

Form 45-106F1
Report of Exempt Distribution

This is the form required under section 6.1 of National Instrument 45-106 for a report of exempt distribution.

Issuer information

Item 1: KLONDIKE SILVER CORP.
711-675 West Hastings Street
Vancouver, B.C., V6B 1N2
Phone: 604-685-2222

Item 2: The Issuer is a reporting issuer in British Columbia and Alberta.

Item 3: Indicate the industry of the issuer by checking the appropriate box next to one of the industries listed below.

☐ Bio-tech

Financial Services

☐ investment companies and funds

☐ mortgage investment companies

☐ Forestry

☐ Hi-tech

☐ Industrial

Mining

☒ exploration/development

☐ production

☐ Oil and gas

☐ Real estate

☐ Utilities

☐ Other (describe)

Details of distribution

Item 4: Complete Schedule I to this report. Schedule I is designed to assist in completing the remainder of this report.

Item 5: Date of Distribution: August 4, 2006

Item 6: For each security distributed:

- (a) Describe the type of security – 3,860,000 flow through units and 3,900,000 non-flow through units at a price of \$0.40 per unit, each unit consisting of one

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common share and one share purchase warrant exercisable on or before August 3, 2008 at a price of \$0.40 per share.

- (b) Total number of securities distributed – 7,760,000 common shares and 7,760,000 share purchase warrants
- (c) Exemption relied upon – NI 45-106, 2.3(5) and NI 45-106, 2.5(2)

Item 7: Complete the following table for each Canadian and foreign jurisdiction where purchasers of the securities reside. Do not include in this table, securities issued as payment for commissions or finder's fees disclosed under item 8, below.

Each jurisdiction where purchasers reside	Number of purchasers	Price per security (Canadian \$) ¹	Total dollar value raised from purchasers in the jurisdiction (Canadian \$)
British Columbia	28	\$0.40	\$1,190,000
Alberta	3	\$0.40	\$ 44,000
Ontario	7	\$0.40	\$ 370,000
Switzerland	2	\$0.40	\$1,500,000
Total number of Purchasers	70		
Total dollar value of distribution in all jurisdictions (Canadian \$)	\$3,104,000		

Note 1: If securities are issued at different prices list the highest and lowest price the securities were sold for.

Commissions and finder's fees

Item 8: Complete the following table by providing information for each person who has received or will receive compensation in connection with the distribution(s). Compensation includes commissions, discounts or other fees or payments of a similar nature. Do not include payments for services incidental to the distribution, such as clerical, printing, legal or accounting services.

If the securities being issued as compensation are or include convertible securities, such as warrants or options, please add a footnote describing the terms of the convertible securities, including the term and exercise price. Do not include the exercise price of any convertible security in the total dollar value of the compensation unless the securities have been converted.

Full name and address of the person being compensated	Compensation paid or to be paid (cash and/or securities)				
	Cash (Canadian \$)	Securities			Total dollar value of compensation (Canadian \$)
		Number and type of securities issued	Price per security	Exemption relied on and date of distribution	
Golden Capital Securities Ltd., 168-1177 West Hastings St. Vancouver, BC	\$20,000	N/A	N/A	N/A	\$20,000
Research Capital Corp., Suite 564 1055 Dunsmuir St. Vancouver BC V7X 1L4	\$4,800	N/A	N/A	N/A	\$4,800
Kluane Basic Industries Ltd. Suite 200, Financial Plaza 204 Lambert Street, Whitehorse, Yukon Y1A 3T2	\$120,000	N/A	N/A	N/A	\$120,000
Limited Market Dealership, 1110 Finch Avenue West, Suite 205 Toronto Ontario M3J2T2	\$24,000	N/A	N/A	N/A	\$24,000
Canaccord Capital Corp., 2200-609 Granville Street Vancouver BC	\$800	N/A	N/A	N/A	\$800

Item 9: If a distribution is made in Ontario, please include the attached "Authorization of Indirect Collection of Personal Information for Distributions in Ontario". The "Authorization of Indirect Collection of Personal Information for Distributions in Ontario" is only required to be filed with the Ontario Securities Commission. **Filed with the Ontario Securities Commission.**

Certificate

On behalf of the issuer, I certify that the statements made in this report are true.

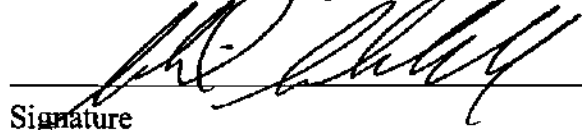
Date: August 8, 2006

Klondike Silver Corp.

Name of issuer (please print)

Alan Campbell – 604-685-2222

Print name, title and telephone number of person signing


Signature

Item 10: State the name, title and telephone number of the person who may be contacted with respect to any questions regarding the contents of this report, if different than the person signing the certificate.

Linda Brennan 604-685-2222

IT IS AN OFFENCE TO MAKE A MISREPRESENTATION IN THIS REPORT.