

KLONDIKE SOURCE LIMITED

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KLONDIKE SOURCE TO BEGIN DRILLING

Klondike Source Limited ("KSL") announces that its drilling program in the Klondike is scheduled to commence in early June.

The program which will comprise 2,200 metres of diamond core drilling. It is designed to test geochemical and structural anomalies that KSL has identified from its previous work and which could host the source of the Klondike alluvial gold.

KSL has been exploring in the Klondike since 1998, applying modern geochemical techniques and structural analysis not previously used in the area. This work suggests the flat-lying schist between Bonanza and Eldorado Creek host the source of the alluvials in sub-parallel lode-structures.

The Klondike alluvials have recorded production in excess of 12 million ounces of gold bullion and, to date, traditional geological models have failed to explain the source of these alluvials.

KSL is listed on the Newcastle Stock Exchange Limited in Australia (Code: KSL refer www.newsx.com.au) and is currently trading at 10 cents, capitalizing the company at around A\$4 million.