

DETOUR GOLD CORPORATION

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2011

(UNAUDITED)

DETOUR GOLD CORPORATION**Condensed Interim Consolidated Statement of Financial Position****(Unaudited)****(Expressed in thousands of U.S. dollars, except share and per share amounts)**

	Notes	September 30 2011	December 31 2010
ASSETS			
Current assets			
Cash and cash equivalents	5	\$ 859,833	\$ 717,079
Other receivables	5	17,520	10,021
Short-term investments	5	104,444	254,428
Prepaid expenses and deposits		264	399
Total current assets		982,061	981,927
Non-current assets			
Restricted investments	5	37,224	28,326
Long-term investments	5	-	2,507
Deferred charges		5,582	-
Property and equipment	6	728,402	199,142
Total non-current assets		771,208	229,975
Total assets		\$ 1,753,269	\$ 1,211,902
EQUITY AND LIABILITIES			
Current liabilities			
Trade and other payables	5	\$ 156,656	\$ 39,365
Current portion of convertible notes	5, 7	-	76,500
Provisions	8	4,473	950
Total current liabilities		161,129	116,815
Non-current liabilities			
Convertible notes	7	445,514	404,796
Provisions	8	19,077	8,953
Total non-current liabilities		464,591	413,749
Total liabilities		625,720	530,564
Shareholders' equity			
Issued capital	9	1,272,412	760,660
Accumulated deficit		(204,073)	(164,874)
Other reserves	10	59,210	85,552
Total shareholders' equity		1,127,549	681,338
Total shareholders' equity and liabilities		\$ 1,753,269	\$ 1,211,902

The notes to the condensed interim consolidated financial statements are an integral part of these financial statements.

The financial statements approved by the Board of Directors on November 14, 2011 and signed on its behalf by:

/s/ Gerald S. Panneton
Gerald S. Panneton
Director

/s/ Alex G. Morrison
Alex G. Morrison
Director

DETOUR GOLD CORPORATION**Condensed Interim Consolidated Statement of Comprehensive (Income) Loss****(Unaudited)****(Expressed in thousands of U.S. dollars, except share and per share amounts)**

		Three months ended		Nine months ended	
	Notes	September 30		September 30	
		2011	2010	2011	2010
Expenses					
Exploration and evaluation	13	\$ 4,230	\$ 5,211	\$ 15,866	\$ 25,383
Corporate administration		8,778	8,182	27,955	22,922
Loss before finance items and tax		13,008	13,393	43,821	48,305
Finance income	14	(3,055)	(1,081)	(7,846)	(1,976)
Finance costs	14	1,891	(79)	(9,613)	579
Loss for the period		11,844	12,233	26,362	46,908
Other comprehensive (income) loss, net of tax					
Effect of translation to presentation currency		-	(17,326)	-	(14,231)
Total comprehensive (income) loss for the period		\$ 11,844	\$ (5,093)	\$ 26,362	\$ 32,677
Loss per share - basic	11	\$ 0.13	\$ 0.15	\$ 0.30	\$ 0.64
- diluted	11	\$ 0.13	\$ 0.15	\$ 0.30	\$ 0.64

The notes to the condensed interim consolidated financial statements are an integral part of these financial statements.

DETOUR GOLD CORPORATION**Condensed Interim Consolidated Statement of Cash Flows****(Unaudited)****(Expressed in thousands of U.S. dollars, except share and per share amounts)**

	Nine months ended September 30	
	2011	2010
Operating activities		
Loss for the period	\$ (26,362)	\$ (46,908)
Adjustments for:		
Depreciation	475	283
Provisions	3,447	-
Share-based payments	14,440	14,018
Finance income	(7,846)	(1,976)
Finance costs	(9,613)	579
	(25,459)	(34,004)
Changes in non-cash working capital items:		
Amounts receivable and other assets	711	(1,151)
Accounts payable and accrued liabilities	1,133	950
Net cash used in operating activities	(23,615)	(34,205)
Investing activities		
Additions to property and equipment, net of working capital movements	(359,674)	(21,895)
Purchase of short-term investments	(156,937)	(445,935)
Redemption of short-term investments	295,486	227,937
Cash deposit held as security	(10,346)	(21,037)
Interest received	5,325	1,382
Acquisition of mineral property interest	-	(2,011)
Net cash used in investing activities	(226,146)	(261,559)
Financing activities		
Issuance of common shares on exercise of options	7,761	13,268
Issuance on exercise of warrants	7,866	-
Securities issued for cash	418,430	263,147
Transaction fee paid on issuance of convertible notes	(405)	-
Interest paid on convertible notes	(13,520)	-
Lease arrangement fee	(5,582)	-
Net cash provided by financing activities	414,550	276,415
Effect of exchange rate changes on cash and cash equivalents	(22,035)	14,177
Increase (decrease) in cash and cash equivalents	142,754	(5,172)
Cash and cash equivalents, beginning of period	717,079	255,390
Cash and cash equivalents, end of period	\$ 859,833	\$ 250,218

Supplemental information (note 15)

The notes to the condensed interim consolidated financial statements are an integral part of these financial statements.

DETOUR GOLD CORPORATION**Condensed Interim Consolidated Statement of Changes in Equity****(Unaudited)****(Expressed in thousands of U.S. dollars, except share and per share amounts)**

	Notes	Nine months ended September 30	
		2011	2010
Issued capital			
Beginning of period		\$ 760,660	\$ 463,207
Effect of change of functional currency		58,083	-
		818,743	463,207
Issued on exercise of options		12,172	20,868
Issued on public offerings, net of transaction costs		418,430	263,147
Issued on acquisition of mining property		-	2,918
Issued on exercise of warrants		16,516	-
Issued as consideration for an interest in a mining property	12(c)	6,551	-
Issued capital, end of period		1,272,412	750,140
Accumulated deficit			
Beginning of period		(164,874)	(107,705)
Effect of change of functional currency		(12,837)	-
		(177,711)	(107,705)
Loss for the period		(26,362)	(46,908)
Accumulated deficit, end of period		(204,073)	(154,613)
Other reserves			
<i>Share-based payments reserve</i>			
Beginning of period		37,692	16,002
Effect of change of functional currency		2,614	-
		40,306	16,002
Share-based payments	12	38,516	15,304
Exercise of options	15	(4,411)	(7,600)
Exercise of warrants		(8,650)	-
Issued as consideration for an interest in a mining property	12(c)	(6,551)	-
End of period		59,210	23,706
<i>Foreign currency translation reserve</i>			
Beginning of period		47,860	10,797
Effect of change of functional currency		(47,860)	-
		-	10,797
Effect of translation to presentation currency		-	14,231
End of period		-	25,028
Other reserves, end of period		59,210	48,734
Total shareholders' equity		\$ 1,127,549	\$ 644,261

The notes to the condensed interim consolidated financial statements are an integral part of these financial statements.

DETOUR GOLD CORPORATION

Notes to Condensed Interim Consolidated Financial Statements

September 30, 2011

(Unaudited)

(Expressed in thousands of U.S. dollars, except share and per share amounts)

1. CORPORATE INFORMATION

Detour Gold Corporation is a company domiciled in Canada and was incorporated on July 19, 2006 under the Canada Business Corporations Act. The Company is a publicly traded company with its shares listed on the Toronto Stock Exchange. The Company's registered and head office is located at Royal Bank Plaza, South Tower, 200 Bay Street, Suite 2200, Toronto, Ontario, M5J 2J1.

The condensed interim consolidated financial statements comprise the financial statements of Detour Gold Corporation and its subsidiary (collectively the "Company" or the "Group").

The principal business of the Group is the acquisition, exploration and development of mineral property interests. The business of mining and exploring for minerals involves a high degree of risk, and there can be no assurance that planned exploration and development programs will result in profitable mining operations. The recoverability of amounts shown for capitalized property and equipment is dependent upon the ability of the Company to obtain necessary financing to complete the development and future profitable production or, alternatively, upon disposition of such property at a profit. Changes in future conditions could require material write-downs of the carrying values of property and equipment.

2. BASIS OF PREPARATION

Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These are the Group's IFRS condensed interim consolidated financial statements for part of the period covered by the Group's first IFRS annual consolidated financial statements for the year ending December 31, 2011. They do not include all of the information required for full annual consolidated financial statements. IFRS 1 *First-time Adoption of IFRS* ("IFRS 1") has been applied and the impact of the transition from Canadian Generally Accepted Accounting Principles ("GAAP") to IFRS is explained in the Group's first IFRS condensed interim consolidated financial statements for the three months ended March 31, 2011 and further supplemented by Note 4 of these financial statements. Previously, the Group prepared its annual consolidated and condensed interim consolidated financial statements in accordance with Canadian GAAP.

The policies applied in these condensed interim consolidated financial statements are based on IFRS issued and outstanding as of November 14, 2011, the date the Board of Directors approved the statements. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending December 31, 2011 could result in restatement of these condensed interim consolidated financial statements, including the transition adjustments recognized on change-over to IFRS.

These condensed interim consolidated financial statements should be read in conjunction with the Company's Canadian GAAP annual consolidated financial statements for the year ended December 31, 2010 and the IFRS condensed interim consolidated financial statements for the three months ended March 31, 2011. Note 4 in the condensed interim consolidated financial statements for the three months ended March 31, 2011 discloses IFRS information that is material to an understanding of these condensed interim consolidated financial statements.

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September 30, 2011

(Unaudited)

(Expressed in thousands of U.S. dollars, except share and per share amounts)

2. BASIS OF PREPARATION (continued)

Statement of compliance (continued)

Where material, the condensed interim consolidated financial statements also include required annual IFRS disclosures if the same disclosure was not previously made under Canadian GAAP.

3. SIGNIFICANT ACCOUNTING POLICIES

New standards and interpretations not yet adopted

IFRS 7 *Financial instruments: Disclosures* ("IFRS 7") was amended by the IASB in October 2010 and provides guidance on identifying transfers of financial assets and continuing involvement in transferred assets for disclosure purposes. The amendments introduce new disclosure requirements for transfers of financial assets including disclosures for financial assets that are not derecognized in their entirety, and for financial assets that are derecognized in their entirety but for which continuing involvement is retained. The amendments to IFRS 7 are effective for annual periods beginning on or after July 1, 2011. The Group has not yet determined the impact of the amendments to IFRS 7 on its financial statements.

IFRS 9 *Financial Instruments* ("IFRS 9") was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments, and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. This standard is required to be applied for accounting periods beginning on or after January 1, 2013, with earlier adoption permitted. The Group has not yet determined the impact of the amendments to IFRS 9 on its financial statements.

IFRS 10 *Consolidated Financial Statements* ("IFRS 10") provides a single model to be applied in the control analysis for all investees, including entities that currently are special purpose entities in the scope of SIC 12. In addition, the consolidation procedures are carried forward substantially unmodified from IAS 27 *Consolidated and Separate Financial Statements*. The Group intends to adopt IFRS 10 in its financial statements for the annual period beginning on January 1, 2013. The Group has not yet determined the impact of the amendments to IFRS 10 on its financial statements.

IFRS 11 *Joint Arrangements* ("IFRS 11") replaces the guidance in IAS 31 *Interests in Joint Ventures*. Under IFRS 11, joint arrangements are classified as either joint operations or joint ventures. IFRS 11 essentially carves out of previous jointly controlled entities, those arrangements which although structured through a separate vehicle, such separation is ineffective and the parties to the arrangement have rights to the assets and obligations for the liabilities and are accounted for as joint operations in a fashion consistent with jointly controlled assets/operations under IAS 31. In addition, under IFRS 11 joint ventures are stripped of the free choice of equity accounting or proportionate consolidation; these entities must now use the equity method.

Upon application of IFRS 11, entities which had previously accounted for joint ventures using proportionate consolidation shall collapse the proportionately consolidated net asset value, including any allocation of goodwill, into a single investment balance at the beginning of the earliest period presented. The investment's opening balance

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(Unaudited)

(Expressed in thousands of U.S. dollars, except share and per share amounts)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

New standards and interpretations not yet adopted (continued)

is tested for impairment in accordance with IAS 28 *Investments in Associates* and IAS 36 *Impairment of Assets*. Any impairment losses are recognized as an adjustment to opening retained earnings at the beginning of the earliest period presented. The Group intends to adopt IFRS 11 in its financial statements for the annual period beginning on January 1, 2013. The Group has not yet determined the impact of the amendments to IFRS 11 on its financial statements.

IFRS 12 *Disclosure of interests in other entities* ("IFRS 12") was issued by the IASB in May 2011. IFRS 12 requires enhanced disclosure of information about involvement with consolidated and unconsolidated entities, including structured entities commonly referred to as special purpose vehicles or variable interest entities. IFRS 12 is effective for annual periods beginning on or after January 1, 2013. The Group is currently evaluating the impact of this standard on its financial statements.

IFRS 13 *Fair Value Measurement* converges ("IFRS 13") IFRS and US GAAP on how to measure fair value and the related fair value disclosures. The new standard creates a single source of guidance for fair value measurements, where fair value is required or permitted under IFRS, by not changing how fair value is used but how it is measured. The focus will be on an exit price. IFRS 13 is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. The Group has not yet determined the impact of the amendments to IFRS 13 on its financial statements.

An amendment to IAS 1 *Presentation of financial statements* ("IAS 1") was issued by the IASB in June 2011. The amendment requires separate presentation for items of other comprehensive income that may be reclassified to profit or loss in the future. For those items presented before taxes, the amendments to IAS 1 also require that the taxes related to the two separate groups be presented separately. The effective date is July 1, 2012 and earlier adoption is permitted. The Group is currently evaluating the impact of this amendment on its financial statements.

IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine* ("IFRIC 20") was issued on October 20, 2011, by the IASB, to address accounting issues regarding waste removal costs incurred in surface mining activities during the production phase of a mine, referred to as production stripping costs. The new interpretation addresses the classification and measurement of production stripping costs as either inventory or as a tangible or intangible non-current "stripping activity asset". The standard also provides guidance for the depreciation or amortization and impairment of such assets. IFRIC 20 is effective for reporting years beginning on or after January 1, 2013, although earlier application is permitted. The Company is assessing the impact, if any, the adoption of this standard may have on its financial statements.

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September 30, 2011

(Unaudited)

(Expressed in thousands of U.S. dollars, except share and per share amounts)

4. FIRST TIME ADOPTION OF IFRS

For all periods up to and including the year ended December 31, 2010, the Group prepared its financial statements in accordance with GAAP. These are the Group's IFRS condensed interim consolidated financial statements for part of the period covered by the Group's first IFRS annual consolidated financial statements for the year ending December 31, 2011.

Accordingly, the Group has prepared these condensed interim consolidated financial statements which comply with IFRS applicable for periods beginning on or after January 1, 2011 as described in the accounting policies disclosed in the Group's first IFRS condensed interim consolidated financial statements for the three months ended March 31, 2011. Note 4 in the condensed interim consolidated financial statements for the three months ended March 31, 2011 explains the principal adjustments made by the Group in restating its Canadian GAAP consolidated statement of financial position as at January 1, 2010 and its previously published Canadian GAAP financial statements for the year ended December 31, 2010.

Reconciliation of equity and comprehensive loss as previously reported under Canadian GAAP to IFRS

Reconciliation of equity

	September 30 2010
Equity under Canadian GAAP	\$ 677,862
Employee share-based payments	(27)
Deferred taxes on asset acquisition	(30,738)
Employee benefits	(2,181)
Decommissioning and restoration provisions	(14)
Total IFRS adjustments to equity	(32,960)
Effect of translation to presentation currency	(641)
	(33,601)
Equity under IFRS	\$ 644,261

DETOUR GOLD CORPORATION

Notes to Condensed Interim Consolidated Financial Statements

September 30, 2011

(Unaudited)

(Expressed in thousands of U.S. dollars, except share and per share amounts)

4. FIRST TIME ADOPTION OF IFRS (continued)

Reconciliation of total comprehensive loss

Comprehensive Loss (Income) Reconciliation

	Nine months ended September 30 2010	Three months ended September 30 2010
Comprehensive loss (income) under Canadian GAAP	\$ 31,355	\$ (6,945)
Adjustments		
Employee share-based payments	(409)	9
Non-employee share-based payments	(1,084)	225
Employee benefits	2,181	658
Decommissioning and restoration provisions	(7)	(3)
Total IFRS adjustments	681	889
Effect of translation to presentation currency	641	963
	1,322	1,852
Comprehensive loss (income) under IFRS	\$ 32,677	\$ (5,093)

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Notes to Condensed Interim Consolidated Financial Statements

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(Unaudited)

(Expressed in thousands of U.S. dollars, except share and per share amounts)

5. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Details of significant accounting policies and methods adopted by the Group for each class of financial asset, financial liability and equity instrument are disclosed in the condensed interim consolidated financial statements for the three months ended March 31, 2011.

(a) Categories of financial instruments and fair value measurement

The Group defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an arm's length transaction between market participants at the measurement date. When appropriate, the Group adjusts the valuation models to incorporate a measure of credit risk.

The fair values of financial assets and financial liabilities are determined as follows:

- the fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
- the fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions; and
- the fair values of derivatives are calculated using option pricing models.

The fair values of the Group's financial assets and financial liabilities represent management's estimates of the current market value at the financial position reporting date and are shown below with their carrying values as of the same date. The Senior Unsecured Notes (note 7) trade Over The Counter: the fair value for these notes has been estimated using the September 30, 2011 and December 31, 2010 closing prices. The fair value of the Class A Notes (note 7) was estimated based on the trading level of the Senior Unsecured Notes and the Company's share price on the measurement date, adjusted to reflect the fact that the Class A Notes are callable at any time given the stock price is 130% of the Conversion Price. The fair value of the embedded derivative in the Senior Unsecured Notes was estimated based on the assumptions disclosed in Note 7. The financial assets and financial liabilities are presented according to the categorization of the financial instruments:

DETOUR GOLD CORPORATION**Notes to Condensed Interim Consolidated Financial Statements****September 30, 2011****(Unaudited)****(Expressed in thousands of U.S. dollars, except share and per share amounts)****5. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)****(a) Categories of financial instruments and fair value measurement (continued)**

	September 30, 2011		December 31, 2010	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets				
<i>Fair value through profit or loss</i>				
Cash and cash equivalents	\$ 859,833	\$ 859,833	\$ 717,079	\$ 717,079
<i>Loans and receivables</i>				
Other receivables	17,520	17,520	10,021	10,021
Short-term investments	104,444	104,444	254,428	254,428
Long-term investments	-	-	2,507	2,507
Restricted investments	37,224	37,224	28,326	28,326
Total financial assets	1,019,021	1,019,021	1,012,361	1,012,361
Financial liabilities				
<i>Fair value through profit or loss</i>				
Class A Notes (note 7)	73,650	73,650	76,500	76,500
Senior Unsecured Notes - embedded derivative (note 7)	113,132	113,132	157,573	157,573
<i>Other financial liabilities</i>				
Trade and other payables	156,656	156,656	39,365	39,365
Senior Unsecured Notes (note 7)	258,732	309,743	247,223	288,677
Total financial liabilities	602,170	653,181	520,661	562,115
	\$ 416,851	\$ 365,840	\$ 491,700	\$ 450,246

DETOUR GOLD CORPORATION

Notes to Condensed Interim Consolidated Financial Statements

September 30, 2011

(Unaudited)

(Expressed in thousands of U.S. dollars, except share and per share amounts)

5. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

(a) Categories of financial instruments and fair value measurement (continued)

The table below provides an analysis of the Group's financial instruments that are measured at fair value subsequent to initial recognition, grouped into levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). The Company does not have any Level 3 financial instruments.

	Cash and cash equivalents	Class A Notes	Senior Unsecured Notes - embedded derivative	Total
September 30, 2011				
Level 1	\$ 859,833	\$ -	\$ -	\$ 859,833
Level 2	\$ -	\$ 73,650	\$ 113,132	\$ 186,782
December 31, 2010				
Level 1	\$ 717,079	\$ -	\$ -	\$ 717,079
Level 2	\$ -	\$ 76,500	\$ 157,573	\$ 234,073

(b) Financial risk

The Group is exposed to a variety of financial risks: credit risk, liquidity risk and market risk, including price risk, interest rate risk and currency risk, as explained below. Risk management is carried out by the Group's management team with guidance from the Audit Committee and the Board of Directors.

Credit risk

Credit risk is the risk of an unexpected loss if a party to its financial instrument fails to meet its contractual obligations. The Group is exposed to credit risk from its operating activities, primarily from sales tax receivables, and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

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(Unaudited)

(Expressed in thousands of U.S. dollars, except share and per share amounts)

5. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk (continued)

Credit risk (continued)

The Company's maximum exposure to credit risk is as follows:

	September 30 2011	December 31 2010
Cash and cash equivalents	\$ 859,833	\$ 717,079
Other receivables	17,520	10,021
Short-term investments	104,444	254,428
Long-term investments	-	2,507
Restricted investments	37,224	28,326
	\$ 1,019,021	\$ 1,012,361

Credit risks related to financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed in accordance with policy approved by the Board of Directors. The Group's cash, liquid investments and restricted investments are held with select Canadian chartered banks, as well as Canadian federal and provincial governments and agencies, for which management believes the risk of loss to be low. The Company periodically monitors the investments it makes and is satisfied with their creditworthiness.

Credit risks related to receivables

Financial instruments included in other receivables consist of sales tax receivables and accrued interest on deposits held with service providers. All amounts receivable are in good standing as of September 30, 2011 and management believes that the credit risk concentration with respect to financial instruments included in amounts receivable is low.

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(Expressed in thousands of U.S. dollars, except share and per share amounts)

5. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk (continued)

Liquidity risk

Liquidity risk is the risk that the Group will not have sufficient cash resources to meet its financial obligations as they come due. The Group's liquidity and operating results may be adversely affected if the Group's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or as a result of conditions specific to the Group.

The Group manages liquidity risk by periodically monitoring actual and projected cash flows and matching the maturity profile of financial assets and liabilities. The Company's current policy is to invest excess cash in Canadian federal and provincial securities, as well as certificates of deposit or interest bearing accounts at select Canadian chartered banks, while the majority of borrowings are from the convertible notes described in note 7.

The following table details the Group's expected remaining contractual cash flow requirements for its financial liabilities with agreed repayment periods. The amounts presented are based on the undiscounted cash flows of financial liabilities and therefore, do not equate to the carrying amounts on the consolidated statement of financial position.

	Less than 1 year	2 to 3 years	4 to 5 years	After 5 years	September 30 2011 Total	December 31 2010 Total
Trade and other payables	\$ 146,816	\$ -	\$ -	\$ -	\$ 146,816	\$ 39,365
Convertible notes	-	-	-	500,000	500,000	500,000
Interest payable on convertible notes	27,500	55,000	55,000	41,250	178,750	192,270
	\$ 174,316	\$ 55,000	\$ 55,000	\$ 541,250	\$ 825,566	\$ 731,635

As at September 30, 2011, the Group had liquid investments, excluding restricted investments, of \$964,277 (December 31, 2010 - \$974,014) to settle its contractual liabilities of \$825,566 (December 31, 2010 - \$731,865). In management's opinion, the Company has the ability to meet its short-term contractual obligations and continue developing the Mine Property. The Company may need external financing to repay its obligations related to the convertible notes in the future.

Market risk

IFRS 7 requires sensitivity analyses that show the effects of hypothetical changes of relevant market risk variables on the Group's loss and shareholders' equity. The periodic effects are determined by relating the hypothetical changes in the risk variables to the balance of financial instruments at the financial position reporting date. Based on management's knowledge and experience of the financial markets, the assumptions made below with regard to market rate movements are reasonable within the financial year ending December 31, 2011. The sensitivity analyses shown in the following notes may differ materially from actual results.

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5. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk (continued)

Market risk (continued)

Price risk

The Group is exposed to price risk with respect to market price of gold and major construction materials such as steel. The fluctuation in gold prices has a potential adverse effect on the Group's ability to finance the Detour Lake project and may influence the course of action taken in developing the project. As of September 30, 2011, the Company was not a gold producer, and as a result, gold price risk may affect future equity transactions such as equity offerings and the exercise of stock options and warrants. This may also affect the Company's liquidity and its ability to meet its ongoing obligations. The Company has not entered into any derivative contracts to manage this risk. Capital costs could increase with increases in the price of steel. The Company has not entered into any derivative contracts in relation to steel.

The Group is also subject to price risk for changes in the Group's convertible notes pricing as well as the Company's common share price, as these market variables affect the fair value of the Class A Notes and the equity conversion option derivative embedded in the Senior Unsecured Notes. The fair value of the Class A Notes is exposed to the movement in the convertible notes market price: 10% change in price of the convertible notes that are traded at September 30, 2011, would have increased the loss and comprehensive loss by \$7,365 (2010 - \$nil) for the nine months ended September 30, 2011. The fair value of the equity conversion option derivative is exposed to the movement in the Company's share price: with all other variables held constant, 10% increase in price of the Company's common share would have increased the loss and comprehensive loss by \$25,870 (2010 - \$nil) for the nine months ended September 30, 2011; 10% decrease in the share price would have decreased the loss and comprehensive loss by \$48,126 (2010 - \$nil) for the nine months ended September 30, 2011.

Interest rate risk

The Group is exposed to interest rate risk on the variable rate of interest earned on some of its cash. The fair value of the equity conversion option derivative embedded in the Senior Unsecured Notes is also exposed to interest rate risk, as the valuation technique requires interest rate as an input. The Group incurs interest on its outstanding convertible notes at a fixed interest rate and earns interest on cash equivalents, short-term and long-term investments, and restricted investment at fixed interest rates; therefore, the before-mentioned financial liabilities and assets are not exposed to changes in market interest rates. The Company has not entered into any derivative contracts to manage interest rate risk.

Sensitivity to a plus or minus change of 1% in interest rates on cash that is subject to floating interest rates could impact the fair value and the reported loss and comprehensive loss for the nine months ended September 30, 2011 by approximately \$5,651 (December 31, 2010 - \$5,351).

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5. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk (continued)

Market risk (continued)

With all other variables held constant, a 10% increase in the interest rate as at September 30, 2011, would have affected the fair value of the equity conversion option derivative embedded in the Senior Unsecured Notes by \$11,464 (2010 - \$nil) for the nine months ended September 30, 2011, increasing the loss and comprehensive loss by the same amount. With all other variables held constant, a 10% decrease in the interest rate as at September 30, 2011 would have decreased the loss and comprehensive loss by \$11,145 (2010 - \$nil) for the nine months ended September 30, 2011.

Currency risk

The Group is exposed to foreign currency fluctuations with respect to items not denominated in U.S. dollars. The Group's operations incur costs in different currencies, with a significant portion of the Detour Lake project expenditures denominated in Canadian dollars, as well as the Euro. The Company has not hedged its exposure to currency fluctuations in respect of the transactions denominated in foreign currencies.

The Group is also exposed to currency risk through the assets and liabilities it holds that are denominated in currencies other than the U.S. dollar. The notional amounts of the Company's foreign currency denominated financial assets and liabilities are as follows:

	September 30, 2011		December 31, 2010	
	Cdn dollar	Euro	Cdn dollar	Euro
Cash and cash equivalents	\$ 708,524	\$ 10,258	\$ 208,932	\$ -
Other receivables	18,365	-	9,956	5
Short-term investments	109,481	-	239,473	10,202
Long-term investments	-	-	2,494	-
Restricted investments	39,019	-	28,174	-
Trade and other payables	(152,826)	-	(31,720)	-
Exposure	\$ 722,563	\$ 10,258	\$ 457,309	\$ 10,207

The impact of currency risk on loss and comprehensive loss is as a result of:

- the retranslation of monetary financial instruments, cash, cash equivalents, other receivables, short-term investments, long-term investments, restricted investments, and trade and other payables denominated in currencies other than the U.S. dollar; and
- the changes in the fair value of the equity conversion option derivative embedded in the Senior Unsecured Notes. The Company's share price is denominated in Canadian dollars, which is one of the input variables in the convertible note valuation model (note 7). The impact on loss and comprehensive loss from the fair value calculation assumes all other variables being constant.

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5. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk (continued)

Currency risk (continued)

If the U.S. dollar strengthens (weakens) by 10% against the following currencies which the monetary items are denominated in, the Group's loss and comprehensive loss would have decreased (increased) by the amounts shown below:

	September 30	December 31
	2011	2010
Canadian dollar	\$ 98,092	\$ 45,980
Euro	1,367	1,370
	\$ 99,459	\$ 47,350

With all other variables held constant, 10% strengthening of the U.S. dollar against the Canadian dollar would have affected the fair value of the equity conversion option derivative embedded in the Senior Unsecured Notes and increased the loss and comprehensive loss by \$25,870 (2010 - \$nil) for the nine months ended September 30, 2011; 10% weakening of the U.S. dollar against the Canadian dollar would have decreased the loss and comprehensive loss by \$48,126 (2010 - \$nil) for the nine months ended September 30, 2011.

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6. PROPERTY AND EQUIPMENT

	Land	Exploration and evaluation	Mining property	Mobile equipment, machinery and other	Capital works in-progress	Total
Cost						
As at January 1, 2010	\$ -	\$ 75,137	\$ -	\$ 946	\$ -	\$ 76,083
Additions	332	-	5,021	1,481	107,597	114,431
Decommissioning and restoration provision adjustments (note 8)	-	4	-	-	5,076	5,080
Reclassification	-	(75,141)	-	-	75,141	-
Effect of translation to presentation currency	-	-	-	54	4,258	4,312
As at December 31, 2010	332	-	5,021	2,481	192,072	199,906
Additions	61	-	-	297	520,999	521,357
Decommissioning and restoration provision adjustments (note 8)	-	-	-	-	8,378	8,378
As at September 30, 2011	\$ 393	\$ -	\$ 5,021	\$ 2,778	\$ 721,449	\$ 729,641
Accumulated depreciation						
As at January 1, 2010	\$ -	\$ -	\$ -	\$ 313	\$ -	\$ 313
Charge for the year	-	-	-	433	-	433
Effect of translation to presentation currency	-	-	-	18	-	18
As at December 31, 2010	-	-	-	764	-	764
Charge for the period	-	-	-	475	-	475
As at September 30, 2011	\$ -	\$ -	\$ -	\$ 1,239	\$ -	\$ 1,239
Net book value						
As at September 30, 2011	\$ 393	\$ -	\$ 5,021	\$ 1,539	\$ 721,449	\$ 728,402
As at December 31, 2010	\$ 332	\$ -	\$ 5,021	\$ 1,717	\$ 192,072	\$ 199,142

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7. CONVERTIBLE NOTES

The amounts due under the convertible notes are broken down as follows:

	September 30 2011	December 31 2010
Fair value of Class A Notes	\$ 73,650	\$ 76,500
Debt component of Senior Unsecured Notes	258,732	247,223
Fair value of embedded derivatives of Senior Unsecured Notes	113,132	157,573
Interest payable	9,167	2,138
Convertible notes	\$ 454,681	\$ 483,434

Statement of Financial Position Presentation

Current liabilities

Trade and other payables	\$ 9,167	\$ 2,138
Current portion of convertible notes	-	76,500

Non-current liabilities

Convertible notes	445,514	404,796
Convertible notes	\$ 454,681	\$ 483,434

On December 3, 2010, the Company completed an offering of 5.5% Senior Unsecured Convertible notes ("Notes") on a private placement basis for total gross proceeds of \$500,000, net proceeds of \$490,808 after deducting \$9,192 in transaction costs, \$401 of which were accrued at December 31, 2010 (the "Private Placement").

A syndicate of underwriters led by BMO Capital Markets purchased \$250,000 of the Notes and \$250,000 of Notes were purchased by Paulson & Co. Inc. ("Paulson"), on behalf of investment funds managed by Paulson. The Notes purchased by Paulson included \$75,000 of Class A convertible notes (the "Class A Notes"). The Notes bear interest at 5.5% per annum, payable in arrears in equal semi-annual installments on May 31 and November 30 in each year. The Notes mature on November 30, 2017.

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7. CONVERTIBLE NOTES (continued)

The Notes are convertible into common shares of the Company (subject, in the case of the Class A Notes, to the Optional Settlement Provision described below) at the option of the holder at any time prior to maturity at a Conversion Price of \$38.50 per share ("Conversion Price"). With respect to the Class A Notes, the Company has the right, in certain circumstances, upon receiving a conversion notice, to elect to satisfy its obligations thereunder by delivering either common shares of the Company at the Conversion Price or the cash equivalent thereof to the holder (the "Optional Settlement Provision").

The Company has the right, in certain circumstances, to redeem the Class A Notes at any time, and has the right to redeem all other Notes ("Senior Unsecured Notes") after November 30, 2013, provided in each case that the current market price of the Company's common shares is at least 130% of the Conversion Price.

At June 30, 2011, the Company was able to settle the Class A Notes at its option in either common shares of the Company or cash, the Company has treated the Class A Notes as current portion of long-term debt for accounting purposes on the basis that if the Class A Notes were redeemed by the holders of the notes as at June 30, 2011, the Company would have elected to repay the majority of the Class A Notes in cash in order to ensure that the holders of the Class A Notes do not beneficially own (as defined in the Company's Shareholder Rights Plan) 20% or more of the Company's common shares.

Upon completion of the public offering on August 4, 2011 (note 9) this financing reduces the fully diluted holdings of the Class A Note holders below the 20% Shareholders Rights Plan threshold. As such, the Company's current intention is to satisfy this obligation upon receipt of a conversion notice with respect to the Class A Notes by delivering common shares at the Conversion Price. As a result the Class A Notes have been re-classified from a current liability to a non-current liability in this reporting period.

The estimated fair value of the Class A Notes on the financial position reporting date was \$73,650 (December 31, 2010 - \$76,500) and the fair value gain of \$5,663 (2010 - \$nil) and gain of \$2,850 (2010 - \$nil) were recognized during the three and nine months ended September 30, 2011 as financing costs, respectively. As at September 30, 2011, the carrying amount of the Class A Notes was \$1,350 (December 31, 2010 - \$1,500 higher) lower than the face value of the Class A Notes.

Based on the Company's valuation as at September 30, 2011, the fair value of the embedded derivative in the Senior Unsecured Notes was \$113,132 (December 31, 2010 - \$157,573). The decrease in fair value of \$48,478 (2010 - \$nil) and \$44,441 (2010 - \$nil) were charged as financing costs for the three and nine months ended September 30, 2011, respectively.

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7. CONVERTIBLE NOTES (continued)

The embedded derivative was valued upon initial measurement date and at the financial position reporting date using a convertible note valuation model. The input assumptions used in the convertible note valuation as at September 30, 2011 and December 31, 2010 are as follows:

	September 30 2011	December 31 2010
Expected life in years	6.17	6.92
Expected volatility ¹	44%	40%
Risk free rate	1.50%	2.71%
Credit spread	10.60%	11.00%
Underlying share price of the Company	\$26.04	\$29.35
Foreign exchange spot rate (Cdn\$ to US\$)	0.954	1.005

¹ Expected volatility is an implied volatility based upon the rate a buyer would use to value the Senior Unsecured Notes for purchase.

The changes to the obligations related to the Notes are summarized below:

	Class A Notes	Senior Unsecured Notes	Total
Balance, January 1, 2010	\$ -	\$ -	\$ -
Amounts advanced	75,000	425,000	500,000
Transaction costs	-	(5,344)	(5,344)
Accrued interest payable	320	1,818	2,138
Accretion	-	1,120	1,120
Fair value change on Class A Notes	1,500	-	1,500
Fair value change on embedded derivative	-	(15,980)	(15,980)
Balance, December 31, 2010	76,820	406,614	483,434
Accrued interest payable	3,095	17,454	20,549
Interest paid	(2,040)	(11,480)	(13,520)
Accretion	-	11,509	11,509
Fair value change on Class A Notes	(2,850)	-	(2,850)
Fair value change on embedded derivative	-	(44,441)	(44,441)
Balance, September 30, 2011	\$ 75,025	\$ 379,656	\$ 454,681

The Company recorded interest charges, net of interest income earned on the borrowed funds, of \$6,811 (2010 - \$nil) and \$19,822 (2010 - \$nil) in the three and nine months ended September 30, 2011, respectively. The accretion costs of \$3,984 (2010 - \$nil) and \$11,509 (2010 - \$nil) related to the debt component of the Senior Unsecured Notes were recognized in the three and nine months ended September 30, 2011, respectively. The interest charges and accretion costs were capitalized in capital works-in-progress in property and equipment in accordance with the Company's accounting policy, as the Notes were issued specifically for the purpose of developing the Detour Lake project.

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8. PROVISIONS

Changes to the provisions are summarized below:

	Employee benefits	Decommissioning and restoration	Total provisions
Balance, January 1, 2010	\$ -	\$ 3,070	\$ 3,070
Unwinding of discount	-	129	129
Revision of estimated cash flows during the period	4,778	5,080	9,858
Utilized	(3,327)	-	(3,327)
Effect of translation to presentation currency	-	173	173
Balance, December 31, 2010	1,451	8,452	9,903
Unwinding of discount	-	275	275
Revision of estimated cash flows during the period	5,305	8,378	13,683
Utilized	(311)	-	(311)
Balance, September 30, 2011	\$ 6,445	\$ 17,105	\$ 23,550
Current	4,170	303	4,473
Non-current	2,275	16,802	19,077
Balance, September 30, 2011	\$ 6,445	\$ 17,105	\$ 23,550

Employee benefits

The employee benefits provisions mainly represent the employee and management bonuses. These amounts are expected to be utilized or reversed depending on the Board's assessment of employees' performances and approval of payment. Current employee benefits include short-term leave and the portion of non-current employee benefits that are expected to be incurred within twelve months of the financial position reporting date. Non-current employee benefits include bonuses with performance criteria set after twelve months of the financial position reporting date.

Decommissioning and restoration

The Group's policy on decommissioning and restoration costs is described in note 3(l) in the condensed interim consolidated financial statements for the three months ended March 31, 2011. Decommissioning and restoration provisions represent the estimated costs required to provide adequate restoration and rehabilitation upon the completion of mining activities. The Group measures the decommissioning and restoration costs at fair value, which is based on the net present value of future cash expenditures upon reclamation and closure. Decommissioning and restoration costs are capitalized into property and equipment dependent on the nature of the asset related to the obligation and amortized over the life of the related asset or the life of mine if shorter.

Provisions of \$17,105 (December 31, 2010 - \$8,452) for decommissioning and restoration costs obligations have been adjusted to reflect risk. These estimates have been discounted to their present value at a rate of approximately 2.81% (December 31, 2010 - 3.6%) per annum being an estimate of the long-term, risk free, pre-tax cost of borrowing. Excluding the effects of future inflation and before discounting, this provision is equivalent to approximately \$26,970 (December 31, 2010 - \$16,450).

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8. PROVISIONS (continued)

Decommissioning and restoration (continued)

As at September 30, 2011, the decommissioning and restoration provisions relate to reclamation and closure costs of the Group's Detour Lake project. These amounts will reverse when such decommissioning and restoration has been performed. The current portion of these costs is expected to be utilized in the next twelve months and the non-current portion of these costs is expected to be utilized through to 2058.

9. ISSUED CAPITAL

As at September 30, 2011, December 31, 2010 and January 1, 2010, the authorized share capital comprised an unlimited number of voting and participating common shares, without par value. All issued shares are fully paid.

The changes to the issued share capital are summarized below:

		Number of shares	Amount
Balance, January 1, 2010	i	69,286,234	\$ 463,207
Shares issued under:			
Share purchase option plan	ii	1,624,075	22,239
Public offerings	iii	12,395,050	284,353
Less: Transaction costs		-	(12,057)
Acquisition of mining property	iv	100,000	2,918
Balance, December 31, 2010	i	83,405,359	760,660
Shares issued under:			
Share purchase option plan	ii	501,936	12,172
Consideration for an interest in a mining property	iv	210,000	6,551
Public offerings	iii	14,375,000	436,594
Less: Transaction costs		-	(18,164)
Exercise of warrants	note 12(b)	500,000	16,516
Effect of change of functional currency	note 10 ii	-	58,083
Balance, September 30, 2011	i	98,992,295	\$ 1,272,412

- i. On April 29, 2009, the Board of Directors adopted a Shareholder Rights Plan (the "Plan") and authorized the issue of one right (a "Right") in respect of each common share of the Company. The Plan was ratified at the annual and special meeting of the Company's shareholders held on June 3, 2009. The Plan will continue in force up to the end of the Company's third annual meeting of shareholders after the approval.

The Rights are not exercisable initially. Subject to certain customary exceptions, upon the acquisition by any person (an "Acquiring Person") of Beneficial Ownership, as defined in the Plan, of 20% or more of the common shares of the Company (a "Flip-in Event"), the Rights will entitle shareholders, other than the Acquiring Person and its affiliates and associates and persons acting jointly or in concert with it, to purchase that number of common shares of the Company which have a market value equal to two times the exercise

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9. ISSUED CAPITAL (continued)

price of the Rights.

The Rights may be redeemed by the Board of Directors at a redemption price of \$0.0001 (Cdn\$0.0001) per Right at any time prior to the occurrence of a Flip-in Event without the prior approval of shareholders or Rights holders. The provisions of the Plan which apply upon the occurrence of a Flip-in Event may be waived at the option of the Board of Directors and without the prior approval of shareholders or Rights holders in certain circumstances prior to the occurrence of a Flip-in Event.

- ii. The issued share capital represents options exercised under the Company's Share Option Plan. Refer to note 12.
- iii. On July 19, 2010 and August 6, 2010, the Company closed a public offering and over-allotment of 11,750,000 and 325,000 common shares, respectively, at a price of \$22.75 (Cdn\$24.00) per common share for cash consideration of \$274,675 (Cdn\$289,800). In connection with the offering, the underwriters were paid a 4% commission totaling approximately \$10,987 (Cdn\$11,592). Shares issuance costs of \$540 (Cdn\$570) were incurred in relation to the offering.

On November 24, 2010, the Company closed an offering of 320,050 flow-through common shares ("Flow-through Shares") at a price of \$41.55 (Cdn\$42.00) per Flow-through Share, representing aggregate gross proceeds of approximately \$13,298 (Cdn\$13,442). Share issuance costs of \$530 (Cdn\$535) were incurred in relation to the offering. \$9,678 (Cdn\$9,841) of the gross proceeds were allocated to issued capital and \$3,620 (Cdn\$3,601) were recognized as premium liability.

On August 4, 2011, the Company closed a public offering and over-allotment of 12,500,000 and 1,875,000 common shares, respectively, at a price of \$30.37 (Cdn\$29.75) per common share for cash consideration of \$436,594 (Cdn\$427,656). In connection with the offering, the underwriters were paid a 4% commission totaling approximately \$17,464 (Cdn\$17,106). Share issuance costs of \$700 (Cdn\$686) were incurred in relation to the offering.

- iv. For shares issued in 2010, refer to note 13. For shares issued in 2011, refer to note 12(c).

10. OTHER RESERVES

		September 30 2011	December 31 2010
Share-based payments reserve	i	\$ 59,210	\$ 37,692
Foreign currency translation reserve	ii	-	47,860
		\$ 59,210	\$ 85,552

- i. The share-based payments reserve is used to recognize the fair value of share options issued to employees, including Key Management Personnel, and the fair value estimates of goods or services received from non-employees in exchange for the Company's equity instruments expected to vest.

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10. OTHER RESERVES (continued)

- ii. The foreign currency translation reserve represents exchange differences which arose from translating the functional currency amounts in the comparative periods presented to the presentation currency due to the change of the Company's functional currency as of January 1, 2011.

11. LOSS PER SHARE

The calculation of basic loss per share (2010 – loss per share) for the three months ended September 30, 2011 was based on the loss attributable to common shareholders of \$11,844 (2010 - \$12,233) and the weighted average number of common shares outstanding 93,143,153 (2010 –80,118,860). Diluted loss per share does not include the effect of share options and convertible notes, as they are anti-dilutive.

The calculation of basic and diluted loss per share for the nine months ended September 30, 2011 was based on the loss attributable to common shareholders of \$26,362 (2010 - \$46,908) and the weighted average number of common shares outstanding 86,858,102 (2010 – 73,270,701). Diluted loss per share does not include the effect of share options and convertible notes, as they are anti-dilutive.

12. SHARE-BASED PAYMENTS

The share-based payments that have been recognized in these condensed interim consolidated financial statements were as follows:

		Share purchase option (a)	Warrants (b)	Shares to be issued (c)	Total
Exploration and evaluation	i	\$ 1,578	\$ -	\$ -	\$ 1,578
Corporate administration	ii	12,862	-	-	12,862
Property and equipment		5,577	-	18,499	24,076

Addition to share-based payments reserve for the nine months ended September 30, 2011

		\$ 20,017	\$ -	\$ 18,499	\$ 38,516
Exploration and evaluation	i	\$ 1,283	\$ -	\$ -	\$ 1,283
Corporate administration	ii	12,735	-	-	12,735
Property and equipment		613	-	-	613
Finance costs		-	673	-	673

Addition to share-based payments reserve for the nine months ended September 30, 2010

		\$ 14,631	\$ 673	\$ -	\$ 15,304
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- i. For the three months ended September 30, 2011 was \$622 (2010 - \$508).
- ii. For the three months ended September 30, 2011 was \$4,480 (2010 - \$3,986).

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12. SHARE-BASED PAYMENTS (continued)

(a) Share Option Plan

On April 23, 2010 at the Company's Annual and Special Meeting of Shareholders the disinterested shareholders approved certain amendments to the Company's Share Option Plan. Included was the Company's ability to continue to grant options under the rolling plan, whereby 10% of the Company's issued and outstanding share capital may be granted to officers, directors, employees and consultants of the Company, until May 26, 2013. These share options may be settled in the Company's shares only.

The changes to the share options are summarized below:

	Number of options	Weighted average exercise price	Weighted average exercise price (Cdn)
Balance, January 1, 2010	4,177,191	\$ 9.45	\$ 9.40
Granted	2,429,375	23.53	23.40
Forfeited	(11,063)	20.08	19.97
Exercised	(1,624,075)	9.02	8.97
Balance, December 31, 2010	4,971,428	16.45	16.36
Granted	2,219,850	28.11	29.47
Forfeited	(349,875)	28.32	29.68
Exercised	(501,936)	14.66	15.37
Balance, September 30, 2011	6,339,467	\$ 19.37	\$ 20.30

In 2010, 2,429,375 options were granted to employees, officers and directors and the fair value has been estimated at the date of grant using the Black-Scholes option pricing model, using the following assumptions: a weighted average risk free interest rate of 2.19%, a weighted average expected volatility of 82%, an expected dividend of \$nil, a forfeiture rate of 3.6%, and a weighted average expected life of 3.5 years for those options issued up to September 30, 2010. Commencing in the fourth quarter of 2010, the Company revised its weighted average expected life assumption to 2.5 years and forfeiture rate of 3.6% for all options granted after September 30, 2010. The weighted average grant date fair value and exercise price of the options granted in 2010 were \$12.84 (Cdn\$12.77) and \$23.53 (Cdn\$23.40) per option, respectively. Volatility is measured as the annualized weekly standard deviation of share price returns, based on historical movements of Detour Gold Corporation's shares. No other features of the option grant were incorporated into the measurement of fair value.

These options vest 25% on the date of grant, 25% after 8 months, 25% after 16 months and 25% after 24 months and have a weighted average contractual life of 3.5 years from date of grant. The grant date fair value is amortized over the vesting period as a part of compensation expense. Share-based compensation expense related to personnel directly involved in the development of the Detour Lake project are capitalized as a directly attributable cost of capital work-in-progress in property and equipment.

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12. SHARE-BASED PAYMENTS (continued)

(a) Share Option Plan (continued)

In the nine months ended September 30, 2011, 2,219,850 options were granted to employees, officers and directors and the fair value has been estimated at the date of grant using the Black-Scholes option pricing model, using the following assumptions: a weighted average risk free interest rate of 1.95%, a weighted average expected volatility of 68%, an expected dividend of \$nil, a forfeiture rate of 3.6%, and a weighted average expected life of 3.4 years. Commencing in the first quarter of 2011, the Company revised its weighted average expected life assumption to 4.3 years for most options granted on or after March 10, 2011, as a result of a change in the vesting terms to 10% on the date of grant, 30% after 12 months, 30% after 24 months and 30% after 36 months. The weighted average grant date fair value and exercise price of the options granted in the nine months ended September 30, 2011 were \$15.30 (Cdn\$14.92) and \$28.11 (Cdn\$29.47) per option, respectively. Volatility is measured as the annualized weekly standard deviation of share returns, based on historical movements of Detour Gold Corporation's shares. No other features of the option grant were incorporated into the measurement of fair value.

The following table summarizes information about share options outstanding and exercisable at September 30, 2011:

Exercise price	Options Outstanding				Options Exercisable			
	Number of options	Weighted average exercise price	Weighted average exercise price (Cdn)	Weighted average remaining contractual life (years)	Number of options	Weighted average exercise price	Weighted average exercise price (Cdn)	Weighted average remaining contractual life (years)
\$0.01-\$7.00	527,840	\$ 3.85	\$ 4.04	0.37	527,840	\$ 3.85	\$ 4.04	0.4
\$7.01-\$14.00	1,501,326	10.17	10.66	1.92	1,501,326	10.05	10.53	1.9
\$14.01-\$21.00	992,938	16.76	17.57	3.26	684,875	16.55	17.35	3.2
\$21.01-\$28.00	788,438	22.03	23.09	3.71	384,873	22.02	23.08	3.7
\$28.01-\$35.00	2,578,925	28.25	29.61	5.09	537,313	28.59	29.97	4.7
	6,389,467	\$ 19.37	\$ 20.30	3.49	3,636,227	\$ 14.49	\$ 15.19	2.5

(b) Warrants

On November 17, 2009, the Company engaged Barclays Capital as its debt advisor and lead arranger for the financing of the Detour Lake project. In connection with the appointment, Barclays Capital was issued 500,000 share purchase warrants, with each warrant exercisable for one common share of the Company. The warrants were exercised at an exercise price of \$15.73 (Cdn\$15.33) per common share.

The fair value of the warrants issued was measured at the equivalent market price of Barclays services and comprised monthly and success fees. The service fair value was recognized over the contract period and was recognized as advisory costs in finance costs.

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(Unaudited)

(Expressed in thousands of U.S. dollars, except share and per share amounts)

12. SHARE-BASED PAYMENTS (continued)

(b) Warrants (continued)

Below is the summary of changes in share purchase warrants:

	Number of warrants	Common shares issuable	Weighted average exercise price	Weighted average exercise price (Cdn)
Issued				
Balance, December 31, 2010	500,000	500,000	\$ 15.41	\$ 15.33
Exercised	(500,000)	(500,000)	\$ 15.73	\$ 15.33
Balance, September 30, 2011	-	-	\$ -	\$ -
Exercisable				
As at September 30, 2011	-	-	\$ -	\$ -
As at December 31, 2010	250,000	250,000	\$ 15.41	\$ 15.33

(c) Shares to be issued

In December 2010 and January 2011, the Company made financial and other commitments in consideration of the Company's interest in a mining property (the "Rights") to various aboriginal groups who asserted aboriginal rights and interests in the area of the Detour Lake project. The financial compensation provided for in these agreements includes the remaining issuance of up to 915,000 common shares of the Company payable during the construction of the Detour Lake project in conjunction with any project milestones with a final issue scheduled six months after the achievement of commercial production at the Detour Lake project.

The Company could not reliably measure the fair value of the Rights received from these aboriginal groups as a market price for such Rights does not exist. Instead, these are measured by reference to the fair value of the Company's shares granted, initially estimated on the agreement signing dates and subsequently on the financial position reporting dates. On the date shares are issued, the value of the Rights is adjusted to reflect the actual fair value of the shares issued. The Company recognizes the estimated fair value of shares to be issued over the expected vesting period and capitalizes the costs in capital work-in-progress.

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12. SHARE-BASED PAYMENTS (continued)

(c) Shares to be issued (continued)

Below summarized the Company's commitment in share-based payments, expected and actual, to the aboriginal groups:

	Expected Issuance			Issued	
	Number of shares	Estimated fair value	Expected remaining vesting period	Number of shares	Fair value on the day of issuance
September 30, 2011	915,000	\$ 23,830	1.8	210,000	\$ 6,551
December 31, 2010	425,000	\$ 12,249	2.5	-	\$ -

13. EXPLORATION AND EVALUATION EXPENSES

The exploration and evaluation expenses for the Group are broken down as follows:

	Three months ended September 30		Nine months ended September 30	
	2011	2010	2011	2010
Administration	\$ 132	\$ 33	\$ 388	\$ 185
Depreciation	40	30	118	101
Drilling programs	477	1,435	2,926	10,871
Environmental, government and community relations	1,651	2,205	6,393	4,610
Exploration supplies and services	541	211	1,660	5,696
Geological and geophysical investigations	562	219	1,613	422
Salaries and benefits	827	1,078	2,768	3,498
Total expenses	\$ 4,230	\$ 5,211	\$ 15,866	\$ 25,383

Subsequent to the confirmation of reserves in the feasibility study released on May 25, 2010, the Company commenced capitalizing development expenditures associated with the Mine Property.

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(Unaudited)

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13. EXPLORATION AND EVALUATION EXPENSES (continued)

Joint venture operations

The Company is involved in jointly controlled operations. These joint operations incur expenditures related to mineral exploration properties which are expensed in the period they are incurred.

Block A Claims

In April 2009 the Company entered into a joint venture agreement with Trade Winds Ventures Inc. ("Trade Winds") for the 50/50 joint venture on the Block A property located immediately west of the Mine Property. Trade Winds earned its 50% interest in the property by completing its exploration commitment of \$7,541 (Cdn\$7,500). The agreement formalizes the operating relationship between the parties, which was previously governed by a binding Letter of Intent.

The agreement provides that the Company can become the operator of the joint venture upon the completion of a feasibility study, provided the Company's interest is 50% or more. The Block A property is subject to a 1% net smelter royalty that the Company may acquire upon a payment of \$954 (Cdn\$1,000), in which Trade Winds may acquire a one-half interest pursuant to a contribution of \$477 (Cdn\$500). The Company incurred \$697 (Cdn\$684) (2010 - \$199 (Cdn\$207)) and \$3,724 (Cdn\$3,643) (2010 - \$1,339 (Cdn\$1,387)) of expenditures relating to this joint venture operation in the three and nine months ended September 30, 2011, respectively. As at September 30, 2011 and December 31, 2010, \$630 and \$483 is included in accounts payable and accrued liabilities related to the Trade Winds joint venture, respectively.

Trade Winds

On September 26, 2011, the Company and Trade Winds announced that they had entered into a definitive agreement (the "Agreement") pursuant to which Detour Gold would acquire all of the issued and outstanding common shares of Trade Winds by way of a court approved plan of arrangement (the "Plan of Arrangement") for total consideration of Cdn\$84 million.

Under the terms of the Agreement, Trade Winds shareholders will receive 0.0142 of a Detour Gold share and Cdn\$0.0001 in cash for each Trade Winds share held. The number of Detour Gold shares to be issued will be approximately 2.63 million based on the number of issued and outstanding common shares of Trade Winds at September 26, 2011. Under the Plan of Arrangement, upon closing, all outstanding Trade Winds options will be exchanged for Detour Gold replacement options. All Trade Winds warrants will remain outstanding in accordance with their terms and will, in effect, be exercisable to acquire 0.0142 of a Detour Gold share plus \$0.0001 in cash for each warrant exercised. Trade Winds will be redeeming all of the rights under its shareholder rights plan.

Implementation of the Plan of Arrangement is subject to the approval of the Toronto Stock Exchange, the approval of the Supreme Court of British Columbia and the favourable vote of 66 2/3% of Trade Winds shareholders at a special meeting to be held on November 22, 2011. The transaction is expected to close on December 1, 2011.

The Agreement also provides for the payment of a termination fee of Cdn\$3.15 million to Detour Gold if the transaction is not completed in certain specified circumstances.

DETOUR GOLD CORPORATION

Notes to Condensed Interim Consolidated Financial Statements

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(Unaudited)

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13. EXPLORATION AND EVALUATION EXPENSES (continued)

Joint venture operations (continued)

Aurora Claims and Sunday Lake Claims

On April 8, 2010, the Company signed a Letter of Agreement with Conquest Resources Limited ("Conquest") pursuant to which the Company had the right to purchase Conquest's interest in the Aurora and Tie-In claim blocks (the "Aurora Claims") and had the option to acquire a 50% interest in Conquest's interest in the Sunday Lake claim block (the "Sunday Lake Claims") located immediately south and east of the Mine Property, respectively (the "Transaction").

The Transaction closed on September 27, 2010. On closing, as consideration for Conquest's 100% interest in the Aurora Claims, the Company paid \$2,011 (Cdn\$2,000) in cash and issued 100,000 common shares to Conquest. Also on closing, the Company entered into an option and joint venture agreement with Conquest that provides the Company with the option to acquire a 50% interest in the Sunday Lake Claims by incurring \$954 (Cdn\$1,000) of exploration expenditures prior to September 30, 2012. The Company incurred \$12 (Cdn\$11) (2010 - \$nil (Cdn\$nil)) and \$842 (Cdn\$824) (2010 - \$nil (Cdn\$nil)) of expenditures relating to this joint venture operation in the three and nine months ended September 30, 2011, respectively. There were no accounts payable and accrued liabilities related to the Conquest joint venture as at September 30, 2011 and December 31, 2010.

Both the Aurora claims and the Sunday Lake claims remain subject to an interest held by Prism Resources Inc. equal to 7.5% of the net profits from the properties.

DETOUR GOLD CORPORATION**Notes to Condensed Interim Consolidated Financial Statements****September 30, 2011****(Unaudited)****(Expressed in thousands of U.S. dollars, except share and per share amounts)****14. FINANCE INCOME AND COSTS**

The finance income and costs for the Group are broken down as follows:

	Three months ended September 30		Nine months ended September 30	
	2011	2010	2011	2010
Finance income				
Interest income	\$ (1,971)	\$ (1,081)	\$ (4,890)	\$ (1,976)
Other income	(1,084)	-	(2,956)	-
	(3,055)	(1,081)	(7,846)	(1,976)
Finance costs				
Fair value change of fair value through profit or loss financial instruments	note 7	(54,141)	(47,291)	-
Advisory fees	note 12(b)	-	225	673
Unwinding of discount on decommissioning and restoration provisions	note 8	99	31	93
Bank charges and interests		50	22	27
Foreign exchange (gain) loss	note 5(b)	55,883	(357)	(214)
		1,891	(79)	579

15. SUPPLEMENTAL CASH FLOW INFORMATION

	Three months ended September 30		Nine months ended September 30	
	2011	2010	2011	2010
Value of options exercised	\$ 2,806	\$ 2,426	\$ 4,411	\$ 7,600
Value of warrants exercised	\$ 8,651	\$ -	\$ 8,651	\$ -
Non-cash consideration for an interest in a mining property	\$ -	\$ -	\$ 6,551	\$ -
Income taxes paid	\$ -	\$ -	\$ -	\$ -
Interest paid	\$ -	\$ -	\$ 13,520	\$ -

DETOUR GOLD CORPORATION

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16. COMMITMENTS FOR EXPENDITURES

	Less than 1 year	2 to 3 years	4 to 5 years	After 5 years	Total
Repayment of convertible notes	\$ -	\$ -	\$ -	\$ 500,000	\$ 500,000
Interest on convertible notes	27,500	55,000	55,000	41,250	178,750
Operating leases	877	1,494	588	-	2,959
Purchase commitments	210,941	394,969	-	-	605,910
Total commitments	\$ 239,318	\$ 451,463	\$ 55,588	\$ 541,250	\$ 1,287,619

The Company has entered into a number of commitments related to services and equipment orders to purchase long-lead time items or critical pieces of equipment necessary for the development of the Detour Lake project. Purchase commitments, net of costs incurred, totaled \$605,910 and are expected to fall due over the next 18 months as estimated in the table above. Termination of service contracts can generally occur on 30 days notice while equipment orders are subject to negotiations with suppliers and any cancellation charges, if applicable, would depend on the progress of the manufacturing or delivery of the item and the prevailing market conditions.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
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The following Management's Discussion and Analysis ("MD&A") of Detour Gold Corporation ("Detour Gold" or the "Company" or the "Group") is intended to supplement and complement the Company's consolidated financial statements. The MD&A should be read in conjunction with the audited consolidated financial statements and related notes and schedules for the year ended December 31, 2010 which were prepared under Canadian Generally Accepted Accounting Principles and the unaudited condensed interim consolidated financial statements and related notes and schedules for the three months ended March 31, 2011 which were prepared under International Financial Reporting Standards ("IFRS"). The September 30, 2011 unaudited condensed interim consolidated financial statements have been prepared in accordance with IFRS. This report is dated November 14, 2011. The Company's public filings, including its most recent Annual Information Form, can be viewed on the SEDAR website (www.sedar.com).

All dollar figures stated herein are expressed in thousands of United States dollars, unless otherwise specified.

This MD&A contains certain forward-looking statements. Please see the cautionary language at the end of this MD&A.

Functional and presentation currency change

Effective January 1, 2011, the functional currency of the Company changed from the Canadian dollar to the U.S. dollar as a result of changes in its economic circumstances. Specifically, the Company's debt financing is denominated in U.S. dollars, there is sourcing of U.S. dollar denominated goods in support of the construction of the Detour Lake project, and, contingent on completion of the project, all of the Company's revenue and a significant portion of its mine operating costs and debt servicing will be U.S. dollar denominated. Comparative financial statements for periods prior to January 1, 2011, are presented in U.S. dollars, with the Canadian dollar as the functional currency.

Business Overview

The Company's primary asset is the Detour Lake project which is currently under development with the commencement of commercial production anticipated in the first quarter of 2013. A mineral resources and reserves update was released on January 31, 2011 and the open pit mineral reserves were estimated at 14.9 million gold ounces (449.5 million tonnes grading 1.03 g/t) with a strip ratio (waste to ore) of 3.9 to 1 based on an \$850 gold price. The life of mine was increased to 21 years from 16 years at mill throughput ranging from 55,000 to 61,000 tpd (see press release dated January 31, 2011).

Development Activities

Detour Gold initiated infrastructure construction activities at the Detour Lake site in November 2010 following receipt of approvals from the provincial government. The project is now 40% complete and remains on schedule for gold production to start in the first quarter of 2013. The development and mine infrastructure construction of the Detour Lake project accelerated during the third quarter ended September 30, 2011 as the site reached near maximum occupancy in excess of 1,000 personnel including approximately 40 Detour Gold personnel. The Operations senior management team is in place and construction of the permanent camp began in October 2011.

In June 2011, Detour Gold released a Project Control Estimate ("PCE") of Cdn\$1.28 billion for total capital expenditures of the project. From the procurement process to managing construction costs at site, management has worked diligently to manage cost pressures. After completing 91% of the detailed engineering, reaching 100% in equipment procurement, awarding 90% of major contracts and, as at October 31, 2011, having committed a total of Cdn\$1.0 billion in project expenditures, including Cdn\$547 million which has been incurred, the Company anticipates that pre-production capital costs for Detour Lake will reach Cdn\$1.45 billion (includes approximately

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Cdn\$50 million in contingency). The revised guidance is based on cost escalation since the June 2011 PCE driven mainly by higher key consumable input and labour costs, updated infrastructure requirements and increased expenditures to maintain the schedule to deliver first gold production in the first quarter of 2013. The Company has approximately Cdn\$950 million, as at October 31, 2011, in cash and will continue to monitor expenditures to ensure sufficient financing is available to complete the construction of the mine.

Construction activities during the third quarter 2011 focused on the processing plant facilities and associated civil works. The process plant building is expected to be enclosed by the end of November. During the winter months, the Company will focus on installing mechanical, piping, electrical and instrumentation and most of the mill equipment, including the SAG and ball mills and gyratory crusher, which are scheduled to start arriving at site prior to year-end. Installation of the 20 leach tanks is nearly complete.

Detour Gold has started the construction of the haul road to access the open pit and is planning to start pre-stripping activities later this month. Six of the initial hauling trucks (CAT 795F) were delivered during the third quarter 2011 and are fully assembled and an additional two have been provided by the vendor. The first hydraulic shovel (RH340) is assembled and one electric shovel is at site. Training of the first two operating crews is well underway.

Subsequent to the quarter end, the first segment of the 135 kilometre transmission line from the Detour Lake project site to the Island Falls power station was successfully connected to the provincial electrical power grid. The transmission line will carry 115 kilovolts of current to support mine construction. Construction of the second segment of the transmission line of 45 kilometres from Island Falls to the Pinard transformer station is scheduled to start in late 2011 with grid connection to follow in the second half of 2012. Completion of the second segment will increase the power supply to 230 kilovolts which is required for the commencement of operations.

The August 4, 2011 financing with net proceeds of \$418 million, provided the Company with sufficient funding to finance the project through to production based upon the June 2011 Project Control Estimate. With the PCE costs now estimated at Cdn\$1.45 billion, the company will continue to monitor actual and forecasted project costs to ensure that adequate funding is available for the start-up of the mine to proceed as planned and expects to complete a further project cost update by the end of 2011.

Exploration Activities

In the third quarter of 2011, Detour Gold completed 37 diamond drill holes for a total of 24,374 metres of drilling to continue the infill drilling program at Detour Lake focusing on the western end and north wall of the current open pit boundary. In the first nine months of 2011, Detour Gold drilled 78,248 metres in 177 holes.

A geochemical MMI (Mobile Metal Ions) survey was initiated in early June 2011. Detour Gold has collected a total of 3,954 samples. Results are indicating several gold anomalies along the Lower Detour Deformation Zone, a major structural break located approximately 5 kilometres south of the Sunday Lake Deformation Zone that hosts the Detour Lake deposit.

The 286 line-kilometre induced polarization ("IP") survey conducted over several target areas on the Detour Lake property was completed at the end of the third quarter. Approximately 40% of the IP survey was conducted along the Lower Detour structure. The geophysical program will continue in early 2012 to complete the survey over the 40 kilometre deformation zone. At the eastern end of the Lower Detour structure, the Company has re-logged 8,721 metres of core from 30 holes that were drilled by previous operators. This structure will be systematically tested by additional drilling during the 2012 winter program.

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Block A Property (Detour Gold 50% JV interest)

In August 2011, Trade Winds Ventures Inc. ("Trade Winds") started a 20,000 metre drilling program on the Block A property. As of September 30, 2011, 8,154 metres had been completed in 20 holes. (See "Trade Winds" re Plan of Arrangement)

Summary of Quarterly Results

	Third Quarter 2011	Second Quarter 2011	First Quarter 2011	Fourth Quarter 2010
Expenses ⁽¹⁾	\$13,008	\$14,361	\$16,452	\$13,420
Finance income	(\$3,055)	(\$1,851)	(\$2,940)	(\$1,416)
Finance costs	\$1,891	(\$30,075)	\$18,571	(\$586)
Loss (Income) for the period	\$11,844	(\$17,565)	\$32,083	\$10,260
Loss (Earnings) per share ⁽²⁾	\$0.13 ⁽²⁾	(\$0.21)	\$0.38 ⁽²⁾	\$0.12 ⁽²⁾
– Basic		(\$0.20)		
– Diluted				
Total assets	\$1,753,269	\$1,301,408	\$1,288,341	\$1,211,902

	Third Quarter 2010	Second Quarter 2010	First Quarter 2010	Fourth Quarter 2009⁽³⁾
Expenses ⁽¹⁾	\$13,393	\$19,082	\$15,830	\$15,165
Finance income	(\$1,081)	(\$485)	(\$410)	(\$298)
Finance costs	(\$79)	\$401	\$257	\$133
Loss for the period	\$12,233	\$18,998	\$15,677	\$13,852
Loss per share ⁽²⁾	\$0.15	\$0.27	\$0.23	\$0.23
Total assets	\$660,110	\$375,829	\$395,210	\$417,952

⁽¹⁾ Corporate administration and exploration and evaluation expenses

⁽²⁾ Basic and diluted loss per share are identical as the effects of share options, warrants and convertible notes are anti-dilutive

⁽³⁾ Based on Canadian Generally Accepted Accounting Principles and was not required to be restated to IFRS

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The loss from operations for the three month period ended September 30, 2011 was \$11,844, \$389 lower than the comparable period in 2010. The decrease in the loss reflects higher finance income primarily due to higher interest income of \$1,971, net of capitalized interest income, as compared to \$1,081 in the comparable period which resulted from higher balances in cash, cash equivalents and short-term and long-term investments.

Exploration and evaluation costs of \$4,230 were \$981 lower than the comparable period in 2010 due primarily to the commencement in the second quarter of 2010 of capitalizing exploration and evaluation costs, following the completion of the feasibility study. Exploration and evaluation activities outside of the planned Detour Lake pit such as exploration on the Block A claim block, continue to be expensed. In the comparable period all exploration and expenditures were expensed up to the completion of the feasibility study in late May 2010. Offsetting the reduction was an increase of \$343 and \$330 in geological and geophysical investigations and exploration supplies and services as a result of higher activity levels than those incurred in the comparable period in 2010.

The increase in finance income and reduction in exploration and evaluation costs were offset by higher finance costs for the three months ended September 30, 2011 of \$1,891, \$1,970 higher than the comparable period in 2010. The increase was primarily due to a foreign exchange loss of \$55,883 compared to a \$357 gain for the same period in 2010. The increased loss is a result of the strengthening US dollar exchange rate against predominantly Canadian dollar account balances. These losses were partially offset by the fair value mark to market gain of \$48,478 the Company incurred on the \$425,000 convertible notes which were issued in December 2010. The gain related to the change in the value of the equity conversion option derivative which primarily resulted due to the decrease in the market pricing of the convertible notes which trade Over The Counter resulting from a decrease in the underlying share price of the Company to \$26.04 from \$28.98 as at September 30, 2011 and June 30, 2011 and a decrease in the volatility to 44% from 50% as at September 30, 2011 and June 30, 2011, respectively. In addition, a mark to market gain on the fair value adjustment of the \$75,000 Class A notes of \$5,663 was incurred during the third quarter of 2011 also as a result of the decreased trading value of the \$425,000 convertible notes which is utilized as the basis for the \$75 million valuation which has been adjusted downwards in value due to the absence of the three year non-call period in these notes as compared to the \$425,000 notes.

Corporate and administration costs increased to \$8,778 which were \$596 higher than in the comparable period primarily as a result of higher salaries, including \$4,480 of share-based payment expenses, and benefits costs due to increased manpower levels.

The loss for the nine month period ended September 30, 2011 was \$26,362, \$20,546 lower than the comparable period in 2010. The decrease in the loss reflects higher fair value gains included in finance costs, lower exploration and evaluation costs, higher finance income partially offset by higher corporate administration costs.

The Company incurred a fair value mark to market gain of \$48,478 in the third quarter of 2011, described above, which decreased the mark to market loss on a year to date basis to \$44,441 on the \$425,000 convertible notes which were issued in December 2010 related to the change in the value of the equity conversion option derivative which primarily resulted due to the decrease in the market pricing of the convertible notes which trade Over The Counter resulting from a decrease in the underlying share price of the Company to \$26.04 from \$29.35 as at September 30, 2011 and December 31, 2010. The decrease was partially offset by a marginal increase in the volatility to 44% from 40% as at September 30, 2011 and December 31, 2010. In addition, a mark to market gain on the fair value adjustment of the \$75,000 Class A notes of \$2,850 was recorded during the first nine months of 2011 also as a result of the decreased trading value of the \$425,000 convertible notes which has been adjusted downwards for the absence of the three year non-call period in these notes as compared to the \$425,000 notes. These gains were partially offset by higher foreign exchange loss of \$37,338 compared to a \$214 gain for the same period in 2010. The increased loss is a result of the strengthening US dollar exchange rate against predominantly Canadian dollar account balances.

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Exploration and evaluation costs of \$15,866 were \$9,517 lower than the comparable period in 2010 due primarily to the commencement in the second quarter of 2010 of capitalizing exploration and evaluation costs, following the completion of a feasibility study. As described above, exploration and evaluation activities outside of the planned Detour Lake pit continue to be expensed including exploration on the Block A claim block. Offsetting the reduction was an increase of \$1,783 in environmental, governmental and community relations costs as a result of higher activity levels than those incurred in the comparable period in 2010.

Higher interest income of \$4,890, net of capitalized interest income, as compared to \$1,976 in the comparable period resulted from higher balances in cash, cash equivalents, short-term and long-term investments.

The reduction in exploration and evaluation expenses and increase in finance income were offset by higher corporate and administration costs for the nine months ending September 30, 2011 of \$27,955, \$5,033 higher than the comparable period, primarily as a result of higher salaries, including \$12,862 of share-based payment expenses, and benefits costs due to increased manpower levels.

Changes in Financial Position

Cash, cash equivalents, short-term and long-term investments decreased from December 31, 2010 to September 30, 2011 by \$9,737 to \$964,277. The decrease in cash is primarily related to project, exploration and evaluation and corporate administration expenditures, offset by a public offering completed on August 4, 2011.

Spending on the Detour Lake project for the nine month period ending September 30, 2011 was \$359,674 as compared to \$23,906 in the comparative period in 2010. Expenditures, noted in their order of significance, occurred in the areas of the power line and power transmission, the processing plant, engineering, procurement and construction management and temporary facilities including the temporary camp.

Financial Position

As at September 30, 2011, total assets were \$1,753,269, an increase from December 31, 2010 of \$541,367 primarily as a result of the bought deal offering completed on August 4, 2011. The public offering of 14,375,000 common shares, including 1,875,000 of common shares available through an over-allotment option, were issued to the underwriters at a price of \$30.37 per common share, representing aggregate net proceeds of \$418,430. In addition increases in property and equipment, including non-cash charges related to decommissioning and restoration, capitalized interest and accretion related to the convertible notes and expenditure accruals which will be funded in subsequent periods, contributed to the increase in total assets.

Liquidity

The Company's sole source of funding to this point has been the issuance of equity securities and convertible debt for cash. On July 19, 2010 and August 6, 2010, the Company closed a public offering and over-allotment of 11,750,000 and 325,000 common shares, respectively, at a price of \$22.75 (Cdn \$24.00) per common share for gross cash consideration of \$274,675 (Cdn \$289,800). In connection with the offering, the underwriters were paid a 4% commission totaling approximately \$10,987 (Cdn \$11,592). Share issuance costs of \$540 (Cdn \$570) were incurred in relation to the offering.

On November 24, 2010, the Company announced it had closed an offering, on a best efforts private placement basis, for 320,050 flow-through common shares ("Flow-Through Shares") at a price of \$41.55 (Cdn \$42.00) per Flow-Through Share, representing aggregate gross proceeds of approximately \$13,298 (Cdn \$13,442). The Company

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intends to use the gross proceeds from the sale of the Flow-Through Shares to fund qualifying exploration activities on the Company's large land position at Detour Lake, including the western extension of the Detour Lake deposit.

On December 3, 2010, the Company completed an offering of 5.5% Senior Unsecured Convertible Notes ("Notes") on a private placement basis for total gross proceeds of \$500,000, net proceeds of \$490,808 after deducting \$9,192 in transaction costs (the "Private Placement"). A syndicate of underwriters led by BMO Capital Markets purchased \$250,000 of the Notes and \$250,000 of Notes were purchased by Paulson & Co. Inc. ("Paulson"), on behalf of investment funds managed by Paulson. The Notes purchased by Paulson included \$75,000 of Class A convertible notes (the "Class A Notes"). The Notes bear interest at 5.5% per annum, payable in arrears in equal semi-annual installments on May 31 and November 30 in each year. The Notes mature on November 30, 2017.

On August 4, 2011, the Company closed a public offering and over-allotment of 12,500,000 and 1,875,000 common shares, respectively, at a price of \$30.37 (Cdn\$29.75) per common share for cash consideration of \$436,594 (Cdn\$427,656). In connection with the offering, the underwriters were paid a 4% commission totaling approximately \$17,464 (Cdn\$17,106). Share issuance costs of \$700 (Cdn\$686) were incurred in relation to the offering. The financing provides the Company with sufficient funding to finance the project through to production based upon the June 2011 Project Control Estimate.

The Company also realized \$5,068 in proceeds on the exercise of stock options for the quarter ended September 30, 2011, as compared to \$4,259 in the comparative period in 2010 and, on a year to date basis, \$7,761 has been realized as compared to \$13,268 in the preceding period.

Upon successful completion of the feasibility study in 2010, the Company determined that its property contains economic reserves. However, the property is not yet in the production stage. As a result, the Company has no current sources of revenue and continues to rely on the issuance of shares, debt or other sources of financing to generate the funds required to develop the Detour Lake project.

The Company holds currencies (Cdn dollar, US dollar and Euro) to match the commitments made to ensure that the future foreign exchange exposures are fixed which presently are primarily Canadian dollar based. At the date of this MD&A, the Company has completed its conversion of US dollar proceeds from the Notes to match estimated future Canadian dollar expenditure requirements.

The Company maintains its Canadian funds in Canadian Federal and certain Provincial Government securities as well as certificates of deposit or interest bearing accounts at select Canadian chartered banks. The Company's United States dollars and Euro currencies are invested in certificates of deposit or interest bearing accounts at select Canadian chartered banks.

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Commitments and Expenditures

The following is a summary of the material contractual obligations of the Company including payments due for each of the next five years and thereafter.

Contractual Obligation	Total	Less than 1 year	2- 3 years	4 – 5 years	Thereafter
Repayment of convertible notes	\$500,000	\$ -	\$ -	\$ -	500,000
Interest on convertible notes	178,750	27,500	55,000	55,000	41,250
Operating leases	2,959	877	1,494	588	-
Purchase commitments ¹	605,910	210,941	394,969	-	-
Total commitments	\$1,287,619	\$239,318	\$451,463	\$55,588	\$541,250

(1) Certain contract and equipment orders do not have defined payment schedules and have been estimated for the purposes of this table.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements that are reasonably likely to have a current or future effect on its financial condition, results of operations or liquidity.

Critical Accounting Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as at the balance sheet date, and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates include the assumptions used in determining decommissioning and restoration, employee and management bonus plans provisions, the carrying value of property and equipment, the valuation of deferred income tax assets and liabilities, the fair value of stock-based compensation and other stock-based payments and the fair value estimate of the equity conversion option derivative related to the convertible notes. Actual amounts could differ from the estimates used and accordingly, affect the results of operations.

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Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

The timing of recognition and quantification of the liability requires the application of judgment to existing facts and circumstances, which can be subject to change. A change in estimate of a recognized provision or liability would result in a charge or credit to profit or loss in the period in which the change occurs, with the exception of decommissioning and restoration costs described below.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money. Where discounting is used, the increase in the provision due to the passage of time referred to as "unwinding of discount" is recognized within finance costs.

Decommissioning and Restoration Provisions

Provisions for decommissioning and restoration costs, which include the dismantling and demolition of infrastructure and the removal of residual materials and remediation of disturbed areas, are recorded in the financial statements. Decommissioning and restoration costs are a normal consequence of mining and the majority of decommissioning and restoration expenditure is incurred at the end of the life of the mine. Although the ultimate cost to be incurred is uncertain, the Group estimates the respective costs based on engineering studies using current restoration standards and techniques.

Estimated decommissioning and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the mine development or during the production phase, based on the net present value of estimated future costs. Provisions for decommissioning and restoration costs do not include any additional obligations which are expected to arise from future disturbance. The costs are estimated on the basis of a closure plan. Unless significant changes are identified in the interim period, cost estimates are updated annually, during the life of the operation to reflect known developments, such as revisions to cost estimates and to the estimated lives of operations, and are subject to formal review at regular intervals.

As at September 30, 2011, the estimated long-term portion of the Company's decommissioning and restoration obligation was \$16,802 (December 31, 2010 - \$8,149).

Actual costs incurred during the decommissioning and restoration period, and the timing of when these costs will be incurred, could be materially different from the estimates used by management.

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Property and Equipment

Following completion of the feasibility study in the second quarter of 2010, activities directly related to the future mine began being capitalized together with the original acquisition costs of the property.

The Company will continue to expense exploration costs unrelated to the current development project where proximity and intent do not correlate to the future mine as they remain exploration in nature. This includes the costs related to Block A.

As at September 30, 2011, the Company's net value of its property and equipment interests was \$728,402 (December 31, 2010 - \$199,142). Mineral reserves and capitalized mine development expenditures are, upon commencement of production, depreciated using a unit of production method based on the estimated economically recoverable reserves to which they relate or are written off if the property is abandoned. The Company estimates its ore reserves and mineral resources based on information compiled by appropriately qualified persons. The estimation of recoverable reserves will be impacted by forecasted commodity prices, exchange rates, production costs and recoveries, amongst other factors. Changes in the reserve or resource estimates may impact the carrying value of assets and depreciation and impairment charges recorded in loss.

The net carrying amounts of property and equipment are reviewed for impairment when events and changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, management estimates the recoverable amount of the cash-generating unit to which the asset belongs. To the extent that the net carrying amounts exceed their recoverable amounts, that excess is fully provided against in the financial year in which this is determined.

Deferred Income Tax Asset and Liability

As at September 30, 2011, no deferred tax asset has been recognized in the financial statements as management's determination is that it is not probable that taxable profits will be available against which the benefit of the available tax pools and accumulated losses currently available can be utilized.

Share-based Payments – Employees

During the quarter the Company recorded share-based payments related to its employees of \$5,102 (2010 - \$4,494) which were expensed and \$2,359 (2010 - \$ 386) which were capitalized to property and equipment for the three months ended September 30, 2011. The share-based payment cost is based on an estimate of the fair value on the grant date of stock options issued. This accounting requires estimates of interest rates, expected life of options, stock price volatility and forfeiture rate in the application of the Black-Scholes option pricing model. The Black-Scholes option pricing model requires the input of highly subjective assumptions that can materially affect the fair value estimate.

Fair Value Estimate of the Liability Component of the Senior Unsecured Notes (the "Equity Conversion Option Derivative")

Upon issue of a convertible borrowing, the fair value of the liability component is determined depending on whether the financial instrument is a compound instrument or a hybrid instrument. The Senior Unsecured Notes were determined to be a hybrid financial instrument upon inception, as the Senior Unsecured Notes could be converted

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to share capital at the option of the holder for the debt amount which varied in the Company's functional currency at the time of the issuance of the Senior Unsecured Notes.

In a hybrid instrument, the liability component is the residual value of the proceeds after the equity conversion option derivative fair value is determined unless the entire convertible financial instrument is designated as financial liability at fair value through profit or loss, in which case, the entire convertible financial instrument is measured at fair value.

Subsequent to initial recognition, the liability component of a hybrid financial instrument is measured at amortized cost using the effective interest rate method. The equity conversion option of a hybrid financial instrument is marked to market at the consolidated statement of financial position date and changes to fair value are charged or credited in profit or loss.

The equity conversion option derivative was valued upon the initial measurement date and at the financial position reporting date using a convertible note valuation model which includes highly subjective assumptions related to the effective yield and volatility inputs. The input assumptions used in the convertible note valuation as at September 30, 2011, as well as the comparatives at December 31, 2010, are as follows:

	September 30 2011	December 31 2010
Expected life in years	6.17	6.92
Expected volatility ¹	44%	40%
Risk free rate	1.50%	2.71%
Credit spread	10.60%	11.00%
Underlying share price of the Company	\$26.04	\$29.35
Foreign exchange spot rate (Cdn\$ to US\$)	0.954	1.005

⁽¹⁾Expected volatility is an implied volatility based upon the rate a buyer would use to value the Senior Unsecured Notes for purchase.

Based on the Company's valuation as at September 30, 2011, the fair value of the embedded derivative in the Senior Unsecured Notes was \$113,132 (December 31, 2010 - \$157,573). The decrease in fair value of \$48,478 (2010 - \$nil) and \$44,441 (2010 - \$nil) were charged as financing costs for the three and nine months ended September 30, 2011, respectively.

Fair Value of the Class A Notes

The estimated fair value of the Class A Notes on the financial position reporting date was \$73,650 (December 31, 2010 - \$76,500) and the fair value gain of \$5,663 (2010 - \$nil) and gain of \$2,850 (2010 - \$nil) were recognized during the three and nine months ended September 30, 2011 as financing costs, respectively. As at September 30, 2011, the carrying amount of the Class A Notes was \$1,350 (December 31, 2010 - \$1,500 higher) lower than the face value of the Class A Notes. The Optional Settlement Provision provides the Company with the option to settle the Class A Notes in shares, in whole or in part. Accordingly, the Company's cash outflow in respect of the future settlement of the Class A Notes is not subjected to the entirety of the carrying value of the Class A Notes.

Block A Joint Venture and Conquest Agreement

The Company is involved in jointly controlled operations. A jointly controlled operation involves the use of assets and other resources of the Group and the other venturer rather than the establishment of a corporation, partnership or other entity.

The Group accounts for the assets it controls and the liabilities and the expenses it incurs.

Trade Winds

On September 26, 2011, the Company and Trade Winds announced that they had entered into a definitive agreement (the "Agreement") pursuant to which Detour Gold would acquire all of the issued and outstanding common shares of Trade Winds by way of a court approved plan of arrangement (the "Plan of Arrangement") for total consideration of Cdn\$84 million.

Under the terms of the Agreement, Trade Winds shareholders will receive 0.0142 of a Detour Gold share and Cdn\$0.0001 in cash for each Trade Winds share held. The number of Detour Gold shares to be issued will be approximately 2.63 million based on the number of issued and outstanding common shares of Trade Winds at September 26, 2011. Under the Plan of Arrangement, upon closing, all outstanding Trade Winds options will be exchanged for Detour Gold replacement options. All Trade Winds warrants will remain outstanding in accordance with their terms and will, in effect, be exercisable to acquire 0.0142 of a Detour Gold share plus \$0.0001 in cash for each warrant exercised. Trade Winds will be redeeming all of the rights under its shareholder rights plan.

Implementation of the Plan of Arrangement is subject to the approval of the Toronto Stock Exchange, the approval of the Supreme Court of British Columbia and the favorable vote of 66 2/3% of Trade Winds shareholders at a special meeting to be held on November 22, 2011. The transaction is expected to close on December 1, 2011.

The Agreement also provides for the payment of a termination fee of Cdn\$3.15 million to Detour Gold if the transaction is not completed in certain specified circumstances.

Financial Instruments and Other Instruments

The Company has not used any hedging instruments or derivatives for hedging purposes.

First Time Adoption of IFRS

For all periods up to and including the year ended December 31, 2010, the Group prepared its financial statements in accordance with Canadian GAAP. These are the Group's IFRS interim consolidated financial statements for part of the period covered by the Group's first IFRS annual consolidated financial statements for the year ending December 31, 2011.

Accordingly, the Group has prepared these condensed interim consolidated financial statements which comply with IFRS applicable for periods beginning on or after January 1, 2011 as described in the accounting policies disclosed in the Group's first IFRS interim consolidated financial statements for the three months ended March 31, 2011. Note 4 in the interim consolidated financial statements for the three months ended March 31, 2011 explains the principal adjustments made by the Group in restating its Canadian GAAP consolidated statement of financial position as at January 1, 2010 and its previously published Canadian GAAP financial statements for the year ended December 31, 2010.

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Reconciliation of equity and comprehensive loss as previously reported under Canadian GAAP to IFRS

Reconciliation of equity

September 30
2010

Equity under Canadian GAAP	\$ 677,862
Employee share-based payments	(27)
Deferred taxes on asset acquisition	(30,738)
Employee benefits	(2,181)
Decommissioning and restoration provisions	(14)
Total IFRS adjustments to equity	(32,960)
Effect of translation to presentation currency	(641)
Equity under IFRS	\$ 644,261

Reconciliation of total comprehensive loss

Nine months ended
September 30
2010

Three months ended
September 30
2010

Comprehensive loss (income) under Canadian GAAP	\$ 31,355	\$ (6,945)
Adjustments		
Employee share-based payments	(409)	9
Non-employee share-based payments	(1,084)	225
Employee benefits	2,181	658
Decommissioning and restoration provisions	(7)	(3)
Total IFRS adjustments	681	889
Effect of translation to presentation currency	641	963
Comprehensive loss (income) under IFRS	\$ 32,677	\$ (5,093)

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Outlook

The Detour Lake project remains the focus of development and exploration efforts over the short to medium term.

Infrastructure development is now well planned expenditures in 2011 are now estimated at approximately \$600 million.

Near term goals for 2011 and early 2012 include completing the process to secure the remaining federal permits necessary to allow for operations to commence after the completion of construction. In addition, the Company continues to add to its operational team which will take on more significance as the Company prepares itself for operations following the end of the construction period.

The Company continues to evaluate the future possibility of expanding the mine and plant throughput, however, any decision to proceed will only occur after the commencement of operations and will depend on a number of factors including the then current and long-term view on gold prices.

On November 14, 2011 the Company updated its estimate for the project construction and now anticipates that pre-production capital costs for Detour Lake will reach Cdn\$1.45 billion (including approximately Cdn\$50 million in contingency). The revised guidance is based on cost escalation since the June 2011 PCE driven mainly by higher key consumable input and labour costs, updated infrastructure requirements and increased expenditures to maintain the schedule to deliver first gold production in the first quarter of 2013. The Company will continue to monitor expenditures to ensure sufficient financing is available to complete the construction of the mine.

Outstanding Share Data

As at November 14, 2011, the date of this MD&A, the Company had the following securities outstanding:

	Number
Common shares	99,010,150
Share purchase options	6,292,426
Share purchase options – PDX amalgamation	278,811
Senior unsecured convertible notes and Class A notes	12,987,013

Forward Looking Statements

This MD&A of the Company contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as “**forward-looking statements**”). These statements relate to future events or the Company’s future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “continues”, “forecasts”, “projects”, “predicts”, “intends”, “anticipates” or “believes”, or variations of, or the negatives of, such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “should”, “might” or “will” be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement.

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Specifically, this MD&A includes forward-looking statements regarding:

- the Company's intent to advance the Detour Lake project towards the development stage, including the Company's strategies and objectives with respect to the Detour Lake Property;
- the Company's planned drilling program and the continuation of exploration programs on the Detour Lake Property;
- the Company's estimate of the quantity and quality of its mineral reserves and resources;
- the construction of an open pit operation at Detour Lake;
- the commencement of gold production and the average gold production;
- the expected mine life of the open pit mine;
- the acquisition of additional mineral properties by the Company;
- the long-term demand for and supply of gold;
- prices and price volatility for gold;
- the ability of the Company to obtain all government approvals, permits and third party consents in connection with the Company's exploration and development activities;
- the Company's estimates of any reclamation obligations assumed in connection with its acquisition of the Detour Lake mine property;
- the Company's future exploration, capital and operating costs, including the costs and potential impact of complying with existing and proposed environmental laws and regulations; and
- general business and economic conditions.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control. These risks, uncertainties and other factors include, but are not limited to, gold price volatility, changes in debt and equity markets, the uncertainties involved in interpreting geological data, increases in costs, environmental compliance and changes in environmental legislation and regulation, interest rate and exchange rate fluctuations, general economic conditions and other risks involved in the gold exploration and development industry, as well as those risk factors listed in the "Risk Factors" section of the Company's Annual Information Form. Readers are cautioned that the foregoing list of factors is not exhaustive of the factors that may affect the forward-looking statements. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about the following:

- the availability of financing for the Company's exploration and development activities;
- capital costs;
- the Company's ability to attract and retain skilled staff;
- the estimated timeline for the development of the Detour Lake project;
- the supply and demand for, and the level and volatility of the price of, gold;
- timing of the receipt of regulatory and governmental approvals for exploration projects and other operations;
- the supply and availability of consumables and services;
- energy and fuel costs;
- the accuracy of the Company's reserve and resource estimates and the geological and metallurgical assumptions (including with respect to the size, grade and recoverability of mineral reserves and resources) and operational and price assumptions on which the reserve resource estimates are based;
- market competition;
- the Company's ongoing relations with its employees and impacted communities; and
- general business and economic conditions.

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Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the Company's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements.

Information Concerning Estimates of Measured, Indicated and Inferred Resources

The mineral reserve and resource estimates reported in this MD&A were prepared in accordance with Canadian National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101"), as required by Canadian securities regulatory authorities. For United States reporting purposes, the United States Securities and Exchange Commission ("SEC") applies different standards in order to classify mineralization as a reserve. In particular, while the terms "measured," "indicated" and "inferred" mineral resources are required pursuant to NI 43-101, the SEC does not recognize such terms. Canadian standards differ significantly from the requirements of the SEC. Investors are cautioned not to assume that any part or all of the mineral deposits in these categories constitute or will ever be converted into reserves. In addition, "inferred" mineral resources have a great amount of uncertainty as to their existence and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian securities laws, issuers must not make any disclosure of results of an economic analysis that includes inferred mineral resources, except in rare cases.