



**P.O. Box 370
KIRKLAND LAKE, ON, P2N 3J7**

**Management's Discussion & Analysis ('MD&A')
Second Quarter- Fiscal 2007**

This MD&A is intended to help the reader understand Kirkland Lake Gold Inc. ('KGI' or 'the Company'), our operations and our present business environment.

This MD&A has been prepared as of November 30, 2006 and covers the results of operations for the quarter and six month period ended October 31, 2006. 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. This MD&A should be read in conjunction with both the annual audited financial statements and notes thereto for the year ended April 30, 2006 and the related annual MD&A. Additional information relating to the Company is available from the Company's Annual Information Form ('AIF'), filed on Form 20-F with the Canadian securities regulators on SEDAR at www.sedar.com and the United States Securities and Exchange Commission on EDGAR at www.sec.gov/edgar.

FORWARD LOOKING INFORMATION

Certain statements in this document constitute 'forward looking statements' and these statements are made as of the date hereof. 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 the natural resource exploration
- Lack of operating cash flow and the Company's dependency on new capital
- Competition in the mineral exploration industry
- Risks associated with governmental regulation and environmental liability
- Risks of title issues associated with 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.

OUR BUSINESS

The Company is an operating gold mining company located in Kirkland Lake, Ontario, which owns the Macassa Mine and Mill and four contiguous former gold producing properties. The Company's corporate goal is to expand its gold reserves and to become a low cost gold producer.

The Company's common shares trade on the TSX (Toronto Stock Exchange) and on the AIM (Alternative Investment Market) of the London Stock Exchange.

The Company's Directors have a range of experience in the natural resource and mining sectors that includes, exploration, mining and marketing, as well as experience in the legal and corporate finance areas.

OPERATIONS REVIEW- INCLUDING A REVIEW OF REVENUES AND COSTS

The Company incurred a loss for the quarter ended October 31, 2006 of \$1,366,979 or \$0.03 per share, which compares with a loss of \$3,295,420 or \$0.06 per share for the previous quarter and a loss of \$901,147 or \$0.02 per share reported for the same period of fiscal 2006. On a year-to-date basis, the Company incurred a loss of \$4,662,399 or \$0.09 per share compared to \$6,303,362 or \$0.14 per share for the same year to date period in 2006.

During the quarter:

- 55,370 tons of rock were hoisted from underground operations, of which 39,462 tons were milled as ore producing 13,344 ounces of gold. (2006: hoisted tons: 63,743, milled tons: 41,893, 13,859 ounces)
- 2,022 feet (2006: 2,712 feet) of lateral and vertical operating stope development was completed, a decrease of 25%. No stope development took place at Shaft 2 during the quarter and access development in the D-Zone was ongoing during the second quarter of fiscal 2006.
- 1,667 feet (2006: 2,149 feet) of capital drift and raise development was completed, a decrease of 23% primarily due to the completion of the D-Zone south ramp and 5036 ramp.
- Ore grade to the mill was 0.348 ounces of gold per ton (calculated head grade; 2006: 0.339) for the quarter vs. a forecast grade of 0.441. Dilution was responsible for the lower grade than forecast. As a percentage of mined ore tons, the long-hole mining method contributed 71.9% compared to 35.2% in the two preceding quarters.

On a year to date basis:

- 3,481 feet (2006: 5,603 feet) of lateral and vertical operating stope development was completed, a decrease of 38%. In addition to the explanations provided above, more intensive development was being undertaken at Shaft 2 and in 4229LH and 5036LH stopes in 2006.
- 3,621 feet (2006: 5,677 feet) of capital drift and raise development was completed, a decrease of 36% due to the completion of the D-Zone infrastructure including muck passes, vent raises, access ramp and 5036 and 5021 ramp complexes.

Financial Highlights All amounts in 000's of Canadian Dollars, except shares and per share figures	3 months ended October 31 2006	3 months ended October 31 2005	6 months ended October 31 2006	6 months ended October 31 2005
<i>Gold Sales (ounces)</i>	13,665	11,084	25,796	25,035
<i>Average Price (per ounce)</i>	\$688	\$540	\$690	\$534
Revenue	9,398	5,986	17,915	13,380
Operating Costs	7,969	4,985	16,063	15,445
Exploration Expenditure	1,163	648	3,145	1,871
Net (loss)	(1,367)	(901)	(4,662)	(6,303)
Per share (basic and diluted)	(0.03)	(0.02)	(0.09)	(0.14)
Cash Flow (used) for operating activities	(4,503)	(5,413)	(4,512)	(7,442)
Cash Flow from financing activities	975	12,891	16,549	13,948
Cash Flow (used) for investing activities	(1,999)	(3,297)	(4,782)	(6,356)
Net increase (decrease) in cash	(5,527)	4,182	7,255	150
Cash at end of period	16,667	8,783	-	-
Total Assets	68,497	53,297	-	-
Total Liabilities	8,073	9,645	-	-
Working Capital	15,645	6,799	-	-
Weighted average number of shares outstanding	52,952,736	47,675,166	52,659,55	46,595,997

Compared to the quarter ended October 31, 2005:

- Gold revenues were 57% higher at \$9,397,693 (2006: \$5,985,574), 27% was due to an increase in the realized gold price and 30% was from an increase in ounces sold.
- Operating costs increased to \$7,968,523 (2006: \$4,985,052), an increase of 60%. This increase was a function of a particularly heavy investment made in the same quarter last year in underground capital development resulting in a lower allocation of indirect costs to operating costs in that quarter as compared to the second quarter this year.
- Amortization and depletion expenses increased by 38% to \$864,682 (2006: \$625,608) reflecting the significant investment which has been made in underground development between years.
- Royalties increased 88% to \$339,743 (2006: \$181,042) as the increase in the price of gold moved the rate of royalty payable to Kinross through a threshold from 3 to 4% of net smelter returns.
- General and administrative expenses were \$593,031 (2006: \$416,840) reflecting catch-up costs associated with listing and directors fees together with one-off information technology consulting costs incurred during the quarter.
- The exploration program to fully capitalize on the exploration potential of the Company's mining properties continued with exploration expenditures of \$1,163,169 (2006: \$648,100). This increase was primarily due to the substantial exploration activity taking place in the new south zone as well as under our joint venture with Queenston.
- Total production spending including operating costs, capital spending and royalties increased 21% to \$10.3 million (2006: \$8.5 million). Capital spending on mine development and equipment fell 40% to \$2.0 million (2006: \$3.3 million) reflecting a lower level of underground capital development, operating costs were 60% higher at \$8.0 million (2006: \$5.0 million) and royalties were 88% higher as a result of higher gold prices.
- Net proceeds from financing activities were \$11.9 million lower as there was no significant financing activity in the current quarter.

- Cash at the end of the period was \$16,667,074 (October 2006: \$8,782,769) following the most recent \$15.6 million fundraising completed in the first quarter of fiscal 2007 and the change in interest income reflects higher cash balances on deposit.

On a year to date basis and compared to the same period in fiscal 2006:

- Gold revenues were 33% higher at \$17,914,745 (2006: \$13,379,526), 30% was due to an increase in the realized gold price and 4% to an increase in ounces sold.
- The changes in operating costs, amortization and depletion and royalties are due to substantially the same causes on a year to date basis as for the second quarter.
- Exploration expenses were 68% higher at \$3,145,477 (2006: \$1,870,888) due to development expenses incurred in the 5300 level New South Zone and the Queenston Joint Venture on Newmont's ground. The level of exploration drilling undertaken in the first half of fiscal 2006 was also abnormally low.
- General and administrative expenses were \$1,326,101 (2006: \$639,656). Additional professional fees associated with bringing the Company into compliance with reporting requirements of the United States Securities and Exchange Commission, consulting costs associated with implementing a new accounting system and higher investor relation and listing fees substantially account for the differences between periods.
- Total production spending including operating costs, capital spending and royalties was very similar between years at \$21.5 million (2006: \$22.2 million).
- Cash flows from financing activities increased 19% to \$16.5 million. These financings were done by way of private placement to fund working capital and further development activities.
- Interest and bank charges were \$49,329 higher at \$78,896 (2006: \$29,567) as a result of a catch-up interest adjustment relating to the \$2.5 million flow through financing completed in late 2005.
- Interest income increased to \$458,662 from \$174,270 reflecting the much higher sums on deposit between years.
- A new underground communications system, two new scoop trams and two man carriers were purchased during the first six months of the current fiscal year to further improve productivity.

Summary of Quarterly Results

Expressed in 000's of Canadian Dollars	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
Fiscal 2007				
Revenue			9,398	8,517
Net Loss			(1,367)	(3,295)
Loss per Share (Basic & Diluted)			(0.03)	(0.06)
Fiscal 2006				
Revenue	10,632	11,111	5,986	7,394
Net Loss	(2,464)	2,310	(901)	(5,402)
Loss per Share (Basic & Diluted)	(0.04)	0.05	(0.02)	(0.12)
Fiscal 2005				
Revenue	7,062	6,374	5,129	3,591
Net Loss	(3,911)	(6,331)	(8,886)	(9,031)
Loss per Share (Basic & Diluted)	(0.07)	(0.14)	(0.22)	(0.25)

Although quarterly results continue to fluctuate as the Company matures, the loss per share in the first six months for each of the past three fiscal years has been reduced from \$0.47 to \$0.14 to \$0.09. This demonstrates that the ongoing investment in equipment and the use of lower cost mining methods are resulting in improved operating results.

The number of full-time employees fell 33 to 212 during the quarter (2006: 252). The production area lost 16 of these employees despite an increase in bonus rates and ongoing investment in training programmes for miners.

Exploration Update

During the quarter, the 5300-foot level exploration drift advanced 286 feet to the south and two additional drill bays were created to facilitate further drilling on the new discoveries to the south. In the Lower D North Zone, 67 feet of drifting was completed (on strike) and mineralization graded 2.12 ounces of gold per ton ('opt') uncut (or 1.35 opt cut) over an average drift width of 6.4 feet.

Drilling continues to intersect significant gold mineralization on all zones to the south of the main workings. Horizontal drill hole 53-471 returned 1.02 opt (uncut, or 0.94 opt cut) over a core length of 30.9 feet and appears to correlate with the New South Zone located 570 feet to the east. Also in the New South Zone, drill hole 50-741 returned 1.55 opt over a core length of 62.4 feet.

Initial drilling below the 5300-foot exploration drift has returned encouraging mineralization. Drill hole 53-482 returned 24.67 opt over a core length of 2.4 feet on the #7 Break and included 58.80 opt over a core length of 1.0 foot. Further down this hole a new zone, termed the "White Zone", returned 9.60 opt over a core length of 10.7 feet and included 41.08 opt over a core length of 2.1 feet. The White Zone is located between the Lower D North and the New South Zones. The intersection in drill hole 53-482 is located 360 feet southwest and 235 feet below the 5300-foot exploration drift and is the deepest intersection to date on mineralization to the south. Another hole, 50-741, returned 11.65 opt (uncut, or 3.24 opt cut) over a core length of 9.0 feet.

To date, 16 mineralized zones have been identified south of the mine workings, 10 of which are in the area encompassing the New South/LK Zone. The reserves and resources of the New Ore System (to the south of the classic east-west trend of the main Kirkland Lake area from which 24 million ounces of gold have been recovered by various miners over the last 100 years), were initially estimated at the end of fiscal 2006.

An updated estimate (for the New Ore System only) reflecting the substantial drilling success over the last six months is shown below:

RESERVES & RESOURCES IN NEW ORE SYSTEM (CUT TO 3.50 opt)

	As at October 31, 2006			As at April 30, 2006			% Change
	Tons	Grade	Ounces	Tons	Grade	Ounces	
Reserves:							
Proven	1,200	0.84	1,000	-	-	-	113%
Probable	269,000	0.62	168,000	246,000	0.56	136,000	
Resources:							
Indicated	184,000	0.74	137,000	22,000	0.39	8,000	51%
Inferred	563,000	0.71	402,000	399,000	0.67	267,000	

The reserves and resources estimates above are based on a cut to 3.50 opt (that is, all assays above 3.50 opt are lowered to 3.50 opt). This cut value was calculated using statistics from the historical workings. However, bulk samples will now be taken to determine whether the cut value for the new ore system should be revised upwards since:

- The New Ore System is different in many ways from the historical mining (for example, sulphide ore vs. quartz-hosted ore).
- A much higher proportion of the assays in the New Ore System are affected by this cut (for example, 62% of all intersections of all intersections in the New South Zone).

RESERVES & RESOURCES IN NEW ORE SYSTEM AS AT OCTOBER 31, 2006 (UNCUT):

	Tons	Grade	Ounces
Reserves:			
Proven	1,200	0.84	1,000
Probable	269,000	1.02	273,000
Resources:			
Indicated	184,000	1.69	311,000
Inferred	563,000	1.29	726,000

The criteria used in preparing the gold resource and reserve estimates above is the same as that used in the gold resource and reserve estimates dated April 30, 2006. For further information, please refer to the Company's news release dated August 1, 2006.

In the first two quarters of the year the drill cost per ounce found was \$3.28/ounce (2006: \$5.34/ounce). The lower figure is due to the 5300 level cross-cut to the south that enabled the Company to replace 2,500 foot drill holes taking one month to drill with 400 foot drill holes taking 2 days to drill.

An exploration drill program was undertaken in fiscal 2006, primarily funded by 'flow-through' investments made by Canadian investors which entitle the investors to certain tax write-offs. The Company is required to spend \$2.5 million raised in a 'flow-through' exploration financing by December 31, 2006. A total of \$766,000 was spent on qualifying expenditures for the quarter, and \$2,138,000 in total.

Looking forward, the Company plans to focus its exploration efforts on underground drilling delineating the newly discovered zones to the south. This, and the discovery of other mineralized zones and extensions of those found through this successful exploration, is aimed at increasing the ore resources and reserves of the Company.

The new resource and reserve estimates and the results of the Company's diamond drilling program disclosed herein have been prepared by, or under the supervision of, and reviewed, verified (including sampling, analytical and test data) and compiled by Michael Sutton P.Geo., the Company's Chief Geologist (a 'qualified person' for the purpose of National Instrument 43-101, Standards of Disclosure for Mineral Projects, of the Canadian Securities Administrators). See the Company's news release dated August 1, 2006 for details of Company's quality assurance program and quality control measures and the gold resource and reserve estimates as at April 30, 2006.

Outlook

The Company continues seeking ways to raise production levels and to improve efficiencies by providing consistent investment in training, exploration, and equipment. Production forecasts for fiscal 2007 indicate annual gold production of between 60,000 and 70,000 ounces.

Mine design of the new high grade zones to the south has commenced and additional geotechnical information is being incorporated into development plans. These zones represent an important source of production for the Company and the potential exists to add significant reserves from these newly discovered areas.

Substantial costs and management time continue to be invested in improving operational systems, controls and processes. These initiatives will enable management to identify further opportunities to improve productivity, reduce operating costs and contribute towards achieving

compliance with its statutory reporting obligations in Canada, the United Kingdom and the United States of America.

LIQUIDITY, CAPITAL RESOURCES AND FINANCIAL POSITION

To date, the Company has relied significantly on private placement financings of its equity securities to finance its operations. With limited cash resources and insufficient income at this stage to cover expenses, the liquidity risk is significant. A series of cost reduction measures as well as control and process improvements have been implemented during the quarter to tighten expenditure controls. However, success will depend largely upon improvements in the execution and efficiency of production and the Company's ability to continue to add to reserves as cost effectively as in the past.

The majority of the Company's expenses are incurred in Canadian Dollars. The Company's principal exchange rate risk is therefore related to movements between the Canadian Dollar and US Dollar on the pricing of gold sales, however, these sales are denominated in Canadian Dollars.

Our holding of cash balances is kept under review and surplus funds are held on deposit at 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 terms deposits were as follows:

Currency	At October 31, 2006	At October 31, 2005
Canadian Dollars	16,435,872	8,736,667
US Dollars	231,202	46,102
Total	16,667,074	8,782,769

Interest received on Canadian Dollar deposits ranges from 2.85- 4.15% and interest received on US dollar balances is 4.25% currently.

The Company utilised \$4,503,291 in operating cash flows during the quarter. This represented a small reduction from the same quarter in the prior year but a sharp increase from the \$8,909 used in the first quarter of fiscal 2007. This increase was primarily a result of a decision by management to pay down accounts payable at the end of the quarter from around 60 to 25 days to facilitate the smooth implementation of a new accounting system. Days payable at the end of last quarter were just under 60 days. However, as a matter of policy, the Company attempts to pay all suppliers within 45 working days - a policy which is consistent with prevailing practice within our industry.

There were no private placements during the quarter so net proceeds from the issuance of common shares and common share purchase warrants were \$475,022 compared to \$12,891,401 and \$15,573,678 for the same period last year and last quarter respectively. During the quarter, our principal bankers, Royal Bank of Canada, agreed to refund a security deposit of \$500,612 held to secure payroll services. The remaining security deposit of \$224,388 is held for the benefit of the Independent Electrical System Operator of Ontario (IESO) to secure the provision of electricity to the Macassa property.

Cash flows applied to investing activities of \$1,999,498 was lower than in previous quarters primarily as a result of lower investment in capital development headings. Spending on underground development in the first six months was down 33% at \$3,475,760 compared to the same period in fiscal 2006.

The Company's cash resources of \$16,667,074 are expected to be sufficient to fund the Company's planned exploration and development activities for the coming 12-18 months without further funding being required.

Related Party Transactions

Pursuant to an agreement between the Company and Quest Management Ltd., the Company pays \$3,500 per month to Quest in consideration of Quest providing corporate and accounting services to the Company. During the quarter, the total fees paid to Quest for services performed under the agreement were \$10,500. Year to date, the total fees paid to Quest were \$21,000 (2006: \$21,000). Quest is a subsidiary of Quest Capital Corp., a publicly traded company (TSX, AMEX and AIM) and has one common director and a common corporate secretary with the Company.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Management has discussed the development and selection of critical accounting estimates with the Audit Committee of the Board of Directors, and the Audit Committee has reviewed the disclosure relating to such estimates in conjunction with its review of this MD&A. The accounting policies and methods used determine how the financial condition and results of operations are reported by the Company.

Going Concern

For the Company to have the funds required to continue operations and exploration will depend largely upon the Company's mine becoming profitable and the continuing success of its exploration and evaluation programmes. To date, these funds have been financed primarily from the issue of common shares and common share purchase warrants.

Management estimates that the funds on hand, together with cash flow from targeted operations, will be sufficient to meet the Company's obligations and capital expenditure plans for the coming year, however, in common with many exploration companies, additional financing for exploration and significant development projects may be required in discrete tranches.

The Company's ability to continue as a going concern, and the recoverability of its mineral properties and property, plant and equipment, is dependent on the gold price, its ability to fund its development and exploration programs, and manage and generate positive cash flows from operations. The Company's financial statements do not reflect the adjustments to carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary should the going concern assumption be inappropriate, and these adjustments could be material.

Review of Closure Costs

A third party review to update closure costs is currently underway.

Disclosure Controls and Procedures

Disclosure Controls and Procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Chief Executive Officer (CEO) and Chief Financial Officer (CFO), on a timely basis so that appropriate decisions can be made regarding public disclosure. As part of the Company's last annual MD&A, management reported the Company's Disclosure Controls and Procedures were not effective as Annual Reports on Form 20-F relating to 2004 and 2005 fiscal years had not been filed with the United States Securities and Exchange Commission ('SEC') within the relevant time periods.

These Annual Reports, as well as the 2006 Annual Report, have now been filed and the Company will ensure all future filings are made within the relevant time periods.

The Company is engaged in an exercise to complete a thorough evaluation of the effectiveness of the design and operation of its disclosure controls and procedures and internal controls over financial reporting. This evaluation will be carried out under the supervision and with the participation of the Company's CEO and CFO with the intention that the Company will be able to satisfy independent auditor attestation requirements by the 2008 fiscal year end.

OTHER MATTERS

Outstanding Share Data

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

Common Shares	53,084,738
Warrants	896,750
Options	314,024