



December 14, 2020

Kirkland Lake Gold Ltd

Guidance update; The new elephant in the room

Our view: KL reported updated 3Y guidance, reflecting a disappointing 2021/22 outlook vs. prior targets, but an improving profile at Detour Lake by 2025 from the evaluation of a significantly larger open pit. We view KL's long-term prospects constructively, while noting short-term operating and guidance execution is a key deliverable. PT to \$55 (from \$64).

Key points:

Updated 3-year guidance below prior indications, underscored by negative changes to Fosterville outlook. KL's 3-year guidance outlines stable output in 2021/22 (1.3-1.4moz / 1.30-1.45moz) and growth in 2023 (+8% to 1.41-1.55moz). Key guidance changes reflect a material downgrade to KL's prior flagship Fosterville mine in 2021/22 by ~190koz, partially offset by better-than-expected Detour Lake output (no prior guidance issued). KL has outlined Fosterville changes reflect a lengthening of high-grade processing, in our view partially driven by a lack of exploration success having materialized in 2019/20 and a prior material negative reconciliation to reserves in 1Q20 absent an adjustment to the mine plan. KL is seeking to maintain Fosterville production at this 325-400koz run rate longer-term, although similar to KL's historical extrapolation of high output of ~600koz, we view this new target output level remaining contingent upon high-grade exploration success. Our forecasts continue to incorporate Fosterville output <200koz by 2025.

Current share price supported by financials, potential upside to be realized by meaningful Detour Lake upside and operating execution. RBCe updated forecasts incorporate slightly negative revisions (-1% to NAV and an average -3% to '21-23e FCF), while KL remains well-positioned financially (~\$1b in net cash projected by year-end), and we forecast to generate competitive FCF of \$620m in 2021 (equiv to 6.2% FCF/EV vs. peers at 6.0%). Our forecasts outline long-term grade headwinds at Fosterville over time and a decline in mine output to <200koz (-400koz vs. current), although this could be fully offset by outlined upside at Detour Lake to >800koz by 2025 (+225koz vs. current) and Macassa upside to >400koz by 2023 (+200koz vs. current). Our forecasts exclude this Detour Lake upside, where an updated mine plan is scheduled to be issued in 2022. Prior to this long-term upside, we view execution as a key deliverable for KL, including the resolution of Macassa's 3Q operating challenges and shaft project advancement, and the ramp-up and optimization of the Detour Lake mine. We note KL guided to weaker 1H21 results, in particular in 1Q, which could represent a short-term overhang.

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Sector: Precious Metals – Senior Gold Producer

Outperform

NYSE: KL US; USD 41.03; TSX: KL

Price Target USD 55.00 ↓ 64.00

WHAT'S INSIDE

<input type="checkbox"/> Rating/Risk Change	<input checked="" type="checkbox"/> Price Target Change
<input type="checkbox"/> In-Depth Report	<input checked="" type="checkbox"/> Est. Change
<input type="checkbox"/> Preview	<input checked="" type="checkbox"/> News Analysis

Scenario Analysis*

Downside Scenario	Current Price	Price Target	Upside Scenario
25.00	41.03	55.00	76.00
↓ 37%		↑ 36%	↑ 87%

*Implied Total Returns

Key Statistics

Shares O/S (MM):	275.3	Market Cap (MM):	11,296
Dividend:	0.75	Yield:	1.8%
NAVPS:	27.57	P/NAVPS:	1.49x
ROE:	12.0%	Avg. Daily Volume:	1,832,160
Float (MM):	274.5		
Debt to Cap:	NA		

RBC Estimates

FY Dec	2019A	2020E	2021E	2022E
EPS, Adj Basic	2.76	3.33	3.15	2.83
Prev.			3.26	2.87
CFPS, Adj Basic	4.49	4.66	5.30	4.49
Prev.		4.67	5.24	4.50
FCFPS	1.92	2.48	2.73	2.51
Prev.		2.49	3.05	2.53
Production	974.6	1,349.6	1,325.7	1,382.3
Prev.			1,353.2	1,377.8
P/AEPS	14.9x	12.3x	13.0x	14.5x
P/ACFPS	9.1x	8.8x	7.7x	9.1x
P/FCF	21.4x	16.5x	15.0x	16.3x
EPS, Adj Basic	Q1	Q2	Q3	Q4
2019	0.53A	0.50A	0.84A	0.88A
2020	0.70A	0.79A	0.91A	0.94E
2021	0.74E	0.77E	0.86E	0.78E
Prev.	0.89E	0.83E	0.79E	0.75E
CFPS, Adj Basic				
2019	0.87A	0.88A	1.33A	1.41A
2020	0.98A	0.79A	1.46A	1.43E
2021	1.22E	1.29E	1.45E	1.34E
Prev.	1.38E	1.33E	1.28E	1.25E

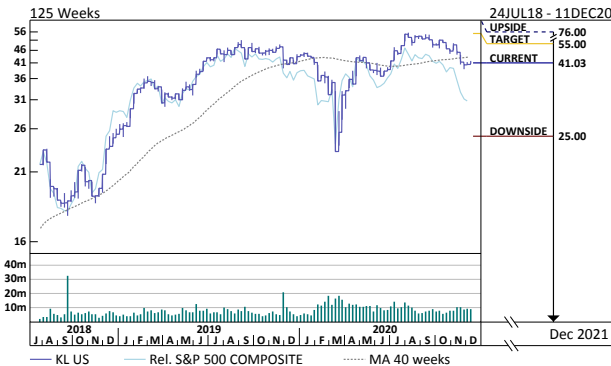
RBC estimates pro forma DGC acquisition as of 1Q20

All values in USD unless otherwise noted.



Target/Upside/Downside Scenarios

Exhibit 1: Kirkland Lake Gold Ltd.



Source: Bloomberg and RBC Capital Markets estimates for Upside/Downside/Target

Price target/base case

Our price target of US\$55.00 is based on 1.8x our NAV 5% at a long-term gold price of US\$1,500/oz and 21x our 2020–21 SFCF estimate. These multiples are in line with the senior group average, supported by the company's attractive geopolitical risk profile, high margins, and production growth, but greater concentration risk and operating uncertainties. Our Outperform rating is supported by KL's implied return to our price target relative to its peers, while accounting for its company-specific risks.

Upside scenario

Our upside value of US\$76 is based on higher long-term gold prices of US\$2,000/oz, while maintaining our existing operating, financial, and target multiple assumptions.

Downside scenario

Our downside target of US\$25 is based on lower long-term gold prices of US\$1,300/oz, while maintaining our existing operating, financial, and target multiple assumptions.

Investment summary

Kirkland Lake Gold is a large cap gold producer with operating mines in Australia and Canada (Ontario). In January 2020, the company completed the acquisition of Detour Gold Corp. and its flagship Detour Lake mine in Ontario. 2021 company guidance outlines production of 1.3-1.4moz at AISC of \$790-810/oz, with production guided relatively flat through 2022 and increasing to 1.4-1.5moz in 2023. Kirkland has outlined a strategy of delivering production growth from low-risk mining jurisdictions, with an ongoing focus on organic reserve growth through exploration.

Investment outlook

- We estimate that pro-forma KL-DGC maintains first-quartile operating costs, higher production growth, comparable asset duration, and no financial leverage while generating superior FCF relative to peers.
- Exploration is a key value driver for KL. Historically, Fosterville and Maccassa have generated meaningful upside, although forecast grade declines at Fosterville after 2023 represent an interim challenge and risk for KL. At Detour Lake, higher throughput/resources are under evaluation, while a larger expansion has been discussed.
- Our Outperform rating for KL is predicated upon KL-DGC's favourable combination of growth, margins, and exploration expected at a competitive relative valuation to the peer senior producer group average.

Upcoming potential catalysts and milestones

- Detour Lake permitting for expanded throughput rates to 90ktpd, absent capital (2Q21)
- Detour Lake West Detour permitting and development evaluation alongside the Saddle Zone (year-end 2021)
- Detour Lake revised LOM plan, including exploration and block model update, optimization, and sequencing (2022)
- Macassa production growth following completion of Phase 1 of #4 shaft (2022), and full completion (late-2022)
- Northern Territories and Holt operations strategic outlook update (2020+)

Key risks

In addition to general operating and financial risks for KL related to commodities (gold) and FX (CAD and AUD), we highlight:

- Capital allocation uncertainties, including potential for elevated investment at Detour Lake
- M&A integration risk at Detour Lake
- Continued exploration success required to extend KL's existing mine reserves
- Achievement of ramp-up and production targets at Detour Lake



Exhibit 2: KL guidance comparison versus RBCe

Updated 3-year guidance for KL outlines substantially lower output at Fosterville

This is partially offset by growth at Detour Lake

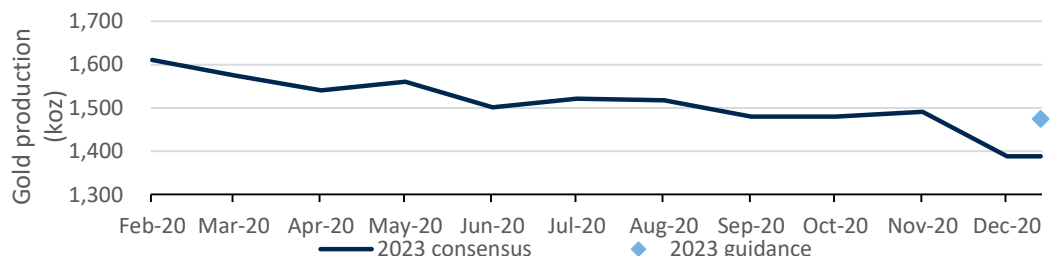
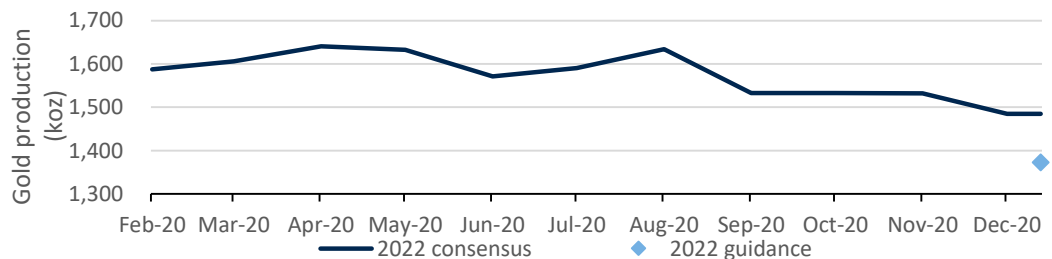
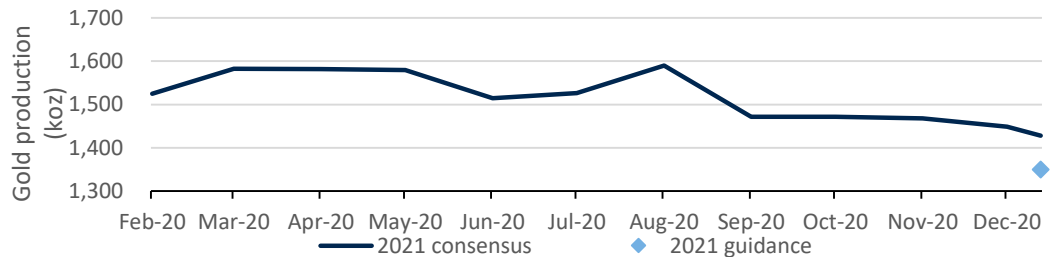
	Guidance	Prior	RBCe	Var	% Var
Macassa (koz)					
2021	220 - 255	240 - 250	230	8	3%
2022	295 - 325	320 - 340	306	4	1%
2023	400 - 425	-	416	-3	-1%
Fosterville (koz)					
2021	400 - 425	550 - 600	410	2	1%
2022	325 - 400	550 - 600	375	-13	-3%
2023	325 - 400	-	346	17	5%
Detour Lake (koz)					
2021	680 - 720	-	686	14	2%
2022	680 - 720	-	701	-1	0%
2023	680 - 720	-	701	-1	0%
Total (koz)					
2021	1300 - 1400	-	1,326	24	2%
2022	1300 - 1445	-	1,382	-10	-1%
2023	1405 - 1545	-	1,463	12	1%

Source Visible Alpha, Company reports, RBC Capital Markets estimates

Exhibit 3: KL consensus 3-year production expectations over time

Since KL's acquisition of Detour, forward-looking consensus production expectations for KL have declined sharply

Compared to historical expectations, KL's 3-year production guidance is disappointing



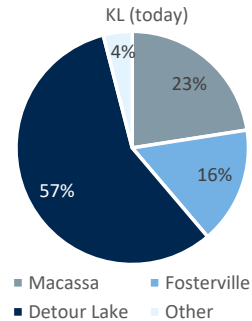
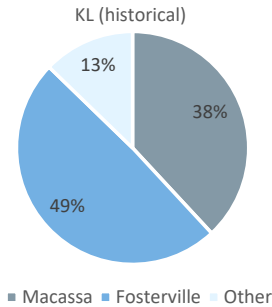
Source Visible Alpha, Company reports, RBC Capital Markets estimates



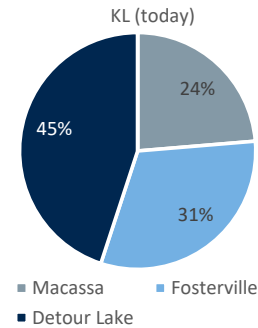
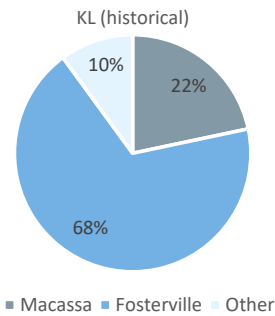
Exhibit 4: KL change in asset composition comparison (today vs. pre-Detour acquisition, RBCe)

Following KL's acquisition of Detour in January 2020, the importance of the Detour Lake has materially surpassed that of Fosterville

KL NAV by asset



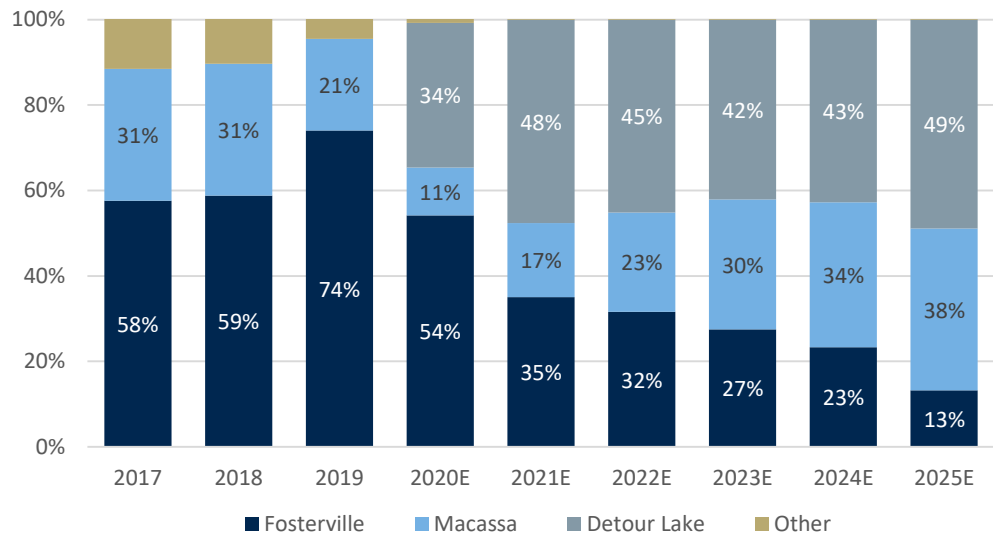
KL EBITDA by asset (2021-23)



Source Visible Alpha, Company reports, RBC Capital Markets estimates

Exhibit 5: KL EBITDA contribution by asset over time (RBCe)

After 2020, Fosterville's materiality to KL should decline due to both lower grades at the asset, and material growth forecast at the Detour Lake and Macassa mines



Source Visible Alpha, Company reports, RBC Capital Markets estimates

Exhibit 6: KL changes to forecasts—at RBC price deck

The net impact of KL's guidance update has:

- Reduced our target NAV by 1%

Changed FCF by:

- 2021: -11%
- 2022: -1%
- 2023: +4%

	New	Old	Change	Change (%)
NAV				
Target NAV (US\$/sh)	27.57	27.98	-0.41	-1%
2021 Estimates				
Per share items				
EPS adjusted (US\$/sh)	3.15	3.26	-0.10	-3%
CFPS adjusted (US\$/sh)	5.30	5.24	0.07	1%
Production and cost items				
Equity gold production (koz)	1,326	1,353	-28	-2%
Cash operating costs (US\$/oz)	460	455	5	1%
AISC reported (by-product) (US\$/oz)	806	849	-43	-5%
Fully loaded costs (co-product) (US\$/oz)	1,262	1,196	66	6%
Realized price (US\$/oz)	1,887	1,892	-5	0%
Cash flow statement items				
Operating cash flow (after w/c) (US\$m)	1,452	1,434	18	1%
Capital expenditure (US\$m)	706	600	106	18%
Free cash flow (US\$m)	746	834	-88	-11%
2022 Estimates				
Per share items				
EPS adjusted (US\$/sh)	2.83	2.87	-0.04	-1%
CFPS adjusted (US\$/sh)	4.49	4.50	0.00	0%
Production and cost items				
Equity gold production (koz)	1,382	1,378	4	0%
Cash operating costs (US\$/oz)	501	490	11	2%
AISC reported (by-product) (US\$/oz)	775	822	-47	-6%
Fully loaded costs (co-product) (US\$/oz)	1,268	1,259	9	1%
Realized price (US\$/oz)	1,800	1,800	0	0%
Cash flow statement items				
Operating cash flow (after w/c) (US\$m)	1,230	1,231	-1	0%
Capital expenditure (US\$m)	544	539	5	1%
Free cash flow (US\$m)	687	692	-6	-1%
2023 Estimates				
Per share items				
EPS adjusted (US\$/sh)	2.98	2.92	0.07	2%
CFPS adjusted (US\$/sh)	4.90	4.76	0.13	3%
Production and cost items				
Equity gold production (koz)	1,463	1,429	35	2%
Cash operating costs (US\$/oz)	508	508	0	0%
AISC reported (by-product) (US\$/oz)	761	840	-80	-9%
Fully loaded costs (co-product) (US\$/oz)	1,215	1,223	-9	-1%
Realized price (US\$/oz)	1,800	1,800	0	0%
Cash flow statement items				
Operating cash flow (after w/c) (US\$m)	1,341	1,305	36	3%
Capital expenditure (US\$m)	518	514	4	1%
Free cash flow (US\$m)	823	791	32	4%

Source Visible Alpha, Company reports, RBC Capital Markets estimates

Exhibit 7: Comparable table summary at spot gold and silver prices

Spot gold priced at US\$1,840/oz and spot silver at US\$23.95/oz, as of December 11, 2020.

Company	Ticker	Analyst (1)	Price 11-Dec-20	Rating (2)	Target Price at RBC Deck (3)	Basic Mkt Cap (US\$m)	Enterprise Value (US\$m)	P/NAV at Spot (4) (5) (6)	% NAV in Develop. (7)	P/CF at Spot (CY) (6)			FCF/EV Yield at Spot (CY) (8) (9)			EV/EBITDA at Spot (CY) (8)			2021E Dividend Yield (CY)
										2020E	2021E	2022E	2020E	2021E	2022E	2020E	2021E	2022E	
Royalty Companies																			
Franco-Nevada Corporation	FNV US	JW	US\$131.21	SP	\$145.00	\$25,035	\$24,568	2.54x	11%	31.9x	26.5x	26.2x	2.4%	3.7%	3.8%	30.2x	23.9x	23.6x	0.8%
Osisko Gold Royalties Ltd	OR US	JW	US\$11.26	O	\$14.00	\$1,884	\$2,113	0.97x	59%	21.7x	14.8x	13.5x	-1.6%	5.5%	5.3%	23.3x	15.9x	14.6x	1.4%
Royal Gold, Inc.	RGLD US	JW	US\$109.26	SP	\$155.00	\$7,160	\$7,022	1.63x	7%	17.6x	15.5x	15.2x	3.8%	6.2%	6.7%	16.4x	13.6x	13.6x	1.1%
Sandstorm Gold Royalties	SAND US	JW	US\$7.18	SP	\$8.00	\$1,401	\$1,310	1.31x	57%	20.6x	17.4x	17.2x	4.7%	5.9%	2.5%	20.7x	16.5x	15.8x	-
Wheaton Precious Metals Corp.	WPM US	JW	US\$41.03	SP	\$50.00	\$18,434	\$18,715	1.89x	11%	23.2x	20.3x	19.4x	4.0%	4.5%	5.0%	23.7x	20.5x	19.7x	1.4%
Average								2.00x		25.3x	21.3x	20.7x	3.0%	4.4%	4.6%	24.6x	20.1x	19.6x	
Large Producers																			
Agnico Eagle Mines Limited	AEM US	JW	US\$70.16	SP	\$88.00	\$17,048	\$18,307	1.55x	18%	14.0x	10.0x	9.6x	2.6%	5.2%	5.5%	12.4x	8.5x	8.0x	2.0%
Barrick Gold Corporation	GOLD US	JW	US\$22.90	O	\$31.00	\$40,719	\$41,157	1.15x	14%	9.1x	8.2x	8.7x	5.2%	4.8%	5.4%	7.0x	7.1x	6.9x	1.6%
Kinross Gold Corporation	KGC US	JW	US\$7.20	O	\$12.00	\$9,060	\$10,076	0.76x	13%	4.9x	4.8x	4.2x	8.3%	8.9%	12.7%	4.8x	4.4x	3.7x	1.7%
Kirkland Lake Gold Ltd	KL US	JW	US\$41.03	O	\$55.00	\$11,295	\$10,472	1.15x	4%	9.1x	8.2x	8.7x	6.1%	6.2%	7.1%	6.5x	6.6x	6.5x	1.8%
Newmont Corporation	NEM US	JW	US\$58.87	SP	\$76.00	\$47,567	\$50,142	1.20x	9%	10.4x	8.8x	8.6x	6.6%	6.5%	5.8%	8.8x	7.0x	7.4x	2.7%
Average								1.16x		9.4x	8.2x	8.1x	5.7%	6.0%	6.3%	7.7x	6.8x	6.7x	
Intermediate Producers																			
Alamos Gold Inc.	AGI US	JW	US\$8.95	SP	\$10.00	\$3,504	\$3,330	0.85x	22%	9.1x	7.3x	8.0x	3.9%	3.2%	2.1%	8.8x	6.7x	6.4x	0.9%
B2Gold Corp.	BTG US	JW	US\$5.52	SP	\$8.25	\$5,796	\$5,479	1.23x	16%	6.7x	6.8x	6.5x	10.9%	9.1%	7.3%	5.0x	5.4x	5.4x	2.9%
Centerra Gold Inc.	CG CN	MM	C\$13.32	SP	\$20.00	\$3,084	\$2,517	0.73x	15%	3.6x	3.4x	2.9x	25.0%	22.5%	28.7%	3.1x	2.8x	2.5x	1.4%
Endeavour Mining	EDV CN	WL	C\$29.51	O	\$51.00	\$5,907	\$5,918	0.77x	9%	4.5x	3.7x	4.0x	7.0%	19.9%	18.1%	7.2x	3.2x	3.4x	1.6%
IAMGOLD Corporation	IAG US	JW	US\$3.54	SP	\$5.25	\$1,677	\$1,484	0.40x	42%	4.9x	3.5x	6.7x	-0.2%	-20.3%	-14.0%	4.3x	2.8x	2.9x	-
SSR Mining Inc.	SSRM US	MM	US\$18.60	O	\$28.00	\$4,080	\$3,663	0.75x	7%	9.7x	5.5x	5.6x	4.1%	12.9%	14.3%	7.8x	4.2x	4.2x	1.1%
Yamana Gold Inc.	AUY US	JW	US\$5.47	SP	\$7.00	\$5,285	\$5,958	1.05x	21%	7.7x	6.1x	6.3x	6.2%	9.0%	6.7%	7.1x	5.6x	5.6x	1.9%
Average								0.83x		7.1x	4.9x	5.2x	8.1%	10.8%	10.5%	6.0x	4.2x	4.2x	
Growth Producers																			
Dundee Precious Metals Inc.	DPM CN	MM	C\$8.27	O	\$12.00	\$1,174	\$1,034	0.71x	9%	4.5x	3.7x	4.2x	19.7%	26.4%	23.1%	3.2x	3.0x	3.4x	1.2%
Eldorado Gold Corporation	EGO US	JW	US\$12.86	SP	\$12.00	\$2,248	\$2,340	0.51x	48%	5.4x	6.8x	6.9x	9.4%	2.3%	-7.6%	4.4x	4.9x	4.7x	-
New Gold Inc.	NGD US	JW	US\$2.15	U	\$1.50	\$1,454	\$1,738	0.93x	8%	7.4x	3.9x	3.0x	-2.4%	6.3%	11.0%	6.2x	4.1x	3.2x	-
Premier Gold Mines	PG CN	MM	C\$2.53	O	\$3.50	\$641	\$627	0.74x	60%	-	23.7x	11.6x	-7.4%	-2.8%	6.1%	34.3x	13.5x	9.4x	-
Pretium Resources	PVG CN	MM	C\$14.33	SP-Sp	\$17.00	\$2,103	\$2,214	0.94x	0%	6.9x	6.2x	6.1x	10.8%	13.7%	14.3%	7.3x	6.5x	6.3x	-
Roxgold Inc	ROXG CN	WL	C\$1.58	SP-Sp	\$2.00	\$462	\$437	0.58x	49%	6.3x	4.6x	2.8x	1.2%	-6.5%	24.0%	4.4x	3.6x	2.3x	-
Teranga Gold Corp.	TGZ CN	WL	C\$13.76	O	\$20.00	\$1,806	\$2,091	0.67x	10%	6.1x	3.7x	4.0x	7.7%	15.3%	11.6%	5.9x	3.4x	3.5x	-
Torex Gold	TXG CN	MM	C\$19.64	O-Sp	\$34.00	\$1,315	\$1,190	0.66x	50%	4.5x	3.5x	3.3x	11.6%	13.1%	17.8%	3.0x	2.4x	2.3x	-
Average								0.67x		6.0x	4.6x	4.2x	7.3%	9.9%	10.6%	4.9x	4.0x	3.7x	
Total average								1.18x		10.2x	8.4x	8.3x	5.4%	6.4%	6.6%	8.6x	7.2x	7.0x	

JW – Josh Wolfson, MM – Mark Mihaljevic, WL – Wayne Lam. (2) O – Outperform, SP – Sector Perform, U – Underperform, R – Restricted, Sp – Speculative Risk. Refer to disclosures for more information. (3) RBC price deck for gold 2020/2021/2022: 1,786/1,893/1,800, long-term=1,500. (4) Discount rate applied on a risk-weighted basis, generally higher for base metal assets or high technical/political risk. (5) NAVPS at spot calculated at spot gold/silver prices, spot or forward curve base metals, and spot FX rates. (6) Average weighted according to market capitalization. (7) Percentage of NAV attributed to mining assets/investments not currently in production. (8) Average weighted according to enterprise value. (9) Free cash flow = operating cash flow after working capital changes, less capital spend.
Source: Bloomberg, Company reports, RBC Capital Markets estimates



Kirkland Lake Gold Ltd									
Net asset valuation at spot gold (US\$)									
Shares (FD, FF, ITM) (m)	275,566								
Market capitalization (US\$m)	11,249								
	Target-setting NAV			NAV at various discount rates					
	Discount rate	(\$m)	(/sh) (\$)	5%		7%		10%	
				(\$m)	(/sh) (\$)	(\$m)	(/sh) (\$)	(\$m)	(/sh) (\$)
Gold assets									
Macassa (100.0%), Canada (ON)	5%	2,192	7.96	2,192	7.96	1,972	7.16	1,695	6.15
Fosterville (100.0%), Australia (Victoria)	5%	1,508	5.47	1,508	5.47	1,391	5.05	1,248	4.53
Detour Lake (100.0%), Canada (ON)	5%	5,930	21.52	5,930	21.52	4,958	17.99	3,907	14.18
Lower Detour (100.0%), Canada (ON)	5%	164	0.59	164	0.59	133	0.48	98	0.36
Holt Complex (100.0%), Canada (ON)	5%	220	0.80	220	0.80	175	0.64	125	0.45
Northern Territory (100.0%), Australia (NT)	5%	50	0.18	50	0.18	50	0.18	50	0.18
Gold exploration properties		1	0.00	1	0.00	1	0.00	1	0.00
Gold hedge book		0	0.00	0	0.00	0	0.00	0	0.00
Total gold assets		10,064	36.52	10,064	36.52	8,680	31.50	7,122	25.85
Other assets									
Other exploration		0	0.00	0	0.00	0	0.00	0	0.00
Investments		63	0.23	63	0.23	63	0.23	63	0.23
Total other assets		63	0.23	63	0.23	63	0.23	63	0.23
Balance sheet and expenses									
Basic working capital		563	2.04	563	2.04	563	2.04	563	2.04
Value of ITM instruments		4	0.01	4	0.01	4	0.01	4	0.01
Estimated working capital additions		0	0.00	0	0.00	0	0.00	0	0.00
Long-term debt		-16	-0.06	-16	-0.06	-16	-0.06	-16	-0.06
Estimated debt additions		0	0.00	0	0.00	0	0.00	0	0.00
General & administrative expense	5%	-569	-2.07	-569	-2.07	-484	-1.76	-388	-1.41
Exploration expense	5%	-104	-0.38	-104	-0.38	-99	-0.36	-92	-0.34
Interest tax shield	5%	5	0.02	5	0.02	5	0.02	5	0.02
Reclamation & closure liability		-197	-0.71	-197	-0.71	-197	-0.71	-197	-0.71
Net financial assets		-315	-1.14	-315	-1.14	-225	-0.82	-123	-0.44
Net asset value (US\$)		9,813	35.61	9,813	35.61	8,519	30.91	7,063	25.63
Share price (US\$)			40.82		40.82		40.82		40.82
NAV multiple (P/NAV) (x)			1.15		1.15		1.32		1.59
Input assumptions		2020E	2021E	2022E	Long term				
Gold price (US\$/oz)		1,760	1,837	1,837	1,837				
Silver price (US\$/oz)		20.39	24.00	24.00	24.00				
Copper price (US\$/oz)		2.88	3.57	3.53	3.49				

Source: RBC Capital Markets, company reports



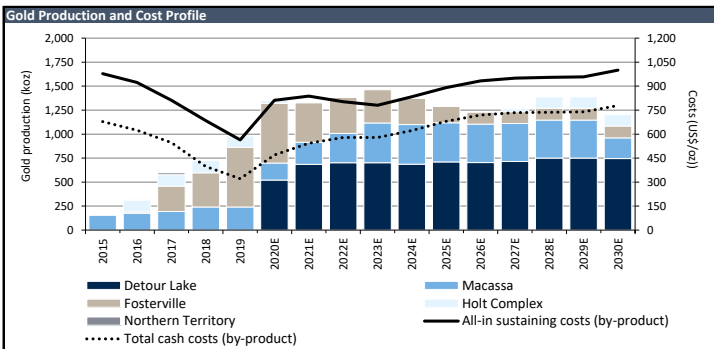
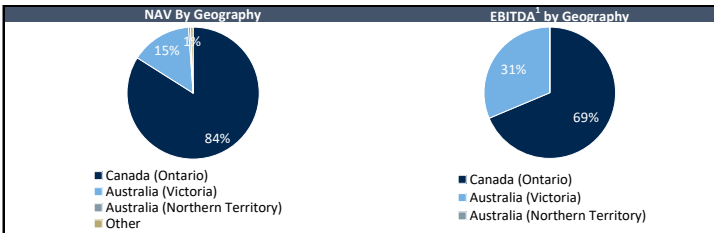
Kirkland Lake Gold Ltd: Forecasts at spot gold

Rating at RBC price deck	Outperform	Basic shares (m)	275.3	RBC Capital Markets
Risk at RBC price deck	NA	Diluted shares (ITM/FD) (m)	275.6/275.6	Josh Wolfson, CFA
Target at RBC price deck	US\$55.00	Basic mkt cap (US\$m)	11,237	(416) 842-9893
Share price	US\$40.82	Enterprise value (US\$m)	10,415	josh.wolfson@rbccm.com

All US\$m unless noted						All US\$m unless noted					
Operating Statistics						Input Prices					
	2019	2020E	2021E	2022E	2023E		2019	2020E	2021E	2022E	2023E
Equity gold production (koz)	975	1,350	1,326	1,382	1,463	Key commodities					
Macassa	241	176	230	306	416	Gold (US\$/oz)	1,392	1,760	1,837	1,837	1,837
Fosterville	619	622	410	375	346	Oil (US\$/bbl)	57	38	44	49	50
Detour Lake	0	522	686	701	701	Key currencies					
Holt Complex	114	29	0	0	0	US\$/C\$	0.75	0.75	0.78	0.78	0.78
Northern Territory	0	0	0	0	0	US\$/A\$	0.70	0.70	0.70	0.70	0.70
Total cash costs (co-product) (US\$/oz)	322	470	543	579	579	Valuation					
Macassa	459	650	543	515	489	P/E (x)	14.8	12.7	14.1	14.2	13.4
Fosterville	148	228	360	375	382	P/CF (x)	9.1	9.0	8.2	8.7	8.2
Detour Lake	733	662	652	717	729	EV/EBITDA (x)	10.6	6.5	6.6	6.5	6.1
Holt Complex	978	1,096	0	0	0	FCF/EV yield*	3.9%	6.1%	6.2%	7.1%	8.0%
Northern Territory	0	0	0	0	0						
Total cash costs (co-product) (US\$/oz)	322	470	543	579	579	Income Statement					
AISC - Reported (by-product) (US\$/oz)	564	812	837	802	781	Total revenue	1,380	2,410	2,435	2,539	2,687
Fully loaded costs (co-product) (US\$/oz)	1,015	1,177	1,286	1,268	1,242	% gold	100%	100%	100%	100%	100%
						% silver	0%	0%	0%	0%	0%
						% copper	0%	0%	0%	0%	0%
						% other	0%	0%	0%	0%	0%
						Operating costs	317	675	721	802	848
						G&A	47	71	68	72	72
						Exploration	33	16	30	36	36
						Depreciation	169	361	406	443	498
						Other	1	39	40	30	30
						Adjusted EBITDA	981	1,610	1,576	1,598	1,701
						Adjusted EBIT	812	1,249	1,170	1,156	1,203
						Net interest expense	-5	4	2	0	-15
						Unusual/other items	-9	-122	-37	-8	31
						EBT	798	1,131	1,134	1,147	1,218
						Taxes	238	361	363	367	384
						Minority interest	0	0	0	0	0
						Other	0	0	0	0	0
						Net income (reported)	560	770	771	780	834
						Net income (adjusted)	580	874	794	786	834
						EPS (reported) (\$/sh)	2.67	2.85	2.82	2.85	3.05
						EPS (adjusted) (\$/sh)	2.76	3.22	2.90	2.87	3.05
						Average shares (m)	210	271	274	274	274

Gold Reserves and Resources					
Proven and probable					
	2015	2016	2017	2018	2019
Tonnes (m)	5.3	11.9	13.0	11.3	491.9
Grade (g/t)	10.8	9.0	11.1	15.8	1.30
Oz (m)	1.8	3.4	4.6	5.8	20.5
Assumed reserve additions (moz)					3.5
LOM production (moz)					22.6
Measured, indicated & inferred (excl)					
Oz (m)	3.2	12.3	10.6	12.3	16.9
Reserve and resource statistics					
Reserves/sh (x1,000)	6.6	16.8	22.0	27.4	97.7
Reserves & resources/sh (x1,000)	18.3	77.3	72.2	86.2	178.2
Current per-ounce statistics					
Adjusted EV/LOM production (US\$/oz)	714		EV/resource (US\$/oz)	279	
Total acquisition cost (US\$/oz)	1,397		EV/reserve (US\$/oz)	509	

Net Asset Value					
	NAV (\$m)	/sh (\$)	% NAV	% Reserve	% EBITDA†
Macassa (100.0%), Canada (ON)	2,192	7.96	22%	12%	24%
Fosterville (100.0%), Australia (Victoria)	1,508	5.47	15%	11%	31%
Detour Lake (100.0%), Canada (ON)	5,930	21.52	59%	72%	45%
Holt Complex (100.0%), Canada (ON)	220	0.80	2%	4%	0%
Northern Territory (100.0%), Australia (NT)	50	0.18	0%	1%	0%
Investments	63	0.23	1%	0%	0%
Other	164	0.60	2%	0%	0%
Total mining and investment assets	10,128	36.75	100%	100%	100%
Balance sheet items and expenditures	-315	-1.14			
Total	9,813	35.61			
P/NAV at spot gold (x)		1.15			



* FCF = operating cash flow - capex; † 2021-2023 average EBITDA
Source: RBC Capital Markets estimates, company reports, Bloomberg

Valuation					
	2019	2020E	2021E	2022E	2023E
P/E (x)	14.8	12.7	14.1	14.2	13.4
P/CF (x)	9.1	9.0	8.2	8.7	8.2
EV/EBITDA (x)	10.6	6.5	6.6	6.5	6.1
FCF/EV yield*	3.9%	6.1%	6.2%	7.1%	8.0%

Income Statement					
	2019	2020E	2021E	2022E	2023E
Total revenue	1,380	2,410	2,435	2,539	2,687
% gold	100%	100%	100%	100%	100%
% silver	0%	0%	0%	0%	0%
% copper	0%	0%	0%	0%	0%
% other	0%	0%	0%	0%	0%
Operating costs	317	675	721	802	848
G&A	47	71	68	72	72
Exploration	33	16	30	36	36
Depreciation	169	361	406	443	498
Other	1	39	40	30	30
Adjusted EBITDA	981	1,610	1,576	1,598	1,701
Adjusted EBIT	812	1,249	1,170	1,156	1,203
Net interest expense	-5	4	2	0	-15
Unusual/other items	-9	-122	-37	-8	31
EBT	798	1,131	1,134	1,147	1,218
Taxes	238	361	363	367	384
Minority interest	0	0	0	0	0
Other	0	0	0	0	0
Net income (reported)	560	770	771	780	834
Net income (adjusted)	580	874	794	786	834
EPS (reported) (\$/sh)	2.67	2.85	2.82	2.85	3.05
EPS (adjusted) (\$/sh)	2.76	3.22	2.90	2.87	3.05
Average shares (m)	210	271	274	274	274

Cash Flow Statement					
	2019	2020E	2021E	2022E	2023E
Net income (reported)	560	770	771	780	834
Depreciation	169	361	406	443	498
Other	215	96	187	60	25
Operating cash flow	944	1,226	1,364	1,283	1,358
Operating cash flow (\$/sh)	4.49	4.53	4.98	4.69	4.96
Working capital changes	-25	20	0	0	0
Cash from operations	918	1,247	1,364	1,283	1,358
Capital expenditure	-516	-612	-716	-547	-521
Net investments	49	421	0	0	0
Investing cash flow	-467	-191	-716	-547	-521
Common share dividends	29	133	205	205	205
Debt additions	0	0	0	0	0
Debt repayments	-15	-14	-10	-14	0
Equity financing	-43	-484	0	0	0
Other net financing	-27	-264	-205	-205	-205
Financing cash flow	-84	-761	-215	-219	-205
Foreign exchange	8	-1	0	0	0
Change in cash	375	294	433	517	631
Free cash flow	388	621	638	723	837
Free cash flow* (\$/sh)	1.85	2.29	2.33	2.64	3.06

Balance Sheet					
	2019	2020E	2021E	2022E	2023E
Assets					
Cash	707	1,009	1,441	1,958	2,590
Short-term investments	0	0	0	0	0
Other current assets	87	202	202	202	202
Current assets	795	1,210	1,643	2,160	2,792
Non-current assets	1,763	5,830	6,140	6,244	6,267
Total assets	2,558	7,040	7,783	8,404	9,059
Liabilities					
Short-term debt	10	10	14	0	0
Current liabilities	417	488	492	478	478
Long-term debt	5	14	0	0	0
Other non-current liabilities	319	1,429	1,607	1,659	1,675
Total liabilities	741	1,931	2,099	2,137	2,153
Total shareholder equity	1,817	5,109	5,684	6,268	6,906
Net debt	-692	-985	-1,427	-1,958	-2,590
Net debt / EBITDA (x)	-0.7	-0.6	-0.9	-1.2	-1.5
ROE (Net income/Equity)	36.4%	22.2%	14.3%	13.1%	12.7%
ROA (Net income/Total assets)	26.2%	16.0%	10.4%	9.6%	9.6%
ROIC (NOPAT/Assets + Net debt)	55.3%	33.8%	19.2%	18.4%	19.0%
CROIC (FCF/Equity + Total debt)*	25.8%	18.2%	12.0%	12.3%	12.7%

Priced as of market close December 11, 2020



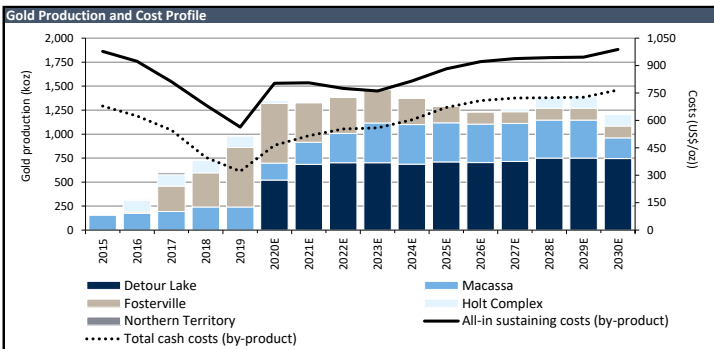
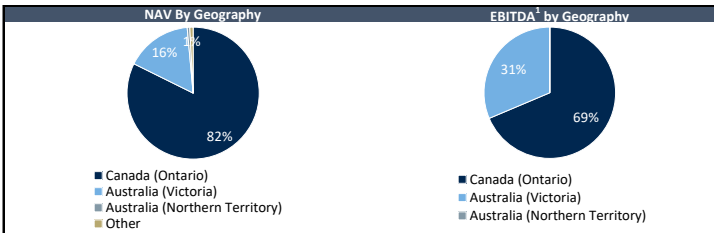
Kirkland Lake Gold Ltd: Forecasts at RBC price deck

Rating at RBC price deck	Outperform	Basic shares (m)	275.3	RBC Capital Markets
Risk at RBC price deck	NA	Diluted shares (ITM/FD) (m)	275.6/275.6	Josh Wolfson, CFA
Target at RBC price deck	US\$55.00	Basic mkt cap (US\$m)	11,237	(416) 842-9893
Share price	US\$40.82	Enterprise value (US\$m)	10,415	josh.wolfson@rbccm.com

All US\$m unless noted						All US\$m unless noted					
Operating Statistics						Input Prices					
	2019	2020E	2021E	2022E	2023E		2019	2020E	2021E	2022E	2023E
Equity gold production (koz)	975	1,350	1,326	1,382	1,463	Key commodities					
Macassa	241	176	230	306	416	Gold (US\$/oz)	1,392	1,786	1,893	1,800	1,800
Fosterville	619	622	410	375	346	Oil (US\$/bbl)	57	38	44	49	50
Detour Lake	0	522	686	701	701	Key currencies					
Holt Complex	114	29	0	0	0	US\$/C\$	0.75	0.74	0.73	0.74	0.76
Northern Territory	0	0	0	0	0	US\$/A\$	0.70	0.70	0.70	0.70	0.70
Total cash costs (co-product) (US\$/oz)	322	464	516	554	560	Valuation					
Macassa	459	640	512	491	473	P/E (x)	14.8	12.3	12.9	14.4	13.7
Fosterville	148	225	339	349	359	P/CF (x)	9.1	8.7	7.7	9.1	8.3
Detour Lake	733	653	623	690	710	EV/EBITDA (x)	10.6	6.3	6.2	6.6	6.2
Holt Complex	978	1,096	0	0	0	FCF/EV yield*	3.9%	6.5%	7.2%	6.6%	7.9%
Northern Territory	0	0	0	0	0	Income Statement					
Total cash costs (co-product) (US\$/oz)	322	464	516	554	560	Total revenue	1,380	2,447	2,502	2,488	2,633
AISC - Reported (by-product) (US\$/oz)	564	804	806	775	761	% gold	100%	100%	100%	100%	100%
Fully loaded costs (co-product) (US\$/oz)	1,015	1,174	1,262	1,268	1,215	% silver	0%	0%	0%	0%	0%
						% copper	0%	0%	0%	0%	0%
						% other	0%	0%	0%	0%	0%

Gold Reserves and Resources					
Proven and probable					
	2015	2016	2017	2018	2019
Tonnes (m)	5.3	11.9	13.0	11.3	491.9
Grade (g/t)	10.8	9.0	11.1	15.8	1.30
Oz (m)	1.8	3.4	4.6	5.8	20.5
Assumed reserve additions (moz)					3.5
LOM production (moz)					22.6
Measured, indicated & inferred (excl)					
Oz (m)	3.2	12.3	10.6	12.3	16.9
Reserve and resource statistics					
Reserves/sh (x1,000)	6.6	16.8	22.0	27.4	97.7
Reserves & resources/sh (x1,000)	18.3	77.3	72.2	86.2	178.2
Current per-ounce statistics					
Adjusted EV/LOM production (US\$/oz)	714		EV/resource (US\$/oz)	279	
Total acquisition cost (US\$/oz)	1,382		EV/reserve (US\$/oz)	509	

Net Asset Value					
	NAV (\$m)	/sh (\$)	% NAV	% Reserve	% EBITDA†
Macassa (100.0%), Canada (ON)	1,784	6.47	23%	12%	24%
Fosterville (100.0%), Australia (Victoria)	1,284	4.66	16%	11%	31%
Detour Lake (100.0%), Canada (ON)	4,527	16.43	57%	72%	45%
Holt Complex (100.0%), Canada (ON)	105	0.38	1%	4%	0%
Northern Territory (100.0%), Australia (NT)	50	0.18	1%	1%	0%
Investments	63	0.23	1%	0%	0%
Other	99	0.36	1%	0%	0%
Total mining and investment assets	7,913	28.72	100%	100%	100%
Balance sheet items and expenditures	-315	-1.14			
Total	7,598	27.57			
P/NAV at price deck (x)		1.48			



* FCF = operating cash flow - capex; † 2021-2023 average EBITDA
Source: RBC Capital Markets estimates, company reports, Bloomberg

Valuation					
	2019	2020E	2021E	2022E	2023E
P/E (x)	14.8	12.3	12.9	14.4	13.7
P/CF (x)	9.1	8.7	7.7	9.1	8.3
EV/EBITDA (x)	10.6	6.3	6.2	6.6	6.2
FCF/EV yield*	3.9%	6.5%	7.2%	6.6%	7.9%

Income Statement					
	2019	2020E	2021E	2022E	2023E
Total revenue	1,380	2,447	2,502	2,488	2,633
% gold	100%	100%	100%	100%	100%
% silver	0%	0%	0%	0%	0%
% copper	0%	0%	0%	0%	0%
% other	0%	0%	0%	0%	0%
Operating costs	317	666	685	767	820
G&A	47	71	68	72	72
Exploration	33	16	30	36	36
Depreciation	169	361	406	443	498
Other	1	39	40	30	30
Adjusted EBITDA	981	1,655	1,678	1,584	1,675
Adjusted EBIT	812	1,294	1,272	1,141	1,177
Net interest expense	-5	4	2	-1	-16
Unusual/other items	-9	-122	-37	-7	32
EBT	798	1,176	1,237	1,133	1,193
Taxes	238	375	396	363	376
Minority interest	0	0	0	0	0
Other	0	0	0	0	0
Net income (reported)	560	800	841	771	817
Net income (adjusted)	580	905	864	776	817
EPS (reported) (\$/sh)	2.67	2.96	3.07	2.81	2.98
EPS (adjusted) (\$/sh)	2.76	3.33	3.15	2.83	2.98
Average shares (m)	210	271	274	274	274

Cash Flow Statement					
	2019	2020E	2021E	2022E	2023E
Net income (reported)	560	800	841	771	817
Depreciation	169	361	406	443	498
Other	215	103	205	17	25
Operating cash flow	944	1,264	1,452	1,230	1,341
Operating cash flow (\$/sh)	4.49	4.67	5.30	4.49	4.90
Working capital changes	-25	20	0	0	0
Cash from operations	918	1,284	1,452	1,230	1,341
Capital expenditure	-516	-609	-706	-544	-518
Net investments	49	421	0	0	0
Investing cash flow	-467	-188	-706	-544	-518
Common share dividends	29	133	205	205	205
Debt additions	0	0	0	0	0
Debt repayments	-15	-14	-10	-14	0
Equity financing	-43	-484	0	0	0
Other net financing	-27	-264	-205	-205	-205
Financing cash flow	-84	-761	-215	-219	-205
Foreign exchange	8	-1	0	0	0
Change in cash	375	335	531	467	618
Free cash flow	388	662	736	673	823
Free cash flow* (\$/sh)	1.85	2.44	2.69	2.46	3.01

Balance Sheet					
	2019	2020E	2021E	2022E	2023E
Assets					
Cash	707	1,050	1,580	2,048	2,665
Short-term investments	0	0	0	0	0
Other current assets	87	202	202	202	202
Current assets	795	1,252	1,782	2,250	2,867
Non-current assets	1,763	5,827	6,126	6,227	6,246
Total assets	2,558	7,078	7,908	8,476	9,113
Liabilities					
Short-term debt	10	10	14	0	0
Current liabilities	417	488	492	478	478
Long-term debt	5	14	0	0	0
Other non-current liabilities	319	1,436	1,632	1,640	1,656
Total liabilities	741	1,938	2,124	2,118	2,134
Total shareholder equity	1,817	5,140	5,784	6,358	6,979
Net debt	-692	-1,026	-1,567	-2,048	-2,665
Net debt / EBITDA (x)	-0.7	-0.6	-0.9	-1.3	-1.6
ROE (Net income/Equity)	36.4%	23.0%	15.4%	12.7%	12.3%
ROA (Net income/Total assets)	26.2%	16.6%	11.2%	9.4%	9.3%
ROIC (NOPAT/Assets + Net debt)	55.3%	35.1%	21.0%	18.2%	18.6%
CROIC (FCF/Equity + Total debt)*	25.8%	19.3%	13.6%	11.3%	12.3%

Priced as of market close December 11, 2020

Valuation

Our price target of US\$55.00 is based on 1.8x our NAV 5% at a long-term gold price of US \$1,500/oz and 21x our 2020–21 SFCF estimate. These multiples are in line with the senior group average, supported by the company's attractive geopolitical risk profile, high margins, and production growth, but greater concentration risk and operating uncertainties. Our Outperform rating is supported by KL's implied return to our price target relative to its peers, while accounting for its company-specific risks.

Risks to rating and price target

In addition to general operating and financial risks for KL related to commodities (gold) and FX (CAD and AUD), we highlight:

- Capital allocation uncertainties, including potential for elevated investment at Detour Lake
- M&A integration risk at Detour Lake
- Continued exploration success required to extend KL's existing mine reserves
- Achievement of ramp-up and production targets at Detour Lake

Company description

Kirkland Lake Gold is a large cap gold producer with operating mines in Australia and Canada (Ontario). In January 2020, the company completed the acquisition of Detour Gold Corp. and its flagship Detour Lake mine in Ontario. 2021 company guidance outlines production of 1.3-1.4moz at AISC of \$790-810/oz, with production guided relatively flat through 2022 and increasing to 1.4-1.5moz in 2023. Kirkland has outlined a strategy of delivering production growth from low-risk mining jurisdictions, with an ongoing focus on organic reserve growth through exploration.

Required disclosures

Non-U.S. analyst disclosure

Josh Wolfson, Cole Chessell and Zainab Chandna (i) are not registered/qualified as research analysts with the NYSE and/or FINRA and (ii) may not be associated persons of the RBC Capital Markets, LLC and therefore may not be subject to FINRA Rule 2241 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

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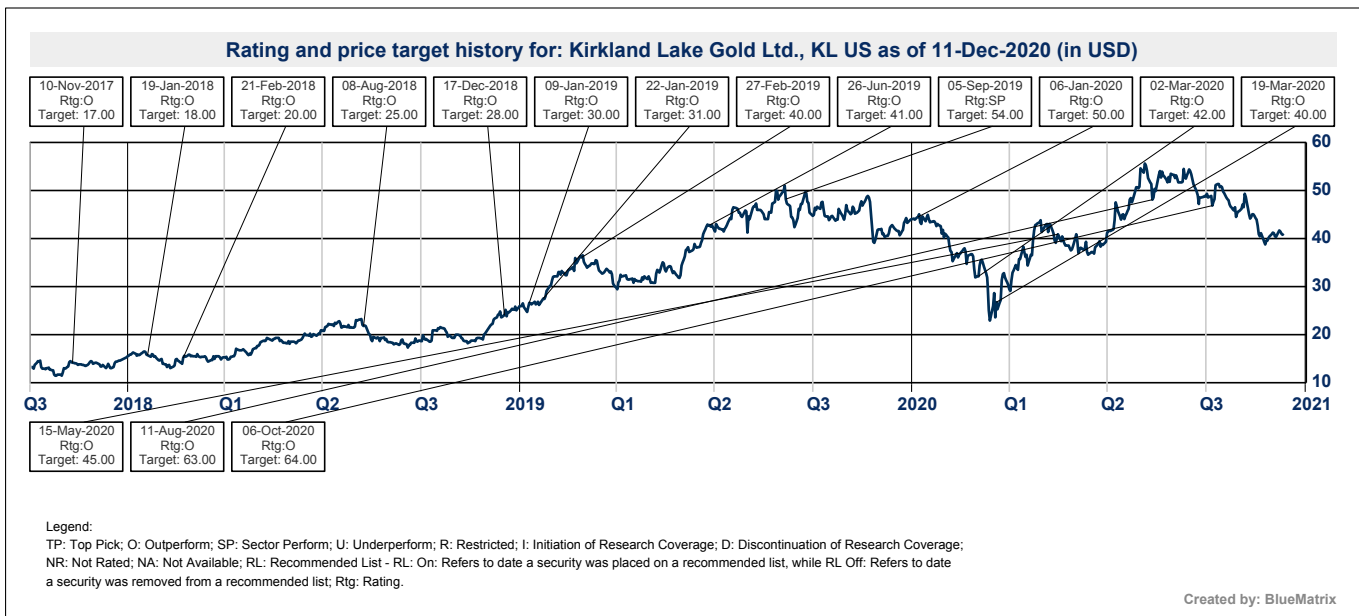
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Kirkland Lake Gold Ltd.

Valuation

Our price target of US\$55.00 is based on 1.8x our NAV 5% at a long-term gold price of US\$1,500/oz and 21x our 2020–21 SFCF estimate. These multiples are in line with the senior group average, supported by the company's attractive geopolitical risk

profile, high margins, and production growth, but greater concentration risk and operating uncertainties. Our Outperform rating is supported by KL's implied return to our price target relative to its peers, while accounting for its company-specific risks.

Risks to rating and price target

In addition to general operating and financial risks for KL related to commodities (gold) and FX (CAD and AUD), we highlight:

- Capital allocation uncertainties, including potential for elevated investment at Detour Lake
- M&A integration risk at Detour Lake
- Continued exploration success required to extend KL's existing mine reserves
- Achievement of ramp-up and production targets at Detour Lake

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