Management's Discussion & Analysis ('MD&A')

Period Ending July 31, 2009 – Q1 Fiscal 2010

This MD&A, including appendices, is intended to help the reader understand Kirkland Lake Gold Inc. ('us', 'KGI' or 'the Company'), our operations and our present business environment. It has been prepared as of September 14, 2009 and covers the results of operations for the quarter ended July 31, 2009. It is intended to supplement the unaudited Financial Statements and notes thereto which are expressed in Canadian Dollars and prepared in accordance with Canadian Generally Accepted Accounting Principles ('GAAP'). This MD&A should be read in conjunction with both the annual audited financial statements and notes thereto for the year ended April 30, 2009 and the related annual MD&A. Additional information relating to the Company is available from the Company's Annual Information Form ('AIF') filed with the Canadian securities regulators on SEDAR at www.sedar.com.

Kirkland Lake Gold Inc.
P.O. Box 370
Kirkland Lake, ON
P2N 3J1

CONTENTS

CONTENTS ...... - 1 -
OUR BUSINESS ...... - 2 -
HIGHLIGHTS OF THE QUARTER ...... - 2 -
OUTLOOK ...... - 2 -
CAPITAL PROJECTS UPDATE ...... - 3 -
OPERATIONS REVIEW ...... - 3 -
EXPLORATION UPDATE ...... - 4 -
REVIEW OF FINANCIAL RESULTS ...... - 5 -
SUBSEQUENT EVENT ...... - 6 -
SUMMARY OF QUARTERLY RESULTS ...... - 7 -
LIQUIDITY, CAPITAL RESOURCES AND FINANCIAL POSITION ...... - 7 -
APPENDIX 1 ...... - 11 -
SELECTED FINANCIAL INFORMATION & REVIEW OF OVERALL PERFORMANCE ...... - 11 -
APPENDIX 2 ...... - 12 -
CRITICAL ACCOUNTING POLICIES AND ESTIMATES ...... - 12 -
CHANGES IN ACCOUNTING POLICIES ...... - 14 -
APPENDIX 3 ...... - 15 -
OTHER MATTERS ...... - 15 -
Outstanding Share, Option & Warrant Data ...... - 15 -
Forward Looking Information ...... - 15 -
Qualified Persons ...... - 16 -
Quality Assurance & Control ...... - 16 -

OUR BUSINESS

The Company is an operating gold mining company located in Kirkland Lake, Ontario, Canada which owns the Macassa Mine and Mill and four contiguous formerly producing gold mining properties. The Company's corporate goal is to expand its gold resources and reserves and reduce its operating costs to become a profitable gold producer. The Company's common shares trade on the TSX (Toronto Stock Exchange) and the AIM (Alternative Investment Market of the London Stock Exchange).

HIGHLIGHTS OF THE QUARTER

- ➔ The Company is pleased to report a net income for the quarter ended July 31, 2009 of $ 1,617,859 or $0.03 per share, which compares with a net income of $2,349,177 or $0.04 per share for the previous quarter and a loss of $3,353,500 or $0.06 per share for the same quarter in fiscal 2009.
- ➔ Gold production for the quarter was 17,135 ounces (oz), 16% lower than in the previous quarter (20,411 oz) due to a paste fill blockage that occurred on June 23, 2009 and mining less high grade ore than expected.
- ➔ Cash flows generated from operations were $7,001,299 for the quarter, which compared to cash flows of $1,853,960 in the previous quarter.
- ➔ Cash resources (including short-term investments) as at July 31, 2009 were $28,580,565 and as at September 14, 2009 increased to $59,557,553.
- ➔ Drilling of a new four inch paste borehole to 3400 level has now been completed and the contractor is now starting to drill a second back up hole. These two new holes should be easier to maintain and operate than the old twelve inch hole.

OUTLOOK

Production tonnage during May and June of the first quarter of fiscal 2010 was on track but ore milled was only 78% of the forecasted grade. In July, production was then impacted by a shortage of fill as a result of the borehole blockage. Paste fill activities should return to normal in the second half of September but a return to full production is unlikely to occur until November as most of the stope production areas are now awaiting fill before production can advance. Production in the second quarter of fiscal 2010 is therefore likely to be in the range of 6,000 to 9,000 ounces. Production forecasts for the fiscal year, as a consequence of stoping production delays caused by the borehole collapse, have effectively reduced production by one quarter. As a result, the Company is revising down its annual gold production forecast to [60,000 – 80,000] ounces.

See 'Forward Looking Information' for a description of the factors that may cause actual results to differ from forecast.

CAPITAL PROJECTS UPDATE

During the quarter the Company spent $2.8 million on underground capital drift and raise development and $1.2 million on property, plant and equipment.

Underground development spending consisted of $2.0 million on the Phase I Project development, $0.5 million spent on ongoing development, and $0.3 million on exploration development. The Phase I Project will continue until July 2010 and consists of development work required to bring the South Mine Complex (SMC) zone into sustained production. Ongoing development is required to sustain production in the Main Break area, and exploration development is designed to extend and add exploration drilling locations in both the Main Break and SMC as required.

The Company plans to continue with this work as required to sustain production in future quarters, and is developing a Phase II Project to examine the timing, physical requirements, and capital development necessary to achieve a sustained annual production rate of 200,000 ounces. Once completed and approved by the Board, work could begin late in the second quarter.

Property, plant and equipment purchases included $0.4 million on Phase I Project equipment, $0.4 million on on-going capital equipment, and $0.4 million in Phase II Project related equipment, plant, and engineering.

OPERATIONS REVIEW

Q1/10 Results	Commentary	Comparatives Q4/09	*B/ (W)	Q1/09	B/ (W)
17,135 oz	Gold production was lower than the previous quarter due to the paste fill borehole blockage described above and lower than expected average ore grades. Despite this, gold sales of 20,994 ounces were achieved during the quarter as a consequence of running down gold inventory levels.	20,411 oz	*(16)%*	9,193 oz	*86%*
0.32 oz/ton	Overall grade for the quarter decreased compared to the previous quarter due to higher grade stopes being placed on hold in July awaiting paste backfill and lower than expected ore grades coming from certain other stopes.	0.42 oz/ton	*(24)%*	0.29 oz/ton	*10%*
1,366 ft	Operating development decreased from the previous quarter as the quantity of initial stope openings decreased. Operating development associated with the SMC represented 17% (305 feet) of all operating development within the quarter. This development decreased 61% from the previous quarter (Q4/09: 779 feet) and is expected to decrease in future quarters, mainly due to the completion of delineation of ore zones in stopes.	1,978 ft	*(31)%*	1,776 ft	*(23)%*
25,303 tons	Ore generated from production, development and delineation in the SMC throughout Q1/10 was 25,303 tons grading 0.48 ounces of gold per ton (opt) with a recovery of 11,535 ounces. The higher tonnage combined with lower grade resulted in an equivalent number of ounces being produced from the SMC compared to the previous quarter (Q4/09: 11,541 ounces).	18,176 tons	*39%*	7,643 tons	*231%*

***B / (W) = Better / (Worse)**

Q1/10 Results	Commentary	Comparatives			
		Q4/09	*B/ (W)	Q1/09	B/ (W)
27,480 tons	Ore generated from the Main Break had a grade of 0.21 opt due to lower than expected grade ore and low grade ore from exploratory mining.	31,979 tons	*(14)%*	25,420 tons	*8%*
1,939 ft	Capital Development footage consistency is due to long term access development associated with the SMC and will continue throughout fiscal 2010.	2,096 ft	*(8)%*	898 ft	*115%*
54,306 tns	Hoisted ore tons increased compared to previous quarters as a result of more stopes being in production but these workplaces generated less high grade ore than expected.	50,854 tns	*7%*	30,063 tns	*81%*

***B / (W) = Better / (Worse)**

EXPLORATION UPDATE

During the quarter four electric drills and two air machines were dedicated to exploration. Approximately 44,000 feet of exploration drilling was completed during the quarter with five of the exploration drills being dedicated to testing the SMC.

Exploration results during the quarter included intersections on the New South Zone of the SMC. Drill hole 53-1279 assayed 23.75 opt uncut (3.60 opt cut) over a true width of 14 feet and included 192.50 opt over a true width 1.3 feet. Drill hole 53-1277 assayed 0.90 opt uncut (0.63 opt cut) over a true width of 26.3 feet and drill hole 53-1223 assayed 3.35 opt uncut (2.25 opt cut) over a true width 7.7 feet including 14.52 opt over a true width of 1.1 feet.

305 feet of track development was completed on the border between the South Claims Joint Venture property with Queenston Mining and the 100% owned KGI Macassa property. This development will facilitate drilling on both the South Claims joint venture property as well as the Macassa property.

REVIEW OF FINANCIAL RESULTS

Q1/10 Results ($000's)	Commentary	Comparatives			
		Q4/09	*B/ (W)	Q1/09	B/ (W)
22,499	Revenue increased as a result of 12,181 more ounces being sold compared to Q1/09 and 4,927 compared to Q4/09.	18,210	*24%*	7,952	*183%*
19,216	Operating Costs Compared to Q1/09: Operating expenses increased $9.2 million primarily due to increases in mining costs ($4.2 million) and milling costs ($0.7 million). The balance of the increase was related to inventory changes and higher production levels. The increase in mining costs resulted primarily from the activity associated with a 114% increase in mining personnel to support the expanded mining plan in the main break and SMC. An increase in milling throughput of 84% required an increase in personnel ($0.1 million) and resulted in the costs of materials increasing ($0.6 million). These costs included mill reagents, grinding media and power. Compared to Q4/09: Operating expenses increased $4.9 million primarily due to a change in inventory levels ($5.1 million) which was offset by a slight decrease in mining costs ($0.4 million). An inventory adjustment of $5.1 million occurred between quarters as a result of: (i) a reduction in the number of ounces of gold in inventory between quarters. (ii) a 52% increase in the average unit of production cost resulting from the material change in output between quarters. Mining costs were lower mainly due to a slight decrease mining personnel and associated materials.	14,289	*(34)%*	10,062	*(91)%*
515	General and administrative expenses are lower as a result of lower accounting and audit fees and listing and filing fees.	645	*20%*	526	*2%*
1,092	Exploration costs remained consistent when compared to the previous quarter, but increased compared to the same quarter in the previous fiscal year as a result of increased contractor drilling.	1,043	*(5)%*	814	*(34)%*
2,794	Capital spending on mine development increased year on year but remained consistent between quarters as explained in the capital project update	2,604	*(7)%*	1,350	*(107)%*
1,305	Capital spending on equipment reflects the timing of scheduled deliveries.	1,802	*28%*	954	*(38)%*

Q1/10 Results ($000's)	Commentary	Comparatives Q4/09	*B/ (W)	Q1/09	B/ (W)
21,413	The increase in total spending including operating costs, capital expenditures and royalties reflects increased mining and development and project related activities.	16,437	*(30)%*	11,338	*(89)%*
76	Other income is lower due to declining interest rates on investments and overall lower cash balances.	70	*9%*	303	*(75)%*

***B / (W) = Better / (Worse)**

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 towards the production target rate of 200,000 ounces annually. 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.

SUMMARY OF QUARTERLY RESULTS

The quarterly results for the Company for the last eight fiscal quarters are set out in the following table.

Quarterly Results *(All amounts in 000s of Canadian Dollars, except Loss per share figures)*	**4th Quarter**	**3rd Quarter**	**2nd Quarter**	**1st Quarter**
Fiscal 2010				
Revenue				22,499
Net Income (Loss)				1,617
Loss per Share (Basic & Diluted)				0.03
Fiscal 2009				
Revenue	18,210	8,553	8,827	7,952
Net Income (Loss)	2,349	(4,688)	(4,790)	(3,354)
Loss per Share (Basic & Diluted)	0.04	(0.08)	(0.09)	(0.06)
Fiscal 2008				
Revenue	13,198	9,576	7,362	
Net Income (Loss)	906	(1,895)	(2,393)	
Loss per Share (Basic & Diluted)	0.00	(0.02)	(0.04)	

Compared to the previous quarter, the number of full time employees fell 1% from 400 to 396. The slight change is attributable to timing between hires. Employee retention is being enhanced by the introduction of personnel development plans and a number of other retention schemes.

The Company continued to work diligently regarding safety and training. There were no lost time accidents on the property (including contractors) and medical aid frequency was 3.6 on the MASHA ratings scale. Currently the Company is ranked #3 for MASHA's Award of Excellence for mines with more than 250 employees.

LIQUIDITY, CAPITAL RESOURCES AND FINANCIAL POSITION

To date, the Company has relied on private placement financings of equity securities to finance its operations. With current cash resources and expenses historically exceeding income, the liquidity risk could be material. Success will depend, for the most part, upon increasing production, adding to reserves as cost effectively as possible and maintaining tight controls over material price increases and expenditure generally.

Sales of gold doré bars and the majority of the Company's expenses are incurred in Canadian Dollars therefore the Company is substantially protected against movements in foreign exchange. The Company's principal exchange rate risk relates to movements between the Canadian Dollar and US Dollar on the price of gold.

Our holding of cash balances is kept under constant review and surplus funds are held on deposit at the best available market rates set by reference to the prevailing Prime Rate. There are no fixed, floating rate or interest free financial liabilities by way of borrowing.

Cash and short-term investment resources, (cash, cash equivalents and short-term investments) were as follows:

Resource	At July 31,	
	2009	2008
Cash $CDN	13,219,660	12,120,079
Cash $US	0	122
Short-term Investments	15,142,864	15,474,809
Total	28,362,524	27,595,010

Interest received on Canadian Dollar deposits range from 0.05 – 0.5% per year. A breakdown of restricted cash and investments is available in Notes 3 and 4 of the accompanying Financial Statements.

The cash flow statement shows that the Company generated $7.0 million in cash from operations in the quarter. This cash inflow was a consequence of a $1.6 million income in the period, as well as a $2.1 million change in items not effecting cash and changes in non-cash working capital items of $3.3 million.

Net proceeds from financing activities during the quarter included $0.1 million from the issuance of capital stock and a capital lease for $0.1 million (see subsequent event on page 6).

Net investing activities of $4.2 million was attributable to net proceeds from short-term investments of $8.5 million, which was offset by expenditures in mine equipment of $1.3 million, capital development of $2.8 million and an increase in restricted cash of $0.2 million to cover electricity supplies from the IESO.

As at September 14, 2009 the Company's cash resources are $59.6 million. These funds are expected to be sufficient to fund the Company's planned exploration and development activities for the next 12-18 months.

Financial Instruments

The Company's financial instruments as at year end consist of cash and cash equivalents, short-term investments, security deposits, restricted cash, accounts receivable, accounts payable, and accrued liabilities. At July 31, 2009, the carrying values of these instruments approximate their fair values based on the nature of these instruments. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

As at July 31, 2009, the Company had an outstanding commodity contract with Johnson Matthey Plc. to fix the price of 4,242 ounces of gold at an average price of $1050.16 per ounce to be delivered under this contract. Fair value was not significantly different from stated value when the gold was delivered. 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 the end of the quarter, $292,875 was on deposit to cover the margin calls made by Johnson Matthey Plc.

Commitments

As at July 31, 2009, capital commitments included:

Capital Commitments *(All commitments in 000s of Canadian Dollars)*	**$000**
Property, Plant and Equipment	412
Underground Development	5
TOTAL	417

The Company also has a capital lease in the amount of $137,160 bearing interest at 8% per annum, repayable in monthly payments of $8,487. The lease matures in 18 months.

A net smelter royalty is payable on a sliding scale commencing at 2% if the price of gold 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 has 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. The Company issued 15,586 shares valued at $62,500 ($4.01 per share) and paid $62,500. 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.

On February 1, 2008 the Company submitted a revised end of mine life closure plan to the Ministry of Northern Development & Mines ('MNDM') of the Province of Ontario. At the same time, the Company put in place a letter of credit for $4,452,597 in favour of the MNDM who, in turn, refunded the Company the original mine closure bond for $2,235,829 on April 17, 2008.

The MNDM advised the Company on May 12, 2008 that the amended closure plan submitted on February 1, 2008 did not address all of the prescribed requirements for a certified closure plan.

On September 25, 2008 the Company received from the MNDM technical comments regarding the plan's short comings. As a consequence, the Company has engaged third party consultants, to compile the necessary data to respond to these comments.

The Wright Hargreaves property is not included in the amended closure plan nor is there any financial assurance in place with respect to this property. A letter from the MNDM dated October 27, 2008 requires that the Company provide a schedule to determine how and when any hazards on this property will be rehabilitated. In response on March 5, 2009 the Company issued a letter to MNDM explaining that a consultant has been retained to assist in the identification of potential hazards and related obligations, if any. This process is currently ongoing.

Related Party Transactions

Pursuant to an agreement between the Company and Ionic Management Corp. (formerly Quest Management Corp.), the Company pays $3,500 per month to Ionic in consideration of Ionic providing corporate and administrative services to the Company. During the quarter and year to date, the total fees paid to Ionic for services performed under the agreement were $10,500 (2008: $10,500). Ionic is a private management company and has one director (Brian E. Bayley) in common and a corporate secretary (Sandra Lee) in common with the Company.

APPENDIX 1

SELECTED FINANCIAL INFORMATION & REVIEW OF OVERALL PERFORMANCE

Financial Highlights *(All amounts in 000s of Canadian Dollars, except shares and per share figures)*	**Three months ended,**		
	July 31, 2009	**April 30, 2009**	**July 31, 2008**
Gold Sales (ounces)	20,994	16,067	8,813
Average Price (per ounce)	$1,072	$1,133	$902
Revenue	22,499	18,210	7,952
Operating Expenses	19,216	14,289	10,062
Exploration Expenditure	1,092	1,043	814
Net Income (loss)	1,617	2,349	(3,354)
Per share (basic and diluted)	0.03	0.04	(0.06)
Cash Flow from (used) operating activities	7,001	1,854	(1,081)
Cash Flow from financing activities	210	13,051	0
Cash Flow (used) for investing activities	4,203	(16,296)	(2,402)
Net increase (decrease) in cash	11,413	(1,393)	(3,482)
Cash at end of period	13,220	1,806	12,120
Short-term investments	15,143	23,638	15,475
Total cash resources	28,363	25,444	27,595
Total Assets	103,233	100,896	88,819
Total Liabilities	14,122	14,127	10,368
Working Capital	25,856	26,358	25,670
Weighted average number of shares outstanding	58,557,132	56,349,826	55,703,312
Dividends per share	NIL	NIL	NIL

APPENDIX 2

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The details of the Company's accounting policies are presented in accordance with Canadian GAAP as set out in Note 2 to the financial statements. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. The preparation of the Company's financial statements depend upon estimates of proven and probable reserves, measured and indicated mineral resources and recoverable ounces, assumptions of operating costs and future gold prices and possible values assigned to potential resources on exploration properties. Such estimates and assumptions affect the cost recovery of long-lived assets and the rate at which depletion and amortization are charged to earnings. In addition, management must estimate costs associated with mine reclamation and closure costs.

The following estimates are considered by management to be the most critical for investors to understand some of the processes and reasoning that go into the preparation of the Company's financial statements, providing some insight also to uncertainties that could impact the Company's financial results.

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 had 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 predicted 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 at April 30, 2009, 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 approximately 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.

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. 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 an adverse development could have a significant impact on the Company's operations and ability to recover costs.

Mineral Reserves & Deferred Exploration Costs

The Company expenses exploration expenditures and near term ore development costs as incurred. Property acquisition costs and longer term development costs incurred to expand ore reserves are deferred and depleted on a units-of-production basis over proven and probable reserves which are currently accessible by the Company. Management's estimate of gold price, recoverability, proven and probable reserves, operating capital and reclamation costs are subject to risk and uncertainties affecting the recoverability of the Company's investment in mineral properties. The Company assesses capitalized costs for recoverability on an annual basis or more frequently if changes in circumstances suggest that possible impairment. Where information is available and conditions suggest impairment, estimated future net cash flows are calculated using estimated future prices, reserves and operating, capital and reclamation costs on an undiscounted basis. If the net carrying value of the property exceeds the estimated future undiscounted net cash flows, the property will be written down to fair value.

Closure Costs

The Company has an obligation to reclaim its properties after the minerals have been mined from the site, and has estimated the costs necessary to comply with existing reclamation standards. These estimates are recorded as a liability at their fair values in the periods in which they occur. If the estimate of reclamation costs proves to be inaccurate, the Company could be required to increase the provision for site closure and reclamation costs, which would increase the amount of future reclamation expense, resulting in a reduction in the Company’s earnings and net assets.

Internal Control over Financial Reporting

As at the financial year ended April 30, 2009, the Chief Executive Officer and Chief Financial Officer evaluated the design and operating effectiveness of the Company’s internal control over financial reporting. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the design and operating effectiveness of internal control over financial reporting was effective as at April 30, 2009 to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP. During the period ended July 31, 2009, there has been no change in the Company's internal control over financial reporting that has materially affected the Company's internal control of financial reporting.

Adoption of International Financial Reporting Standards (IFRS)

The Canadian Accounting Standards Board (AcSB) and the Canadian Securities Administrators (CSA) have confirmed January 1, 2011 as the date IFRS will replace Canadian Generally Accepted Accounting Principles (Canadian GAAP) for publicly accountable, profit-oriented enterprises. This presents a change in the fundamental principles upon which financial reporting is conducted and requires significant analysis and planning to ensure a proper transition. The Company has completed a diagnostic review and is continuing to assess the implications of this change. The Company has also started training key personnel on IFRS. The results of the assessment and key elements and timing of the plan will be discussed in greater detail as information becomes available.

CHANGES IN ACCOUNTING POLICIES

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 section prescribes how an organization recognizes, measures and discloses and 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 1, 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 1, 2011.

APPENDIX 3

OTHER MATTERS

<u>Outstanding Share, Option & Warrant Data</u>

As at the date of this MD&A the following securities are outstanding:

Security	Shares issued or Issuable	Weighted Average Exercise Price
Common Shares	58,563,898	--
Options	1,455,500*	$7.53
Warrants	927,500	$7.32

*if all options have fully vested

<u>Forward Looking Information</u>

Certain statements in this MD&A constitute 'forward looking statements'. While these statements are made as of the date hereof they refer to future events. Any forward looking statements are based upon reasonable assumptions, but no guarantees or assurances can be given that actual results will be consistent with such statements.

Forward looking statements involve known and unknown risks, uncertainties and other factors, which may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Such risks, uncertainties and other factors include, but are not limited to, the following:

- Risks inherent in natural resource exploration, development and production
- Lack of operating cash flow and the Company's reliance on additional capital
- Competition in the mineral exploration and mining industries
- Governmental regulation and environmental liability
- Uncertainty of title of resource properties
- Results of legal claims made by or against the Company

A comprehensive list of the risks and uncertainties are set out in the Company's AIF. Readers should not place undue reliance on any forward looking statements.

Qualified Persons

The scientific and technical results of the Company's exploration programs and operations disclosed in this MD&A have been reviewed, verified (including sampling, analytical and test data) and compiled by the Company's geological and production staff (which includes a 'qualified person' in each department, Stewart Carmichael P.Geo., the Company's Chief Exploration Geologist in respect of exploration results, and Steve Gray, P. Geo, the Company's Chief Production Geologist in respect of production results, for the purpose of National Instrument 43-101, *Standards of Disclosure for Mineral Projects, of the Canadian Securities Administrators*). They also supervised the preparation of the information that forms the basis of the technical disclosure in this MD&A.

The reserves and resources amounts disclosed in the annual audited financial statements and MD&A for the year ended April 30, 2009 have been prepared and verified by Glenn R. Clark, P.Eng., an independent 'qualified person' for the purpose of National Instrument 43-101, *Standards of Disclosure for Mineral Projects*, of the Canadian Securities Administrators).

Quality Assurance & Control

The Company has implemented a quality assurance and control (QA/QC) program to ensure sampling and analysis of all exploration work is conducted in accordance with the best possible practices. The drill core is sawn in half with half of the core samples shipped to the Swastika Laboratories in Swastika, Ontario or to the Macassa mine laboratory for analysis. The other half of the core is retained for future assay verification. Other QA/QC includes the insertion of blanks, and the regular re-assaying of pulps/rejects at alternate certified labs (Polymet, Accurassay). Gold analysis is conducted by fire assay using atomic absorption or gravimetric finish. The laboratory re-assays at least 10% of all samples and additional checks may be run on anomalous values.