

KIRKLAND LAKE GOLD INC.

UNAUDITED FINANCIAL STATEMENTS

THREE AND NINE MONTH PERIODS ENDED JANUARY 31, 2009

(EXPRESSED IN CANADIAN DOLLARS)

The accompanying unaudited financial statements of Kirkland Lake Gold Inc. (the "Company") have been prepared by and are the responsibility of the Company's management.

These statements have been approved by the Audit Committee and the Board of Directors of the Company.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

KIRKLAND LAKE GOLD INC.

Balance Sheets

(Unaudited)

As at January 31, 2009 and April 30, 2008

(expressed in Canadian dollars, except share amounts)

	January 31 2009	April 30 2008
Assets		
Current assets		
Cash and cash equivalents	\$3,198,965	\$15,602,593
Short-term investments (Note 5)	11,615,657	15,389,118
Accounts receivable	2,100,272	2,081,795
Inventories (Note 4)	3,788,325	3,868,211
Prepaid expenses and deposits	616,923	305,292
	21,320,142	37,247,009
Security deposits	65,000	65,000
Restricted cash (Note 3)	4,677,597	4,677,597
Mineral properties (Note 6)	41,160,508	36,947,885
Property, plant and equipment (Note 7)	14,343,332	12,583,488
	\$81,566,579	\$91,520,979
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 12(b))	\$8,383,008	\$7,190,678
Asset retirement obligation (Note 8)	2,665,289	2,862,508
	11,048,297	10,053,186
Shareholders' equity		
Capital stock (Note 9)		
Authorized		
Unlimited common shares without par value		
Issued		
55,728,898 (2009 - 55,703,312) common shares	153,526,168	153,421,306
Options (Note 10)	2,780,696	1,284,136
Warrants (Note 11)	677,891	677,891
Contributed surplus	3,079,066	2,797,768
Deficit	(89,545,539)	(76,713,308)
	70,518,282	81,467,793
	\$81,566,579	\$91,520,979

Operations, going concern and measurement uncertainty (Note 1)

Approved by the Board of Directors:

(signed) "Brian E. Bayley" Director

(signed) "Brian Hinchcliffe" Director

The accompanying notes are an integral part of these interim financial statements.

KIRKLAND LAKE GOLD INC.

Statements of Operations, Comprehensive Loss and Deficit

(Unaudited)

For the three and nine months ended January 31, 2009 and 2008

(expressed in Canadian dollars, except share amounts)

	THREE MONTH PERIOD ENDED JANUARY 31 2009	THREE MONTH PERIOD ENDED JANUARY 31 2008	NINE MONTH PERIOD ENDED JANUARY 31 2009	NINE MONTH PERIOD ENDED JANUARY 31 2008
Revenue	\$8,552,787	\$9,576,271	\$25,331,596	\$28,238,708
Expenses				
Operating costs	9,818,856	8,939,268	28,950,182	24,205,817
Stock-based compensation for operational personnel	146,516	-	432,687	39,408
Amortization and depletion	990,545	908,397	2,851,667	2,807,846
Royalties	344,362	384,926	1,013,926	1,129,225
	11,300,279	10,232,591	33,248,462	28,182,296
	(2,747,492)	(656,320)	(7,916,866)	56,412
Other expenses				
General and administrative	422,213	361,511	1,458,467	1,711,630
Stock-based compensation for administrative personnel	671,994	241,063	1,359,533	669,174
Exploration	962,687	991,850	2,608,860	3,084,979
Interest and bank charges	2,303	34,126	6,309	69,934
Interest and other income	(118,317)	(390,144)	(517,803)	(1,227,554)
	1,940,880	1,238,406	4,915,366	4,308,163
Net and comprehensive loss for the period	(4,688,372)	(1,894,726)	(12,832,232)	(4,251,751)
Deficit - beginning of period	(84,857,167)	(75,724,354)	(76,713,307)	(73,367,329)
Deficit - end of period	\$(89,545,539)	\$(77,619,080)	\$(89,545,539)	\$(77,619,080)
Basic and diluted loss per share	\$(0.08)	\$(0.03)	\$(0.23)	\$(0.08)
Weighted average number of shares outstanding	55,716,361	55,676,805	55,710,778	55,394,062

Operations, going concern and measurement uncertainty (Note 1)

The accompanying notes are an integral part of these interim financial statements.

KIRKLAND LAKE GOLD INC.

Statements of Cash Flows

(Unaudited)

For the three and nine months ended January 31, 2009 and 2008

(expressed in Canadian dollars)

	THREE MONTH PERIOD ENDED JANUARY 31 2009	THREE MONTH PERIOD ENDED JANUARY 31 2008	NINE MONTH PERIOD ENDED JANUARY 31 2009	NINE MONTH PERIOD ENDED JANUARY 31 2008
Cash flows from (used in) operating activities				
Net loss for the period	\$(4,688,372)	\$(1,894,726)	\$(12,832,232)	\$(4,251,751)
Items not affecting cash				
Amortization and depletion	990,545	908,397	2,851,667	2,807,846
(Gain) loss on investments	(1,387)	-	139,643	-
Stock-based compensation	818,510	241,063	1,792,220	708,582
Asset retirement obligation	38,258	40,507	114,772	121,521
Gain on sale of equipment	-	-	-	(28,319)
Changes in non-cash working capital items				
Accounts receivable	(713,541)	193,853	(18,477)	(30,413)
Inventories	29,874	472,333	79,886	108,385
Prepaid expenses and deposits	(146,001)	198,123	(311,631)	138,356
Accounts payable, accrued liabilities and other liabilities	(151,726)	476,193	1,192,330	697,003
Interest on mine closure bond	-	(17,713)	-	(48,570)
	(3,823,840)	618,030	(6,991,822)	222,640
Cash flows from financing activities				
Net proceeds from issuance of capital stock and warrants	-	193,700	28,000	12,341,346
	-	193,700	28,000	12,341,346
Cash flows from (used in) investing activities				
Purchase of property, plant and equipment	(2,057,458)	(1,057,788)	(3,638,126)	(3,077,185)
Purchase of short-term investments	(11,497,717)	-	(47,817,343)	-
Proceeds from sale of short-term investments	18,999,310	-	51,451,162	-
Proceeds from disposal of property, plant and equipment	-	-	-	196,798
Additions to mineral properties	(2,493,581)	(940,796)	(5,435,499)	(2,282,008)
	2,950,554	(1,998,584)	(5,439,806)	(5,162,395)
Increase (decrease) in cash and cash equivalents	(873,286)	(1,186,854)	(12,403,628)	7,401,591
Cash and cash equivalents - Beginning of period	4,072,251	35,337,067	15,602,593	26,748,622
Cash and cash equivalents - End of period	\$3,198,965	\$34,150,213	\$3,198,965	\$34,150,213

The accompanying notes are an integral part of these interim financial statements.

KIRKLAND LAKE GOLD INC.

Notes to Unaudited Financial Statements

For the three and nine months ended January 31, 2009 and 2008

(expressed in Canadian dollars)

1. Operations, going concern and measurement uncertainty

Operations

Kirkland Lake Gold Inc. (the Company) owns gold mining and milling operations in Kirkland Lake, Canada, which were inactive when acquired in December 2001.

Going concern

While the accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and liquidation of liabilities during the normal course of operations, certain historical adverse conditions and events cast substantial doubt upon the validity of this assumption.

During the years ended April 30, 2008 and 2007, the Company incurred losses of \$3.3 million and \$8.4 million, respectively. Cash flow required for operating activities, including exploration costs charged to operations of \$8.7 million, aggregated \$4.9 million for the two years in total. The funds required to continue operations and exploration activities during this period have been financed primarily from the issue of equity.

At January 31, 2009, the Company has working capital of \$12.9 million.

Management estimates that these funds, together with cash flow from operations, will be sufficient to meet the Company's obligations and capital expenditure plans for the next twelve months.

The Company did, however, raise \$13.1m net of expenses shortly after the end of the quarter as a safeguard during this period of increased development activity.

Differences will occur between actual results and those targeted by management, and those differences may be material. It is possible that the operations will not generate sufficient cash flow for the Company to continue in the normal course without funding being provided from outside sources.

Management has been successful in obtaining sufficient funding for its operating and capital exploration requirements in the past and believes that it will be able to do so in the future, if necessary. There is, however, no assurance that such funding will be available to the Company, or that it will be available on terms which are acceptable to management. If this does not occur, the Company may not be able to continue as a going concern.

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

Measurement uncertainty

The Company's history of operating losses from mining operations indicate that the recorded costs for mineral properties and related fixed assets may not be recoverable. Management estimates, using a constant gold price of \$802 per ounce and operating costs similar to historical costs incurred over the past year, that annual production of 46,000 - 50,000 ounces in fiscal 2009 and 80,000 ounces of gold for each year thereafter would be required to cover costs of operations and estimated capital expenditures required for mining operations. To date the Company has not been successful in achieving and sustaining this rate of production.

KIRKLAND LAKE GOLD INC.

Notes to Unaudited Financial Statements

For the three and nine months ended January 31, 2009 and 2008

(expressed in Canadian dollars)

There is significant uncertainty associated with the ability of the Company to achieve the increase in production or reduction in costs necessary to recover the carrying value of the mineral property and related assets. In addition, gold price or Canadian/U.S. dollar exchange rate movements, the success of the Company in realizing the benefit of the production improvements noted above, changes in the costs of labour, and the other costs or unforeseen production difficulties all would have an impact on the ability of the Company to achieve its goals from operations. The amount of working capital currently available for use by the Company could mean that a minor adverse development could have a significant impact on the Company's operations and ability to recover costs.

2. Significant accounting policies

Basis of presentation

These unaudited interim financial statements are prepared in accordance with generally accepted accounting principles ("GAAP") in Canada. They do not include all of the information and disclosures required by Canadian GAAP for annual financial statements. In the opinion of management, all adjustments considered necessary for fair presentation have been included in these financial statements. The interim financial statements should be read in conjunction with the Company's audited financial statements including the notes thereto for the year ended April 30, 2008.

Adoption of new accounting standards

Effective May 1, 2008, the Company adopted Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3031, Inventories and CICA Handbook Section 1400, General Standards of Financial Statement Presentation.

The initial adoption of these new standards had no material impact on the Company's financial statements.

Accounting Changes

The following Canadian accounting pronouncement was issued and not yet adopted by the Company:

- CICA Handbook Section 3064, Goodwill and Intangible Assets. Management is currently assessing the impact of this new standard.

The CICA plans to converge Canadian Generally Accepted Accounting Principles with International Financial Reporting Standards ("IFRS") over a transition period expected to end in 2011, when IFRS will be fully adopted. The impact of the transition to IFRS on the Company's financial statements is not yet determinable.

KIRKLAND LAKE GOLD INC.

Notes to Unaudited Financial Statements

For the three and nine months ended January 31, 2009 and 2008

(expressed in Canadian dollars)

3. Restricted cash

Restricted cash includes:

	<u>JANUARY 31</u> <u>2009</u>	<u>APRIL 30</u> <u>2008</u>
Letters of Credit:		
Ministry of Northern Development and Mines	\$ 4,452,597	\$ 4,452,597
Independent Electrical System Operator of Ontario	225,000	225,000
	<u>\$ 4,677,597</u>	<u>\$ 4,677,597</u>

Letters of credit are in place with the Ministry of Northern Development and Mines to cover the estimated total costs of reclamation and site restoration (Note 8) and with the Independent Electrical System Operator of Ontario to secure the provision of electricity.

4. Inventories

	<u>JANUARY 31</u> <u>2009</u>	<u>APRIL 30</u> <u>2008</u>
Mine operating supplies	\$ 1,444,586	\$ 1,195,951
Gold in process	2,249,194	2,672,260
Surface stockpile	94,545	-
	<u>\$ 3,788,325</u>	<u>\$ 3,868,211</u>

5. Investments

Investments include:

	<u>JANUARY 31</u> <u>2009</u>	<u>APRIL 30</u> <u>2008</u>
Government of Canada Treasury Bill bears interest at 0.50%, matures February 9, 2009	\$ 4,999,100	\$ -
Government of Canada Treasury Bill bears interest at 1.45%, matures March 5, 2009	1,499,221	-
Government of Canada Treasury Bill bears interest at 0.60%, matures March 5, 2009	4,999,396	-
Government of Canada Treasury Bill	-	15,131,534
Investment in mutual funds	117,940	257,584
	<u>\$ 11,615,657</u>	<u>\$ 15,389,118</u>

KIRKLAND LAKE GOLD INC.

Notes to Unaudited Financial Statements

For the three and nine months ended January 31, 2009 and 2008

(expressed in Canadian dollars)

6. Mineral properties

	JANUARY 31 2009	APRIL 30 2008
Balance - Beginning of period	\$ 36,947,885	\$ 34,364,062
Development costs	5,186,008	4,322,324
Depletion	(973,385)	(1,738,501)
Balance - End of period	<u>\$ 41,160,508</u>	<u>\$ 36,947,885</u>

	COST	ACCUMULATED DEPLETION	JANUARY 31 2009	APRIL 30 2008
Acquisition allocation	\$ 1,892,522	\$ 232,587	\$ 1,659,935	\$ 1,570,374
Underground development	43,826,858	6,764,020	37,062,838	32,872,445
Underground pumping	2,044,821	480,087	1,564,734	1,607,855
Mill & surface facilities	149,371	36,137	113,234	116,380
Lakeshore property	1,000,411	240,646	759,765	780,831
	<u>\$ 48,913,983</u>	<u>\$ 7,753,477</u>	<u>\$ 41,160,506</u>	<u>\$ 36,947,885</u>

7. Property, plant and equipment

	COST	ACCUMULATED AMORTIZATION	JANUARY 31 2009
Computer equipment	\$ 768,884	\$ 664,523	\$ 104,361
Mine and mill equipment	23,532,207	9,598,653	13,933,554
Vehicles	129,493	106,344	23,149
Buildings	591,822	309,554	282,268
	<u>\$ 25,022,406</u>	<u>\$ 10,679,074</u>	<u>\$ 14,343,332</u>

	COST	ACCUMULATED AMORTIZATION	APRIL 30 2008
Computer equipment	\$ 707,228	\$ 578,070	\$ 129,158
Mine and mill equipment	19,959,033	7,854,616	12,104,417
Vehicles	129,493	102,483	27,010
Buildings	591,822	268,919	322,903
	<u>\$ 21,387,576</u>	<u>\$ 8,804,088</u>	<u>\$ 12,583,488</u>

KIRKLAND LAKE GOLD INC.

Notes to Unaudited Financial Statements

For the three and nine months ended January 31, 2009 and 2008

(expressed in Canadian dollars)

8. Asset retirement obligation

The Company has filed a reclamation and site restoration plan in connection with the Kirkland Lake properties and these plans are being reviewed by the Ontario Ministry of Northern Development and Mining (MNDM). The estimated total costs of reclamation and site restoration at January 31, 2009 are \$4,452,597 and financial assurance has been provided to the MNDM by way of a letter of credit in the amount of \$4,452,597 (Note 3). In prior years assurance was provided by way of a mine closure bond.

A reconciliation for asset retirement obligations is as follows:

	JANUARY 31 2009	APRIL 30 2008
Balance - Beginning of year	\$ 2,862,508	\$ 2,700,480
Revision to estimated cash flows	(311,991)	-
Accretion	114,772	162,028
Balance - End of period	<u>\$ 2,665,289</u>	<u>\$ 2,862,508</u>

During 2008, the Company reviewed total proven and probable reserves, which resulted in the extension of the remaining life of the mine and, consequently, the extension of the cash flow projection and reduction of the asset retirement obligations and mineral properties.

There were no liabilities incurred or settled during fiscal 2009.

The provision for asset retirement obligations is based on the following key assumptions.

- The total undiscounted cash flow as at January 31, 2009 is \$4,452,597.
- The expected settlement to be in 2023.
- A credit adjusted risk free rate at which the estimated payments have been discounted of 6%.
- An inflation rate of 2%.

9. Capital stock

	Number of shares	Stated value
Balance - Beginning of period	<u>55,703,312</u>	\$ 153,421,306
Exercise of options (Note 10)	10,000	42,362
Private placement (a)	15,586	62,500
Balance - End of period	<u>55,728,898</u>	<u>\$ 153,526,168</u>

(a) On May 10, 2007, the Company issued 12,940 common shares valued at \$125,000 for the first tranche related to the purchase of the South Claims. On January 8, 2008 the Company issued 4,929 shares valued at \$62,500 for the second tranche related to the purchase of the South Claims. On January 13, 2009 the Company issued 15,586 shares valued at \$62,500 for the third tranche related to the purchase of the South Claims.

KIRKLAND LAKE GOLD INC.

Notes to Unaudited Financial Statements

For the three and nine months ended January 31, 2009 and 2008

(expressed in Canadian dollars)

10. Options

The Company has a stock option plan which allows the Company to grant options to directors, senior officers and employees of or consultants to the Company or employees of a corporation providing management services to the Company. The aggregate number of shares which may be subject to issuance pursuant to options granted under this plan is 3,500,000 shares.

The plan provides that the exercise price of an option granted under the plan shall not be less than the market price at the time of granting the option. Options have a maximum term of 10 years and terminate on the 90th day after the optionee ceased to be any of a director, officer, consultant or employee; on the 30th day after the optionee ceased to be an employee or consultant if the optionee was engaged in providing investor relations services for the Company; or the earlier of the 90th day and the third month after the optionee ceased to be an employee or officer if the optionee is subject to the tax laws of the United States of America.

Notwithstanding that options can have a maximum term of 10 years it is presently the policy of the Company to issue options for terms of five years.

The changes in stock options issued during the 9 month period ended January 31, 2009 are as follows:

	Number of shares	Weighted average exercise price
Options outstanding - May 1, 2008	420,500	\$ 7.51
Granted	1,171,500	7.29
Exercised	(10,000)	2.80
Forfeited	(114,000)	4.23
Options outstanding - January 31, 2009	<u>1,468,000</u>	<u>\$ 7.62</u>
Options exercisable - January 31, 2009	<u>284,500</u>	<u>\$ 8.65</u>

The following table summarizes information about stock options outstanding and exercisable at January 31, 2009:

Exercise price	Options outstanding	Options exercisable	Outstanding options weighted average remaining life (years)	Exercisable options weighted average remaining life (years)
4.70	19,500	19,500	0.65	0.65
5.05	50,000	-	4.69	-
6.99	250,000	-	4.56	-
6.99	487,500	-	4.64	-
7.90	301,000	-	4.29	-
8.65	245,000	245,000	3.00	3.00
9.25	75,000	-	4.30	-
12.50	40,000	20,000	3.73	3.73
4.70 - 12.50	<u>1,468,000</u>	<u>284,500</u>	4.18	2.89

The fair value of each option at the date of grant was estimated using the Black-Scholes option-pricing model.

KIRKLAND LAKE GOLD INC.

Notes to Unaudited Financial Statements

For the three and nine months ended January 31, 2009 and 2008

(expressed in Canadian dollars)

	JANUARY 31	APRIL 30
	2009	2008
Expected life of options	5 years	5 years
Risk-free interest rate	3%	4 - 5%
Expected stock price volatility	50%	50%
Expected dividend yield	0%	0%

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate.

The value ascribed to unexercised options recorded as a component of shareholders' equity is as follows:

	JANUARY 31	APRIL 30
	2009	2008
Balance - Beginning of period	\$ 1,284,136	\$ 674,137
Accretion of options granted	1,792,220	815,759
Exercise of options	(14,362)	(49,154)
Options forfeited	(281,298)	(156,606)
Balance - End of period	\$ 2,780,696	\$ 1,284,136

11. Warrants

The changes in warrants outstanding are as follows:

	Number of	Weighted
	shares	average
		exercise
		price
Warrants outstanding - May 1, 2008	225,000	\$ 13.00
Warrants outstanding - January 31, 2009	225,000	\$ 13.00

	JANUARY 31	APRIL 30
	2009	2008
Balance - Beginning of period	\$ 677,891	\$ 595,163
Unit proceeds allocated to warrants	-	-
Agents warrants issued in private placements	-	677,891
Exercise of warrants	-	(595,163)
Balance - End of period	\$ 677,891	\$ 677,891

12. Related party transactions

The following related party transactions occurred during the period:

- (a) The Company paid office facilities and administration services in the amount of \$14,000 (2008 - \$10,500) to a Company related by directors in common.
- (b) At January 31, 2009, accounts payable included \$NIL (2008 - \$3,947) owing to companies with directors in common. Amounts due to related parties are non-interest bearing and have no fixed terms of repayment.

These transactions were in the normal course of operations and were measured at the exchange value which represented the amount of consideration established and agreed to by the related parties.

KIRKLAND LAKE GOLD INC.

Notes to Unaudited Financial Statements

For the three and nine months ended January 31, 2009 and 2008

(expressed in Canadian dollars)

13. Commitments

A net smelter royalty is payable to Kinross Gold Corporation on a sliding scale commencing at 2% if the price of gold sold is equal to or greater than US\$300 per ounce and increasing to 4% if the price of gold sold is equal to or greater than US\$500 per ounce. The royalty amount due is payable quarterly commencing on the third month anniversary of the commencement of commercial production from any of the properties and terminates upon a maximum aggregate payment of \$15 million. At January 31, 2009, royalties paid in the current fiscal year amounted to \$1,010,926 (2008 - \$1,126,225).

As at January 31, 2009, the Company had an outstanding commodity contract with Johnson Matthey Plc. to fix the price of 5,744 ounces of gold at an average price of \$985.73 per ounce to be delivered under this contract. Fair value was not significantly different from stated value when the gold was delivered during the months of February 2009 and March 2009. As part of the commodity contract Johnson Matthey Plc. has a right to make a margin call if the price of gold falls below the price of the commodity contract until the full amount of the commodity contract has been satisfied. At period end \$250,000 was on deposit with Johnson Matthey Plc.

An agreement between Queenston Mining Inc. and the Company was formed in April 2007 to explore the Morgan property. The Company has agreed to spend \$908,000 on exploration for the fiscal year 2009.

14. Segmented information

The Company has one operating segment consisting of a mining and milling operation located in Kirkland Lake, Canada. During the periods ended January 31, 2009 and 2008 all of the Company's capital assets, revenues earned and operations were in Canada.

15. Subsequent event

Private Placement:

On February 4, 2009, the Company announced it has completed a non-brokered private placement for 2,200,000 units at a price of \$4.85 per unit for gross proceeds of \$10.67 million. Each unit consisted of one common share and one quarter of a share purchase warrant. Each whole warrant is exercisable to purchase one common share for a period of 12 months at a price of \$5.50. The Company proposes to privately place a second tranche of 620,000 units for gross proceeds of approximately \$3 million.

The proceeds from the financing will be used for working capital and to fund further development of the Company's mining operations in Kirkland Lake, Ontario.

The common shares issued and issuable pursuant to the private placement will be subject to restrictions on their transfer for a period of four months from the date of their issue.