



(Formerly, Warrior Gold Inc.)

Consolidated Interim Financial Statements (Unaudited)

For The Three Months Ended June 30, 2023

Notice of No Auditor Review of Condensed Consolidated Interim Financial Statements

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

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

KIRKLAND LAKE DISCOVERIES CORP. (formerly, Warrior Gold Inc.)
Condensed Consolidated Interim Statements of Financial Position
Expressed in Canadian Dollars

	Note	June 30 2023 \$	March 31 2023 \$
ASSETS			
Current assets			
Cash		6,415,046	70,634
Receivables		94,299	18,262
Prepaid expenses and deposits		177,939	10,265
Total current assets		6,687,284	99,161
Non-current assets			
Exploration and evaluation assets	6	9,981,262	5,323,780
Right-of-use assets	5	-	1,159
Total non-current assets		9,981,262	5,324,939
Total assets		16,668,546	5,424,100
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	10	457,966	270,645
Flow-through unit premium liabilities	4	474,121	229,206
Lease liability – short term	5	-	2,243
Loan payable		-	2,313
Total current liabilities		932,087	504,407
EQUITY			
Share capital	7	57,706,114	49,169,352
Reserves	7,8	7,785,382	4,984,690
Deficit		(49,755,037)	(49,234,349)
Total equity		15,736,459	4,919,693
Total liabilities and equity		16,668,546	5,424,100

Corporate information and going concern (Note 1)
Subsequent events (Note 15)

On behalf of the Board of Directors:

/s/ Stephen Burleton
Stephen Burleton, Director

/s/ Denis Laviolette
Denis Laviolette, Director

See accompanying notes.

KIRKLAND LAKE DISCOVERIES CORP. (formerly, Warrior Gold Inc.)
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
Expressed in Canadian Dollars

Three months ended June 30,	Note	2023 \$	2022 \$
Operating expenses			
Consulting fees		3,450	7,500
Depreciation		-	1,740
Exploration costs	6	311,822	431,471
Insurance		7,149	3,609
Investor relations and corporate development		113,341	15,922
Management fees and salaries	10	84,679	58,323
Office and miscellaneous		18,954	17,635
Professional fees		11,414	8,000
Share-based compensation	8,10	-	23,000
Transfer agent and filing fees		8,100	2,225
Travel and promotion		5,510	6,395
Loss before other income (expenses)		(564,419)	(575,820)
Other income (expenses)			
Foreign exchange gain		-	10
Interest expense		-	(453)
Other income		43,767	57,780
Finance costs		(36)	-
		<u>43,731</u>	<u>57,337</u>
Loss and total comprehensive loss for the period		(520,688)	(518,483)
Basic and diluted loss per common share		\$ (0.01)	\$ (0.00)
Weighted average number of common shares outstanding, basic and diluted (2022, after share consolidation)		53,056,026	27,635,859

See accompanying notes.

KIRKLAND LAKE DISCOVERIES CORP. (formerly, Warrior Gold Inc.)
Condensed Consolidated Interim Statements of Cash Flows
Expressed in Canadian Dollars

Three months ended June 30,	2023	2022
	\$	\$
Operating activities		
Loss for the period	(520,688)	(518,483)
Adjustments for:		
Share-based compensation	-	23,000
Depreciation	1,159	1,740
Interest expense on lease payments	(2,243)	423
Other income	(43,767)	(57,780)
Changes in non-cash operating working capital		
Receivables	(76,037)	(54,432)
Prepaid expenses and deposits	(167,674)	331,726
Accounts payable and accrued liabilities	187,321	114,302
Cash used in operating activities	(621,929)	(159,504)
Financing activities		
Units issued in private placement	7,848,007	-
Unit issue costs	(879,353)	-
Loan payments	(2,313)	(2,414)
Lease payments	-	(3,566)
Cash used in financing activities	6,9656,341	(5,980)
Increase (decrease) in cash	6,344,412	(165,484)
Cash, beginning of period	70,634	251,707
Cash, end of period	6,415,046	86,223

Supplemental Cash Flow Information

Acquisition of exploration and evaluation assets	4,657,482	-
Unit issuance cost – fair value of broker warrants	164,000	-
Flow-through unit premium liability recognized	288,682	-

See accompanying notes.

KIRKLAND LAKE DISCOVERIES CORP. (formerly Warrior Gold Inc.)
Condensed Consolidated Interim Statements of Changes in Equity
Expressed in Canadian Dollars

	Note	Common shares \$	Reserves \$	Deficit \$	Total equity \$
Balance March 31, 2022		48,814,085	4,891,971	(48,190,043)	5,516,013
Share-based compensation			23,000		23,000
Loss for the period		-	-	(518,483)	(518,483)
Balance June 30, 2022		48,814,085	4,914,971	(48,708,526)	5,020,530
Balance March 31, 2023		49,169,352	4,984,690	(49,234,349)	4,919,693
Units issued in Private placements		5,211,315	2,636,692	-	7,848,007
Unit issuance costs		(879,353)	-	-	(879,353)
Share issued for property acquisitions		4,657,482	-	-	4,657,482
Fair value of broker warrants		(164,000)	164,000	-	
Flow – through premium		(288,682)	-	-	(288,682)
Loss for the period		-	-	(520,688)	(520,688)
Balance June 30, 2023		57,706,114	7,785,382	(49,755,037)	15,736,459

See accompanying notes.

KIRKLAND LAKE DISCOVERIES CORP. (formerly Warrior Gold Inc.)

Notes to the Condensed Consolidated Interim Financial Statements

Three months Ended June 30, 2023

Expressed in Canadian Dollars

1. Corporate Information and Going Concern

Kirkland Lake Discoveries Corp., formerly Warrior Gold Inc. (the “Company” or “KLD”) was incorporated under the laws of British Columbia on March 6, 1984. The Company is engaged in the acquisition and exploration of mineral resource properties. The Company is listed on the TSX Venture Exchange (the “TSX-V”), under the symbol “KLDC”, as a Tier 2 mining issuer. The address of the Company’s corporate office and principal place of business is 25 Adelaide Street East, Suite 1400, Toronto, Ontario, Canada, M5C 3A1.

These consolidated interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has not generated revenue from operations. The Company incurred a loss of \$520,688 during the three months ended June 30, 2023 (June 30, 2022 – \$518,483) and, as of that date the Company’s deficit was \$ 49,755,037 (March 31, 2023 - \$49,234,349). The Company had cash of \$6,415,046 at June 30, 2023 (March 31, 2023 - \$70,634). As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties and deferred exploration expenditures. The Company will periodically have to raise funds to continue operations and pursue the acquisition and exploration of mineral resource properties. Although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

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

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

2. Basis of Presentation

a) Statement of compliance

These consolidated interim financial statements for the three months ended June 30, 2023 have been prepared in accordance with IAS 34 ‘Interim Financial Reporting’. They do not include all of the information required in annual financial statements in accordance with International Financial Reporting Standards (“IFRS”) and should be read in conjunction with the consolidated financial statements for the year ended March 31, 2023.

The Company’s board of directors approved the release of these condensed consolidated interim financial statements on August 25, 2023.

KIRKLAND LAKE DISCOVERIES CORP. (formerly Warrior Gold Inc.)

Notes to the Condensed Consolidated Interim Financial Statements

Three months Ended June 30, 2023

Expressed in Canadian Dollars

2. Basis of Presentation (continued)

b) *Basis of measurement*

Depending on the applicable IFRS requirements, the measurement basis used in the preparation of these financial statements is cost, net realizable value, fair value or recoverable amount. These financial statements, except for the statement of cash flows, are based on the accrual basis. The condensed consolidated interim financial statements are presented in Canadian dollars, which is also the Company's functional currency.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the condensed consolidated interim financial statements are disclosed in Note 3.

c) *Share consolidation*

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

d) *Principles of consolidation*

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

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

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

In August 2022, pursuant to an amalgamation agreement, Champagne was amalgamated into KLD. These consolidated financial statements include Champagne for the five months to the date of amalgamation August 30, 2022 for the year ended March 31, 2023. All significant intercompany transactions have been eliminated.

3. Critical Accounting Estimates and Judgements

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

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

KIRKLAND LAKE DISCOVERIES CORP. (formerly Warrior Gold Inc.)

Notes to the Condensed Consolidated Interim Financial Statements

Three months Ended June 30, 2023

Expressed in Canadian Dollars

3. Critical Accounting Estimates and Judgements (continued)

Information about critical judgements in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year is the same as those applied to the Company's March 31, 2023 annual financial statements.

The Company makes critical judgements in the determination of going concern of operations, capitalized value of evaluation and exploration assets and title to mineral property interests.

Critical Judgements

Going concern of operations

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

Evaluation and exploration expenditures

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

Title to mineral property interests

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

Estimates

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

Valuation of flow-through premium and penalties

The determination of the valuation of flow-through premium and any related penalties is subject to significant judgement and estimates. The flow-through premium is valued as the estimated premium that investors pay for the flow-through feature, being the portion in excess of the market value of shares without the flow-through feature issued in concurrent private placement financing. The penalties are estimated based on tax authorities' prescribed amounts and calculations.

KIRKLAND LAKE DISCOVERIES CORP. (formerly Warrior Gold Inc.)

Notes to the Condensed Consolidated Interim Financial Statements

Three months Ended June 30, 2023

Expressed in Canadian Dollars

4. Flow-through share premium liabilities

	June 30, 2023	March 31, 2023
	\$	\$
Balance, beginning of period	229,206	197,373
Premium liabilities recognized on flow-through units issued	288,682	109,114
Settlement of flow-through unit premium liabilities	(43,767)	(77,281)
Balance, end of period	474,121	229,206

In May 2023, the Company closed a private placement offering with the issuance of 11,547,299 flow-through units for gross proceeds of \$3,175,507. These flow-through units were issued in a brokered private placement at a premium to the market price in recognition of the tax benefits accruing to the subscribers. The flow-through premium liability was calculated to be \$288,682. As of June 30, 2023, the Company is committed to incurring \$3,175,507 of qualifying expenditures by December 2024.

In July 2022, the Company closed a private placement with the issuance of 1,363,928 (pre-consolidation) flow-through units for gross proceeds of \$381,900. These flow-through units were issued in a non-brokered private placement at a premium to the market price in recognition of the tax benefits accruing to subscribers. The flow-through premium liability was calculated to be \$109,114. As of June 30, 2023, the Company is committed to incurring \$381,900 of qualifying expenditures by July 2024.

In December 2021, the Company closed a private placement with the issuance of 2,500,000 (pre-consolidation) flow-through common shares for gross proceeds of \$200,000. These flow-through and charity flow-through units were issued in a non-brokered private placement at a premium to the market price in recognition of the tax benefits accruing to subscribers. The flow-through premium liability was calculated to be \$37,500. As of June 30, 2023, the Company is committed to incurring approximately \$200,000 of qualifying expenditures by December 2023.

In September 2021, the Company issued 3,625,000 (pre-consolidation) common share units, 5,000,000 (pre-consolidation) flow-through units and 6,250,000 (pre-consolidation) charity flow-through units for gross proceeds of \$1,446,250. The flow-through and charity flow-through units were issued at a premium to the market price in recognition of the tax benefits accruing to subscribers. The flow-through premium liability was calculated to be \$256,250. The flow-through premium is derecognized through income as the qualifying expenditures are incurred. During the year ended March 31, 2022, the Company satisfied some of the commitment by incurring qualifying expenditures of \$722,000. During the three months ended June 30, 2023, the Company satisfied some of the commitment by incurring qualifying expenditures of \$397,000. As of June 30, 2023, the Company is committed to incurring additional approximately \$37,000 of qualifying expenditures by December 2023.

The Company was required to spend certain flow-through funds by December 31, 2022 under the look-back rule offered by the Canada Revenue Agency ('CRA'). The Company was not able to incur all such expenditures within the timeline and paid interest and penalties of \$64,990 (2022: \$Nil) to the CRA. The Company can still renounce the tax credits if it incurs these qualified expenditures in the calendar year 2023.

5. Right of use assets & lease liabilities

As at June 30, 2023, the Company had one operating lease for office premises. The lease is for less than 12 months and no right of use assets or lease liabilities have been recognized.

KIRKLAND LAKE DISCOVERIES CORP. (formerly Warrior Gold Inc.)

Notes to the Condensed Consolidated Interim Financial Statements

Three months Ended June 30, 2023

Expressed in Canadian Dollars

6. Exploration and Evaluation Assets

The Goodfish-Kirana Project (“Goodfish”)

On February 9, 2018, the Company completed the amalgamation with Champagne, through a “three-cornered amalgamation” whereby Champagne merged with Andromeda Resources Inc. and became a subsidiary of Warrior. In that amalgamation, the Company acquired the Goodfish property. The property comprises 29 patented claims, with 237 operational cells, totalling 4,375 hectares and is 11.5 km in length. The Goodfish property is wholly owned by the Company subject to various net smelter royalty (“NSR”) arrangements.

The Arnold Property

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

The KL West and KL Central Land Packages

In August 2021, the Company entered into an option agreement with an arm’s length party to acquire a 100% interest in the KL West (“KLW”) and KL Central (“KLC”) land packages which comprised 115 claims (14,094 hectares). Under the terms of the option agreement, the Company paid \$10,000 in cash and issued 1,000,000 common shares, and agreed to pay cash of \$15,000 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 (due July 2024). 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 Warrior and a 1.5% NSR. The Company has the right to purchase 1% of the NSR for \$1,000,000. In 2022, additional claims were staked increasing the KLW / KLC land package to 193 claims (16,400 hectares).

In February 2023, the Company acquired three separate blocks of claims (41 claims comprising 848 hectares) that are contiguous to KLW and KLC. 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. As consideration for the acquisition, the Company agreed to pay \$50,000 in total for the other claims, \$5,000 upon signing (paid), \$15,000 due in April 2023 (paid subsequent to the year end) and \$30,000 by December 31, 2023.

The Lucky Strike Project (“Lucky Strike”)

On May 25, 2023, the Company acquired from New Found Gold Corp. (“NFG”) all of the properties comprising the Lucky Strike Project located in the Kirkland Lake gold camp in Ontario, Canada. Pursuant to the purchase agreement, 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. The common shares issued pursuant to purchase agreement are subject to a statutory hold period of four months plus a day from the date of issuance in accordance with applicable securities legislation. In addition, under the terms of the purchase agreement, NFG agreed to use commercially reasonable efforts to distribute all the common shares of the Company that it holds to its shareholders, pro rata, within one year following the completion of the acquisition.

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

KIRKLAND LAKE DISCOVERIES CORP. (formerly Warrior Gold Inc.)

Notes to the Condensed Consolidated Interim Financial Statements

Three months Ended June 30, 2023

Expressed in Canadian Dollars

6. Exploration and Evaluation Assets (continued)

	Goodfish- Kirana Project	Arnold Property	KLW and KLC Land Packages	Lucky Strike Project	Total
March 31, 2022	\$5,146,260	\$28,000	\$80,000	\$ -	\$5,254,260
Acquisition of KLW and KLC land			15,000		15,000
Regulatory costs relating to Lucky Strike Project				2,000	2,000
Acquisition of Winnie Lake claims, Teck-Bernhardt and Kennedy Lake Property			52,520		52,520
March 31, 2023	\$5,146,260	\$28,000	\$147,520	\$2,000	\$5,323,780
Acquisition of Lucky Strike Project				4,657,482	4,657,482
June 30, 2023	\$5,146,260	\$28,000	\$147,520	\$4,659,482	\$9,981,262

During the three months ended June 30, 2023 and 2022, the Company incurred exploration expenses on its Goodfish-Kirana, KLW and KLC properties as follows:

	June 30, 2023	June 30, 2022
	\$	\$
Geophysics	-	381,455
Assays	-	11,480
Camp costs	12,990	8,113
Geotechnical	10,980	-
Geology	36,635	8,181
Logistics	7,333	1,260
Technical reports	-	8,007
Travel	23,922	5,593
Claims management	7,015	7,382
	98,875	431,471

KIRKLAND LAKE DISCOVERIES CORP. (formerly Warrior Gold Inc.)

Notes to the Condensed Consolidated Interim Financial Statements

Three months Ended June 30, 2023

Expressed in Canadian Dollars

6. Exploration and Evaluation Assets (continued)

During the three months ended June 30, 2023 and 2022, the Company incurred exploration expenses on Lucky Strike as follows:

	June 30, 2023	June 30, 2022
	\$	\$
Geophysics	204,590	-
Geotechnical	700	-
Geology	5,620	-
Logistics	500	-
Travel	507	-
Claims management	1,030	-
	<u>212,947</u>	<u>-</u>

7. Share Capital and Reserves*Authorized capital*

Unlimited common shares, without par value.

Issued capital

	Number of Shares	Common Shares \$
March 31, 2022 (post consolidation common shares)	27,635,859	48,814,085
Shares issued in private placements	2,138,928	536,900
Flow-through premium	-	(109,114)
Share issuance costs	-	(23,800)
Share issuance costs – allocated to warrants	-	(42,779)
Share issuance costs	-	(5,940)
<u>March 31, 2023</u>	<u>29,774,787</u>	<u>49,169,352</u>
Shares issued for acquisition of exploration and evaluation assets	28,612,500	4,657,482
Shares issued in private placements	30,237,299	5,211,315
Share issuance costs	-	(879,353)
Flow-through premium	-	(288,682)
Fair Value of Broker Warrants	-	(164,000)
<u>June 30, 2023</u>	<u>88,624,586</u>	<u>57,706,114</u>

KIRKLAND LAKE DISCOVERIES CORP. (formerly Warrior Gold Inc.)

Notes to the Condensed Consolidated Interim Financial Statements

Three months Ended June 30, 2023

Expressed in Canadian Dollars

7. Share Capital and Reserves (continued)

Share Issuances

In May 2023, the Company finalized a share consolidation on the basis of four (4) pre-consolidation common shares for one post-consolidation common share (4:1) effective May 25, 2023.

In May 2023, the Company issued 28,612,500 shares for the acquisition of the Lucky Strike Project. The fair value of the shares was recorded as \$4,657,482.

In May 2023, the Company closed a best efforts brokered private placement offering (the "May 2023 Private Placement") through the issuance of 18,690,000 common share units (the "Non-FT Units") and at a price of \$0.25 per Non-FT Unit and 11,547,299 "flow-through" units (the "FT Units") at a price of \$0.275 per FT Unit for aggregate gross proceeds of \$7,848,007. Each Non-FT Unit consisted of one common share and one common share purchase warrant of the Company and each FT Unit consisted of one common share (a "FT Unit Share") and one common share purchase warrant (a "FT Warrant") of the Company, all exercisable at \$0.40 for until May 30, 2025. In connection with the May 2023 Private Placement, the Company paid cash commissions in the aggregate amount of \$467,880, legal and regulatory fees of \$411,473 and issued an aggregate of 1,802,238 broker warrants of the Company (the "Broker Warrants"), exercisable into common shares of the Company at \$0.25 until May 30, 2025. The fair value of the Broker Warrants was determined to be \$164,000. All securities issued in connection with the May 2023 Private Placement were subject to a statutory hold period of four months plus a day from the date of issuance in accordance with applicable securities legislation.

In July 2022, the Company closed a non-brokered private placement with the issuance of 8,555,713 (pre-consolidation) common share units (the "July 2022 Units") for gross proceeds of \$536,900 (the "July 2022 Private Placement").

The July 2022 Units were issued as to 3,100,000 (pre-consolidation) common share units priced at \$0.05 per unit and 5,455,713 (pre-consolidation) flow-through units priced at \$0.07 per unit. Each July 2022 Unit comprised one common share and one-half common share purchase warrant (each whole common share purchase warrant, a "July 2022 Warrant") of the Company. Each July 2022 Warrant entitles the holder, on exercise, to purchase one additional share of the Company (a "July 2022 Warrant Share"), at a price of \$0.10 until July 12, 2023, subject to an accelerated expiry date. If at any time following the expiry of the statutory four-month hold period, the closing price of the common shares on the TSX-V is greater than \$0.20 for 20 or more consecutive trading days, the Company may give notice to the holders of the July 2022 Warrants that the expiry date of the warrants will be accelerated and the July 2022 Warrants will expire on the 30th business day following the date of such notice. All securities issued under the private placement were subject to a four month and one day "hold period" under applicable Canadian securities legislation.

In connection with the July 2022 Private Placement, the Company paid finders' fees of \$23,800 in cash and issued 396,000 (pre-consolidation) broker warrants exercisable into common shares of the Company at \$0.05 per share for a period of 12 months.

Reserves

The reserves recorded in equity on the Company's statement of financial position comprise the fair value of share-based compensation and warrants prior to exercise, and obligations to issue shares in accordance with debt settlement agreements.

KIRKLAND LAKE DISCOVERIES CORP. (formerly Warrior Gold Inc.)

Notes to the Condensed Consolidated Interim Financial Statements

Three months Ended June 30, 2023

Expressed in Canadian Dollars

8. Share-Based Compensation

In September 2022, 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 Warrior shareholder approval. Options granted under the Plan may have a maximum term of ten years and the exercise price of options granted will not be less than the discounted market price of the common shares as of the award date. The board of directors has the authority to set the vesting terms of options granted, subject to the rules of the TSX-V regarding options granted for investor relations services.

The weighted average grant-date fair value of options awarded in the three months ended June 30, 2023 was \$nil (June 30, 2021 - \$nil).

A summary of stock option activity to June 30, 2023 is as follows:

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

The Company's outstanding and exercisable stock options at June 30, 2023 were:

Expiry Date	Outstanding and Exercisable Options (post consolidation common shares)	Weighted Average Remaining Life (Yrs.)	Weighted Average Exercise Price \$
December 16, 2024	625,000	1.44	0.40
May 6, 2025	100,000	1.82	0.40
September 23, 2026	1,192,500	3.19	0.26
March 28, 2027	62,500	3.69	0.26
	1,980,000	3.63	0.31

KIRKLAND LAKE DISCOVERIES CORP. (formerly Warrior Gold Inc.)

Notes to the Condensed Consolidated Interim Financial Statements

Three months Ended June 30, 2023

Expressed in Canadian Dollars

9. Warrants

A summary of warrant issuances to June 30, 2023 is as follows:

	Number of Financing Warrants(Post Consolidation common shares)	Weighted Average Exercise Price \$	Number of Broker Warrants	Weighted Average Exercise Price \$
March 31, 2022	3,267,227	0.60	188,432	0.60
Issued	1,069,464	0.40	99,000	0.20
Expired	(3,267,227)	0.60	(188,432)	0.60
March 31, 2023	1,069,464	0.40	99,000	0.20
Issued	30,237,299	0.40	1,802,238	0.25
June 30, 2023	31,306,763	0.40	1,901,238	0.25

The Company's outstanding warrants at June 30, 2023 were:

Number of Financing Warrants	Exercise Price \$	Number of Broker Warrants	Exercise Price \$	Expiry Date
31,405,762	\$0.40	1,802,238	\$0.25	May 30, 2025

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

Three months ended June 30	2023	2022
Share price	\$0.16	-
Exercise price	\$0.25	-
Annualized stock price volatility	125.9%	-
Risk-free interest rate	4.22%	-
Expected warrant life (years)	2.00	-
Dividend yield	0%	-

The Company assigned a fair value of \$164,000 for the 1,802,238 broker warrants (June 30, 2022 - \$nil) issued during the three months ended June 30, 2023. The Company did not issue any warrants in the three months ended June 30, 2022.

KIRKLAND LAKE DISCOVERIES CORP. (formerly Warrior Gold Inc.)

Notes to the Condensed Consolidated Interim Financial Statements

Three months Ended June 30, 2023

Expressed in Canadian Dollars

10. Related-Party Transactions

The Company entered into the following transactions with related parties not disclosed elsewhere in these condensed consolidated interim financial statements:

Key management personnel compensation

Three Months ended June 30	2023	2022
	\$	\$
Management fees	57,529	58,323
Share-based compensation	-	15,135
	<u>57,529</u>	<u>73,458</u>

The short-term management fees were paid or accrued to officers and directors or personal companies owned by officers and directors of the Company.

As at June 30, 2023, \$32,320 (March 31, 2023 - \$45,103) is due to related parties, which amount is included in accounts payable and accrued liabilities.

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

11. Capital Management

The Company's objectives when managing its capital are to safeguard the Company's ability to continue as a going concern in order to support ongoing exploration programs, to provide sufficient working capital to meet its ongoing obligations and to pursue other potential investments. The Company prepares expenditure budgets, which are updated as necessary depending on varying factors including current and forecast prices, successful capital deployment and general industry conditions.

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

	June 30	March 31
	2023	2023
	\$	\$
Current assets	6,687,284	99,161
Current liabilities	(932,087)	504,407
<u>Working capital (deficiency)</u>	<u>5,755,197</u>	<u>(405,246)</u>

The Company is not subject to external capital restrictions. The Company has not paid or declared any dividends since the date of incorporation, nor are any contemplated in the foreseeable future. There were no changes to the Company's approach to capital management during the three months ended June 30, 2023.

KIRKLAND LAKE DISCOVERIES CORP. (formerly Warrior Gold Inc.)

Notes to the Condensed Consolidated Interim Financial Statements

Three months Ended June 30, 2023

Expressed in Canadian Dollars

12. Financial Instruments

Fair Value

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

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

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

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

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

Classification of financial assets

Amortized cost:

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

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

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

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

The carrying value of cash, accounts payable and accrued liabilities and lease liability approximate their fair value due to the short-term nature and limited credit risk of these assets and liabilities.

KIRKLAND LAKE DISCOVERIES CORP. (formerly Warrior Gold Inc.)

Notes to the Condensed Consolidated Interim Financial Statements

Three months Ended June 30, 2023

Expressed in Canadian Dollars

12. Financial Instruments (continued)

Financial Instruments Risk Management

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

Market risk

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

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

Foreign currency exchange rate risk

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

Interest rate risk

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

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in paying obligations as they come due. The Company's financial liabilities consist of accounts payable and accrued liabilities. 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.

As at June 30, 2023, the Company has a working capital of \$5,755,197.

Credit Risk

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

13. Segment Reporting

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

KIRKLAND LAKE DISCOVERIES CORP. (formerly Warrior Gold Inc.)

Notes to the Condensed Consolidated Interim Financial Statements

Three months Ended June 30, 2023

Expressed in Canadian Dollars

14. Contingencies and Commitments

Compensation Agreements

The Company has a compensation agreement with the president and chief executive officer for \$15,000 per month, which is automatically renewable for successive one-year terms.

15. Subsequent Events

On July 12, 2023, 1,168,463 warrants issued in connection with the July 2022 Private Placement expired without exercise.