



**Audited Consolidated Financial Statements**  
**For the Years Ended March 31, 2024 and 2023**



**Crowe MacKay LLP**

1100 - 1177 West Hastings Street  
Vancouver, BC V6E 4T5

Main +1 (604) 687-4511

Fax +1 (604) 687-5805

[www.crowemackay.ca](http://www.crowemackay.ca)

## **Independent Auditor's Report**

To the Shareholders of Kirkland Lake Discoveries Corp.

### **Opinion**

We have audited the consolidated financial statements of Kirkland Lake Discoveries Corp. (the "Group"), which comprise the consolidated statements of financial position as at March 31, 2024 and March 31, 2023 and the consolidated statements of loss and comprehensive loss, cash flows and changes in equity for the years then ended, and notes to the consolidated financial statements, including a summary of material 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, 2024 and March 31, 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

### **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 consolidated financial statements of the year ended March 31, 2024. 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 consolidated 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 3 to the consolidated financial statements, the carrying value of Exploration and Evaluation Assets represents a significant asset of the Group. Refer to Note 2 to 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 capitalized acquisition 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 capitalized acquisition 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, 2024.

#### **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 mining claims and capitalized acquisition costs balance and (ii) the judgments made by management in its assessment of indicators of impairment related to mining claims and capitalized acquisition costs, 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:

- Obtaining, by reference to government registries, evidence to support (i) the right to explore the area and (ii) claim expiration dates;
- Assessing compliance with option agreements by reviewing agreements, vouching cash payments and share issuances;
- 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 Notes 2 and 3 to the consolidated financial statements.

#### **Valuation of Shares Issued to Acquire the Lucky Strike Property**

We draw your attention to Notes 2, 3 and 5 to the consolidated financial statements. During the year, the Group acquired the Lucky Strike Property ("Lucky Strike") and issued its shares as consideration which are subject to a twelve month lock-up period (the "Consideration"). To determine the fair value of the Consideration, the Group made judgments and assumptions related to the fair value of the shares of the Company and the impact of the lock-up period on the value of the Consideration.

#### **Why the Matter is a Key Audit Matter**

Auditing the valuation of the shares and impact of the lock-up period on the fair value of the Consideration required a higher degree of auditor judgment and an increased extent of audit effort, including the involvement of a valuation specialist.

### **How the Key Audit Matter was Addressed in the Audit**

In responding to the key audit matter, we performed the following audit procedures, amongst others:

- Obtaining an understanding of management's process to determine the fair value of the consideration;
- Engaging a valuation specialist to assist in the evaluation of the methodology used by the Group;
- Establishing a range of estimates based on the models recommended by our valuation specialist;
- Performing recalculations to verify the accuracy of the estimate; and
- Evaluating the adequacy of the Group's disclosures relating to the shares issued to acquire the Lucky Strike Property.

### **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 consolidated financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be

communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 18, 2024**

**Kirkland Lake Discoveries Corp.**  
**Consolidated Statements of Financial Position**  
(Expressed in Canadian Dollars)

	Note	March 31, 2024 \$	March 31, 2023 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		3,246,345	70,634
Receivables		133,638	18,262
Prepaid expenses and deposits		34,808	10,265
<b>Total current assets</b>		<b>3,414,791</b>	<b>99,161</b>
<b>Non-current assets</b>			
Exploration and evaluation assets	3	10,035,964	5,323,780
Property and equipment		31,528	-
Right-of-use assets		-	1,159
<b>Total non-current assets</b>		<b>10,067,492</b>	<b>5,324,939</b>
<b>Total Assets</b>		<b>13,482,283</b>	<b>5,424,100</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	6	251,122	270,645
Flow-through share premium liability	4	166,117	229,206
Lease liabilities		-	2,243
Loan payable		-	2,313
<b>Total current liabilities</b>		<b>417,239</b>	<b>504,407</b>
<b>Total liabilities</b>		<b>417,239</b>	<b>504,407</b>
<b>EQUITY</b>			
Share capital	5	58,995,971	49,169,352
Reserves	5	7,098,997	4,984,690
Deficit		(53,029,924)	(49,234,349)
<b>Total equity</b>		<b>13,065,044</b>	<b>4,919,693</b>
<b>Total Liabilities and Equity</b>		<b>13,482,283</b>	<b>5,424,100</b>

**NATURE OF OPERATIONS AND GOING CONCERN (Note 1)**

**COMMITMENTS (Notes 3 and 4)**

**SUBSEQUENT EVENT (Notes 6 and 14)**

These consolidated financial statements are authorized for issue by the Board of Directors on July 18, 2024. They are signed on the Company's behalf by:

"Denis Laviolette" , Director

"Gary Nassif" , Director

**Kirkland Lake Discoveries Corp.**  
**Consolidated Statements of Loss and Comprehensive Loss**  
(Expressed in Canadian Dollars)

		Year ended March 31,	
	Note	2024	2023
		\$	\$
<b>Expenses</b>			
Depreciation		2,042	6,958
Exploration and evaluation expenditures	3	2,233,338	630,162
Investor relations and corporate development	6	392,525	89,796
Office and sundry		153,234	64,368
Professional fees		94,115	94,482
Salaries and consulting	6	528,724	269,620
Share-based compensation	5,6	530,129	44,000
Transfer agent and filing fees		21,235	35,275
Travel		53,237	33,745
<b>Loss before other income (expenses)</b>		<b>(4,008,579)</b>	<b>(1,268,406)</b>
<b>Other income (expenses)</b>			
Settlement of flow-through share premium liability	4	351,771	77,281
Other income	9	77	214,315
Other expenses	4	(144,552)	-
Expense recoveries	6	28,416	-
Recovery of sales taxes		8,171	-
Part XII.6 tax	4	(22,197)	(64,990)
Foreign exchange (loss) gain		(56)	72
Interest and penalties		(8,626)	(2,578)
Total other income		213,004	224,100
<b>Loss and comprehensive loss for the year</b>		<b>(3,795,575)</b>	<b>(1,044,306)</b>
<b>Loss per share – basic and diluted (\$)</b>	10	<b>(0.05)</b>	<b>(0.04)</b>
<b>Weighted average number of common shares outstanding – basic and diluted</b>	10	<b>79,780,973</b>	<b>29,171,199</b>

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

**Kirkland Lake Discoveries Corp.**  
**Consolidated Statements of Cash Flows**  
(Expressed in Canadian Dollars)

	Year ended March 31,	
	2024	2023
	\$	\$
<b>Cash flows from operating activities</b>		
Loss for the year	(3,795,575)	(1,044,306)
Adjustments for:		
Depreciation	2,042	6,958
Expense recoveries	(28,416)	-
Recovery of sales taxes	8,171	-
Interest expense	-	1,283
Share-based compensation	530,129	44,000
Settlement of flow-through share premium liability	(351,771)	(77,281)
	<u>(3,635,420)</u>	<u>(1,069,346)</u>
Change in non-cash working capital items:		
Increase in receivables	(123,547)	(1,424)
(Increase) / decrease in prepaid expenses and deposits	(24,543)	356,671
Increase in accounts payable and accrued liabilities	53,580	56,968
<b>Net cash used in operating activities</b>	<u>(3,729,930)</u>	<u>(657,131)</u>
<b>Cash flows from investing activities</b>		
Purchases of exploration and evaluation assets	(101,702)	(22,520)
Purchases of property and equipment	(33,570)	-
<b>Net cash used in investing activities</b>	<u>(135,272)</u>	<u>(22,520)</u>
<b>Cash flows from financing activities</b>		
Shares issued in private placement	7,848,007	536,900
Share issue costs	(806,010)	(23,800)
Loan advances	-	14,321
Loan payments	-	(14,422)
Lease payments	(1,084)	(14,421)
<b>Net cash generated from financing activities</b>	<u>7,040,913</u>	<u>498,578</u>
<b>Net increase (decrease) in cash</b>	3,175,711	(181,073)
<b>Cash at beginning of year</b>	70,634	251,707
<b>Cash at end of year</b>	<u>3,246,345</u>	<u>70,634</u>

**SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS (Note 7)**

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

**Kirkland Lake Discoveries Corp.**  
**Consolidated Statements of Changes in Equity**  
(Expressed in Canadian Dollars)

	Number of shares	Share capital \$	Reserves \$	Deficit \$	Total equity \$
<b>Balance at March 31, 2022</b>	<b>27,635,859</b>	<b>48,814,085</b>	<b>4,891,971</b>	<b>(48,190,043)</b>	<b>5,516,013</b>
Private placement	2,138,928	494,121	42,779	-	536,900
Share issue costs	-	(23,800)	-	-	(23,800)
Share issue – brokers' warrants	-	(5,940)	5,940	-	-
Flow-through premium	-	(109,114)	-	-	(109,114)
Share-based compensation	-	-	44,000	-	44,000
Total comprehensive loss for the year	-	-	-	(1,044,306)	(1,044,306)
<b>Balance at March 31, 2023</b>	<b>29,774,787</b>	<b>49,169,352</b>	<b>4,984,690</b>	<b>(49,234,349)</b>	<b>4,919,693</b>
Shares issued pursuant to acquisition of exploration and evaluation assets	28,612,500	4,657,482	-	-	4,657,482
Private placement	30,237,299	6,487,329	1,360,678	-	7,848,007
Share consolidation	(64)	-	-	-	-
Share issue costs	-	(806,010)	-	-	(806,010)
Share issue costs – brokers' warrants	-	(223,500)	223,500	-	-
Flow-through share premium	-	(288,682)	-	-	(288,682)
Share-based compensation	-	-	530,129	-	530,129
Total comprehensive loss for the year	-	-	-	(3,795,575)	(3,795,575)
<b>Balance at March 31, 2024</b>	<b>88,624,522</b>	<b>58,995,971</b>	<b>7,098,997</b>	<b>(53,029,924)</b>	<b>13,065,044</b>

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

## **Kirkland Lake Discoveries Corp.**

Notes to the Consolidated Financial Statements

For the years ended March 31, 2024 and 2023

Expressed in Canadian Dollars

### **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 555 Burrard St Vancouver, P.O. Box 272, British Columbia, Canada, V7X 1M8.

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 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 March 31, 2024, the Company had an accumulated deficit of \$53,029,924 and shareholders’ equity of \$13,065,044. In addition, the Company has working capital of \$2,997,552, consisting primarily of cash, and negative cash flow from operating activities of \$3,729,930. 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 conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

The Company’s business may be affected by changes in political and market conditions, such as interest rates, availability of credit, inflation rates, changes in laws, and national and international circumstances. Recent geopolitical events and potential economic global challenges such as the risk of higher inflation and energy crises, may create further uncertainty and risk with respect to the prospects of the Company’s business.

These consolidated financial statements were approved by the Board of Directors of the Company on July 18, 2024.

### **2. MATERIAL ACCOUNTING POLICY INFORMATION**

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

#### **a) Statement of compliance**

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

## **Kirkland Lake Discoveries Corp.**

Notes to the Consolidated Financial Statements

For the years ended March 31, 2024 and 2023

Expressed in Canadian Dollars

### **2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

#### **b) Basis of presentation**

These consolidated 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 consolidated 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 consolidated financial statements include the accounts of Kirkland Lake Discoveries Corp. and its wholly owned subsidiaries as follows:

	<u>Place of Incorporation</u>	<u>Percentage Ownership</u>	
		2024	2023
Champagne Resources Limited ("Champagne")	Canada	N/A	N/A
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 consolidated financial statements include the accounts of Champagne for the year ended March 31, 2023 in the comparative information. All significant intercompany transactions have been eliminated.

#### **d) Mineral 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.

## **Kirkland Lake Discoveries Corp.**

Notes to the Consolidated Financial Statements

For the years ended March 31, 2024 and 2023

Expressed in Canadian Dollars

### **2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

#### **d) Mineral exploration and evaluation expenditures (continued)**

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.

#### **e) 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.

- 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.**

Notes to the Consolidated Financial Statements

For the years ended March 31, 2024 and 2023

Expressed in Canadian Dollars

### **2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

#### **e) 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.

#### **f) Provisions**

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.

## **Kirkland Lake Discoveries Corp.**

Notes to the Consolidated Financial Statements

For the years ended March 31, 2024 and 2023

Expressed in Canadian Dollars

### **2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

#### **g) 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.

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.

#### **h) 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. The market value is then applied to the common share and any residual amount is assigned to the warrant. In case trading is halted and no share price is available, the share price is estimated based on weighted-average prices of shares during the period when trading is resumed.

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

#### **i) 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. 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. If the flow-through shares are not issued at a premium, a liability is not established.

## **Kirkland Lake Discoveries Corp.**

Notes to the Consolidated Financial Statements

For the years ended March 31, 2024 and 2023

Expressed in Canadian Dollars

### **2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

#### **i) Flow-through shares (continued)**

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.

The flow-through share program requires the Company to spend an amount equivalent to the proceeds of the issued flow-through common shares on Canadian qualifying exploration expenditures within the timeline specified by the Government of Canada flow-through regulations. If this deadline has passed, the Company would need to amend the tax forms for any unspent exploration expenditures renounced and the related flow-through premium will be reversed to share capital. The Company may be required to indemnify the flow-through shareholders for any tax and other costs payable by them if the required exploration expenditures are not incurred before the deadline. The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Government of Canada flow-through regulations. The related interest and penalties for the Part XII.6 tax and any potential costs to indemnify the shareholders are recorded in other expenses on the consolidated statements of loss and comprehensive loss.

#### **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. The Company takes into account the terms of the shares/options issued including any trading restrictions, and if considered appropriate, applies a discount when determining the fair value of the equity instruments granted. 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.

## **Kirkland Lake Discoveries Corp.**

Notes to the Consolidated Financial Statements

For the years ended March 31, 2024 and 2023

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### **2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

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

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) 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.

#### **l) Significant Accounting Estimates and Judgments**

The preparation of these consolidated 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 consolidated 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.

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.

## **Kirkland Lake Discoveries Corp.**

Notes to the Consolidated Financial Statements

For the years ended March 31, 2024 and 2023

Expressed in Canadian Dollars

### **2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

#### **l) Significant Accounting Estimates and Judgments (continued)**

##### **(i) Critical accounting estimates (continued)**

###### *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. During the year ended March 31, 2024, when determining the fair value of 28,612,500 common shares issued to New Found Gold Corp. to acquire all of the properties comprising the Lucky Strike project (Notes 3 (b) and 5), the Company also considered the fact that the shares issued to New Found Gold Corp. were subject to a 12-month hold period and as a result applied a 20% discount to the value of the consideration paid. 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.

##### **(ii) Critical accounting judgments**

###### *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 March 31, 2024.

## **Kirkland Lake Discoveries Corp.**

Notes to the Consolidated Financial Statements

For the years ended March 31, 2024 and 2023

Expressed in Canadian Dollars

### **2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

#### **l) Significant Accounting Estimates and Judgments (continued)**

##### **(ii) Critical accounting judgments (continued)**

###### *Presentation of financial statements as a going concern*

Presentation of the consolidated 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.

#### **m) 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. 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.

As part of the new amendments, the Company adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from April 1, 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the consolidated financial statements. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements. Management reviewed the accounting policies and made updates to the information disclosed in Note 2 Material accounting policy information (March 31, 2023: Significant accounting policies) in certain instances in line with the amendments.

#### **n) 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.

**Kirkland Lake Discoveries Corp.**

Notes to the Consolidated Financial Statements

For the years ended March 31, 2024 and 2023

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**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 March 31, 2024 and 2023:

	KL West Side	KL East Side	Total
<b>Year ended March 31, 2024</b>	\$	\$	\$
<b>Exploration and evaluation assets</b>			
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 March 31, 2024	5,230,020	4,805,944	10,035,964
<b>Exploration and evaluation expenditures</b>			
Cumulative exploration expense -			
March 31, 2023	4,271,663	128,763	4,400,426
Assays	130,388	123,397	253,785
Camp costs	28,984	6,992	35,976
Claims management	21,996	15,450	37,446
Community consultations	-	11,634	11,634
Drilling	393,286	530,105	923,391
Equipment rental	7,427	13,979	21,406
Geology	40,775	233,630	274,405
Geophysical survey	82,458	253,208	335,666
Geotechnical	42,966	12,043	55,009
Mapping	15,600	116,423	132,023
Other	20,240	13,505	33,745
Permits	1,867	434	2,301
Transportation	15,215	4,633	19,848
Travel and accommodations	26,082	70,621	96,703
	827,284	1,406,054	2,233,338
Cumulative exploration expense -			
March 31, 2024	5,098,947	1,534,817	6,633,764

**Kirkland Lake Discoveries Corp.**

Notes to the Consolidated Financial Statements

For the years ended March 31, 2024 and 2023

Expressed in Canadian Dollars

**3. EXPLORATION AND EVALUATION ASSETS (continued)**

	KL West Side \$	KL East Side \$	Total \$
<b>Year ended March 31, 2023</b>			
<b>Exploration and evaluation assets</b>			
Balance as at March 31, 2022	5,186,260	68,000	5,254,260
Additions			
Acquisition costs	26,260	28,260	54,520
Option payments	7,500	7,500	15,000
Balance as at March 31, 2023	5,220,020	103,760	5,323,780
<b>Exploration and evaluation expenditures</b>			
Cumulative exploration expense - March 31, 2022	3,770,264	-	3,770,264
Assays	-	21,608	21,608
Camp costs	-	10,430	10,430
Claims management	-	39,233	39,233
Geology	10,913	29,452	40,365
Geophysical survey	381,455	-	381,455
Geotechnical	-	28,040	28,040
Other	31,736	-	31,736
Permits	4,722	-	4,722
Technical reports	21,786	-	21,786
Transportation	11,725	-	11,725
Travel and accommodations	39,062	-	39,062
	501,399	128,763	630,162
Cumulative exploration expense – March 31, 2023	4,271,663	128,763	4,400,426

**(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 237 cell claims and 29 patented mining claims. The Company wholly owns the property subject to various NSR arrangements.

## **Kirkland Lake Discoveries Corp.**

Notes to the Consolidated Financial Statements

For the years ended March 31, 2024 and 2023

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### **3. EXPLORATION AND EVALUATION ASSETS (continued)**

#### **(a) KL West Side (continued)**

##### *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 and the KLC land package comprises eight mining claims, for an aggregate of 115 claims. 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.

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 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 (paid), \$15,000 due in April (paid) and \$30,000 by December 31, 2023 (paid). 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.

## **Kirkland Lake Discoveries Corp.**

Notes to the Consolidated Financial Statements

For the years ended March 31, 2024 and 2023

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### **3. EXPLORATION AND EVALUATION ASSETS (continued)**

#### **(b) KL East Side (continued)**

##### *The Arnold Property*

The Company owns a 100% interest in the Arnold property that was acquired by making payments in common shares of the Company. The property comprises 28 claims. The Company wholly owns the property subject to various NSR arrangements.

##### *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 645 unpatented mining claims. 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. The total fair value of the shares issued of \$4,657,482 or \$0.205 per common share was estimated based on the weighted-average shares price per review of the share prices immediately after the completion of the transaction, and by applying a 20% discount considering that the shares issued as consideration are subject to a 12-month hold per the Lucky Strike acquisition agreement (see Note 5). The Company incurred \$34,702 in legal and regulatory fees in connection with the acquisition.

As part of the agreement, NFG received a right to nominate three directors to the Company’s Board of Directors. Denis Laviolette, who is also a Director and President of NFG, was appointed to the board of Kirkland Lake at the time of closing. The other two directors were appointed by NFG subsequent to completion of the transaction.

Concurrent with the acquisition, on May 25, 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 (see Note 5).

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 49 cell claims.

As of March 31, 2024, the Company’s land position was 1,343 claims and 29 patented claims (March 31, 2023 – 694 claims and 29 patented claims).

## Kirkland Lake Discoveries Corp.

Notes to the Consolidated Financial Statements

For the years ended March 31, 2024 and 2023

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### 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 recognized 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 recognized on flow-through shares issued	-	-	-	288,682	288,682
Settlement of flow-through share premium on expenditures incurred	(70,092)	(50,000)	(109,114)	(122,565)	(351,771)
Balance at March 31, 2024	-	-	-	166,117	166,117

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 year ended March 31, 2024, the Company incurred \$2,210,354 (year ended March 31, 2023 – \$353,223) in Qualifying CEE and amortized a total of \$351,771 (year ended March 31, 2023 – \$77,281) 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 statements of loss and comprehensive loss pro-rata with the amount of qualifying expenditures that will be incurred.

As at March 31, 2024, the Company must spend another \$1,827,293 of Qualifying CEE by December 31, 2024 to satisfy its remaining current flow-through liability of \$166,117.

The Company has until February of the following year after the renunciation is completed under the look-back rule to incur the flow-through funds otherwise the Company will be subject to the Part XII.6 tax. The Company has paid or accrued Part XII.6 tax to the CRA of \$22,197 during the year ended March 31, 2024 (March 31, 2023 – Part XII.6 tax and penalties of \$64,990). The Company also incurred \$144,552 (March 31, 2023 - \$Nil) in additional payments made to certain flow-through share investors in respect of their income tax expense and penalties as a result of the Company not satisfying its flow-through obligations within the required timeline. These costs are included in other expenses in the consolidated statements of loss and comprehensive loss.

### 5. SHARE CAPITAL AND RESERVES

#### *Authorized Share Capital*

At March 31, 2024, 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.

## **Kirkland Lake Discoveries Corp.**

Notes to the Consolidated Financial Statements

For the years ended March 31, 2024 and 2023

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### **5. SHARE CAPITAL AND RESERVES (continued)**

#### *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 Year Ended March 31, 2024*

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)). The total fair value of the shares issued of \$4,657,482 was estimated based on the weighted-average shares price per review of the share prices immediately after the completion of the transaction, and by applying a 20% discount considering that the shares issued as consideration are subject to a 12-month hold per the Lucky Strike acquisition agreement.

On May 25, 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 unit is comprised of one flow-through or non-flow-through 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 \$1,360,678 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 \$338,130 and issued an aggregate of 1,802,238 brokers' warrants, exercisable into common shares of the Company at a price of \$0.25 per common share until May 25, 2025. The fair value of the brokers' warrants was determined to be \$223,500.

#### *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 brokers' warrants exercisable into common shares of the Company at \$0.20 per common share until July 12, 2023. The fair value assigned to the brokers' warrants was \$5,940.

#### *Share Purchase Option Compensation Plan*

In September 2023, 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.

**Kirkland Lake Discoveries Corp.**

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For the years ended March 31, 2024 and 2023

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**5. SHARE CAPITAL AND RESERVES (continued)***Stock options*

The continuity of share purchase options for the years ended March 31, 2024 and 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	1,980,000	0.31
Issued	4,800,000	0.12
Expired	(830,000)	0.32
March 31, 2024	5,950,000	0.16

The Company's outstanding and exercisable stock options at March 31, 2024 are as follows:

Expiry Date	Outstanding and Exercisable Options	Weighted Average Remaining Life (Yrs.)	Weighted Average Exercise Price \$
December 16, 2024	275,000	0.71	0.40
May 6, 2025	75,000	1.10	0.40
September 23, 2026	737,500	2.48	0.26
March 28, 2027	62,500	2.99	0.26
October 31, 2028	4,800,000	4.59	0.12
	5,950,000	4.09	0.16

Options were priced based on the Black-Scholes option pricing model using the following weighted average assumptions to estimate the fair value of options granted:

Years ended March 31	2024	2023
Risk-free interest rate	4.12%	-
Expected option life in years	5.0	-
Expected share price volatility <sup>(i)</sup>	152.36%	-
Grant date share price	\$0.12	-
Grant date fair value	\$0.11	-
Expected dividend yield	Nil	-

(i) The expected share price volatility is based on the average historical share prices of the Company over the life of the option. The period in 2023 when the share trading was halted is excluded from the calculation.

**Kirkland Lake Discoveries Corp.**

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**5. SHARE CAPITAL AND RESERVES (continued)***Warrants*

The continuity of warrants for the years ended March 31, 2024 and 2023 is as follows:

	Number of Financing Warrants	Weighted Average Exercise Price \$	Number of Brokers' 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)	0.40	(99,000)	0.20
March 31, 2024	30,237,299	0.40	1,802,238	0.25

The Company's outstanding and exercisable warrants at March 31, 2024 are as follows:

Number of Financing Warrants	Exercise Price \$	Expiry Date	Number of Brokers' Warrants	Exercise Price \$	Expiry Date
30,237,299	0.40	May 30, 2025	1,802,238	0.25	May 25, 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:

Years ended March 31	2024	2023
Risk-free interest rate	4.22%	3.18%
Expected warrant life in years	2.00	1.00
Expected share price volatility <sup>(i)</sup>	125.9%	75.96%
Exercise price	\$0.25	\$0.20
Grant date share price	\$0.21	\$0.18
Grant date fair value	\$0.12	\$0.06
Expected dividend yield	Nil	Nil

(i) The expected share price volatility is based on the average historical share prices of the Company over the life of the warrant. The period in 2023 when the share trading was halted is excluded from the calculation.

The fair value of 1,802,238 brokers' warrants issued during the year ended March 31, 2024 was estimated at \$223,500 (year ended March 31, 2023 - \$5,940 for 99,000 brokers' warrants).

## Kirkland Lake Discoveries Corp.

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For the years ended March 31, 2024 and 2023

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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. A summary of the Company's related party transactions with corporations having similar directors and officers is as follows:

	Year ended March 31,	
	2024	2023
	\$	\$
Amounts paid to the Northern Miner Group for corporate development and investor relations <sup>(i)</sup>	12,286	-

(i) The Northern Miner Group is a related entity having the following common director to the Company: Denis Laviolette, Director and President.

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.

Year ended March 31, 2024	Salaries and Consulting fees \$	Share-based compensation \$	Total \$
Former President, Chief Executive Officer and Director	180,000	88,355	268,355
Chief Financial Officer	35,000	-	35,000
Former Chief Financial Officer	20,000	-	20,000
Non-executive directors	-	220,887	220,887
Total	235,000	309,242	544,242

Year ended March 31, 2023	Salaries and Consulting fees \$	Share-based compensation \$	Total \$
Former President, Chief Executive Officer and Director	188,974	10,372	199,346
Former Chief Geologist	2,021	-	2,021
Former Chief Financial Officer	48,000	2,669	50,669
Non-executive directors and former director	2,000	15,251	17,251
Total	240,995	28,292	269,287

As at March 31, 2024, there was \$886 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.

**Kirkland Lake Discoveries Corp.**

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**6. RELATED PARTY BALANCES AND TRANSACTIONS (continued)**

Included in expense recoveries of \$28,416 for the year ended March 31, 2024 is \$26,103 related to a write-off of amounts payable to the Company's former President, Chief Executive Officer ("CEO") and Director (year ended March 31, 2023 - \$Nil).

The Company had a compensation agreement with the former CEO for \$15,000 per month, which was automatically renewable for successive one-year terms. Subsequent to March 31, 2024, the Company paid \$300,000 to the former CEO upon resignation.

**7. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS**

	Years ended March 31	
	2024	2023
	\$	\$
Non-cash investing and financing activities:		
Fair value of brokers' warrants	223,500	5,940
Exploration and evaluation assets in accounts payable and accrued liabilities	-	47,000
Shares issued to acquire the Lucky Strike Project (Note 3(b))	4,657,482	-
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. OTHER INCOME**

Included in other income for the year ended March 31, 2024 is \$Nil (2023 - \$196,728) of grant funds received 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.

**10. BASIC AND DILUTED LOSS PER COMMON SHARE**

	Year ended March 31,	
	2024	2023
Basic weighted average number of common shares outstanding	79,780,973	29,171,199
Effect of outstanding securities	-	-
Diluted weighted average number of common shares outstanding	79,780,973	29,171,199

During the years ended March 31, 2024 and 2023, the Company had a net loss, as such, the diluted loss per share calculation excludes any potential conversion of options, warrants and finders' warrants that would decrease loss per share.

## Kirkland Lake Discoveries Corp.

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### 11. INCOME TAX

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

Year ended March 31	2024	2023
	\$	\$
Loss before income taxes	(3,795,575)	(1,044,306)
Statutory Canadian corporate tax rate	27.00%	27.00%
Income tax recovery at statutory rates	(1,025,000)	(282,000)
Difference in tax rate in other jurisdictions	4,000	4,000
Non-deductible items for tax purposes	53,000	9,000
Change in tax benefits not recognized	968,000	269,000
Income tax recovery	-	-

The unrecognized deductible temporary differences as at March 31, 2024 and 2023 are comprised of the following:

As at March 31	2024	Expiry	2023
	\$		\$
Exploration and evaluation assets	4,658,246	None	4,722,854
Property and equipment	70,209	None	-
Financing costs	684,930	2025 to 2028	72,226
Non-capital losses	13,789,415	2028 to 2044	11,996,000
Total	19,202,800		16,791,080

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

### 12. FINANCIAL INSTRUMENTS

#### (a) Fair Values

The Company's financial instruments include cash, accounts payable and accrued liabilities, lease liabilities and a loan payable. 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:

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### **12. FINANCIAL INSTRUMENTS (continued)**

#### **(a) Fair Values (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. The Company has no assets or liabilities in 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.

#### **(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 liabilities. The carrying value of cash, accounts payable and accrued liabilities, loan payable and lease liabilities 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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### **12. FINANCIAL INSTRUMENTS (continued)**

#### **(c) Financial Instruments Risk Management (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. 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 the 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 March 31, 2024, the Company has a working capital of \$2,997,552 (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 March 31, 2024 would not have a material impact on the Company's profit or 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.

## **Kirkland Lake Discoveries Corp.**

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### **12. FINANCIAL INSTRUMENTS (continued)**

#### **(c) Financial Instruments Risk Management (continued)**

##### ***(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.

##### ***(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 March 31, 2024 or 2023 and therefore is not exposed to equity price risk.

### **13. 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;
- To 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 March 31, 2024 totalled \$13,065,044 (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 year ended March 31, 2024.

### **14. SUBSEQUENT EVENT**

#### ***Stock options***

Subsequent to March 31, 2024, the following stock options expired:

- 75,000 stock options with an exercise price of \$0.40 per share;
- 150,000 stock options with an exercise price of \$0.26 per share; and
- 400,000 stock options with an exercise price of \$0.12 per share.