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Symbol - TSX & AIM: KGI

## **OPERATIONS UPDATE & YEAR END RESULTS, FISCAL 2010**

Kirkland Lake Gold Inc. ('Kirkland Lake Gold' or the 'Company'), an operating and exploration gold mining company located in Ontario, Canada, announces an operations update and its year end results for the financial year ended April 30, 2010.

Fiscal 2010 was a significant year of progress towards the Company's goal of becoming a long term intermediate level gold mining company. The Company is actively working towards a new goal of increasing production to 1,200 to 1,400 tons per day by November 2011.

*"The transition back into production in the fourth quarter has gone well with production recovering as expected and the Company generating \$2.5 million in operating cash flow," commented Chairman Harry Dobson. "As a result of the paste-fill hole collapse, we diverted production resources to concentrate on advancing capital projects which will be required to achieve profitable gold production levels of 180,000 to 200,000 ounces per year. Many of these projects have therefore either commenced ahead of plan or are currently five to six months ahead of schedule. The second phase of the expansion program is now expected to be completed by November 2011, three months earlier than originally forecasted."*

### **HIGHLIGHTS:**

#### **MINE EXPANSION AND PRODUCTION**

- Work is on track for the Mine to meet the targeted average tonnage rate of 600 to 700 tons per day of ore over fiscal 2011, with component parts of the next development program (designed to increase production to 1,200 to 1,400 tons per day) currently being drawn together or commencing ahead of schedule. A further production increase to 1,800 to 2,400 tons per day is also being evaluated.
- Work to increase the ultimate hoisting capacity at the #3 Shaft by over 300% to 3,600 tons per day started ahead of plan and a capacity increase to 2,600 tons per day is expected to be achieved by late in the third quarter of fiscal 2011. The remaining hoisting improvements will be completed as required to ensure that hoisting capacity remains ahead of requirements.
- Construction of the underground haulage ramp between the #3 Shaft and the South Mine Complex ("SMC") mining area is six months ahead of schedule and targeted for completion in the first quarter of fiscal 2012.
- The number of ore mining faces available for production has also increased to twenty-five by the end of 2010, with another twenty-five ore mining faces in the development and planning stages.
- An expansion of the employee changing area capable of accommodating an additional 300 people (for a total capacity of 600 workers) has been completed. This will facilitate bringing overall staffing to the levels required for the next stages of exploration and production. A further expansion to accommodate an additional 300 persons has also been approved and building work has started.

- The Mine experienced the equivalent of a five month production interruption in 2010 due to the failure, after eighteen years of service, of the only paste-fill hole between surface and the 34 Level. Fortunately, this had been identified as a risk and contract drillers had already been booked to drill additional holes to replace this hole. Drilling started shortly after the hole was lost and two new paste-fill holes were completed in 2010 between surface and the 34 Level and are in service. A third hole was also drilled between surface and the 42 Level for future use. The interruption in the supply of paste-fill affected both the production tonnage for the year and the mined grade as lower grade exploratory mining ore displaced some higher grade reserves.
- As a result of the paste-fill hole collapse, progress on the expansion project benefited from the production delay as work that would have been slower and more difficult with the Mine in production was expedited, and some production resources were freed for use on the project. The return to a normal production rate was also delayed by a decision to complete some project work started during the fill shortage to accelerate the initial development plan and commence some critical next stage work ahead of schedule before returning some key areas to production.
- Ore mining areas in the Main Break resumed production in late December, the 50 Level SMC area came back on line in early January and the 53 Level SMC area, the largest and highest grade production area in the Mine, resumed production in late January. This sequence of production from lower to higher grade areas was dictated by the completion of the related infrastructure projects.

#### **EXPLORATION**

- Level rehabilitation programs on the 53 Level reached areas that had been targeted for exploration drilling sites along the Main Break in the third quarter of fiscal 2010. After final site preparations are completed and other exploration drilling is completed and drills become available, significant new long term drilling programs will be initiated targeting large areas east and west of the SMC. These programs will be similar in scope to the program that discovered the SMC. Development of another drill site required for the next phase of drilling on the Queenston Joint Venture property was also completed in the fourth quarter.
- A doubling of the capacity of the diamond drill core handling facility is also now complete.

#### **FINANCIAL RESULTS:**

- Gold poured for the year was 48,447 ounces, eleven percent higher than in the previous year (43,581 ounces) but significantly below budgeted production rates due to the lack of paste-fill and unavoidable conflicts with some project work which interfered briefly with production.
- As a consequence of increased costs, the Company reports a net loss for the year ended April 30, 2010 of \$12,261,567 or \$0.20 per share, which compares with a net loss of \$10,483,055 or \$0.19 per share for the previous year.
- Cash flows used in operating activities were \$954,098 for the year, 81% lower than the previous fiscal year (\$5,137,862).
- Cash resources (including short-term investments) as at April 30, 2010 were \$59,555,993 and as of July 6, 2010 were \$50,998,883.

#### **HIGHLIGHTS OF THE FOURTH QUARTER**

- Ore production steadily increased during the fourth quarter as the mining cycle returned to a balanced state and reached the targeted 600 to 700 ton per day range at an average of 633 tons per day by April.

- A shortage in the number of production miners was made up by late in the quarter.
- Gold poured for the quarter was 14,995 ounces, seven percent lower than the same quarter in fiscal 2009 (16,090 ounces) due to lower grades and tonnages as the Mine returned into production over the course of the quarter.
- Cash flows generated from operating activities were a \$2.5 million for the quarter.
- The Company reports a net loss for the quarter ended April 30, 2010 of \$1,709,596 or \$0.03 per share, which compares with an adjusted net loss of \$4,895,502 or \$0.08 per share for the previous quarter and net income of \$2,349,178 or \$0.02 per share for the same quarter in fiscal 2009.

## OUTLOOK

Ore production levels at the Mine returned to the targeted 600 to 700 tons per day range in April. Production in fiscal 2011 will be restricted to this level due to the need to skip waste and carry out other required shaft work until the hoisting upgrade is completed late in the third quarter of fiscal 2011.

Twenty-five ore mining faces were available by the end of the fourth quarter of fiscal 2010, but these were not fully manned due to the hoisting limitation on ore. An additional twenty-five ore mining faces were at various stages of development or planning by the end of fiscal 2010. Many of these new production faces will also be idle or not fully manned until after the upgrades to the hoist plant and other facilities are completed. A large number of longer term development, stoping, exploration and other mining projects are also awaiting the completion of these infrastructure upgrades.

Kirkland Lake Gold will continue to prioritize the work and investment required to meet our goals of attaining 5,000,000 ounces in total gold reserves and resources and of reaching a profitable production rate of 180,000 to 200,000 ounces of gold per year by the new target of mid fiscal year 2012.

*"Fiscal 2011 has the potential to be a transformational year for Kirkland Lake Gold. We expect to produce between 90,000 to 100,000 ounces this fiscal year, effectively doubling production levels, and we will then double number of ounces produced per year again by fiscal 2013. We continue to have excellent exploration results at the high-grade South Mine Complex and continue to add ounces there. Exploration drilling will increase 56% this year now that the dry facility is complete so we will be able to accelerate expanding the SMC. This is also the year we will evaluate proceeding with a third production expansion phase, which could potentially increase production up to 300,000 ounces per year," concluded Mr. Dobson.*

## SELECTED FINANCIAL INFORMATION & REVIEW OF OVERALL PERFORMANCE

Financial Highlights <i>(All amounts in 000s of Canadian Dollars, except shares and per share figures)</i>	Year Ended April 30,		
	2010	2009	2008
Gold Sales (ounces)	46,962	43,545	52,019
Average Price (per ounce)	1,091	1,000	797
Revenue	51,232	43,542	41,436
Operating Expenses	53,953	47,536	39,609

<b>Financial Highlights</b> <i>(All amounts in 000s of Canadian Dollars, except shares and per share figures)</i>	<b>Year Ended April 30,</b>		
	<b>2010</b>	<b>2009</b>	<b>2008</b>
Exploration Expenditure	5,285	3,652	3,877
Net Income (loss)	(12,262)	(10,483)	(3,346)
Per share (basic and diluted)	(0.20)	(0.19)	(0.06)
Cash Flow from (used in) operating activities	(954)	(5,138)	2,158
Cash Flow from financing activities	69,409	13,079	12,341
Cash Flow from (used in) for investing activities	(40,938)	(21,737)	(25,171)
Net increase (decrease) in cash	27,517	(13,796)	(10,672)
Cash at end of period	29,323	1,806	15,603
Short-term investments	30,233	23,638	15,389
Total cash resources	59,556	25,444	30,992
Total Assets	162,207	100,896	91,521
Total Liabilities	16,530	14,127	10,053
Working Capital	55,699	26,358	30,056
Weighted average number of shares outstanding	62,628,013	56,349,826	55,470,107
Dividends per share	NIL	NIL	NIL

Kirkland Lake Gold's audited financial statements and Management's Discussion and Analysis for the year ended April 30, 2010 are available on its website at [www.klgold.com](http://www.klgold.com) under Financial Reports on the investor information page, or on SEDAR at [www.SEDAR.com](http://www.SEDAR.com). Copies are also available at the Company's office: Suite 1028, 550 Burrard Street, Vancouver, B.C V6C 2B5, Canada.

#### **About Kirkland Lake Gold Inc.**

Kirkland Lake Gold Inc. is an operating and exploration gold mining company located in Ontario, Canada. It purchased the Macassa Mine and the 1,500 ton per day mill along with four former producing gold properties – Kirkland Lake, Teck-Hughes, Lake Shore and Wright Hargreaves – in December 2001. These properties, which have historically produced some 22 million ounces of gold, extend over seven kilometres between the Macassa Mine on the west and Wright Hargreaves on the east and, for the first time, are being developed and explored under one owner. This camp is located in the Southern Abitibi Greenstone Belt of Kirkland Lake, Ontario, Canada. The Company's corporate goal is to expand its gold reserves and reduce its operating costs to become a profitable gold producer.

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

The Company's senior management and Board of Directors have extensive experience in the natural resource and mining sectors that include exploration, mining and marketing, as well as experience in the legal and corporate finance areas.

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*This Press Release may contain statements which constitute 'forward-looking statements' including statements regarding the plans, intentions, beliefs and current expectations of the Company, its directors, or its officers with respect to the future business activities and operating performance of the Company. The words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect" and similar expressions, as they relate to the Company, or its management, are intended to identify such forward-looking statements. Investors are cautioned that any such forward-looking statements are not guarantees of future business activities or performance and involve risks and uncertainties, and that the Company's future business activities may differ materially from those in the forward-looking statements as a result of various factors. Such risks, uncertainties and factors are described in the Company's periodic filings with the Canadian securities regulatory authorities, including the Company's Annual Information Form and quarterly and annual Management's Discussion & Analysis, which may be viewed on SEDAR at [www.sedar.com](http://www.sedar.com). Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, believed, estimated or expected. Although the Company has attempted to identify important risks, uncertainties and factors which could cause actual results to differ materially, there may be others that cause results not be as anticipated, estimated or intended. The Company does not intend, and does not assume any obligation, to update these forward-looking statements.*