

Klondike Source Limited



10th Floor, 80 Arthur Street, North Sydney NSW 2060, Australia
Telephone: (02) 9957 3199 Facsimile: (02) 9954 4011
E-mail: info@klondikesource.com.au Website: www.klondikesource.com.au

6 February 2006

The Manager,
Stock Exchange of Newcastle Limited
384 Hunter Street
NEWCASTLE NSW 2300

Dear Sir,

Granting of Option over DOM Claims – Klondike Goldfield

Klondike Source Limited is pleased to announce that its wholly owned subsidiary KSL Exploration (Yukon) Limited (KSL) has granted Klondike Star Mining Corporation (KSMC) an exclusive right to purchase an undivided 100% interest in one or more claims in the DOM block located at Hunker Dome in the eastern part of the Klondike goldfield. KSL holds a 56% interest in these claims through the KSL-managed joint venture with Barramundi Gold Limited.

The purchase price for the entire group of 28 claims is \$500,000 CDN, or, \$18,000 CDN per claim purchased individually. Purchase of any claim or claims will entitle KSL to a royalty of 2.5% of net smelter returns. The initial term of the Option is to 31 December 2006, and KSMC may elect to extend this term provided it has made sufficient exploration expenditures to extend the claims renewal dates beyond 25 May 2007.

KSL understands that KSMC will conduct exploration on these claims during the coming 2006 field season.

A handwritten signature in black ink, appearing to read 'R.G. Adamson', is written over a light grey background.

Robert G Adamson MSc(Hons) MAusIMM CPGeo MMICA
Chief Executive Officer