KIRKLAND LAKE GOLD INC.

UNAUDITED FINANCIAL STATEMENTS

THREE AND SIX MONTH PERIODS ENDED OCTOBER 31, 2007

(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 financials statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a reveiw of interim financials statements by an entity's auditor.

KIRKLAND LAKE GOLD INC.

Balance Sheets

(Unaudited)

As at October 31, 2007 and April 30, 2007

(expressed in Canadian dollars, except share amounts)

	October 31 2007	April 30 2007
Assets		
Current assets		
Cash and cash equivalents	$ 34,766,104	$ 26,275,033
Short-term investments	280,962	283,589
Accounts receivable	1,832,931	1,608,666
Inventories (Note 5)	4,466,113	4,102,165
Prepaid expenses and deposits	324,357	264,590
	41,670,467	32,534,043
Security deposits (Note 4)	290,000	190,000
Mineral properties (Note 6)	34,969,213	34,364,062
Property, plant and equipment (Note 7)	12,272,788	11,460,258
Mine closure bonds (Note 8)	2,251,363	2,220,506
	$ 91,453,831	$ 80,768,869
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 13(b))	$ 6,538,420	$ 6,317,611
Contingencies	125,005	125,005
Asset retirement obligation (Note 8)	2,781,494	2,700,480
	9,444,919	9,143,096
Shareholders' Equity		
Capital stock (Note 9)		
Authorized		
Unlimited common shares without par value		
Issued		
55,674,883 (2007 - 54,504,019) common shares	153,132,077	140,926,034
Options (Note 10)	968,925	674,137
Warrants (Note 11)	677,891	595,163
Contributed surplus (Note 12)	2,954,374	2,797,768
Deficit	(75,724,355)	(73,367,329)
	82,008,912	71,625,773
	$ 91,453,831	$ 80,768,869

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 periods ended October 31, 2007 and 2006

(expressed in Canadian dollars, except share amounts)

	THREE MONTH PERIOD ENDED OCTOBER 31 2007	THREE MONTH PERIOD ENDED OCTOBER 31 2006	**SIX MONTH PERIOD ENDED OCTOBER 31 2007**	SIX MONTH PERIOD ENDED OCTOBER 31 2006
Mining revenue	**$ 7,362,326**	$ 9,397,693	**$ 18,662,437**	$ 17,914,745
Operating expenses				
Operating costs	**6,833,979**	7,968,523	**15,266,549**	16,063,072
Stock-based compensation for operational personnel	**19,704**	6,104	**39,408**	16,442
Amortization and depletion	**921,509**	864,682	**1,899,449**	1,683,503
Royalties	**293,589**	339,743	**744,299**	683,449
	8,068,781	9,179,052	**17,949,705**	18,446,466
Operating margin	**(706,455)**	218,641	**712,732**	(531,721)
Other expenses				
General and administrative	**621,735**	593,031	**1,350,119**	1,326,101
Stock-based compensation for administrative personnel	**184,002**	10,229	**428,111**	38,866
Exploration	**1,306,303**	1,163,169	**2,093,129**	3,145,478
Interest and bank charges	**10,107**	59,667	**35,808**	78,896
Interest and other income	**(435,339)**	(240,476)	**(837,409)**	(458,662)
	1,686,808	1,585,620	**3,069,758**	4,130,679
Loss and Comprehensive Loss for the period	**(2,393,263)**	(1,366,979)	**(2,357,026)**	(4,662,400)
Deficit - beginning of period	**(73,331,092)**	(68,279,344)	**(73,367,329)**	(64,983,923)
Deficit - end of period	**$ (75,724,355)**	$ (69,646,323)	**$ (75,724,355)**	$ (69,646,323)
Basic and diluted loss per share	**$ (0.04)**	$ (0.03)	**$ (0.04)**	$ (0.09)
Weighted Average number of shares outstanding	**55,309,397**	52,952,736	**55,248,452**	52,659,955

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

KIRKLAND LAKE GOLD INC.

Statements of Cash Flows

(Unaudited)

For the periods ended October 31, 2007 and 2006

(expressed in Canadian dollars, except share amounts)

	THREE MONTH PERIOD ENDED OCTOBER 31 2007	THREE MONTH PERIOD ENDED OCTOBER 31 2006	**SIX MONTH PERIOD ENDED OCTOBER 31 2007**	SIX MONTH PERIOD ENDED OCTOBER 31 2006
Cash flows from operating activities				
Loss and Comprehensive Loss for the period	**$ (2,393,263)**	$ (1,366,979)	**$ (2,357,026)**	$ (4,662,400)
Items not affecting cash				
Amortization and depletion	**921,509**	864,682	**1,899,449**	1,683,503
Loss (gain) on investment	**(15,958)**	-	**2,626**	-
Stock-based compensation	**203,706**	16,333	**467,519**	55,308
Asset retirement obligation	**40,507**	27,687	**81,014**	55,374
Gain on sale of equipment	**-**	-	**(28,319)**	-
Changes in non-cash working capital items				
Accounts receivable	**(1,098,982)**	156,810	**(224,265)**	1,897,839
Inventories	**(657,854)**	608,935	**(363,948)**	351,729
Prepaid expenses and deposits	**(97,520)**	25,620	**(59,767)**	(127,150)
Accounts payable, accrued liabilities and other liabilities	**48,359**	(4,836,379)	**220,809**	(3,766,402)
Security deposits	**-**	500,612	**(100,000)**	500,612
Interest on Mine Closure Bond	**(15,534)**	-	**(30,857)**	-
	(3,065,030)	(4,002,679)	**(492,765)**	(4,011,587)
Cash flows from financing activities				
Net proceeds from issuance of capital stock and warrants	**5,023,828**	475,022	**12,147,646**	16,048,700
	5,023,828	475,022	**12,147,646**	16,048,700
Cash flows applied to investing activities				
Purchase of property, plant and equipment	**(792,605)**	(521,166)	**(2,019,397)**	(1,306,203)
Proceeds from disposal of property, plan and equipment	**-**	-	**196,798**	-
Additions to mineral properties	**(685,264)**	(1,478,332)	**(1,341,212)**	(3,475,760)
	(1,477,869)	(1,999,498)	**(3,163,811)**	(4,781,963)
Increase (decrease) in cash and cash equivalents	**480,929**	(5,527,155)	**8,491,070**	7,255,150
Cash and cash equivalents - Beginning of period	**34,285,175**	22,194,229	**26,275,033**	9,411,924
Cash and cash equivalents - End of period	**$ 34,766,104**	$ 16,667,074	**$ 34,766,103**	$ 16,667,074

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

(expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

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, 2007, 2006 and 2005, the Company incurred losses of $8.4 million, $6.5 million and $28.2 million, respectively. Cash flow required for operating activities, including exploration costs charged to operations of $18.0 million, aggregated $37.7 million for the three years in total. The funds required to continue operations and exploration activities during this period have been financed primarily from the issue of equity or convertible debt instruments.

At October 31, 2007, the Company had working capital of $35.1 million and was committed to spend the remaining $56 thousand on eligible flow-through expenditures before December 31, 2007. Management estimates that these funds, together with cash flow from targeted operations, will be sufficient to meet the Company's obligations and capital expenditure plans for the next year. However, differences between actual results and those projected by management 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.

While management has been successful in obtaining sufficient funding for the Company's operating and capital exploration requirements in the past, there is 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 funding does not become available, 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 $600 per ounce * and operating costs similar to historical costs incurred over the past year, that annual production of 50,000 to 60,000 ounces in fiscal 2008 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. To recover these costs, and the carrying values of mineral properties and other mining assets over the life of the mine will require a significant increase in the average tonnes of ore processed and ounces of gold produced annually compared to the previous three years, a reduction in the workforce and associated mining costs through the curtailment of certain development projects, or both.

* Readers should note that the average sales price per ounce sold in the quarter was $726

(expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN (CONT'D)

Measurement uncertainty (Cont'd)
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. ADOPTION OF NEW ACCOUNTING STANDARDS

Effective January 1, 2007, the Company adopted Canadian Institute of Chartered Accountants (“CICA”) Handbook Section 1530, Comprehensive Income, CICA Handbook Section 3855, Financial Instruments Recognition and Measurement and CICA Handbook Section 3251, which introduces a new component of equity referred to as accumulated other comprehensive income.

Under these new standards, all financial instruments included on the balance sheet are either classified as held for trading, held-to-maturity investments or available-for-sale categories and are measured either at fair market value or, in limited circumstances, at cost or amortized cost. The unrealized gain or loss arising from a change in the fair value of a financial asset classified as available-for-sale is recognized in other comprehensive income until the financial instrument is derecognized and the cumulative gains or losses are then recognized in earnings. The Company is recognizing gains and losses on its instruments classified as available-for-sale in other comprehensive income, and these instruments are described in Note 15.

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

3. SIGNIFICANT ACCOUNTING POLICIES

(a) BASIS OF PRESENTATION

The accompanying unaudited interim financial statements are prepared in accordance with generally accepted accounting principals ("GAAP") in Canada. They do not include all of the information and disclosures required by Canadian GAAP for annual audited 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 financial statements including the notes thereto for the year ended April 30, 2007.

4. SECURITY DEPOSITS

Security deposits include:

Letter of credit - Independent Electrical System Operator of Ontario	$	225,000
Deposit - Great West Life (benefits provider)	$	65,000

KIRKLAND LAKE GOLD INC.
Notes to Unaudited Financial Statements

For the three and six months ended October 31, 2007 and 2006

(expressed in Canadian dollars)

5. INVENTORIES

	OCTOBER 31 2007	APRIL 30 2007
Mine operating supplies	$ 1,167,776	$ 1,184,806
Gold in process	3,174,076	2,694,267
Surface stockpile	124,261	223,092
	$ 4,466,113	$ 4,102,165

6. MINERAL PROPERTIES

	OCTOBER 31 2007	APRIL 30 2007
Balance - Beginning of period	$ 34,364,062	$ 29,986,447
Additions:		
Development costs	1,466,211	6,044,890
Depletion	(861,060)	(1,667,275)
Balance - End of period	$ 34,969,213	$ 34,364,062

	COST	ACCUMULATED AMORTIZATION	OCTOBER 31 2007	APRIL 30 2007
Acquisition allocation	$ 1,140,523	$ 164,810	$ 975,713	$ 873,687
Underground development	36,536,737	5,114,390	31,422,347	30,850,669
Underground pumping	2,050,942	400,740	1,650,202	1,694,129
Mill & surface facilities	149,371	29,907	119,464	122,663
Lakeshore property	1,000,411	198,924	801,487	822,914
	$ 40,877,984	$ 5,908,771	$ 34,969,213	$ 34,364,062

(expressed in Canadian dollars)

7. PROPERTY, PLANT AND EQUIPMENT

	COST	ACCUMULATED AMORTIZATION	OCTOBER 31 2007 NET
Computer equipment	$ 705,976	$ 501,206	**$ 204,770**
Mine and mill equipment	18,540,840	6,862,773	**11,678,067**
Vehicles	129,493	89,535	**39,958**
Buildings	591,822	241,829	**349,993**
	$ 19,968,131	$ 7,695,343	**$ 12,272,788**

	COST	ACCUMULATED AMORTIZATION	APRIL 30 2007 NET
Computer equipment	$ 647,830	$ 428,327	**$ 219,503**
Mine and mill equipment	16,723,590	5,992,127	**10,731,463**
Vehicles	129,493	76,587	**52,906**
Buildings	688,926	232,540	**456,386**
	$ 18,189,839	$ 6,729,581	**$ 11,460,258**

8. ASSET RETIREMENT OBLIGATION

The Company has assumed responsibility for the reclamation and site restoration plans originally filed with the Ontario Ministry of Northern Development and Mining (MNDM) in connection with the all the Kirkland Lake properties. The estimated total costs of reclamation and site restoration at October 31, 2007 are $4,452,597 and financial assurance has been provided to the MNDM by way of mine closure bonds in the amount of $2,251,363.

A reconciliation for asset retirement obligations is as follows:

	OCTOBER 31 2007	APRIL 30 2007
Balance - Beginning of year	**$ 2,700,480**	$ 1,845,780
Revision to estimate cash flows	**-**	743,952
Accretion	**81,014**	110,748
Balance - End of period	**$ 2,781,494**	$ 2,700,480

There were no liabilities incurred or settled during fiscal 2008 and 2007.

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

- The total undiscounted cash flow as at April 30, 2008 is $4,452,597.
- The expected settlement to be in 2020.
- A credit adjusted risk free rate at which the estimated payments have been discounted of 6%.
- An inflation rate of 2%.

(expressed in Canadian dollars)

9. CAPITAL STOCK

	Number of shares	Stated value
Balance - Beginning of period	**54,504,019**	$ 140,926,034
Exercise of options (Note 10)	**37,000**	106,275
Exercise of warrants (Note 11)	**670,924**	7,639,865
Private placements	**462,940**	5,255,000
Share issuance costs	**-**	(117,206)
Share proceeds allocated to warrants	**-**	(677,891)
Balance - End of period	**55,674,883**	$ 153,132,077

(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.

(b) On September 25, 2007 the Company closed a brokered private placement of 450,000 units at a price of $11.40 per unit for gross proceeds of $5,130,000. Each unit consisted of one common share and one half of a share purchase warrant. Each whole warrant is exercisable to purchase a further common share at a price of $13.00 for a period of two years. The Company incurred commissions, fees and legal costs totalling $110,572 in connection with this placement. The share purchase warrants issued as part of this placement have been recorded at a fair value of $677,891.

10. OPTIONS

The Company has adopted a stock option plan. The plan 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 6 month period ended October 31, 2007 are as follows:

	Number of shares	**Weighted average exercise price**
Options outstanding - May 1	**561,000**	**$ 7.09**
Granted	**40,000**	**12.50**
Exercised	**(37,000)**	**2.44**
Forfeited	**(120,000)**	**8.65**
Options outstanding - October 31	**444,000**	**$ 7.55**
Options exercisable - October 31	**159,000**	**$ 3.55**

(expressed in Canadian dollars)

10. OPTIONS (CONT'D)

The following table summarizes information about stock options outstanding and exercisable at October 31, 2007:

Exercise price	Options outstanding	Options exercisable	Outstanding options weighted average remaining life (years)	Exercisable options weighted average remaining life (years)
2.20	**3,500**	**3,500**	0.01	0.01
2.80	**10,000**	**10,000**	1.04	1.04
3.95	**106,000**	**106,000**	1.33	1.33
4.70	**19,500**	**19,500**	2.15	2.15
8.65	**245,000**	**-**	4.50	-
9.30	**20,000**	**20,000**	0.42	0.42
12.50	**40,000**	**-**	5.00	-
2.20 - 12.50	**444,000**	**159,000**	3.38	1.27

The Company grants all employee stock options with an exercise price equal to the market value of the underlying common shares on the date of grant. Compensation costs for all grants under the employee stock option plan have been determined by the fair value method. Compensation expense recorded for the six months ended October 31, 2007 was $467,519.

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

	OCTOBER 31 2007	APRIL 30 2007
Expected life of options	**5 years**	**5 years**
Risk-free interest rate	**4 - 5%**	**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, and therefore, the existing models do not necessarily provide a reliable measure of the fair value of the Company's stock options.

For the period ended October 31, 2007, the value ascribed to unexercised options recorded as a component of shareholders' equity is as follows:

	OCTOBER 31 2007	APRIL 30 2007
Balance - Beginning of period	**$ 674,137**	$ 1,079,766
Accretion of options granted	**467,519**	347,853
Exercise of options	**(16,125)**	(753,482)
Options forfeited	**(156,606)**	-
Balance - End of period	**$ 968,925**	$ 674,137

(expressed in Canadian dollars)

11. WARRANTS

The changes in warrants outstanding are as follows:

	Number of shares	Weighted average exercise price
Warrants outstanding - May 1, 2007	**670,924**	**$ 10.50**
Granted	**225,000**	**13.00**
Exercised	**(670,924)**	**10.50**
Warrants outstanding - October 31, 2007	**225,000**	**$ 13.00**

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

	OCTOBER 31 2007	APRIL 30 2007
Balance - Beginning of period	**$ 595,163**	$ -
Unit proceeds allocated to warrants	**-**	(55,298)
Warrants issued in private placement	**677,891**	879,467
Exercise of warrants	**(595,163)**	(229,006)
Balance - End of period	**$ 677,891**	$ 595,163

12. CONTRIBUTED SURPLUS

	OCTOBER 31 2007	APRIL 30 2007
Balance - Beginning of period	**$ 2,797,768**	$ 2,797,768
Forfeited options	**156,606**	-
Balance - End of period	**$ 2,954,374**	$ 2,797,768

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 (2006 - $10,500) to a Company related by directors in common.

(b) At October 31, 2007, accounts payable included $3,753 (2006 - $3,914) 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.

(expressed in Canadian dollars)

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 October 31, 2007 and 2006 all of the Company's capital assets and operations were in Canada.

15. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, short term investments, security deposits, accounts receivable, mine closure bonds, accounts payable and accrued liabilities and other liabilities. At October 31, 2007, the carrying values of these instruments approximate their fair values based on the nature of these instruments. Unless otherwise noted, 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 April 30, 2007, the Company had an outstanding commodity contract with Johnson Matthey to fix the price of 232 ounces of gold at an average price of $753 per ounce to be delivered under this contract. Fair value was not significantly different from stated value. As at October 31, 2007, the Company did not have any outstanding contracts.