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Description

Kirkland Lake Gold (TSX:KL)(NYSE:KL) is a senior gold mining, development, and exploration company. The company's [diversified portfolio of assets](#) are located in the stable mining jurisdictions of Canada and Australia with a significant pipeline of high-quality exploration projects. The production profile of the company is anchored by two high-grade, low-cost operations.

Valuable hidden assets

The company owns the Holt mine and the Taylor mine, which are situated in northeastern Ontario, and the Cosmo gold mine located in the Northern Territory, Australia. The company has a strong foundation of quality, [low-cost gold production](#), with Kirkland's mines producing a total of about 900,000 ounces annually at an average operating cash costs per ounce sold of just \$284.

Recently, the company acquired all of the outstanding shares of Detour and, as a result, acquired the Detour Mine. As a result, Kirkland is targeting production of about 1,500,000 ounces. Kirkland's solid base of quality assets is complemented by district scale exploration potential, supported by a strong financial position with extensive management expertise.

Kirkland is focused on continued growth in high-margin, low-cost production and mine life through the ongoing conversion of mineral resources to mineral reserves and the identification of new mineral resources through a strong commitment to exploration while generating high levels of profitability and free cash flow.

Focus on value creation

The company also enhances shareholder value through the direct return of capital to Kirkland's shareholders, through a quarterly dividend, as well as through common share repurchases when appropriate. Kirkland pursues a structured business plan through a disciplined approach and is always focused on profitable operations.

The gold doré bars produced at the company's operations is refined to market delivery standards by refineries in Australia and Canada. The company markets gold bullion through direct sales to gold bullion industry participants. Methods used by the company vary from long-hole, mechanized cut-and-fill mining to conventional labour-intensive mining methods.

Significant competition

The precious metal mineral exploration and mining business is competitive in all phases of exploration, development, and production. Kirkland competes with a number of other companies that have resources significantly in excess of those of the company in the search for and the acquisition of attractive precious metal mineral properties, qualified service providers, labour, equipment, and suppliers.

The company also competes with other mining companies for mineral concessions, claims, leases, and other interests, as well as for the recruitment and retention of qualified employees and consultants. Further, the company is increasingly more reliant on a battery supplier for the company's electric powered underground equipment.

Future outlook

Kirkland's ability to acquire precious metal mineral properties in the future will depend on the company's ability to operate and develop properties and to acquire suitable producing properties or prospects for precious metal development or mineral exploration in the future. The company uses critical components such as water, electrical power, explosives, diesel, and propane, all of which are readily available. The company's business is not substantially dependent on any single commercial contract or group of contracts either from suppliers or contractors.

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