Kirkland Lake Gold (KLG) is currently listed on the Toronto Stock Exchange (TSX). Canadian company law is essentially embodied in the provisions of the relevant federal, provincial or territorial corporate statute pursuant to which a company is incorporated or continued. In the case of KLG, the relevant statutes are the *Business Corporations Act (*Ontario*),* R.S.O. 1990 (OBCA) and the *Securities Act* (Ontario).

References to 'Canadian law' are references to the OBCA, the TSX Company Manual, Canadian corporate and securities laws and Canadian common law, as applicable.

1. A concise summary of the rights and obligations of security holders under the law of its home jurisdiction and/or the rules of its home exchange covering:

(a) **What types of transactions require security holder approval**

Under the OBCA, certain extraordinary corporate actions, such as amalgamations, continuances, reorganizations, liquidations and arrangements require approval of shareholders by special resolution. Pursuant to the OBCA, a special resolution means a resolution submitted to a special meeting of the shareholders of a company called for the purpose of considering the resolution and passed by at least two-thirds of the votes cast, or a resolution consented to in writing by each shareholder of the company entitled to vote, at such a meeting.

(b) **Whether security holders have a right to request or requisition a meeting of shareholders**

The OBCA permits the holders of not less than 5% of the issued shares of a company that carry the right to vote to require the directors to call and hold a meeting of the shareholders of the company for the purposes stated in the requisition. Subject to certain exceptions, if the directors fail to provide notice of a meeting within 21 days of receiving the requisition, any shareholder who signed the requisition may call the meeting.

(c) **Whether security holders have a right to appoint proxies to attend and vote at meetings on their behalf**

Every shareholder entitled to vote at a meeting of shareholders may, by means of a proxy, appoint a proxyholder or one or more alternate proxyholders, who need not be shareholders, as the shareholder's nominee to attend and act at the meeting on the shareholder's behalf.

(d) **How changes in the rights attaching to securities are regulated**

In accordance with the OBCA, amendments to the special rights and restrictions attached to any issued shares of KLG require, in addition to any requirements provided for by the KLG Articles of Incorporation and depending upon the nature of such special rights or restrictions, consent by a special resolution of the holders of the shares of each class entitled to vote thereon.

(e) **What rights do security holders have to seek relief for oppressive conduct**

Under the OBCA a registered shareholder, beneficial shareholder, former registered shareholder or beneficial shareholder, director, former director, officer, former officer of a company or any of its affiliates, or any other person who, in the discretion of a court, is a proper person to seek an oppression remedy (Complainant), and in the case of an offering company, the Ontario Securities Commission, may apply to a court for an order to rectify the matters complained of where in respect of a company or any of its affiliates:

- any act or omission of a company or its affiliates effects or threatens to effect a result;

- the business or affairs of a company or its affiliates are or have been or are threatened to be carried on or conducted in a manner; or
- the powers of the directors of the company or any of its affiliates are, have been or are threatened to be exercised in a manner,

that is oppressive or unfairly prejudicial to, or that unfairly disregards the interests of any security holder, creditor, director or officer of the company.

On such an application, the court may make such order as it sees fit, including but not limited to, an order restraining the conduct complained of.

(f) **What rights do security holders have to bring or intervene in legal proceedings on behalf of the entity**

A Complainant may, with judicial leave, bring an action (Derivative Action) in the name and on behalf of the company or any of its subsidiaries, or intervene in an action to which such company is a party, for the purpose of prosecuting, defending or discontinuing the action on behalf of the company.

Leave may not be granted for a Derivative Action unless the court is satisfied that:

- the Complainant has given at least 14 days' notice to the directors of the company or its subsidiary of the Complainant's intention to apply to the court;
- the directors of the company or its subsidiary will not bring, diligently prosecute, defend or discontinue the action;
- the Complainant is acting in good faith; and
- it appears to be in the interests of the company or its subsidiary that the action be brought, prosecuted, defended or discontinued.

(g) **Whether there is any equivalent to the "two strikes" rule in relation to remuneration reports in Part 2G.2 Division 9 of the Corporations Act**

Under applicable Canadian securities law, a report on executive compensation is required to be included in the management proxy circular in connection with the annual meeting each year. There is no equivalent to the "two strikes" rule in relation to Canadian companies.

2. A concise summary of the obligations of the entity under the law of its home jurisdiction and/or the rules of its home exchange regarding:

(a) **The disclosure of material information**

When a material change occurs in the affairs of a company, the company is required to immediately issue a press release describing the change and, as soon as practicable (but no later than 10 days after the change), file with the securities commissions a material change report. A "material change" means a change in the business, operations or capital of the company that would reasonably be expected to have a significant effect on the market price or value of any of the securities of the company and includes a decision to implement such a change made by the board of directors of the company or by senior management of the company who believe that confirmation of the decision by the board of directors is probable.

As well, the TSX has timely disclosure requirements that are in addition to applicable statutory requirements. The TSX requires timely disclosure of "material information" of a listed company, which it defines as any information relating to the business and affairs of a company that results in or would reasonably be expected to result in a significant change in the market price or value of the company's listed

securities. Material information is a broader concept that includes both matters that are a material fact or a material change.

(b) **The disclosure of periodic financial information and the accounting and auditing standards that apply**

A company must file an interim financial report for each interim period (quarter). Generally, a company that is listed on the TSX must file its interim financial report on the System for Electronic Document Analysis (SEDAR), on or before the earlier of the 45th day after the end of the interim period and the date of filing an interim financial report in a foreign jurisdiction for a period ending on the last day of the interim period. Interim financial reports are not required to be audited but may be reviewed. Interim financial reports must be accompanied by a notice indicating that they have not been reviewed by an auditor if that is the case.

A company must file comparative annual financial statements within 90 days from the end of its last financial year. The annual financial statements must be audited and approved by the board of directors of the company, and must be accompanied by a report of the auditor of the company.

All financial statements filed by a company must be prepared in accordance with IFRS (International Financial Reporting Standards) and IAS (International Accounting Standards).

(c) **Requirements for information to be sent to security holders**

Please refer to answer provided in the response to Question 1(a) above which sets out the key circumstances in which KLG must seek shareholder approval. Accordingly, in all the situations set out in the response to Question 1(a) above, an information circular will be required to be sent to each of the shareholders of the company.

National Instrument 51-102 further sets out the circumstances in which a company is required to prepare and file an information circular. It also contains the disclosure requirements for information circulars. All information circulars must be filed in French or English.

(d) **Regulation of dealings with directors and controlling holders of equity securities**

Under applicable Canadian securities law, a person or company in a special relationship with a company is prohibited from purchasing or selling securities of the company with knowledge of a material fact or material change with respect to the company that has not been generally disclosed.

Persons or companies in a "special relationship" with a company include, but are not limited to, directors, officers or employees of the company and other insiders, affiliates or associates of the company. Within 5 days of a change in such person's or company's holdings in a company, the person or company must file an insider report detailing such change on the System for Electronic Disclosure by Insiders (SEDI), a publicly accessible reporting website.

3. A concise summary of how the disclosure of substantial holdings and takeovers are regulated under the law of its home jurisdiction

(a) **Disclosure of substantial holdings**

Under applicable Canadian securities laws, a person who acquires ownership and control of more than 10% of the outstanding KLG shares will be required to publically disclose their holdings on SEDI (a publicly accessible reporting website), and to file an early warning report with the applicable Canadian securities regulator.

The early warning report discloses the person's name, address, and certain details of surrounding their ownership of KLG shares and securities of KLG convertible into KLG shares. Generally, further disclosure is required for additional purchases or dispositions of 2% or more of the outstanding security for which such early warning disclosure is required. In addition, shareholders will be required to report when their ownership interest has fallen below the 10% reporting threshold.

(b) **Regulation of takeovers**

Under applicable Canadian securities legislation, a "takeover bid" occurs when there is an "offer to acquire" outstanding voting or equity securities made to any person in any province or territory of Canada where the securities subject to the offer, together with the securities owned or controlled by the offeror and its affiliates and associates, constitute 20% or more of the outstanding securities.

Unless an exemption is available, a takeover bid must be made to all holders of each class of voting or equity securities being purchased, at the same price per security. These provisions require, among other things, the production, filing and mailing of a takeover bid circular to shareholders of the target company.

Takeover bids must treat all security holders alike and must not involve any collateral agreements, with certain exceptions for employment compensation arrangements. Takeover bids are subject to a mandatory minimum tender requirement of more than 50% of the outstanding securities of the class that are subject to the bid, excluding those beneficially owned, or over which control or direction is exercised, by the bidder and its joint actors (Minimum Tender Requirement). Following the satisfaction of the Minimum Tender Requirement and the satisfaction or waiver of all other terms and conditions, bids will be required to be extended for at least an additional 10-day period.

A bid must remain open for a minimum of 105 days from the date of the mailing of the circular, after which time all securities deposited under the offer may be taken up, subject to two exceptions. First, the target company's board of directors may issue a "deposit period news release" in respect of a proposed or commenced take-over bid providing for an initial bid period that is shorter than 105 days but not less than 35 days. If so, any other outstanding or subsequent bids will also be entitled to the shorter minimum deposit period counted from the date that other bid is made. Second, if a company issues a news release that it has entered into an "alternative transaction" (effectively, a friendly change of control transaction that is not a bid, such as an arrangement), then any other outstanding or subsequent bids will be entitled to a minimum 35-day deposit period counted from the date that other bid was or is made.

There are extensive disclosure requirements associated with takeover bids, beginning with "early warning" disclosure required when an acquirer crosses the 10% ownership threshold. Generally, further disclosure is required for additional purchases or dispositions of 2% or more of the outstanding security for which such early warning disclosure is required. In addition, shareholders will be required to report when their ownership interest has fallen below the 10% reporting threshold. Purchases outside the bid, before, during, and after the bid, are also restricted.

If the acquirer obtains 90% of the outstanding securities owned by minority security holders during the bid, then the acquirer is entitled to acquire the remaining 10% of shares held by dissenting shareholders without shareholder approval. Otherwise, a meeting must be called, wherein the acquirer must obtain a two-thirds majority approval of the take-over. In this instance, the acquirer is generally permitted to vote the shares that it acquired pursuant to the bid.