

Kirkland Lake Gold Reports Positive Earnings and Free Cash Flow Generation for the Second Quarter of Fiscal 2015

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TORONTO, ONTARIO--(Marketwired - Dec 8, 2014) - **Kirkland Lake Gold Inc. (TSX:KGI)(AIM:KGI) ("KL Gold" or the "Company")**, an operating and exploration gold company with operations in Ontario, Canada, today announces financial results for the second quarter and first half of fiscal 2015, which include the three and six months ended October 31, 2014. All figures in this release are in Canadian dollars unless stated otherwise.

Highlights

- Achieved a head grade of 0.41 ounces per ton ("opt"), or 14.0 grams per tonne ("g/t") in Q2/15; 0.43 opt or 14.7 g/t in H1/15.
- Sold 38,335 ounces of gold at an average realized price per ounce of \$1,395 (US\$1,262) in Q2/15; sold 76,878 ounces at an average realized price per ounce of \$1,398 (US\$1,278) in H1/15.
- Cash Operating Costs per Ounce of Gold Produced¹ of \$889 (US\$804); and \$836 (US\$764) for H1/15.
- Generated cash flow from operations during the quarter of \$16.3 million; \$33.0 million in H1/15.
- Income before income taxes of \$4.4 million in Q2/15; \$9.9 million in H1/15.
- Net and comprehensive income of \$2.7 million or \$0.04 per share during the quarter; \$7.7 million or \$0.11 per share in H1/15.
- All-In Cash Cost per Ounce of Gold Produced¹ ("AICC") of \$1,374 (US\$1,243); AICC of \$1,308 (US\$1,196) in H1/15.
- Generated free cash flow¹ of \$5.9 million during the quarter; \$10.9 million in H1/15.
- Cash as at October 31, 2014, was \$41.4 million.

Note: All US dollar equivalents are converted at the average CAD to USD exchange rate during the reporting period.

Mr. George Ogilvie, Chief Executive Officer of the Company commented, "We have shown consistent results after the second quarter with further positive earnings and positive cash flow.

"In the second half of this fiscal year we intend to increase our tons per day while maintaining our strategy of mining as close as possible to the reserve grade of the mine. To safeguard our revenue stream in the third quarter, we have forward sold a portion of the Q3 production, which is priced above our AICC guidance for this fiscal year."

"In conjunction with this, we are embarking upon further sustainable cost cutting measures that we anticipate will continue to improve the Company's unit cost metrics to allow us to remain profitable and free cash flowing in a challenging gold price environment. We will restructure our personnel remuneration and incentive approach to ensure that internal goals are aligned with the Company's overall objectives and that we are competitive with our peers. We are confident that with continued success and operational improvements yet to be realized, we will be able to meet our guidance parameters for this fiscal year."

Click on the link for a video interview with George Ogilvie, discussing the Q2 results:
www.brrmedia.co.uk/event/133191?popup=true

Financial and Operational Metrics

Q2/15	Q1/15	Q2/14	Q2/15 vs Q1/15	Q2/15 vs Q2/14	Production	FY2015 YTD	FY2014 YTD	Y o Y
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1,002	1,020	1,149	- 2%	- 13%	Tons per day	1,011	1,106	- 9%
92,146	93,880	105,670	- 2%	- 13%	Tons Produced	186,026	203,458	- 9%
0.41	0.45	0.30	- 9%	+ 37%	Head Grade	0.43	0.30	+ 42%
36,292	40,528	31,387	- 10%	+ 16%	Ounces Produced	76,820	61,566	+ 25%
1,022	1,043	1,215	- 2%	- 16%	Headcount (manpower)	1,022	1,215	- 16%

In CAD\$

Q2/15	Q1/15	Q2/14	Q2/15 vs Q1/15	Q2/15 vs Q2/14	Financial	FY2015 YTD	FY2014 YTD	Y o Y
38,335	38,543	30,530	- 1%	+ 26%	Gold Sales (ounces)	76,878	60,783	+ 26%
1,395	1,401	1,353	- 0%	+ 3%	Average Price ¹ (\$) (per ounce)	1,398	1,394	+ 0 %
53,479	54,003	41,316	- 1%	+ 29%	Revenue (000's)	107,482	84,737	+ 27%
350	340	328	+ 3%	+ 7%	Cash Operating Cost per Ton Produced ¹	345	336	+ 3%
889	788	1,105	+ 13%	- 20%	Cash Operating Cost per Ounce Produced ¹	836	1,109	- 25%
1,374	1,250	2,072	+ 10%	- 34%	AICC ¹	1,308	2,102	- 38%

In US\$ Equivalent

1,262	1,295	1,304	- 3%	- 3%	Average Price (\$) ¹ (per ounce)	1,278	1,348	- 5%
317	314	316	+ 1%	+ 0%	Cash Operating Cost per Ton Produced ¹	315	325	- 3%
804	728	1,065	+ 10%	- 25%	Cash Operating Cost per Ounce Produced ¹	764	1,073	- 29%
1,243	1,155	1,998	+ 8%	- 38%	AICC ¹	1,196	2,033	- 41%

Operations

During the quarter, a second stope, 5612, was brought into production in late October on the new mining horizon on the 5400 level in the higher-grade South Mining Complex ("SMC"). Capital development work with one of the new T1D electric hydraulic (single boom) jumbos continued with development on the 5400 level and advancing ramp development down toward the 5600 level. The second jumbo continued with stope access development while awaiting the completion of a lower stope block. This stope block is expected to be completed and paste filled by the middle of December 2014, at which time up to 6 ore headings will become available to the second jumbo drill. The Company expects this will further improve daily ore production as previously indicated moving into H2/15. The head grade achieved during the quarter of 0.41 opt (or 14.0 g/t) was a 9% decrease from the previous quarter due to some of the higher grade stopes on the lower levels moving into their planned paste fill cycle.

As the Company moves forward with development on the 5400 level and opens an additional 3 ore headings during H2/15, more consistent grades are expected as some higher grade stopes will be producing while others are being paste filled.

Exploration

During the quarter, the Company provided an update for underground and surface drilling which expanded the mineralization associated with the SMC on both the South Claims and the HM claim. The near surface drilling program intersected new high-grade lenses within 360 feet of surface (*see news release dated August 26, 2014, accessible at www.klgold.com*). The Company expects to provide an update on its exploration efforts early in calendar year 2015.

Outlook

The Company continues to make good progress towards achieving its guidance target for fiscal 2015 of between 140,000 - 155,000 ounces as outlined below. The Company is also revising the sustaining capital expenditures down by \$5.0 million to \$53.0 million for the current fiscal year.

Guidance	Metric	H1/15 Actual	Status
\$800 - 850	Cash operating cost per ounce	\$836	On Track
\$1,250 - 1,350	AICC per ounce produced	\$1,308	On Track
\$58.0 million	Sustaining capital expense (CAPEX)	\$22.4 million	Favourable
\$200.0 million	Revenue	\$107.5 million	Favourable
\$50.0 - 60.0 million	Cash flow from operations	\$33.3 million	Favourable
\$15.0 - 20.0 million	Free cash flow generation	\$10.9 million	On Track

Conference Call Details

The Company will hold a conference call to discuss the second quarter results on December 8, 2014, at 11:00am EST (4:00pm BST). You are invited to participate via teleconference using the details below. A replay of the call will be posted on the Company's website (www.klgold.com).

Participant Dial-In Numbers

Toll-Free North America: +1 (877) 291-4570; Local and International: +1 (647) 788-4919

Local from Switzerland: (0-800) 835-354; Local from the United Kingdom: (0-800) 051-7107

Conference ID: **38124455**

Replay Dial-In Numbers

Local and International: +1 (416) 621-4642

Toll Free North America: +1 (800) 585-8367

Conference ID: **38124455**

Replay Available Until: January 1st, 2015 at 11:59PM ET

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

Abbreviation	Period	Abbreviation	Period
FY/15	May 1, 2014 - April 30, 2015	FY/14	May 1, 2014 - April 30, 2014
H2/15	November 1, 2014 - January 30, 2015	H2/14	November 1, 2013 - January 30, 2014
H1/15	May 1, 2014 - October 31, 2014	H1/14	May 1, 2013 - October 31, 2013
Q2/15	July 1, 2014 - October 31, 2014	Q2/14	July 1, 2013 - October 31, 2013
Q1/15	May 1, 2014 - June 30, 2014	Q1/14	May 1, 2013 - June 30, 2013

For a description of additional risk factors affecting the Company and 'Forward Looking Information', see the Company's Annual Information Form filed with certain securities regulatory authorities in Canada and available on SEDAR at www.sedar.com in Appendix 4 in the AIF. For 'Forward Looking Information', as presented in the Management Discussion and Analysis ("MD&A") for the period ended October 31, 2014, see Appendix D in the MD&A for a description of other factors that may cause actual results to differ from those anticipated.

Financial Highlights (All amounts in 000's of Canadian Dollars, except gold price per ounce, shares and per share figures)	Reporting Period			
	Q2/15	Q1/15	Q2/14	H1/15
Gold Sales (ounces)	38,335	38,543	30,530	76,878
Average Gold Price (per ounce)	1,395	1,401	1,353	1,398
Revenue	53,479	54,003	41,316	107,482
Production Expenses	43,254	41,236	39,695	84,489
Exploration Expenditure	1,617	1,206	2,364	2,823
Other Expenses	4,225	5,998	1,844	10,225
Income (Loss) before Income Taxes	4,383	5,563	(6,098)	9,945
Net and Comprehensive Income (Loss)	2,684	4,982	(3,915)	7,665
Per share (basic and diluted)	0.04	0.07	(0.06)	0.11
Cash Flow from operations	16,552	16,764	724	33,316
Cash Flow (used in) from financing activities	(4,663)	(3,717)	44,711	(8,380)
Cash Flow (used in) investing activities	(10,684)	(11,754)	7,517	(22,438)
Net increase (decrease) in cash	1,205	1,293	52,952	2,498
Total cash resources	41,392	40,186	76,599	41,392

Other Current Assets	24,057	25,244	32,689	24,057
Current Liabilities	34,047	37,094	58,616	34,047
Working Capital	31,402	28,336	50,672	31,402
Total Assets	417,483	415,622	432,787	417,483
Total Liabilities	161,626	164,908	190,055	161,626
Basic weighted average number of shares outstanding	72,046,482	70,742,915	70,150,912	71,415,923
Dividends per share	NIL	NIL	NIL	NIL

Qualified Persons

Production and processing at KL Gold's milling facility are under the supervision of Mr. Chris Stewart, P.Eng., Vice President of Operations and the exploration program is under the supervision of Mr. Stewart Carmichael, P.Geo., Manager of Exploration. Messers Stewart and Carmichael are 'qualified persons' for the purpose of National Instrument 43-101, *Standards of Disclosure for Mineral Projects*, of the Canadian Securities Administrators, and have reviewed and approved this news release.

About the Company

[Kirkland Lake Gold Inc.](#)'s corporate goal is to create a self-sustaining and long-lived intermediate gold mining company based in the historic Kirkland Lake gold camp. The Company plans to do this by mining to the reserve grade, generating profits and free cash flow with a view to maximising value for the shareholders. The Company will also look to take advantage of its increased infrastructure capacity in the appropriate gold price environment. At the same time, the Company is committed to maintaining a significant exploration program aimed at developing and maintaining a property wide reserve and resource base sufficient to sustain a mine life of more than ten years.

Over the last several years the Company has invested significant capital to improve the infrastructure of the business including upgrading the production hoist, skips, mill, underground mobile equipment and capital development. From initial discovery to present day there have been over 24 million ounces of gold mined from the Kirkland Lake gold camp while the current reserve and resource provides for potentially 10 years of mining with significant exploration upside.

¹ The Company has included non-GAAP performance measures: average sales price per ounce, cash cost per ton produced, cash cost per ounce produced, AICC per gold ounce produced and free cash flow throughout this announcement. This is a common performance measure in the mining industry but does not have any standardized meaning under IFRS. Refer to Appendix B of the MD&A for a reconciliation of these measures to reported production expenses.

Neither the Toronto Stock Exchange nor the AIM Market of the London Stock Exchange has reviewed or accepts responsibility for the adequacy or accuracy of this news release.

Cautionary Note Regarding Forward Looking Statements

This news release contains statements which constitute "forward-looking statements", including statements regarding the plans, intentions, beliefs and current expectations of the Company with respect to the future business activities and operating performance of the Company. The words "may", "would", "could", "should", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect" and similar expressions, as they relate to the Company, are intended to identify such forward-looking statements. Forward-looking statements used in this news release include, but may not be limited to, statements regarding the Company's guidance for fiscal 2015 which includes production estimates in respect of ounces produced, operating cost per ton, per ounce and all-in cash costs, anticipated revenue, cash flow from operations and free cash flow generation. Investors are cautioned that forward-looking statements are based on the opinions, assumptions and estimates of management which management considers reasonable at the date the statements are made such as, without limitation, opinions, assumptions and estimates of management regarding the Company's business, its ability to increase its production capacity and decrease its production costs. Such opinions, assumptions and estimates, are inherently subject to a variety of risks and uncertainties and other known and unknown factors that could cause actual events or results to differ materially from those projected in the forward-looking statements.

These factors include the Company's expectations in connection with the projects and exploration programs being met, the impact of general business and economic conditions, global liquidity and credit availability on the timing of cash flows and the values of assets and liabilities based on projected future conditions, fluctuating gold prices, currency exchange rates (such as the Canadian dollar versus the United States

Dollar), variations in ore grade or recovery rates, changes in accounting policies, changes in the Company's mineral reserves and resources, changes in project parameters as plans continue to be refined, changes in project development, construction, production and commissioning time frames, the possibility of project cost overruns or unanticipated costs and expenses, higher prices for fuel, power, labour and other consumables contributing to higher costs and general risks of the mining industry, failure of plant, equipment or processes to operate as anticipated, unexpected changes in mine life, seasonality and weather, costs and timing of the development of new deposits, success of exploration activities, permitting time lines, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims, and limitations on insurance, as well as those risk factors discussed or referred to in the Company's Management's Discussion and Analysis and Annual Information Form for the year ended April 30, 2014 and the Company's Management's Discussion and Analysis for the interim period ended October 31, 2014 filed with the securities regulatory authorities in certain provinces of Canada and available at www.sedar.com. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, believed, estimated or expected. Although the Company has attempted to identify important risks, uncertainties and factors which could cause actual results to differ materially, there may be others that cause results not to be as anticipated, estimated or intended. The Company does not intend, and does not assume any obligation, to update these forward-looking statements except as otherwise required by applicable law.

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