

## H1 and Q2 2016 Highlights

- Pre-released gold production of 130,613 ounces (68,338 in Q2/16);
- Sold 141,453 ounces of gold (72,144 ounces in Q2/16);
- Realized an average price per ounce of gold sold of US\$1,211 (US\$1,271 in Q2/16);
- Operating costs per ounce of gold sold<sup>(1)</sup> of US\$641 (based on total production expenses<sup>(1)</sup> of C\$159,482) (US\$667 based on total production expenses<sup>(1)</sup> of C\$81,740 during Q2/16);
- All-in sustaining costs per ounce of gold sold<sup>(1)</sup> ("AISC") of US\$925 (US\$990 in Q2/16);
- Generated \$227.9 million in revenue (\$118.1 million in Q2/16);
- Realized net and comprehensive income of \$26.3 million (\$13.8 million in Q2/16) and \$26.6million (\$14.0 million in Q2/16) respectively, or \$0.24 per share (\$0.12 per share in Q2/16);
- Generated free cash flow<sup>(1)</sup> of \$57.3 million (\$31.9 million in Q2/16);
- Ended the quarter with a cash balance of \$157.5 million;
- Subsequent to quarter end, closed a flow-through financing for proceeds of \$15 million;
- The Company remains on track to meet its production guidance of between 270,000 to 290,000 ounces for 2016.

Kirkland Lake Gold Inc. ("Kirkland Lake Gold" or the "Company"), an intermediate gold producer with operations in Ontario, Canada, today announces second quarter financial results for the three ("Q2/16") and six months ("H1/16") ended June 30, 2016. All figures in this release are in Canadian dollars unless stated otherwise.

"Kirkland Lake delivered another quarter with positive earnings, free cash flow and a strengthened balance sheet," said Anthony Makuch, President & CEO. "With the recently closed flow-through financing of \$15 million, we will become more aggressive in exploring our highly prospective land position in both the Kirkland Lake camp and along the Porcupine-Destor Fault Zone. We look forward to providing an update on our exploration programs as they become available."

## Financial Summary

The Company changed its fiscal year from an April 30<sup>th</sup> year-end to a December 31<sup>st</sup> calendar year end effective January 1, 2016. As such, for comparative purposes, the current quarter results will be compared to a similar period in the previous year (see table below). The Company also reminds readers that since Q1/16, all measurements are in metric as opposed to its previous form of imperial measurements. The conversions are 1 short ton = 0.9072 tonnes; and 1 troy ounce per ton = 34.2857 grams per metric tonne ("g/t").

*The following abbreviations are used to describe the periods under review throughout this press release.*

Abbreviation	Period	Abbreviation	Period
H1/16	January 1, 2016 - June 30, 2016	Q1/SY15	May 1, 2015 - July 31, 2015
Q2/16	April 30, 2016 - June 30, 2016	Q4/15	February 1, 2015 - April 30, 2015
Q1/16	January 1, 2016 - March 31, 2016	Q3/15	November 1, 2014 - January 31, 2015
Q3/SY15	November 1, 2015 - December 31, 2015	Q2/15	August 1, 2014 - October 31, 2014
Q2/SY15	August 1, 2015 - October 31, 2015		

The Company reported net and comprehensive income for the quarter of approximately \$13.8 million and \$14.0 million respectively, or \$0.12 per share compared to \$4.2 million or \$0.05 per share for the quarter ended July 31, 2015 (Q1/SY15).

Free cash flow for the quarter was \$31.9 million compared to \$3.1 million during Q1/SY15, reflecting higher realized gold prices, lower AISC, and increased production and sales subject to the additional production from the Holt-Holloway and Taylor mines. With the free cash flow generation during the quarter, the Company had \$157.5 million in cash and cash equivalents at quarter end compared to \$81.14 million at July 31, 2015 (Q1/SY15).

\*Comparative figures and consolidated results do not include results from the Holloway-Holt and Taylor mines prior to close of the transaction with [St Andrew Goldfields Ltd.](#) ("St Andrew"), on January 26, 2016.

*All figures in CAD\$ unless otherwise stated	Q2/16	Q1/SY15	6 months ended Jun 30/16	6 months ended Jul 31/15
Average CAD/USD for the period	1.2886	1.2481	1.3302	1.2483
Gold Sales (ounces)	72,144	39,109	141,453	80,313
Average Realized Price (US\$ per Oz Sold) <sup>(1)</sup>	1,271	1,187	1,211	1,194
Revenue (000's)	118,143	61,723	227,931	119,657
Production Expense	81,740	45,463	159,482	89,013

General and Administrative	6,433	1,541	10,675	3,717
Exploration	4,129	2,196	6,710	3,995
Finance Expense	5,172	6,094	10,720	10,033
Finance Income	(1,309)	(1,016)	(1,549)	(2,808)
Income before Income Taxes	21,978	7,445	41,893	15,707
Provision for Income Taxes	8,214	3,216	15,610	3,604
Operating Cost per tonne <sup>(1)</sup>	208	407	234	400
Operating Cost (US\$ per Oz Sold) <sup>(1)</sup>	667	678	641	676
Capital Development Investment	18,755	9,498	35,482	20,395
Purchase of Property, Plant and Equipment	2,266	1,366	5,633	3,368
AISC (US\$ per Oz Sold) <sup>(1)</sup>	990	956	925	991

## Operations Overview

Kirkland Lake Gold pre-released production results with a total of 68,338 ounces of gold production in Q2/16 and a total of 130,613 ounces for H1/16. The operations performed well during the quarter with grades, recoveries, and throughput all in line with expectations.

The cost per tonne of \$208 achieved during the quarter was positively impacted by higher throughput which was mainly driven by the contribution of the Holt-Holloway and Taylor mines and higher tonnes from Macassa, as well as additional tonnes from the low grade stockpiles. As such, the cost per tonne was substantially lower when compared to a cost per tonne of \$407 for the similar period in the previous year (Q1/SY15). The operating cost per ounce sold of US\$667 was lower in Q2/16 when compared to an operating cost per ounce sold of US\$691 in Q1/SY15 as a result of the Holt-Holloway and Taylor mines contribution.

For H1/16, the operating costs were slightly higher than the top end of guidance, but are expected to decrease in the second half of the year as production at Macassa moves into higher grade stopes, and throughput continues to increase at both Holt and Taylor.

A breakdown of operational performance at each operation is summarized in the table below.

\*H1/16 results do not include results from the Holloway-Holt and Taylor mines prior to close of the transaction with [St Andrew Goldfields Ltd.](#) ("St Andrew"), on January 26, 2016.

Financial KPIs Q2/16	Macassa	Holt	Holloway	Taylor	Consolidated
Gold Sold (ounces)	41,344	13,407	5,080	12,313	72,144
Operating cost per tonne milled	302	125	174	125	208
Operating cost per gold ounce sold (US\$)	645	877	1,204	476	667
Capital Spending (000s)	13,091	5,171	631	2,114	21,007
AISC per ounce Sold (US\$)	1,003	1,147	1,343	638	990
Financial KPIs 6 months ended Jun 30/16 ("H1/16")	Macassa	Holt	Holloway	Taylor	Consolidated
Gold Sold (ounces)	82,159	26,815	10,139	22,340	141,453
Operating cost per tonne milled	327	124	174	127	234
Operating cost per gold ounce sold (US\$)	589	817	1,128	472	641
Capital Spending (000s)	27,206	8,707	1,010	4,192	41,115
AISC per ounce Sold (US\$)	923	1,047	1,240	640	925

## Exploration

During Q2/16 exploration programs continued to focus on underground drilling at the Macassa Mine Complex, regional surface drilling testing the easterly strike extension of the South Mine Complex ("SMC"), as well as underground drilling from the 4250' Level testing the up-dip extension of the '04 Break mineralization.

The Company released results from underground drilling from the 5300' Level exploration drift testing the SMC further to the south, which expanded the known zone of mineralization. Infill drilling was able to join two previous zones (the Hanging Wall Zone and the New South Zone) with three new intersections which returned similar grades and widths (*see press release dated May 24, 2016, available on the Company website [www.klgold.com](http://www.klgold.com)*).

Exploration drilling commenced at the Taylor and Holloway mines during the quarter. At Taylor drilling targeted both the easterly and westerly strike extension of the West Porphyry Zone (which includes the 1004 lens; the area currently being mined). At Holloway drilling commenced west of the mine property, which will test for mineral potential associated with the mafic volcanic /

ultramafic contact. A second drill is active on the Holloway property to test the easterly strike extension of the Deep Thunder Zone, which lies approximately 1 kilometre east of the Smoke Deep Zone.

Subsequent to quarter end, the Company closed a non-brokered flow-through financing for proceeds of approximately \$15 million, to be spent before December 31, 2017. As such, the Company plans to increase its previous budget of \$18 million to \$24 million, which will include \$6 million flow-through dollars. The focus will be to increase the Company's efforts on the regional exploration program in the Kirkland Lake Camp, and to drill test targets along the Porcupine-Destor Fault Zone.

#### H1/16 Key Performance Indicators

The 2016 guidance metrics issued on April 14, 2016, are summarized against the results for the six months ended June 30, 2016. The AISC<sup>(1)</sup> have been positively affected in Q2/16 due to the lower spend on Property, Plant & Equipment ("PP&E") which is attributable to the timing in the delivery of equipment. As such, the AISC<sup>(1)</sup> is expected to be higher over the next two quarters.

2016 Guidance	Guidance Metrics	H1/16 Results
270,000 - 290,000	Gold Production (ounces)	130,613
7.7	Head Grade (g/t Au)	8.2
US\$600 - \$650	Operating Costs <sup>(1)</sup> (US\$/Oz Sold)	US\$641
US\$1,000 - \$1,050	All-In Sustaining Costs <sup>(1)</sup> (US\$/Oz Sold)	US\$925

For a description of risk factors affecting the Company and 'Forward Looking Information', see the Company's Annual Information Form for the year ended December 31, 2015, and the Company's MD&A for the period ended June 30, 2016, filed with certain securities regulatory authorities in Canada and available on SEDAR at [www.sedar.com](http://www.sedar.com). For a description and reconciliation of Non-GAAP measures please see below and refer to Appendix B of the Company's MD&A for period ended June 30, 2016, as filed on SEDAR at [www.sedar.com](http://www.sedar.com), or at the end of this release.

#### Q2/16 Earnings Call and Webcast (August 5, 2016)

The Company will hold a conference call to discuss these results tomorrow, Friday August 5, 2016, at 11:00am EDT. The Company invites you to participate via teleconference, the details of which are outlined below and are available on the Company's website at [www.klgold.com](http://www.klgold.com).

#### Participant Dial-In Numbers

Toll-Free North America: +1 (877) 201-0168; Local and International: +1 (647) 788-4901

Conference ID: 56310259

#### Replay Dial-In Numbers

Local and International: +1 (404) 537-3406

Toll Free North America: +1 (855) 859-2056 / +1 (800) 585-8367

Conference ID: 93207658

*Replay Available Until: November 5, 2016 at 11:59PM ET*

#### Qualified Persons

Production at the various operations and processing at the Company's milling facilities are under the supervision of Mr. Chris Stewart, P.Eng, the Vice President of Operations. The Company's exploration programs are under the supervision of Mr. Doug Cater, P.Geo, the Vice President of Exploration.

Messrs. Stewart and Cater are 'qualified persons' for the purpose of National Instrument 43-101, *Standards of Disclosure for Mineral Projects*, of the Canadian Securities Administrators, and have reviewed and approved this news release. As the Vice President of Operations and Vice President of Exploration, Messrs. Stewart and Cater are not considered independent.

## Selected Financial Information & Review of Overall Performance

\*Comparative figures and consolidated results do not include results from the Holloway-Holt and Taylor mines prior to close of the transaction with [St Andrew Goldfields Ltd.](#) ("St Andrew"), on January 26, 2016.

Financial Highlights (All amounts in 000's of Canadian Dollars, except gold price per ounce, shares and per share figures)	3 months ended Jun 30, 2016	3 months ended Mar 31, 2016
Gold Sales (ounces)	72,144	69,309
*Average Realized Gold Price (per ounce)	1,638	1,584
Revenue	118,143	109,788
Production Expenses	81,740	77,742
Exploration Expenditure	4,129	2,581
Other Expenses	10,296	9,550
Income before Income Taxes	21,978	19,915
Comprehensive Income	14,016	12,601
Comprehensive Income per share (basic & diluted)	0.12	0.12
Cash flow from operations	52,958	43,712
Cash flow (used in) from financing activities	(4,676)	(7,581)
Cash flow from (used in) investing activities	(21,023)	1,057
Net increase in cash	27,018	36,784
Total cash resources	157,529	130,511
Other Current Assets	38,146	46,568
Current Liabilities	111,435	56,172
*Working Capital	82,240	120,907
Total Assets	735,251	713,063
Total Liabilities	227,731	221,962
Basic weighted average number of shares outstanding	115,571,565	105,281,126
Dividends per share	NIL	NIL

### Non-GAAP Financial Measures

The Company has included non-GAAP performance measures throughout this document. These include: cash inflows from operations per share, free cash flow, free cash flow per share, operating cost per tonne of ore produced, operating cost and AISC per ounce of gold sold, average realized sales price and working capital. Operating cost per tonne of ore produced and operating cost and AISC per ounce of gold sold are common performance measures in the mining industry but do not have any standardized meaning. The guidance provided by the World Gold Council for calculating AISC was reviewed and followed. Total operating costs include mine site operating costs (mining, processing and refining, in-mine drilling expenditures, administration, and production taxes), but are exclusive of other costs (royalties, depreciation and depletion, off-site corporate costs, reclamation, capital, long-term development and exploration). The Company considers all capital spending to be sustaining in nature with the exception of development towards the Ghost zone at the Holt mine. During Q2/16, \$1.0 million in development costs (\$1.1 million in H1/16) were related to development towards Ghost and as such have been removed from AISC. These measures, along with sales, are considered by the Company to be indicators of the Company's ability to generate operating earnings and free cash flows from its mining operations. The Company believes that certain investors use this information to evaluate the Company's performance and ability to generate cash flows. These should not be considered in isolation as a substitute for measures of performance prepared in accordance with IFRS and are not necessarily indicative of production costs presented under IFRS. The following tables provide reconciliation of such costs to the Company's financial statements for the periods as noted:

Free Cash Flow (All amounts in 000's of Canadian Dollars, except shares and per share figures)	Three months ended 30-Jun-16	Three months ended 31-Jul-15	Six months ended 30-Jun-16
Cash Inflows from Operations	\$ 52,958	\$ 13,982	\$ 9,499
Mineral Property Additions	(18,755)	(9,499)	(3,117)
Property, Plant & Equipment	(2,254)	(1,366)	(3,117)
Free Cash Flow	\$ 31,949	\$ 3,117	\$ 5,265
Operating Costs (All amounts in 000s of Canadian Dollars except tons ore produced, ounces of gold sold and unit costs or unless otherwise stated)			
Production Expense			\$ 8,499
Amortization and Depletion			(3,117)

Stock-based compensation		(
Royalties		(
Operating Costs	\$	6
Tonnes of Ore Produced		2
Ounces of Gold Sold		7
Operating Cost per Tonne	\$	2
Operating Cost per Ounce	\$	8
Average CAD/USD exchange rate		1
Operating Cost per Ounce (US)	US\$	6

AISC per Ounce Sold	Three months ended	Three
<i>All amounts in 000s of Canadian Dollars except ounces sold and unit costs or unless otherwise stated</i>		
	30-Jun-16	31-Jul
Operating Costs	\$ 62,013	\$
PPA Inventory Fair Value Adjustment	-	
Royalties Expense	4,730	
Stock Based Compensation	971	
Exploration Expense (no Surface)	1,377	
Corporate Expense (no financing costs)	3,017	
Capital Development (Sustaining)	17,717	
Property, Plant & Equipment Purchases	2,254	
AISC	\$ 92,079	\$
Gold Sales (Ounces)	72,144	\$
AISC per Ounce Sold	\$ 1,276	\$
Average CAD/USD exchange rate	1.2886	
AISC per Ounce Sold (US)	US\$ 990	US\$

## About the Company

[Kirkland Lake Gold Inc.](#) is a Canadian focused, intermediate gold producer with assets in the historic Kirkland Lake gold camp, and east of the Timmins gold camp along the Porcupine-Destor Fault Zone, both in northeastern Ontario. The Company is currently targeting annual gold production of between 270,000 to 290,000 ounces from its cornerstone asset, the Macassa Mine Complex and the recently acquired East Timmins Operations.

The Company is committed to building a sustainable mining company that is recognized as a safe and responsible gold producer with quality assets in safe mining jurisdictions.

*The Toronto Stock Exchange has neither reviewed nor accepts responsibility for the adequacy or accuracy of this news release.*

## Cautionary Note Regarding Forward-Looking Statements

*This Press Release contains statements which constitute "forward-looking statements" within the meaning of applicable securities laws, including statements regarding the plans, intentions, beliefs and current expectations of the Company with respect to the future business activities and operating performance of the Company. The words "may", "would", "could", "should", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect" and similar expressions, as they relate to the Company, are intended to identify such forward-looking statements. Investors are cautioned that forward-looking statements are based on the opinions, assumptions and estimates of management considered reasonable at the date the statements are made such as, without limitation, opinion, assumptions and estimates of management regarding the Company's business, including but not limited to; the continued development of the operations (Macassa, Holt-Holloway and Taylor) and the anticipated timing thereof, estimated production results including ounces and head grade, the ability to lower costs and gradually increase production across all the operations; and the anticipated timing and commencement of exploration programs along the Porcupine-Destor Fault Zone. Such opinions, assumptions and estimates, are inherently subject to a variety of risks and uncertainties and other known and unknown factors that could cause actual events or results to differ materially from those projected in the forward-looking statements.*

*These factors include the Company's expectations in connection with the projects and exploration programs being met, the impact of general business and economic conditions, global liquidity and credit availability on the timing of cash flows and the values of assets and liabilities based on projected future conditions, fluctuating gold prices, currency exchange rates (such as the Canadian dollar versus the United States Dollar), possible variations in ore grade or recovery rates, changes in accounting policies, changes in the Company's corporate mineral reserves and resources, changes in project parameters as plans continue to be refined, changes in project development, construction, production and commissioning time frames, the possibility of project cost overruns or unanticipated costs and expenses, higher prices for fuel, power, labour and other consumables contributing to higher costs and general risks of the mining industry, failure of plant, equipment or processes to operate as anticipated, unexpected changes in mine life, seasonality and unanticipated weather changes, costs and timing of the development of new deposits, success of exploration activities, permitting time lines, government regulation of mining operations, environmental*

*risks, unanticipated reclamation expenses, title disputes or claims, and limitations on insurance, as well as those risk factors discussed or referred to in the Company's annual Management's Discussion and Analysis and Annual Information Form for the year ended December 31, 2015, and the Company's Management's Discussion and Analysis for the interim period ended June 30, 2016, filed with the securities regulatory authorities in certain provinces of Canada and available at [www.sedar.com](http://www.sedar.com).*

*Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, believed, estimated or expected. Although the Company has attempted to identify important risks, uncertainties and factors which could cause actual results to differ materially, there may be others that cause results not to be as anticipated, estimated or intended. The Company does not intend, and does not assume any obligation, to update these forward-looking statements except as otherwise required by applicable law.*

(1) The Company has included the following non-GAAP performance measures in this press release; average realized price per ounce of gold sold, operating cost per tonne and operating cost per ounce sold, AISC per ounce sold, and free cash flow. These are common performance measures in the mining industry but do not have any standardized meaning. Refer to the end of this press release or Appendix B of the MD&A for a reconciliation of these measures to the accompanying financial statements.

## Contact

### [Kirkland Lake Gold Inc.](#)

Anthony (Tony) Makuch  
Chief Executive Officer  
+1 416-840-7884 or Toll Free: 1-866-384-2924  
[tmakuch@klgold.com](mailto:tmakuch@klgold.com)

### [Kirkland Lake Gold Inc.](#)

Suzette N Ramcharan, CPIR  
Director of Investor Relations  
Direct: +1 647-361-0200; Mobile: +1 647-284-5315  
[sramcharan@klgold.com](mailto:sramcharan@klgold.com)  
[www.klgold.com](http://www.klgold.com)