

KIRKLAND LAKE GOLD INC.

Management Discussion and Analysis

Second Quarter – Fiscal 2006

Introduction

The following discussion of the financial position of Kirkland Lake Gold Inc. and the results of operations for the quarter ended October 31, 2005, are to be read in conjunction with the audited financial statements dated April 30, 2005 and related notes for the periods then ended. All of the financial information presented herein is expressed in Canadian dollars, unless otherwise indicated. These statements together with the following Management's Discussion and Analysis, dated December 1, 2005 are intended to provide investors with a reasonable basis for assessing the financial performance of the Company as well as certain forward-looking statements relating to the potential future performance. Additional information on the Company can be found in the Company's Annual Information Form ("AIF"), filed in form 20F, and filed with Canadian regulators on SEDAR at www.sedar.com and with the United States Securities and Exchange Commission at www.sec.gov.

1. Overview

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

2. Discussion of Quarterly Results

Kirkland Lake Gold incurred a loss for the quarter ended October 31, 2005 (Fiscal 2006) of \$901,147 or \$0.02 per share, which compares with a loss \$5,402,213 or \$0.12 per share in the previous quarter, and a loss of \$8,886,037 or \$0.22 per share for the same period fiscal 2005.

Gold revenues were higher on a year over year basis at \$5,985,574 (2004 - \$ 5,129,390). Operating costs incurred in the quarter of \$4,984,889, compares to operating costs of \$9,505,891 incurred during the same period in fiscal 2005, and \$10,460,405 for the prior quarter. The Company continues with its active exploration program with exploration expenditures of \$648,100 being expensed in the latest quarter, as compared with \$2,908,633 during the same period fiscal 2005.

Expressed in 000's of Canadian dollars except share information	3 months ended October 31 2005	3 months ended October 31 2004
Revenue	5,986	5,129
Operating Costs	4,985	9,506
Exploration Expenditure	648	2,909
Net (loss) before unusual item	(901)	(8,886)
Per share (basic and diluted)	(0.02)	(0.22)
Cash Flow (used) for operating activities	(5,413)	(7,583)
Net increase (decrease) in cash	4,182	4,548
Cash at end of period	8,283	7,687
Short Term Investments - Unrestricted	500	-
Total Cash and Cash Equivalents	8,783	7,687
Total Current Assets	14,215	11,628
Total Current Liabilities	7,416	12,323
Working Capital	6,799	(695)
Weighted average of shares outstanding	47,675,166	40,891,352

During the second quarter of fiscal 2006, gold production was 13,859 ounces from 41,893 tons milled, at a head grade of 0.3392 ounces per ton, and mill recovery of 97.53%. The percentage of total milled tonnage from development sources was 27%. In comparison, the figure for the previous quarter was 37% in development headings. Since gold content in development headings is more difficult to forecast, and is lower grade than that in production stopes, the higher proportion of mill feed from development headings has a negative effect on overall grade.

Gold sales during the quarter were 11,084 ounces with an average price of CDN\$539 per ounce as underground production from #3 Shaft continues to increase. This compares with gold sales of 9,775 ounces with an average sales price of CDN\$525 per ounce during the same period of the prior year. During the second quarter of fiscal 2006, cash used in operating activities before changes in non-cash working capital was \$122,494 versus \$4,647,126 during the first quarter, and \$7,906,717 during the same period in fiscal 2005, as underground development and stoping activities continue to increase in efforts to raise gold production to positive cash flow levels.

During the second quarter, total capital invested in the Company's operations was \$3,296,347 as compared with \$2,824,900 reported for the same quarter of the prior year, and \$3,059,623 during the prior quarter. Of the \$3.3 million invested in its operations, \$0.40 million (2004 - \$0.89 million) was spent on the purchase of equipment, while the remaining \$2.90 million was invested in development projects including significant advance of the D-Zone ramp, which will link 3400' Level with 3800' Level, the 4721 Complex ramp, and the 5036 Complex. These projects serve to access sizeable reserves and further the 2 – 4 year production goals of the Company. In addition to the reserve development, shaft bottom rehabilitation including the 5725' Level loading pocket and 5450' Level, 5600' Level, and 5725' Level shaft stations were completed. The #2 Shaft Hydraulic Fill system was successfully commissioned and is now operational thereby allowing the mining of the S Complex reserves.

In late September the decision was made to remove chronically under-performing new equipment from underground and return it to the manufacturer for redesign. Within sixty days of that decision, which included rigorous off-site testing sessions, this equipment is now operating underground in our critical high grade stopes at proper performance rates.

3. Discussion of Costs

During the second quarter of fiscal 2006, a total of \$ 4,984,889 was spent on operating costs with approximately 49% of operating costs relating to labor. This compares to \$9,505,891 for the same period of fiscal 2005, and \$10,460,405 during the previous quarter. The decrease in operating costs for the latest quarter, as compared to the first quarter is due to inventory changes of \$2,876,400 resulting from costs associated with the change in gold inventory. (gold inventory at October 31, 2004 was \$1,430,922, April 30, 2005 \$3,023,365, July 31, 2005 \$1,702,623 and October 31, 2005 \$3,258,268). Also contributing to the decrease in operating costs is a reduction of approximately \$500,000 in Workplace Safety and Insurance Board costs based on our experience rating to September 30, 2005, an increase in Company labour and material costs being allocated to underground capital projects \$861,600, a decrease of approximately \$270,000 in the Company portion of statutory remittances (CPP, EI, WSIB), as maximums are realized, and an approximately \$360,000 reduction in maintenance costs, both labour and materials. A reduction in manpower of 33 employees (incl. students) has generated a reduction in labour costs of approximately \$275,000.

During the latest quarter, mill throughput was 41,893 tons at a mill operating cost of \$931,240 or \$22.23 per ton milled, as compared to 39,855 tons at a mill operating cost of \$969,567 or \$24.33 per ton milled during the same period in 2004.

	3 months ended October 31 <u>2005</u>	3 months ended October 31 <u>2004</u>
Tons hoisted (ore)	39,954	28,912
Tons hoisted (waste)	23,789	17,331
Tons milled	41,893	39,855
Ozs. produced	13,859	10,606
Longhole drilling (feet)	36,629	46,734
Lateral development Oper.(feet)	2,259	3,110
Lateral development Cap.(feet)	1,993	1,512
Raise development Oper.(feet)	475	486
Raise development Cap.(feet)	134	308
Definition drilling (feet)	25,173	24,616

For the quarter ended October 31, 2005 general and administrative expenses were \$416,840 as compared to \$639,656 reported for the same period of the prior year.

Exploration costs expensed during the quarter were \$648,100. This compares to \$2,908,633 expensed during the second quarter of 2005. This is the result of a change in focus from surface to underground following the discovery and drilling off of the ABM zone. \$1,493,000 is projected for the third quarter.

Interest and other income total \$91,443 versus \$51,298 during the same period of the prior year.

4. Liquidity, Capital Resources and Financial Condition

Kirkland Lake gold's cash balance at October 31, 2005 was \$8,782,769 and working capital was in a surplus position \$6,798,981. The Company has a commitment to spend \$3.0 million by December 31, 2005 on eligible exploration expenses under the current flow through financing agreement. As at October 31, 2005, \$1.96 million has been expended.

On August 25, 2005 the Company completed a sale by private placement of 1,250,000 common shares at a price of \$4.00 per share for gross proceeds of \$5,000,000. Each unit consisted of one common share and one-half of a share purchase warrant. Each whole warrant is exercisable on or before May 25, 2006 at a price of \$4.60 per share. The proceeds from the financing will be used for development of, and exploration programs at the Company's Kirkland Lake, Ontario mining operations.

On September 29, 2005 the Company completed a sale by private placement of 1,000,000 units at a price of \$4.00 per unit with Spratt Asset Management Ltd. for gross proceeds of \$4,000,000. Each unit consisted of one common share and one-half of a share purchase warrant. Each whole warrant is exercisable until June 28, 2006 at a price of \$4.60 per share.

The proceeds of this placement will be used for development of the Company's Ontario mining operations.

On October 17, 2005 the Company completed a sale by private placement of 555,500 "flow through" shares at a price of \$4.50 per share for gross proceeds of \$2,499,750. The proceeds from the financing will be used for development of, and exploration programs at the Company's Kirkland Lake, Ontario mining operations.

Cash Flow Discussion

During the second quarter of fiscal 2006, cash used in operating activities was \$5,412,918 (\$122,494 before changes in non-cash working capital) as compared to \$2,029,074 during the previous quarter, and \$7,582,832 during the second quarter of the prior year, as underground development and stoping activities continue to increase in efforts to raise gold production to positive cash flow levels. Kirkland Lake Gold's ability to continue as a going concern is dependent on cash flow generated from operations or future financings until the attainment of profitable and cash-generating operations, sufficient to sustain the Company.

5. Summary of Quarterly Results

(expressed in 000's of Canadian dollars)				
Fiscal 2006	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
Revenue			5,986	7,394
Net Earnings (Loss)			(901)	(5,402)
Earnings (Loss) per share-Basic & diluted			(0.02)	(0.12)
Fiscal 2005				
Revenue	7,061	6,375	5,129	3,591
Net Earnings (Loss)	(3,910)	(6,332)	(8,886)	(9,031)
Earnings (Loss) per share-Basic & diluted	(0.09)	(0.14)	(0.22)	(0.25)
Fiscal 2004				
Revenue	4,114	3,390	1,596	707
Net Earnings (Loss)	(8,215)	(5,741)	(4,655)	(4,005)
Earnings (Loss) per share-Basic & diluted	(0.25)	(1.19)	(0.16)	(0.16)

Revenue generated by the Company is a function of gold production, coupled with prevailing gold prices on the spot market, and the US exchange rate at the time of sale. Efforts are underway to increase production on a sustained basis by improving overall productivity of a significantly larger mining workforce.

6. Outlook

The Company is seeking to raise production levels and to improve efficiencies. While our operating costs decreased significantly in the second quarter, the Company is targeting additional 8 – 10% decrease in operating costs for each of the next three fiscal quarters to below \$C140 a ton. The Company expects ore production for the last two quarters of the fiscal year to be 43,000 – 45,000 tons per quarter, and gold grade to range between 0.44 and 0.45 ounces per ton. Over the latest quarter, the amount of ore extracted using the more cost efficient long hole stoping has risen from 32 – 35 % for the previous three quarters to the

current 49 %. The amount of ore scheduled to be mined using long hole stopes is expected to rise to 62% by May 1, 2006.

During this latest quarter, an additional loading pocket in Shaft # 3 was commissioned at the 5700 level which has a capacity of 100 tons per hour. This loading pocket will permit mining from five additional lower levels. In addition to seeking to continue to improve efficiencies, finding additional low cost ore reserves remains a top priority of Management as part of the 3-year \$21 million program that commenced during the fiscal third quarter, 2004.

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

7. Exploration Update

Total exploration expenses for the latest quarter were \$648,100, (2004 - \$2,908,633) of which \$367,810 was associated with the Company's flow through exploration program. The Company has a commitment to spend \$3.0 million by December 31, 2005 on eligible exploration expenses under the current flow through financing agreement. As at October 31, 2005, \$1.96 million has been expended.

The Company has announced the formation of a 50%-50% joint venture to explore the Kirkland Lake West (KLW) property owned by Newmont Mining Corporation of Canada Limited. The KLW property adjoins the western boundary of the Company's Macassa Mine, and is thought to contain the western extension of the Main/04 Break ore horizon which produced 24 million ounces of gold.

The KLW property covers a 1.1 mile long projection of the same gold corridor as the five contiguous mines, the Macassa, Kirkland Minerals, Teck-Hughes, Lake Shore and Wright Hargreaves (all now owned by the Company). At an average historical grade of 0.45 ounces of gold per ton, the Kirkland Lake camp is the second highest grading gold camp in Canada. The eastern boundary of the KLW property is less than a quarter mile from the Company's Shaft #3 where current gold production is being carried out by the Company, and will provide underground access for exploration drilling by the joint venture. The western boundary of the KLW property adjoins the Gracie West property, which is also a Queenston – Kirkland Lake Gold joint venture.

This new joint venture allows the Company to not only explore and develop the high grade, east-west main ore structure in the Camp over an increased, continuous strike length of 6.3 miles, but to permit exploration for the north-south structures, of which 5 have been discovered to date.

The Joint Venture property lies on the west side of a major post-ore cross fault called the Amikougami Fault. The displacement on the fault has been the subject of numerous investigations with conflicting interpretations. Exploration efforts on the west side of the fault were limited and hampered by a lack of understanding of the mechanics of this post-ore structure. Virtually all of the production in the Kirkland Lake Camp was derived from the Main/04 Break system east of the Amikougami Fault and understanding this structure is of utmost importance. At least two stopes were mined up to and cut off by the fault. In addition, a second Break, the `05, located north of the Main/04 Break system, was mined up to where it was similarly offset by the Amikougami Fault. It too may be present on the KLW property, offering a second area of considerable potential.

In a recent study completed for the Company by renowned Canadian structural geologist Dave Rhys [M.Sc., P.Geo.] the offset on the Amikougami Fault has been confidently determined as being approximately 350-450 feet of west side up displacement and 300-400 feet of west side south displacement. This interpretation sheds new light on the significance and potential for discovering ore along the Main/04 Break system on the KLW property west of the fault as it allows the joint venture partners to project this prolific structure, with its known mineralization and plunge geometry, across the Amikougami Fault.

Early underground exploration on the KLV property, completed from 1988-91 by a previous operator included four short drifts from Shaft #3 testing the '04 Break west of the Amikougami Fault. The most extensive work was completed on the -4750 foot level where an exploration drift was driven 1,560 feet into the property along what was believed to be the '04 Break. From this drift a limited amount of diamond drilling was completed. The best drill hole (DD 47-391) intersected the '04 Break about 150 feet above the 4750 foot level and returned an assay interval of 0.27 ounces of gold per ton over a core length of 22.1 feet (5.6 feet true width) including a 2 foot core length interval assaying 1.07 ounces of gold per ton and a 1.2 foot core length interval assaying 0.85 ounces of gold per ton. This mineralization is located 780 feet west of the Amikougami Fault and 1,900 feet west of KL Gold's #3 shaft. Since 1991 no further underground exploration occurred on the KLV property.

In 2004, Queenston signed an agreement with Newmont to earn a 50% interest in the KLV property by incurring exploration expenditures amounting to \$2.5 million over four years. In 2004, Queenston completed a \$400,000 program of surface exploration including linecutting, geology, trenching and diamond drilling. The drilling intersected three breaks with anomalous gold values to a depth of 1,640 feet. It is interpreted that these structures represent the equivalent of the Main/'04 Break, the main gold-bearing structure at KL Gold's Macassa Mine.

Under the terms of the joint venture agreement the Company will have the right to earn 50% of Queenston's rights under the Newmont agreement by spending \$400,000 on the property. Once completed further exploration on the property will be shared equally. Upon completion of the \$2.5 million earn-in, interest in the property will be held 50% by Newmont, 25% by the Company and 25% by Queenston and further expenditures will be contributed *pro rata*. Failure of the Company or Queenston to contribute to the \$2.5 million earn-in will result in that party's interest reverting to zero. The Company will be the manager of the exploration by the joint venture during the earn-in stage.

The next phase of exploration on the property will consist of underground rehabilitation, drifting, and crosscutting to establish a drill station as well as diamond drilling on the -4750 foot level to further test the mineralization intersected in drill hole 47-391. The long term exploration plans include drilling to test the '04 Break up to 2,000 feet past the western limit of the -4750 foot level as well as the '05 Break to the north. The program is scheduled to begin in early 2006 and was planned by a joint committee of Company and Queenston qualified persons and will be performed employing a QA/QC program consistent with National Instrument 43-101, Companion Policy 43-101CP and Exploration Best Practices Guidelines established by the CIM.

The Company previously announced the discovery, on its own property, of a new mineralized system located 1,600 feet south of the Shaft #3 mine workings. The latest drill hole intersections indicate the zone may be a folded structure with a north-northwest to southeast orientation. This would represent a new structural trend, different to both the classic east-west as well as the north-south structures discovered in 2002 and may be related to the LK discovery hole, 45-911A which intersected 26.21 ounces of gold per ton (uncut, or 1.43 ounces per ton cut) over a core length of 6.0 feet .

Recent drilling results supporting this interpretation include 1.91 ounces of gold per ton over a core length of 15.3 feet (uncut, or 0.83 ounces per ton cut) in drill hole 50-666 and 1.30 ounces of gold per ton over a core length of 12.0 feet (uncut, or 1.14 ounces per ton cut) in drill hole 50-668. The intersection in hole 50-666 was immediately preceded by a 145.5 foot interval which assayed 0.10 ounces of gold per ton and which shows similar alteration and mineralization to the same wide mineralized shear zone in the discovery hole and wedge that returned intersections of 90.4 feet assaying 2.3 ounces uncut from drill Hole 50-627 and 1.43 ounces of gold per ton over 124.5 feet of core length uncut from wedged hole 50-627W1.

The importance of this new zone led directly to the decision to drive the new 5300 level exploration cross cut. Instead of reaching the new zone at 2,500 feet in the drift, the latest drilling has brought it 250 feet closer and we should reach the mineralization by the summer

of 2006.”

The latest two drill holes, which include a 100 foot area of influence around intersection points, have extended the strike length of the zone to 500 feet. The dip of the zone is interpreted to be between 25 and 30 degrees and appears to be either cross faulted between holes 50-666 and 50-627, or folded from north-northwest to the southeast. It represents a new structural trend. The axis of this possible fold appears to coincide with the wide intense shearing and higher-grading intersections in drill holes 50-627 and 50-627W1. Drilling is currently in progress to verify this concept by targeting the mineralization 150 feet up-dip of 50-627W1 (1.43 ounces of gold per ton over a core length of 124.5 feet).

The LK Zone discovery hole 45-911A, which intersected 26.21 ounces of gold per ton (uncut, (or 1.43 ounces per ton cut) over a core length of 6.0 feet appears to be an extension of the new discovery, adding an additional 200 feet of potential strike length. The mineralization remains open in all directions.

8. Changes in Accounting Policies

There were no changes to Accounting policies in the quarter.

9. Risks and Uncertainties

Gold Price/Foreign Exchange

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

Company's Operations

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

Additional Financings May be Required

While the Company has been successful in the past, there is no assurance that funding will be available under the terms that are satisfactory to management. The Company's operations have to date resulted in negative cash flow and significant losses.

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

10. Environmental and Social Responsibility

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

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