSX Venture Exchange does not accept responsibility for the adequacy or accuracy of this news release.