

# Klondike Source Limited

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26 May 2005

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

Dear Sir,

## **CHAIRMAN'S COMMENTS – ANNUAL GENERAL MEETING 26 MAY 2005**

### **Klondike Tenements and Farmout**

KSL possesses one of the largest claim holdings in the Klondike Goldfield, being:

- ? 87 claims (100%), and
- ? 530 claims (56% joint venture interest with PacRim Resources Limited)

Most joint venture claims have sufficient expenditure to remain current for up to five years. The claim holdings and data are a significant asset in respect of exploration and academic research in the Klondike district. The Company is well positioned in the event that exploration, already underway by other parties on adjacent properties, is successful.

KSL maintains an ongoing dialogue with the exploration companies active in the district, and with university and government geologists conducting geological research on the Klondike.

KSL has put proposals to parties who have at various times expressed interest in participating in exploration of the Klondike Goldfield. One company has advised that our proposal has been forwarded for the consideration of its board.

### **New Projects**

The Company has examined a number of project opportunities. Our objective is to add value to the Company by contributing critical technical know-how and/or by using existing resources to participate in a suitable seed capital opportunity.

One potential project which appears to meet our criteria is presently being further investigated and negotiations are continuing

### **Financial**

The Company repaid in full on 2 May 2005, the convertible note in the amount of \$32,000 held by Poduta Pty Ltd, a company in which Mr Colin Thomas is a director and has a significant financial interest.

Cash on hand at 26 May 2005 was \$624,000; receivables \$150,000 Essential corporate and exploration expenditure is approximately \$20,000 per month.

Yours faithfully

*R J Waring*  
Company Secretary