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Early Klondike Gold Drill Results Yield 5.1 g/t Au Over 14.34 Meters at Nugget Zone

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Vancouver, British Columbia, Canada, July 14, 2016, Klondike Gold Corp. (TSX.V:KG; FRA: LBDP) ("Klondike Gold" or the "Company") is pleased to announce first assay results from 2016 drilling, and to update progress of ongoing drill testing at the Lone Star and Dominion properties near Dawson City, Yukon Territory.

A total of 41 diamond drill holes have been completed to date as part of the drill program which began in mid-May (see News Release June 14, 2016 and May 18, 2016). The campaign has averaged nearly one diamond drill hole completion per day using one drill. A cumulative 3,100 meters of core has been recovered and processed during this period. Up to an additional 1,500 meters of drilling is planned.

Diamond drill target areas tested so far include Nugget, and Violet Ridge on the Lonestar Property, and the Hunker target on the Dominion Property. The 3.5 km long Violet Ridge target area is divided into "310", "Isaac", and "Violet Mine" subzones based on geology.

HIGHLIGHTS:

Nugget Zone drilling intersects visible gold within quartz vein array assaying **5.1 g/t Au over 14.34 meters** starting at surface in hole EC16-32, the best result to date at Nugget; extends Nugget Zone 50 meters to east.

Initial drilling at Violet Ridge (310 target) discovers quartz veins with visible gold; assays pending.

Initial drilling at Dominion intersects quartz veins down-dip from c.1900 exploration shaft on 3 meter quartz vein assaying up to 81 g/t Au in prospecting chip samples; assays pending.

Peter Tallman, President of Klondike Gold states *"These early results from Nugget Zone demonstrate the potential for the discovery of lode deposits of consequence within the historic area of the Klondike placer gold fields. Additionally, the exploration team is encouraged by the identification of extended intervals of pervasive alteration. This style of alteration at Dominion, some 30 km from similar alteration at Violet (Isaac target), validates the company's exploration model that bulk tonnage targets exist alongside high-grade vein targets within the Company's extensive land package."*

DRILLING RESULTS: NUGGET ZONE

The Nugget Zone has successfully been doubled from 100 meters to 200 meters in length. EC16-32, a 50 meter step out to the east, encountered the best gold mineralization drilled to date assaying **5.1 g/t Au over 14.34 meters (including 19.6 g/t Au over 2.4 meters)**.

The Company first drilled the Nugget Zone in 2015 and outlined two parallel east-west striking zones of gold-bearing quartz veins (the "Upper" and "Lower zones; see NR October 15, 2015) over a 100 meter strike length. In 2015, hole EC15-03 intersected near-surface mineralization averaging 5.3 g/t Au over 7.6 meters starting at 4.4 meters downhole.

In 2016 a total of 11 drill holes, EC16-23 to EC16-33, tested the vicinity of Nugget Zone. Results are described below. A drill plan map, individual drill sections, tabulated assay results and collar information (UTM collar location, dip, azimuth, hole depth) can be found on our website HERE.

Hole EC16-32 intersected visible gold-bearing quartz veins averaging 5.1 g/t Au over 14.34 meters from 3.55 meters downhole starting at the bedrock surface, representing the best result to date from the Nugget Zone. A 22 cm interval from 5.1 meters assayed 147 g/t Au. The hole is a 50 meter step out to the east. Veining intensity and tenor of mineralization is strengthening and remains open in this direction. The hole was drilled at a steep (-85 degree) angle.

EC16-31 is a shallow (-50 degree) angle hole from the same location as EC16-32. EC16-32 intersected 0.7 g/t Au over 16.9 meter from 5.85 meters downhole starting just below the bedrock surface.

EC16-27 is a 50 meter step out to the west and was drilled at a shallow -50 degree angle. EC16-27 intersected a quartz vein array averaging 0.5 g/t Au over 6.0 meters from 48.5 meters downhole. EC16-28 was drilled at a steep -85 degree angle from the same position and intersected minor quartz veining with no significant assays. EC16-27 marks the western limit of gold-bearing quartz veining at the Nugget Zone. Two more holes, EC16-29 and EC16-30, drilled 50 meters further to the west, failed to intersect quartz veining and had no significant assays.

EC16-23 to EC16-26 were tests of the hangingwall above the Nugget Zone. EC16-23 and EC16-24 appear to have reached the Nugget vein position and intersected minor quartz veining with no significant assay. EC16-25 and EC16-26 did not have significant veins or assays, and did not test the Nugget target. EC16-33 tested the footwall below the Nugget Zone and intersected a new vein which assays 7.6 g/t Au over 0.4 meters from 23.07 meters.

DRILLING UPDATE: VIOLET (310)

A total of 9 holes have been completed over a 550 meter strike extent testing individual outcropping gold-mineralized quartz veins located originally by c.1900 prospectors and rediscovered in 2016 by company prospectors. Fine flakes of visible gold were observed in drill core from two holes, consistent with surface prospecting samples (see News Release May 18, 2016). This area has not previously been drill tested. Assays are pending.

DRILLING UPDATE: VIOLET (ISAAC)

A total of 4 holes have been completed over a 175 meter strike extent testing individual outcropping quartz veins located in c.1900 trenches and pits. All holes intersected the target quartz veins, and also intersected zones of silicification. This is the first discovery within the region of extensive bulk alteration of the host rock. This area has not previously been drill tested. Assays are pending.

DRILLING UPDATE: VIOLET (VIOLET MINE)

A total of 4 holes have been completed over a 450 meter strike extent testing two gold-mineralized shafts including beneath the 50 meter deep Violet Mine excavated in 1903. All holes hit their target. This area has not previously been drill tested. Assays are pending.
The 310 target quartz veins are interpreted to be continuous with Isaac target quartz veins and silicification. Total combined length of this mineralized system is 2,500 meters, which remains open in both directions. The Violet Mine target veining is interpreted to be geologically identical but on a

parallel structure that has a 700 meter length in outcrop. Prospecting and mapping efforts are underway to extend these zones.

DRILLING UPDATE: HUNKER TARGET, DOMINION PROPERTY

A total of 10 holes have been completed at the Dominion Property located 30 km east of the Lonestar Property. Drilling targeted individual outcropping gold-mineralized quartz veins over a 900 meter length. Nine of ten holes hit the target quartz veins. Two holes targeted a c.1900 prospecting shaft exposing a 3 meter wide galena-pyrite mineralized quartz vein which has previously yielded gold assays up to 81 g/t Au in prospecting samples (see News Release January 19, 2015). Two holes testing beneath this quartz vein each intersected >3 meters of galena-pyrite mineralized quartz vein. Assays are pending for all Dominion holes.

Of geological significance, several holes at Dominion exhibit extended intervals of fracture veining controlling pervasive alteration. This style of pervasive alteration at Dominion, some 30 km from similar alteration at Violet, validates the company's exploration model that bulk tonnage targets exist alongside high-grade vein targets within the Company's extensive land package.

Drill Core and Assay Protocols 2016

All drill holes are photographed wet. Magnetic susceptibility, foliation, and rock quality determination ("RQD") measurements are systematically collected. All cross-cutting (potentially mineralized) quartz veins and adjoining alteration envelopes are individually photographed. Core logging records lithology, structure, and alteration. Visible gold is identified, measured, photographed, and then excluded from the assay sample for that interval. Assay samples from drill core are cut using a diamond saw. Half the core sample interval is bagged, tagged, and sealed; the other half is returned to the core box with a corresponding tag and retained for reference. Sample bags are aggregated into rice bags, sealed, and submitted by Klondike Gold personnel to Bureau Veritas Mineral Laboratories ("BV Labs") (formerly Acme Labs) preparation facility in Whitehorse, YT with chemical analysis of sample pulps completed in Vancouver, British Columbia. Bureau Veritas Labs is an accredited ISO 9001:2008 full-service commercial laboratory.

At BV Labs each rock sample is crushed to 80% passing 2 mm size. A 500 g subsample is pulverized to >85% passing -75 microns size (Code PRP70-500). The 500 g subsample is then sieved to 106 microns (140 mesh) for "metallic screen" assaying. The plus 140 mesh fraction is then weighed and assayed for gold by fire assay ("FA") fusion with a gravimetric finish (Code FS631). A 30 g subsample of the minus 140 mesh fraction is assayed for gold by fire assay ("FA") fusion with an atomic absorption ("AA") finish (Code FA430). All over-limit results in excess of 10 ppm (10 g/t) for both silver and gold are re-assayed using a 30 g subsample and assayed by FA with a gravimetric finish (Code FA530-Au/Ag). Total gold grade is then calculated using a weighted average of the plus and minus fraction assay results. Samples were also analyzed for multi-element chemistry by ICP-MS analysis (AQ200+U code). Samples over-limit in lead are rerun by a high-detection limit ICP-ES procedure (Code MA370). QA/QC includes the insertion and continual monitoring of Klondike Gold standards, blanks, and duplicates within each batch, in addition to BV Labs QA/QC samples.

The technical and scientific information contained within this news release has been reviewed and approved by Peter Tallman, P.Geo, President of Klondike Gold Corp., and Qualified Person as defined by National Instrument 43-101 policy.

ABOUT KLONDIKE GOLD CORP.

Klondike Gold Corp. is a Canadian exploration company with offices in Vancouver, British Columbia, and Dawson City, Yukon Territory. The company is focused on exploration and development of its Yukon gold projects, accessible by government maintained roads located on the outskirts of Dawson City, YT, covering 308 square kilometers of hard rock and 20 square kilometers of placer claims including "McKinnon Creek" featured on the Discovery Channel show "Gold Rush".

On behalf of Klondike Gold Corp.

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