



KIRKLAND LAKE GOLD

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

June 30, 2020 and 2019

(unaudited)

KIRKLAND LAKE GOLD LTD.Condensed Consolidated Interim Statements of Financial Position
(unaudited - stated in thousands of United States Dollars)

<i>As at</i>	<i>Note</i>	June 30, 2020	December 31, 2019
Assets			
<i>Current assets</i>			
Cash & cash equivalents		\$537,385	\$707,206
Accounts receivable	8	14,260	16,678
Inventories	9	112,425	47,686
Prepaid expenses and deposits		22,948	9,589
Income tax receivable		14,581	13,471
		701,599	794,630
<i>Non-current assets</i>			
Other long-term assets	10	281,067	255,329
Mining interests and property, plant and equipment	11	5,292,624	1,496,926
Intangibles	3	91,992	—
Deferred tax assets		25,178	10,732
		\$6,392,460	\$2,557,617
Liabilities			
<i>Current liabilities</i>			
Accounts payable and accrued liabilities		\$216,297	\$151,760
Share based liabilities	12	20,861	36,783
Lease obligations		8,378	10,176
Income tax payable		101,521	188,450
Provisions	13	12,741	29,776
		359,798	416,945
<i>Non-current liabilities</i>			
Share based liabilities	12	5,609	18,474
Lease obligations		20,127	5,140
Provisions	13	195,095	43,987
Deferred tax liabilities		1,053,198	256,317
		\$1,633,827	\$740,863
Shareholders' equity			
Share capital		3,640,528	886,309
Reserves		31,504	28,843
Accumulated other comprehensive income (loss)		(91,780)	14,571
Retained earnings		1,178,381	887,031
		4,758,633	1,816,754
		\$6,392,460	\$2,557,617

The accompanying notes are an integral part of the condensed consolidated interim financial statements

KIRKLAND LAKE GOLD LTD.

Condensed Consolidated Interim Statements of Operations and Comprehensive Income

For the three and six months ended June 30, 2020 and June 30, 2019

(unaudited - stated in thousands of United States Dollars, except per share amounts)

	Note	Three months ended June 30, 2020	Three months ended June 30, 2019	Six months ended June 30, 2020	Six months ended June 30, 2019
Revenue		\$580,975	\$281,267	\$1,135,713	\$586,179
Production costs		(141,415)	(66,161)	(303,007)	(136,201)
Royalty expense		(19,258)	(6,716)	(40,507)	(15,000)
Depletion and depreciation	11	(82,586)	(33,064)	(175,425)	(74,364)
Earnings from mine operations		337,716	175,326	616,774	360,614
Expenses					
General and administrative		(20,137)	(12,131)	(32,699)	(24,230)
Transaction costs	4	—	—	(33,838)	—
Exploration		(2,384)	(6,214)	(8,315)	(18,236)
Care and maintenance		(9,018)	(215)	(11,908)	(411)
Earnings from operations		306,177	156,766	530,014	317,737
Other income (loss), net	6	(80,164)	(5,384)	(7,959)	(7,501)
Finance items					
Finance income	7	1,119	1,357	3,715	2,795
Finance costs	7	(1,850)	(307)	(5,963)	(1,010)
Earnings before income taxes		225,282	152,432	519,807	312,021
Current income tax expense		(59,020)	(35,291)	(129,150)	(76,212)
Deferred income tax expense		(16,030)	(12,946)	(37,547)	(21,468)
Net earnings		150,232	104,195	353,110	214,341
Other comprehensive income (loss)					
Items that have been or may be subsequently reclassified to net earnings:					
Exchange differences on translation of financial statements to reporting currency		251,266	8,982	(117,143)	24,381
Items that will not be subsequently reclassified to net earnings:					
Changes in fair value of investments in equity securities, net of tax	10	116,160	(5,914)	10,792	(4,962)
Total other comprehensive (loss) income		367,426	3,068	(106,351)	19,419
Comprehensive (loss) income		\$517,658	\$107,263	\$246,759	\$233,760
Basic earnings per share	14(b(ii))	\$0.54	\$0.50	\$1.32	\$1.02
Diluted earnings per share	14(b(ii))	\$0.54	\$0.49	\$1.32	\$1.01
Weighted average number of common shares outstanding (in 000's)					
Basic	14(b(ii))	277,066	210,088	267,242	210,138
Diluted	14(b(ii))	277,265	211,664	267,453	211,795

The accompanying notes are an integral part of the condensed consolidated interim financial statements

KIRKLAND LAKE GOLD LTD.

Condensed Consolidated Interim Statements of Cash Flows
For the three and six months ended June 30, 2020 and June 30, 2019
(unaudited - stated in thousands of United States Dollars)

	Three months ended Note June 30, 2020	Three months ended June 30, 2019	Six months ended June 30, 2020	Six months ended June 30, 2019
Operating activities				
Net earnings	\$150,232	\$104,195	\$353,110	\$214,341
Adjustments for the following items:				
Depletion and depreciation	82,586	33,064	175,425	74,364
Share based compensation ¹	5 8,092	532	(27,078)	4,008
Other (income) loss, net	75,359	6,620	4,691	8,564
Finance items, net	731	(1,050)	(107)	(1,785)
Loss on derivatives	—	—	2,355	—
Income tax expense	75,050	48,237	166,697	97,680
Accretion on long-term debt	—	—	298	—
Cash reclamation expenditures	(626)	(161)	(1,506)	(345)
Change in non-cash working capital	15 2,522	(6,283)	(9,694)	(14,712)
Operating cash flows before interest and income taxes	393,946	185,154	664,191	382,115
Interest received	1,119	1,357	3,715	2,795
Income tax paid	(172,831)	(6,776)	(204,166)	(29,373)
Net cash provided by operating activities	222,234	179,735	463,740	355,537
Investing activities				
Additions to mining interests	11 (57,242)	(65,140)	(129,223)	(105,670)
Additions to plant and equipment	11 (70,913)	(62,275)	(109,569)	(100,985)
Additions to other long-term assets	—	2,074	—	—
Investments in public and private entities	10 (708)	—	(3,911)	(4,610)
Payments received from sub-leases	68	60	138	126
Other proceeds	498	575	1,009	575
Transfer from (to) restricted cash, net	—	22,401	—	22,232
Cash and cash equivalents acquired in Detour acquisition	4 —	—	173,916	—
Net cash from (used in) investing activities	(128,297)	(102,305)	(67,640)	(188,332)
Financing activities				
Net credit facility repayment	—	—	(98,643)	—
Unwinding of derivative liabilities	—	—	(30,259)	—
Proceeds from exercise of stock options	14(a) 1,059	1,335	2,229	2,003
Interest paid	(1,792)	(68)	(2,840)	(491)
Payment of lease obligations	(4,670)	(3,681)	(8,085)	(7,360)
Share repurchases	14(a) (49,944)	(12,810)	(379,793)	(12,810)
Payment of dividends	14(a) (34,650)	(6,326)	(47,227)	(12,654)
Net cash used in financing activities	(89,997)	(21,550)	(564,618)	(31,312)
Impact of foreign exchange on cash balances	2,548	(2,606)	(1,303)	1,265
Change in cash	6,488	53,274	(169,821)	137,158
Cash, beginning of period	530,897	416,111	707,206	332,227
Cash, end of period	\$537,385	\$469,385	\$537,385	\$469,385

¹ Includes cash payments of \$31,907 on redeemed units during the six months ended June 30, 2020.

Supplemental cash flow information – Note 15

The accompanying notes are an integral part of the condensed consolidated interim financial statements

KIRKLAND LAKE GOLD LTD.

Condensed Consolidated Interim Statements of Changes in Equity

(unaudited - stated in thousands of United States Dollars, except share information)

		Share Capital		Reserves	Accumulated other comprehensive income (loss)		Retained earnings	Shareholders' equity
	Note	Shares (000s)	Amount	Share based payments and other reserves	Foreign currency translation	Investment revaluation		
Balance at December 31, 2018		209,823	\$923,964	\$35,135	(\$103,373)	\$15,462	\$391,918	\$1,263,106
Exercise of share options, including transfer from reserves	14(a)	507	2,943	(940)	—	—	—	2,003
Share issuance		258	1,265	(1,265)	—	—	—	—
Share based payments expense		—	—	2,268	—	—	—	2,268
Foreign currency translation		—	—	—	24,381	—	—	24,381
Change in fair value of investments in equity securities, net of tax		—	—	—	—	(4,962)	—	(4,962)
Dividends declared	13(a)	—	—	—	—	—	(14,734)	(14,734)
Share repurchases		(400)	(12,810)	—	—	—	—	(12,810)
Net earnings		—	—	—	—	—	214,341	214,341
Balance at June 30, 2019		210,188	\$915,362	\$35,198	(\$78,992)	\$10,500	\$591,525	\$1,473,593
Balance at December 31, 2019		209,625	886,309	28,843	(60,234)	74,805	887,031	1,816,754
Exercise of share options, including transfer from reserves	14(a)	120	2,561	(332)	—	—	—	2,229
Reclassification of foreign currency translation		—	—	—	(7,378)	—	7,378	—
Acquisition of Detour Gold Corporation	4	77,217	3,131,451	2,993	—	—	—	3,134,444
Foreign currency translation		—	—	—	(109,765)	—	—	(109,765)
Change in fair value of investments in equity securities, net \$1,815 tax expense		—	—	—	—	10,792	—	10,792
Dividends declared	14(a)	—	—	—	—	—	(69,138)	(69,138)
Share repurchases	14(a)	(11,059)	(379,793)	—	—	—	—	(379,793)
Net earnings		—	—	—	—	—	353,110	353,110
Balance at June 30, 2020		275,903	\$3,640,528	\$31,504	(\$177,377)	\$85,597	\$1,178,381	\$4,758,633

The accompanying notes are an integral part of the condensed consolidated interim financial statements

KIRKLAND LAKE GOLD LTD.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020 AND 2019

(unaudited - stated in thousands of United States Dollars, except per share amounts and number of shares, warrants, stock options, share based liability units and equity based instrument units)

1. DESCRIPTION OF BUSINESS AND NATURE OF OPERATIONS

Kirkland Lake Gold Ltd. (individually, or collectively with its subsidiaries, as applicable, the "Company"), is a publicly listed entity incorporated in the province of Ontario, Canada. The Company's common shares are listed on the Toronto Stock Exchange ("TSX"), and the New York Stock Exchange ("NYSE") under the symbol "KL" and the Australian Securities Exchange ("ASX") under the symbol "KLA". The Company's head office, principal address and records office are located at 200 Bay Street, Suite 2800, Toronto, Ontario, Canada, M5J 2J1.

The Company is a growing gold producer with three wholly-owned operating mines, four wholly-owned mines currently on care and maintenance and several exploration properties in Canada and Australia. On January 31, 2020, the Company completed the acquisition of Detour Gold Corporation ("Detour") (see Note 4).

2. BASIS OF PREPARATION

(a) Statement of Compliance

These condensed consolidated interim financial statements (the "Interim Financial Statements") have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") and follow the same accounting policies and methods of application as the annual consolidated financial statements of the Company for the year ended December 31, 2019, except as noted below under adoption of new accounting standards. In addition, the accounting policies have been expanded as a result of the acquisition of Detour to include the accounting for deferred stripping costs and intangibles as discussed in note 3. The Interim Financial Statements do not contain all disclosures required by International Financial Reporting Standards ("IFRS") and accordingly should be read in conjunction with the 2019 annual consolidated financial statements and the notes thereto. The Interim Financial Statements were approved by the Company's Board of Directors on July 29, 2020.

The Interim Financial Statements have been prepared on a historical cost basis except for financial instruments, as set out in the accounting policies in note 3 of the 2019 annual consolidated financial statements.

(b) Use of estimates and judgments

The preparation of financial statements in compliance with IAS 34 requires management to make certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Company's accounting policies. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended December 31, 2019.

KIRKLAND LAKE GOLD LTD.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020 AND 2019

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3. ADOPTION OF NEW ACCOUNTING STANDARDS

(a) Accounting policies adopted in Q1 2020

Deferred Stripping Costs

In open pit mining operations, it is necessary to remove overburden and other waste materials to access ore from which minerals can be extracted economically, the process of which is referred to as stripping. Effective January 31, 2020, in conjunction with the acquisition of Detour, the Company adopted a new accounting policy in relation to production phase stripping costs incurred at open pit mining operations. The accounting for production phase stripping costs is in line with the requirements of IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine.

Once an open pit mining operation (or pit) is determined to no longer be in the pre-production stage, costs are either capitalized to inventory or, if it qualifies as an open pit stripping activity that provides a future benefit, to deferred stripping costs within Mining Interests.

Production phase stripping costs, which are those incurred during the production stage of a mine (or pit), are accounted for as costs of inventory produced during the period, unless these costs are expected to provide a future economic benefit to an identifiable component of the ore body.

Production phase stripping costs generate a future economic benefit when the related stripping activity improves access to a component of the ore body to be mined in the future, increases the fair value of the mine (or pit) or increases its productive capacity. Production phase stripping costs that are expected to generate a future economic benefit are capitalized as deferred stripping costs within Mining Interest. Deferred stripping costs are depreciated on a units of production ("UOP") basis whereby the denominator is the estimated ore tonnes considered probable of economic extraction based on the current life of mine ("LOM") plan that benefit from the stripping activity.

Intangibles

On January 31, 2020, as part of the Detour acquisition, the Company acquired an electricity contract under which the Detour Lake mine is paying below market rates over a five year period. This represents an intangible to the Company in the form of a contract asset and as such, an accounting policy for intangibles was adopted by the Company.

The accounting policy requires that intangible assets acquired by way of an asset acquisition or business combination are recognized if the asset is separable or arises from contractual or legal rights and the fair value can be measured reliably on initial recognition. Definite life intangibles, such as contract assets, are subsequently depreciated over the life of the contract. The contract asset acquired by the Company on the acquisition of Detour is being depreciated over the remaining 5 year contract period.

(b) New accounting standards and amendments effective in the period

The Company has adopted the following amendments to accounting standards, effective January 1, 2020. These changes were made in accordance with the applicable transitional provisions.

KIRKLAND LAKE GOLD LTD.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020 AND 2019

(unaudited - stated in thousands of United States Dollars, except per share amounts and number of shares, warrants, stock options, share based liability units and equity based instrument units)

IFRS 3, Business Combinations

The IASB issued an amendment to IFRS 3, Business Combinations to facilitate companies in assessing whether the activities and assets that they acquire under a transaction are the acquisition of a group of assets or a business. The amendment confirmed that a business must include inputs and process and clarified that the process must be substantive; and the inputs and process must together significantly contribute to creating outputs. In addition, the amendment narrowed the definition of a business and added an optional concentration test that can be performed to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets. The amendment was adopted by the Company prospectively effective January 1, 2020 and was applied in relation to the Detour acquisition in Q1 2020 and the transaction was determined to be the acquisition of a business.

(c) Standards and amendments issued but not yet effective or adopted

IAS 16, Property, Plant and Equipment

The IASB issued an amendment to IAS 16, Property, Plant and Equipment to prohibit the deducting from property, plant and equipment amounts received from selling items produced while preparing an asset for its intended use. Instead, sales proceeds and its related costs must be recognized in profit or loss. The amendment will require companies to distinguish between costs associated with producing and selling items before the item of property, plant and equipment is available for use and costs associated with making the item of property, plant and equipment available for its intended use. The amendment is effective for annual periods beginning on or after January 1, 2022, with earlier application permitted.

IAS 1, Presentation of Financial Statements

The IASB issued an amendment to IAS 1, Presentation of Financial Statements to clarify one of the requirements under the standard for classifying a liability as non-current in nature, specifically the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendment includes:

(i) specifying that an entity's right to defer settlement must exist at the end of the reporting period; (ii) clarifying that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement; (iii) clarifying how lending conditions affect classification; and (iv) clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments. The amendment is not expected to materially affect the classification of liabilities on the Company's financial statements, however an assessment will be performed prior to the effective date of January 1, 2022.

4. ACQUISITION OF DETOUR

On November 25, 2019, the Company entered into an Arrangement Agreement to acquire all of the issued and outstanding common shares of Detour, with Detour shareholders receiving 0.4343 of a Kirkland Lake common share for every one Detour share ("Exchange Ratio"). Upon closing of the transaction on January 31, 2020, the Company issued 77,217,129 Kirkland Lake common shares to the former shareholders of Detour. Furthermore, all outstanding stock options of Detour that were not exercised prior to the acquisition date, have been exchanged under the agreement at the Exchange Ratio, resulting in the issuance of 190,069 replacement options.

Subsequent to the share issuance, Kirkland Lake and former Detour shareholders owned 73% and 27%, respectively of the shares of the combined Company. With the completion of the transaction, Detour has become a wholly owned subsidiary of Kirkland Lake, and the Company is now the owner and operator of Detour Lake, 8

KIRKLAND LAKE GOLD LTD.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020 AND 2019

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large-scale, open-pit gold mine in Northern Ontario. The acquisition adds a third cornerstone asset to the Company's portfolio, in addition to the Company's other two cornerstone assets.

The Company determined that the transaction represents a business combination under IFRS 3 Business Combinations ("IFRS 3"), with Kirkland Lake identified as the acquirer and as such, the transaction has been accounted for using the acquisition method of accounting in accordance with IFRS 3. Based upon the January 31, 2020 opening share price of the Company's common shares, the total purchase price consideration of the acquisition was \$3,134,444. Acquisition related costs of \$33,838 were recorded in the Company's condensed consolidated interim statements of operation and comprehensive income in Q1 2020.

The table below presents the purchase price consideration and the Company's preliminary allocation of the purchase price to the assets acquired and liabilities assumed. In line with the requirements of IFRS 3, the Company has 12 months from the acquisition date to adjust the preliminary purchase price allocation should a material change arise that impacts the fair value of the assets and liabilities acquired.

Purchase Price

Fair value of common shares issued	\$3,131,451
Fair value of replacement stock options issued	2,993
	\$3,134,444

Purchase Price Allocation

Cash and cash equivalents	173,916
Accounts receivable	8,694
Inventories	129,355
Other current assets	22,087
Mining interest & Property, Plant and Equipment ¹	3,825,364
Intangibles	101,286
Other long-term assets	8,028
Total identifiable assets acquired	4,268,730
Accounts payable and accrued liabilities	(100,921)
Other current liabilities	(29,014)
Debt	(99,673)
Provisions and other non-current liabilities	(132,305)
Deferred tax liabilities	(772,373)
Total identifiable liabilities assumed	(1,134,286)
Total identifiable net assets	3,134,444

¹ Includes \$16,153 of right-of-use ("ROU") assets.

The Company began consolidating the operating results, cash flows and net assets of Detour from January 31, 2020. As such, Detour contributed revenue of \$232,978 and earnings before income taxes of \$79,698 to the Company's results in Q2 2020. For the five-month period ended June 30, 2020, Detour contributed revenue of \$412,361 and earnings before income taxes of \$121,550. Total consolidated revenue and earnings before tax for the Company were \$580,975 and 225,282, respectively for the second quarter, and \$1,135,713 and \$519,807, respectively, for the six month period ended June 30, 2020. If the acquisition of Detour had taken place on January 1, 2020, pro forma total consolidated revenue and earnings before income taxes for the Company would have been approximately \$1,182,000 and \$512,000, respectively, for the six months ended June 30, 2020.

KIRKLAND LAKE GOLD LTD.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020 AND 2019

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A functional currency assessment was performed upon acquisition of Detour and it was determined that the Canadian dollar is the currency that primarily influences the economic environment in which the entity operates. As such, Detour adopted the Canadian dollar as its functional currency effective January 31, 2020.

5. EMPLOYEE BENEFITS EXPENSE

The following employee benefits expenses are included in production costs and general and administrative costs for the three and six months ended June 30, 2020 and 2019 include the following:

	Three months ended June 30, 2020	Three months ended June 30, 2019	Six months ended June 30, 2020	Six months ended June 30, 2019
Salaries, short-term incentives and other benefits	\$78,722	\$45,006	\$153,247	\$90,453
Share based payment (recovery) expense (note 12(iii))	8,092	2,445	4,829	5,970
	\$86,814	\$47,451	\$158,076	\$96,423

6. OTHER INCOME (LOSS), NET

Other income (loss), net for the three and six months ended June 30, 2020 and 2019 includes the following:

	Three months ended June 30, 2020	Three months ended June 30, 2019	Six months ended June 30, 2020	Six months ended June 30, 2019
Loss on disposal of plant and equipment and mining interest	(\$1,504)	(\$329)	(\$1,885)	(\$423)
Change in fair value of warrant investments	148	(865)	(1,345)	(918)
Foreign exchange gain (loss), net	(72,826)	(4,465)	118	(6,608)
Other (loss) income ¹	(5,982)	275	(4,847)	448
Other income (loss), net	(\$80,164)	(\$5,384)	(\$7,959)	(\$7,501)

¹Includes \$5.3 million spent on restructuring costs at the Canadian operations during the three and six months ended June 30, 2020.

7. FINANCE ITEMS

Finance income and expense for the three and six months ended June 30, 2020 and 2019 includes the following:

	Three months ended June 30, 2020	Three months ended June 30, 2019	Six months ended June 30, 2020	Six months ended June 30, 2019
Interest income on bank deposits	\$1,119	\$1,357	\$3,715	\$2,795
Finance income	\$1,119	\$1,357	\$3,715	\$2,795
Interest on finance leases and other loans	1,792	68	2,840	491
Finance fees and bank charges	88	39	136	74
Unwinding of discount on rehabilitation provision	(30)	200	632	445
Loss on derivative contracts	—	—	2,355	—
Finance costs	\$1,850	\$307	\$5,963	\$1,010

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020 AND 2019

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8. ACCOUNTS RECEIVABLE

<i>As at</i>	June 30, 2020	December 31, 2019
Trade receivables	\$153	\$241
Sales tax and other statutory receivables	11,881	13,568
Other receivables	2,226	2,869
	\$14,260	\$16,678

The fair value of accounts receivable approximates their carrying amounts. None of the amounts included in accounts receivable at June 30, 2020 are past due.

Trade receivables represent the value of gold doré sold as at period end for which the funds are not yet received; gold sales are generally settled within 1-2 weeks after delivery to a refinery. There is no allowance for doubtful accounts or a recorded allowance for credit losses. In determining the recoverability of other receivables, the Company considers any change in the credit quality of the counterparty, with the concentration of the credit risk limited due to the nature of the counterparties involved.

9. INVENTORIES

<i>As at</i>	June 30, 2020	December 31, 2019
Gold doré	\$2,702	\$791
Gold in circuit	21,808	10,941
Ore stockpiles	15,848	7,888
Supplies and consumables	72,067	28,066
	112,425	47,686

The cost of gold doré, gold in circuit, ore stockpiles (“metal inventory”), and supplies and consumables recognized as an expense and included in operating costs in the three and six months ended June 30, 2020 are \$140,708 and \$303,106, respectively (three and six months ended June 30, 2019 - \$66,093 and \$136,058). During the three and six months ended June 30, 2020, there were write downs of inventory to net realizable value of \$807 and \$2,797, respectively (three and six months ended June 30, 2019 - \$1,757). There were no reversals of write downs of inventory to net realizable value during the three and six months ended June 30, 2020 and 2019.

10. OTHER LONG-TERM ASSETS

<i>As at</i>	June 30, 2020	December 31, 2019
Investments in equity securities	\$262,451	\$253,540
Warrant investments	209	1,605
Deposits and other	834	184
Long-term inventories	17,573	—
	\$281,067	\$255,329

Long-term inventories include long-term stockpiles expected to be processed beyond the next 12 months and long-term supplies and consumables expected to be used beyond the next 12 months.

KIRKLAND LAKE GOLD LTD.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020 AND 2019

(unaudited - stated in thousands of United States Dollars, except per share amounts and number of shares, warrants, stock options, share based liability units and equity based instrument units)

Investments in equity securities

Changes in the investments in equity securities for the six months ended June 30, 2020 and year ended December 31, 2019 are as follows:

	Six months ended June 30, 2020	Year ended December 31, 2019
Balance, beginning of year	\$253,540	\$141,781
Acquisition of investments	3,911	34,026
Disposition of investments	(507)	—
Unrealized (loss) gain	12,606	68,891
Foreign currency translation	(7,099)	8,842
Investments in equity securities, end of year	\$262,451	\$253,540

The fair value of the investments and warrants held as at June 30, 2020 and December 31, 2019 are as follows:

Investments in equity securities	Shares held at June 30, 2020	Fair value as at December 31, 2019	Purchase/(sales)	Unrealized gain/(loss)	Foreign currency translation	Fair value as at June 30, 2020
Osisko Mining Inc.	32,627,632	101,757	—	(6,519)	(3,170)	92,068
Novo Resources Corp.	29,620,268	87,520	(507)	(2,381)	(2,360)	82,272
Wallbridge Mining Company Ltd.	58,109,200	39,943	359	8,250	(1,030)	47,522
De Grey Mining Ltd.	33,333,333	1,194	—	19,401	226	20,821
Other		23,126	3,552	(6,145)	(765)	19,768
Total		\$253,540	\$3,404	\$12,606	(\$7,099)	\$262,451

11. MINING INTERESTS AND PLANT AND EQUIPMENT

<i>Six months ended June 30, 2020</i>	Depletable	Non depletable	Total mining interest	Property, plant and equipment	Capital work-in-progress	Total ³
Cost						
At January 1, 2020	\$1,105,283	\$161,073	\$1,266,356	\$576,635	\$191,521	\$2,034,512
Additions ¹	\$165,257	(\$34,360)	\$130,897	\$83,659	\$63,748	\$278,304
Acquisition of Detour Gold Corporation ²	\$1,684,002	\$336,756	\$2,020,758	\$1,684,235	\$120,371	\$3,825,364
Change in environmental closure assets (estimate and discount rate)	\$19,618	\$—	\$19,618	\$—	\$—	\$19,618
Disposals	(\$437)	\$—	(\$437)	(\$12,994)	\$—	(\$13,431)
Foreign currency translation	(\$20,081)	(\$63,536)	(\$83,617)	(\$60,368)	(\$9,746)	(\$153,731)
Cost at June 30, 2020	\$2,953,642	\$399,933	\$3,353,575	\$2,271,167	\$365,894	\$5,990,636
Accumulated depreciation and depletion						
At January 1, 2020	\$376,197	\$—	\$376,197	\$161,389	\$—	\$537,586
Depreciation	\$53	\$—	\$53	\$107,878	\$—	\$107,931
Depletion	\$78,194	\$—	\$78,194	\$—	\$—	\$78,194
Disposals	(\$303)	\$—	(\$303)	(\$10,353)	\$—	(\$10,656)
Foreign currency translation	(\$10,520)	\$—	(\$10,520)	(\$4,523)	\$—	(\$15,043)
Accumulated depreciation and depletion at June 30, 2020	\$443,621	\$—	\$443,621	\$254,391	\$—	\$698,012
Carrying amount at June 30, 2020	\$2,510,021	\$399,933	\$2,909,954	\$2,016,776	\$365,894	\$5,292,624

¹Including transfer from capital work-in-progress and transfer from non depletable to depletable assets.

²Includes \$16.2 million of ROU assets that were acquired with Detour Gold Corporation.

KIRKLAND LAKE GOLD LTD.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020 AND 2019

(unaudited - stated in thousands of United States Dollars, except per share amounts and number of shares, warrants, stock options, share based liability units and equity based instrument units)

³Includes \$172.7 million in carrying amount at June 30, 2020 related to Holt Complex.

<i>Year ended December 31, 2019</i>	Depletable	Non depletable	Total mining interest	Property, plant and equipment	Capital work-in-progress	Total
<i>Cost</i>						
At January 1, 2019	\$945,375	\$106,138	\$1,051,513	\$385,344	\$79,343	\$1,516,200
Additions, including transfer from construction in progress ¹	149,237	52,387	201,624	208,577	105,965	516,166
Change in environmental closure assets (estimate and discount rate)	15,195	—	15,195	—	—	15,195
Disposals	(28,114)	(129)	(28,243)	(31,203)	—	(59,446)
Foreign currency translation	23,590	2,677	26,267	13,917	6,213	46,397
Cost at December 31, 2019	\$1,105,283	\$161,073	\$1,266,356	\$576,635	\$191,521	\$2,034,512
<i>Accumulated depreciation and depletion</i>						
At January 1, 2019	\$281,431	\$—	\$281,431	\$117,599	\$—	\$399,030
Depreciation	455	—	455	61,709	—	62,164
Depletion	112,275	—	112,275	—	—	112,275
Disposals	(26,671)	—	(26,671)	(24,229)	—	(50,900)
Foreign currency translation	8,707	—	8,707	6,310	—	15,017
Accumulated depreciation and depletion at December 31, 2019	\$376,197	\$—	\$376,197	\$161,389	\$—	\$537,586
Carrying amount at December 31, 2019	\$729,086	\$161,073	\$890,159	\$415,246	\$191,521	\$1,496,926

¹Includes \$6.0 million of costs associated with leases recognized upon adoption of IFRS 16.

Mining Interests

Non-depletable mining interests at June 30, 2020 of \$399,933 (December 31, 2019 - \$161,073) includes the addition of \$336,756 (December 31, 2019 - \$nil) for the acquired mineral resource around the Detour Lake mine, and \$70,893 (December 31, 2019 - \$115,663) for the carrying amount of various acquired exploration properties in the Northern Territory, with the change primarily due to foreign exchange impact and capitalized exploration at the Northern Territory in the first quarter.

Plant and Equipment

Plant and equipment includes costs of \$53,083 (December 31, 2019 - \$46,377) and accumulated depreciation of \$20,846 (December 31, 2019 - \$22,237) related to capital equipment and vehicles under ROU assets.

KIRKLAND LAKE GOLD LTD.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020 AND 2019

(unaudited - stated in thousands of United States Dollars, except per share amounts and number of shares, warrants, stock options, share based liability units and equity based instrument units)

12. SHARE BASED PAYMENT LIABILITIES

(i) Long-term incentive plan ("LTIP")

The Company has an LTIP that provides for restricted share units ("RSUs") and performance share units ("PSUs") (collectively, "Share Units") that may be granted to employees, officers and eligible contractors of the Company and its affiliates. A director of the Company is not eligible to participate in the LTIP unless he or she is also an employee of the Company. At the discretion of the Company's Board of Directors, the Company can issue common shares or cash or any combination thereof in satisfaction of the Company's obligations under Share Units held by participants. The Company has historically equity-settled awards under the LTIP plan and accounted for them accordingly, however granted units that vested in 2019 were settled in cash, resulting in a change in the accounting to cash-settled. All remaining and future grants under the LTIP will be accounted for as cash-settled awards.

The value of an RSU and PSU at the grant date is equal to the fair market value of a common share of the Company on that date. Unless otherwise determined by the Compensation Committee, no RSU or PSU shall vest later than three years after the date of grant.

Movements in the number of the PSUs and RSUs for the six months ended June 30, 2020 and 2019 are as follows:

	Six months ended June 30, 2020		Six months ended June 30, 2019	
	PSUs	RSUs	PSUs	RSUs
Balance, beginning of year	511,768	540,828	502,037	524,094
Granted	71,306	73,430	116,794	128,797
Cancelled	(12,279)	(12,280)	(23,114)	(23,114)
Redeemed	(225,411)	(242,468)	(84,298)	(89,298)
Balance, end of period	345,384	359,510	511,419	540,479

(ii) Deferred share unit plan ("DSU Plan")

The Company has a DSU Plan for non-executive directors of the Company, which provides a cash payment, common shares, or a combination thereof on the date when a director ceases to be a director. The Company assumed phantom share units that were previously granted to Australian employees of Newmarket Gold Inc. as a result of a business combination that closed on November 30, 2016. Each phantom share unit entitles the holder to a cash payment on exercise based on market value of the Company's shares on the date of exercise less the strike price of the phantom share unit.

Changes in the number of deferred share units ("DSUs") and phantom share units outstanding during the six months ended June 30, 2020 and year ended December 31, 2019 are as follows:

	Six months ended June 30, 2020		Year ended December 31, 2019	
	DSUs	Phantom share units	DSUs	Phantom share units
Balance at beginning of year	155,377	—	170,528	35,625
Granted	19,250	—	21,875	—
Redeemed	(54,251)	—	(37,026)	(35,625)
Balance, at end of period	120,376	—	155,377	—

Changes in the share based payment liabilities during the six months ended June 30, 2020 and year ended December 31, 2019 are as follows:

KIRKLAND LAKE GOLD LTD.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020 AND 2019

(unaudited - stated in thousands of United States Dollars, except per share amounts and number of shares, warrants, stock options, share based liability units and equity based instrument units)

	Six months ended June 30, 2020	Year Ended December 31, 2019
Opening liability	\$55,257	\$4,276
Share based payment expense	4,829	9,307
Modification of share based payment	—	42,948
Redeemed RSUs, PSUs, DSUs and phantom share units (cash payments)	(31,907)	(2,453)
Foreign currency translation	(1,709)	1,179
Total share based payment liability	\$26,470	\$55,257
Current portion of share based payment liability	\$20,861	\$36,783
Long term share based payment liability	\$5,609	\$18,474

(iii) Share based payment expense

The cost of share based payments is allocated to production costs (options granted to employees involved in the commercial operations at the mines and mill), and general and administrative costs (options granted to directors and corporate employees).

	Three months ended June 30, 2020	Three months ended June 30, 2019	Six months ended June 30, 2020	Six months ended June 30, 2019
Equity based instruments share based payment expense	\$—	\$1,096	\$—	\$2,268
Cash settled instruments share based payment (recovery) expense	\$8,092	\$1,349	\$4,829	\$3,702
Total share based payment (recovery) expense	\$8,092	\$2,445	\$4,829	\$5,970

The allocation of share based payment expense on the consolidated statement of operations and comprehensive income for the three and six months ended June 30, 2020 and 2019 is as follows:

	Three months ended June 30, 2020	Three months ended June 30, 2019	Six months ended June 30, 2020	Six months ended June 30, 2019
General and administrative	\$7,653	\$2,377	\$5,196	\$5,827
Production costs	439	68	(367)	143
Total share based payment expense	\$8,092	\$2,445	\$4,829	\$5,970

13. PROVISIONS

<i>As at</i>	June 30, 2020	December 31, 2019
Environmental rehabilitation provision	\$201,462	\$71,121
Long service leave	6,374	2,642
Total provisions	207,836	73,763
Current provisions	\$12,741	\$29,776
Long-term balance	\$195,095	\$43,987

14. SHAREHOLDERS' EQUITY

The Company is authorized to issue an unlimited number of common shares without par value.

(a) SHARE CAPITAL

As at June 30, 2020, the Company had 275,902,571 common shares outstanding (December 31, 2019 - 209,624,480).

KIRKLAND LAKE GOLD LTD.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020 AND 2019

(unaudited - stated in thousands of United States Dollars, except per share amounts and number of shares, warrants, stock options, share based liability units and equity based instrument units)

Share capital issuances

- During the three and six months ended June 30, 2020, the Company issued an aggregate of 47,913 and 120,062 common shares upon the exercise of 47,913 and 120,062 stock options for \$1,242 and \$2,561 (three and six months ended June 30, 2019 - the Company issued an aggregate of 334,679 and 507,095 common shares upon the exercise of 334,679 and 507,095 stock options for \$1,983 and \$2,943).
- Upon closing of the Detour acquisition on January 31, 2020, the Company issued 77,217,129 common shares to the former shareholders of Detour with a fair value of \$3,131,451. Furthermore, all outstanding stock options of Detour that were not exercised prior to the acquisition date have been exchanged under the agreement at the Exchange Ratio.

Repurchases

2020

- For the three months ended June 30, 2020, the Company purchased 1,345,600 shares for \$49,944 (C \$69,178) pursuant to the Normal Course Issuer Bid ("NCIB"). All of the shares acquired have been legally canceled as of June 30, 2020.
- For the three months ended March 31, 2020, the Company purchased 9,713,500 shares for \$329,849 (C \$443,064) pursuant to the NCIB. All of the shares acquired have been legally canceled.

2019

- For the three months ended June 30, 2019, the Company purchased 399,800 shares for \$12,810 (C \$17,134) pursuant to the NCIB. All of the shares have been legally cancelled.

Dividends

Six months ended June 30, 2020

Dividend declaration date	Dividend paid date	Per share	Paid in the period USD	Paid in the period CAD	Reduction in retained earnings in the period
December 16, 2019	January 13, 2020	\$0.06	\$12,577	C\$—	\$—
March 18, 2020	April 13, 2020	\$0.125	\$34,650	C\$—	\$34,650
June 17, 2020	July 13, 2020	\$0.125	\$—	C\$—	\$34,488
Total			\$47,227		\$69,138

Six months ended June 30, 2019

Dividend declaration date	Dividend paid date	Per share	Paid in the period USD	Paid in the period CAD	Reduction in retained earnings in the period
December 11, 2018	January 11, 2019	C\$0.04	\$6,328	C\$8,393	\$—
March 15, 2019	April 12, 2019	C\$0.04	\$6,326	C\$8,410	\$6,326
May 7, 2019	July 12, 2019	\$0.04	\$—	C\$—	\$8,408
Total			\$12,654		\$14,734

KIRKLAND LAKE GOLD LTD.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020 AND 2019

(unaudited - stated in thousands of United States Dollars, except per share amounts and number of shares, warrants, stock options, share based liability units and equity based instrument units)

(b) RESERVES

(i) Share based payment compensation plans

In addition to the DSU and phantom share unit liabilities disclosed in note 12, the Company has the following outstanding equity based awards:

Stock options

During the six months ended June 30, 2020, the Company issued replacement options to purchase shares of the Company as part of the consideration for the Detour acquisition. Other than stock options issued as replacement options in business combinations, the Company has not issued stock options to its employees or directors since 2016.

Changes in stock options during the six months ended June 30, 2020 and 2019 were as follows:

	Six months ended June 30, 2020		Six months ended June 30, 2019	
	Number of options	Weighted average exercise price (C\$)	Number of options	Weighted average exercise price (C\$)
Balance, beginning of year	218,489	\$4.44	897,409	\$5.02
Replacement options from Detour acquisition	190,069	35.07	—	—
Exercised	(120,062)	25.31	(507,095)	5.28
Expired	(8,153)	5.61	(8,153)	5.72
Stock options outstanding, end of period	280,343	\$16.24	382,161	\$4.68
Stock options exercisable, end of period	280,343	\$16.24	382,161	\$4.68

Options are valued on the grant date using the Black-Scholes option pricing model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate of the effects of non-transferability, exercise restrictions and behavioral considerations. Expected volatility is based on the historical share price volatility of the Company.

Replacement options from the Detour acquisition were valued at the date of acquisition using the Black-Scholes option pricing model with the following weighted average assumptions:

	Six months ended June 30, 2020
Weighted average exercise price per share	C\$35.07
Risk-free interest rate	1.83 %
Expected volatility	36.64 %
Expected life	0.91
Weighted average per share grant date fair value	C\$34.48

Stock Options Exercised

The following table outlines share options granted under the former stock option plans of Kirkland Lake Gold Inc., St. Andrews Goldfields Ltd. and Detour Gold Corporation that were exercised during the three and six months ended June 30, 2020:

KIRKLAND LAKE GOLD LTD.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020 AND 2019

(unaudited - stated in thousands of United States Dollars, except per share amounts and number of shares, warrants, stock options, share based liability units and equity based instrument units)

Grant price (C\$)	Number of options exercised	Exercise dates	Weighted average closing share price at exercise date (C\$)
\$5.61 - \$35.55	72,149	January 1, 2020 - March 31, 2020	\$45.32
\$3.42 - \$38.78	47,913	April 1, 2020 - June 30, 2020	\$56.32
	120,062		\$49.71

The following table outlines share options granted under the former stock option plans of Kirkland Lake Gold Inc. and St. Andrews Goldfields Ltd. that were exercised during the three and six months ended June 30, 2019:

Grant price (C\$)	Number of options exercised	Exercise dates	Weighted average closing share price at exercise date (C\$)
\$2.98 - \$6.82	172,416	January 1, 2019 - March 31, 2019	\$39.10
\$3.42 - \$6.82	334,679	April 1, 2019 - June 30, 2019	\$49.24
	507,095		\$45.79

(ii) Basic and diluted income per share

Basic and diluted income per share for the three and six months ended June 30, 2020 and 2019 is calculated as shown in the table below. The diluted income per share for the three and six months ended June 30, 2020 and 2019 includes the impact of certain outstanding options, PSUs and RSUs.

	Three months ended June 30, 2020	Three months ended June 30, 2019	Six months ended June 30, 2020	Six months ended June 30, 2019
Net earnings	\$150,232	\$104,195	\$353,110	\$214,341
Weighted average basic number of common shares outstanding (in '000s)	277,066	210,088	267,242	210,138
Basic earnings per share	\$0.54	\$0.50	\$1.32	\$1.02
Weighted average diluted number of common shares outstanding (in '000s)	277,265	211,664	267,453	211,795
Diluted earnings per share	\$0.54	\$0.49	\$1.32	\$1.01

Weighted average diluted number of common shares for the three and six months ended June 30, 2020 and 2019 are calculated as follows:

	Three months ended June 30, 2020	Three months ended June 30, 2019	Six months ended June 30, 2020	Six months ended June 30, 2019
Weighted average basic number of common shares outstanding (in '000s)	277,066	210,088	267,242	210,138
In the money shares - share options (in '000s)	199	524	211	605
Dilutive RSUs and PSUs (in '000s)	—	1,052	—	1,052
Weighted average diluted number of common shares outstanding	277,265	211,664	267,453	211,795

15. SUPPLEMENTAL CASH FLOW INFORMATION

As at June 30, 2020, the Company's cash balance of \$537,385 (December 31, 2019 – \$707,206) was held at major Canadian and Australian banks in deposit accounts, and was comprised of \$513,486 (as at December 31, 2019 – \$686,481) denominated in US dollars, which was exposed to movements in foreign exchange rates. As at June 30, 2020, the impact of a 10% strengthening or weakening in foreign exchange rates would have resulted in a decrease or increase of \$16,017 in net earnings, respectively.

KIRKLAND LAKE GOLD LTD.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020 AND 2019

(unaudited - stated in thousands of United States Dollars, except per share amounts and number of shares, warrants, stock options, share based liability units and equity based instrument units)

Supplemental information to the statements of cash flows is as follows:

	Three months ended June 30, 2020	Three months ended June 30, 2019	Six months ended June 30, 2020	Six months ended June 30, 2019
Change in non-cash working capital				
Decrease in accounts receivable	\$1,050	(\$5,713)	\$11,922	(\$3,364)
Decrease (Increase) in inventories	33,545	2,158	87,504	(2,313)
Decrease (increase) in prepaid expenses	702	202	9,332	(699)
(Decrease) in accounts payable and accrued liabilities	(32,775)	(2,930)	(118,452)	(8,336)
	\$2,522	(\$6,283)	(\$9,694)	(\$14,712)
Investing and financing non-cash transactions				
Plant and equipment acquired through lease	\$5,792	\$538	\$5,792	\$2,949

Effective July 1, 2019, the Company made an accounting policy change to classify cash interest received within the condensed consolidated statement of cash flows for the three and six months ended June 30, 2020 and 2019 as an operating activity rather than a non-operating activity, which more appropriately reflects the nature of these cash flows. The comparative figures for the three and six months ended June 30, 2019 have been re-classified to conform with this change in accounting policy.

16. OPERATING SEGMENTS

The reportable operating segments are those operations for which operating results are reviewed by the President and Chief Executive Officer who is the chief operating decision maker regarding decisions about resources to be allocated to the segment and to assess performance provided those operations pass certain quantitative thresholds. Operations with revenues, earnings or losses or assets that exceed 10% of the total consolidated revenue, earnings or losses or assets are reportable segments.

Each of the Company's reportable operating segments generally consists of an individual mining property managed by a single general manager and operations management team.

The Company's operating segments reflect these multiple mining interests and are reported in a manner consistent with internal reporting used to assess the performance of each segment and make decisions about resources to be allocated to the segments.

The information reported below as at and for the three and six months ended June 30, 2020 and 2019 is based on the information provided to the President and Chief Executive Officer.

KIRKLAND LAKE GOLD LTD.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020 AND 2019

(unaudited - stated in thousands of United States Dollars, except per share amounts and number of shares, warrants, stock options, share based liability units and equity based instrument units)

As at and for the three months ended June 30, 2020

	Macassa Mine	Holt Complex	Detour	Fosterville	Northern Territory	Corporate and other	Total
Revenue	\$75,470	\$4,589	\$232,978	\$267,938	\$—	\$—	\$580,975
Production costs	(27,748)	(7,629)	(85,752)	(20,286)	—	—	(141,415)
Royalty expense	(2,480)	(418)	(4,547)	(11,813)	—	—	(19,258)
Depletion and depreciation	(8,168)	(3,064)	(52,190)	(19,164)	—	—	(82,586)
Earnings from mine operations	37,074	(6,522)	90,489	216,675	—	—	337,716
Expenses							
General and administrative	—	—	—	—	—	(20,137)	(20,137)
Exploration	148	(131)	(301)	(1,276)	(824)	—	(2,384)
Care and maintenance	—	(2,825)	—	—	(6,193)	—	(9,018)
Earnings (loss) from operations	37,222	(9,478)	90,188	215,399	(7,017)	(20,137)	306,177
Other income (loss), net ¹							(80,164)
Finance items							
Finance income ¹							1,119
Finance costs ¹							(1,850)
Earnings before income taxes							225,282
Expenditures on:							
Mining interest	\$15,853	\$75	\$61,526	\$8,825	(\$4,172)	\$—	\$82,107
Plant and equipment	10,859	537	11,840	19,615	4,891	5,988	53,730
Total capital expenditures²	\$26,712	\$612	\$73,366	\$28,440	\$719	\$5,988	\$135,837
Total assets	\$665,289	\$190,483	\$4,170,136	\$510,081	\$242,039	\$614,432	\$6,392,460
Total liabilities	\$168,616	\$41,121	\$1,031,637	\$166,917	\$47,501	\$178,035	\$1,633,827

¹ Certain costs are managed on a consolidated basis and are therefore not reflected in segment income.

² Segment capital expenditures are presented on an accrual basis.

KIRKLAND LAKE GOLD LTD.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020 AND 2019

(unaudited - stated in thousands of United States Dollars, except per share amounts and number of shares, warrants, stock options, share based liability units and equity based instrument units)

As at and for the six months ended June 30, 2020

	Macassa Mine	Holt Complex	Detour	Fosterville	Northern Territory	Corporate and other	Total
Revenue	\$156,064	\$52,007	\$412,361	\$515,281	\$—	\$—	\$1,135,713
Production costs	(54,156)	(36,054)	(173,569)	(39,228)	—	—	(303,007)
Royalty expense	(4,702)	(3,807)	(7,606)	(24,392)	—	—	(40,507)
Depletion and depreciation	(29,097)	(10,179)	(93,846)	(42,303)	—	—	(175,425)
Earnings from mine operations	68,109	1,967	137,340	409,358	—	—	616,774
Expenses							
General and administrative	—	—	—	—	—	(32,699)	(32,699)
Transaction costs	—	—	—	—	—	(33,838)	(33,838)
Exploration	(910)	(404)	(1,858)	(3,487)	(1,656)	—	(8,315)
Care and maintenance	—	(2,830)	—	—	(9,078)	—	(11,908)
Earnings (loss) from operations	67,199	(1,267)	135,482	405,871	(10,734)	(66,537)	530,014
Other income (loss), net ¹							(7,959)
Finance items							
Finance income ¹							3,715
Finance costs ¹							(5,963)
Earnings before income taxes							519,807
Expenditures on:							
Mining interest	\$42,516	\$8,024	\$100,821	\$22,421	\$10,386	\$—	\$184,168
Plant and equipment	19,603	1,745	20,357	39,349	6,731	6,351	94,136
Total capital expenditures²	\$62,119	\$9,769	\$121,178	\$61,770	\$17,117	\$6,351	\$278,304
Total assets	\$665,289	\$190,483	\$4,170,136	\$510,081	\$242,039	\$614,432	\$6,392,460
Total liabilities	\$168,616	\$41,121	\$1,031,637	\$166,917	\$47,501	\$178,035	\$1,633,827

¹ Certain costs are managed on a consolidated basis and are therefore not reflected in segment income.

² Segment capital expenditures are presented on an accrual basis.

KIRKLAND LAKE GOLD LTD.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020 AND 2019

(unaudited - stated in thousands of United States Dollars, except per share amounts and number of shares, warrants, stock options, share based liability units and equity based instrument units)

As at and for the three months ended June 30, 2019

	Macassa Mine	Holt Complex	Fosterville	Northern Territory	Corporate and other ³	Total
Revenue	\$71,876	\$30,954	\$178,437	\$—	\$—	\$281,267
Production costs	(24,572)	(25,635)	(15,954)	—	—	(66,161)
Royalty expense	(2,116)	(1,179)	(3,421)	—	—	(6,716)
Depletion and depreciation	(9,580)	(5,216)	(17,859)	(409)	—	(33,064)
Earnings (loss) from mine operations	35,608	(1,076)	141,203	(409)	—	175,326
Expenses						
General and administrative	—	—	—	—	(12,131)	(12,131)
Exploration	(1)	(1,817)	(1,145)	(3,251)	—	(6,214)
Care and maintenance	—	(7)	—	(208)	—	(215)
Earnings (loss) from operations	35,607	(2,900)	140,058	(3,868)	(12,131)	156,766
Other income (loss), net ¹						(5,384)
Finance items						
Finance income ¹						1,357
Finance costs ¹						(307)
Earnings before income taxes						152,432
Expenditures on:						
Mining interest	\$27,135	\$9,559	\$16,053	\$19,581	\$—	\$72,328
Plant and equipment	23,358	2,526	26,227	12,773	—	64,884
Total capital expenditures²	\$50,493	\$12,085	\$42,280	\$32,354	\$—	\$137,212
Total assets	\$595,692	\$195,336	\$513,952	\$139,813	\$574,703	\$2,019,496
Total liabilities	\$188,797	\$50,911	\$119,178	\$59,564	\$127,455	\$545,905

¹ Certain costs are managed on a consolidated basis and are therefore not reflected in segment income.

² Segment capital expenditures are presented on an accrual basis.

³ In 2019, the cash balance of \$334.4 million was presented as part of the Northern Territory for operating segment note disclosure purposes, however the Company has changed the presentation of the cash balance to be included within the 'Corporate and Other' operating segment as it more accurately reflects the total assets of the operating segment.

KIRKLAND LAKE GOLD LTD.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020 AND 2019

(unaudited - stated in thousands of United States Dollars, except per share amounts and number of shares, warrants, stock options, share based liability units and equity based instrument units)

As at and for the six months ended June 30, 2019

	Macassa Mine	Holt Complex	Fosterville	Northern Territory	Corporate and other ³	Total
Revenue	\$159,932	\$74,889	\$351,358	\$—	\$—	\$586,179
Production costs	(46,991)	(51,868)	(37,342)	—	—	(136,201)
Royalty expense	(4,656)	(3,398)	(6,946)	—	—	(15,000)
Depletion and depreciation	(21,170)	(11,610)	(40,945)	(639)	—	(74,364)
Earnings (loss) from mine operations	87,115	8,013	266,125	(639)	—	360,614
Expenses						
General and administrative	—	—	—	—	(24,230)	(24,230)
Exploration	(1,256)	(3,097)	(7,785)	(6,098)	—	(18,236)
Care and maintenance	—	(34)	—	(377)	—	(411)
Earnings (loss) from operations	85,859	4,882	258,340	(7,114)	(24,230)	317,737
Other income (loss), net ¹						(7,501)
Finance items						
Finance income ¹						2,795
Finance costs ¹						(1,010)
Earnings before income taxes						312,021
Expenditures on:						
Mining interest	\$53,327	\$15,268	\$31,159	\$23,216	\$—	\$122,970
Plant and equipment	57,207	7,548	43,198	23,030	1495	132,478
Total capital expenditures²	\$110,534	\$22,816	\$74,357	\$46,246	\$1,495	\$255,448
Total assets	\$595,692	\$195,336	\$513,952	\$139,813	\$574,703	\$2,019,496
Total liabilities	\$188,797	\$50,911	\$119,178	\$59,564	\$127,455	\$545,905

¹ Certain costs are managed on a consolidated basis and are therefore not reflected in segment income.

² Segment capital expenditures are presented on an accrual basis.

³ In 2019, the cash balance of \$334.4 million was presented as part of the Northern Territory for operating segment note disclosure purposes, however the Company has changed the presentation of the cash balance to be included within the 'Corporate and Other' operating segment as it more accurately reflects the total assets of the operating segment.

KIRKLAND LAKE GOLD LTD.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020 AND 2019

(unaudited - stated in thousands of United States Dollars, except per share amounts and number of shares, warrants, stock options, share based liability units and equity based instrument units)

The following table shows non-current assets by geographic region:

Geographic information	Non-current assets	
	As at	
	June 30, 2020	December 31, 2019
Australia	\$724,820	\$712,845
Canada	4,966,041	1,050,142
Total	\$5,690,861	\$1,762,987

The following table summarizes sales to individual customers exceeding 10% of annual metal sales for the following periods:

Customer	Metal sales			
	Three months ended June 30, 2020	Three months ended June 30, 2019	Six months ended June 30, 2020	Six months ended June 30, 2019
1 - Australia	\$269,534	\$177,256	\$513,142	\$349,885
2 - Canada	90,640	46,463	201,973	98,552
3 - Canada	78,142	34,401	150,417	86,573
4 - Canada	65,401	—	—	—
5 - Canada	59,848	—	—	—
Total	\$563,565	\$258,120	\$865,532	\$535,010
% of total sales	97 %	92 %	76 %	91 %

The Company is not economically dependent on a limited number of customers for the sale of its product because gold doré can be sold through numerous commodity market traders worldwide. The hierarchy of customers differ in the three and six months ended June 30, 2020 and 2019.

17. FINANCIAL INSTRUMENTS

Carrying amounts of financial instruments

The carrying amounts of the financial assets and liabilities at June 30, 2020 and December 31, 2019 are as follows:

KIRKLAND LAKE GOLD LTD.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020 AND 2019

(unaudited - stated in thousands of United States Dollars, except per share amounts and number of shares, warrants, stock options, share based liability units and equity based instrument units)

<i>As at</i>	June 30, 2020	December 31, 2019
Financial Assets		
<i>At fair value through profit or loss</i>		
Warrant investments (note 10)	\$209	\$1,605
<i>Loans and receivables, measured at amortized cost</i>		
Cash	\$537,385	\$707,206
Accounts receivable (not including sales taxes)	2,379	3,110
	\$539,764	\$710,316
<i>Investments in equity securities, measured at fair value through Other Comprehensive Income</i>		
Investments in equity securities (note 10)	\$262,451	\$253,540
Financial Liabilities		
<i>At fair value through profit or loss</i>		
Share based payment liabilities (note 12)	\$26,470	\$55,257
<i>Other financial liabilities, measured at amortized cost</i>		
Accounts payable and accrued liabilities	\$216,297	\$151,760
Leases	28,505	15,316
	\$271,272	\$222,333

Fair values of financial instruments

The fair values of cash, accounts receivable, restricted cash, accounts payable and accrued liabilities approximate their carrying amounts due to the short term to maturity of these financial instruments.

The fair value hierarchy of financial instruments measured at fair value on the consolidated statement of financial position is as follows:

<i>As at</i>	June 30, 2020	December 31, 2019
Level 1		
Investments in equity securities - publicly traded	\$257,962	\$252,385
Share based payment liabilities (note 12)	\$26,470	\$55,257
Level 2		
Warrant investments (note 10)	\$209	\$1,605
Level 3		
Investments in equity securities - privately held	\$4,489	\$1,155

18. RELATED PARTY TRANSACTIONS

Related party transactions are measured at the exchange amount which is the consideration agreed to between the parties.

KIRKLAND LAKE GOLD LTD.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020 AND 2019

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warrants, stock options, share based liability units and equity based instrument units)*

The Company entered into contracts with subsidiaries of Gekko Systems, a global mineral processing and equipment company. The total expense was \$86 and \$107 during the three and six months ended June 30, 2020 (year ended December 31, 2019 - \$61). Ms. Elizabeth Lewis-Gray, a member of the Company's Board of Directors effective September 26, 2019, is the Co-founder, Chair and Managing Director of Gekko Systems.

19. CONTINGENCIES

Between June 29, 2020 and July 17, 2020, two putative class action complaints were filed by purported shareholders of the Company in the United States against the Company and Anthony Makuch. The complaints allege that during the period from January 8, 2018 and November 25, 2019, the defendants violated the United States securities laws by misrepresenting or failing to disclose material information regarding the acquisition of Detour Gold Corporation. Both actions were filed in the United States District Court for the Southern District of New York. While the action is in its earliest stages, the Company believes that the claims made are without merit and intends to defend the action vigorously. No amounts have been recorded for any potential liability arising from any of the proposed class action, as the Company cannot reasonably predict the outcome