



KIRKLAND LAKE GOLD

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Three and Six Months Ended June 30, 2021 and 2020
(in thousands of United States dollars)

(Unaudited)

KIRKLAND LAKE GOLD LTD.

Condensed Consolidated Interim Statements of Financial Position

(unaudited - stated in thousands of United States Dollars)

As at	Note	June 30, 2021	December 31, 2020
Assets			
<i>Current assets</i>			
Cash & cash equivalents		\$858,373	\$847,638
Accounts receivable	9	26,726	18,674
Inventories	10	164,916	149,203
Prepaid expenses		16,380	16,667
Income tax receivable		18,073	4,488
		1,084,468	1,036,670
<i>Non-current assets</i>			
Other long-term assets	11	93,314	115,887
Mining interests and plant and equipment	12	5,923,982	5,804,199
Intangible asset		79,162	89,697
Deferred tax assets		38,607	34,083
		\$7,219,533	\$7,080,536
Liabilities			
<i>Current liabilities</i>			
Accounts payable and accrued liabilities		\$249,675	\$235,950
Dividends payable		50,022	50,268
Share based liabilities	13	11,920	25,745
Lease obligations		6,175	6,896
Income tax payable		13,904	141,513
Provisions	14	42,844	71,976
		374,540	532,348
<i>Non-current liabilities</i>			
Share based liabilities	13	5,051	8,618
Lease obligations		18,557	19,275
Provisions	14	183,028	164,807
Deferred proceeds		77,575	77,575
Deferred tax liabilities		1,272,964	1,192,982
		\$1,931,715	\$1,995,605
Shareholders' equity			
Share capital		3,321,111	3,289,497
Reserves		21,244	31,244
Accumulated other comprehensive income		25,121	235,709
Retained earnings		1,920,342	1,528,481
		5,287,818	5,084,931
		\$7,219,533	\$7,080,536

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

KIRKLAND LAKE GOLD LTD.

Condensed Consolidated Interim Statements of Operations and Comprehensive Income

For the three and six months ended June 30, 2021 and June 30, 2020

(unaudited - stated in thousands of United States Dollars, except per share amounts)

	Note	Three months ended June 30,		Six months ended June 30,	
		2021	2020	2021	2020
Revenue		\$662,736	580,975	1,214,582	1,135,713
Production costs		(159,726)	(141,415)	(329,807)	(303,007)
Royalty expense		(22,369)	(19,258)	(40,763)	(40,507)
Depletion and depreciation	12	(111,348)	(82,586)	(215,448)	(175,425)
Earnings from mine operations		369,293	337,716	628,564	616,774
Expenses					
General and administrative		(20,184)	(20,137)	(32,527)	(32,699)
Transaction costs	4	—	—	—	(33,838)
Exploration		(7,079)	(2,384)	(12,565)	(8,315)
Care and maintenance		(4,093)	(6,570)	(8,289)	(9,460)
Rehabilitation costs	14	(286)	(2,448)	474	(2,448)
Earnings from operations		337,651	306,177	575,657	530,014
Other income (loss), net	7	2,016	(80,164)	592	(7,959)
Finance items					
Finance income	8	297	1,119	544	3,715
Finance costs	8	(838)	(1,850)	(1,684)	(5,963)
Earnings before income taxes		339,126	225,282	575,109	519,807
Current income tax expense		(45,279)	(59,020)	(88,250)	(129,150)
Deferred income tax expense		(49,680)	(16,030)	(81,499)	(37,547)
Net earnings		244,167	150,232	405,360	353,110
Other comprehensive income (loss)					
Items that have been or may be subsequently reclassified to net earnings:					
Exchange differences on translation of foreign operations		(10,589)	251,266	(24,080)	(117,143)
Items that will not be subsequently reclassified to net earnings:					
Changes in fair value of investments in equity securities, net of \$1,609 tax recovery	11	(9,901)	116,160	(20,849)	10,792
Total other comprehensive income (loss)		(20,490)	367,426	(44,929)	(106,351)
Comprehensive income		\$223,677	\$517,658	\$360,431	\$246,759
Basic earnings per share	15(c)	\$0.91	\$0.54	\$1.52	\$1.32
Diluted earnings per share	15(c)	\$0.91	\$0.54	\$1.51	\$1.32
Weighted average number of common shares outstanding (in 000's)					
Basic	15(c)	267,074	277,066	267,092	267,242
Diluted	15(c)	267,189	277,265	267,961	267,453

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

KIRKLAND LAKE GOLD LTD.

Condensed Consolidated Interim Statements of Cash Flows

For the three and six months ended June 30, 2021 and June 30, 2020

(unaudited - stated in thousands of United States Dollars)

	Note	Three months ended June 30,		Six months ended June 30,	
		2021	2020	2021	2020
Operating activities					
Net earnings		\$244,167	\$150,232	\$405,360	\$353,110
Adjustments for the following items:					
Depletion and depreciation		111,348	82,586	215,448	175,425
Share based payment expense	13	3,639	8,092	2,489	4,829
Redeemed share based units	13	—	—	(20,196)	(31,907)
Other loss (income), net		(5,953)	75,359	(4,975)	4,691
Finance items, net		541	731	1,140	(107)
Loss on derivatives		—	—	—	2,355
Income tax expense		94,959	75,050	169,749	166,697
Accretion on long-term debt		—	—	—	298
Rehabilitation costs		286	2,448	(474)	—
Cash reclamation expenditures		(11,496)	(626)	(17,414)	(1,506)
Change in non-cash operating working capital	16	49,748	74	7,989	(9,694)
Operating cash flows before interest and income taxes		487,239	393,946	759,116	664,191
Interest received		297	1,119	544	3,715
Income tax paid		(156,965)	(172,831)	(220,916)	(204,166)
Net cash provided by operating activities		330,571	222,234	538,744	463,740
Investing activities					
Additions to mining interests	12	(98,357)	(57,242)	(157,143)	(129,223)
Additions to plant and equipment	12	(100,987)	(70,913)	(207,676)	(109,569)
Investments in equity securities	11	(5,378)	(708)	(6,947)	(3,911)
Sale of investments in equity securities	11	3,899	—	6,699	—
Other		43	566	103	1,147
Cash and cash equivalents acquired in Detour acquisition		—	—	—	173,916
Net cash used in investing activities		(200,780)	(128,297)	(364,964)	(67,640)
Financing activities					
Net credit facility repayment		—	—	—	(98,643)
Unwinding of derivative liabilities		—	—	—	(30,259)
Proceeds from exercise of stock options	15(a)	23	1,059	821	2,229
Interest paid		(294)	(1,792)	(583)	(2,840)
Payment of lease obligations		(2,005)	(4,670)	(4,170)	(8,085)
Share repurchases	15(a)	(11,952)	(49,944)	(58,270)	(379,793)
Payment of dividends	15(a)	(50,073)	(34,650)	(100,341)	(47,227)
Net cash used in financing activities		(64,301)	(89,997)	(162,543)	(564,618)
Impact of foreign exchange on cash balances		644	2,548	(502)	(1,303)
Change in cash		66,134	6,488	10,735	(169,821)
Cash, beginning of period		792,239	530,897	847,638	707,206
Cash, end of period		\$858,373	\$537,385	\$858,373	\$537,385

Supplemental cash flow information – Note 16

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

KIRKLAND LAKE GOLD LTD.

Condensed Consolidated Interim Statements of Changes in Equity

For the three and six months ended June 30, 2021 and June 30, 2020

(unaudited - stated in thousands of United States Dollars, except share information)

	Note	Share Capital		Reserves	Accumulated other comprehensive income (loss)		Retained earnings	Shareholders' equity
		Shares (000s)	Amount	Share based payments and other reserves	Foreign currency translation	Investment revaluation		
Balance at December 31, 2019		209,625	\$886,309	\$28,843	(\$60,234)	\$74,805	\$887,031	\$1,816,754
Exercise of share options, including transfer from reserves	15(a)	120	2,561	(332)				2,229
Reclassification of foreign currency translation					(7,378)		7,378	—
Acquisition of Detour Gold Corporation	4	77,217	3,131,451	2,993				3,134,444
Foreign currency translation					(109,765)			(109,765)
Change in fair value of investments in equity securities, net of \$1,815 tax expense						10,792		10,792
Dividends declared	15(a)						(69,138)	(69,138)
Share repurchases	15(a)	(11,059)	(379,793)					(379,793)
Net earnings							353,110	353,110
Balance at June 30, 2020		275,903	3,640,528	31,504	(177,377)	85,597	1,178,381	4,758,633
Balance at December 31, 2020		268,098	\$3,289,497	\$31,244	\$176,126	\$59,583	\$1,528,481	\$5,084,931
Effect of change in functional currency	5		88,868	(9,805)	(165,659)		86,596	—
Exercise of share options, including transfer from reserves	15(a)	59	1,016	(195)				821
Foreign currency translation					(24,080)			(24,080)
Change in fair value of investments in equity securities, net of \$1,609 tax recovery						(20,849)		(20,849)
Dividends declared	15(a)						(100,095)	(100,095)
Share repurchases	15(a)	(1,374)	(58,270)					(58,270)
Net earnings							405,360	405,360
Balance at June 30, 2021		266,783	\$3,321,111	\$21,244	(\$13,613)	\$38,734	\$1,920,342	\$5,287,818

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

KIRKLAND LAKE GOLD LTD.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2021 AND 2020

(unaudited - stated in thousands of United States Dollars, except per share amounts and number of shares, warrants, stock options, share based liability units and equity based instrument units)

1. DESCRIPTION OF BUSINESS AND NATURE OF OPERATIONS

Kirkland Lake Gold Ltd. (individually, or collectively with its subsidiaries, as applicable, (the "Company"), is a publicly listed entity incorporated in the province of Ontario, Canada. The Company's common shares are listed on the Toronto Stock Exchange ("TSX") and the New York Stock Exchange ("NYSE") under the symbol "KL" and the Australian Securities Exchange ("ASX") under the symbol "KLA". The Company's head office, principal address and records office are located at 200 Bay Street, Suite 2800, Toronto, Ontario, Canada, M5J 2J1.

The Company is a growing gold producer with three wholly-owned operating mines, four wholly-owned mines currently on care and maintenance and exploration properties in Canada and Australia.

2. BASIS OF PREPARATION

(a) Statement of Compliance

These condensed consolidated interim financial statements (the "Interim Financial Statements") have been prepared in accordance with International Accounting Standard 34 ("IAS 34"), Interim Financial Reporting and follow the same accounting policies and methods of application as the annual consolidated financial statements of the Company for the year ended December 31, 2020, except as noted in note 3 below under adoption of new accounting standards and in note 5 in connection with the change in functional currency of the Company and its Canadian subsidiaries from the Canadian dollar to the United States dollar. The Interim Financial Statements do not contain all disclosures required by International Financial Reporting Standards ("IFRS") and accordingly should be read in conjunction with the 2020 annual consolidated financial statements and the notes thereto. The Interim Financial Statements were approved by the Company's Board of Directors on July 28, 2021.

The Interim Financial Statements have been prepared on a historical cost basis except for financial instruments which are recorded at fair value, as set out in the accounting policies in note 3 of the 2020 annual consolidated financial statements.

(b) Use of estimates and judgments

The preparation of financial statements in compliance with IAS 34 requires management to make certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Company's accounting policies. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements as at and for the year ended December 31, 2020.

3. ADOPTION OF NEW ACCOUNTING STANDARDS

(a) New accounting standards and amendments effective in the period

IAS 16, Property, Plant and Equipment

The International Accounting Standards Board ("IASB") issued an amendment to IAS 16, Property, Plant and Equipment to prohibit the deducting from property, plant and equipment amounts received from selling items produced while preparing an asset for its intended use. Instead, sales proceeds and its related costs must be recognized in profit or loss. The amendment will require companies to distinguish between costs associated with producing and selling items before the item of property, plant and equipment is available for use and costs

KIRKLAND LAKE GOLD LTD.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2021 AND 2020

(unaudited - stated in thousands of United States Dollars, except per share amounts and number of shares, warrants, stock options, share based liability units and equity based instrument units)

associated with making the item of property, plant and equipment available for its intended use. The amendment is effective for annual periods beginning on or after January 1, 2022, with earlier application permitted. The amendment is applicable to the accounting for the Company's near surface project and as such, the Company has early adopted the amendment to IAS 16 effective January 1, 2021 and will recognize any sales proceeds and related costs of producing and selling the incidental ounces in profit or loss. There is no impact to the 2020 comparative period as a result of early adopting the amendment.

(b) Standards and amendments issued but not yet effective or adopted

IAS 12, Income Taxes

The IASB issued an amendment to IAS 12, Income Taxes to narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. Instead, a deferred tax asset and a deferred tax liability will need to be recognized for temporary differences arising on initial recognition of certain transactions, such as leases and decommissioning provisions. The amendment is effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted. An assessment will be performed prior to the effective date to determine the impact to the Company's financial statements.

IAS 1, Presentation of Financial Statements

The IASB issued an amendment to IAS 1, Presentation of Financial Statements to clarify one of the requirements under the standard for classifying a liability as non-current in nature, specifically the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendment includes: (i) specifying that an entity's right to defer settlement must exist at the end of the reporting period; (ii) clarifying that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement; (iii) clarifying how lending conditions affect classification; and (iv) clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments. An assessment will be performed prior to the effective date of January 1, 2023 to determine the impact to the Company's financial statements.

4. ACQUISITION OF DETOUR

On November 25, 2019, the Company entered into an Arrangement Agreement to acquire all of the issued and outstanding common shares of Detour, with Detour shareholders receiving 0.4343 of a Kirkland Lake common share for every one Detour share ("Exchange Ratio"). Upon closing of the transaction on January 31, 2020, the Company issued 77,217,129 Kirkland Lake common shares to the former shareholders of Detour. Furthermore, all outstanding stock options of Detour that were not exercised prior to the acquisition date, have been exchanged under the agreement at the Exchange Ratio, resulting in the issuance of 190,069 replacement options.

The Company determined that the transaction represented a business combination under IFRS 3 Business Combinations ("IFRS 3"), with Kirkland Lake identified as the acquirer and as such, the transaction was accounted for using the acquisition method of accounting in accordance with IFRS 3. The total purchase price consideration of the acquisition was \$3,134,444. The purchase price was allocated to the assets acquired and liabilities assumed as disclosed in note 6 of the Company's 2020 annual consolidated financial statements. Acquisition related costs of \$33,838 were recorded in the Company's condensed consolidated interim statements

KIRKLAND LAKE GOLD LTD.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2021 AND 2020

(unaudited - stated in thousands of United States Dollars, except per share amounts and number of shares, warrants, stock options, share based liability units and equity based instrument units)

of operations and comprehensive income for the six months ended June 30, 2020. These interim financial statements include the results of Detour from January 31, 2020, which is the date of acquisition.

5. CHANGE IN FUNCTIONAL CURRENCY

The functional currency for each entity consolidated within the Company's financial statements is determined by the currency of the primary economic environment in which it operates (the "functional currency"). The functional currency for the Company and its Canadian subsidiaries up until December 31, 2020 was the Canadian dollar; the functional currency for all Australian subsidiaries is the Australian dollar. The consolidated financial statements are presented in United States dollars which is the presentation currency for the Company. The Company elected to change the tax reporting currency of its Canadian subsidiaries from the Canadian to the United States dollar effective January 1, 2021. This change in tax reporting currency resulted in a re-assessment of the primary and secondary factors under International Accounting Standards 21 ("IAS 21") "The Effects of Changes in Foreign Exchange Rates" and led to the conclusion that the functional currency of the Canadian entities is the United States dollar. Effective December 31, 2020, the functional currency of the Company's Canadian entities changed from the Canadian dollar to the United States dollar, with the change applied on a prospective basis.

In making this change in functional currency to the United States dollar, the Company followed the guidance in IAS 21, with the December 31, 2020 statement of financial position translated at the December 31, 2020 exchange rate of \$1.0000 Canadian Dollar = \$0.7855 US Dollar. The impact of this change on the closing balances of the Company's equity accounts is reflected as an Effect of Change in Functional Currency within the interim statement of changes in equity for the period ending June 30, 2021.

6. EMPLOYEE BENEFITS EXPENSE

The following employee benefits expenses are included in production costs, general and administrative costs, and care and maintenance costs for the three and six months ended June 30, 2021 and 2020:

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Salaries, short-term incentives and other benefits	\$93,634	\$78,722	\$177,646	\$153,247
Share based payment expense	584	8,092	2,489	4,829
Total employee benefits expense	\$94,218	\$86,814	\$180,135	\$158,076

7. OTHER INCOME (LOSS), NET

Other loss, net for the three and six months ended June 30, 2021 and 2020 includes the following:

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Loss on disposal of non core mining interests and plant and equipment	(\$110)	(\$1,504)	(\$7,830)	(\$1,885)
Change in fair value of warrant liability	3,496	148	3,268	(1,345)
Foreign exchange gain (loss), net	2,566	(72,826)	8,220	118
Other income (loss), net	(3,936)	(5,982)	(3,066)	(4,847)
Other income (loss), net	\$2,016	(\$80,164)	\$592	(\$7,959)

KIRKLAND LAKE GOLD LTD.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2021 AND 2020

(unaudited - stated in thousands of United States Dollars, except per share amounts and number of shares, warrants, stock options, share based liability units and equity based instrument units)

8. FINANCE ITEMS

Finance income and expense for the three and six months ended June 30, 2021 and 2020 includes the following:

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Interest income on bank deposits	\$297	\$1,119	\$544	\$3,715
Finance income	\$297	\$1,119	\$544	\$3,715
Interest on finance leases and other loans	\$294	\$1,792	\$583	\$2,840
Finance fees and bank charges	22	88	49	136
Unwinding of discount on rehabilitation provision	522	(30)	1,052	632
Unrealized/realized loss on derivative contracts	—	—	—	2,355
Finance expense	\$838	\$1,850	\$1,684	\$5,963

9. ACCOUNTS RECEIVABLE

<i>As at</i>	June 30, 2021	December 31, 2020
Trade receivables	\$167	\$85
Sales tax and other statutory receivables	23,246	16,284
Other receivables	3,313	2,305
	\$26,726	\$18,674

There are no expected credit losses and none of the amounts included in receivables at June 30, 2021 are past due.

Trade receivables represent the value of gold doré sold as at period end for which the funds are not yet received. There were no recorded allowances for credit losses during the three and six months ended June 30, 2021 and 2020. In determining the recoverability of other receivables, the Company considers any change in the credit quality of the counterparty, with the concentration of the credit risk limited due to the nature of the counterparties involved.

10. INVENTORIES

<i>As at</i>	June 30, 2021	December 31, 2020
Gold doré	\$2,263	\$4,984
Gold in circuit	30,834	27,696
Ore stockpiles	52,150	34,955
Supplies and consumables	79,669	81,568
	\$164,916	\$149,203

The cost of gold doré, gold in circuit, ore stockpiles (“metal inventory”), and supplies and consumables recognized as an expense and included in operating costs in the three and six months ended June 30, 2021 are \$159,482 and \$329,345, respectively (three and six months ended June 30, 2020 - \$140,708 and \$303,106). During the three and six months ended June 30, 2021, there were write downs of metals inventory to net realizable value of \$nil and \$3,204, respectively (three and six months ended June 30, 2020 - \$807 and \$2,797).

KIRKLAND LAKE GOLD LTD.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2021 AND 2020

(unaudited - stated in thousands of United States Dollars, except per share amounts and number of shares, warrants, stock options, share based liability units and equity based instrument units)

11. OTHER LONG-TERM ASSETS

As at	June 30, 2021	December 31, 2020
Investment in equity securities	\$79,070	\$99,048
Warrant investment	68	367
Deposits and other	4,250	4,184
Other long-term assets	9,926	12,288
	\$93,314	\$115,887

Other long-term assets include long-term stockpiles expected to be processed beyond the next 12 months and long-term supplies and consumables expected to be used beyond the next 12 months.

Investments in equity securities

Changes in the investments in equity securities for the six months ended June 30, 2021 and year ended December 31, 2020 are as follows:

As at	June 30, 2021	December 31, 2020
Balance at beginning of year	\$99,048	\$253,540
Acquisition of investments	6,947	26,803
Disposition of investments	(6,699)	(174,334)
Losses recorded in OCI	(22,458)	(11,735)
Foreign currency translation	2,232	4,774
Available for sale investments, end of period	\$79,070	\$99,048

The fair value of the investments in equity securities held as at June 30, 2021 and December 31, 2020 are as follows:

Investments in equity securities	Shares held at June 30, 2021	Fair value as at December 31, 2020	Purchase/(sales)	Gains (losses) recorded in OCI	Foreign currency translation	Fair value as at June 30, 2021
Novo Resources Corp.	7,962,668	\$17,247	(\$2,800)	(\$1,576)	\$556	\$13,427
Wallbridge Mining Company Ltd.	80,194,477	47,860	896	(15,596)	1,133	34,293
Other	—	33,941	2,152	(5,286)	543	31,350
Total		\$99,048	\$248	(\$22,458)	\$2,232	\$79,070

Investments in equity securities	Shares held at December 31, 2020	Fair value as at December 31, 2019	Purchase/(sales)	Gains (losses) recorded in OCI	Foreign currency translation	Fair value as at December 31, 2020
Osisko Mining Inc.	—	\$101,757	(\$107,664)	\$7,199	(\$1,292)	\$—
Novo Resources Corp.	9,225,168	87,520	(38,862)	(32,688)	1,277	17,247
Wallbridge	78,109,200	39,943	17,643	(12,064)	2,338	47,860
Other	—	24,320	(18,648)	25,818	2,451	33,941
Total		\$253,540	(\$147,531)	(\$11,735)	\$4,774	\$99,048

KIRKLAND LAKE GOLD LTD.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2021 AND 2020**

(unaudited - stated in thousands of United States Dollars, except per share amounts and number of shares, warrants, stock options, share based liability units and equity based instrument units)

12. MINING INTERESTS AND PLANT AND EQUIPMENT

<i>Six months ended June 30, 2021</i>	Depletable	Non depletable	Total mining interest	Property, plant and equipment	Capital work-in-progress	Total ¹
Cost						
At January 1, 2021	\$3,575,624	\$503,328	\$4,078,952	\$2,406,943	\$284,787	\$6,770,682
Additions and transfers	146,812	—	146,812	107,207	121,133	375,152
Change in environmental closure assets	7,401	—	7,401	—	—	7,401
Disposals	(547)	—	(547)	(48,994)	—	(49,541)
Foreign currency translation in OCI	(18,221)	(3,859)	(22,080)	(10,407)	(854)	(33,341)
Cost at June 30, 2021	\$3,711,069	\$499,469	\$4,210,538	\$2,454,749	\$405,066	\$7,070,353
Accumulated depreciation and depletion						
At January 1, 2021	\$598,983	\$—	\$598,983	\$367,500	\$—	\$966,483
Depreciation	—	—	—	129,092	—	129,092
Depletion	102,311	—	102,311	—	—	102,311
Disposals	(141)	—	(141)	(39,760)	—	(39,901)
Foreign currency translation in OCI	(8,458)	—	(8,458)	(3,156)	—	(11,614)
Accumulated depreciation and depletion at June 30, 2021	\$692,695	\$—	\$692,695	\$453,676	\$—	\$1,146,371
Carrying value at June 30, 2021	\$3,018,374	\$499,469	\$3,517,843	\$2,001,073	\$405,066	\$5,923,982

¹Includes \$172.1 million and \$251.0 million in carrying amounts at June 30, 2021 related to Holt Complex and Northern Territory, respectively

<i>Year ended December 31, 2020</i>	Depletable	Non depletable	Total mining interest	Property, plant and equipment	Capital work-in-progress	Total ²
Cost						
At January 1, 2020	\$1,105,283	\$161,073	\$1,266,356	\$576,635	\$191,521	\$2,034,512
Acquisition of Detour Gold Corporation ¹	2,026,183	336,756	2,362,939	1,342,054	120,371	3,825,364
Additions and transfers	285,555	(19,571)	265,984	436,469	(41,510)	660,943
Change in environmental closure assets	6,667	—	6,667	—	—	6,667
Disposals	(437)	—	(437)	(61,047)	(683)	(62,167)
Foreign currency translation in OCI	152,373	25,070	177,443	112,832	15,088	305,363
Cost at December 31, 2020	\$3,575,624	\$503,328	\$4,078,952	\$2,406,943	\$284,787	\$6,770,682
Accumulated depreciation and depletion						
At January 1, 2020	\$376,197	\$—	\$376,197	\$161,389	\$—	\$537,586
Depreciation	—	—	—	238,415	—	238,415
Depletion	188,613	—	188,613	—	—	188,613
Disposals	(303)	—	(303)	(51,441)	—	(51,744)
Foreign currency translation in OCI	34,476	—	34,476	19,137	—	53,613
Accumulated depreciation and depletion at December 31, 2020	\$598,983	\$—	\$598,983	\$367,500	\$—	\$966,483
Carrying value at December 31, 2020	\$2,976,641	\$503,328	\$3,479,969	\$2,039,443	\$284,787	\$5,804,199

¹Includes \$16.2 million of ROU assets that were acquired with Detour Gold Corporation.

²Includes \$180.8 and \$261.2 in carrying amounts at December 31, 2020 related to Holt Complex and Northern Territory, respectively.

Mining Interests

Non-depletable mining interests at June 30, 2021 of \$499,469 (December 31, 2020 - \$503,328) includes \$349,639 (December 31, 2020 - \$349,639) of acquired mineral resources around the Detour Lake mine, and \$148,470 (December 31, 2020 - \$152,519) for the carrying amount of various acquired exploration properties in the Northern Territory.

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13. SHARE BASED PAYMENT LIABILITIES

(i) Long-term incentive plan ("LTIP")

The Company has an LTIP that provides for restricted share units ("RSUs") and performance share units ("PSUs"), collectively ("Share Units") that may be granted to employees, officers and eligible contractors of the Company and its affiliates. A director of the Company is not eligible to participate in the LTIP unless he or she is also an employee of the Company. At the discretion of the Company's Board of Directors, the Company can issue common shares or cash or any combination thereof in satisfaction of the Company's obligations under Share Units held by participants.

The value of an RSU and PSU at the grant date is equal to the market price of a common share of the Company on that date. Unless otherwise determined by the Compensation Committee, no RSU or PSU shall vest later than three years after the date of grant.

Movements in the number of the PSUs and RSUs for the six months ended June 30, 2021 and 2020 are as follows:

	Six months ended June 30, 2021		Six months ended June 30, 2020	
	PSUs	RSUs	PSUs	RSUs
Balance, beginning of year	372,640	386,767	511,768	540,828
Granted	190,451	190,823	71,306	73,430
Cancelled	(33,282)	(33,282)	(12,279)	(12,280)
Redeemed	(168,612)	(168,612)	(225,411)	(242,468)
Balance, end of period	361,197	375,696	345,384	359,510

(ii) Deferred share unit plan ("DSU Plan")

The Company has a DSU Plan for non-executive directors of the Company, which provides a cash payment, common shares, or a combination thereof on the date when a director ceases to be a director.

Changes in the number of deferred share units ("DSUs") outstanding during the six months ended June 30, 2021 and year ended December 31, 2020 are as follows:

	Six months ended June 30, 2021	Year ended December 31, 2020
	DSUs	DSUs
Balance at beginning of year	120,886	155,377
Granted	15,263	19,760
Redeemed	—	(54,251)
Balance, at end of period	136,149	120,886

Changes in the share based payment liabilities during the six months ended June 30, 2021 and year ended December 31, 2020 are as follows:

	Six months ended June 30, 2021	Year ended December 31, 2020
Opening liability	\$34,363	\$55,257
Share based payment expense	2,489	10,457
Redeemed RSUs, PSUs, DSUs and phantom share units (cash payments)	(20,196)	(31,907)
Foreign currency translation	315	556
Total share based payment liability	\$16,971	\$34,363
Current portion of share based payment liability	\$11,920	\$25,745
Long term share based payment liability	\$5,051	\$8,618

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Share based payment expense

The cost of share based payments is allocated to production costs (granted to employees involved in the commercial operations at the mines and mill), general and administrative costs (options granted to directors and corporate employees) and care and maintenance. The allocation of share based payment expense on the condensed consolidated interim statement of operations and comprehensive income for the three and six months ended June 30, 2021 and 2020 is as follows:

	For the three months ended		For the six months ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
General and administrative	\$3,288	\$7,653	\$2,173	\$5,196
Production costs	341	439	557	(367)
Care and maintenance	10	—	(241)	—
Total share based payment expense	\$3,639	\$8,092	\$2,489	\$4,829

14. PROVISIONS

As at	June 30, 2021	December 31, 2020
Environmental rehabilitation provision	\$218,176	\$229,125
Long service leave	7,696	7,658
Total provisions	225,872	236,783
Current provisions	42,844	71,976
Long-term balance	\$183,028	\$164,807

Environmental rehabilitation provision

The Company provides for the estimated future cost of rehabilitating mine sites and related production facilities on a discounted basis, if the impact of discounting is material, as such activity that creates the rehabilitation obligation occurs. The rehabilitation provision represents the present value of estimated future rehabilitation costs. These provisions are based on the Company's estimates, with consideration of closure plans and rehabilitation requirements established by relevant regulatory bodies.

15. SHAREHOLDERS' EQUITY

The Company is authorized to issue an unlimited number of common shares without par value.

(a) SHARE CAPITAL

As at June 30, 2021, the Company had 266,782,874 common shares outstanding (December 31, 2020 - 268,097,877).

Share capital issuances

- During the three and six months ended June 30, 2021, the Company issued 27,272 and 59,097 common shares upon the exercise of 27,272 and 59,097 stock options for \$76 and \$1,016 (three months ended June 30, 2020 - the Company issued an aggregate of 47,913 and 120,062 common shares upon the exercise of 47,913 and 120,062 stock options for \$1,242 and \$2,561).

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- Upon closing of the Detour acquisition on January 31, 2020, the Company issued 77,217,129 common shares to the former shareholders of Detour with a fair value of \$3,131,451. Furthermore, all outstanding stock options of Detour that were not exercised prior to the acquisition date have been exchanged under the agreement at the Exchange Ratio.

Repurchases2021

- For the three months ended June 30, 2021, the Company purchased 300,000 shares for \$11,952 (C\$14,680) pursuant to the Normal Course Issuer Bid ("NCIB").
- For the three months ended March 31, 2021, the Company purchased 1,074,100 shares for \$46,318 (C\$58,790) pursuant to the NCIB.
- All of the shares acquired have been legally canceled as of June 30, 2021.

2020

- For the three months ended June 30, 2020, the Company purchased 1,345,600 shares for \$49,944 (C\$69,178) pursuant to the NCIB.
- For the three months ended March 31, 2020, the Company purchased 9,713,500 shares for \$329,849 (C\$443,064) pursuant to the NCIB.
- All of the shares acquired have been legally canceled as of June 30, 2020.

Dividends2021

Dividend declaration date	Dividend paid date	Per share	Paid USD	Reduction in retained earnings
December 16, 2020	January 14, 2021	\$0.1875	\$50,268	\$—
March 18, 2021	April 14, 2021	\$0.1875	\$50,073	\$50,073
June 17, 2021	July 14, 2021	\$0.1875	\$—	\$50,022
Total			\$100,341	\$100,095

2020

Dividend declaration date	Dividend paid date	Per share	Paid USD	Reduction in retained earnings
December 16, 2019	January 13, 2020	\$0.06	\$12,577	\$—
March 18, 2020	April 13, 2020	\$0.125	\$34,650	\$34,650
June 17, 2020	July 13, 2020	\$0.125	\$—	\$34,488
Total			\$47,227	\$69,138

(b) RESERVES**(i) Share based payment compensation plans**

In addition to the DSU liabilities disclosed in note 13, the Company has the following outstanding equity based awards:

Stock options

During the three and six months ended June 30, 2021 and 2020, the Company did not grant any stock options other than replacement options issued relating to the Detour acquisition in the three months ended March 31, 2020.

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Changes in stock options during the six months ended June 30, 2021 and 2020 were as follows:

	Six months ended June 30, 2021		Six months ended June 30, 2020	
	Number of options	Weighted average exercise price (C\$)	Number of options	Weighted average exercise price (C\$)
Balance, beginning of year	218,237	\$12.64	218,489	\$4.44
Replacement options from Detour acquisition	—	—	190,069	35.07
Exercised	(59,097)	17.67	(120,062)	25.31
Expired	(37,141)	33.46	(8,153)	5.61
Stock options outstanding, end of period	121,999	\$3.86	280,343	\$16.24
Stock options exercisable, end of period	121,999	\$3.86	280,343	\$16.24

Options are valued using the Black-Scholes option pricing model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate of the effects of non-transferability, exercise restrictions and behavioral considerations. Expected volatility is based on the historical share price volatility of the Company.

Replacement options from the Detour acquisition were valued at the date of acquisition using the Black-Scholes option pricing model with the following weighted average assumptions:

Weighted average exercise price per share	C\$35.07
Risk-free interest rate	1.83 %
Expected volatility	36.64 %
Expected life	0.91
Weighted average per share grant date fair value	C\$34.48

Stock Options Exercised

The following table outlines share options granted under the former stock option plans of Kirkland Lake Gold Inc., St. Andrews Goldfields Ltd. and Detour Gold Corporation that were exercised during the three and six months ended June 30, 2021:

Grant price (C\$)	Number of options exercised	Exercise dates	Weighted average closing share price at exercise date (C\$)
\$2.85 - \$35.55	31,825	January 1, 2021 - March 31, 2021	\$49.73
\$3.42 - \$6.82	27,272	April 1, 2021 - June 30, 2021	\$44.11
	59,097		\$47.14

The following table outlines share options granted under the former stock option plans of Kirkland Lake Gold Inc., St. Andrews Goldfields Ltd. and Detour Gold Corporation that were exercised during the three and six months ended June 30, 2020:

Grant price (C\$)	Number of options exercised	Exercise dates	Weighted average closing share price at exercise date (C\$)
\$5.61 - \$35.55	72,149	January 1, 2020 - March 31, 2020	\$45.32
\$3.42 - \$38.78	47,913	April 1, 2020 - June 30, 2020	\$56.32
	120,062		\$49.71

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(c) BASIC AND DILUTED INCOME PER SHARE

Basic and diluted income per share for the three and six months ended June 30, 2021 and 2020 is calculated as shown in the table below. The diluted income per share for the three and six months ended June 30, 2021 and 2020 includes the impact of certain outstanding options, PSUs and RSUs.

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Net earnings	\$244,167	\$150,232	\$405,360	\$353,110
Weighted average basic number of common shares outstanding (in '000s)	267,074	277,066	267,092	267,242
Basic earnings per share	\$0.91	\$0.54	\$1.52	\$1.32
Net earnings	\$244,167	\$150,232	\$405,360	\$353,110
Cash settling LTIP adjustment	—	—	(1,774)	—
Net earnings for diluted earnings	\$244,167	\$150,232	\$403,586	\$353,110
Weighted average diluted number of common shares outstanding (in '000s)	267,189	277,265	267,961	267,453
Diluted earnings per share	\$0.91	\$0.54	\$1.51	\$1.32

Weighted average diluted number of common shares for the three and six months ended June 30, 2021 and 2020 is calculated as follows:

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Weighted average basic number of common shares outstanding (in '000s)	267,074	277,066	267,092	267,242
In the money shares - share options (in '000s)	115	199	132	211
Dilutive RSUs and PSUs (in '000s)	—	—	737	—
Weighted average diluted number of common shares outstanding (in '000s)	267,189	277,265	267,961	267,453

The following items were excluded from the computation of diluted weighted average shares outstanding for the three and six months ended June 30, 2021 and 2020 because their effect would have been anti-dilutive:

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Anti-dilutive RSUs and PSUs (in '000s)	737	705	—	705

16. SUPPLEMENTAL CASH FLOW INFORMATION

As at June 30, 2021, the Company's cash balance of \$858,373 (December 31, 2020 – \$847,638) was held at major Canadian and Australian banks in deposit accounts. Cash held in Australian entities comprised of \$313,021 (as at December 31, 2020 - \$808,575) denominated in US dollars, which was exposed to movements in foreign exchange rates. As at June 30, 2021, the impact of a 10% strengthening or weakening in foreign exchange rates would have resulted in a decrease or increase of \$21,912 in net earnings, respectively.

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Supplemental information to the statements of cash flows is as follows:

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Change in non-cash working capital				
Decrease (increase) in accounts receivable	\$10,298	\$1,050	(\$7,986)	\$11,922
Decrease in inventories	12,780	33,545	12,223	87,504
Decrease in prepaid expenses and other current assets	807	702	294	9,332
(Decrease) increase in accounts payable and accrued liabilities	25,863	(35,223)	3,458	(120,900)
	\$49,748	\$74	\$7,989	(\$12,142)
Investing and financing non-cash transactions				
Property, plant and equipment acquired through finance leases	\$—	\$5,792	\$2,229	\$5,792

17. OPERATING SEGMENTS

The reportable operating segments are those operations for which operating results are reviewed by the President and Chief Executive Officer who is the chief operating decision maker regarding decisions about resources to be allocated to the segment and to assess performance provided those operations pass certain quantitative thresholds. Operations with revenues, earnings or losses or assets that exceed 10% of the total consolidated revenue, earnings or losses or assets are reportable segments.

Each of the Company's reportable operating segments generally consists of an individual mining property managed by a single general manager and operations management team.

The Company's operating segments reflect these multiple mining interests and are reported in a manner consistent with internal reporting used to assess the performance of each segment and make decisions about resources to be allocated to the segments.

The information reported below as at and for the three and six months ended June 30, 2021 and 2020 is based on the information provided to the President and Chief Executive Officer.

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For the three months ended June 30, 2021						
	Macassa	Detour	Fosterville	Non-core³	Corporate and other	Total
Revenue	\$101,119	\$302,067	\$259,550	\$—	\$—	\$662,736
Production costs	(34,104)	(102,590)	(23,032)	—	—	(159,726)
Royalty expense	(3,080)	(6,904)	(12,385)	—	—	(22,369)
Depletion and depreciation	(11,858)	(68,271)	(30,811)	—	(408)	(111,348)
Earnings from mine operations	52,077	124,302	193,322	—	(408)	369,293
Expenses						
General and administrative	—	—	—	—	(20,184)	(20,184)
Transaction costs	—	—	—	—	—	—
Exploration	(848)	(63)	(4,371)	(1,583)	(214)	(7,079)
Care and maintenance	—	—	—	(4,093)	—	(4,093)
Rehabilitation costs	—	—	—	(286)	—	(286)
Earnings (loss) from operations	51,229	124,239	188,951	(5,962)	(20,806)	337,651
Other income (loss), net ¹	—	—	—	—	—	2,016
Finance items						
Finance income ¹	—	—	—	—	—	297
Finance costs ¹	—	—	—	—	—	(838)
Earnings before income taxes						\$339,126
Expenditures on:						
Mining interest	\$31,905	\$52,361	\$28,927	\$—	\$—	\$113,193
Plant and equipment	19,113	75,300	11,094	625	(472)	105,660
Total capital expenditures²	\$51,018	\$127,661	\$40,021	\$625	(\$472)	\$218,853
Total assets	\$866,847	\$4,568,402	\$579,912	\$451,315	\$753,057	\$7,219,533
Total liabilities	\$192,121	\$1,222,946	\$215,207	\$210,480	\$90,961	\$1,931,715

¹ Certain costs are managed on a consolidated basis and are therefore not reflected in segment income.

² Segment capital expenditures are presented on an accrual basis.

³ Includes Holt Complex and Northern Territory.

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For the six months ended June 30, 2021						
	Macassa	Detour	Fosterville	Non-core³	Corporate and other	Total
Revenue	\$189,777	\$554,663	\$470,142	\$—	\$—	\$1,214,582
Production costs	(69,093)	(210,897)	(49,817)	—	—	(329,807)
Royalty expense	(5,585)	(12,698)	(22,480)	—	—	(40,763)
Depletion and depreciation	(24,608)	(134,754)	(55,353)	—	(733)	(215,448)
Earnings from mine operations	90,491	196,314	342,492	—	(733)	628,564
Expenses						
General and administrative	—	—	—	—	(32,527)	(32,527)
Transaction costs	—	—	—	—	—	—
Exploration	(1,985)	(104)	(7,227)	(2,767)	(482)	(12,565)
Care and maintenance	—	—	—	(8,289)	—	(8,289)
Rehabilitation costs	—	—	—	474	—	474
Earnings (loss) from operations	88,506	196,210	335,265	(10,582)	(33,742)	575,657
Other income (loss), net ¹	—	—	—	—	—	592
Finance items						
Finance income ¹	—	—	—	—	—	544
Finance costs ¹	—	—	—	—	—	(1,684)
Earnings before income taxes						\$575,109
Expenditures on:						
Mining interest	\$62,335	\$83,797	\$55,236	\$—	\$—	\$201,368
Plant and equipment	27,040	122,528	22,361	1,397	458	173,784
Total capital expenditures²	\$89,375	\$206,325	\$77,597	\$1,397	\$458	\$375,152
Total assets	\$866,847	\$4,568,402	\$579,912	\$451,315	\$753,057	\$7,219,533
Total liabilities	\$192,121	\$1,222,946	\$215,207	\$210,480	\$90,961	\$1,931,715

¹ Certain costs are managed on a consolidated basis and are therefore not reflected in segment income.

² Segment capital expenditures are presented on an accrual basis.

³ Includes Holt Complex and Northern Territory.

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For the three months ended June 30, 2020							
	Macassa	Holt Complex	Detour	Fosterville	Non-core	Corporate	Total
Revenue	\$75,470	\$4,589	\$232,978	\$267,938	\$—	\$—	\$580,975
Production costs	(27,748)	(7,629)	(85,752)	(20,286)	—	—	(141,415)
Royalty expense	(2,480)	(418)	(4,547)	(11,813)	—	—	(19,258)
Depletion and depreciation	(8,168)	(3,064)	(52,190)	(19,164)	—	—	(82,586)
Earnings (loss) from mine operations	37,074	(6,522)	90,489	216,675	—	—	337,716
Expenses							
General and administrative	—	—	—	—	—	(20,137)	(20,137)
Transaction costs	—	—	—	—	—	—	—
Exploration	148	(131)	(301)	(1,276)	(824)	—	(2,384)
Care and maintenance	—	(2,825)	—	—	(6,193)	—	(9,018)
Earnings (loss) from operations	37,222	(9,478)	90,188	215,399	(7,017)	(20,137)	306,177
Other income (loss), net ¹	—	—	—	—	—	—	(80,164)
Finance items							
Finance income	—	—	—	—	—	—	1,119
Finance costs	—	—	—	—	—	—	(1,850)
Earnings before income taxes							225,282
Expenditures on:							
Mining interest	\$15,853	\$75	\$61,526	\$8,825	(\$4,172)	\$—	\$82,107
Property, plant and equipment	10,859	537	11,840	19,615	4,891	5,988	53,730
Total capital expenditures²	\$26,712	\$612	\$73,366	\$28,440	\$719	\$5,988	\$135,837
Total assets	\$665,289	\$190,483	\$4,170,136	\$510,081	\$242,039	\$614,432	\$6,392,460
Total liabilities	\$168,616	\$41,121	\$1,031,637	\$166,917	\$47,501	\$178,035	\$1,633,827

¹ Certain costs are managed on a consolidated basis and are therefore not reflected in segment income.

² Segment capital expenditures are presented on an accrual basis.

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For the six months ended June 30, 2020							
	Macassa Mine	Hole Complex	Detour	Fosterville	Non-core	Corporate	Total
Revenue	\$156,064	\$52,007	\$412,361	\$515,281	\$—	\$—	\$1,135,713
Production costs	(54,156)	(36,054)	(173,569)	(39,228)	—	—	(303,007)
Royalty expense	(4,702)	(3,807)	(7,606)	(24,392)	—	—	(40,507)
Depletion and depreciation	(29,097)	(10,179)	(93,846)	(42,303)	—	—	(175,425)
Earnings (loss) from mine operations	68,109	1,967	137,340	409,358	—	—	616,774
Expenses							
General and administrative	—	—	—	—	—	(32,699)	(32,699)
Transaction costs	—	—	—	—	—	(33,838)	(33,838)
Exploration	(910)	(404)	(1,858)	(3,487)	(1,656)	—	(8,315)
Care and maintenance	—	(2,830)	—	—	(9,078)	—	(11,908)
Earnings (loss) from operations	67,199	(1,267)	135,482	405,871	(10,734)	(66,537)	530,014
Other income (loss), net ¹	—	—	—	—	—	—	(7,959)
Finance items							
Finance income	—	—	—	—	—	—	3,715
Finance costs	—	—	—	—	—	—	(5,963)
Earnings before income taxes							\$519,807
Expenditures on:							
Mining interest	\$42,516	\$8,024	\$100,821	\$22,421	\$10,386	\$—	\$184,168
Property, plant and equipment	19,603	1,745	20,357	39,349	6,731	6,351	94,136
Total capital expenditures²	\$62,119	\$9,769	\$121,178	\$61,770	\$17,117	\$6,351	\$278,304
Total assets	\$665,289	\$190,483	\$4,170,136	\$510,081	\$242,039	\$614,432	\$6,392,460
Total liabilities	\$168,616	\$41,121	\$1,031,637	\$166,917	\$47,501	\$178,035	\$1,633,827

¹ Certain costs are managed on a consolidated basis and are therefore not reflected in segment income.

² Segment capital expenditures are presented on an accrual basis.

KIRKLAND LAKE GOLD LTD.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2021 AND 2020**

(unaudited - stated in thousands of United States Dollars, except per share amounts and number of shares, warrants, stock options, share based liability units and equity based instrument units)

The following table shows non-current assets by geographic region:

Non-current assets		
As at	June 30, 2021	December 31, 2020
Geographic information		
Australia	\$804,744	\$821,777
Canada	5,330,321	5,222,089
Total	\$6,135,065	\$6,043,866

The following table summarizes sales to individual customers exceeding 10% of annual metal sales for the following periods:

Metal sales	For the three months ended June 30,		For the six months ended June 30,	
	2021	2020	2021	2020
Customer				
1 - Australia	\$258,318	\$269,534	\$467,886	\$513,142
2 - Canada	249,915	90,640	464,473	201,973
3 - Canada	84,031	78,142	151,576	150,417
4 - Canada	—	65,401	—	—
5 - Canada	—	59,848	—	—
Total	\$592,264	\$563,565	\$1,083,935	\$865,532
% of total sales	89%	97%	89%	76%

The Company is not economically dependent on a limited number of customers for the sale of its product because gold doré can be sold through numerous commodity market traders worldwide. The hierarchy of customers differ in the three and six months ended June 30, 2021 and 2020.

KIRKLAND LAKE GOLD LTD.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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18. FINANCIAL INSTRUMENTS

Carrying values of financial instruments

The carrying values of the financial assets and liabilities at June 30, 2021 and December 31, 2020 are as follows:

<i>As at</i>	June 30, 2021	December 31, 2020
Financial Assets		
<i>At fair value through profit or loss</i>		
Warrant investments (note 11)	\$68	\$367
Note receivable	4,034	3,928
	\$4,102	\$4,295
<i>Loans and receivables, measured at amortized cost</i>		
Cash	\$858,373	\$847,638
Accounts receivable (not including sales taxes)	3,480	2,390
	\$861,853	\$850,028
<i>Investments in equity securities, measured at fair value through Other Comprehensive Income</i>		
Investments in equity securities (note 11)	\$79,070	\$99,048
Financial Liabilities		
<i>At fair value through profit or loss</i>		
Share based payment liabilities (note 13)	\$16,971	\$34,363
Warrant liability	835	4,254
<i>Other financial liabilities, measured at amortized cost</i>		
Accounts payable and accrued liabilities	\$248,840	\$231,696
Dividend payable	50,022	50,268
Leases	24,732	26,171
	\$341,400	\$346,752

Fair values of financial instruments

The fair values of cash, accounts receivable, note receivable, leases, restricted cash, accounts payable and accrued liabilities approximate their carrying values due to the short term to maturity of these financial instruments.

The valuation technique used to measure the warrant investments and liability is the Black-Scholes option pricing model. The fair value of the privately held equity securities is determined using recent arm's length market transactions; reference to the current market value of another instrument, which is substantially the same; discounted cash flow analysis; and pricing models.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2021 AND 2020

(unaudited - stated in thousands of United States Dollars, except per share amounts and number of shares, warrants, stock options, share based liability units and equity based instrument units)

The fair value hierarchy of financial instruments measured at fair value on the consolidated statement of financial position is as follows:

As at	June 30, 2021	December 31, 2020
Level 1		
Investments in equity securities - publicly traded	\$72,549	\$94,262
Share based payment liabilities (note 13)	\$16,971	\$34,363
Level 2		
Warrant investments (note 11)	\$68	\$367
Warrant liability	\$835	\$4,254
Level 3		
Investments in equity securities - privately held	\$6,521	\$4,786

19. RELATED PARTY TRANSACTIONS

Related party transactions are measured at the exchange amount which is the consideration agreed to between the parties.

The Company entered into contracts with wholly-owned subsidiaries of Gekko Systems, a global mineral processing and equipment company. The total expense was \$1 and \$6 during the three and six months ended June 30, 2021 (three and six months ended June 30, 2020 - \$86 and \$107). Ms. Elizabeth Lewis-Gray, a member of the Company's Board of Directors, is the Co-founder and Chair of Gekko Systems.

20. CONTINGENCIES

Between June 29, 2020 and July 17, 2020, two putative class action complaints were filed by purported shareholders of the Company in the United States against the Company and Anthony Makuch, President and Chief Executive Officer. The complaints allege that during the period from January 8, 2018 and November 25, 2019, the defendants violated the United States securities laws by misrepresenting or failing to disclose material information regarding the acquisition of Detour Gold Corporation. Both actions were filed in the United States District Court for the Southern District of New York (the "Court"). Following motions filed by both individual complainants, the Court entered an order on September 24, 2020 appointing one lead plaintiff and one lead counsel. In November 2020, the lead plaintiff filed its amended complaint against the Company, Anthony Makuch and Eric Spratt. On January 22, 2021, the Company filed its motion to dismiss. The Company continues to believe that the claims are without merit and intends to defend the action vigorously. No amounts have been recorded for any potential liability arising from any of the proposed class actions. The Company believes that the likelihood of loss is undeterminable at this time.