

**Kirkland Lake Discoveries Corp.**

**(Formerly, Warrior Gold Inc.)**

**Audited Consolidated Financial Statements**  
**For the Years Ended March 31, 2023 and 2022**

## Independent Auditor's Report

To the Shareholders of Kirkland Lake Discoveries Corp. (Formerly Warrior Gold Inc.)

### Opinion

We have audited the consolidated financial statements of Kirkland Lake Discoveries Corp. (Formerly Warrior Gold Inc.) (the "Group"), which comprise the consolidated statements of financial position as at March 31, 2023 and March 31, 2022 and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2023 and March 31, 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the consolidated financial statements which describes the material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the year ended March 31, 2023. In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be a key audit matter to be communicated in our report. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Recoverability of Exploration and Evaluation Assets

As disclosed in Note 8 of the consolidated financial statements, the carrying value of Exploration and Evaluation Assets represents a significant asset of the Group. Refer to Note 3(c) and Note 7 of the consolidated financial statements for a description of the accounting policy and significant judgments applied to Exploration and Evaluation Assets.

At each reporting period end, management applies judgment in assessing whether there are any indicators of impairment relating to mining claims and deferred exploration costs. If there are indicators of impairment, the recoverable amount of the related asset is estimated in order to determine the extent of any impairment. Indicators of impairment may include (i) the period during which the entity has the right to explore in the specific area has expired during the year or will expire in the near future and is not expected to be renewed; (ii) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned; (iii) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and (iv) sufficient data exists to indicate that the carrying amount of the mining claims and deferred exploration costs is unlikely to be recovered in full from successful development or by sale. No impairment indicators were identified by management as at March 31, 2023.

#### **Why the matter was determined to be a key audit matter**

We considered this a key audit matter due to (i) the significance of the exploration and evaluation assets and (ii) the judgments made by management in its assessment of indicators of impairment related to the exploration and evaluation assets, which have resulted in a high degree of subjectivity in performing audit procedures related to these judgments applied by management.

#### **How the matter was addressed in our audit**

We have evaluated management's assessment of impairment indicators per IFRS 6 Exploration for and Evaluation of Mineral Resources, including but not limited to:

- Reviewing the Group's rights to explore in the relevant exploration areas and assessing whether the rights to tenure remained current at balance date;
- Considering the status of the relevant exploration areas by holding discussions with management, and reviewing the Group's exploration budget;
- Enquiring with management and reviewing its future plans and other documentation as evidence that further exploration and evaluation activities in the area of interest will be continued in the future;
- Assessing whether any data exists to suggest that the carrying value of the Exploration and Evaluation assets is unlikely to be recovered through development or sale; and
- Assessing the adequacy of the related disclosures in Note 8 to the consolidated financial statements.

#### **Other Information**

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the other information prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

## **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business

activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Pejman Mahlooji.

**"Crowe MacKay LLP"**

**Chartered Professional Accountants  
Vancouver, Canada  
July 31, 2023**

**Kirkland Lake Discoveries Corp. (formerly, Warrior Gold Inc.)**  
**Consolidated Statements of Financial Position**  
**Expressed in Canadian Dollars**

	Note	March 31 2023 \$	March 31 2022 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		70,634	251,707
Receivables		18,262	16,838
Prepaid expenses and deposits		10,265	366,936
<b>Total current assets</b>		<b>99,161</b>	<b>635,481</b>
<b>Non-current assets</b>			
Exploration and evaluation assets	8	5,323,780	5,254,260
Right-of-use asset	6	1,159	8,117
<b>Total non-current assets</b>		<b>5,324,939</b>	<b>5,262,377</b>
<b>Total assets</b>		<b>5,424,100</b>	<b>5,897,858</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	12	270,645	166,677
Flow-through share premium liabilities	5	229,206	197,373
Lease liability – short term	6	2,243	13,138
Loan payable		2,313	2,414
<b>Total current liabilities</b>		<b>504,407</b>	<b>379,602</b>
<b>Non-current</b>			
Lease liability – long term	6	-	2,243
<b>Total non-current liabilities</b>		<b>-</b>	<b>2,243</b>
<b>Total liabilities</b>		<b>504,407</b>	<b>381,345</b>
<b>EQUITY</b>			
Share capital	9	49,169,352	48,814,085
Reserves	9,10	4,984,690	4,891,971
Deficit		(49,234,349)	(48,190,043)
<b>Total equity</b>		<b>4,919,693</b>	<b>5,516,013</b>
<b>Total liabilities and equity</b>		<b>5,424,100</b>	<b>5,897,858</b>

**Corporate information and going concern** (Note 1)  
**Commitments and contingencies** (Notes 5, 8 and 18)  
**Subsequent events** (Note 19)

The annual consolidated financial statements of the Company for the year ended March 31, 2023 were approved and authorized for issuance by the board of directors on July 31, 2023.

**Approved on behalf of the board of directors:**

\_\_\_\_\_  
*“Steve Burleton”*  
Steve Burleton, Director

\_\_\_\_\_  
*“Denis Laviolette”*  
Denis Laviolette, Director

See accompanying notes.

**Kirkland Lake Discoveries Corp. (formerly, Warrior Gold Inc.)**  
**Consolidated Statements of Comprehensive Loss**  
**Expressed in Canadian Dollars**

Year ended March 31	Note	2023	2022
		\$	\$
<b>Operating expenses</b>			
Consulting fees	12	30,625	30,000
Depreciation	6	6,958	6,957
Exploration costs	8	630,162	851,555
Insurance		14,229	13,394
Investor relations		89,796	82,033
Management fees and salaries	12	238,995	232,522
Office and miscellaneous		50,139	51,090
Professional fees		94,482	50,975
Share-based compensation	10,12	44,000	239,463
Transfer agent and filing fees		35,275	34,131
Travel		33,745	58,036
<b>Loss before other income (expenses)</b>		<b>(1,268,406)</b>	<b>(1,650,156)</b>
<b>Other income (expenses)</b>			
Foreign exchange gain		72	518
Interest expense		(2,578)	(3,659)
Other income	17	214,315	-
Other expense	5	(64,990)	-
Flow-through recovery	5	77,281	181,739
Recovery of claim deposits		-	2,621
		224,100	181,219
<b>Loss and total comprehensive loss for the year</b>		<b>(1,044,306)</b>	<b>(1,468,937)</b>
<b>Basic and diluted loss per common share</b>		<b>(0.04)</b>	<b>(0.06)</b>
<b>Weighted average number of common shares outstanding, basic and diluted (2022, after share consolidation)</b>		<b>29,171,199</b>	<b>25,422,845</b>

See accompanying notes.

**Kirkland Lake Discoveries Corp. (formerly, Warrior Gold Inc.)**  
**Consolidated Statements of Cash Flows**  
**Expressed in Canadian Dollars**

Year ended March 31	2023	2022
	\$	\$
<b>Operating activities</b>		
Loss for the year	(1,044,306)	(1,468,937)
Adjustments for		
Share-based compensation	44,000	239,463
Depreciation	6,958	6,957
Interest expense on lease payments	1,283	2,567
Flow-through recovery	(77,281)	(181,739)
Changes in non-cash operating working capital		
Receivables	(1,424)	90,464
Prepaid expenses and deposits	356,671	(338,913)
Accounts payable and accrued liabilities	56,968	(78,430)
Cash used in operating activities	<u>(657,131)</u>	<u>(1,728,568)</u>
<b>Financing activities</b>		
Shares issued in private placements	536,900	1,646,250
Share issuance costs	(23,800)	(25,020)
Loan advances	14,321	-
Loan repayment	(14,422)	(10,380)
Lease payments	(14,421)	(14,360)
Cash provided by financing activities	<u>498,578</u>	<u>1,596,490</u>
<b>Investing activities</b>		
Acquisition of resource properties	<u>(22,520)</u>	<u>(25,749)</u>
Cash used in investing activities	<u>(22,520)</u>	<u>(25,749)</u>
<b>Increase (decrease) in cash</b>	<b>(181,073)</b>	<b>(157,827)</b>
<b>Cash, beginning of year</b>	<u>251,707</u>	<u>409,534</u>
<b>Cash, end of year</b>	<u>70,634</u>	<u>251,707</u>

**Supplemental Cash Flow Information**

Non-cash investing and financing activities

Shares issued on acquisition of exploration and evaluation assets	\$ -	\$ 96,250
Fair value of broker warrants	\$ 5,940	\$ 4,400
Exploration and evaluation assets in accounts payable and accrued liabilities	\$ 47,000	\$ -

See accompanying notes.

**Kirkland Lake Discoveries Corp. (formerly, Warrior Gold Inc.)**  
**Consolidated Statements of Changes in Equity**  
**Expressed in Canadian Dollars**

		Share capital	Reserves	Deficit	Total equity
		\$	\$	\$	\$
Balance March 31, 2021		47,394,755	4,648,108	(46,721,106)	5,321,757
Private placements	9	1,646,250	-	-	1,646,250
Share issuance costs	9	(25,020)	-	-	(25,020)
Fair value of broker warrants	9	(4,400)	4,400	-	-
Flow-through premium	5	(293,750)	-	-	(293,750)
Shares issued on acquisition of exploration and evaluation assets	9	96,250	-	-	96,250
Share-based compensation	10	-	239,463	-	239,463
Loss for the year		-	-	(1,468,937)	(1,468,937)
Balance March 31, 2022		48,814,085	4,891,971	(48,190,043)	5,516,013
Private placements	9	494,121	42,779	-	536,900
Share issuance costs	9	(23,800)	-	-	(23,800)
Share issuance costs – broker warrants	9	(5,940)	5,940	-	-
Flow-through premium	5	(109,114)	-	-	(109,114)
Share-based compensation	10	-	44,000	-	44,000
Loss for the year		-	-	(1,044,306)	(1,044,306)
Balance March 31, 2023		49,169,352	4,984,690	(49,234,349)	4,919,693

See accompanying notes.

## **Kirkland Lake Discoveries Corp. (formerly, Warrior Gold Inc.)**

Notes to the Annual Consolidated Financial Statements

Year Ended March 31, 2023

Expressed in Canadian Dollars

---

### **1. Corporate information and going concern**

Kirkland Lake Discoveries Corp. (formerly, Warrior Gold Inc.) (the “Company” or “KLDC”) was incorporated under the laws of British Columbia on March 6, 1984. The Company is engaged in the acquisition, exploration and, if warranted, development of mineral resource properties. The Company is listed on the TSX Venture Exchange (the “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, Toronto, Ontario, Canada, M5C 3A1.

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has not generated revenue from operations. The Company incurred a loss of \$1,044,306 during the year ended March 31, 2023 (March 31, 2022 – \$1,468,937) and, as of that date the Company's deficit was \$49,234,349 (March 31, 2022 - \$48,190,043). The Company had cash of \$70,634 at March 31, 2023 (March 31, 2022 - \$251,707). As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties and deferred exploration expenditures. The Company will periodically have to raise funds to continue operations and pursue the acquisition and exploration of mineral resource properties. Although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

These consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

The Company's business financial condition and results of operations may be further negatively affected by economic and other consequences from Russia's military action against Ukraine and the sanctions imposed in response to that action in late February 2022. While the Company expects any direct impacts, of the pandemic and the war in the Ukraine, to the business to be limited, the indirect impacts on the economy and on the mining industry and other industries in general could negatively affect the business and may make it more difficult for it to raise equity or debt financing. There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about on its business, results of operations, financial position and cash flows in the future.

### **2. Basis of Presentation**

#### *a) Statement of compliance*

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Standards Interpretations Committee (“IFRIC”).

## Kirkland Lake Discoveries Corp. (formerly, Warrior Gold Inc.)

Notes to the Annual Consolidated Financial Statements

Year Ended March 31, 2023

Expressed in Canadian Dollars

---

### 2. Basis of Presentation (continued)

#### b) *Basis of measurement*

These consolidated financial statements have been prepared on a historical cost basis except for financial instruments measured at fair value. These consolidated financial statements are presented in Canadian dollars.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 7.

#### c) *Share consolidation*

The Company finalized a share consolidation on the basis of four (4) pre-consolidation common shares for one post-consolidation common share (4:1) effective May 25, 2023 (Note 19). All balances of common shares, common share purchase warrants and stock options herein are reflective of the share consolidation (unless otherwise noted).

### 3. Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements.

#### a) *Principles of consolidation*

These consolidated financial statements include the accounts of the Company and its controlled subsidiaries. Control is achieved when the Company has the power to govern the financial and operating policies of an investee, so as to obtain benefits from its activities. Subsidiaries are fully consolidated from the date on which control is transferred to the group until the date on which control ceases.

These consolidated financial statements include the accounts of the following wholly-owned subsidiaries:

	<u>Incorporation</u>	<u>Percentage of Ownership</u>	
		2023	2022
Champagne Mineral 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 KLDC. These consolidated financial statements include Champagne for the year ended March 31, 2022 in the comparative information, and for the five months to the date of amalgamation August 30, 2022 for the year ended March 31, 2023. All significant intercompany transactions have been eliminated.

#### b) *Foreign currency transactions*

The Company's presentation currency is the Canadian dollar. The functional currency for the Company and Champagne, being the currency of the primary economic environment in which the companies operate, is the Canadian dollar. The functional currency of RD Minerals S.A de C.V. is the Mexican Peso.

Foreign currency accounts are translated into the functional currency as follows:

At the transaction date, each asset, liability, revenue and expense denominated in a foreign currency is translated into the functional currency by the use of the exchange rate in effect at that date. At the year-end date, unsettled monetary assets and liabilities are translated into the functional currency by using the exchange rate in effect at the year-end date and the related translation differences are recognized in net income/loss.

## Kirkland Lake Discoveries Corp. (formerly, Warrior Gold Inc.)

Notes to the Annual Consolidated Financial Statements

Year Ended March 31, 2023

Expressed in Canadian Dollars

---

### 3. Summary of Significant Accounting Policies (continued)

#### b) *Foreign currency transactions (continued)*

Non-monetary assets and liabilities that are measured at historical cost are translated into the functional currency by using the exchange rate in effect at the date of the initial transaction and are not subsequently restated. Non-monetary assets and liabilities that are measured at fair value or a revalued amount are translated into the functional currency by using the exchange rate in effect at the date the value is determined and the related translation differences are recognized in net income/loss or other comprehensive income/loss consistent with where the gain or loss on the underlying non-monetary asset or liability has been recognized.

#### Parent and Subsidiary Companies

The financial results and position of foreign operations whose functional currency is different from the presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date; and
- Income and expenses are translated at monthly average exchange rates during the year.

Exchange differences arising on translation of foreign operations are transferred directly to exchange difference on translating foreign operations on the statement of comprehensive loss and are reported as a separate component of equity titled "Cumulative Translation Differences". These differences are recognized in profit or loss in the year in which the operation is disposed of.

#### c) *Mineral exploration and evaluation expenditures*

##### *Exploration and evaluation expenditures*

Exploration and evaluation costs include the costs associated with exploration and evaluation activity (e.g. geological, geophysical studies, exploratory drilling and sampling), and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination or asset purchase. The Company follows the practice of capitalizing all costs related to the acquisition of mineral claims, and expensing all costs related to the exploration and evaluation of mineral claims and staking costs.

The Company may occasionally enter into farm-out arrangements whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the transferee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted for as a gain on disposal.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to profit or loss. The Company assesses exploration and evaluation assets for impairment at least annually and when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as 'mines under construction'. Exploration and evaluation assets are tested for impairment before the assets are transferred to development properties.

Recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploration, or alternatively, sale of the respective areas of interest.

## Kirkland Lake Discoveries Corp. (formerly, Warrior Gold Inc.)

Notes to the Annual Consolidated Financial Statements

Year Ended March 31, 2023

Expressed in Canadian Dollars

---

### 3. Summary of Significant Accounting Policies (continued)

#### d) *Financial instruments*

##### *Financial assets*

The Company classifies its financial assets in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

The classification of debt instruments is driven by the business model for managing the financial assets and their contractual cash flow characteristics. Debt instruments are measured at amortized cost if the business model is to hold the instrument for collection of contractual cash flows and those cash flows are solely principal and interest. If the business model is not to hold the debt instrument, it is classified as FVTPL. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL for other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument by-instrument basis) to designate them as at FVTOCI.

- Financial assets at FVTPL

Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in profit or loss in the period in which they arise. Derivatives are also categorized as FVTPL unless they are designated as hedges.

- Financial assets at FVTOCI

Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

- Financial assets at amortized cost

Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current assets or non-current assets based on their maturity date.

- Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to twelve month expected credit losses. For trade receivables the Company applies the simplified approach to providing for expected credit losses, which allows the use of a lifetime expected loss provision.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

## Kirkland Lake Discoveries Corp. (formerly, Warrior Gold Inc.)

Notes to the Annual Consolidated Financial Statements

Year Ended March 31, 2023

Expressed in Canadian Dollars

---

### 3. Summary of Significant Accounting Policies (continued)

#### d) *Financial instruments (continued)*

- Derecognition of financial assets

Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on derecognition of financial assets classified as FVTPL or amortized costs are recognized in profit or loss. Gains or losses on financial assets classified as FVTOCI remain within accumulated other comprehensive income.

#### *Financial liabilities*

Financial liabilities are designated as either fair value through profit or loss, or at amortized cost. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Other financial liabilities are carried on the statement of financial position at amortized cost.

#### e) *Provisions*

##### *Decommissioning provision*

The Company is subject to various government laws or regulations relating to environmental disturbances caused by exploration and evaluation activities. If applicable or warranted, the Company records the present value of the estimated costs of legal or constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation and revegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks.

Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the period in which they occur.

##### *Other provisions*

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

#### f) *Income taxes*

Income tax expense comprises current and deferred tax. Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the period-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

## Kirkland Lake Discoveries Corp. (formerly, Warrior Gold Inc.)

Notes to the Annual Consolidated Financial Statements

Year Ended March 31, 2023

Expressed in Canadian Dollars

---

### 3. Summary of Significant Accounting Policies (continued)

#### f) *Income taxes (continued)*

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

#### g) *Share capital*

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, options, and share warrants are classified as equity instruments. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Warrants that are part of units are valued using a residual value method which involves comparing the selling price of the units to the Company's share price on the announcement date of the financing. The market value is then applied to the common share and any residual amount is assigned to the warrant.

If the warrants are exercised, the related amount is reclassified as share capital. If the warrants expire unexercised, the related amount remains in reserves.

#### h) *Flow-through shares*

The proceeds from the offering of flow-through shares are allocated between the shares and the sale of tax benefits when the shares are offered. The allocation is made based on the difference between the market value of the shares and the amount the investors pay for the flow-through shares. A liability is recognized for the premium when the shares are issued, and is extinguished when the tax effect of the temporary differences, resulting from the renunciation of the tax deduction to the flow-through shareholders, is recorded - with the difference between the liability and the value of the tax assets renounced being recorded as a deferred tax expense. The tax effect of the renunciation is recorded at the time the Company makes the renunciation to its subscribers - which may differ from the effective date of renunciation. If the flow-through shares are not issued at a premium, a liability is not established, and on renunciation the full value of the tax assets renounced is recorded as a deferred tax expense.

Proceeds from flow-through issuances are allocated between the offering of shares and the sale of tax benefits based on the difference between the quoted price of the existing shares and either (a) the price of concurrent financing of non-flow through shares and (b) if there is no concurrent financing the amount the investor pays for the shares. A liability is recognized for this difference and is extinguished by crediting other income when the Company has made the required expenditures and there is a reasonable expectation of the renunciation of these expenditures to the tax authorities.

#### i) *Loss per share*

Basic loss per share is computed by dividing the loss to common shares of the Company by the weighted average number of common shares outstanding for the relevant period. Diluted loss per common share is computed by dividing the loss to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted. Stock options and warrants are not included in the computation of loss per share for the years ended March 31, 2023 and 2022 as such inclusion would be anti-dilutive. At March 31, 2023, the Company had stock options and warrants outstanding that could result in the issuance of up to 3,148,464 additional common shares (2022 - 5,716,909, after share consolidation).

## Kirkland Lake Discoveries Corp. (formerly, Warrior Gold Inc.)

Notes to the Annual Consolidated Financial Statements

Year Ended March 31, 2023

Expressed in Canadian Dollars

---

### 3. Summary of Significant Accounting Policies (continued)

#### j) *Share-based payments*

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Performance-vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied. Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in profit or loss, unless they are related to the issuance of shares. Vesting conditions, other than market conditions, are not taken into account when estimating the fair value of the shares or share options at the measurement date. Instead, vesting conditions are taken into account by adjusting the number of equity instruments included in the measurement of the transaction amount so that, ultimately, the amount recognized for goods or services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of the Black-Scholes valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations.

All equity-settled share-based payments are reflected in share-based payment reserve, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in reserves is credited to share capital, adjusted for any consideration paid. If the options expire unexercised, there is no adjustment made to the share-based payment reserve. Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

#### k) *Leases*

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Assets and liabilities arising from a lease are initially measured on a present value basis.

#### ***Right-of-use assets***

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- estimated restoration costs.

## Kirkland Lake Discoveries Corp. (formerly, Warrior Gold Inc.)

Notes to the Annual Consolidated Financial Statements

Year Ended March 31, 2023

Expressed in Canadian Dollars

---

### 3. Summary of Significant Accounting Policies (continued)

#### k) *Leases (continued)*

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

#### **Lease liabilities**

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the consolidated statement of losses over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

#### l) *Government Grants*

Government grants are recognized as other income when there is reasonable assurance that the Company will comply with the relevant conditions and the grant will be received or approved.

### 4. New or Upcoming Accounting Pronouncements

During the year ended March 31, 2023 certain new amendments were adopted and had no material impact on the consolidated financial statements.

The Company is evaluating any upcoming accounting standards which may have an impact on the Company's consolidated financial statements.

The following accounting standards and amendments are effective for future periods:

#### **Amendments to IAS 8 – Definition of Accounting Estimates**

These amendments clarifies how companies distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. The distinction between the two is important because changes in accounting policies are applied retrospectively, whereas changes in accounting estimates are applied prospectively. Further, the amendments clarify that accounting estimates are monetary amounts in the financial statements subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

These amendments are effective for reporting periods beginning on or after January 1, 2023.

## Kirkland Lake Discoveries Corp. (formerly, Warrior Gold Inc.)

Notes to the Annual Consolidated Financial Statements

Year Ended March 31, 2023

Expressed in Canadian Dollars

### 4. New or Upcoming Accounting Pronouncements (continued)

#### Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

The amendments to IAS 1 provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date.

These amendments are effective for reporting periods beginning on or after January 1, 2023.

#### Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies

These amendments continue the IASB's clarifications on applying the concept of materiality. These amendments help companies provide useful accounting policy disclosures, and they include: requiring companies to disclose their material accounting policies instead of their significant accounting policies; clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and do not need to be disclosed; and clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material. The IASB also amended IFRS Practice Statement 2 to include guidance and examples on applying materiality to accounting policy disclosures.

These amendments are effective for reporting periods beginning on or after January 1, 2023.

### 5. Flow-through share premium liabilities

	March 31, 2023	March 31, 2022
	\$	\$
Balance, beginning of year	197,373	85,362
Premium liabilities recognized on flow-through units issued	109,114	293,750
Settlement of flow-through unit premium liabilities	(77,281)	(181,739)
Balance, end of year	229,206	197,373

In July 2022, the Company closed a private placement with the issuance of 1,363,928 flow-through common shares for gross proceeds of \$381,900. These flow-through units were issued in a non-brokered private placement at a premium to the market price in recognition of the tax benefits accruing to subscribers. The flow-through premium liability was calculated to be \$109,114. As of March 31, 2023, the Company is committed to incurring \$381,900 of qualifying expenditures by July 2024.

In December 2021, the Company closed a private placement with the issuance of 625,000 flow-through common shares for gross proceeds of \$200,000. These flow-through and charity flow-through units were issued in a non-brokered private placement at a premium to the market price in recognition of the tax benefits accruing to subscribers. The flow-through premium liability was calculated to be \$37,500. As of March 31, 2023, the Company is committed to incurring \$200,000 of qualifying expenditures by December 2023.

In September 2021, the Company issued 1,250,000 flow-through units and 1,562,500 charity flow-through units for gross proceeds of \$1,156,250. These flow-through and charity flow-through units were issued in a non-brokered private placement at a premium to the market price in recognition of the tax benefits accruing to subscribers. The flow-through premium liability was calculated to be \$256,250. The flow-through premium is derecognized through income as the qualifying expenditures are incurred. As of March 31, 2023, the Company has incurred \$778,747 qualified expenditures and is committed to incurring an additional \$ 377,503 of qualifying expenditures by September 2023.

The Company was required to spend certain flow-through funds 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 timeline and paid interest and penalties of \$64,990 (2022: \$Nil) to the CRA. The Company can still renounce the tax credits if it incurs these qualified expenditures in the calendar year 2023.

**Kirkland Lake Discoveries Corp. (formerly, Warrior Gold Inc.)**

Notes to the Annual Consolidated Financial Statements

Year Ended March 31, 2023

Expressed in Canadian Dollars

**6. Right-of-use assets & lease liability**

As at March 31, 2023, the Company had one operating lease for office premises. The lease liability was measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rates. The weighted average incremental borrowing rate applied to the lease liability in the years ended March 31, 2022 and 2023 was 9.9% per annum. The lease term remaining as at March 31, 2023 is approximately 0.17 years.

**Right-of-use assets**

The following is the continuity of the cost and accumulated depreciation of right-of-use assets (office premises) as at and for the years ended March 31, 2023 and 2022:

<b>Cost</b>	<b>\$</b>
Balance, March 31, 2021, 2022, 2023	45,092
<b>Accumulated depreciation</b>	
Balance, March 31, 2021	30,018
Depreciation	6,957
Balance, March 31, 2022	36,975
Depreciation	6,958
Balance, March 31, 2023	43,933
Carrying amount as at March 31, 2023	1,159
Carrying amount as at March 31, 2022	8,117

**Lease liability**

The following is the continuity of lease liability as at and for the year ended March 31, 2023 and 2022:

<b>Cost</b>	<b>\$</b>
Balance, March 31, 2021	27,174
Lease payments	(14,360)
Interest expense on lease payments	2,567
Balance, March 31, 2022	15,381
Lease payments	(14,421)
Interest expense on lease payments	1,283
Balance, March 31, 2023	2,243
Less: current portion	2,243
Lease liabilities – non current	-

## **Kirkland Lake Discoveries Corp. (formerly, Warrior Gold Inc.)**

Notes to the Annual Consolidated Financial Statements

Year Ended March 31, 2023

Expressed in Canadian Dollars

---

### **7. Critical Accounting Estimates and Judgments**

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements within the next financial year are discussed below:

#### **Critical Judgments**

##### *Going concern of operations*

Management has made the determination that the Company will continue as a going concern for the next year.

##### *Evaluation and exploration expenditures*

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that the future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of the expenditures is unlikely, the amount capitalized is written off in the profit and loss in the period the new information becomes available.

##### *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.

#### **Estimates**

The Company did not have any significant estimates in applying accounting policies that would have significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements within the next financial year.

##### *Valuation of flow-through premium and penalties*

The determination of the valuation of flow-through premium and any related penalties 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 issued in concurrent private placement financing. The penalties are estimated based on tax authorities' prescribed amounts and calculations.

## Kirkland Lake Discoveries Corp. (formerly, Warrior Gold Inc.)

Notes to the Annual Consolidated Financial Statements

Year Ended March 31, 2023

Expressed in Canadian Dollars

---

### 8. Exploration and Evaluation Assets

#### *The Goodfish-Kirana Project*

On February 9, 2018, the Company completed the amalgamation with Champagne, through a “three-cornered amalgamation” whereby Champagne merged with Andromeda Resources Inc. and became a subsidiary of KLDC. In that amalgamation, the Company acquired the Goodfish property. The property is wholly owned by the Company subject to various net smelter royalty (“NSR”) arrangements.

During the year ended March 31, 2019, the Company acquired eight additional patented claims contiguous to the Goodfish-Kirana property for \$161,728. There is a 1.5% NSR on the claims, 1% of which can be purchased by the Company for \$1,000,000.

During the year ended March 31, 2019, the Company acquired a 24-claim package (the “Sutton claims”) (304.04 hectares) adjacent to the northeast portion of the Company’s Goodfish-Kirana property, together with three contiguous new claims (50.64 hectares) staked by the Company. The claims were acquired in exchange for a 1.5% NSR. The Company has the right to buy-back 1% of the NSR for \$1,000,000.

In April 2020, the Company acquired an additional 16 contiguous claims (263 hectares) transferred from Danièle Spethmann, the Company’s chief executive officer (“CEO”), for acquisition costs of \$800 (map staking costs of \$50/claim).

In September 2020, the Company acquired a private property on Airport Road within the Goodfish-Kirana property boundary and on the Goodfish patented claims. The property is four acres and includes installed hydro, a portable schoolroom building, a shipping container and the infrastructure for a septic system. The costs were \$65,000 payable in cash, of which, \$35,000 was paid at the time of acquisition and the balance of \$30,000 was paid in December 2020. The Company also incurred \$6,131 in legal costs relating to the acquisition.

#### *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 87,500 common shares of Warrior Gold, with the Vendor holding a 1.5% NSR and the Company having the right to purchase 1% for \$1,000,000.

#### *The KL West and KL Central Land Packages*

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 has agreed to pay cash of \$15,000 on the first anniversary (paid), \$20,000 on the second anniversary, and \$25,000 on the third anniversary. The option agreement is also subject to the issuance of 250,000 common shares upon the delivery of a Pre-Feasibility Study as defined in accordance with a National Instrument 43-101 technical report prepared by KLDC and a 1.5% NSR. The Company has the right to purchase 1% of the NSR for \$1,000,000.

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 as documented in Ontario government archives.

In September 2022, the Company staked a “bridge” of claims connecting the KLW and the KLC land packages so that assessment credits accumulated anywhere on the Company’s project areas can be transferred easily avoiding administrative hurdles. The “bridge” is comprised of 49 cell claims (1,718 ha).

**Kirkland Lake Discoveries Corp. (formerly, Warrior Gold Inc.)**

Notes to the Annual Consolidated Financial Statements

Year Ended March 31, 2023

Expressed in Canadian Dollars

**8. Exploration and Evaluation Assets (continued)**

On November 14, 2022, the Company acquire via staking additional 92 cell claims contiguous to the KLC land package. The KLW land package is contiguous to and west of the Company's Goodfish-Kirana Project and the KLC land package is contiguous to the Company's Arnold Property.

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 (paid), \$15,000 due in April 2023 (paid subsequent to the year end) and \$30,000 by December 31, 2023.

As of March 31, 2023, KLDC's land position was 694 cell claims and 29 patented claims, totaling 26,501 hectares.

	Goodfish- Kirana Project	Arnold Property	KLW and KLC Land Packages	Lucky Strike Project	Total
March 31, 2021	\$5,132,261	\$ -	\$ -	\$ -	\$5,132,261
Core shack and site construction costs	13,999				13,999
Acquisition of Arnold property	-	28,000	-	-	28,000
Acquisition of KLW and KLC land packages	-	-	80,000	-	80,000
March 31, 2022	5,146,260	28,000	80,000	\$ -	5,254,260
Acquisition of KLW and KLC land packages	-	-	15,000	-	15,000
Regulatory costs relating to Lucky Strike project	-	-	-	2,000	2,000
Acquisition of Winnie Lake claims, Teck-Bernhardt and Kennedy Lake property	-	-	52,520	-	52,520
March 31, 2023	\$5,146,260	\$28,000	\$147,520	\$2,000	\$5,323,780

The Company incurred exploration expenditures as follows:

	March 31, 2023 \$	March 31, 2022 \$
Assays	21,608	179,521
Camp costs	10,430	23,668
Geotechnical	28,040	83,239
Core sampling	-	26,978
Geology	40,365	107,789
Geophysics	381,455	3,142
Drilling	-	290,458
Government payments	4,722	5,620
Logistics	11,725	25,120
Technical reports	21,786	77,885
Travel and accommodations	39,062	19,401
Other	31,736	-
Claims management	39,233	8,734
	630,162	851,555

**Kirkland Lake Discoveries Corp. (formerly, Warrior Gold Inc.)**

Notes to the Annual Consolidated Financial Statements

Year Ended March 31, 2023

Expressed in Canadian Dollars

**9. Share Capital and Reserves***Authorized capital*

Unlimited common shares, without par value.

*Issued capital*

	Number of Shares	Share Capital \$
March 31, 2021 (post consolidation common shares)	22,954,609	47,394,755
Shares issued in private placements	4,343,750	1,646,250
Flow-through premium	-	(293,750)
Share issuance costs	-	(25,020)
Share issuance costs – broker warrants	-	(4,400)
Shares issued for acquisition of exploration and evaluation assets	337,500	96,250
March 31, 2022	27,635,859	48,814,085
Shares issued in private placements	2,138,928	536,900
Flow-through premium	-	(109,114)
Share issuance costs	-	(23,800)
Share issuance costs allocated to warrants	-	(42,779)
Share issuance costs – broker warrants	-	(5,940)
March 31, 2023	29,774,787	49,169,352

*Share Issuances*

In July 2022, the Company closed a private placement with the issuance of 2,138,928 common share units (“July 2022 Units”) for gross proceeds of \$536,900 (the “July 2022 Private Placement”).

The July 2022 Units were issued as to 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 July 2022 Unit comprised one common share and one-half common share purchase warrant (each whole common share purchase warrant, a “July 2022 Warrant”) of the Company. Each July 2022 Warrant entitles the holder, on exercise, to purchase one additional share of the Company (a “July 2022 Warrant Share”), at a price of \$0.40 until July 12, 2023, subject to an accelerated expiry date. If at any time following the expiry of the statutory four-month hold period, the closing price of the common shares on the TSX-V is greater than \$0.80 for 20 or more consecutive trading days, the Company may give notice to the holders of the July 2022 Warrants that the expiry date of the warrants will be accelerated and the July 2022 Warrants will expire on the 30th business day following the date of such notice. 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 share for a period of 12 months. The fair value assigned to the broker warrants was \$5,940.

## Kirkland Lake Discoveries Corp. (formerly, Warrior Gold Inc.)

Notes to the Annual Consolidated Financial Statements

Year Ended March 31, 2023

Expressed in Canadian Dollars

---

### 9. Share Capital and Reserves (continued)

#### *Share Issuances (continued)*

In December 2021, the Company closed a private placement with the issuance of 625,000 flow-through common shares for gross proceeds of \$200,000.

In September 2021, the Company closed a private placement with the issuance of 3,718,750 common share units ("September 2021 Units") for gross proceeds of \$1,446,250.

The 3,718,750 (post consolidation common shares) September 2021 Units were issued as to 906,250 common share units priced at \$0.32 per unit, 1,250,000 flow-through units priced at \$0.40 per unit and 1,562,500 charity flow-through units priced at \$0.42 per unit. Each September 2021 Unit comprised one common share and one-half common share purchase warrant (each whole common share purchase warrant, a "September 2021 Warrant") of the Company. Each September 2021 Warrant entitled the holder, on exercise, to purchase one additional share of the Company (a "September 2021 Warrant Share"), at a price of \$0.60 until March 7, 2023, subject to an accelerated expiry date. If at any time following the expiry of the statutory four-month hold period, the closing price of the common shares on the TSX-V is greater than \$0.60 for 20 or more consecutive trading days, the Company may give notice to the holders of September 2021 Warrants that the expiry date of the Warrants will be accelerated and the September 2021 Warrants will expire on the 30<sup>th</sup> business day following the date of such notice.

In connection with the September 2021 private placement, the Company paid finders' fees of \$25,020 in cash and issued 73,875 broker warrants (post consolidation common shares) exercisable into common shares of the Company at \$0.60 per share for a period of 18 months. The fair value assigned to the broker warrants was \$4,400.

In August 2021, the Company issued 250,000 shares (post consolidation common shares) for the acquisition of the KLV and KLC land packages. The fair value of the shares was recorded as \$70,000.

In July 2021, the Company issued 87,500 shares (post consolidation common shares) for the acquisition of the Arnold Property. The fair value of the shares was recorded as \$26,250.

#### *Reserves*

The reserves recorded in equity on the Company's consolidated statement of financial position comprise the fair value of share-based compensation and warrants prior to exercise.

#### *Share-Based Compensation*

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 KLDC 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.

The weighted average grant-date fair value of options awarded in the year ended March 31, 2023 was \$nil (March 31, 2022 - \$0.20). The Company employed the Black-Scholes option-pricing model using the following weighted average assumptions:

**Kirkland Lake Discoveries Corp. (formerly, Warrior Gold Inc.)**

Notes to the Annual Consolidated Financial Statements

Year Ended March 31, 2023

Expressed in Canadian Dollars

**10. Share-Based Compensation (continued)**

Year ended March 31	2023	2022
Share price	-	\$0.28
Exercise price	-	\$0.28
Annualized stock price volatility	-	99.92 - 109.60%
Risk-free interest rate	-	1.26 - 2.46%
Expected option life (years)	-	5 years
Dividend yield	-	0%

The stock price volatility was determined using the historical fluctuations in the Company's share price.

A summary of stock option activity to March 31, 2023 is as follows:

	Number of options	Weighted average exercise price \$
March 31, 2021 (post consolidation common shares)	1,600,814	0.60
Expired	(782,064)	0.84
Granted	1,442,500	0.28
March 31, 2022	2,261,250	0.31
Cancelled	(281,250)	0.31
March 31, 2023	1,980,000	0.31

The Company's outstanding and exercisable stock options at March 31, 2023 were:

Expiry Date	Outstanding and Exercisable Options (post consolidation common shares)	Weighted Average Remaining Life (Yrs.)	Weighted Average Exercise Price \$
December 16, 2024	625,000	1.71	0.40
May 6, 2025	100,000	2.10	0.40
September 23, 2026	1,192,500	3.48	0.26
March 28, 2027	62,500	3.99	0.26
	1,980,000	2.87	0.31

**Kirkland Lake Discoveries Corp. (formerly, Warrior Gold Inc.)**

Notes to the Annual Consolidated Financial Statements

Year Ended March 31, 2023

Expressed in Canadian Dollars

**11. Warrants**

The Company's outstanding warrants, at March 31, 2023, were:

	Number of Financing Warrants (post consolidation common shares)	Weighted Average Exercise Price \$	Number of Broker Warrants	Weighted Average Exercise Price \$
March 31, 2021	3,157,310	0.52	239,973	0.48
Issued	1,859,375	0.60	73,875	0.60
Expired	(1,749,458)	0.44	(125,416)	0.44
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

The Company's outstanding and exercisable warrants at March 31, 2023 were:

Number of Financing Warrants	Exercise Price \$	Number of Broker Warrants	Exercise Price \$	Expiry Date
1,069,464	0.40	99,000	0.20	July 12, 2023

During the year ended March 31, 2023 and 2022, broker warrants were granted pursuant to the private placements. The warrants were valued at \$5,940 (March 31, 2022 - \$4,400).

The Company employed Black-Scholes option-pricing model using the following weighted average assumptions:

Year Ended March 31	2023	2022 (post consolidation common shares)
Share price	\$0.18	\$0.32
Exercise price	\$0.20	\$0.60
Annualized stock price volatility	75.96%	78.72%
Risk-free interest rate	3.18%	0.39%
Expected warrant life (years)	1.00	1.50
Dividend yield	0%	0%

The stock price volatility was determined using the historical fluctuations in the Company's share price.

## Kirkland Lake Discoveries Corp. (formerly, Warrior Gold Inc.)

Notes to the Annual Consolidated Financial Statements

Year Ended March 31, 2023

Expressed in Canadian Dollars

### 12. Related-Party Transactions

The Company entered into transactions with related parties not disclosed elsewhere in these consolidated financial statements as follows:

#### Key management personnel compensation

Year ended March 31	2023	2022
	\$	\$
Management fees and salaries	238,995	232,522
Consulting fees	2,000	-
Share-based compensation	28,292	143,234
	<u>269,287</u>	<u>375,756</u>

The short-term management compensation was paid or accrued to personnel and to personal companies owned by management and directors of the Company.

As at March 31, 2023, \$45,103 (March 31, 2022 - \$58,892) is due to related parties, which amount is included in accounts payable and accrued liabilities.

Related-party balances bear no interest and are unsecured. Transactions with related parties are conducted in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

### 13. Capital Management

The Company's objectives when managing its capital are to safeguard the Company's ability to continue as a going concern in order to support ongoing exploration programs and development of its mining assets, to provide sufficient working capital to meet its ongoing obligations and to pursue potential investments.

The Company considers its capital to include equity and working capital. In order to maintain financial flexibility, the Company may from time to time issue shares and adjust its spending to manage current and projected capital levels. To assess capital and operating efficiency and financial strength, the Company continually monitors its working capital which is calculated as follows:

	March 31	March 31
	2023	2022
	\$	\$
Current assets	99,161	635,481
Current liabilities	504,407	379,602
Working capital (Deficiency)	<u>(405,246)</u>	<u>255,879</u>

The Company is not subject to external capital restrictions other than incurring only qualified exploration expenditures for all flow-through financings. The Company has not paid or declared any dividends since the date of incorporation, nor are any contemplated in the foreseeable future. There were no changes to the Company's approach to capital management during the year ended March 31, 2023.

## Kirkland Lake Discoveries Corp. (formerly, Warrior Gold Inc.)

Notes to the Annual Consolidated Financial Statements

Year Ended March 31, 2023

Expressed in Canadian Dollars

---

### 14. Financial Instruments

#### *Fair Value*

The Company's financial instruments include cash, accounts payable and accrued liabilities, loan payable and lease liability. Fair value amounts disclosed in these consolidated 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:

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. Cash is classified under this category.

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.

#### **Classification of financial assets**

##### *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 (loss) income in profit or loss.

The Company's financial assets at amortized cost primarily include cash in the Consolidated Statement of Financial Position. 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.

## Kirkland Lake Discoveries Corp. (formerly, Warrior Gold Inc.)

Notes to the Annual Consolidated Financial Statements

Year Ended March 31, 2023

Expressed in Canadian Dollars

---

### 14. Financial Instruments (continued)

#### *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.

#### *Market risk*

The Company's profitability and long-term viability will depend, in large part, on the market price of base metals. The market prices for metals can be volatile and are affected by numerous factors beyond the Company's control, including: global or regional consumption patterns; the supply of, and demand for, these metals; speculative activities; the availability and costs of metal substitutes; expectations for inflation; and political and economic conditions, including interest rates and currency values. The Company cannot predict the effect of these factors on metal prices.

The market price of these minerals and metals may not remain at current levels. In particular, an increase in worldwide supply and consequent downward pressure on prices may result over the longer term from increased base metal production from mines developed or expanded as a result of current metal price levels.

#### *Foreign currency exchange rate risk*

The Company's exposure to foreign currency fluctuations is negligible from the cash on hand denominated in US dollars. There are no exchange rate contracts in place. A 10% change in the US dollar will have an immaterial effect on profit/loss.

#### *Interest rate risk*

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

#### *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. 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 at March 31, 2023, the Company has a working capital deficiency of \$405,246.

#### *Credit Risk*

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligations. Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash.

**Kirkland Lake Discoveries Corp. (formerly, Warrior Gold Inc.)**

Notes to the Annual Consolidated Financial Statements

Year Ended March 31, 2023

Expressed in Canadian Dollars

**15. Income Tax**

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

Year ended March 31	2023	2022
	\$	\$
Loss before income taxes	(1,044,306)	(1,468,937)
Statutory Canadian corporate tax rate	27.00%	27.00%
Income tax recovery at statutory rates	(282,000)	(391,720)
Difference in tax rate in other jurisdictions	4,000	-
Non-deductible items for tax purposes	9,000	16,121
Change in tax benefits not recognized	269,000	375,599
Income tax recovery	-	-

The unrecognized deductible temporary differences as at March 31, 2023 and 2022 are comprised of the following:

As at March 31	2023	Expiry	2022	Expiry
	\$		\$	
Deferred income tax assets relating to:				
Exploration and evaluation assets	4,722,854	None	4,127,969	None
Financing costs	72,226	2024 to 2027	88,550	2023 to 2025
Non-capital losses	11,996,000	2027 to 2043	11,278,000	2027 to 2042
Capital losses	9,562,000	None	8,532,000	None
Total	26,353,080		24,026,519	

The Company has not recognized deferred tax assets due to the uncertainty of future taxable income.

**16. Segment Reporting**

The Company's activities are all in one industry segment of mineral property acquisition and exploration. Substantially all administrative expenses are incurred in Canada.

**17. Other income**

The Company received \$196,728 (2022:\$Nil) of grant funds from the Ontario government under the Ontario Junior Exploration Program ('OJEP'). The Company was eligible for the grant funds by demonstrating equivalent amounts having been incurred on exploration expenditures.

**18. Contingencies and Commitments***Compensation Agreements*

The Company has a compensation agreement with the CEO for \$15,000 per month, which is automatically renewable for successive one-year terms. In the event of change of control where the CEO is terminated, the Company would owe a lump-sum payment equivalent to 24 months of salary and in the of CEO's termination without cause, the Company would owe a lump-sum payment equivalent to 12 months of salary.

## Kirkland Lake Discoveries Corp. (formerly, Warrior Gold Inc.)

Notes to the Annual Consolidated Financial Statements

Year Ended March 31, 2023

Expressed in Canadian Dollars

---

### 19. Subsequent Events

- (a) In February 2023, the Company entered into an asset purchase agreement with New Found Gold Corp. (“NFG”) pursuant to which KLDC agreed to acquire from NFG all of the properties comprising its Lucky Strike project (the “Lucky Strike Property”) located in the Kirkland Lake gold camp in Ontario, Canada (the “Transaction”).

On May 25, 2023, the Company acquired from NFG all of the properties comprising the Lucky Strike Property located in the Kirkland Lake gold camp in Ontario, Canada. Pursuant to the purchase agreement, the Company acquired the Lucky Strike Property 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 Property pursuant to a royalty agreement. The common shares issued pursuant to purchase agreement are subject to a statutory hold period of four months plus a day from the date of issuance in accordance with applicable securities legislation. 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 Transaction.

- (b) In April 2023, the shareholders at the Company’s special meeting of the shareholders approved all the resolutions, including: (1) the name change from Warrior Gold Inc. to Kirkland Lake Discoveries Corp.; (2) the consolidation of the common shares on the basis of four pre-consolidation common shares for one post-consolidation common share; (3) the approval of NFG as a new control person of the Company; (4) all four management nominees to the board of directors, to be appointed upon completion of the Transaction. The resolutions were to come into effect on closing of the Transaction.
- (c) In connection with the Transaction, the Company closed its best-efforts brokered private placement offering (the “Offering”) through the issuance of 18,690,000 subscription receipts of the Company (each, a “Non-FT Subscription Receipt”) at a price of \$0.25 per Non-FT Subscription Receipt (the “Non-FT Offering Price”), and 11,547,299 “flow-through” subscription receipts of the Company (each, an “FT Subscription Receipt”, and together with the Non-FT Subscription Receipts, the “Subscription Receipts”) at a price of \$0.275 per FT Subscription Receipt (the “FT Offering Price”, and together with the Non-FT Offering Price, the “Offering Price”) for aggregate gross proceeds of \$7,848,007. Canaccord Genuity Corp. (the “Agent”) acted as agent in connection with the Offering.

The Company entered into a subscription receipt agreement dated May 25, 2023 (the “Subscription Receipt Agreement”) with the Agent and Olympia Trust Company, as subscription receipt agent (the “Escrow Agent”). Following satisfaction of the escrow release conditions in accordance with the Subscription Receipt Agreement, each Non-FT Subscription Receipt entitles the holder thereof to receive one unit of the Company (each, a “Non-FT Unit”), subject to adjustments. Each Non-FT Unit will consist of one common share and one common share purchase warrant of the Company (each, a “Non-FT Warrant”). Upon satisfaction of the Escrow Release Conditions, each FT Subscription Receipt entitles the holder thereof to receive one unit of the Company (each, a “FT Unit”, and together with the Non-FT Units, the “Units”), subject to adjustments. Each FT Unit will consist of one Common Share (a “FT Unit Share”) and one Common Share purchase warrant of the Company (a “FT Warrant”, and together with the Non-FT Warrants, the “Warrants”). Each FT Unit Share and FT Warrant will qualify as a “flow-through share” as defined in subsection 66(15) of the Income Tax Act, R.S.C. 1985 c. 1 (5th Supp.), as amended (the “Tax Act”). Each Warrant will be exercisable by the holder thereof into one common share (each, a “Warrant Share”) for a period of two (2) years following the date of the Escrow Release (as defined below) at an exercise price of \$0.40 per Warrant Share, subject to adjustments. The Company satisfied the Escrow Release Conditions on May 25, 2023.

**Kirkland Lake Discoveries Corp. (formerly, Warrior Gold Inc.)**

Notes to the Annual Consolidated Financial Statements

Year Ended March 31, 2023

Expressed in Canadian Dollars

---

**19. Subsequent Events (Continued)**

In consideration of the services rendered in connection with the Offering the Company paid cash commissions in the aggregate amount of \$467,880 and issued an aggregate of 1,802,238 broker warrants of the Company (the "Broker Warrants"), exercisable into the same number of common shares of the Company (the "Broker Warrant Shares") at a price per Broker Warrant Share equal to the Non-FT Offering Price for a period from the date of the Escrow Release until 24 months following the date of the Escrow Release.

The Offering remains subject to the final approval of the TSXV. All securities issued in connection with the Offering are subject to a statutory hold period of four months plus a day from the date of issuance in accordance with applicable securities legislation.

(d) In July 2023, 1,168,464 warrants expired unexercised.