

## MATERIAL CHANGE REPORT

**To:** British Columbia Securities Commission  
Alberta Securities Commission  
TSX Venture Exchange

**Item 1. Name and Address of Company – Klondike Silver Corp.** , Suite 711 – 675 West Hastings Street, Vancouver, B.C., Canada V6B 1N2

**Item 2. Date of Material Change** –July 5, 2012

**Item 3. News Release** – News Release issued July 5, 2012, at Vancouver, BC.

**Item 4. Summary of Material Change - Vancouver, BC – Klondike Silver Corp. (TSXV:KS) (the “Company”)** is pleased to announce an update of exploration and bulk testing activities at its Silvana Mine located at the historic mining town of Sandon in SE British Columbia. The Company’s 100% owned 120 ton per day mill has been operating 10 hour shifts for 7 days a week resulting in the processing of approximately 40 tons of material per day.

**Item 5. Full Description of Material Change VANCOUVER, BC —Klondike Silver Corp.** (the “Company”) (TSX-V: KS) is pleased to announce an update of exploration and bulk testing activities at its Silvana Mine located at the historic mining town of Sandon in SE British Columbia. The Company’s 100% owned 120 ton per day mill has been operating 10 hour shifts for 7 days a week resulting in the processing of approximately 40 tons of material per day.

Exploration at the 4625 Level and the 4755 Level has continued the search for large ore bodies that would allow the mill to work at full capacity. The Company plans to focus on the continuation of the westward drift on the 4625 Level to test the western extension of the main lode. As previously reported (see XXX News Release) exploration at the 4625 Level of the Silvana Mine confirmed the continuation of the main lode structure west towards the Mammoth and Standard Mines, all part of the East/West trend of the largest producers in the Slocan Mining Camp.

Klondike Silver Corp. has steadily acquired key ground over the past 25 years to become the largest land holder in one of Canada’s larger silver camps. Management believes there is considerable mineralization yet to be discovered and has developed a strategy of minimizing dilution of outstanding shares by generating operating revenues while it continues exploration.

ABOUT KLONDIKE SILVER CORP.

Klondike Silver Corp. has established a dominant presence in the Slocan Mining District of British Columbia which has produced more than 65 million ounces of silver plus associated base metals since the late 1800’s. The company’s assets include at least 25 past producing mines, a fully permitted 100 tonne per day flotation mill and 25,000 hectares (61,000 acres) of highly prospective exploration lands.

**Item 6. Reliance on Section 7.1(2) or (3) of National Instrument 51-102** – Not applicable.

**Item 7. Omitted Information** – The undersigned is aware of no information of a material nature that has been omitted.

**Item 8.** **Executive Officer** – Mr. Alan Campbell, CFO of the Issuer, is knowledgeable about the material change and this report. He can be contacted at (604) 685-2222.

**Item 9.** **Date of Report** – Dated at Vancouver, British Columbia, this 21 day of June, 2012.