



**Condensed Consolidated Interim Financial Statements
For the Three and Six Months Ended September 30, 2023 and 2022**

(Unaudited - Expressed in Canadian Dollars)

**Notice of No Auditor Review of
Condensed Consolidated Interim Financial Statements**

The accompanying unaudited condensed consolidated interim financial statements of Kirkland Lake Discoveries Corp. for the three and six months ended September 30, 2023 have been prepared by and are the responsibility of the Company's management ("Management") and have been approved by the Company's audit committee.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants.

Kirkland Lake Discoveries Corp.
Condensed Consolidated Interim Statements of Financial Position
(Unaudited - Expressed in Canadian Dollars)

	Note	September 30, 2023 \$	March 31, 2023 \$
ASSETS			
Current assets			
Cash		4,991,679	70,634
Receivable		255,195	18,262
Prepaid expenses and deposits		174,001	10,265
Total current assets		5,420,875	99,161
Non-current assets			
Exploration and evaluation assets	3	10,035,964	5,323,780
Property and equipment		14,942	-
Right-of-use assets		-	1,159
Total non-current assets		10,050,906	5,324,939
Total Assets		15,471,781	5,424,100
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	6	374,144	270,645
Flow-through share premium	4	252,262	229,206
Lease liabilities		-	2,243
Loan payable		-	2,313
Total current liabilities		626,406	504,407
Total liabilities		626,406	504,407
EQUITY			
Share capital	5	57,779,457	49,169,352
Reserves	5,6	7,785,382	4,984,690
Deficit		(50,719,464)	(49,234,349)
Total equity		14,845,375	4,919,693
Total Liabilities and Equity		15,471,781	5,424,100

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)

COMMITMENTS (Note 3 and 4)

SUBSEQUENT EVENT (Note 11)

These condensed consolidated interim financial statements are authorized for issue by the Board of Directors on November 27, 2023. They are signed on the Company's behalf by:

"Stephen Burleton" , Director

"Denis Laviolette" , Director

Kirkland Lake Discoveries Corp.
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
(Unaudited - Expressed in Canadian Dollars)

		Three months ended		Six months ended	
		September 30,		September 30,	
	Note	2023	2022	2023	2022
		\$	\$	\$	\$
Expenses					
Depreciation		208	1,740	208	3,480
Exploration and evaluation expenditures	3	879,145	91,793	1,190,967	523,264
Investor relations and corporate development		20,400	45,138	133,741	61,060
Office and sundry		48,222	16,954	74,325	38,198
Professional fees		55,759	18,201	67,173	26,201
Salaries and consulting	6	188,024	65,125	276,153	130,948
Share-based compensation	5,6	-	21,000	-	44,000
Transfer agent and filing fees		5,817	21,367	13,917	23,592
Travel		25,175	4,872	30,685	11,267
Loss before other income (expenses)		(1,222,750)	(286,190)	(1,787,169)	(862,010)
Other income (expenses)					
Settlement of flow-through share premium	4	221,859	3,904	265,626	61,684
Expense recoveries	6	28,416	-	28,416	-
Recovery of sales taxes		8,171	-	8,171	-
Foreign exchange gain		77	46	77	56
Interest expense		(200)	(675)	(236)	(1,128)
Total other income		258,323	3,275	302,054	60,612
Loss and comprehensive loss for the period		(964,427)	(282,915)	(1,485,115)	(801,398)
Loss per share – basic and diluted (\$)		(0.01)	(0.01)	(0.02)	(0.03)
Weighted average number of common shares outstanding – basic and diluted		88,624,522	28,262,651	70,937,424	28,104,665

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

Kirkland Lake Discoveries Corp.
Condensed Consolidated Interim Statements of Cash Flows
(Unaudited - Expressed in Canadian Dollars)

	Six months ended September 30,	
	2023	2022
	\$	\$
Cash flows from operating activities		
Loss for the period	(1,485,115)	(801,398)
Adjustments for:		
Depreciation	208	3,479
Expense recoveries	(28,416)	-
Recovery of sales taxes	(8,171)	-
Interest expense	-	752
Share-based compensation	-	44,000
Settlement of flow-through share premium	(265,626)	(61,684)
	<u>(1,787,120)</u>	<u>(814,851)</u>
Change in non-cash working capital items:		
(Increase) / Decrease in receivables	(228,762)	(62,793)
(Increase) / Decrease in prepaid expenses and deposits	(163,736)	345,780
Increase / (Decrease) in accounts payable and accrued liabilities	129,602	47,860
Net cash used in operating activities	<u>(2,050,016)</u>	<u>(484,004)</u>
Cash flows from investing activities		
Purchases of exploration and evaluation assets	(54,702)	(15,000)
Purchases of property and equipment	(15,150)	-
Net cash used in investing activities	<u>(69,852)</u>	<u>(15,000)</u>
Cash flows from financing activities		
Shares issued in private placement	7,848,007	536,900
Share issue costs	(806,010)	(23,800)
Loan advances	-	14,321
Loan payments	-	(3,769)
Lease payments	(1,084)	(7,130)
Net cash generated from financing activities	<u>7,040,913</u>	<u>516,522</u>
Net increase in cash	4,921,045	17,518
Cash at beginning of period	70,634	251,707
Cash at end of period	<u>4,991,679</u>	<u>269,225</u>

SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS (Note 7)

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

Kirkland Lake Discoveries Corp.
Condensed Consolidated Interim Statements of Changes in Equity
(Unaudited - Expressed in Canadian Dollars)

	Number of shares	Share capital \$	Reserves \$	Deficit \$	Total equity \$
Balance at March 31, 2022	27,635,859	48,814,085	4,891,971	(48,190,043)	5,516,013
Private placement	-	536,900	-	-	536,900
Share issuance costs	-	(23,800)	-	-	(23,800)
Share issuance costs – broker' warrants	-	(5,940)	5,940	-	-
Flow-through premium	-	(82,716)	-	-	(82,716)
Share-based compensation	-	-	44,000	-	44,000
Total comprehensive loss for the period	-	-	-	(801,398)	(801,398)
Balance at September 30, 2022	27,635,859	49,238,529	4,941,911	(48,991,441)	5,188,999
Revaluation of flow-through units	-	(69,177)	42,779	26,398	-
Total comprehensive loss for the period	-	-	-	(269,306)	(269,306)
Balance at March 31, 2023	29,774,723	49,169,352	4,984,690	(49,234,349)	4,919,693
Shares issued pursuant to acquisition of exploration and evaluation assets	28,612,500	4,657,482	-	-	4,657,482
Private placement	30,237,299	5,211,315	2,636,692	-	7,848,007
Share issue costs	-	(806,010)	-	-	(806,010)
Share issue costs – brokers' warrants	-	(164,000)	164,000	-	-
Flow-through share premium	-	(288,682)	-	-	(288,682)
Total comprehensive loss for the period	-	-	-	(1,485,115)	(1,485,115)
Balance at September 30, 2023	88,624,522	57,779,457	7,785,382	(50,719,464)	14,845,375

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

Kirkland Lake Discoveries Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended September 30, 2023 and 2022

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

1. NATURE OF OPERATIONS AND GOING CONCERN

Kirkland Lake Discoveries Corp., formerly Warrior Gold Inc. (the “Company” or “Kirkland Lake”) was incorporated under the laws of British Columbia on March 6, 1984. On May 10, 2023, the Company completed a 4-for-1 share consolidation and changed its name from Warrior Gold Inc. to Kirkland Lake Discoveries Corp. The Company is listed on the TSX Venture Exchange (“TSX-V”) under the symbol “KLDC”, as a Tier 2 mining issuer. The address of the Company’s corporate office and principal place of business is 25 Adelaide Street East, Suite 1400, Toronto, Ontario, Canada, M5C 3A1.

The Company is a mineral exploration company engaged in the acquisition, exploration and evaluation of resource properties. The Company’s exploration and evaluation assets presently have no proven or probable reserves, and on the basis of information to date, it has not yet determined whether these properties contain economically recoverable resources. The recoverability of amounts shown for exploration and evaluation assets are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

These condensed interim consolidated financial statements have been prepared assuming the Company will continue on a going-concern basis and do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. The ability of the Company to continue as a going concern depends upon its ability to develop profitable operations and to continue to raise adequate financing. As at September 30, 2023, the Company had an accumulated deficit of \$50,719,464 and shareholders’ equity of \$14,845,375. In addition, the Company has working capital of \$4,794,469, consisting primarily of cash, and negative cash flow from operating activities of \$2,050,016. Management is actively targeting sources of additional financing through alliances with financial, exploration and mining entities, or other business and financial transactions which would assure continuation of the Company’s operations and exploration programs. In order for the Company to meet its liabilities as they come due and to continue its operations, the Company is solely dependent upon its ability to generate such financing. These items give rise to material uncertainties which may cast a significant doubt on the Company’s ability to continue as a going concern.

These condensed consolidated interim financial statements were approved by the Board of Directors of the Company on November 27, 2023.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below.

a) Statement of compliance

The Company’s condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as applicable to interim financial reports including International Accounting Standards 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (“IASB”). These condensed consolidated interim financial statements do not include all the information and note disclosures required by IFRS for annual financial statements and should be read in conjunction with the annual financial statements for the year ended March 31, 2023, which have been prepared in accordance with IFRS, as issued by the IASB.

Kirkland Lake Discoveries Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended September 30, 2023 and 2022

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Statement of compliance (continued)

The policies applied in these condensed consolidated interim financial statements are the same as those applied in the most recent annual financial statements and were consistently applied to all the periods presented.

b) Basis of presentation

These condensed consolidated interim financial statements are expressed in Canadian dollars and have been prepared on a historical cost basis except for financial instruments classified as subsequently measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The functional currency of the Company and its subsidiaries is the Canadian dollar.

Certain comparative figures have been reclassified to conform to the current period presentation.

c) Principles of consolidation

These condensed consolidated interim financial statements include the accounts of Kirkland Lake Discoveries Corp. and its wholly- owned subsidiaries. The principal subsidiaries are:

	<u>Incorporation</u>	<u>Percentage of Ownership</u>	
		2023	2022
Champagne Resources Limited ("Champagne")	Canada	N/A	100%
RD Minerals S.A. de C.V.	Mexico	100%	100%

In August 2022, pursuant to an amalgamation agreement, Champagne was amalgamated into Kirkland Lake Discoveries Corp. (formerly Warrior Gold Inc.). These condensed consolidated interim financial statements include the accounts of Champagne for the three and six months ended September 30, 2023 in the comparative information. All significant intercompany transactions have been eliminated.

d) Significant Accounting Estimates and Judgments

The preparation of these condensed consolidated interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates.

These condensed consolidated interim financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates may be pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Kirkland Lake Discoveries Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended September 30, 2023 and 2022

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Significant Accounting Estimates and Judgments (continued)

Significant assumptions about the future and other sources of estimation uncertainty that management has made at year end that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to the following:

(i) Critical accounting estimates

Valuation of Options Granted and Warrants Issued

The fair value of common share purchase options granted and warrants issued as part of share issuance costs is determined at the issue date using the Black-Scholes option pricing model. The Black-Scholes model involves six key inputs to determine the fair value of an option, which are: risk-free interest rate, exercise price, market price at the grant date, expected dividend yield, expected life, and expected volatility. Certain of the inputs are estimates that involve considerable judgment and are or could be affected by significant factors that are out of the Company's control. The Company is also required to estimate the future forfeiture rate of options based on historical information in its calculation of share-based payments expense. These estimates impact the values of stock-based compensation expense, share capital, and reserves.

Computation of Income Taxes

The determination of tax expense for the period and deferred tax assets and liabilities involves significant estimation and judgment by management. In determining these amounts, management interprets tax legislation in a variety of jurisdictions and make estimates of the expected timing of the reversal of deferred tax assets and liabilities. Management also makes estimates of future earnings which affect the extent to which potential future tax benefits may be used.

The Company is subject to assessments by taxation authorities, which may interpret legislation differently. These differences may affect the final amount or the timing of the payment of taxes. We provide for such differences where known based on our best estimate of the probable outcome of these matters.

Shares Issued to Acquire Exploration and Evaluation Assets

From time to time, the Company issues common shares in the course of acquiring exploration and evaluation assets. When shares are issued without cash consideration, the transaction is recognized at the fair value of the assets received. In the event that the fair value of the assets cannot be reliably determined, the Company will recognize the transaction at the fair value of the shares issued. These estimates impact the value of share capital and exploration and evaluation assets.

Valuation of flow-through premium

The determination of the valuation of flow-through premium is subject to significant judgment and estimates. The flow-through premium is valued as the estimated premium that investors pay for the flow-through feature, being the portion in excess of the market value of shares without the flow-through feature.

Kirkland Lake Discoveries Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended September 30, 2023 and 2022

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Significant Accounting Estimates and Judgments (continued)

(ii) Critical accounting judgments

Title to mineral property interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Impairment of Exploration and Evaluation Assets

Management is required to assess impairment in respect to the Company's intangible mineral property interests. The triggering events are defined in IFRS 6. In making the assessment, management is required to make judgments on the status of each project and the future plans towards finding commercial reserves. The carrying value of each exploration and evaluation asset is reviewed regularly for conditions that may suggest impairment. This review requires significant judgment.

Factors considered in the assessment of asset impairment include, but are not limited to, whether there has been a significant adverse change in the legal, regulatory, accessibility, title, environmental or political factors that could affect the property's value; whether there has been an accumulation of costs significantly in excess of the amounts originally expected for the property's acquisition, development or cost of holding; and whether exploration activities produced results that are not promising such that no more work is being planned in the foreseeable future. If impairment is determined to exist, a formal estimate of the recoverable amount is performed and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount.

Management has determined that there were no indicators of impairment as at September 30, 2023.

Presentation of financial statements as a going concern

Presentation of the condensed consolidated interim financial statements as a going concern which assumes that the Company will continue in operation for the foreseeable future, obtain additional financing as required, and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due involves significant judgment by management.

e) Initial application of standards, interpretations and amendments to standards and interpretations in the reporting period

The IASB issued certain new accounting standards or amendments that are mandatory for accounting periods on or after January 1, 2023, including IFRS Practice Statement 2 and IAS 8 Accounting Policies, Changes in Accounting Estimates. The effect of such new accounting standards or amendments did not have a material impact on the Company and therefore the Company did not record any adjustments to the consolidated financial statements.

Kirkland Lake Discoveries Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended September 30, 2023 and 2022

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) New and amended IFRS standards not yet effective

Certain new accounting standards or interpretations have been published that are not mandatory for the current period and have not been early adopted. These standards and interpretations are not expected to have a material impact on the Company's consolidated financial statements.

3. EXPLORATION AND EVALUATION ASSETS

The schedules below summarize the carrying costs of acquisition costs and exploration expenditures incurred to date for each exploration and evaluation asset that the Company is continuing to explore as at September 30, 2023 and March 31, 2023:

	KL West Side	KL East Side	Total
Six months ended September 30, 2023	\$	\$	\$
Exploration and evaluation assets			
Balance as at March 31, 2023	5,220,020	103,760	5,323,780
Additions			
Acquisition costs	-	4,692,184	4,692,184
Option payments	10,000	10,000	20,000
Balance as at September 30, 2023	5,230,020	4,805,944	10,035,964
Exploration and evaluation expenditures			
Cumulative exploration expense -			
March 31, 2023	3,821,289	579,138	4,400,427
Assays	125,278	5,687	130,965
Camp costs	42,391	16,410	58,801
Claims management	12,561	9,927	22,488
Drilling	388,240	-	388,240
Equipment rental	7,102	12,368	19,470
Geology	33,525	37,002	70,527
Geophysical survey	551	254,028	254,579
Geotechnical	48,664	80,817	129,481
Mapping	-	67,539	67,539
Other	13,077	4,745	17,822
Permits	1,266	375	1,641
Technical reports	175	-	175
Transportation	2,554	2,432	4,986
Travel and accommodations	15,469	8,784	24,253
	690,853	500,114	1,190,967
Cumulative exploration expense -			
September 30, 2023	4,512,142	1,079,252	5,591,394

Kirkland Lake Discoveries Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended September 30, 2023 and 2022

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

3. EXPLORATION AND EVALUATION ASSETS (continued)

	KL West Side \$	KL East Side \$	Total \$
Six months ended September 30, 2022			
Exploration and evaluation assets			
Balance as at March 31, 2022 and September 30, 2022	5,193,760	75,500	5,269,260
Exploration and evaluation expenditures			
Cumulative exploration expense - March 31, 2022	3,770,264	-	3,770,264
Assays	5,649	6,249	11,898
Camp costs	4,290	1,150	5,440
Claims management	9,915	1,594	11,509
Geology	21,746	1,575	23,321
Geophysical survey	295,254	93,368	388,622
Geotechnical	23,409	10,119	33,528
Mapping	10,913	-	10,913
Other	7,141	-	7,141
Permits	1,783	-	1,783
Technical reports	-	225	225
Transportation	6,200	4,644	10,844
Travel and accommodations	8,743	9,297	18,040
	395,043	128,221	523,264
Cumulative exploration expense – September 30, 2022	4,165,307	128,221	4,293,528

(a) KL West Side

KL West Side is comprised of the Goodfish-Kirana Project (“Goodfish”) and the KL West Land Package.

Goodfish Property

The Company owns a 100% interest in the Goodfish property that was acquired by making payments in cash, common shares of the Company and/or in exchange for a net smelter return (“NSR”) between 2018 and 2022. The property comprises 27 cell claims and 29 patented mining claims covering a total area of 4,368 ha. The Company wholly owns the property subject to various NSR arrangements.

The KL West Land Package

In August 2021, the Company entered into an option agreement with an arm’s length party to acquire a 100% interest in the KL West (“KLW”) and KL Central (“KLC”) land packages. The KLW land package comprises 107 mining claims (11,792 hectares) and the KLC land package comprises eight mining claims (2,302 hectares) for an aggregate of 115 claims (14,094 hectares). Under the terms of the option agreement, the Company paid \$10,000 in cash and issued 250,000 common shares, and agreed to pay \$15,000 in cash on the first anniversary (paid in July 2022), \$20,000 on the second anniversary (paid in July 2023), and \$25,000 on the third anniversary. The option agreement is also subject to the issuance of 1,000,000 common shares upon the delivery of a Pre-Feasibility Study as defined in accordance with a National Instrument 43-101 technical report prepared by the Company and a 1.5% NSR. The Company has the right to purchase two-thirds of the NSR (or 1%) for \$1,000,000.

Kirkland Lake Discoveries Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended September 30, 2023 and 2022

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

3. EXPLORATION AND EVALUATION ASSETS (continued)

(a) KL West Side (continued)

Acquisition costs incurred in connection with the purchase of the KLW and KLC land packages were split evenly between the KL West Side and KL East Side properties (see Note 3(b)).

In March 2022, the Company staked 29 new claims (approximately 588 ha) in Melba township. These claims are contiguous to the northern part of the KLW land package and are immediately west of the Barnet Creek Fault Zone, a prominent north-south-trending fault that is considered to be the structural control on nearby gold occurrences.

The KLW land package is contiguous to and west of the Company's Goodfish Project and the KLC land package is contiguous to the Company's Arnold Property (see Note 3(b)).

In February 2023, the Company acquired three separate blocks of claims that are contiguous to the KLW and the KLC ground. The properties acquired include the Winnie Lake claims, Teck-Bernhardt and the Kennedy Lake Property. The Winnie Lake claims were transferred in exchange for payment of the staking and extension costs of \$2,520. The Company agreed to pay \$50,000 in total for the other claims, \$5,000 upon signing, \$15,000 due in April (paid) and \$30,000 by December 31, 2023. Acquisition costs incurred were split evenly between the KL West Side and KL East Side properties (see Note 3(b)).

(b) KL East Side

KL East Side is comprised of the KL Central Land Package, Arnold and Lucky Strike properties.

KL Central Land Package

The KL Central Land Package was acquired along with the KL West Package of claims (see Note 3(a)).

On November 14, 2022, the Company acquired via staking additional 66 cell claims contiguous to the KLC land package.

The Arnold Property

In July 2021, the Company acquired the Arnold Claims, comprised of 25 operational cells (538 hectares) (the "Arnold Property"). As consideration for the purchase, the Company issued 350,000 common shares, with the Vendor holding a 1.5% NSR and the Company having the right to purchase two-thirds of the NSR (or 1%) for \$1,000,000.

Lucky Strike Property

On May 25, 2023, the Company acquired from New Found Gold Corp. ("NFG") all of the properties comprising the Lucky Strike Project located immediately to the east of the Company's Goodfish-Kirana Project, in Kirkland Lake, Ontario, and consisting of 653 unpatented mining claims covering approximately 11,367 hectares (114 km²). The Company acquired the Lucky Strike Project by issuing to NFG 28,612,500 common shares in the capital of the Company, and granting to NFG a 1.0% net smelter return royalty on the Lucky Strike Project pursuant to a royalty agreement. In addition, under the terms of the purchase agreement, NFG agreed to use commercially reasonable efforts to distribute all the common shares of the Company that it holds to its shareholders, pro rata, within one year following the completion of the acquisition.

Kirkland Lake Discoveries Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended September 30, 2023 and 2022

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

3. EXPLORATION AND EVALUATION ASSETS (continued)

In September 2022, the Company staked a “bridge” of claims connecting the KL West Side and KL East Side properties so that assessment credits accumulated anywhere on the Company’s project areas can be transferred easily avoiding administrative hurdles. The “bridge” is comprised of 60 cell claims (1,718 ha).

As of September 30, 2023, the Company’s land position was 1,338 claims and 29 patented claims, totaling 38,014 hectares.

4. FLOW-THROUGH SHARE PREMIUM

	Issued September 2021 \$	Issued December 2021 \$	Issued July 2022 \$	Issued May 2023 \$	Total \$
Balance at March 31, 2022	147,373	50,000	-	-	197,373
Liability incurred on flow-through shares issued	-	-	109,114	-	109,114
Settlement of flow-through share premium on expenditures incurred	(77,281)	-	-	-	(77,281)
Balance at March 31, 2023	70,092	50,000	109,114	-	229,206
Liability incurred on flow-through shares issued	-	-	-	288,682	288,682
Settlement of flow-through share premium on expenditures incurred	(70,092)	(50,000)	(109,114)	(36,420)	(265,626)
Balance at September 30, 2023	-	-	-	252,262	252,262

Flow-through share arrangements entitle the holder of the flow-through share to a 100% tax deduction in respect of qualifying Canadian exploration expenses as defined in the Income Tax Act, Canada (“Qualifying CEE”).

During the six months ended September 30, 2023, the Company incurred \$1,099,301 (six months ended September 30, 2022 – \$349,936) in Qualifying CEE and amortized a total of \$265,626 (six months ended September 30, 2022 – \$61,684) of its flow-through liabilities.

The flow-through premium liability does not represent a cash liability to the Company and is to be fully amortized to the condensed interim statements of loss and comprehensive loss pro-rata with the amount of qualifying expenditures that will be incurred.

As at September 30, 2023, the Company must spend another \$1,642,739 of Qualifying CEE by May 30, 2024 to satisfy its remaining current flow-through liability of \$252,262.

The Company was required to incur \$258,023 of Qualifying CEE by December 31, 2022 under the Look-Back Rule offered by the Canada Revenue Agency (“CRA”). The Company was not able to incur all such expenditures within the prescribed timeline. The Company intends to amend its renunciation filing with the CRA to renunciate these expenditures under the General Rule. As of September 30, 2023, the Company has incurred \$258,023 in Qualifying CEE to satisfy these flow-through commitments.

Kirkland Lake Discoveries Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended September 30, 2023 and 2022

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

5. SHARE CAPITAL AND RESERVES

Authorized Share Capital

At September 30, 2023, the authorized share capital comprised an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

Share Consolidation

Effective May 10, 2023, the Company completed a 4-for-1 share consolidation. All share, option, warrant and per share amounts have been retroactively restated to reflect the share consolidation.

Details of Common Shares Issued During the Six Months Ended September 30, 2023

On May 25, 2023, the Company issued 28,612,500 common shares to New Found Gold Corp. to acquire all of the properties comprising the Lucky Strike project (Note 3 (b)).

On May 30, 2023, the Company completed a brokered private placement offering of 18,690,000 non-flow-through units at a price of \$0.25 per unit, and 11,547,299 flow-through units at a price of \$0.275 per unit, for aggregate gross proceeds of \$7,848,007. Each non-flow-through unit is comprised of one common share and one common share purchase warrant. Each warrant is exercisable into one common share for a period of two years at an exercise price of \$0.40 per common share. The fair value of the warrants issued as part of the units was determined to be \$2,626,692 using the residual value method. The premium received on the flow-through units issued was determined to be \$288,682.

The Company paid cash commissions in the aggregate amount of \$467,880, professional fees and regulatory fees of \$411,473 and issued an aggregate of 1,802,238 broker warrants, exercisable into common shares of the Company at a price of \$0.25 per common share until May 30, 2025. The fair value of the broker warrants was determined to be \$164,000. All securities issued in connection with the May 2023 private placement were subject to a statutory hold period of four months plus a day from the date of issuance in accordance with applicable securities legislation.

Details of Common Shares Issued During the Year Ended March 31, 2023

In July 2022, the Company closed a private placement with the issuance of 2,138,928 common share units for gross proceeds of \$536,900. The units consisted of 775,000 common share units priced at \$0.20 per unit and 1,368,928 flow-through units priced at \$0.28 per unit. Each unit is comprised of one common share and one-half common share purchase warrant exercisable into one additional share of the Company at a price of \$0.40 per common share until July 12, 2023. The fair value assigned to the warrants was \$42,779. In connection with the July 2022 private placement, the Company paid finders' fees of \$23,800 in cash and issued 99,000 broker warrants exercisable into common shares of the Company at \$0.20 per common share until July 12, 2023. The fair value assigned to the broker warrants was \$5,940.

Kirkland Lake Discoveries Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended September 30, 2023 and 2022

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

5. SHARE CAPITAL AND RESERVES (continued)

Share Purchase Option Compensation Plan

In September 2021, the shareholders of the Company re-approved the Company's incentive stock option plan (the "Stock Option Plan") which provides that the aggregate number of common shares of the Company's capital issuable pursuant to options granted may not exceed 10% of the issued and outstanding shares. If the aggregate number of options granted exceeds the maximum allowed under the Stock Option Plan, exercise of the options will require shareholder approval. Options granted under the Plan may have a maximum term of ten years and the exercise price of options granted will not be less than the discounted market price of the common shares as of the award date. The board of directors has the authority to set the vesting terms of options granted, subject to the rules of the TSX-V regarding options granted for investor relations services.

Stock options

The continuity of share purchase options for the six months ended September 30, 2023 and the year ended March 31, 2023 is as follows:

	Number of options	Weighted average exercise price \$
March 31, 2022	2,261,250	0.31
Expired	(281,250)	0.31
March 31, 2023 and September 30, 2023	1,980,000	0.31

The Company's outstanding and exercisable stock options at September 30, 2023 are as follows:

Expiry Date	Outstanding and Exercisable Options	Weighted Average Remaining Life (Yrs.)	Weighted-Average Exercise Price \$
December 16, 2024	625,000	1.21	0.40
May 6, 2025	100,000	1.60	0.40
September 23, 2026	1,192,500	2.98	0.28
March 28, 2027	62,500	3.49	0.28
	1,980,000	2.37	0.31

Kirkland Lake Discoveries Corp.

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5. SHARE CAPITAL AND RESERVES (continued)

Warrants

The continuity of warrants for the six months ended September 30, 2023 and for the year ended March 31, 2023 is as follows:

	Number of Financing Warrants	Weighted Average Exercise Price \$	Number of Broker Warrants	Weighted Average Exercise Price \$
March 31, 2022	3,267,227	0.60	188,432	0.60
Issued	1,069,464	0.40	99,000	0.20
Expired	(3,267,227)	0.60	(188,432)	0.60
March 31, 2023	1,069,464	0.40	99,000	0.20
Issued	30,237,299	0.40	1,802,238	0.25
Expired	(1,069,464)	0.60	(99,000)	0.20
September 30, 2023	30,237,299	0.40	1,802,238	0.25

The Company's outstanding and exercisable warrants at September 30, 2023 are as follows:

Number of Financing Warrants	Exercise Price \$	Number of Broker Warrants	Exercise Price \$	Expiry Date
30,237,299	0.40	1,802,238	0.25	May 30, 2025

The Company used the Black-Scholes option-pricing model to determine the fair value of brokers' warrants issued using the following weighted average assumptions:

Six months ended September 30	2023	2022
Share price	\$0.16	\$0.20
Exercise price	\$0.40	\$0.20
Annualized stock price volatility	125.9%	75.96%
Risk-free interest rate	4.22%	3.18%
Expected warrant life (years)	2.00	1.00
Dividend yield	0%	0%

The fair value of 1,802,238 brokers' warrants issued during the six months ended September 30, 2023 was estimated at \$164,000 (six months ended September 30, 2022 - \$5,940 for 99,000 brokers' warrants).

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6. RELATED PARTY BALANCES AND TRANSACTIONS

All transactions with related parties have occurred in the normal course of operations and on terms and conditions that are similar to those of transactions with unrelated parties and are measured at the amount of consideration paid or received.

There are no ongoing contractual commitments resulting from these transactions with related parties.

Key management personnel compensation

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

Three months ended September 30, 2023	Salaries and Consulting fees \$	Share-based compensation \$	Total \$
President, Chief Executive Officer and Director	44,471	-	44,471
Chief Financial Officer	5,000	-	5,000
Former Chief Financial Officer	8,000	-	8,000
Total	57,471	-	57,471

Three months ended September 30, 2022	Salaries and Consulting fees \$	Share-based compensation \$	Total \$
President, Chief Executive Officer and Director	45,000	3,640	48,640
Former Chief Financial Officer	12,000	1,274	13,274
Former Chief Geologist, Consultant	-	965	965
Non-executive directors	2,000	7,278	9,278
Total	59,000	13,157	72,157

Six months ended September 30, 2023	Salaries and Consulting fees \$	Share-based compensation \$	Total \$
President, Chief Executive Officer and Director	90,000	-	90,000
Chief Financial Officer	5,000	-	5,000
Former Chief Financial Officer	20,000	-	20,000
Total	115,000	-	115,000

Six months ended September 30, 2022	Salaries and Consulting fees \$	Share-based compensation \$	Total \$
President, Chief Executive Officer and Director	91,323	8,351	99,674
Former Chief Financial Officer	24,000	2,669	26,669
Former Chief Geologist, Consultant	-	2,021	2,021
Non-executive directors	2,000	15,251	17,251
Total	117,323	28,292	145,615

Kirkland Lake Discoveries Corp.

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(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

6. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

As at September 30, 2023, there was \$202 payable to key management personnel in respect of key management compensation and expense reimbursements included in accounts payable and accrued liabilities (March 31, 2023 - \$45,103). The amounts are unsecured, non-interest bearing and without fixed terms of repayment.

Included in expense recoveries of \$28,416 for the six months ended September 30, 2023 is \$26,103 related to a write-off of amounts payable to the Company's President, Chief Executive Officer and Director (six months ended September 30, 2022 - \$Nil).

The Company has a compensation agreement with the Chief Executive Officer ("CEO") for \$15,000 per month, which is automatically renewable for successive one-year terms. In the event of the CEO's termination without cause, the Company would owe a lump-sum payment equivalent to 12 months of salary.

7. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	Six months ended September 30,	
	2023	2022
	\$	\$
Non-cash investing and financing activities:		
Fair value of brokers' warrants	164,000	5,940
Shares issued to acquire the Lucky Strike Project (Note 3(b))	4,672,500	-
Cash paid for income taxes	-	-
Cash paid for interest	36	-

8. SEGMENTED INFORMATION

The Company's operations are limited to a single reportable segment, being mineral exploration and evaluation. All of the Company's evaluation and exploration assets are located in Canada.

9. FINANCIAL INSTRUMENTS

(a) Fair Values

The Company's financial instruments include cash, receivables, accounts payable and accrued liabilities and lease liabilities. Fair value amounts disclosed in these condensed consolidated interim financial statements represent the Company's estimate of the price at which a financial instrument could be exchanged in a market in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. These estimates may change in subsequent reporting periods due to market conditions or other factors.

A fair value hierarchy is used to categorize the inputs used to measure fair value. Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are as follows:

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9. FINANCIAL INSTRUMENTS (continued)

Level 1 - include financial assets and liabilities that are measured in whole or in significant part by reference to published quotes in an active market at the measurement date. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2 - include financial assets and liabilities using valuation techniques based on assumptions that are supported by prices from observable current market transactions. The Company has no assets or liabilities in this category.

Level 3 - include financial assets and liabilities measured using valuation techniques based on nonmarket observable inputs. This means that fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. The Company has no assets or liabilities in this category.

(b) Classification of financial assets and liabilities

Amortized cost:

Financial assets that meet the following conditions are measured subsequently at amortized cost:

- (i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and
- (ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. Interest income is recognized using the effective interest method. Interest income is recognized in investment income (loss) in profit or loss.

The Company's financial assets at amortized cost primarily include cash. The Company's financial liabilities at amortized cost include accounts payable and accrued liabilities, loan payable and lease liability. The carrying value of cash, accounts payable and accrued liabilities, loan payable and lease liability approximate their fair value due to the short-term nature and limited credit risk of these assets and liabilities.

(c) Financial Instruments Risk Management

The Company has exposure to credit, liquidity and market risks from its use of financial instruments. This note provides information about the Company's exposure to each of these risks, and the Company's objectives, policies and processes for measuring and managing such risks. The board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

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9. FINANCIAL INSTRUMENTS (continued)

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company does not have financial instruments that potentially subject the Company to credit risk. Overall, the Company's credit risk has not changed significantly from the prior year. Sales taxes recoverable are due from the Canada Revenue Agency and the Company places its cash with financial institutions with high credit ratings, therefore in management's judgment, credit risk is low. There have been no changes in management's methods for managing credit risk since March 31, 2023.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in paying obligations as they come due. The Company's financial liabilities consist of accounts payable and accrued liabilities, loan payable and lease liability. Accounts payable consists of invoices payable to trade suppliers for capital expenditures, field operating activities, and general corporate expenses. Substantially all of the Company's financial liabilities have contractual maturities of less than 90 days and are subject to normal trade terms. The Company addresses its liquidity risk through equity financing obtained through sale of common shares and units. While the Company has been successful in securing financing in the past, there is no assurance that it will be able to do so in the future. As September 30, 2023, the Company has a working capital of \$4,794,469 (March 31, 2023 - working capital deficiency of \$405,246).

There have been no changes in management's methods for managing liquidity risk since March 31, 2023.

Market risk

Market risk is the risk that changes in market prices, such as commodity prices, interest rates and foreign exchange rates will affect the Company's net earnings or the value of financial instruments. The objective of the Company is to manage and mitigate market risk exposures within acceptable limits, while maximizing returns.

(i) Currency risk

Financial instruments that impact the Company's net earnings or other comprehensive income due to currency fluctuation include cash accounts denominated in US dollars. Fluctuations in the exchange rate between the US dollar and the Canadian dollar at September 30, 2023 would not have a material impact on the Company's profit/ loss.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is not exposed to interest rate risk as it does not hold any funds in interest bearing accounts.

(iii) Commodity price risk

Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company's property has exposure to predominantly gold. Commodity prices, especially gold, greatly affect the value of the Company and the potential value of its property and investments.

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9. FINANCIAL INSTRUMENTS (continued)

(iv) Equity price risk

Equity price risk is the risk that the fair value of or future cash flows from financial instruments will significantly fluctuate because of changes in market prices. The Company does not have any investments in equity instruments at September 30, 2023 or March 31, 2023 and therefore is not exposed to equity price risk.

10. CAPITAL MANAGEMENT

The Company's objectives when managing capital are:

- To safeguard our ability to continue as a going concern in order to develop and operate our current projects;
- Pursue strategic growth initiatives; and
- To maintain a flexible capital structure which lowers the cost of capital.

In assessing our capital structure, we include in our assessment the components of equity consisting of common shares, stock options and warrants, and deficit that as at September 30, 2023 totalled \$14,845,375 (March 31, 2023 - \$4,919,693).

In order to facilitate the management of capital requirements, the Company prepares annual expenditure budgets and continuously monitors and reviews actual and forecasted cash flows. The annual and updated budgets are monitored and approved by the Board of Directors. To maintain or adjust the capital structure, the Company may, from time to time, issue new shares, issue new debt, repay debt or dispose of non-core assets. The Company's current capital resources are sufficient to carry out our exploration plans and support operations through the current operating period.

The Company is not subject to any capital requirements imposed by a regulator.

There were no changes in the Company's approach to capital management during the six months ended September 30, 2023.

11. SUBSEQUENT EVENT

Stock option grant

On October 31, 2023, the Company granted 4,800,000 stock options to directors, officers and consultants at an exercise price of \$0.12 per share for a period of five years.