

# **KIRKLAND LAKE GOLD INC.**

**UNAUDITED FINANCIAL STATEMENTS**

**THREE MONTH PERIOD ENDED JULY 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 July 31, 2009 and April 30, 2009

(expressed in Canadian dollars, except share amounts)

	July 31 2009	April 30 2009
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 13,219,660	\$ 1,806,199
Short-term investments (Note 4)	15,142,864	23,638,142
Accounts receivable	2,000,245	4,162,458
Inventories (Note 5)	5,869,619	7,388,143
Prepaid expenses and deposits	612,395	448,946
	<b>36,844,783</b>	<b>37,443,888</b>
<b>Security deposits</b>	<b>67,480</b>	<b>67,480</b>
<b>Restricted cash (Note 3)</b>	<b>4,952,597</b>	<b>4,734,556</b>
<b>Mineral properties (Note 6)</b>	<b>45,455,415</b>	<b>43,319,425</b>
<b>Property, plant and equipment (Note 7)</b>	<b>15,913,150</b>	<b>15,330,251</b>
	<b>\$ 103,233,425</b>	<b>\$ 100,895,600</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Note 13(b))	\$ 10,897,735	\$ 11,085,540
Current portion of capital lease (Note 8)	91,440	-
	<b>10,989,175</b>	<b>11,085,540</b>
<b>Obligations under capital lease (Note 8)</b>	<b>45,720</b>	<b>-</b>
<b>Asset retirement obligation (Note 9)</b>	<b>3,087,056</b>	<b>3,041,434</b>
	<b>14,121,951</b>	<b>14,126,974</b>
<b>Shareholders' equity</b>		
<b>Capital stock (Note 10)</b>		
Authorized		
Unlimited common shares, without par value		
Issued		
58,563,898 (2009 - 58,548,898) common shares	165,868,585	165,755,459
<b>Options (Note 11)</b>	<b>4,245,515</b>	<b>3,630,924</b>
<b>Warrants (Note 12)</b>	<b>1,496,813</b>	<b>1,499,541</b>
<b>Contributed surplus</b>	<b>3,079,066</b>	<b>3,079,066</b>
<b>Deficit</b>	<b>(85,578,505)</b>	<b>(87,196,364)</b>
	<b>89,111,474</b>	<b>86,768,626</b>
	<b>\$ 103,233,425</b>	<b>\$ 100,895,600</b>

Operations, going concern and measurement uncertainty (Note 1)

Commitments (Notes 3 and 14)

Subsequent events (Note 17)

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 Income (Loss) and Deficit

(Unaudited)

For the three months ended July 31, 2009 and 2008

(expressed in Canadian dollars, except share amounts)

	Three Month Period Ended July 31 2009	Three Month Period Ended July 31 2008
<b>Revenue</b>		
Mining revenue	<b>\$ 22,499,009</b>	\$ 7,952,045
<b>Expenses</b>		
Operating costs	<b>16,413,589</b>	8,716,616
Stock-based compensation for operational personnel	<b>521,991</b>	131,709
Amortization and depletion	<b>1,380,331</b>	896,112
Royalties	<b>899,724</b>	317,277
	<b>19,215,635</b>	10,061,714
	<b>3,283,374</b>	(2,109,669)
<b>Other expenses</b>		
General and administrative	<b>515,342</b>	526,120
Exploration	<b>1,092,261</b>	813,616
Interest and bank charges	<b>4,255</b>	2,719
Stock-based compensation for administrative personnel	<b>130,498</b>	205,459
Interest and other income	<b>(76,841)</b>	(304,083)
	<b>1,665,515</b>	1,243,831
<b>Net income (loss) and comprehensive income (loss) for the period</b>	<b>1,617,859</b>	(3,353,500)
<b>Deficit - beginning of period</b>	<b>(87,196,364)</b>	(76,713,309)
<b>Deficit - end of period</b>	<b>\$ (85,578,505)</b>	\$ (80,066,809)
<b>Basic and diluted earnings (loss) per share</b>	<b>\$ 0.03</b>	\$ (0.06)
<b>Weighted average number of shares outstanding</b>	<b>58,557,132</b>	55,703,312

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 months ended July 31, 2009 and 2008

(expressed in Canadian dollars)

	Three Month Period Ended July 31 2009	Three Month Period Ended July 31 2008
<b>Cash flows from (used in) operating activities</b>		
Net income (loss) for the period	\$ 1,617,859	\$ (3,353,500)
Items not affecting cash		
Amortization and depletion	1,380,331	896,112
(Gain) loss on short-term investment	(11,985)	11,848
Stock-based compensation	652,489	337,168
Asset retirement obligation	45,622	38,257
Gain on sale of equipment	(12,500)	-
Changes in non-cash working capital items		
Accounts receivable	2,162,213	1,133,196
Inventories	1,518,524	(782,346)
Prepaid expenses and deposits	(163,449)	49,966
Accounts payable and accrued liabilities	(187,805)	588,536
	<b>7,001,299</b>	<b>(1,080,763)</b>
<b>Cash flows from financing activities</b>		
Net proceeds from issuance of capital stock	72,500	-
Capital lease	137,160	-
	<b>209,660</b>	<b>-</b>
<b>Cash flows from (used in) investing activities</b>		
Purchase of property, plant and equipment	(1,304,871)	(953,829)
Purchase of short-term investments	(14,999,050)	(15,229,072)
Proceeds from sale of short-term investments	23,506,312	15,131,534
Proceeds of disposition of property, plant and equipment	12,500	-
Additions to mineral properties	(2,794,348)	(1,350,262)
Restricted cash	(218,041)	-
	<b>4,202,502</b>	<b>(2,401,629)</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>11,413,461</b>	<b>(3,482,392)</b>
<b>Cash and cash equivalents - beginning of period</b>	<b>1,806,199</b>	<b>15,602,593</b>
<b>Cash and cash equivalents - end of period</b>	<b>\$ 13,219,660</b>	<b>\$ 12,120,201</b>

Supplemental cash flow information (Note 16)

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

# KIRKLAND LAKE GOLD INC.

## Notes to Unaudited Financial Statements

For the three months ended July 31, 2009 and 2008

(expressed in Canadian dollars)

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### 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 into the foreseeable future, certain historical adverse conditions and events could cast significant doubt upon the validity of this assumption and hence the appropriateness of the use of accounting principles applicable to a going concern.

During the years ended April 30, 2009 and 2008, the Company incurred losses of \$10.5 million and \$3.3 million, respectively. Cash flow required for operating activities, including exploration costs charged to operations of \$7.5 million, aggregated \$3.0 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 July 31, 2009, the Company has working capital of \$25.9 million. Management projects 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. Nevertheless, differences are likely to occur between actual results and those projected 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 the Company's operating and capital exploration requirements in the past and will pursue additional funding 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 \$1,051 per ounce and operating costs similar to historical costs incurred over the past year, that annual production of 72,000 to 80,000 ounces for each year 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 higher rate of production.

# KIRKLAND LAKE GOLD INC.

## Notes to Unaudited Financial Statements

For the three months ended July 31, 2009 and 2008

(expressed in Canadian dollars)

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There is significant uncertainty associated with the ability of the Company to recover the carrying value of the mineral property and related assets. 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, adverse 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 an 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 Canadian generally accepted accounting principles ("GAAP"). 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, 2009.

### Adoption of new accounting standards

Effective May 1, 2009, the Company adopted Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3064, Goodwill and Intangible Assets.

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

### Accounting changes

The following Canadian accounting pronouncements were issued and not yet adopted by the Company:

- CICA Handbook Section 1582, Business Combinations. The new standard prescribes how an organization recognizes, measures and discloses a business combination. This standard is not expected to have a significant impact on the Company's financial position or results. This is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011.
- CICA Handbook Section 1601, Consolidated Financial Statements. The new section prescribes consolidation accounting standards. This standard is not expected to have a significant impact on the Company's financial position or results. This is effective for fiscal years beginning on or after January 2011.
- CICA Handbook Section 1602, Non-Controlling Interests. The new section prescribes standards for the accounting for a non-controlling interest in business combination. This standard is not expected to have a significant impact on the Company's financial position or results. This is effective for fiscal years beginning on or after January 2011.

# KIRKLAND LAKE GOLD INC.

## Notes to Unaudited Financial Statements

For the three months ended July 31, 2009 and 2008

(expressed in Canadian dollars)

### 3. Restricted cash

Restricted cash includes:

	<u>JULY 31</u> <u>2009</u>	<u>APRIL 30</u> <u>2009</u>
Letters of Credit:		
Ministry of Northern Development, Mines and Forestry	\$ 4,452,597	\$ 4,452,597
Independent Electricity System Operator of Ontario	500,000	281,959
	<u>\$ 4,952,597</u>	<u>\$ 4,734,556</u>

Letters of credit are in place with the Ministry of Northern Development, Mines and Forestry to cover the estimated total costs of reclamation and site restoration (Note 9) and with the Independent Electrical System Operator of Ontario to secure the provision of electricity.

### 4. Investments

Investments include:

	<u>JULY 31</u> <u>2009</u>	<u>APRIL 30</u> <u>2009</u>
Government of Canada Treasury Bill bears interest at 0.05%, matures August 20, 2009	\$ 4,999,350	\$ -
Government of Canada Treasury Bill bears interest at 0.05%, matures August 20, 2009	9,999,699	-
Government of Canada Treasury Bill bears interest at 0.65%, matures May 14, 2009	-	4,999,286
Government of Canada Treasury Bill bears interest at 0.6%, matures May 14, 2009	-	9,999,577
Government of Canada Treasury Bill bears interest at 0.3%, matures June 11, 2009	-	1,504,795
Government of Canada Treasury Bill bears interest at 0.3%, matures June 11, 2009	-	5,003,994
Government of Canada Treasury Bill bears interest at 0.25%, matures July 23, 2009	-	1,998,660
Investment in mutual funds	143,815	131,830
	<u>\$ 15,142,864</u>	<u>\$ 23,638,142</u>

### 5. Inventories

	<u>JULY 31</u> <u>2009</u>	<u>APRIL 30</u> <u>2009</u>
Mine operating supplies	\$ 1,755,473	\$ 1,559,459
Gold in process	4,114,146	5,457,505
Surface stockpile	-	371,179
	<u>\$ 5,869,619</u>	<u>\$ 7,388,143</u>

# KIRKLAND LAKE GOLD INC.

## Notes to Unaudited Financial Statements

For the three months ended July 31, 2009 and 2008

(expressed in Canadian dollars)

### 6. Mineral properties

	JULY 31 2009	APRIL 30 2009
Balance - Beginning of period	\$ 43,319,425	\$ 36,947,885
Development costs	2,794,348	8,077,906
Depletion	(658,358)	(1,706,366)
Balance - End of period	<u>\$ 45,455,415</u>	<u>\$ 43,319,425</u>

	COST	ACCUMULATED DEPLETION	JULY 31 2009	APRIL 30 2009
Acquisition allocation	\$ 2,055,024	\$ 289,208	\$ 1,765,816	\$ 1,778,637
Underground development	49,350,602	8,010,157	41,340,445	39,152,009
Underground pumping	2,050,942	542,934	1,508,008	1,533,399
Mill and surface facilities	149,371	40,275	109,096	110,945
Lakeshore property	1,000,411	268,361	732,050	744,435
	<u>\$ 54,606,350</u>	<u>\$ 9,150,935</u>	<u>\$ 45,455,415</u>	<u>\$ 43,319,425</u>

### 7. Property, plant and equipment

	COST	ACCUMULATED AMORTIZATION	JULY 31 2009
Computer equipment	\$ 780,226	\$ 722,139	\$ 58,087
Mine and mill equipment	26,507,136	10,925,264	15,581,872
Vehicles	129,493	111,480	18,013
Buildings	591,822	336,644	255,178
	<u>\$ 28,008,677</u>	<u>\$ 12,095,527</u>	<u>\$ 15,913,150</u>

	COST	ACCUMULATED AMORTIZATION	APRIL 30 2009
Computer equipment	\$ 780,226	\$ 695,722	\$ 84,504
Mine and mill equipment	25,202,263	10,245,820	14,956,443
Vehicles	129,493	108,912	20,581
Buildings	591,822	323,099	268,723
	<u>\$ 26,703,804</u>	<u>\$ 11,373,553</u>	<u>\$ 15,330,251</u>

### 8. Obligations under capital lease

	JULY 31 2009
Lease bearing interest at 8% per annum, repayable in monthly payments of \$8,487. The lease matures in 18 months.	\$ 137,160
Amounts payable within one year	(91,440)
	<u>\$ 45,720</u>

# KIRKLAND LAKE GOLD INC.

## Notes to Unaudited Financial Statements

For the three months ended July 31, 2009 and 2008

(expressed in Canadian dollars)

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### 9. Asset retirement obligation

The Company has filed a reclamation and site restoration plan in connection with the Kirkland Lake properties and these plans are currently being discussed with the Ontario Ministry of Northern Development and Mining (MNDM). The Company's best estimate of the total costs of reclamation and site restoration at July 31, 2009 are \$5,415,814 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).

A reconciliation for asset retirement obligations is as follows:

	<b>JULY 31</b>	<b>APRIL 30</b>
	<b>2009</b>	<b>2009</b>
Balance - Beginning of period	\$ 3,041,434	\$ 2,862,508
Revision to estimated cash flows	-	25,896
Accretion	45,622	153,030
Balance - End of period	<b>\$ 3,087,056</b>	<b>\$ 3,041,434</b>

The Company continues to correspond with the MNDM regarding the Wright Hargreaves property. The Company has retained a consultant to assist in the identification of, if any, potential hazards and related obligations to the Company. This process is currently ongoing, the outcome of which is currently indeterminable at this time.

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

- The total undiscounted cash flow as at July 31, 2009 is \$5,415,814.
- The expected settlement to be in 2024.
- A credit adjusted risk free rate at which the estimated payments have been discounted of 6%.
- An inflation rate of 2%.

### 10. Capital stock

	<b>Number of</b>	<b>Stated</b>
	<b>shares</b>	<b>value</b>
Balance - Beginning of period	<b>58,548,898</b>	\$ 165,755,459
Exercise of options (Note 11)	<b>12,500</b>	96,648
Exercise of warrants (Note 12)	<b>2,500</b>	16,478
Balance - End of period	<b>58,563,898</b>	<b>\$ 165,868,585</b>

# KIRKLAND LAKE GOLD INC.

## Notes to Unaudited Financial Statements

For the three months ended July 31, 2009 and 2008

(expressed in Canadian dollars)

### 11. 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 3 month period ended July 31, 2009 are as follows:

	Number of shares	Weighted average exercise price
Options outstanding - beginning of period	1,468,000	\$ 7.62
Exercised	<u>(12,500)</u>	4.70
Options outstanding - end of period	<u>1,455,500</u>	7.53
Options exercisable - end of period	<u>447,500</u>	\$ 8.54

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

Exercise price	Options outstanding	Options exercisable	Outstanding options weighted average remaining life (years)	Exercisable options weighted average remaining life (years)
\$ 4.70	7,000	7,000	0.15	0.15
5.05	50,000	-	4.19	-
6.99	250,000	-	4.06	-
6.99	487,500	-	4.14	-
7.90	301,000	150,500	3.79	3.79
8.65	245,000	245,000	2.50	2.50
9.25	75,000	25,000	3.81	3.81
12.50	40,000	20,000	3.24	3.24
<u>\$ 4.70 - 12.50</u>	<u>1,455,500</u>	<u>447,500</u>	<u>3.72</u>	<u>3.00</u>

# KIRKLAND LAKE GOLD INC.

## Notes to Unaudited Financial Statements

For the three months ended July 31, 2009 and 2008

(expressed in Canadian dollars)

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

	<b>JULY 31 2009</b>	<b>APRIL 30 2009</b>
Expected life of options	<b>3 - 5 years</b>	3 - 5 years
Risk-free interest rate	<b>3.58 - 3.98%</b>	3.58 - 3.98%
Expected stock price volatility	<b>53.3 - 64%</b>	53.3 - 64%
Expected dividend yield	<b>0%</b>	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:

	<b>JULY 31 2009</b>	<b>APRIL 30 2009</b>
Balance - Beginning of period	<b>\$ 3,630,924</b>	\$ 1,284,136
Accretion of options granted	<b>652,489</b>	2,642,448
Exercise of options	<b>(37,898)</b>	(14,362)
Options forfeited	<b>-</b>	(281,298)
Balance - End of period	<b>\$ 4,245,515</b>	\$ 3,630,924

## 12. Warrants

The changes in warrants outstanding are as follows:

	<b>Number of shares</b>	<b>Weighted average exercise price</b>
Warrants outstanding - beginning of period	<b>930,000</b>	<b>\$ 7.31</b>
Exercised	<b>(2,500)</b>	<b>5.50</b>
Warrants outstanding - end of period	<b>927,500</b>	<b>\$ 7.32</b>

	<b>JULY 31 2009</b>	<b>APRIL 30 2009</b>
Balance - Beginning of period	<b>\$ 1,499,541</b>	\$ 677,891
Warrants issued in private placements	<b>-</b>	821,650
Exercise of warrants	<b>(2,728)</b>	-
Balance - End of period	<b>\$ 1,496,813</b>	\$ 1,499,541

# KIRKLAND LAKE GOLD INC.

## Notes to Unaudited Financial Statements

For the three months ended July 31, 2009 and 2008

(expressed in Canadian dollars)

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### 13. 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 \$10,500 (2008 - \$10,500) to a Company related by directors in common.

(b) At July 31, 2009, accounts payable included \$3,896 (2009 - \$NIL) 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.

### 14. Commitments

As at July 31, 2009, capital commitments included:

Capital Commitments <i>(All commitments in 000s of Canadian Dollars)</i>	\$000
Property, Plant and Equipment	412
Underground Development	5
Total	417

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. During the period ended July 31, 2009, royalties under this agreement amounted to \$899,724 (2008 - \$317,277). Of the \$15 million the Company had paid \$6,853,304.

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 \$770,000 on exploration for the fiscal year 2010.

With regard to the Morgan purchase agreement, the company has completed the issuance of the third tranche of shares and made the third cash payment to the vendor of the South claims. To complete its purchase obligations, the company must issue a further \$50,000 worth of shares and pay a further \$50,000 to the vendor by January 15, 2010.

### 15. Segmented information

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

# KIRKLAND LAKE GOLD INC.

## Notes to Unaudited Financial Statements

For the three months ended July 31, 2009 and 2008

(expressed in Canadian dollars)

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### 16. Supplemental cash flow information

Cash and cash equivalents comprise cash on deposit with Canadian chartered banks, lines of credit and treasury bills.

	<b>JULY 31</b>		<b>JULY 31</b>
	<b>2009</b>		<b>2008</b>
Value assigned to options/warrants exercised	\$ 40,626	\$	-
Capital lease	\$ 137,160	\$	-
Purchase of asset under capital lease	\$ (137,160)	\$	-

### 17. Subsequent event

On August 19, 2009 the Company announced it reached an agreement on a private placement for 4,555,000 units at a price of \$8.15 per unit for gross proceeds of \$37,123,250. Each unit consisted of one common share and one-third of a share purchase warrant. Each whole warrant is exercisable to purchase one common share at a price of \$9.85 until October 10, 2010.

The proceeds from the financing will be used for exploration and development of the mine infrastructure capable of supporting an annual target production rate of 200,000 ounces. 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.

The private placement was closed on September 10, 2009.