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September 13, 2004 Symbol – TSX: KGI

Kirkland Lake Gold Reports 2004 Financial Results

Kirkland Lake Gold Inc. (the "Company") announces the financial results for its fiscal year ended April 30th, 2004.

Overview

- Net loss of $22,616,158 or $0.76 per share, including the expensing of $2,536,000 of 'flow-through' expenditures and $1,981,000 in exploration and definition drilling.
- Transition year from a contractor workforce to non-union employee workforce; Unplanned short term development work, past fill system problems, dilution, and mechanical availability contributed to tonnage and ounce shortfall.
- Current work force of 130 miners now operating at planned productivity rates; August tonnage and grade produced met target for the first time.
- Meeting September target (16,640 tons, 5956 ounces gold) will produce first positive operational cash flow month.
- Annualized rate of gold production 50,000 ounces per annum in the first half of the 2005 fiscal year rising to 100,000 ounces per annum in the second fiscal half as D Zone and other higher grade stopes come into production are projected.
- Proven and Probable Reserves increase 28% to 1,321,600 tons grading 0.48 ounces of gold per ton for a total of 630,100 ounces of gold (see news release dated September 1st, 2004).

Fiscal 2004 Results

"The replacement of miners between October 2003 and May 2004 and build up from contract mining to an employee operation was much more difficult than planned," said Brian Hinchcliffe, the Company's CEO. "In addition the scarcity of good miners, we severely underestimated the short term development work, which was expensed, required to operate at planned rates of work."

"At 1.2 billion (thousand million) gallons, more than twice the original engineering estimate, the dewatering campaign has revealed the need for a great deal more rehabilitation than was originally forecast," added Harry Dobson, the Chairman of the Company. "The staff and workers have come through a difficult 12 months re-establishing safe and productive working conditions on all levels underground."

The Company incurred a loss for the year ended April 30, 2004 of $22,616,158 or $0.76 per share, which compares with a loss of $4,934,979 or $0.25 per share reported for fiscal 2003. Gold revenues were lower on a year over year basis at $9,807,106 (2003 – $11,704,639) due to lower gold sales. Operating costs rose significantly to $25,045,418 (2003 – $10,787,637) as near term development and stope mining increased as part of establishing underground production. The Company has also undertaken an aggressive exploration program to fully capitalize on the exploration potential of its mining properties. As such, annual exploration expenditures rose to $3,124,589 as compared with $1,798,836 reported for the prior year.

Financial Highlights
(all amounts in thousands of Canadian dollars, except per share figures)

	12 months ended April 30 2004	12 months ended April 30 2003	5 months ended April 30 2002
Revenue	9,807	11,704	0
Operating Costs	25,045	10,787	0
Exploration Expenditure	3,124	1,798	473
Net (loss) before unusual item	(22,616)	(4,934)	(2,178)
Per share (basic and diluted)	(0.76)	(0.25)	(0.16)
Cash Flow (used) for operating activities	(17,545)	(2,102)	(1,009)
Net increase (decrease) in cash	8,055	(4)	3,475
Cash at end of period	11,720	3,664	3,669
Total Assets	40,530	21,333	13,991
Total Liabilities	12,690	9,611	7,651
Working Capital	3,633	(2,372)	239
Weighted average of shares outstanding	29,693,146	19,942,514	13,387,544

Gold sales during the latest fiscal year were 18,623 troy ounces with an average price of CDN$526 per ounce as underground production from #3 Shaft continues to ramp up with the Company's own mining force. This compares with gold sales from surface production of 23,431 ounces with an average sales price of CDN$499 per ounce during the prior year. Gold sales for fiscal 2004 was lower than projected with roughly two-thirds of the shortfall owing to the fact that the average ore grade was lower than expected and the balance related to less tonnage being mined.

During fiscal 2004, negative operating cash flow amounted to $17,545,532 (2003 – negative $2,102,899) as efforts are ongoing to increase production and become cash flow positive. During this time frame the Company raised almost $37 million on a net basis to fund its operations and exploration initiative. Capital spending on mine development and equipment rose to $11,113,659, up from $7,046,301 reported for the prior year. The final $2 million of the $5 million purchase price was paid to Kinross Gold Corporation during fiscal 2004. The Company's cash position at the end of April 2004 was $11,720,591.

The 2004 annual financial statements are available on SEDAR at www.sedar.com.

About the Company

Kirkland Lake Gold Inc. 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 purchased on December 14, 2001. The Company is committed to growth and profitability and its corporate goal is to continue to expand its gold reserves and to become a low cost gold producer. Successful exploration results have increased proven and probable ore reserves by 78% since the acquisition of the mining properties. The shares of Kirkland Lake Gold Inc. trade on the Toronto Stock Exchange and recently began trading on the AIM (Alternative Investment Market) of the London Stock Exchange.

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No Stock Exchange has reviewed
or accepts responsibility for the adequacy or accuracy of this news release.

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Kirkland Lake Gold Inc.

Financial Statements
April 30, 2004 and 2003
(expressed in Canadian dollars)

Independent Auditors' Report

To the Shareholders of
Kirkland Lake Gold Inc.

We have audited the balance sheets of Kirkland Lake Gold Inc. as at April 30, 2004 and 2003 and the statements of operations and deficit and cash flows for each of the years in the three year period ended April 30, 2004. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards and standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at April 30, 2004 and 2003 and the results of its operations and its cash flows for each of the years in the three year period ended April 30, 2004 in accordance with Canadian generally accepted accounting principles.

"PricewaterhouseCoopers LLP"

Chartered Accountants

Vancouver, B.C., Canada

June 25, 2004
(except as to notes 1 and 20, which is as of August 25, 2004)

Comments by Auditor for U.S. Readers on Canada-U.S. Reporting Difference

In the United States, reporting standards for auditors require the addition of an explanatory paragraph (following the opinion paragraph) when the financial statements are affected by conditions and events that cast substantial doubt on the company's ability to continue as a going concern, such as those described in note 1 to the financial statements. Our report to the shareholders dated June 25, 2004 is expressed in accordance with Canadian reporting standards which do not permit a reference to such events and conditions in the auditor's report when these are adequately disclosed in the financial statements.

"PricewaterhouseCoopers LLP"

Chartered Accountants
Vancouver, B.C., Canada

June 25, 2004

Kirkland Lake Gold Inc.

Balance Sheets

As at April 30, 2004 and 2003

(expressed in Canadian dollars)

	2004 $	2003 $
Assets		
Current assets		
Cash and cash equivalents	11,720,591	3,664,607
Short-term investments (note 4)	190,000	190,000
Accounts receivable	435,006	313,168
Inventories (note 5)	1,527,553	583,290
Prepaid expenses and deposits	323,194	444,220
	14,196,344	5,195,285
Deferred finance charges (note 9)	233,591	6,250
Mineral properties (note 6)	14,118,836	8,117,495
Property, plant and equipment (note 7)	9,937,904	5,971,094
Mine closure bonds (note10)	2,043,435	2,043,435
	40,530,110	21,333,559
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	7,474,220	3,464,472
Current portion of notes payable (note 8)	-	1,926,849
Convertible loans (note 9)	3,088,818	2,176,622
	10,563,038	7,567,943
Mortgage payable	84,000	-
Provision for reclamation and site restoration (note 10)	2,043,435	2,043,435
	12,690,473	9,611,378
Shareholders' Equity		
Capital stock (note 11)		
Authorized		
Unlimited common shares without par value		
Issued		
36,479,606 (2003 - 24,076,166) common shares	51,956,501	17,757,582
Options (note 12)	170,451	112,362
Warrants (note 13)	4,983,765	696,270
Equity component of convertible loans	271,839	82,728
Contributed surplus	18,010	18,010
Deficit	(29,560,929)	(6,944,771)
	27,839,637	11,722,181
	40,530,110	21,333,559

Nature of operations and going concern (note 1)

Subsequent events (note 20)

Approved by the Board of Directors

"Brian E. Bayley" Director "Paul Kostuik" Director

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

Kirkland Lake Gold Inc.

Statements of Operations and Deficit

For the years ended April 30, 2004, 2003 and 2002

(expressed in Canadian dollars, except per share amounts)

	2004 $	2003 $	2002 $
Mining revenue	9,807,106	11,704,639	-
Operating costs	25,045,418	10,787,637	-
Amortization and depletion	1,229,508	785,337	225,593
	(16,467,820)	131,665	(225,593)
General and administrative	1,889,778	2,264,735	1,333,405
Royalties	280,105	236,216	-
Exploration	3,124,589	1,798,836	473,830
Amortization of finance charges	520,472	237,016	-
Interest and bank charges	419,807	598,488	159,925
Foreign exchange loss (gain)	642	142	(14,166)
Interest and other income	(87,055)	(68,789)	-
	6,148,338	5,066,644	1,952,994
Loss for the year	(22,616,158)	(4,934,979)	(2,178,587)
Deficit - Beginning of year	(6,944,771)	(2,009,792)	(14,429,101)
Reduction of stated capital against deficit (note 11)	-	-	14,597,896
Deficit - End of year	(29,560,929)	(6,944,771)	(2,009,792)
Basic and diluted loss per share	(0.76)	(0.25)	(0.16)
Weighted average number of shares outstanding	29,693,146	19,942,514	13,387,544

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

Kirkland Lake Gold Inc.

Statements of Cash Flows

For the years ended April 30, 2004, 2003 and 2002

(expressed in Canadian dollars)

	2004 $	2003 $	2002 $
Cash flows from operating activities			
Loss for the year	(22,616,158)	(4,934,979)	(2,178,587)
Items not affecting cash			
Amortization and depletion	1,229,508	785,337	225,593
Accretion of interest and amortization of finance charges	694,930	606,163	187,671
Stock-based compensation	81,515	22,133	128,168
	(20,610,205)	(3,521,346)	(1,637,155)
Changes in non-cash working capital items			
Accounts receivable	(121,838)	(183,118)	(128,520)
Inventories	(944,263)	(583,290)	-
Prepaid expenses and deposits	121,026	(313,422)	(121,831)
Accounts payable and accrued liabilities	4,009,748	2,498,277	877,937
	(17,545,532)	(2,102,899)	(1,009,569)
Cash flows from financing activities			
Net proceeds from issuance of capital stock	37,715,175	9,981,917	8,274,369
Proceeds from issuance of convertible loans	1,000,000	2,500,000	
Finance charges	-	(25,000)	-
Payment of notes payable and convertible loans	(2,000,000)	(3,312,500)	-
	36,715,175	9,144,417	8,274,369
Cash flows from investing activities			
Purchase of property, plant and equipment	(4,839,072)	(857,584)	-
Purchase of short-term investments	-	-	(190,000)
Additions to mineral properties	(6,274,587)	(6,188,717)	(1,556,084)
Mine closure bonds	-	-	(2,043,435)
	(11,113,659)	(7,046,301)	(3,789,519)
Increase (decrease) in cash and cash equivalents	8,055,984	(4,783)	3,475,281
Cash and cash equivalents - Beginning of year	3,664,607	3,669,390	194,109
Cash and cash equivalents - End of year	11,720,591	3,664,607	3,669,390

Supplemental cash flow information (note 18)

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

1 Nature of operations and going concern

Kirkland Lake Gold Inc. (formerly Foxpoint Resources Ltd.) (the company) owns gold mining and milling operations in Kirkland Lake, Canada, which were inactive when acquired in December 2001. The continued operations of the company are dependent upon the existence of economically recoverable reserves, the ability of the company to obtain financing as required to sustain the development, and upon future profitable production.

At April 30, 2004, the company had working capital of $3,633,306. Included in this balance are convertible loans of $3,088,818, which were extended for another year at the company's option. Subsequent to year-end, the company raised $14.2 million net proceeds in a private placement (note 20).

Management estimates that these funds, together with funds from operations will be sufficient to meet the company's obligations for the coming year. Actual 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 the success in achieving future production volumes and production 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.

The company's ability to continue as a going concern is dependent on future financings until the attainment of profitable and cash-generating operations sufficient to sustain the company. These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary, should the company be unable to continue as a going concern.

2 Significant accounting policies

Generally accepted accounting principles

These financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) in Canada. The significant measurement differences between these principles and those that would be applied under United States GAAP, as they affect the company are disclosed in note 19.

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from these estimates.

Cash and cash equivalents

Cash and cash equivalents include cash and short-term investments with maturity of 90 days or less at the date of acquisition.

Short-term investments

Short-term investments represent term deposits with an initial maturity of greater than 90 days. Short-term investments are restricted to deposits with major Canadian banks and/or commercial paper of investment grade issuers. Short-term investments are carried at the lower of cost and market value.

Inventories

Dore bars and gold in process are recorded at the lower of average production cost and net realizable value. Production costs include all direct costs plus fixed costs associated with the mine site. The company uses a rolling period average cost to value the inventory of gold on hand and in process. Mine operating supplies are valued at average cost less allowance for obsolescence.

Mineral properties and deferred exploration costs

The company expenses exploration expenditures and near term ore development costs as incurred. Property acquisition costs and longer term mine development costs incurred to expand ore reserves are deferred and depleted on a units-of-production basis over proven and probable reserves which are currently accessible by the company. Management's estimate of gold price, recoverable proven and probable reserves, operating, capital and reclamation costs are subject to risk and uncertainties affecting the recoverability of the company's investment in mineral properties. The company assesses capitalized costs for recoverability on an annual basis or more frequently if changes in circumstances warrant. When the carrying value is less than its net recoverable value as determined on an undiscounted basis, an impairment loss is recognized to the extent that its fair value, measured as the discounted cash flows over the life of the asset is below the asset's carrying value.

Property, plant and equipment

Property, plant and equipment are recorded at cost and amortized on a straight-line basis over the following terms:

Computer equipment	3 years
Mine and mill equipment	10 years
Vehicles	5 years
Buildings	10 years

Reclamation and site restoration liabilities

Ongoing reclamation and site restoration costs are charged to operations in the year incurred. Post-closure costs for reclamation and site restoration are estimated based on current federal and provincial regulatory requirements.

It is reasonably possible that the company's estimates of its ultimate reclamation and site restoration liability could change as a result of changes in regulations or cost estimates. The effects of changes in estimated costs, which could be material, are recognized on a prospective basis.

Revenue recognition

The company sells its gold bullion in the spot market. Revenue is recognized on title transfer of the gold to purchasers which occurs when the gold is received by the purchaser. Adjustments to accounts receivable, if any, between the date of title transfer and the settlement date are recorded when determined.

Foreign currency translation

The company generally seeks to sell its gold in Canadian dollars. To the extent these transactions are denominated in foreign currencies, they are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction date. Gains and losses arising from restatement of foreign currency monetary assets and liabilities and transactions are included in earnings.

Stock-based compensation

The company has elected not to follow the fair value method of accounting for stock options granted to directors and employees, and, as permitted under the standard, no compensation cost is recorded on the granting of stock options to employees and directors as the exercise price is equal to or greater than the market price at the date of grant. Consideration paid on exercise of stock options is credited to capital stock.

Stock-based compensation on options granted to non-employees is recorded as an expense at the earlier of the completion of performance or vesting of the options granted, based upon the estimated fair value on the grant date.

Income taxes

The company uses the liability method of accounting for future income taxes. Under this method of tax allocation, future income tax assets and liabilities are determined based on the differences between the financial reporting and tax basis of assets and liabilities and are measured using the substantively enacted tax rates and laws that are expected to be in effect in the periods in which the future income tax assets or liabilities are expected to be settled or realized. A valuation allowance is provided to the extent that it is more likely than not that future income tax assets will not be realized.

Flow-through shares

The company from time-to-time issues flow-through shares to finance a portion of its Canadian exploration program. Pursuant to the terms of flow-through share agreements, the tax deductions associated with the expenditures are renounced to the subscribers. Accordingly, to the extent that the company does not have unrecognized loss carryforwards to offset any firm liabilities, share capital is reduced and a future tax liability is recorded equal to the estimated amount of the future income tax liability of the company as a result of the renunciations are made.

Loss per common share

The company follows the treasury stock method in the calculation of diluted earnings per share. Loss per share is calculated using the weighted average number of common shares issued and outstanding during the year.

3 Acquisition of mineral properties and property, plant and equipment

On December 14, 2001, the company acquired various mining properties and mining assets located in and around Kirkland Lake, Ontario. These assets included five contiguous gold mining properties known as the Macassa, Lake Shore, Wright-Hargreaves, Teck-Hughes and Kirkland Lake Gold properties and all plant and equipment located on the properties at the date of the purchase agreement. All of the mining properties were previously operating gold mines, the last of which suspended operations indefinitely in June of 1999. The mine had been allowed to flood to near surface by the vendor prior to the sale.

The terms of the acquisition were:

a) Cash payments aggregating $5 million which have been made.

b) A net smelter royalty granted to the vendor which is payable on a sliding scale commencing at 2% if the price of gold sold is equal to or greater than US$300 per ounce and increasing to 4% if the price of gold sold is equal to or greater than US$500 per ounce. The royalty amount due, if any, is payable quarterly commencing on the third month anniversary of the commencement of commercial production from any of the properties and terminates upon a maximum aggregate payment of $15 million. During the year ended April 30, 2004, royalties under this agreement amounted to $264,974 (2003 - $233,216).

c) Assumption of all existing environmental and rehabilitation costs of the mining properties, including the assumption of mining closure bonds previously posted by the vendor and aggregating $2,043,435.

d) The payment of certain care and maintenance costs incurred by the vendor from the time of the agreement to the closing date of December 14, 2001.

The properties acquired comprise an aggregate of 224 patented and unpatented mining claims and crown leases. Some of the mining interests are subject to royalty interests payable to parties other than the vendor. These royalty interests differ depending on the claim, and range from net smelter royalties of 1% to 2%, production royalties of $0.10 to $4.00 per ton of ore mined or net profit royalties from 2% to 5%, while some claims have a royalty of 1% of gross proceeds from production or a net profit royalty of 20%. During the year ended April 30, 2004, these royalties amounted to $15,131 (2003 - $3,000).

The purchase consideration has been recorded as follows:

	$
Consideration paid	
Present value of $5 million cash payments due from June 2002 to December 2003 discounted at 10%	4,453,699
Cash provided to secure mine closure bonds	2,043,435
Closing adjustments and other direct costs	314,389
Total	6,811,523
Assets acquired and liabilities assumed	
Mine closure bonds	2,043,435
Property, plant and equipment	6,015,849
Mineral properties	795,674
Provision for reclamation and site restoration	(2,043,435)
Total	6,811,523

4 Short-term investments

The company's short-term investment is held as collateral to provide a letter of credit to the Independent Electricity Market Operator as security for payment in connection with ongoing electricity usage.

5 Inventories

	2004 **$**	**2003** **$**
Mine operating supplies	626,146	74,802
Gold in process	719,232	508,488
Dore bars	182,175	-
	1,527,553	583,290

6 Mineral properties

The company's mineral properties comprise five contiguous mining properties in and around Kirkland Lake, Ontario (note 3).

	2004 **$**	**2003** **$**
Balance - Beginning of year	8,117,495	2,037,369
Rehabilitation and development costs	6,274,587	6,188,717
Depletion	(273,246)	(108,591)
Balance - End of year	14,118,836	8,117,495

	2004 **$**	**2003** **$**
Acquisition allocation (note 3)	781,127	795,674
Underground development	10,427,302	4,412,246
Underground pumping	1,946,609	1,917,522
Mill and surface facilities rehabilitation	146,640	149,371
Lakeshore underground access ramp	817,158	842,682
	14,118,836	8,117,495

7 Property, plant and equipment

			2004
	Cost **$**	**Accumulated amortization** **$**	**Net** **$**
Computer equipment	162,724	75,075	87,649
Mine and mill equipment	11,366,457	1,762,758	9,603,699
Vehicles	78,142	20,768	57,374
Buildings	189,182	-	189,182
	11,796,505	1,858,601	9,937,904

			2003
	Cost $	Accumulated amortization $	Net $
Computer equipment	115,359	29,040	86,319
Mine and mill equipment	6,712,710	865,971	5,846,739
Vehicles	45,364	7,328	38,036
	6,873,433	902,339	5,971,094

8 Notes payable

The company signed notes payable in connection with the acquisition of the mining properties and mining assets in Kirkland Lake, Ontario (note 3(a)). The notes were non-interest bearing and were repayable on various dates from June 2002 through December 13, 2003. The notes have been discounted at 10% per annum, which is estimated to be consistent with similar borrowings which would have been available to the company.

	2004 $	2003 $
Balance - Beginning of year	1,926,849	4,641,370
Accretion of interest	73,151	285,479
Less: Payments	(2,000,000)	(3,000,000)
Balance - End of year	-	1,926,849

9 Convertible loans

a) On June 11, 2002, the company completed a loan financing of $2,500,000. The loans had a term of one year, which was extended for one year at the Company's option (extended during the year), and carried interest at the rate of 10% per year.

The principal amount of the loans are convertible at the lenders' option into special warrants at the rate of $4.00 per special warrant and the accrued interest is convertible into special warrants at the rate equal to the higher of $4.00 per special warrant or the then market price of the company's shares. Each special warrant, including those issued as a bonus, is exercisable, without further consideration, to acquire one common share of the company.

During the year ended April 30, 2003, the company repaid part of the convertible loans with a face value of $312,500. As a result of the redemption $11,818 of the value of the equity conversion feature of the convertible loans was transferred to contributed surplus leaving a balance of $82,728 as the equity component of convertible loans. Subsequent to the year ended April 30, 2004, the company repaid the balance of the convertible loans (note 20).

The company has determined the value of the equity conversion feature of the convertible loans to be $94,546 using the Black-Scholes option pricing model. The remainder of $2,405,454 has been classified as debt.

The lenders received an aggregate of 125,000 special warrants exercisable at deemed value of $2.05 for 10 years, as a bonus for making the loans, which were recorded as finance charges at an estimated fair value of $218,266. The special warrants were converted into common shares on February 21, 2003.

On December 5, 2003, the lenders received 109,375 common shares, at a fair value of $4.78 per share to extend the maturity date of the $2,187,500 note payable to June 11, 2004. The fair value of the shares has been recorded as finance charges of $522,813 and will be amortized over the remaining term of the loan.

b) On August 11, 2003, the company completed a loan financing of $1,000,000. The loan has a term of 18 months (expiring February 11, 2005), which can be extended for 18 months at the company's option (see below), and bears interest at the rate of 10% per year.

The principal amount of the loan is convertible at the lenders' option into common shares at the rate of $4.00 per common share and the accrued interest is convertible into common shares at the rate equal to the higher of $4.00 per common share or the then market price of the company's shares.

The company has determined the value of the equity conversion feature of the convertible loans to be $189,111 using the Black-Scholes option pricing model. The remainder of $810,889 was classified as debt.

The lender received an aggregate of 75,000 common shares at $3.00 per common share, as a bonus for making the loans, which have been determined to have a fair value of $225,000 and will be amortized over the initial term of the loan.

At the company's option, the maturity date of the loan may be extended to 36 months by the issuance of 75,000 common shares. The common shares, when issued, will be subject to a four-month hold period from issuance. If the loan is redeemed by the company within the first or second 18-month term, the lender shall receive warrants to purchase that number of common shares equal to 0.2875 times the amount of unpaid principal. The warrants would be exercisable at $4.00 per share until the next 18-month anniversary of the loan. The lender shall also receive the balance of the 18 months of interest to the end of the first or second 18-month term.

c) A summary of deferred finance charges incurred and amortization is shown below:

	2004 $	2003 $
Balance - Beginning of year	6,250	-
Finance charges incurred	747,813	243,266
Less: Amortization	(520,472)	(237,016)
Balance - End of year	233,591	6,250

10 Provision for reclamation and site restoration

The company has assumed responsibility for the reclamation and site restoration plans originally filed with the Ontario Ministry of Northern Development and Mining (MNDM) in connection with the Macassa and the Lake Shore properties. The estimated total costs of reclamation and site restoration are $2,043,435 and financial assurance has been provided to the MNDM by way of mine closure bonds. The remaining properties will require geotechnical investigations and possible closure remediation to meet the MNDM’s approval, the cost of which is not yet determinable, but which management does not believe to be significant on the basis of current legislation. The company recorded the estimated costs of reclamation and site restoration of $2,043,435 at the time of acquisition of the properties.

11 Capital stock

	Number of shares	Amount $
Balance - April 30, 2001	9,559,239	14,545,449
Exercise of options	7,500	10,125
Exercise of warrants	2,011,765	618,236
Common shares issued for cash (c) and (b)	6,400,000	8,320,000
Share proceeds allocated to warrants (c) and (b)	-	(1,044,040)
Share issuance costs	-	(673,992)
Reduction of stated capital (a)	-	(14,597,896)
Balance - April 30, 2002	17,978,504	7,177,882
Exercise of options (note 12)	97,500	184,721
Exercise of warrants (note 13)	2,375,162	4,270,874
Private placements (d) and (e)	3,625,000	7,075,000
Share issuance costs	-	(950,895)
Balance - April 30, 2003	24,076,166	17,757,582
Exercise of options (note 12)	605,950	931,246
Exercise of warrants (note 13)	1,558,986	3,268,701
Private placements ((f) through (k))	10,054,129	36,043,993
Convertible loan	184,375	747,813
Share issuance costs	-	(2,052,186)
Share proceeds allocated to warrants	-	(4,740,648)
Balance - April 30, 2004	36,479,606	51,956,501

a) At the company's annual general meeting, held on October 17, 2001, shareholders approved a reduction of stated capital of $14,597,896.

b) On March 5, 2002, the company issued 1,500,000 units at a price of $1.30 per unit for gross proceeds of $1,950,000. Each unit comprised one common share and one-half of a share purchase warrant. Each whole warrant entitled the holder to purchase a further common share for a period of 24 months at a price of $1.60 per share. The company incurred commissions, fees and legal costs totalling $108,410 in connection with this share issuance. The share purchase warrants issued as part of these private placement units have been recorded at a fair value of $238,817.

c) On December 12 and 14, 2001, the company issued 400,000 flow-through common shares at $1.30 per share and 4,500,000 units at a price of $1.30 per unit for gross proceeds of $6,370,000. Each unit comprised one (non-flow-through) common share and one-half of a share purchase warrant. Each whole warrant entitled the holder to purchase a further (non-flow-through) common share for a period of 24 months at a price of $1.55 per share. The agent was issued warrants which entitled the agent to purchase 490,000 shares for a period of 24 months at a price of $1.30 per share. The company incurred commissions, fees and legal costs totalling $565,582 in connection with these share issuances. The share purchase warrants issued as part of these private placement units have been recorded at a fair value of $805,223.

d) On June 21, 2002, the company closed a brokered private placement of 1,000,000 shares at a price of $2.35 per share for gross proceeds of $2,350,000. The agent also received a compensation option to purchase 100,000 common shares for a period of 24 months at a price of $2.35 per share. The company incurred commissions, fees and legal costs totalling $169,851 in connection with this placement. The agent’s options have been recorded at a fair value of $81,276.

e) On December 30, 2002, the company closed a brokered private placement of 2,625,000 shares at a price of $1.80 per share for gross proceeds of $4,725,000. The agent also received 393,750 warrants exercisable at $2.05 until June 30, 2004 as compensation for the placement. The company incurred commissions, fees and legal costs totalling $465,834 in connection with this placement. The agent’s warrants have been recorded at a fair value of $233,935.

f) On August 8, 2003, the company closed the first of two tranches of a private placement of 3,755,000 units. In the first tranche, the company sold 3,554,000 units at $2.60 per unit to raise gross proceeds of $9,240,400. On August 26, 2003, the company closed the second tranche and sold 201,000 units at $2.60 per unit to raise gross proceeds of $522,600. Each unit consisted of one common share and one-half of a share purchase warrant. Each whole warrant will entitle the holder to purchase a further common share for a period of two years (expiring August 8 and August 26, 2005) at a price of $3.00 per share. The company incurred commissions, fees and legal costs totalling $538,080 in connection with this placement. The share purchase warrants issued as part of this placement have been recorded at a fair value of $2,150,084.

g) On November 14, 2003, the company completed a flow-through private placement, raising $7,700,000 through the sale of 1,925,000 shares at $4.00 per share. The proceeds from the financing are being used to fund further exploration expenses on the company’s Kirkland Lake, Ontario, mining properties. A fee of 5% of the proceeds raised was paid to the agents. The company also issued agents compensation warrants to purchase 96,250 shares, which are exercisable for a period of 24 months (expiring November 14, 2005) at a price of $3.60 per share. The company incurred commissions, fees and legal costs totalling $430,499 in connection with this placement. The compensation warrants issued as part of this placement have been recorded at fair value of $158,788. At April 30, 2004, the company has a commitment to incur $5,163,723 of eligible flow through expenditures.

h) On December 2, 2003, the company completed a private placement of 2,200,000 units at a price of $3.90 per unit for gross proceeds of $8,580,000. Each unit consisted of one common share and one-half of a share purchase warrant. Each whole warrant is exercisable for a period of 18 months (expiring June 1, 2005) at a price of $4.40 per share. Two family trusts, the beneficiaries of which are the spouse and sister of the company's Chairman, D. Harry W. Dobson, subscribed for over 50% of the placement. The company incurred commissions, fees and legal costs totalling $406,819 in connection with this placement. The share purchase warrants issued as part of this placement have been recorded at fair value of $1,659,959.

i) On December 5, 2003, the company issued 109,375 common shares, at a fair value of $4.78 per common share, to extend the maturity date of the $2,187,500 note payable to June 11, 2004 (note 9(a)).

j) On August 11, 2003, the company issued 75,000 common shares at a fair value of $3.00 per common share, as a bonus on the $1,000,000 convertible loan financing (note 9(b)).

k) On April 29, 2004, the company completed a private placement of 2,174,129 units at a price of $4.60 per unit for gross proceeds of $10,000,993. Each unit consisted of one common share and one-half of a share purchase warrant. Each whole warrant will entitle the holder to purchase a further common share for a period of 15 months (expiring July 29, 2005) at a price of $5.20 per share. The company incurred commissions, fees and legal costs totalling $475,000 in connection with this placement. The share purchase warrants issued as part of this placement have been recorded at a fair value of $930,606.

12 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 and its subsidiaries 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 2,000,000 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 change in stock options issued during the years ended April 30 is as follows:

	2004		2003		2002	
	Number of shares	Weighted average exercise price $	Number of shares	Weighted average exercise price $	Number of shares	Weighted average exercise price $
Options outstanding - Beginning of year	1,735,000	1.65	1,173,000	1.34	350,000	1.10
Granted	327,500	3.60	679,500	2.20	830,500	1.44
Exercised	(605,950)	1.50	(97,500)	1.57	(7,500)	1.35
Forfeited	(30,000)	2.78	(20,000)	1.85	-	-
Options outstanding - End of year	1,426,550	2.16	1,735,000	1.65	1,173,000	1.34
Options exercisable - End of year	846,550	1.59	1,077,500	1.36	882,500	1.25

The following table summarizes information about stock options outstanding and exercisable at April 30, 2004:

Exercise price $	Options outstanding	Options exercisable	Outstanding options weighted average remaining life (years)	Exercisable options weighted average remaining life (years)
1.10	200,000	200,000	1.91	1.91
1.35	299,300	299,300	2.43	2.43
1.60	75,000	75,000	2.95	2.95
2.05	35,000	35,000	3.06	3.06
2.20	474,750	202,250	3.70	3.70
2.45	35,000	35,000	3.10	3.10
2.80	67,500	-	4.29	-
3.95	240,000	-	4.58	-
1.10 - 3.95	1,426,550	846,550	3.29	2.71

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. No compensation expense has been recognized on the employee stock option in the statements of operations. If compensation expense for all grants under the employee stock option plan had been determined by the fair value method, loss and loss per share would have been as follows:

	2004 $	2003 $
Loss for the year		
As reported	(22,616,158)	(4,934,979)
Pro forma	(23,280,332)	(5,096,965)
Basic and diluted loss per share		
As reported	(0.76)	(0.25)
Pro forma	(0.78)	(0.26)

The fair value of each option at the date of grant was estimated using the Black-Scholes option-pricing method with the following assumptions:

	2004	2003
Expected life of options	5 years	5 years
Risk-free interest rate	3 - 4%	3 - 5%
Expected stock price volatility	70%	70%
Expected dividend yield	-	-
Weighted-average fair value of options	$2.75	$2.18

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 option.

During the year ended April 30, 2004, the fair value recorded for stock options granted to non-employees for consulting services is $81,515 (2003 - $22,133). The fair value of these options is estimated using the Black-Scholes option pricing model.

The value ascribed to unexercised options recorded as a component of equity is as follows:

	2004 $	2003 $
Balance - Beginning of year	112,362	128,168
Options granted to non-employees	81,515	22,133
Exercise of options	(23,426)	(31,747)
Options forfeited	-	(6,192)
Balance - End of year	170,451	112,362

13 Warrants

The changes in warrants outstanding are as follows:

	2004		2003		2002	
	Number of shares	Weighted average exercise price $	Number of shares	Weighted average exercise price $	Number of shares	Weighted average exercise price $
Warrants outstanding - Beginning of year	1,721,823	1.63	3,478,235	1.53	2,000,000	0.30
Granted	4,160,810	3.96	618,750	2.10	3,490,000	1.53
Exercised	(1,558,986)	1.70	(2,375,162)	1.43	(2,011,765)	0.31
Warrants outstanding - End of year	4,323,647	3.88	1,721,823	1.63	3,478,235	1.53

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

	2004 $	2003 $
Balance - Beginning of year	696,270	1,044,040
Unit proceeds allocated to warrants	4,740,649	-
Agents warrants issued in private placements	158,788	315,211
Bonus warrants on issuance of convertible loans	-	218,266
Exercise of warrants	(611,942)	(881,247)
Balance - End of year	4,983,765	696,270

14 Financial instruments

The company's financial instruments consist of cash and cash equivalents, short-term investments, accounts receivable, accounts payable and accrued liabilities, notes payable and convertible loans. At April 30, 2004, 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.

15 Related party transactions

The following related party transactions occurred during the year:

a) The company paid office facilities and administration services in the amount of $42,000 (2003 - $49,500) to a company related by directors in common.

b) At April 30, 2004, accounts payable included $3,500 (2003 - $3,953) owing to companies with directors in common. Amounts due to related parties are non-interest bearing and have no fixed terms of repayment.

These transactions were in the normal course of operations and were measured at the exchange value which represented the amount of consideration established and agreed to by the related parties.

16 Income taxes

a) Income taxes expenses vary from the amount that would be computed by applying the combined federal and provincial income tax rate of 36.4% (2003 - 37.9%; 2002- 39.6%) to loss before income tax recovery as follows:

	2004 **$**	**2003** **$**	**2002** **$**
Loss before income taxes recovery	(22,616,158)	(4,934,979)	(2,178,587)
Expected income taxes recovery	(8,232,282)	(1,870,357)	(862,720)
Losses for which an income tax benefit has not recognized	6,603,085	1,472,291	862,720
Resource allowance and non-deductible items	1,629,197	398,066	-
	-	-	-

b) Future income taxes reflect the net tax effects of non-capital loss carry-forwards and temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The significant components of the company's future tax assets are as follows:

	2004 **$**	**2003** **$**	**2002** **$**
Net operating loss carry-forwards	7,365,758	1,040,125	1,105,309
Mineral properties	1,646,470	1,845,256	234,886
Property, plant and equipment	762,848	269,879	(253,958)
Share issuance costs	1,001,596	361,076	191,952
	10,776,672	3,516,336	1,278,189
Less: Valuation allowance	(10,776,672)	(3,516,336)	(1,278,189)
Net future tax assets	-	-	-

c) The company has non-capital losses, which may be carried forward and applied against taxable income in future years. These losses expire during the following years:

	$
2005	58,882
2006	162,661
2007	123,249
2008	412,780
2009	916,624
2010	4,150,879
2011	14,578,685
	20,403,760

17 Segmented information

The company has one operating segment consisting of a mining and mill operation located in Kirkland Lake, Canada. During the years ended April 30, 2004 and 2003, all of the company's capital assets, revenues earned and operations were in Canada.

18 Supplemental cash flow information

Cash and cash equivalents comprise cash on deposit with Canadian chartered banks.

During the years ended April 30, 2004, 2003 and 2002, the company conducted non-cash financing and investing activities as follows:

	2004 $	2003 $	2002 $
Mineral property, plant and equipment acquired under note payable	-	-	4,453,699
Warrants issued as share issuance costs	158,788	312,500	1,044,040
Warrants issued as finance charges for loan	747,813	218,266	-
Value assigned to options/warrant exercised	635,367	912,994	-

19 Material differences between Canadian and United States GAAP

The financial statements of the company have been prepared in accordance with Canadian GAAP, which differs in some respects from U.S. GAAP. The significant measurement differences between GAAP in Canada and the United States and their effect on these financial statements are as follows:

	2004 $	2003 $	2002 $
Loss for the year			
Loss for the year following Canadian GAAP	(22,616,158)	(4,934,979)	(2,178,587)
Accretion of convertible loan (a)	101,307	83,668	-
Loss for the year following U.S. GAAP	(22,514,851)	(4,851,311)	(2,178,587)
Basic and diluted loss per share following U.S. GAAP	(0.76)	(0.24)	(0.16)
Convertible loans			
Convertible loans following Canadian GAAP	3,088,818	2,176,622	-
Equity component of convertible loan (a)	283,657	94,546	-
Accretion of convertible loan (a)	(184,975)	(83,668)	-
Convertible loans following U.S. GAAP	3,187,500	2,187,500	-
Shareholders’ Equity			
Shareholders’ equity following Canadian GAAP	27,839,637	11,722,181	6,340,298
Equity component of convertible loan (a)	(283,657)	(94,546)	-
Accretion of convertible loan (a)	184,975	83,668	-
Shareholders’ equity following U.S. GAAP	27,740,955	11,711,303	6,340,298

a) Convertible loans

On June 11, 2002 and August 11, 2003, the company issued convertible loans (note 9). Under Canadian GAAP, the fair value of the equity conversion feature is valued and recorded as a component of shareholders' equity and the carrying amount of the loans are accreted over the term to maturity through a charge to interest expense. Under U.S. GAAP, the full face value of the convertible loans is classified as a liability and any accretion charges under Canadian GAAP are reversed.

b) Asset retirement obligations

Effective May 1, 2003, the company has adopted the new accounting standard for asset retirement obligations, FAS 143. The standard requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset. The adoption of this standard did not have any impact on the company's financial position or results.

c) Reduction of stated capital

Canadian GAAP allows for the deficit of a company to be offset against the recorded amount of share capital upon approval of the shareholders such as the reduction of $14,597,896 approved by the shareholders on October 17, 2001. U.S. GAAP does not generally allow such an offset to be given accounting recognition. Accordingly, under U.S. GAAP, the amounts recorded for each of share capital and deficit would be increased by $14,597,896 to eliminate the reductions recorded by the company under Canadian GAAP.

d) Flow-through shares

Under U.S. GAAP, the premium or discount to the market-trading price of the shares, if any, related to the flow-though feature should be accounted for separately. At the time the qualifying expenditures are made, the related premium or discount is reversed and offset against the tax provision and the deferred tax liability is adjusted by a like amount. There was no premium on the issuance of flow-through shares and therefore no measurement differences occurred.

e) Impact of Recently Issued Accounting Standards

The Canadian Institute of Chartered Accountants (CICA) has released amendments to Section 3870, "Stock-based Compensation and Other Stock-based Payments," which require an expense to be recognized in financial statements for all forms of employee stock-based compensation, including stock options, effective for periods beginning on or after January 1, 2004, for public companies. The company will be required to adopt the standard retroactively on May 1, 2004. The impact on adoption will be an adjustment to opening retained earnings of $826,010.

In 2004, the CICA issued EIC 146 “Flow-through shares” which establishes standards of accounting for the issuance of flow through securities. It establishes when future income tax liabilities must be recognized and the treatment of the benefits of the loss carryforward. EIC 146 is applicable for all flow-through financing agreements entered into after March 19, 2004.

The CICA issued Accounting Guideline AcG-15, “Consolidation of Variable Interest Entities”, to provide guidance for applying the principles in Handbook Section 1590, “Subsidiaries”, to certain entities. Although the CICA is contemplating amendments to the guideline, it is expected to be effective for the company’s 2005/2006 fiscal year. The FASB amended Interpretation No. 46, “Consolidation of Variable Interest Entities” (FIN 46R), The FIN 46R requires that a variable interest entity (VIE) be consolidated by a company if that company is subject to a majority of the risk of loss from the VIE’s activities and/or is entitled to receive a majority of the VIE’s residual returns. The company does not expect the adoption of these guidelines to have a material impact on its financial statements.

The CICA finalized amendments to Accounting Guideline AcG-13, “Hedging Relationships” that clarified certain of the requirements in AcG-13 and provided additional application guidance. AcG-13 is applicable for the company’s 2004/2005 fiscal year. The company does not expect the adoption of this guideline to have a material impact on its financial statements.

20 Subsequent events

On June 10, 2004, the company obtained a $2,406,250 convertible loan from an arm’s length lender. The loan bears interest at 10% per year, matures in six months, and is convertible into common shares at $4.40 per share. The lender was issued a bonus of 60,156 common shares for making the loan. The proceeds from the loan were used to repay the outstanding convertible loan which was due on June 11, 2004 and was convertible into common shares at $4.00 per share.

On July 29, 2004, the company closed a private placement of 3,987,730 common shares and raised net proceeds of $14,280,553.