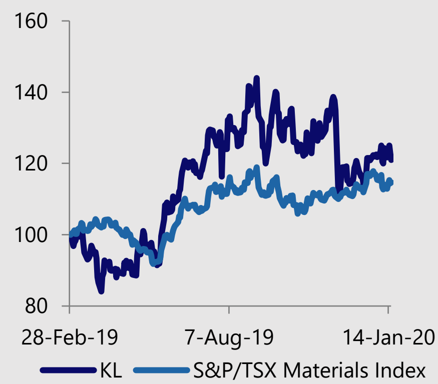
RESEARCH REPORT
January 20, 2020

Stock Rating	HOLD
Ticker	TSX:KL
Market Cap (MM)	$11,902
P/CF	10.31x
P/NAV	1.2x

52 Week Performance



Kirkland Lake Gold Ltd.
Going for Gold

On November 25, 2019, Kirkland Lake Gold announced an agreement to acquire Detour Gold Corporation in an all-share purchase, pending expected shareholder approval on January 28.

The QUIC M&M team has prepared this report to assess the potential fit of Kirkland Lake Gold (post-acquisition) in our portfolio and pursue one of the following actions:

(1) Sell all our existing shares of Detour prior to shareholder vote

(2) Sell a portion of our existing shares of Detour and hold the remainder in the joint company

(3) Hold all existing shares in Detour including after they are converted into the joint company

We have concluded that from a qualitative standpoint, Kirkland is a desirable holding and the acquisition of Detour fits well into its asset portfolio. However, there is currently little remaining upside to Detour from the transaction price and Kirkland appears to be fairly valued. Furthermore, the QUIC M&M team is highly overweight Precious Metals and would like to notably trim holdings in this sub-sector to cash in on the current above-average price of gold. For these reasons, we will be selling 2/3 of our holdings in Detour in the near-term and tentatively holding 1/3 until we clarify questions regarding the valuation of the joint entity.

Metals & Mining

Inaara Panjwani
ipanjwani@quiconline.com

Sebastian Weersink
sweersink@quiconline.com

Alice He
ahe@quiconline.com

Shivam Aggarwal
saggarwal@quiconline.com

Matthew Kampe
mkampe@quiconline.com

Table of Contents

Company Overview

Overview of Operations

Kirkland Lake Gold Ltd. is a fast-growing gold mining company with operations in Canada and Australia. Kirkland seeks to exclusively operate in these two markets which it deems as leading mining jurisdictions. The company's production profile is anchored by two high-grade, low-cost underground operations: the Macassa mine in Northeastern Ontario and the Fosterville mine in Victoria, Australia. Kirkland's production is further supplemented by the Taylor and Holt mines, both of which are wholly-owned operations in Northeastern Ontario. Finally, Kirkland currently has its Northern territory operations in Australia – consisting of the Cosmo and Union Reef mills – under care and maintenance, as the company continues to perform exploration drilling hoping to resume operations at the mills.

Its assets produced 974,600 ounces of gold at an all-in sustaining cost (AISC) of $584/oz of gold in 2019.

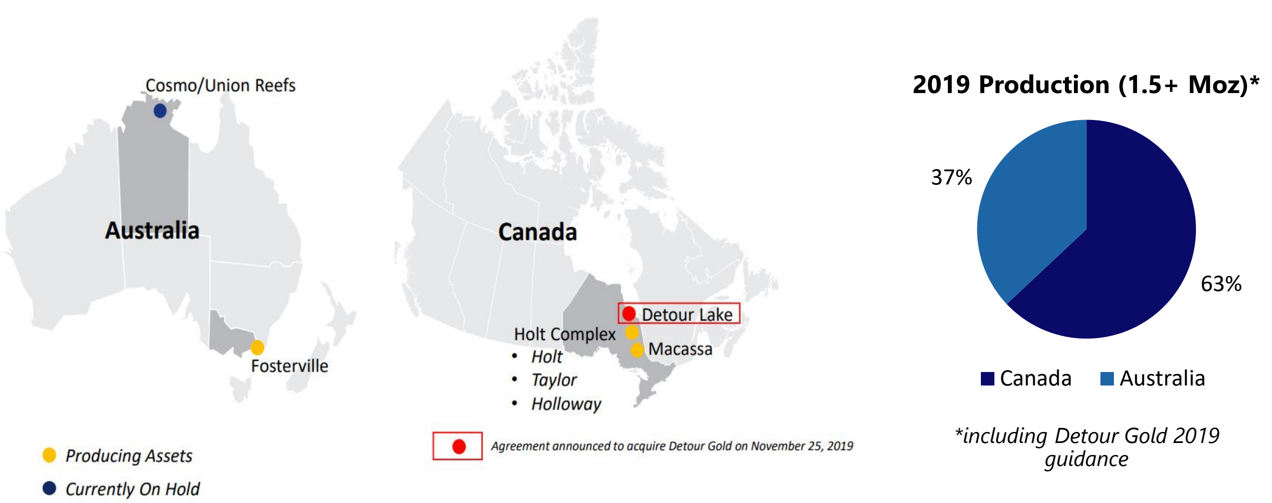
All-in sustaining cost is a measure that evaluates the total cost of producing gold and includes operating costs, royalty expenses, sustaining capital, and other expenses.

Over the past three years, Kirkland has experienced remarkable growth and turned itself into a premier gold miner. New management, instituted in 2016, turned the Fosterville and Macassa mines into high-production, low-cost mines, tripling the company's yearly output in three years. The stock has correspondingly been one of the best performing of its peers, returning over 650% over a three-year span.

With improving operations and cash to invest in growth, in Q3 2019 Kirkland made the decision to acquire Detour Gold – a QUIC holding since November 2017 – in an all-share transaction, that will be discussed further into the report.

EXHIBIT I

Location of Mining Assets and Production Geographic Segmentation



Source(s): Company Filings

Gold Industry Overview

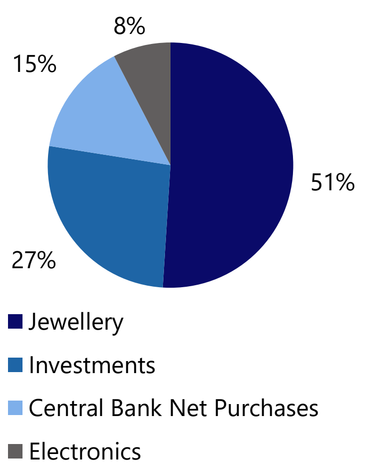
Gold is a precious metal, known for its multi-purpose use in industrial applications, jewellery applications, as a "safe-haven" monetary asset by central banks, and a hedge against inflation by investors.

Gold serves a wide variety of practical purposes due to its unique physical properties, including: durability, malleability, and thermal and electrical conductivity. Specifically, gold is used in jewellery (51% of demand) and in technology such as conductors or microprocessors. In recent years, more innovative applications of the metal have emerged, namely its use in diagnostic medicine and in contaminated groundwater treatment.

Historically, under the Gold Standard monetary system, countries linked their currency to the value of gold. And, even as the Gold Standard has been replaced with the current Fiat currency system, gold's importance as a monetary asset remains.

EXHIBIT II

Gold Demand by Industry (2018)



Source(s): Government of Canada

Among today's investors and central banks, gold is viewed as a reliable, tangible store of value and as a "safe haven" asset. In other words, gold is used in a portfolio as a hedge against rampant inflation because its supply is determined by new gold being extracted, thus its supply cannot be rapidly manipulated, unlike fiat currency. Gold is generally uncorrelated or negatively correlated with the performance of other portfolio assets and investors often turn to it in times of systemic turmoil, which is why it is important to diversify a portfolio with gold.

Primary Drivers of Gold Pricing

Relative to other metals, gold prices are extremely sensitive to macroeconomic drivers. Most notably, changes in the value of the US dollar tend to have an inverse effect on gold prices as a result of gold trading being denominated in USD. If the value of the USD falls, foreign purchasers of gold have increased purchasing power of gold in their home currency, increasing demand for the metal. The inverse is true when the USD rises in value.

US interest rates play an equally significant role in gold pricing. As the Federal Reserve increases interest rates or if there is a high probability of a rate hike, demand for gold decreases and its price follows suit. This is because the opportunity cost of forgoing interest-based assets, such as bonds, increases. These assets provide a more enticing yield, relative to gold.

CPI inflation is another important driver for gold pricing. To hedge against rising levels of inflation, investors tend to look to gold, thus pushing its price upwards. Finally, investor sentiment exerts an impact on the price of gold. As geopolitical tensions and market instability loom, investors turn to gold as a safe haven asset to store value.

Gold Industry Overview (cont'd)

Outlook on Gold Price

Gold has a stable to positive outlook for 2020, with consensus price of $1,550/ounce. There are many positive macroeconomic tailwinds for gold going into 2020, the major one being a projected decrease in the value of the USD. The consensus on the street is that the USD will gradually decline over the year, as the dollar comes off record high levels. This decrease in the value of the USD relative to foreign currencies, should prove modestly beneficial to gold prices.

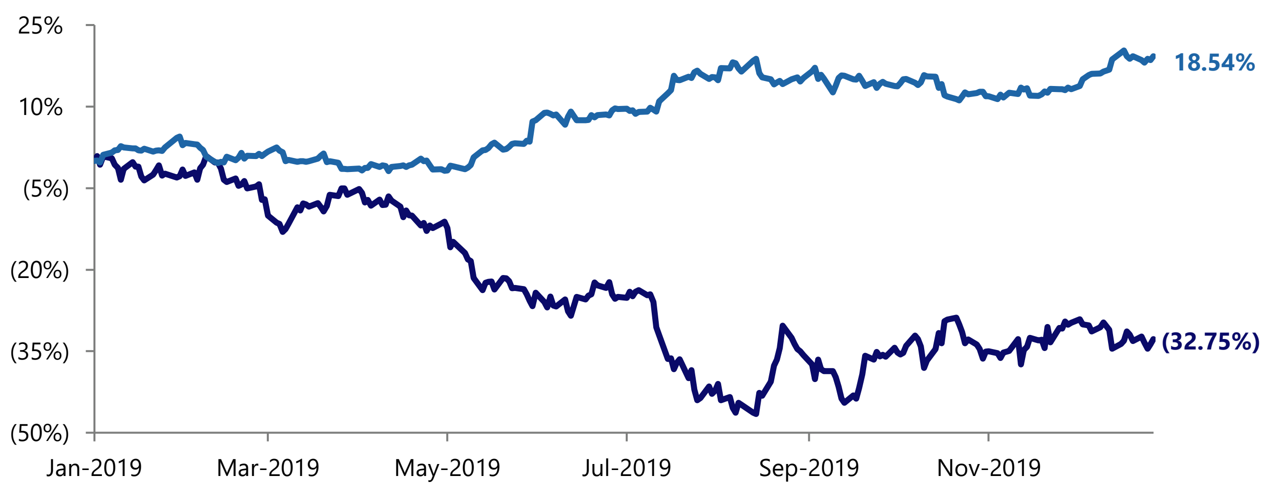
Global central banks should maintain the outlook for interest rates in 2020 to remain stable to negative thorough the year. This stability in interest rates should not adversely affect gold prices throughout the year. The consensus on the street is at most one rate cut from the Federal Reserve in 2020, providing gold another potential catalyst in the year. Having an interest rate cut in the year would create less downside to owning gold as cash yields would drop, thus creating less of an opportunity cost to owning gold.

In the US, the consensus in for the negative real interest rates (10-year bonds minus inflation) to continue as the Federal Reserve attempts to increase inflation before hiking interest rates. This provides gold another tailwind as inflation is generally beneficial to gold as investors use gold as hedge against inflation.

Global geopolitical uncertainty should provide added tailwinds through 2020. Tensions in the Middle East have been escalating in the past month as the U.S. attack on an Iranian general has created additional turmoil in the region. This tension between the two nations has only been escalating and does not show many signs of relenting. Additional or prolonged tensions in the region should provide a tailwind to gold as investors seek a 'safe-haven' asset. In the second half of 2020, the U.S. election can provide another level of uncertainty as a potentially economically left democratic candidate could rival President Trump. The potential disruption to the economy could provide an additional tailwind for gold.

EXHIBIT III

Percentage Change in Gold Price ($/oz) vs. U.S. 10-Interest Rate (LTM)



Source(s): S&P Global Market Intelligence

Gold Industry M&A Landscape and Outlook

Drivers of Consolidation

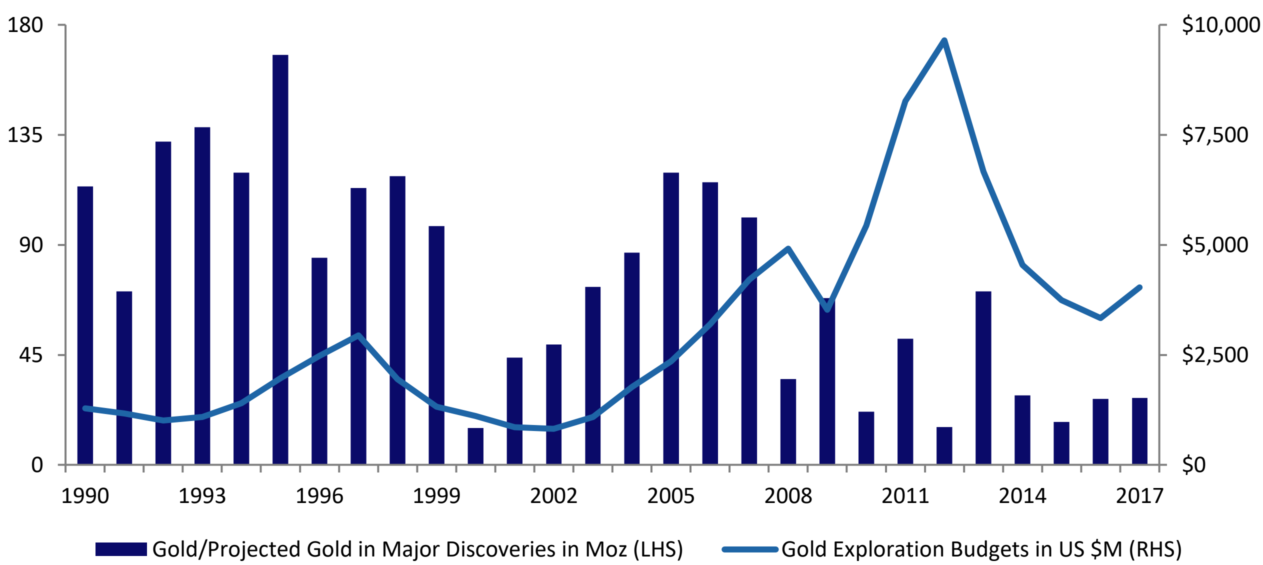
The gold industry is facing a growing need to consolidate as it struggles to deal with declining production and rising exploration costs. With many mining companies exhausting their current reserves, they need to find ways to generate pipelines for new gold. However, with the amount of economically accessible reserves rapidly dwindling, this is becoming an increasingly costly task. This has left many majors unable to organically generate the increases in sustainable production levels necessary for long-term growth. As a result, quarter over quarter production levels have been going down for many of the majors while industry-wide all-in sustaining costs (AISC) have been on the rise.

The struggle to find new gold mines is further demonstrated by declining rates of gold mine discoveries, in spite of increasing exploration costs. Even more notable is the fact that almost no new discoveries are "world class" deposits – over 5 million ounces of gold reserves. This is particularly concerning considering such mines contribute almost half of global gold production. Facing these difficulties, gold companies now believe that it is both cheaper and more predictable to acquire reserves on the stock market than to inject additional capital into discovery.

An additional driver of consolidation is gold company executives' desire to attract more investor capital into the industry. As a result of historical underperformance, investors have become weary of buying into North American gold miners. Executive teams hope that prudent consolidation can show investors a brighter future ahead, resulting in more capital from investors and in higher share prices.

EXHIBIT IV

Gold in Major Discoveries versus Exploration Budgets (1990 – 2017)



Source(s): S&P Global Market Intelligence

Gold Industry M&A Landscape and Outlook (cont'd)

Effectiveness of Consolidation

The effectiveness of utilizing consolidation to drive production growth is a highly contested topic. Majors often argue to shareholders that acquisitions possess extensive cost-efficiencies and synergies. Synergies can be found through scale, reducing operating costs and leveraging strong combinations of reserves and processing plants. They also argue that M&A provides them with additional capital to develop and expand gold mines. The synergies resultant from consolidation can be demonstrated by Barrick CEO recently suggesting a disputed value of over $7B in potential synergies related to their bid for Newmont.

With that said, many experts argue that consolidation does little to increase value for shareholders. Rather, they argue M&A activity is a function of companies wanting to appease shareholders with increases in production, as consistent production declines inevitably lead to losses in shareholder value. While consolidation offers a short-term fix, it does little to resolve the greater exploration problem facing the gold industry.

Outlook on M&A

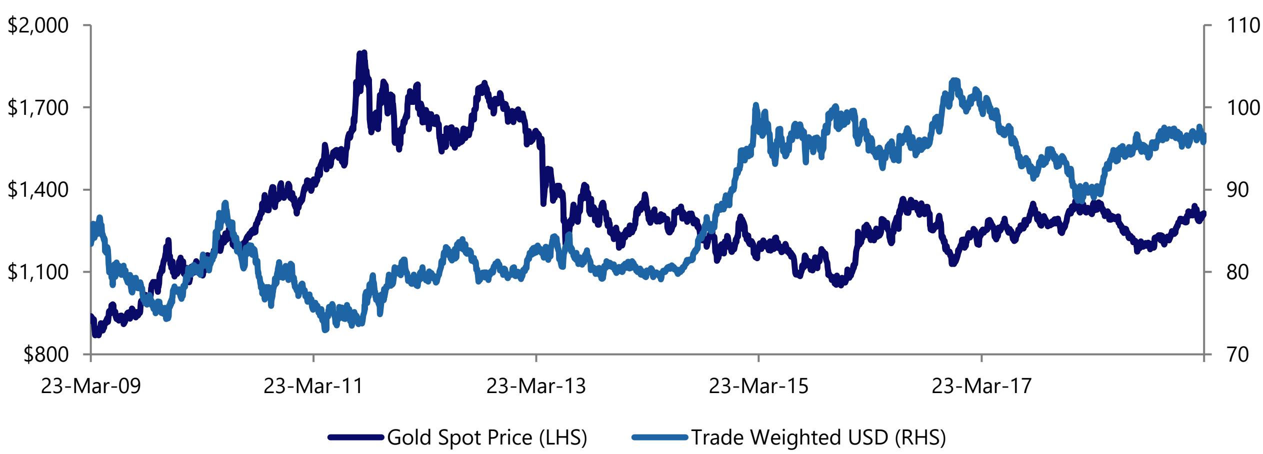
M&A activity will continue to shape the future of the fragmented gold industry, both in the form of frequent acquisitions of junior mining companies and occasional mega-mergers between major producers.

Juniors have increasingly become strong takeover targets, with many of them trading at extremely attractive multiples. With juniors playing a significant role in the discovery and development of mines, acquiring them is a cost-effective way for majors to expand their reach and replenish their gold supply.

The other area of M&A in gold is through megamergers. This has been seen recently through both the Barrick-Rangold and Newmont-Goldcorp deals, which at their respective times of acquisition made the companies the world's largest gold mining company.

EXHIBIT V

Spot Price of Gold and Trade Weighted USD Index (2009 – 2019)



Source(s): Bloomberg

Gold Industry M&A Landscape and Outlook (cont'd)

Outlook on M&A

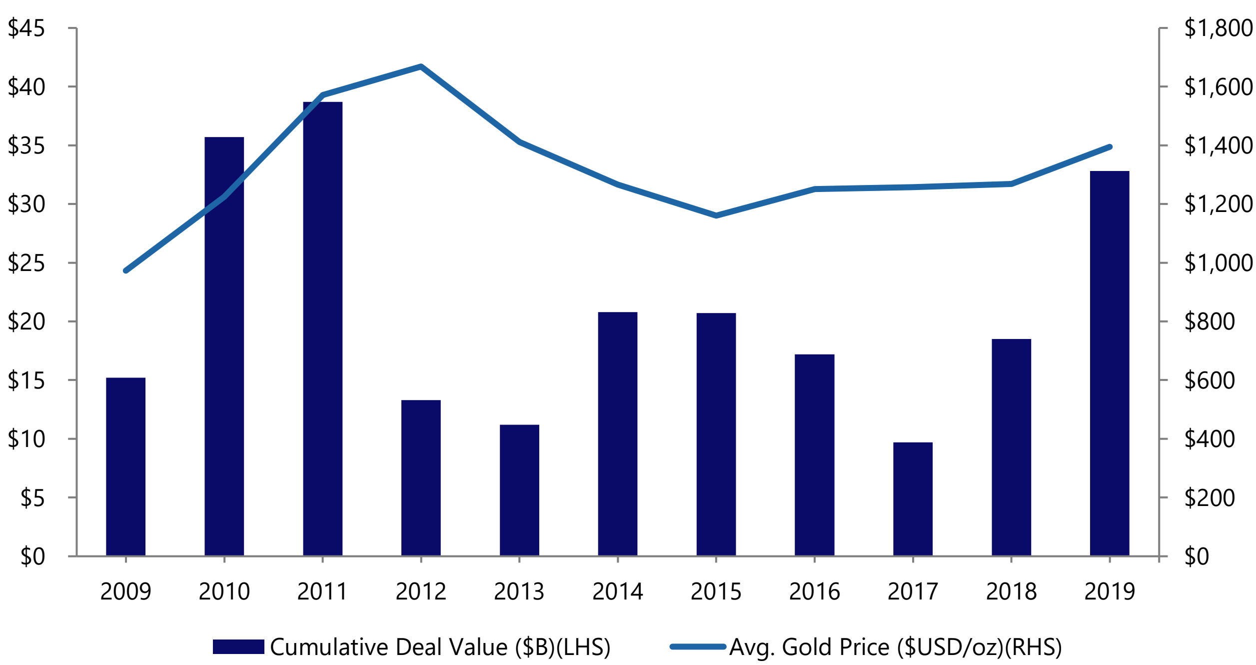
The trend of mergers almost culminated in February 2019 when Barrick offered Newmont shareholders an all stock acquisition worth $18B. While the deal likely will not go through – they may pursue a joint venture in Nevada – it is demonstrative of the willingness of the majors to engage in significant M&A activity.

The extent to which the fragmented gold industry consolidates is largely dependent on the effectiveness of this recent spate of M&A as well as market perception of said M&A. If these companies are able to realize synergies and increase returns, then merger activity will only heat up. But if these deals fail and destroy shareholder value, as they have in the past, the consolidation trend may slow.

Gold mining companies globally are set to continue the large M&A activity going into 2020 after a multi-year high of $32.8B worth of deals done in 2019. The M&A environment has been improving over the past year as gold prices have surpassed $1,500/ounce, which improves the profitability immensely among gold companies. This improved pricing allows miners more financial flexibility in deal making. Another catalyst for M&A activity is the result of years of deleveraging among major miners. The result of realizing higher gold prices as well as years of deleveraging in majors should result in another record year for gold related M&A activity.

EXHIBIT VI

M&A Deal Flow ($B) vs. Average Price of Gold



Source(s): Bloomberg, Kitco

Management Overview

Management Overview

While relatively new to Kirkland Lake, the company's executive team possesses vast experience in the mining space. This experience is highlighted by Kirkland's President and CEO, Anthony Makuch, who joined the company in 2016. He has 35 years of management experience in the mining industry, notably serving as the CEO of Lake Shore Gold until its acquisition by Tahoe Resources in April 2016.

In just over 3 years as CEO, Makuch has turned Kirkland Lake into a top senior miner, taking many steps to position the company to generate long-term value for shareholders. Since 2016, Makuch has increased production by more than 200% while simultaneously reducing AISC ($/oz) by roughly 40%. While partially attributable to improving gold prices, a strong track record of capital allocation has allowed Makuch to improve ROIC from just 7%, when he took over, to now over 34%. He has done so while keeping the company in strong financial position, highlighted by its no debt balance sheet.

This rapid, yet sustainable, growth under three years of Makuch's leadership provides confidence in the competency and intentions of Kirkland's management.

Compensation Structure

Kirkland Lake executives have three basic elements to their compensation; base salary, short-term incentives and long-term incentives.

Short-term incentives take the form of a performance-based cash bonus, determined against an extensive set of KPIs. They include annual shareholder return, safety metrics, production levels, AISC, and metrics to encourage exploration and reserve growth. Overall, the compensation structure for short-term incentives is relatively strong, encouraging low-cost production growth and shareholder returns.

Management is incentivized in the long-run by a combination of PSUs and RSUs. Share unit issuances are determined by a payout factor up to 2x, which is determined by Kirkland's TSR relative to the S&P/TSX Global Gold Index. This is not an ideal method of compensation as it does not necessarily incentivize long-term value creation.

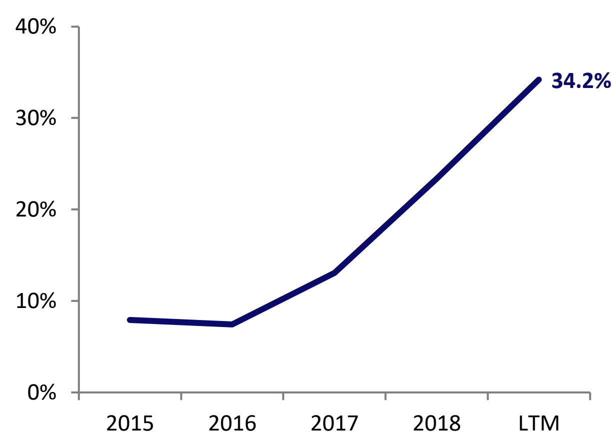
It should be additionally noted that Kirkland has not issued stock options in two years and does not plan to do so in the future, which is positive as options tend to misalign management and shareholder value and risk.

Overall insider ownership is not particularly high for Kirkland with CEO Anthony Makuch owning $16M worth of securities followed by substantially lower figures for the rest of the executive.

In spite of this and an imperfect compensation structure , Kirkland's management's track record over the past three years should give shareholders confidence that their interests are being well-represented.

EXHIBIT VII

Kirkland ROIC (2015-LTM)



Source(s): Company Filings

Thesis I: Growing Low-Cost Production

Growing Production

Kirkland has a strong portfolio of mines that are rapidly growing in production at a minimal cost. Its production is mainly sourced from the Fosterville and Macassa mines, which contributed to over 80% of Kirkand's production in 2018.

The Fosterville mine is based in Victoria, Australia and has been critical to Kirkland's rapid growth as a senior miner. The mine's production grew 37% to 356.2 kozs in 2018 and grew by another 80% in 2019, resulting in production of 619.4 kozs of gold. This production level looks to be sustainable over the coming future as successful drilling efforts have led to the discovery of many additional high-grade reserves.

Management has similarly made key investments in the Macassa mine, based in Northeastern Ontario, to maximize the asset's value. From 2017 to 2019, production has increased by 24% to 241.4 kozs. With that said, the real growth is expected to come in the near future, as 2022 production is forecasted to be well over 400.0 kozs.

The fact that Kirkland's assets are all located in Canada and Australia – leading mining jurisdictions with minimal political risk – also serves to give confidence in the consistency of production and helps minimize the risk associated with operating a mine.

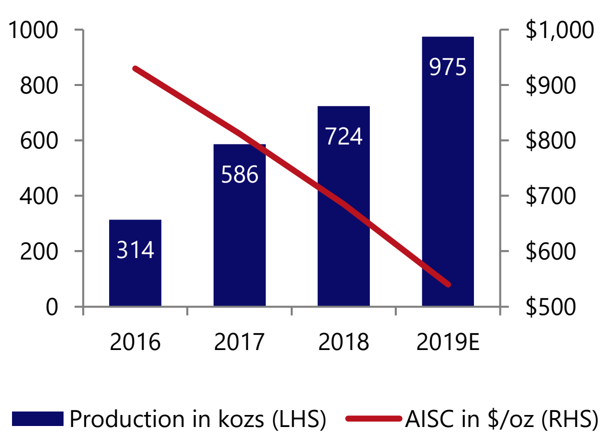
Low-Cost Growth

This rapid growth in production is most relevant due to its low-cost nature. AISC at the Fosterville mine is only $306/oz, while the Macassa mine has an AISC of $687/oz. Overall, Kirkland's amalgamated AISC is $585/oz and is decreasing at a CAGR of 14.4%. These numbers are noticeably low when compared to senior gold mining peers. Almost all of its peers have an AISC of above $900/oz, with top gold miners Barrick and Newmont having AISC of $984/oz and $965/oz, respectively.

This low-cost production not only allows Kirkland to generate high margins, but also substantially reduces its risk profile as downturns in commodity pricing will affect Kirkland substantially less than its peers.

EXHIBIT VIII

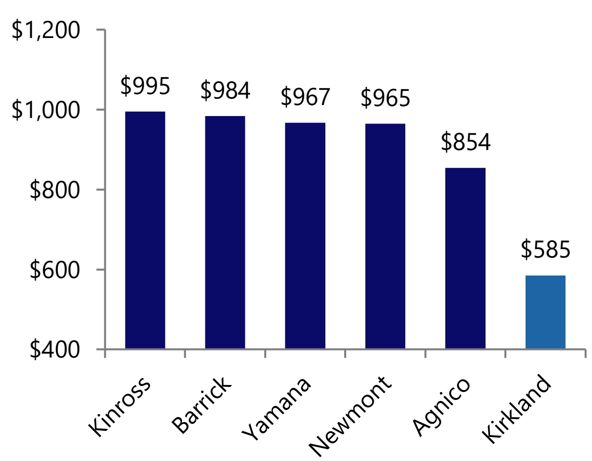
Production and AISC (2016A-2019E)



Source(s): Company Filings

EXHIBIT IX

2019E AISC ($/oz) Relative to Peers



Source(s): Company Filings

Thesis II: Strong Cash Flow Generation and Balance Sheet

High Cash Flow Generation

Kirkland's low-cost profile allows it to be one of the most profitable miners in the industry. In turn, the company is able to establish an impressive free cash flow generation profile.

Management has been able to steadily increase quarterly free cash flows, culminating in a significant increase in Q3 2019 for a record $181.3M in free cash flows. This resulted from substantial increases in cash flow from operating activities, as Kirkland increased their revenues and margins; high average realized gold prices also contributed to this increase.

Kirkland's high free cash flow generation in spite of steady capital expenditures is a positive sign for investors, suggesting that Kirkland will be able to continue to pursue value creation opportunities throughout the gold price cycle.

It should be noted that the dip in Q2 2019, as seen in Exhibit X, is the result of significant investments in growth projects.

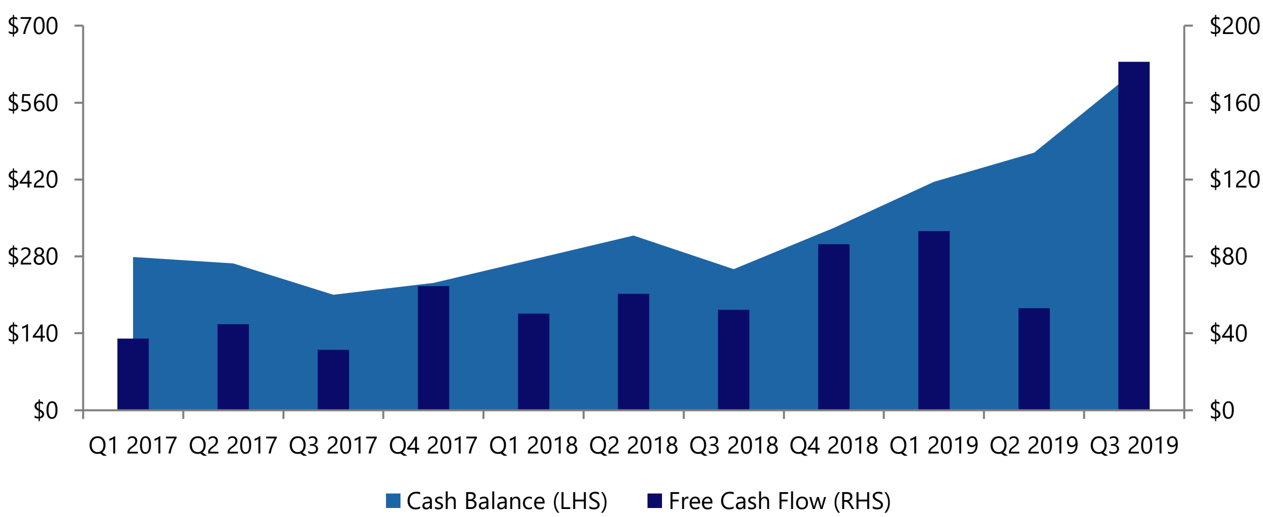
Strong Balance Sheet

Strong free cash flows have allowed Kirkland to significantly build out its cash reserves. In 2019, Kirkland improved its cash position by 112% to $705M.

They also currently have a debt-free balance sheet which gives the company additional flexibility during any potential commodity downturn. Kirkland's strong balance sheet further establishes its status as a low-risk company relative to its peers, alongside its low-cost production and low political risk.

EXHIBIT X

Kirkland Lake Gold Free Cash Flow and Cash Balance in $M (Q1 2017 – Q3 2019)



Source(s): Company Filings

Thesis III: Effective Capital Allocation Strategy

Investments in Exploration Driving Reserve Growth

Kirkland has demonstrated three key strategic priorities for the deployment of its capital.

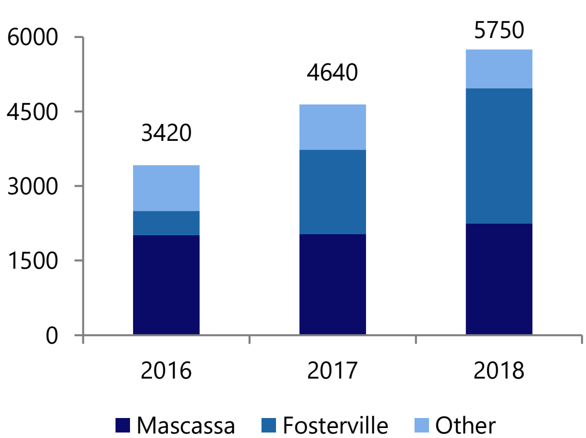
The most critical in allowing for the sustainable growth of the company is its investment in exploration to facilitate reserve growth and grade improvements. In each of its assets, Kirkland sees continued opportunities for exploration.

The Fosterville mine complex currently has estimated total reserves of 2.7 Moz. The mine's production has seen impressive growth, a function of highly successful exploration. Its growth began with the 2015 discovery of the Eagle zone and continued into 2017, where underground drilling doubled proven and probable reserves. Kirkland has currently identified many reserve targets in the mine complex with visible gold that should serve to further augment the mine's reserve total.

Its other cornerstone asset, Macassa, has a reserve total of 2.25 Moz. Starting in January 2018, Kirkland has been investing significant growth capital in sinking a fourth shaft at Macassa which is expected to double production when Phase 1 is completed in 2022. The construction of the shaft will open room for new exploration and is expected to cost roughly $320M.

EXHIBIT XI

Reserve Growth in koz (2016-2018)



Source(s): Company Filings

Kirkland is also investing considerable capital into its Northern Territory assets, which are currently on hold in Australia. In YTD 2019 alone, Kirkland has invested $82M as they undergo advanced exploration and drilling to establish new deposits.

With respect to actual investment, in FY2018 Kirkland $103.8M in growth projects - $68.3M of which was at Macassa (largely for the #4 shaft project). Management spent another $97.9 on exploration which, as discussed, led to significant discoveries at Kirkland's Fosterville mine. These figures are forecasted to grow in FY2019 with growth project and exploration spending projected at $180M and $130M, respectively. These increasing, and successful, investments in growth and exploration should help Kirkland achieve sustainable organic growth that is increasingly hard to come by in the gold industry.

Shareholder Returns

In addition to allocating capital toward investments, Kirkland management has recently made a concerted effort to return capital to shareholders through dividends and stock buybacks. In 2019, Kirkland repurchased 1,127,000 shares worth a total of $56.7M. With respect to dividends, Kirkland had its first dividend payment worth $0.01 in Q2 2017. Since then, the company has increased its dividend multiple times up to the most recent dividend of USD $0.06 in Q4 2019, representing a 7.1% payout ratio.

Acquisition

Kirkland's third and final pillar of capital allocation is acquiring assets with valuation upside, demonstrated by their November 2019 acquisition of Detour Gold (discussed on following page).

Acquiring Third Cornerstone Asset: Detour Gold

On November 25, 2019, Kirkland Lake Gold announced an agreement to acquire Detour Gold Corporation, pending expected shareholder approval on January 28, 2020.

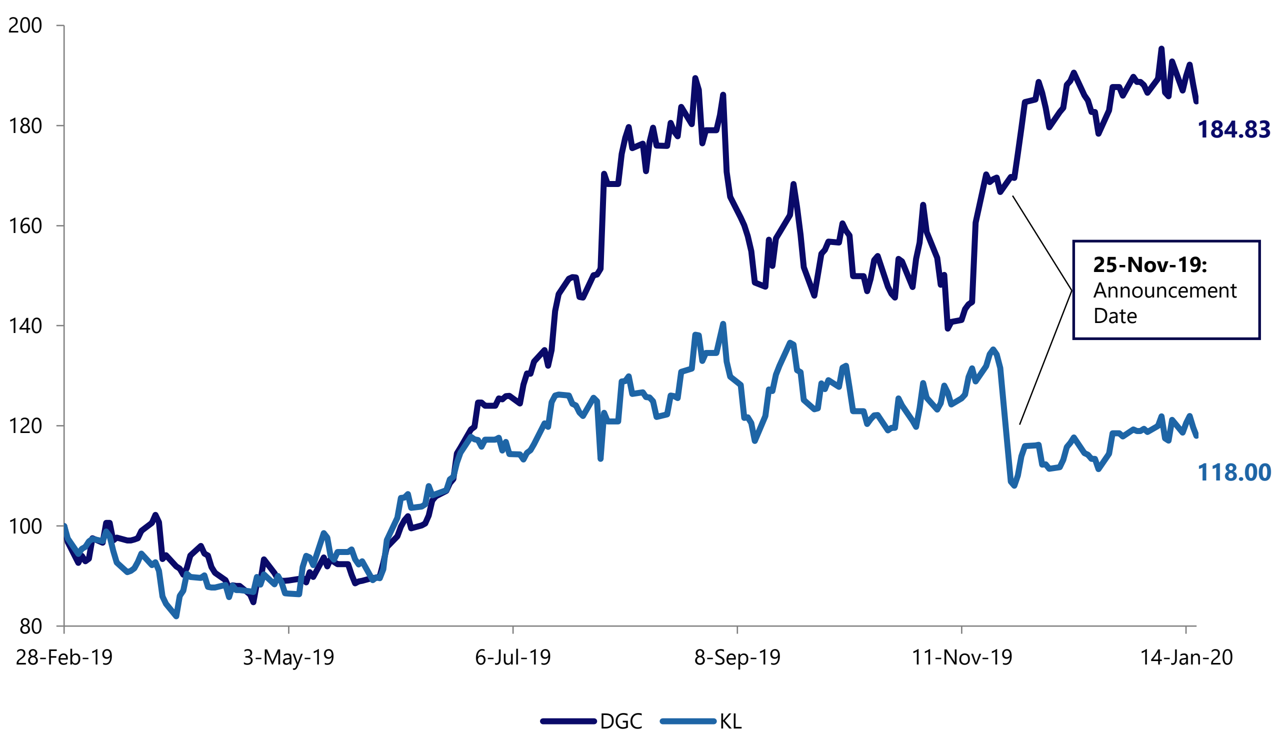
The terms of the transaction were an all-share purchase wherein Kirkland would acquire all of Detour's shares on the basis of 0.4343 of a Kirkland Lake Gold common share for each Detour Gold common share. Under this agreement, Detour shareholders would own 27% of the outstanding shares of the pro-forma entity.

This arrangement implied a $27.50 consideration per Detour Gold share, representing a 24% premium to Detour's trading price on November 22. Across a weighted 20-day price, the transaction represented a premium of 29% to Detour Gold shareholders.

In reaction to the announcement, Kirkland Lake shares closed down 17.3%, while Detour closed up 1.80%. These opposing investor reactions have served to erase any premium for Detour shareholders.

EXHIBIT XII

Annotated Stock Chart of Kirkland Lake Gold and Detour Gold



Source(s): Company Filings, S&P Capital IQ

Analysis of Detour Gold Acquisition

DGC Overview

Detour Gold Corporation is a Canadian gold producer headquartered in Toronto, Ontario. Their business revolves around the acquisition, exploration, development, and operation of mines in Northern Ontario. This includes their flagship asset the Detour Lake Mine, one of the largest gold-producing mines in Canada, of which they have 100% ownership.

Detour Gold controls two groups of contiguous claims totaling 494 square kilometers, which create the Burntbush property, and stand 70 kilometers south of the Detour Lake mine.

Along with these projects, Detour Gold also controls the West Detour project. The West Detour project consists of two pits with a mineral reserve of 1.8 Moz. The company is currently in the process of permitting the project and submitted the final draft of an Environmental Study Report in Q3 2019.

Recent Struggles and Turnaround

Detour Lake has historically been a relatively poorly managed mine. Its production has often been below expectations and has come at a very high AISC – consistently over $1,000/oz – limiting the company's margins and exposing them to significant commodity cycle risk. This contributed to a lengthy proxy fight in 2018 with the hedge fund and activist investor Paulson & Co. (Paulson), run by John Paulson.

The proxy fight eventually led to Paulson successfully overhauling Detour's board and to significant changes in the company's management.

During the first two quarters of 2019, Detour announced the appointments of a new CEO, CFO and Chair, who have all begun to turnaround the company. They have worked to get production back on track and to reduce costs, hitting the better end of most of Detour's 2019 estimates. Management change, alongside a burgeoning gold pricing environment helped Detour's stock go up by over 96% from April 2019 to the time of the transaction in November 2019.

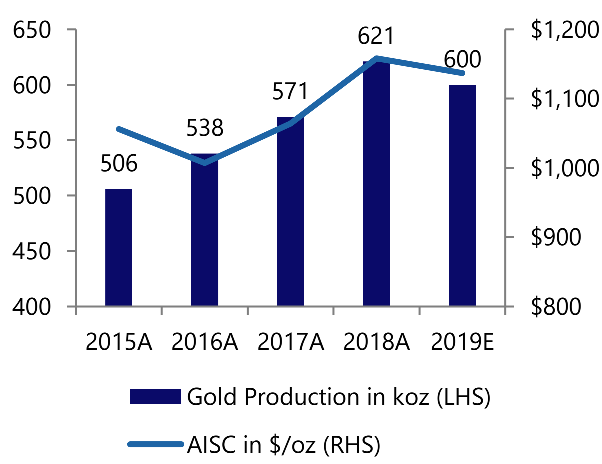
Transaction Rationale

The Detour Lake mine, responsible for over 80% of the company's production, was the driving factor that drove the M&M team to invest in Detour Gold in 2017. The mine has a remarkable reserve life of over 26 years and mineral reserves of over 15 Moz. The fundamentally quality of such a long-life asset, in an attractive jurisdiction, was also the key contributing factor that incentivized Kirkland to acquire Detour in November 2019.

The production and scale of Detour Lake would substantiate Kirkland's status as a senior producer with pro-forma production of over 1.5 Moz and 2019 free cash flow of $700M (4th highest among all miners). Furthermore, the reserve life adds to the sustainability of Kirkland's reserve base and production growth.

EXHIBIT XIII

Detour Gold Production and AISC



Source(s): Company Filings

Analysis of Detour Gold Acquisition (cont'd)

Value Creation Opportunities

Kirkland's management is confident that significant value can be created by combining the two companies.

They believe Detour can benefit from Kirkland's track record of technical expertise, allowing them to optimize Detour's production and costs. Current Detour management has built momentum toward major operational improvements and Kirkland has the opportunity to strengthen those movements. This high confidence in a turnaround is demonstrated by CEO Anthony Makuch claiming that Kirkland can cut Detour's AISC to $800/oz in just a year.

The degree to which Kirkland is able to do so is relatively uncertain. While Kirkland's current mines have been managed very well, there is no certainty that it will translate to making substantial reductions to the high-cost nature of Detour's operations.

The other main area of value creation is bringing forth their exploration expertise to Detour's massive mining complex. Since 2014, Detour has only spent $38M on exploration, leaving much of its land underexplored and ripe for discovery. Kirkland Lake brings significant capacity to help accelerate these programs and has already identified two targeted zones that they believe hold valuable deposits. This value creation strategy is much more substantive, as Detour's 1,040 km squared complex has gone extremely underutilized – something that Kirkland has the capacity and expertise to change.

Finally, Kirkland expects to see pre-tax synergies of roughly $75-100M per year. With that said, management remains relatively unclear as to where they expect these synergies to come from.

Transaction Concerns

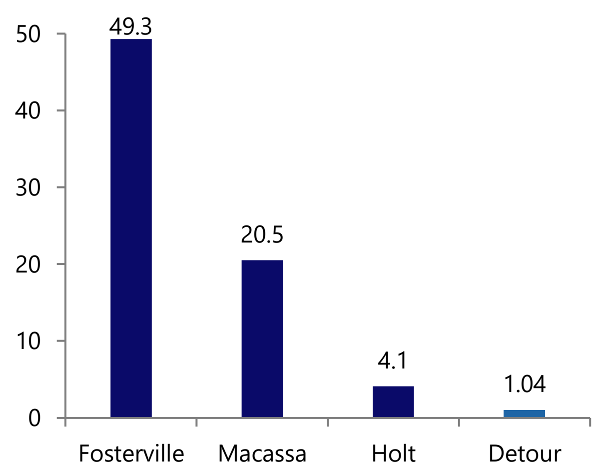
While this transaction has many positive elements, it represents a fundamental shift from Kirkland's strategy of holding low-cost, high grade underground operations. With respect to pure operations, Detour Lake is an open pit asset, which requires a different operational strategy than the underground assets that Kirkland operates. Furthermore, this transaction will be instantly dilutive to Kirkland's margins, with Detour's AISC being almost $500/oz more than Kirkland's. The grade of Detour's gold is also far from that of Kirkland, somewhat diluting the significance of the expansion of Kirkland's high grade Fosterville mine.

Lower margins not only reduce profitability but will also increase Kirkland's risk profile for investors. The issue will be particularly concerning if Detour's operational turnaround is slower than expected.

These concerns are largely what contributed to a 17.3% drop in Kirkland's share price after the announcement. While the transaction has clear benefits, transaction risk may be damaging to the premium currently subscribed to Kirkland, making the QUIC M&M hesitant to hold too much Kirkland stock.

EXHIBIT XIV

Mine Grades (g/t Au)



Source(s): Company Filings

Conclusion

EXIBIT XV

Comparable Company Analysis

	Market Cap ($MM)	Enterprise Value ($MM)	EV / EBITDA LTM	EV / EBITDA 2020E	EV / EBITDA 2021E	Dividend Yield	Price / Earnings 2020E	Price / Earnings 2021E	Net Debt/ EBITDA	P/NAV
Newmont Corporation	$35,139	$40,889	12.2x	11.0x	8.3x	2.3%	32.4x	23.2x	1.0x	1.4x
Barrick Gold Corporation	$31,904	$43,455	11.1x	9.4x	8.8x	0.9%	35.8x	27.6x	0.6x	1.6x
Agnico Eagle Mines Limited	$14,443	$15,907	17.9x	14.8x	10.5x	1.2%	62.0x	33.2x	1.0x	1.8x
Kirkland Lake Gold Ltd.	$9,105	$8,500	9.8x	8.8x	5.9x	0.6%	16.3x	16.7x	nmf	1.2x
Kinross Gold Corporation	$5,649	$7,145	6.1x	5.4x	4.6x	-	14.8x	11.3x	0.9x	0.9x
Yamana Gold Inc.	$3,504	$4,577	6.9x	6.0x	5.7x	1.1%	29.8x	17.9x	1.3x	1.2x
Detour Gold Corporation	$3,341	$3,308	11.5x	9.8x	8.5x	-	31.7x	20.8x	nmf	0.9x
Mean	**$14,727**	**$17,683**	**10.8x**	**9.3x**	**7.5x**	**1.2%**	**31.8x**	**21.5x**	**1.0x**	**1.3x**
Median	**$9,105**	**$8,500**	**11.1x**	**9.4x**	**8.3x**	**1.1%**	**31.7x**	**20.8x**	**1.0x**	**1.2x**

Source(s): Capital IQ, as at market close 2020-01-17

As of January 17, 2020, Detour's shares closed 10.9% higher than on November 22, 2019 (just prior to the acquisition announcement). Kirkland closed at 10.3% lower, indicating a slight correction in price after its initial 17.3% drop following the announcement. As aforementioned, these opposing investor reactions leave a marginal acquisition premium for Detour's shareholders compared to the 24% premium at announcement. Furthermore, at its current share price, Detour is trading above the QUIC M&M team's $21.40 target price. These reasons draw us to conclude that our team should exit prior to transaction close unless Kirkland is substantially undervalued at transaction close.

From a qualitative standpoint, our team views Kirkland favourably and believes that Detour will be a positive addition to Kirkland's asset portfolio as it enables the production growth and exploration potential that investors are looking to see in the company. Kirkland's existing mining assets boast notably higher grades and lower costs than Detour (and the industry overall), however, they have limited exploration potential. The higher costs of mining at Detour are already priced into its lower NAV as well as its lower P/NAV multiple.

However, our team is weary of risks involved with post-acquisition integration, particularly given that Detour operates a different type of mine (open pit) and model than Kirkland. Furthermore, there remains a transaction risk with regards to the transaction approval.

Given the substantial upside in Kirkland's share price over the last three years and multiple premium attributable to its above-average grade operations, we believe Kirkland is likely fairly valued at this time. For this reason, and a sector decision to reduce our overweight position in Precious Metals, our team will be placing a near-term sell request for 2/3 of our current holdings in Detour.

The remaining 1/3 will be held tentatively until we address valuation uncertainty with a detailed post-acquisition valuation. One factor we plan to consider in this decision is whether there is potential for investors to value Detour's assets at a higher P/NAV multiple after they are a part of Kirkland's more diversified future asset portfolio.

References

1. CIBC Capital Markets
2. Company Filings
3. Financial Post
4. Google Images
5. National Bank of Canada
6. RBC Capital Markets
7. S&P Global Market Intelligence
8. Seeking Alpha