



Kirkland Lake Gold (KGI: \$10.03)

October 15, 2009

Target: \$14.00

Reversal Level: \$7.50



Kirkland Lake Gold is on the verge of a major breakout.

From the high of \$14.62 in November 2007 (A), Kirkland Lake Gold sold-off and settled into a bullish technical pattern known as an inverse head-and-shoulder formation (see solid lines). This pattern is characterized by a left and a right shoulder (trading between \$7.50-10.00) and a head (trading between \$3.00-5.00). A sustained rise above the neckline of this pattern (\$10.50-11.00) would signal the breakout from the large area of accumulation.

Positive technical indicators, including the 40-week (200-day) moving average, the VSI and the MACD (see lower panel) confirm the bullish potential. Only a decline below \pm \$7.50 would cancel the potential up-move.

A sustained rise above \$11.00 would signal an initial Point & Figure target of \$14 (a 39% appreciation potential from current levels). The huge inverse head-and-shoulder formation supports higher targets.