

- Q3/16 production of 77,274 ounces of gold, up 13% over the previous quarter; and YTD gold production of 207,886 ounces
- Q3/16 gold sales of 76,339 ounces at an average realized price of US\$1,321/oz(1) (based on revenue of C\$131.6 million); YTD gold sales of 217,793 ounces at an average realized price of US\$1,249/oz(1) (based on revenues of C\$359.5 million)
- Preliminary operating costs(1) during the quarter of US\$540/oz (based on operating costs of C\$53.8 million) an improvement of 19% over the previous quarter; and US\$591/oz (based on operating costs of C\$169.6 million) YTD
- Preliminary All-in sustaining costs ("AISC")(1) of US\$966/oz during the quarter and US\$939/oz YTD
- Cash and bullion sold(2) increased by C\$61.1 million in the quarter to \$226.2 million as at September 30, 2016
- On track to meet the full year production guidance of between 270,000 - 290,000 ounces

TORONTO, ONTARIO--(Marketwired - Oct 12, 2016) - Kirkland Lake Gold Inc. ("Kirkland Lake Gold" or the "Company") (TSX:KLG) is pleased to report gold production and provide preliminary costs for the three ("Q3/16") and nine ("YTD") months ended September 30, 2016. The Company produced 77,274 ounces in Q3/16, and 207,886 ounces YTD from the Macassa Mine Complex and the Holt Mine Complex (the Holt, Holloway and Taylor mines).

Anthony (Tony) Makuch, President and CEO of the Company, commented: "I am very pleased to announce a strong quarter with significantly increased production and lower operating costs in spite of a one week planned shutdown at our Macassa operation. Our year-to-date gold production of 207,886 ounces puts us on track to meet our production guidance for the year. We achieved a record quarter of production at our flagship Macassa Mine Complex, along with improved grades of 16.5 g/t Au. The Holt Mine Complex also performed well during the quarter with an overall head grade of 5.3 g/t driven by Taylor, which achieved a head grade of 7.3 g/t.

"We also realized record low operating costs during the quarter of US\$540/oz, as well as AISC of US\$966/oz. We continue to build the cash balance and increased our cash position from the previous quarter by C\$61.1 million (including C\$36 million from operations and additional changes in working capital, C\$15 million in proceeds from the flow-through financing as well as C\$10.3 million which was removed from restricted cash). The Company is focused on achieving its goals to provide profitable and sustainable production by focusing on cost controls and grade management at our operations."

All figures in the following tables are in C\$ terms unless otherwise specified.

2016 Results Table (Table 1)	Q3/16 ⁽⁴⁾	Q2/16	Q1/16 ⁽³⁾	YTD 2016
Macassa Mine Complex Production (Ounces)	42,866	38,929	41,054	122,849
Holt Mine Complex Production (Ounces)	34,408	29,409	21,221	85,037
Total Gold Production (Ounces)	77,274	68,338	62,275	207,886
Gold Sales (Ounces)	76,339	72,144	69,309	217,792
Average Realized Price (US\$/oz)	US\$1,321	US\$1,271	US\$1,154	US\$1,249
Average Realized Price (C\$/oz)	\$1,724	\$1,638	\$1,584	\$1,650
Based on Revenues of (C\$ millions)	\$131.6	\$118.1	\$109.8	\$359.5
Operating Costs (US\$/oz sold)	US\$540	US\$667	US\$567	US\$587
Operating Costs (\$/oz sold)	\$704	\$860	\$782	\$781
Based on Operating Costs (\$ millions)	\$53.7	\$62.0	\$54.2	\$170.0
AISC (US\$/oz sold)	US\$966	US\$990	US\$861	US\$939
AISC (\$/oz sold)	\$1,260	\$1,276	\$1,182	\$1,241
Q3/16 Compared to Q2/SY15 (Table 2)	Q3/16	Q2/SY15 ⁽⁵⁾	Quarter/Quarter Comparison	
Macassa Mine Complex Production (Ounces)	42,866	33,511	+28	%
Holt Mine Complex Production (Ounces)	34,408	N/A	N/A	
Total Gold Production (Ounces)	77,274	33,511	N/A	
Gold Sales (Ounces)				
Average Realized Price (per ounce sold)	US\$1,321	US\$1,110	+19	%
Average Realized Price (\$/oz)	\$1,724	\$1,461	+18	%

<i>Based on Revenues of (\$ millions)</i>	\$131.6	\$50.6	0	%
Operating Costs (US\$/oz sold)	US\$540	US\$650	-17	%
<i>Operating Costs (\$/oz sold)</i>	\$705	\$856	-18	%
<i>Based on Operating Costs (\$ millions)</i>	\$30.8	\$27.5	+12	%
AISC (US\$/oz sold)	US\$966	US\$962	0	%
AISC (\$/oz sold)	\$1,260	\$1,266	0	%
Macassa Mine Complex Q3/16 Compared to Q2/SY15 (Table 3)	Q3/16	Q2/SY15	Quarter/Quarter Comparison	
Macassa Mine Complex Production (Ounces)	42,866	33,511	+28	%
Gold Sales (Ounces)	43,282	34,606	+25	%
Average Realized Price (per ounce sold)	US\$1,318	US\$1,110	+19	%
<i>Average Realized Price (\$/oz)</i>	\$1,720	\$1,461	+18	%
<i>Based on Revenues of (\$ millions)</i>	\$74.4	\$50.6	+47	%
Operating Costs (US\$/oz sold)	US\$546	US\$650	-16	%
<i>Operating Costs (\$/oz sold)</i>	\$713	\$856	-12	%
<i>Based on Operating Costs (\$ millions)</i>	\$30.8	\$27.9	+10	%
AISC (US\$/oz sold)	US\$951	US\$962	-1	%
<i>AISC (\$/oz sold)</i>	\$1,241	\$1,266	-2	%

Notes: rows and columns may not add due to rounding

Macassa Mine Complex

The Macassa Mine Complex continued to deliver solid operating results during Q3/16 with a record quarter of gold production of 42,866 ounces (including 18,895 tonnes of low grade material from surface stockpiles) and a grade of 16.5 grams per tonne ("g/t"), before combining the low grade ore. The Macassa Mill processed 100,357 tonnes of ore (including the low grade material at 1.5 g/t) with a combined head grade of 13.7 g/t and recoveries of 96.9% producing 42,866 ounces of gold.

Development of the 5400' Level and 5600' Level in the lower South Mine Complex ("SMC") continues to be advanced and preparations are being made to convert the 5400' Level to track haulage in the fourth quarter of 2016. The main decline development is ongoing and is currently at the 5700' Level. The decline towards the LDN zone has now reached the 5600' Level and infrastructure is currently being developed in order to commence production in 2017. The ventilation reversal project (fresh air is delivered underground via the #3 Shaft) was completed in September on time and on budget.

YTD The Macassa Mine Complex produced 122,849 gold ounces.

Holt Mine Complex

The Holt Mine Complex performed well during the quarter. The Holt Mill processed 214,425 tonnes of ore (including 2,768 tonnes of low grade material from Taylor and 6,896 tonnes of low grade material from Hislop⁽⁶⁾) at a head grade of 5.3 g/t and recoveries of 93.5% producing a total of 34,408 ounces.

YTD the Holt Mine Complex has produced 85,037 ounces of gold.

Holt Mine ("Holt")

Holt produced 14,950 ounces of gold mainly derived from Zone 4 on the 925m Level and 1075m Level mining areas and from Zone 6 on the 775m Level and 925m Level. Head grades of 4.8 g/t were higher during the quarter due to stope sequencing in Zone 4. Mill recoveries were above plan at 95.1%.

Holloway Mine ("Holloway")

Holloway produced 7,829 ounces of gold derived mainly from the Blacktop Zone and from the Smoke Deep Zone. The head grade achieved during the quarter of 5.1 g/t was 20% higher than the previous quarter due to stope sequencing, with mill recoveries of 88.4%.

Taylor Mine ("Taylor")

Taylor produced 11,404 ounces (excluding low grade material) in Q3/16 at an average head grade of 7.3 g/t and mill recoveries of 97.2%. YTD Taylor has produced 143,642 tonnes at an average grade of 7.2 g/t for a total of 32,052 ounces at an average recovery rate of 96.6%. In November the mine will achieve its first year of commercial production, with an excellent track record to date.

Q3/16 Earnings Results and Conference Call

The Company intends to release its third quarter 2016 operating and financial results for the three and nine months ended September 30, 2016, after market close on Wednesday November 2, 2016, and will hold a conference call to discuss these results the following day, Thursday November 3, 2016 at 2:00pm ET. The Company invites you to participate via teleconference, the details of which will be posted on the Company's website (www.klgold.com) in due course.

Qualified Person

Production at the Company's operations are under the supervision of Mr. Keyvan Salehi, P.Eng., the Company's Vice President of Corporate Development & Technical Services. Mr. Salehi is a non-independent 'qualified person' (for the purpose of National Instrument 43-101, Standards of Disclosure for Mineral Projects, of the Canadian Securities Administrators), and has reviewed and approved this news release.

Footnotes

- (1) Average realized price per ounce of gold sold, operating costs and all-in sustaining costs per ounce of gold sold are Non-GAAP measures. These are common performance measures in the gold 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 Zone 7 (formerly the Ghost Zone) at the Holt mine. 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. Cash operating costs per ounce are based on ounces sold and are calculated by dividing operating costs by gold ounces sold; these figures are converted to US\$ equivalent figures by applying the average Bank of Canada C\$/US\$ exchange rate for the relevant period. 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 or as a substitute for measures of performance prepared in accordance with IFRS and are not necessarily indicative of production costs presented under IFRS. These figures are preliminary in nature and may differ when the company reports its third quarter 2016 results expected on November 2, 2016. A reconciliation of operating costs and operating cost per ounce along with AISC and AISC per ounce sold to production expense for the most recent reporting period, the three and six months ended June 30, 2016, is set out on page 14 of the Company's second quarter 2016 MD&A filed on SEDAR at www.sedar.com and at www.klgold.com.
- (2) Bullion sold is the amount receivable for gold sold and recognized as revenue for which the cash has not yet been received. Cash at September 30, 2016 was \$211.5 million and bullion sold was \$14.7 million.
- (3) Production from the first quarter of 2016 does not include 7,189 ounces from the Holt Mine Complex for the period January 1 to 25, 2016, as the acquisition of [St Andrew Goldfields Ltd.](#), did not close until January 26, 2016.
- (4) Q3/16 production includes 1,087 ounces from the processing of low grade material from the Macassa Mine Complex and the Holt Mine Complex grading 1.5 g/t.
- (5) Prior to January 1, 2016, the Company had an April 30th year end. As such, the eight month period from May 1 to December 31, 2015 was considered a stub year for reporting purposes. The Company compares to the most suitable quarter in the previous year, which for Q3/16 is the second quarter of the 2015 Stub Year ("Q2/SY15") (the three month period of August to October, 2015).
- (6) The Holt Mill processed 6,896 tonnes of low grade stockpiles from the Hislop Mine at an average grade of 1.1 g/t and recoveries of 81.6% for 192 recovered ounces. As the property is currently on care and maintenance, the proceeds from processing Hislop ore were applied against care and maintenance costs and not included in revenue or production statistics.

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 Holt Mine Complex that includes the Holt, Holloway and Taylor mines.

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 Company's expected costs, production, growth, exploration activities, project expenditures and continued development of the operations (Macassa, Holt-Holloway and Taylor) and the anticipated timing thereof. 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, and other regulatory filings filed with the securities regulatory authorities in certain provinces of Canada and available at 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.

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