KIRKLAND LAKE GOLD INC.

Management Discussion and Analysis

First Quarter – Fiscal 2006

Introduction

The following discussion of the financial position of Kirkland Lake Gold Inc. and the results of operations for the quarter ended July 31, 2005 are to be read in conjunction with the audited financial statements dated April 30, 2005 and related notes for the periods then ended. All of the financial information presented herein is expressed in Canadian dollars, unless otherwise indicated. These statements together with the following Management's Discussion and Analysis, dated September 14, 2005 are intended to provide investors with a reasonable basis for assessing the financial performance of the Company as well as certain forward-looking statements relating to the potential future performance. Additional information on the Company can be found in the Company's Annual Information Form ("AIF"), filed in form 20F, and filed with Canadian regulators on SEDAR at www.sedar.com and with the United States Securities and Exchange Commission at www.sec.gov.

1. Overview

Kirkland Lake Gold Inc. is an operating gold mining company located in Kirkland Lake, Ontario, which owns the Macassa Mine and Mill and four contiguous former gold producing properties purchased on December 14, 2001. The Company's corporate goal is to expand its gold reserves and to become a low cost gold producer. The shares of Kirkland Lake Gold currently trade on the TSE and on the AIM (Alternative Investment Market) of the London Stock Exchange.

2. Discussion of Quarterly Results

Kirkland Lake Gold incurred a loss for the quarter ended July 31, 2005 (Fiscal 2006) of $5,402,213 or $0.12 per share, which compares with a loss of $0.25 per share or a loss of $9,031,182 for the same period fiscal 2005.

Gold revenues were higher on a year over year basis at $7,393,952 (2004- $3,591,536). Operating costs incurred in the quarter of $10,460, compares to operating costs of $9,368,682 incurred during the same period in fiscal 2005. The Company continued an active exploration program with exploration expenditures of $1,222,788 being expensed in the latest quarter, as compared with $1,717,198 reported for the same period of the prior year. Of the $3.0 million raised through flow through shares in late 2004, $0.6 million has been expended on eligible exploration expenditures during the quarter, ($1.5 million calendar year to date)

Over the past four quarters, there has been a continued increase in revenues from gold sales. (2nd. Qtr. fiscal 2005 - $5,129,390), (3rd. Qtr. fiscal 2005 - $6,374,826), (4th. Qtr. fiscal 2005 - $7,060,353), and the latest quarter being $7,393,952.

Expressed in 000' $ except share information	3 months ended July 31 2005	3 months ended July 31 2004
Revenue	**7,394**	**3,592**
Operating Costs	**10,460**	**9,369**
Exploration Expenditure	**1,223**	**1,717**
Net (loss) before unusual item	**(5,402)**	**(9,031)**
Per share (basic and diluted)	**(0.12)**	**(0.25)**
Cash Flow (used) for operating activities	**(2,029)**	**(7,751)**
Net increase (decrease) in cash	**(4,032)**	**(8,580)**
Cash at end of period	**2,401**	**3,140**
Short Term Investments –unrestricted	**2,200**	**-**
Total cash and cash equivalents	**4,601**	**3,140**
Total Current Assets	**8,259**	**20,474**
Total Current Liabilities	**10,932**	**11,441**
Working Capital	**(2,673)**	**9,033**
Weighted average of shares outstanding	**45,516,828**	**36,749,310**

During the first quarter of fiscal 2006, gold production was 11,425 Ozs. from 28,970 tons milled, at a head grade of 0.4044 ounces per ton, and mill recovery of 97.5%. The percentage of total milled tonnage from development sources was 37%. In comparison, the figure for the previous quarter was 21% in development headings. Since gold content in development headings is more difficult to forecast and is lower grade than that in production stopes, the higher proportion of mill feed from development headings has a negative affect on the overall grade.

Gold sales during the latest fiscal quarter were 13,951 ounces with an average gold price of $529 per ounce as underground production from #3 Shaft continues to increase. This compares with gold sales of 6,744 ounces with an average sales price of $529 per ounce during the same period of the prior year. During the first quarter of fiscal 2006, negative operating cash flow amounted to $2,029,074, (2004- negative $7,750,968) as underground development and stoping activities continue to increase in efforts to raise gold production to positive cash flow levels.

Results of the first quarter were negatively impacted by critical failures of scoop trams and long hole drills, as well as the availability of suitably qualified manpower throughout the summer. The company is proactively working with the equipment suppliers in order to rectify problems and mitigate downtime through preventative maintenance programs and a managed critical spare inventory. The company and the suppliers have made significant progress in this regard, and it is expected that going forward there will be marked improvements in equipment availability. The manpower issue is being addressed through an internal training program of young local miners, and an ongoing human resources recruitment campaign.

During the first quarter, total capital invested in the Company's operations was $3,059,623 as compared with $1,608,049 reported for the same quarter of the prior year. Of the $3.06 million invested in its operations, $0.80 million (2004-$0.49 million) was spent on the purchase of equipment, while the remaining $2.26 million was invested in developmental projects which included - substantial ramping both up from 3800'L and down from 3400'L in order to join up this system early in the 3rd. fiscal quarter. The completion by a contractor of two raises in the D-Zone for ventilation and ore handling. Significant reserve development has facilitated multiple face mining in this area. – Rehabilitation work was completed on the 5150' level so that important stope development of the 5120 longhole block can commence. - Work continued on the 5725' level loading pocket, in order to commission it in early October. - Number 2 Shaft "High Density Hydraulic Fill" system was completed, with commissioning scheduled in the 2nd. fiscal quarter.

3. Discussion of Costs

During the first quarter of fiscal year 2006, a total of $10,460,405. (2005 – $9,368,682) was spent on operating costs with approximately 46% of operating costs related to labor. The increase in operating costs for the latest quarter over the same period last year is due primarily to inventory charges of $1,320,742 resulting from costs associated with the change in gold inventory. (gold Inventory at July 31, 2004 was $1,272,700, April 30th, 2005, $3,023,365, and July 31, 2005 $1,702,623)

During the latest quarter, mill throughput was 28,970 tons at a mill operating cost of $1,001,502, or $34.57 per ton milled, as compared to 27,589 tons at a mill operating cost of $1,000,954, and $36.28 per ton milled during the same period in 2004.

	3 months ended July 31 2005	**3 months ended July 31 2004**
Tons hoisted (ore)	**28,129**	**29,125**
Tons hoisted (waste)	**28,541**	**25,029**
Tons milled	**28,970**	**27,589**
Ozs. produced	**11,425**	**6,979**
Longhole drilling (feet)	**36,459**	**27,187**
Lateral Development (feet)	**2,420**	**3,402**
Raise Development (feet)	**579**	**663**
Definition Drilling (feet)	**18,425**	**22,444**

For the quarter ended July 31, 2005 general and administrative expenses were $222,816, as compared to $385,745 reported for the same period of the prior year. General and administrative expenses for 2004 were higher due to $116,356 for professional fees in connection with the Company's admission to AIM (Alternative Investment Market)

Exploration costs expensed during the quarter total $1,222,788. This compares to $1,717,198 expensed during the first quarter of 2005.

Interest and other income total $82,827 versus $16,708 during the same period of the prior year.

4. Liquidity, Capital Resources and Financial Condition

Liquidity

Kirkland Lake Gold's cash balance at July 31, 2005 was $4,600,933 and working capital was in a deficit position $2,673,279. The Company has a commitment to spend $3.0 million by December 31, 2005 on eligible exploration expenses under the current flow through financing agreement. As at July 31st, $1,468,982 has been expended. Subsequent to the period end, on August 25, 2005 the Company completed a sale by private placement of 1,250,000 common shares at a price of $4.00 per share, for gross proceeds of $5,000,000. Additionally, on September 7th, the Company indicated its intention to privately place a total of 1,000,000 units at a price of $4.00 per unit, and 555,500 "flow through" shares at a price of 4.50 per share for gross proceeds of $6,500,000. The proceeds from the financing will be used for development of and exploration programs at the Company's Kirkland Lake mining operations.

Cash Flow Discussion

Cash flow (used) for operations was $2,029,074, representing a significant improvement over the same period of the prior year ($7,750,968).

During the latest quarter, the total amount of capital invested in Kirkland Lake Gold's operations was $3,059,623, (2004-$ 1,608,049), with $801,439 of this amount spent on new mining equipment, and $2,258,184 on underground rehabilitation and longer term developmental work. The Company projects increased cash flows as the result of increased gold production during the balance of this fiscal period and beyond, with lower mining costs associated with the development of increasing numbers of production headings, particularly on the Upper D Zone South. As well, the advancement of increased hoisting capacity at #3 Shaft and of hydraulic filling capability at #2 Shaft, mark a dramatic enhancement of the Company's ability to increase production at lower costs.

5. Summary of Quarterly Results

(Expressed in 000's of Canadian dollars)	**4th. Quarter**	**3rd. Quarter**	**2nd. Quarter**	**1st. Quarter**
Fiscal 2006				
Revenue				**7,394**
Net Earnings (Loss)				**(5,402)**
Earnings (Loss) per share-Basic & diluted				**(0.12)**
Fiscal 2005				
Revenue	**7,061**	**6,375**	**5,129**	**3,591**
Net Earnings (Loss)	**(3,910**	**(6,332)**	**(8,886)**	**(9,031)**
Earnings (Loss) per share-Basic & diluted	**(0.09)**	**(0.14)**	**(0.22)**	**(0.25)**
Fiscal 2004				
Revenue	**4,114**	**3,390**	**1,596**	**707**
Net Earnings (Loss)	**(8,215)**	**(5,741)**	**(4,655)**	**(4,005)**
Earnings (Loss) per share-Basic & diluted	**(0.25)**	**(0.19)**	**(0.16)**	**(0.16)**

Revenue generated by the Company is a function of gold production, coupled with prevailing gold prices on the spot market, and the US $ exchange rate at the time of sale. Efforts are underway to increase production on a sustained basis by improving overall productivity of a significantly larger mining workforce. Revenues rose owing to higher gold production, however not enough to offset the higher cost base.

6. Outlook

The Company is seeking to raise production levels and to improve efficiencies. Finding additional low cost ore reserves remains a top priority for management, along with developing newly discovered lower cost mining operations such as the "D" Zone, which is currently being mined. The increase in capital spending is due to the cost of developing new ore reserves stemming from significant exploration successes over the past two years. In addition, rehabilitation and development of the 5600’ and 5700’ levels, as well as the 5750’ loading pocket is to continue, along with the rehabilitation of the 5400’ station.

The availability of the existing underground mining fleet will continue to be enhanced to meet the requirements of the operation.

7. Exploration Update

Total exploration expenses for the latest quarter were $1,222,788 (2004 - $1,717,198), of which $637,069 was associated with the Company’s flow through exploration program.

Of the $3.0 million raised through flow through shares in late 2004, $0.6 million has been expended on eligible exploration expenditures during the quarter, and $1.5 million calendar year to date. The Company has a commitment to spend the $3.0 million by December 31, 2005

Important diamond drill exploration discoveries include a 90.4 foot intersection assaying 2.3 ounces uncut and 1.16 ounces cut (all gold values above 3.5 ounces to the 3.5 ounce level) in hole 50-627. This intersection is located 1,600 feet south of the active mine working at Macassa #3 shaft. This same drill hole intersected what appears to be the north strike extension of the Lower D Zone where it assayed 1.10 ounces of gold per ton over 18.0 feet core length (uncut, true width=11.5 feet) at the -5165 elevation, located 1,560 feet north of the existing Lower D resource block. In addition, drill hole 50-622 has intersected the Lower D Zone 800 feet south of the existing Lower D resource area and assayed 3.34 ounces of gold per ton over 1.0 feet core length (true width 0.8 feet) at the -5115 foot elevation; the intersections to date to the south show good continuity. Drill hole 47-1105 has intersected the Lower D Zone 320 feet north of the existing Lower D resource block and has assayed 3.00 ounces of gold per ton over 11.0 feet core length (uncut, true width=6.9 feet) This drill hole is located 100 feet south of hole 47-1092 which assayed 1.41 ounces of gold per ton over 15.0 feet core length. Drill hole 47-1093A has intersected the Lower D Zone 200 feet south of the existing resource area and assayed 1.11 ounces of gold per ton over 6.0 feet core length (true width 3.9 feet) and has thus expanded the resource area. The potential strike length on the Lower D Zone between drill holes 50-622 and 50-627 is approximately 2,700 feet.

8. Changes in Accounting Policies

There were no changes to Accounting Policies in the quarter.

9. Risks and Uncertainties

Gold Price/Foreign Exchange

The profitability of the Company is affected by business risks including the price of gold and the foreign currency exchange rate. The price of gold can be volatile and the Company does not hedge gold sales. Changes in the exchange rate can have a material impact as costs are incurred in Canadian dollars and revenues are in U.S. dollars.

Company’s Operations

The Company is also subject to the normal risks of underground mining which affects production rates and costs. Over the past 12 months, Kirkland Lake Gold has hired a significant number of new underground miners within a highly competitive market. The ability of the Company to achieve its’ production objectives is dependent in large measure on the training and retention of Kirkland Lake Gold's workforce. Kirkland Lake Gold's mining operations and development and exploration activities are affected by various laws and regulations, including those which cover environmental, health, and safety matters. Existing legislation and regulations are subject to change, the impacts of which are difficult to measure. It is the policy of the Kirkland Lake Gold to maintain safe working conditions at its work site, comply with health and safety legislation, maintain equipment and premises in safe conditions, and ensure that all employees comply with safety procedures. The first quarter was lost time injury free.

Additional Financings May be Required

While the Company has been successful in the past, there is no assurance that funding will be available under the terms that are satisfactory to management. The Company's operations have to date resulted in negative cash flow and significant losses. Funds available from operations may vary significantly from management's estimates, due to changes in gold prices and foreign exchange rates, which are outside the control of management, and to successfully achieve increased gold production volumes at acceptable costs, which the Company has not been able to achieve to date. Differences between actual results and management's estimates will occur, and these differences may be material. Accordingly, there is no assurance that operations will result in sufficient funds being available to the Company to continue in the normal course.

10. Environmental and Social Responsibility

Kirkland Lake Gold has the necessary licenses and permits for its gold mining and milling operations on its Kirkland Lake properties. The current permit allows the discharge of tailings at a mill processing rate of 2,000 tons per day for over 10 years. Under the terms of the formal closure plan filed in respect of the properties, the Company has deposited with the Ontario Ministry of Environment and northern Development the sum of $2,043,435 to fund the cost of the closure plans.

This report contains "forward-looking statements," including, but not limited to, statements regarding the Company's expectations as to the market price of gold, exchange rate, strategic plans, future commercial production, production targets and timetables, mine operating costs, capital expenditures, work programs, exploration budgets and mineral reserve and resource estimates. Forward-looking statements involve a number of risks and uncertainties, and there can be no assurance that such statements will prove to be accurate. Therefore, actual results and future events could differ materially from current expectations expressed or implied by the forward-looking statements, include, but are not limited to, factors associated with fluctuations in the market price of precious metals, mining industry risks and hazards, environmental risks and hazards, uncertainty as to the calculation of mineral reserves and resources, requirement of additional financing, and other risks described in Kirkland Lake Gold Annual Report on Form 20-F filed as an alternative form of AIF with the Securities Commissions of the provinces of British Columbia and Ontario, and with the United States Securities and Exchange Commission, and with the Toronto Stock Exchange.