

KIRKLAND LAKE GOLD INC.

UNAUDITED FINANCIAL STATEMENTS

THREE AND NINE MONTH PERIODS ENDED JANUARY 31, 2008

(EXPRESSED IN CANADIAN DOLLARS)

The accompanying unaudited financial statements of Kirkland Lake Gold Inc. (the "Company") have been prepared by and are the responsibility of the Company's management.

These statements have been approved by the Audit Committee and the Board of Directors of the Company.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

KIRKLAND LAKE GOLD INC.

Balance Sheets

(Unaudited)

As at January 31, 2008 and April 30, 2007

(expressed in Canadian dollars, except share amounts)

| | January 31 2008 | April 30 2007 |
|---|----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and short-term investments (Note 4) | \$ 34,150,213 | \$ 26,748,622 |
| Accounts receivable | 1,639,079 | 1,608,666 |
| Inventories (Note 5) | 3,993,780 | 4,102,165 |
| Prepaid expenses and deposits | 126,234 | 264,590 |
| | <u>39,909,306</u> | <u>32,724,043</u> |
| Mineral properties (Note 6) | 35,616,557 | 34,364,062 |
| Property, plant and equipment (Note 7) | 12,778,131 | 11,460,258 |
| Mine closure bonds (Note 8) | 2,269,076 | 2,220,506 |
| | <u>\$ 90,573,070</u> | <u>\$ 80,768,869</u> |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | \$ 7,139,619 | \$ 6,317,611 |
| Contingencies | - | 125,005 |
| Asset retirement obligation (Note 8) | 2,822,001 | 2,700,480 |
| | <u>9,961,620</u> | <u>9,143,096</u> |
| Shareholders' Equity | | |
| Capital stock (Note 9) | | |
| Authorized | | |
| Unlimited common shares without par value | | |
| Issued | | |
| 55,703,312 (2008 - 54,504,019) common shares | 153,421,306 | 140,926,034 |
| Options (Note 10) | 1,176,959 | 674,137 |
| Warrants (Note 11) | 677,891 | 595,163 |
| Contributed surplus (Note 12) | 2,954,374 | 2,797,768 |
| Deficit | (77,619,080) | (73,367,329) |
| | <u>80,611,450</u> | <u>71,625,773</u> |
| | <u>\$ 90,573,070</u> | <u>\$ 80,768,869</u> |

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 three and nine months ended January 31, 2008 and 2007

(expressed in Canadian dollars, except share amounts)

| | THREE MONTH PERIOD ENDED JANUARY 31 2008 | THREE MONTH PERIOD ENDED JANUARY 31 2007 | NINE MONTH PERIOD ENDED JANUARY 31 2008 | NINE MONTH PERIOD ENDED JANUARY 31 2007 |
|---|---|---|--|--|
| Mining revenue | \$ 9,576,271 | \$ 8,212,184 | \$ 28,238,708 | \$ 26,126,929 |
| Operating expenses | | | | |
| Operating costs | 8,939,268 | 8,998,040 | 24,205,817 | 25,061,112 |
| Stock-based compensation for operational personnel | - | 428 | 39,408 | 16,870 |
| Amortization and depletion | 908,397 | 783,323 | 2,807,846 | 2,466,826 |
| Royalties | 384,926 | 341,960 | 1,129,225 | 1,025,409 |
| | 10,232,591 | 10,123,751 | 28,182,296 | 28,570,217 |
| Operating margin | (656,320) | (1,911,567) | 56,412 | (2,443,288) |
| Other expenses | | | | |
| General and administrative | 361,511 | 633,717 | 1,711,630 | 1,959,818 |
| Stock-based compensation for administrative personnel | 241,063 | 6,409 | 669,174 | 45,275 |
| Exploration | 991,850 | 856,778 | 3,084,975 | 4,002,256 |
| Interest and bank charges | 34,126 | (26,945) | 69,934 | 51,951 |
| Interest and other income | (390,144) | (201,400) | (1,227,554) | (660,062) |
| | 1,238,406 | 1,268,559 | 4,308,169 | 5,399,238 |
| Loss before future income tax recovery | (1,894,726) | (3,180,126) | (4,251,751) | (7,842,526) |
| Future income tax recovery | - | (650,035) | - | (650,035) |
| Loss being Comprehensive Loss for the period | (1,894,726) | (2,530,091) | (4,251,751) | (7,192,491) |
| Deficit - beginning of period | (75,724,354) | (69,646,324) | (73,367,329) | (64,983,924) |
| Deficit - end of period | \$ (77,619,080) | \$ (72,176,415) | \$ (77,619,080) | \$ (72,176,415) |
| Basic and diluted loss per share | \$ (0.03) | \$ (0.05) | \$ (0.08) | \$ (0.14) |
| Weighted average number of shares outstanding | 55,676,805 | 53,152,804 | 55,394,062 | 52,824,238 |

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 January 31, 2008 and 2007

(expressed in Canadian dollars, except share amounts)

| | THREE MONTH PERIOD ENDED JANUARY 31 2008 | THREE MONTH PERIOD ENDED JANUARY 31 2007 | NINE MONTH PERIOD ENDED JANUARY 31 2008 | NINE MONTH PERIOD ENDED JANUARY 31 2007 |
|---|---|---|--|--|
| Cash flows from operating activities | | | | |
| Loss being Comprehensive Loss for the period | \$ (1,894,726) | \$ (2,530,091) | \$ (4,251,751) | \$ (7,192,491) |
| Items not affecting cash | | | | |
| Amortization and depletion | 908,397 | 783,323 | 2,807,846 | 2,466,826 |
| Stock-based compensation | 241,063 | 6,837 | 708,582 | 62,145 |
| Asset retirement obligation | 40,507 | 27,687 | 121,521 | 83,061 |
| Gain on sale of equipment | - | - | (28,319) | - |
| Future income tax recovery | - | (650,035) | - | (650,035) |
| Changes in non-cash working capital items | | | | |
| Accounts receivable | 193,853 | (43,778) | (30,413) | 1,854,061 |
| Inventories | 472,333 | 134,295 | 108,385 | 486,024 |
| Prepaid expenses and deposits | 198,123 | (41,460) | 138,356 | (168,610) |
| Accounts payable, accrued liabilities and other liabilities | 476,193 | 2,328,502 | 697,003 | (1,437,901) |
| Interest on mine closure bond | (17,713) | - | (48,570) | - |
| | 618,030 | 15,280 | 222,640 | (4,496,920) |
| Cash flows from financing activities | | | | |
| Net proceeds from issuance of capital stock and warrants | 193,700 | 1,792,630 | 12,341,346 | 17,841,332 |
| Security deposits | - | (1,225) | - | 499,388 |
| | 193,700 | 1,791,405 | 12,341,346 | 18,340,720 |
| Cash flows applied to investing activities | | | | |
| Purchase of property, plant and equipment | (1,057,788) | (304,695) | (3,077,185) | (1,610,898) |
| Proceeds from disposal of property, plant and equipment | - | - | 196,798 | - |
| Additions to mineral properties | (940,796) | (948,079) | (2,282,008) | (4,423,839) |
| | (1,998,584) | (1,252,774) | (5,162,395) | (6,034,737) |
| Increase (decrease) in cash and cash equivalents | (1,186,854) | 553,911 | 7,401,591 | 7,809,063 |
| Cash and cash equivalents - Beginning of period | 35,337,067 | 16,667,075 | 26,748,622 | 9,411,923 |
| Cash and cash equivalents - End of period | \$ 34,150,213 | \$ 17,220,986 | \$ 34,150,213 | \$ 17,220,986 |

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

KIRKLAND LAKE GOLD INC.

Notes to Unaudited Financial Statements

For the three and nine months ended January 31, 2008 and 2007

(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 January 31, 2008, the Company had working capital of \$32.8 million. 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 property, plant and equipment 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.

KIRKLAND LAKE GOLD INC.

Notes to Unaudited Financial Statements

For the three and nine months ended January 31, 2008 and 2007

(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 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 16.

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.

(b) SHORT-TERM INVESTMENTS

Short-term investments include Government of Canada 90 day Treasury Bills and deposits with major International and Canadian banks. The Company also holds a small investment in a private fund company. All short-term investments are carried at market value.

KIRKLAND LAKE GOLD INC.

Notes to Unaudited Financial Statements

For the three and nine months ended January 31, 2008 and 2007

(expressed in Canadian dollars)

(expressed in Canadian dollars)

4. CASH AND SHORT-TERM INVESTMENTS

Cash and short-term investments includes:

| | |
|---|-----------------------------|
| Cash | \$ 14,169,803 |
| Letters of Credit: | |
| Ministry of Northern Development and Mines | 4,452,975 |
| Independent Electrical System Operator of Ontario | 225,000 |
| Short-term Investments: | |
| Government of Canada 90 day Treasury Bills | 14,999,898 |
| Investment in Mutual Fund for Employees | 237,537 |
| Deposit in favour of Great West Life | 65,000 |
| | <u>\$ 34,150,213</u> |

Letters of credit are in place with the Ministry of Northern Development and Mines to cover the estimated total costs of reclamation and site restoration (Note 8) and with the Independent Electrical System Operator of Ontario to secure the provision of electricity.

Government of Canada 90 day Treasury Bills bear interest at 3.75% per annum and mature on 17 April, 2008.

5. INVENTORIES

| | JANUARY 31 2008 | APRIL 30 2007 |
|-------------------------|----------------------------|----------------------------|
| Mine operating supplies | \$ 1,211,391 | \$ 1,184,806 |
| Gold in process | 2,782,389 | 2,694,267 |
| Surface stockpile | - | 223,092 |
| | <u>\$ 3,993,780</u> | <u>\$ 4,102,165</u> |

KIRKLAND LAKE GOLD INC.

Notes to Unaudited Financial Statements

For the three and nine months ended January 31, 2008 and 2007

(expressed in Canadian dollars)

6. MINERAL PROPERTIES

| | JANUARY 31 2008 | APRIL 30 2007 |
|-------------------------------|----------------------------|--------------------------|
| Balance - Beginning of period | \$ 34,364,062 | \$ 29,986,447 |
| Additions: | | |
| Development costs | 2,469,507 | 6,044,890 |
| Depletion | (1,217,012) | (1,667,275) |
| Balance - End of period | \$ 35,616,557 | \$ 34,364,062 |

| | COST | ACCUMULATED DEPLETION | JANUARY 31 2008 | APRIL 30 2007 |
|---------------------------|----------------------|----------------------------------|----------------------------|--------------------------|
| Acquisition allocation | \$ 1,265,522 | \$ 173,898 | \$ 1,091,624 | \$ 873,687 |
| Underground development | 37,415,033 | 5,433,693 | 31,981,340 | 30,850,669 |
| Underground pumping | 2,050,942 | 418,400 | 1,632,542 | 1,694,129 |
| Mill & surface facilities | 149,371 | 31,193 | 118,178 | 122,663 |
| Lakeshore property | 1,000,411 | 207,538 | 792,873 | 822,914 |
| | \$ 41,881,279 | \$ 6,264,722 | \$ 35,616,557 | \$ 34,364,062 |

7. PROPERTY, PLANT AND EQUIPMENT

| | COST | ACCUMULATED AMORTIZATION | JANUARY 31 2008 NET |
|-------------------------|----------------------|-------------------------------------|------------------------------------|
| Computer equipment | \$ 706,471 | \$ 542,823 | \$ 163,648 |
| Mine and mill equipment | 19,598,133 | 7,353,582 | 12,244,551 |
| Vehicles | 129,493 | 96,009 | 33,484 |
| Buildings | 591,822 | 255,374 | 336,448 |
| | \$ 21,025,919 | \$ 8,247,788 | \$ 12,778,131 |

| | 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 |

KIRKLAND LAKE GOLD INC.

Notes to Unaudited Financial Statements

For the three and nine months ended January 31, 2008 and 2007

(expressed in Canadian dollars)

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 all the Kirkland Lake properties. The estimated total costs of reclamation and site restoration at January 31, 2008 are \$4,452,975 and financial assurance has been provided to the MNDM by way of mine closure bonds in the amount of \$2,269,076. Pending the approval of the January 2008 Mine Closure Plan submission to the Ministry of Northern Development & Mines, the company is likely to receive back the existing \$2.2 million bond.

A reconciliation for asset retirement obligations is as follows:

| | JANUARY 31 2008 | APRIL 30 2007 |
|---------------------------------|----------------------------|--------------------------|
| Balance - Beginning of year | \$ 2,700,480 | \$ 1,845,780 |
| Revision to estimate cash flows | - | 743,952 |
| Accretion | 121,521 | 110,748 |
| Balance - End of period | \$ 2,822,001 | \$ 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 January 31, 2008 is \$4,452,975.
- 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%.

KIRKLAND LAKE GOLD INC.

Notes to Unaudited Financial Statements

For the three and nine months ended January 31, 2008 and 2007

(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) | 60,500 | 333,004 |
| Exercise of warrants (Note 11) | 670,924 | 7,639,865 |
| Private placements | 467,869 | 5,317,500 |
| Share issuance costs | - | (117,206) |
| Share proceeds allocated to warrants | - | (677,891) |
| Balance - End of period | <u>55,703,312</u> | <u>\$ 153,421,306</u> |

(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. On January 8, 2008 the Company issued 4,929 shares valued at \$62,500 for the second 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 9 month period ended January 31, 2008 are as follows:

| | Number of shares | Weighted average exercise price |
|----------------------------------|---------------------|---------------------------------------|
| Options outstanding - May 1 | 561,000 | \$ 7.09 |
| Granted | 40,000 | 12.50 |
| Exercised | (60,500) | 4.69 |
| Forfeited | (120,000) | 8.65 |
| Options outstanding - January 31 | <u>420,500</u> | <u>\$ 7.50</u> |
| Options exercisable - January 31 | <u>258,000</u> | <u>\$ 6.19</u> |

KIRKLAND LAKE GOLD INC.

Notes to Unaudited Financial Statements

For the three and nine months ended January 31, 2008 and 2007

(expressed in Canadian dollars)

10. OPTIONS (CONT'D)

The following table summarizes information about stock options outstanding and exercisable at January 31, 2008:

| Exercise price | Options outstanding | Options exercisable | Outstanding options weighted average remaining life (years) | Exercisable options weighted average remaining life (years) |
|----------------|------------------------|------------------------|--|--|
| 2.80 | 10,000 | 10,000 | 0.54 | 0.54 |
| 3.95 | 106,000 | 106,000 | 0.82 | 0.82 |
| 4.70 | 19,500 | 19,500 | 1.65 | 1.65 |
| 8.65 | 245,000 | 122,500 | 4.00 | 1.90 |
| 12.50 | 40,000 | - | 4.73 | - |
| 2.80 - 12.50 | 420,500 | 258,000 | 3.08 | 2.38 |

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 nine months ended January 31, 2008 was \$708,582.

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

| | JANUARY 31 2008 | 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 nine month period ended January 31, 2008, the value ascribed to unexercised options recorded as a component of shareholders' equity is as follows:

| | JANUARY 31 2008 | APRIL 30 2007 |
|-------------------------------|--------------------|------------------|
| Balance - Beginning of period | \$ 674,137 | \$ 1,079,766 |
| Accretion of options granted | 708,582 | 347,853 |
| Exercise of options | (49,154) | (753,482) |
| Options forfeited | (156,606) | - |
| Balance - End of period | \$ 1,176,959 | \$ 674,137 |

KIRKLAND LAKE GOLD INC.

Notes to Unaudited Financial Statements

For the three and nine months ended January 31, 2008 and 2007

(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 - January 31, 2008 | <u>225,000</u> | <u>\$ 13.00</u> |

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

| | JANUARY 31 2008 | 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 | <u>\$ 677,891</u> | <u>\$ 595,163</u> |

12. CONTRIBUTED SURPLUS

| | JANUARY 31 2008 | APRIL 30 2007 |
|-------------------------------|---------------------|---------------------|
| Balance - Beginning of period | \$ 2,797,768 | \$ 2,797,768 |
| Forfeited options | 156,606 | - |
| Balance - End of period | <u>\$ 2,954,374</u> | <u>\$ 2,797,768</u> |

13. RELATED PARTY TRANSACTIONS

The following related party transactions occurred during the period:

The Company paid office facilities and administration services in the amount of \$10,500 (2006 - \$10,500) to a Company related by a director and officer in common.

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.

KIRKLAND LAKE GOLD INC.

Notes to Unaudited Financial Statements

For the three and nine months ended January 31, 2008 and 2007

(expressed in Canadian dollars)

14. CAPITAL DISCLOSURES

The Company's objectives when managing capital are:

- (a) to safeguard the Company's ability to continue as a going concern.
- (b) to raise sufficient proceeds from share issuances to meet any deficiencies in operations.
- (c) to provide sufficient funding to support on-going exploration and capital development plans.

The Company is required by the Toronto Stock Exchange to have sufficient working capital to finance 18 months of general and administrative expenditures. Management are also required to ensure the Company has adequate working capital and an appropriate capital structure to carry on its business.

15. SEGMENTED INFORMATION

The Company has one operating segment consisting of a mining and milling operation located in Kirkland Lake, Canada. During the periods ended January 31, 2008 and 2007 all of the Company's capital assets and operations were in Canada.

16. 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 January 31, 2008, 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 January 31, 2008, the Company did not have any outstanding contracts.

17. SUBSEQUENT EVENTS

(a) On February 6, 2008 the Company and Queenston Mining Inc. entered into an agreement to jointly (50%-50%) purchase a 100% interest in the Kirkland Lake West ("KL West") property in Ontario from Newmont Mining Corporation of Canada Limited, a subsidiary of Newmont Mining Corporation for CDN \$1 million.