

DETOUR GOLD CORPORATION

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

THREE MONTHS ENDED MARCH 31, 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	March 31 2011	December 31 2010	January 1 2010
ASSETS				
Current assets				
Cash and cash equivalents	7	\$ 672,779	\$ 717,079	\$ 255,390
Trade and other receivables	8	14,203	10,021	912
Short-term investments	7	239,565	254,428	50,025
Prepaid expenses and deposits		308	399	579
Total current assets		926,855	981,927	306,906
Non-current assets				
Restricted investments	7	28,991	28,326	6,236
Long-term investments	7	-	2,507	-
Deferred charges		1,225	-	-
Property and equipment	9	331,270	199,142	75,770
Total non-current assets		361,486	229,975	82,006
Total assets		\$ 1,288,341	\$ 1,211,902	\$ 388,912
EQUITY AND LIABILITIES				
Current liabilities				
Trade and other payables	10	\$ 86,567	\$ 39,365	\$ 3,541
Current portion of convertible notes	11	82,500	76,500	-
Provisions	12	1,990	950	-
Total current liabilities		171,057	116,815	3,541
Non-current liabilities				
Convertible notes	11	433,619	404,796	-
Provisions	12	11,697	8,953	3,070
Total non-current liabilities		445,316	413,749	3,070
Total liabilities		616,373	530,564	6,611
Shareholders' equity				
Issued capital	13	826,163	760,660	463,207
Accumulated deficit		(209,794)	(164,874)	(107,705)
Other reserves	14	55,599	85,552	26,799
Total shareholders' equity		671,968	681,338	382,301
Total shareholders' equity and liabilities		\$ 1,288,341	\$ 1,211,902	\$ 388,912

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 June 9, 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 Loss****(Unaudited)****(Expressed in thousands of U.S. dollars, except share and per share amounts)**

		Three months ended	
		March 31	
	Notes	2011	2010
Expenses			
Exploration and evaluation	17	\$ 8,267	\$ 10,604
Corporate administration	18	8,185	5,226
Loss before finance items and tax		16,452	15,830
Finance income	19	(2,940)	(410)
Finance costs	19	18,571	257
Loss for the period		32,083	15,677
Other comprehensive loss (income), net of tax			
Effect of translation to presentation currency		-	(13,069)
Total comprehensive loss for the period		\$ 32,083	\$ 2,608
Basic and diluted loss per share	15	\$ 0.38	\$ 0.23

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)**

	Three months ended	
	March 31	
	2011	2010
Operating activities		
Loss before income tax	\$ (32,083)	\$ (15,677)
Adjustments for:		
Depreciation and amortization	157	65
Share-based payments	4,954	3,470
Finance expense	18,571	257
Finance income	(2,940)	(410)
	(11,341)	(12,295)
Changes in non-cash working capital items:		
Amounts receivable and other assets	(3,803)	410
Accounts payable and accrued liabilities	1,594	2,078
Net cash used in operating activities	(13,550)	(9,807)
Investing activities		
Additions to property and equipment	(67,606)	(263)
Purchase of short-term investments	(78,958)	(86,242)
Redemption of short-term investments	102,040	4,796
Redemption of long-term investments	2,507	-
Interest received	1,521	156
Net cash used in investing activities	(40,496)	(81,553)
Financing activities		
Issuance of common shares on exercise of options	6,463	3,219
Proceeds from issuance of convertible notes, net of costs	(405)	-
Lease arrangement fee	(1,225)	-
Net cash (used in)/received from financing activities	4,833	3,219
Effect of exchange rate changes on cash and cash equivalents	4,913	6,188
(Decrease) increase in cash and cash equivalents	(44,300)	(81,953)
Cash and cash equivalents, beginning of period	717,079	255,390
Cash and cash equivalents, end of period	\$ 672,779	\$ 173,437

Supplemental information (note 20)

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	Three months ended	
		March 31	
		2011	2010
Issued capital			
Beginning of period		\$ 760,660	\$ 463,207
Effect of change of functional currency	2(c)	58,083	-
		818,743	463,207
Issued on exercise of options		2,537	5,014
Issued on public offerings, net of transaction costs		-	-
Issued on acquisition of mining property		-	-
Issued on consideration for an interest in a mining property	16(c)	4,883	-
Issued capital, end of period		826,163	468,221
Accumulated deficit			
Beginning of period		(164,874)	(107,705)
Effect of change of functional currency	2(c)	(12,837)	-
		(177,711)	(107,705)
Loss for the period		(32,083)	(15,677)
Accumulated deficit, end of period		(209,794)	(123,382)
Other reserves			
<i>Share-based payments reserve</i>			
Beginning of period		37,692	16,002
Effect of change of functional currency	2(c)	2,614	-
		40,306	16,002
Share-based payments		16,250	3,470
Exercise of options		(957)	(1,795)
End of period		55,599	17,677
<i>Foreign currency translation reserve</i>			
Beginning of period		47,860	10,797
Effect of change of functional currency	2(c)	(47,860)	-
		-	10,797
Effect of translation to presentation currency	2(c)	-	13,069
End of period		-	23,866
Other reserves, end of period		55,599	41,543
Total shareholders' equity		\$ 671,968	\$ 386,382

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

March 31, 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 mine development 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 mineral property interests.

2. BASIS OF PREPARATION

(a) 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 first 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. They do not include all of the information required for full annual 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 note 4. Previously, the Group prepared its annual consolidated and interim consolidated financial statements in accordance with Canadian GAAP.

The policies applied in these interim consolidated financial statements are based on IFRS issued and outstanding as of June 9, 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 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. Note 4 discloses IFRS information that is material to an understanding of these condensed interim consolidated financial statements. 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.

DETOUR GOLD CORPORATION

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(unaudited)

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

2. BASIS OF PREPARATION (continued)

(b) Basis of presentation

The financial statements have been prepared on the historical cost basis, except for the financial instruments at fair value with changes being recognized in the statement of Comprehensive income in finance expense.

(c) Functional and presentation currency

The consolidated financial statements are presented in U.S. dollars, which is the Company's and its subsidiary's functional currency effective January 1, 2011. The Group does not have any foreign operations. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on dates of transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Effective January 1, 2011, the functional currency of the Company changed from Canadian dollar to 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, 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. dollar, with Canadian dollar as the functional currency.

(d) Use of estimates and judgments

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas of judgment and estimation uncertainty that have the most significant effect on the amounts recognized in the financial statements are as follows:

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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)

2. BASIS OF PREPARATION (continued)

(d) Use of estimates and judgments (continued)

Impairment of assets

Events or changes in circumstances can give rise to significant impairment charges or reversals of impairment in a particular year.

The Group assesses its cash-generating unit annually to determine whether any indication of impairment exists. Where an indicator of impairment exists, an estimate of the recoverable amount is made, which is the higher of the fair value less costs to sell and value in use. The determination of the recoverable amount requires the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, exploration potential and future operating performance. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's-length transaction between knowledgeable and willing parties. Fair value for mineral assets is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes estimates such as the cost of future expansion plans and eventual disposal, using assumptions that an independent market participant may take into account. Cash flows are discounted by an appropriate discount rate to determine the net present value.

Provisions for decommissioning and site restoration costs

Provision is made for environmental remediation costs when the related environmental disturbance occurs, based on the net present value of estimated future costs.

The ultimate cost of environmental disturbance is uncertain and cost estimates can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience at other mine sites.

The expected timing of expenditure can also change, for example, in response to changes in ore reserves or production rates or economic conditions. As a result there could be significant adjustments to the provision for decommissioning and site restoration, which would affect future financial results.

The Group assesses its provisions for decommissioning and site restoration costs using the information available as at the year end date, unless significant differences are identified in the interim period. Significant estimates and assumptions are made in determining the provisions for decommissioning and site restoration costs, as there are numerous factors that will affect the ultimate liability amount. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases and changes in discount rates. Those uncertainties may result in future actual expenditures differing from the amounts currently provided. The provision at the consolidated statement of financial position date represents management's best estimate of the present value of the future rehabilitation costs required. Changes to estimated future costs are recognized in the consolidated statement of financial position by adjusting the rehabilitation asset and liability. If, for mature mines, the revised mine assets net of rehabilitation provisions exceeds the carrying value, that portion of the increase is charged directly to expense.

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(unaudited)

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

2. BASIS OF PREPARATION (continued)

(d) Use of estimates and judgments (continued)

Provisions for employee and management bonus plans

Judgment is required in determining whether a present obligation, legal or constructive, exists in respect of the Group's employee and management bonus plans. When a legal or constructive obligation is determined to exist, provisions are made for employee and management bonuses. Estimating the bonus provisions involves highly subjective assumptions, such as management's assessment of the likelihood and timing of meeting performance criteria, which can materially affect the estimated amount.

Recovery of potential deferred tax assets

The Group has carried forward losses that have the potential to reduce tax payments in future years.

Judgment is required in determining whether deferred tax assets are recognized in the consolidated financial statements. Deferred tax assets, including those arising from un-utilized tax losses, require management to assess the likelihood that the Group will generate taxable earnings in future periods in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realize the net deferred tax assets recorded at the consolidated statement of financial position date could be impacted.

Additionally, future changes in tax laws in the jurisdictions in which the Group operates could limit the ability of the Group to obtain tax deductions in future periods.

Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

Fair value of share-based payments

Determining the fair value of certain share-based payments involves estimates of interest rates, expected life of options, share price volatility and 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.

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

2. BASIS OF PREPARATION (continued)

(d) Use of estimates and judgments (continued)

Fair value of financial instrument, including embedded derivatives

Where the fair value of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these condensed interim consolidated financial statements and in preparing the opening IFRS consolidated statement of financial position at January 1, 2010 for the purposes of the transition to IFRS, unless otherwise indicated. The exemptions the Company has taken in applying IFRS for the first time are set out in note 4.

(a) Basis of consolidation

The financial statements consolidate the financial statements of Detour Gold Corporation and its subsidiary.

Subsidiary

A subsidiary is an entity over which the Group has power to govern the operating and financial policies in order to obtain benefits from its activities. The consolidated financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiary after eliminating inter-entity balances and transactions.

Jointly controlled operations

A jointly controlled operation involves the use of assets and other resources of the Group and 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.

(b) Cash and cash equivalents

Cash and cash equivalents consist of cash and highly liquid investments, having maturity dates of three months or less from the date of purchase, which are readily convertible to known amounts of cash. Cash equivalents consist of Canadian federal and provincial securities and certificates of deposit or cash deposits at select Canadian chartered banks.

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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)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Restricted investments

Restricted investments consist of investments used to secure the Group's decommissioning and site restoration obligations. Restricted investments are recorded at amortized cost using the effective interest method.

(d) Short-term investments

Short-term investments include interest bearing instruments with original maturities greater than three months and less than one year at the time the investment is made. Short-term investments are reported at amortized cost using the effective interest method. Short-term investments comprise guaranteed investment certificates bearing fixed interest rates.

(e) Long-term investments

Long-term investments include interest bearing instruments with original maturities greater than one year at the time the investment is made. Long-term investments are reported at amortized cost using the effective interest method and comprise Canadian federal and provincial securities bearing fixed interest rates.

(f) Financial instruments

Financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. The group determines the classification of its financial assets at initial recognition. Where, as a result of a change in intention or ability, it is no longer appropriate to classify an investment as held-to-maturity, the investment is reclassified into the available-for-sale category. All financial liabilities are initially recognized at their fair value and designated upon inception as financial liabilities measured at fair value through profit or loss or other financial liabilities.

Transaction costs associated with fair value through profit or loss financial assets and financial liabilities are expensed as incurred, while transaction costs associated with all other financial assets and other financial liabilities are included in the initial carrying amount of the asset or the liability.

Contracts that were entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the Group's expected purchase, sale or usage requirements fall within the exemption available in IFRS, which is known as the 'normal purchase or sale exemption'. The contracts qualifying for normal purchase or sale exemption and the host part of the contracts containing embedded derivatives are accounted for as executory contracts. The Group recognizes such contracts in its statement of financial position only when one of the parties meets its obligation under the contract to deliver either cash or a non-financial asset.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Financial instruments (continued)

Financial assets

Financial assets at fair value through profit or loss

Financial assets classified as held-for-trading are included in the category financial assets at fair value through profit or loss. Financial assets are classified as held-for-trading if they are acquired for the purpose of selling in the near term. Gains or losses on these items are recognized in profit or loss.

The Group's cash and cash equivalents are classified as financial assets measured at fair value through profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, do not qualify as trading assets and have not been designated as either fair value through profit and loss or available-for-sale. Such assets are carried at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

The Group's trade and other receivables, short-term investments, long-term investments, and restricted investments are classified as loans and receivables. Trade and other receivables are recognized and carried at their original invoiced value, adjusted, where appropriate, for provisional pricing or their recoverable amount if this differs from the invoiced amount. Where the time value of money is material, receivables are discounted and are carried at their present value. A provision is made where the estimated recoverable amount is lower than the carrying amount. The Group believes the carrying values of short- and long-term investments and restricted investments approximate their fair values.

Financial liabilities

Financial liabilities at fair value through profit or loss

Financial liabilities classified as fair value through profit or loss include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as a fair value through profit or loss financial liability. Derivatives, including separable embedded derivatives are also classified as held-for-trading unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as fair value through profit or loss are recognized in profit or loss.

The equity conversion option derivative embedded in the Senior Unsecured Notes (as defined in note 11) is a fair value through profit or loss financial liability.

The Group designated the Class A Notes (as defined in note 11) as a financial liability at fair value through profit or loss.

DETOUR GOLD CORPORATION

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)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Financial instruments (continued)

Financial liabilities (continued)

Other financial liabilities

Borrowings and other financial liabilities, excluding derivative liabilities, are recognized initially at fair value, net of transaction costs incurred and are subsequently stated at amortized cost. Any difference between the amounts originally received net of transaction costs and the redemption value is recognized in profit or loss, or capitalized if directly attributable to a qualifying asset, over the period to maturity using the effective interest method.

Borrowings and other financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the consolidated statement of financial position date.

The Group's trade and other payables and Senior Unsecured Notes (note 11) are classified as other financial liabilities.

Derivative financial instruments

Derivative instruments, including embedded derivatives, are recorded at their fair value on the date the derivative contract is entered into and transaction costs are expensed as incurred. They are subsequently remeasured at their fair value at each consolidated statement of financial position date, and the changes in the fair value are recognized in profit or loss. Fair values for derivative instruments are determined using valuation techniques, using assumptions based on market conditions existing at the consolidated statement of financial position date. Derivatives embedded in non-derivative contracts are recognized separately unless they are closely related to the host contract.

The equity conversion options embedded in Senior Unsecured Notes are presented together with the debt component on the Group's consolidated statement of financial position. The cash settlement option and the equity conversion option embedded in the Class A Notes are not separated from the debt host, as the Company designated the entire hybrid instrument as a financial liability measured at fair value through profit or loss.

Share capital

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares, warrants or share options are shown in equity as a deduction, net of tax, from the proceeds.

DETOUR GOLD CORPORATION

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)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Financial instruments (continued)

Convertible borrowings

On 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. In a compound instrument, the liability component is determined by discounting the contractual future cash flows using a market rate for a non-convertible instrument with similar terms. 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 debt component of both compound and hybrid financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition. 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.

As disclosed above, the Group designated the Class A Notes as a fair value through profit or loss financial liability. The Senior Unsecured Notes were determined to be a hybrid financial instrument upon inception, as the Senior Unsecured Notes could be converted 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.

Derecognition of financial assets and liabilities

Financial asset

A financial asset is derecognized when;

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either has transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, it continues to recognize the financial asset to the extent of its continuing involvement in the asset.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Financial instruments (continued)

Derecognition of financial assets and liabilities (continued)

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. Gains or losses on derecognition are recognized within finance income and finance costs respectively. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the profit or loss.

Fair values

The fair value of quoted financial assets, financial liabilities and derivatives is determined by reference to bid prices at the close of business on the consolidated statement of financial position date. Where there is no active market, fair value is determined using valuation techniques. These include recent arm's-length market transactions; reference to current market value of another instrument which is substantially the same; discounted cash flow analysis; and pricing models.

(g) Impairment of financial assets

The Group assesses at each consolidated statement of financial position date whether a financial asset is impaired.

Financial assets carried at amortized cost

If there is objective evidence that an impairment loss on loans and receivables and held-to-maturity investments carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred, discounted at the effective interest rate computed at initial recognition. The carrying amount of the asset is reduced and the amount of the loss is recognized in profit or loss. Objective evidence of impairment of loans and receivables exists if the counter-party is experiencing significant financial difficulty, there is a breach of contract, concessions are granted to the counter-party that would not normally be granted, or it is probable that the counter-party will enter into bankruptcy or a financial reorganization.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Exploration and evaluation expenditure

Exploration and evaluation expenditure relates to costs incurred on the exploration and evaluation of potential mineral reserves and resources and includes costs such as exploratory drilling and sample testing and the costs of pre-feasibility studies. Exploration and evaluation expenditure for each area of interest, other than that acquired, is expensed in the year in which it is incurred.

Purchased exploration and evaluation assets are recognized as assets at their cost of acquisition or at fair value if purchased as part of a business combination. Capitalised exploration and evaluation costs are considered to be tangible assets. These assets are not depreciated as they are not currently available for use.

An impairment review of exploration and evaluation assets is performed, either individually or at the cash-generating unit level, when there are indicators that the carrying amount of the assets may exceed their recoverable amounts. To the extent that this occurs, the excess is fully provided against, in the financial year in which this is determined. Exploration and evaluation assets are reassessed on a regular basis and these costs are carried forward provided that at least one of the conditions below is met:

- such costs are expected to be recouped in full through successful development and exploration of the area of interest or alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing, or planned for the future.

Capitalised exploration and evaluation expenditure is transferred to mine development asset or capital work-in-progress within property and equipment once the work completed to date supports the future development of the property and such development receives appropriate approvals. When a decision is taken that a mining project is commercially viable, normally when the project has reached the feasibility stage, all further directly attributable pre-production expenditures are capitalized.

(i) Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of property and equipment comprises its purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and the estimated decommissioning and restoration costs associated with the asset. Once a mining project has been established as commercially viable, expenditures other than those on land, buildings, plant and equipment are capitalized under "Mining properties" together with any amount transferred from "Exploration and evaluation".

In open pit mining operations, it is necessary to remove overburden and other waste materials to access ore from which minerals can be extracted economically. The process of mining overburden and waste materials is referred to as stripping. During the development of a mine or pit, before production commences, stripping costs are capitalized as part of the investment in construction of the mine.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Property and equipment (continued)

Costs associated with commissioning new assets, in the period before they are capable of operating in the manner intended by management, are capitalized. Development costs incurred after the commencement of production are capitalized to the extent they are expected to give rise to a future economic benefit. Interest on borrowings related to construction or development projects is capitalized until the point when substantially all the activities that are necessary to make the asset ready for its intended use are complete.

Land

On initial acquisition, freehold land is valued at cost and is not depreciated in subsequent periods.

Mining properties

The cost of acquiring mineral reserves and mineral resources is capitalized as incurred. Capitalised costs include costs associated with a start-up period where the asset is available for use but incapable of operating at normal levels without a commissioning period.

Mineral reserves and capitalized mine development expenditure 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.

Equipment

On initial acquisition, equipment is valued at cost. In subsequent periods, equipment is stated at cost less accumulated depreciation and any impairment in value. Depreciation is provided so as to write off the costs, less estimated residual values of equipment using the straight line method over the following useful lives:

Mobile equipment	5 years
Furniture and fixtures	5 years
Computer equipment and software	3 years
Machinery and equipment	5 years
Leasehold improvements	lesser of term of lease or useful life

When parts of an asset have different useful lives, depreciation is calculated on each separate part. Each asset or part's estimated useful life has due regard to both its own physical life limitations and the present assessment of economically recoverable reserves of the mine property at which the item is located, and to possible future variations in those assessments. Estimates of remaining useful lives and residual values are reviewed annually. Changes in estimates are accounted for prospectively.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Property and equipment (continued)

Expenditure on major maintenance or repairs includes the cost of the replacement of parts of assets and overhaul costs. Where an asset or part of an asset is replaced and is probable that future economic benefits associated with the item will be available to the Group, the expenditure is capitalized and the carrying amount of the item replaced derecognized. Similarly, overhaul costs associated with major maintenance are capitalized and depreciated over their useful lives where it is probable that the future economic benefits will be available and any remaining carrying amounts of the cost of previous overhauls are derecognized. All other costs are expensed as incurred.

An item of property and equipment is derecognized upon disposal, when held for sale or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the consolidated statement of comprehensive loss.

Capital work-in-progress

Assets in the course of construction are capitalized in the capital work-in-progress account. On completion, the cost of construction is transferred to the appropriate category of property, plant and equipment. Costs associated with a start-up are capitalized where the asset is available for use but incapable of operating at normal levels without a commissioning period.

Capital work-in-progress is not depreciated.

(j) Impairment of non-financial assets

The net carrying amounts of property and equipment are reviewed for impairment either individually or at the cash-generating unit level 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, the Group 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.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

For mining properties, estimates of future cash flows are based on assumptions as to expected production levels, commodity prices, cash costs of production and capital expenditure. IAS 36 *Impairment of Assets* includes a number of restrictions on the future cash flows that can be recognized in respect of future restructurings and improvement related expenditure. When calculating value in use, it also requires that calculations should be based on exchange rates current at the time of assessment when applicable.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Impairment of non-financial assets (continued)

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount, and an impairment charge is recognized in profit or loss. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount, but so that the increased carrying amount does not exceed the carrying value that would have been determined if no impairment had previously been recognized. As a result, a reversal is recognized in profit or loss.

(k) Employee benefits

Wages, salaries and annual vacation leave

Liabilities arising in respect of wages and salaries, vacation leave and any other employee benefits expected to be settled within twelve months of the financial position reporting date are measured at undiscounted amounts based on remuneration rates which are expected to be paid when the liabilities are settled. In respect of employees' services up to the financial position reporting date, wages and salaries are recognized in trade and other payables and other employee benefits including annual vacation leave are recognized in current provisions.

Employee and management bonus plans

A liability is recognized for the amount expected to be paid under the Group's bonus plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably. Where the effect is material, the liabilities for bonus payments not expected to be settled within twelve months are discounted using a pre-tax risk-free rate, which most closely match the terms of maturity of the related liabilities.

Bonus liabilities expected to be settled within twelve months of the consolidated statement of financial position date are recognized in current provisions, and those that are not expected to settle within twelve months are recognized in non-current provisions.

(l) 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.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(I) Provisions (continued)

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

The Group holds 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. 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. The cost estimates are updated annually, unless significant changes are identified in the interim period, 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.

The initial closure provision together with other movements in the provisions for decommissioning and restoration costs, including those resulting from new disturbance, updated cost estimates, changes to the estimated lives of operations and revisions to discount rates are capitalized within property and equipment. These costs are then depreciated over the lives of the assets to which they relate.

The unwinding of the discount applied in establishing the net present value of provisions is charged to profit or loss in each accounting period. The amortization of the discount is shown as a financing cost.

Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the estimated outstanding continuous rehabilitation work at each consolidated statement of financial position date and the cost is charged to profit or loss.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Provisions (continued)

Other provisions

Other provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow and timing can be reliably estimated.

(m) Contingencies

Contingent assets

Contingent assets are not recognized in the financial statements but they are disclosed by way of note if they are deemed probable.

Contingent liabilities

Contingent liabilities are possible obligations whose existence will only be confirmed by future events not wholly within the control of the Group. Contingent liabilities are recognized in the financial statements unless the possibility of an outflow of economic resources is considered remote, in which case they are disclosed in the notes to the consolidated financial statements.

(n) Share-based payments

The grant date fair value of share-based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no adjustment for differences between expected and actual outcomes.

Share-based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions.

(o) Lease payments

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

Contingent lease payments are accounted for in the period in which they are incurred.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Finance income and finance costs

Finance income comprises interest income on funds invested which is recognized as it accrues in profit or loss, using the effective interest method, and other income which is the reduction to the flow-through shares premium liability (note 3(s)).

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss, and impairment losses recognized on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized as finance costs using the effective interest method.

Foreign currency gains and losses and changes in the fair value of financial instruments at fair value through profit or loss are reported on a net basis.

(q) Income tax

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable profit; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Group does not consider it probable that a future tax asset will be recovered, it provides a valuation allowance against that excess.

(r) Loss per share

The basic loss per share is computed by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for own shares held, for the effects of all dilutive potential common shares, which comprise convertible notes, share options granted to employees and share purchase warrants.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Flow-through shares

The Group finances a portion of its Detour Lake project exploration and development through the issuance of flow-through shares.

Under the terms of the flow-through common share issues, the tax attributes of the related expenditures are renounced to investors and deferred income tax expense and income tax liabilities are increased by the estimated income tax benefits renounced by the Company to the investors. On the date of issuance of the flow-through shares, the premium relating to the proceeds received in excess of the closing market price of the Company's common shares is allocated to liabilities. The premium liability is reduced pro-rata based on the percentage of flow-through expenditures renounced in comparison to renunciations required under the terms of the flow-through share agreement. The reduction to the premium liability in the period of renunciation is recognized through profit or loss as other income.

Where the Group has unused tax benefits on loss carry forwards and tax pools in excess of book value available for deduction against which a valuation allowance has been provided, the Company reduces its valuation allowance to offset the increase in deferred tax liabilities resulting in an offsetting recovery of deferred income taxes being recognized through profit or loss in the reporting period.

(t) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. The Group currently operates in one business segment, being the acquisition and development of resource properties. All of the Company's assets are located in Canada.

(u) 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.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) New standards and interpretations not yet adopted (continued)

The following standards were issued in May 2011:

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 Company 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 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 Company 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 7 on its financial statements.

IFRS 13 *Fair Value Measurement* converges 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.

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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 Canadian GAAP. These are the Group's first 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. In preparing these financial statements, the Group's opening consolidated statement of financial position was prepared as at January 1, 2010, the Group's date of transition to IFRS. This note 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.

(a) Exemptions applied

IFRS 1 requires accounting policies to be applied retrospectively to determine the opening statement of financial position at the Group's transition date of January 1, 2010 and allows first-time adopters certain exemptions from the retrospective application on certain IFRSs. The Group has elected and applied the following exemptions:

i. Share-based payment transactions

A first-time adopter is encouraged, but not required, to apply IFRS 2 *Share-based Payment* ("IFRS 2") to equity instruments that were granted on or before November 7, 2002, or were granted after November 7, 2002 and vested before the entity's IFRS transition date. The Group elected the share-based payment option and as a result, has applied IFRS 2 retrospectively only for share-based payments that were granted after November 7, 2002, that had not vested at the date of transition.

ii. Decommissioning liabilities included in the cost of property and equipment

A first-time adopter has the option to apply International Financial Reporting Interpretations Committee 1 *Changes in Existing Decommissioning, Restoration and Similar Liabilities* ("IFRIC 1") retrospectively or prospectively. IFRIC 1 requires that the changes in decommissioning liabilities to be added to or deducted from the items of property, plant and equipment to which the changes relate. The Group elected to adopt IFRIC 1 prospectively at the transition date.

(b) Mandatory exceptions to retrospective application

IFRS 1 provides specific guidelines that a first-time adopter must adhere to under certain circumstances. The guideline pertaining to estimates applies to the Group, which prohibits the use of hindsight to create or revise estimates. Accordingly, the estimates previously made by the Group under Canadian GAAP are consistent with their application under IFRS.

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

The Group's transition from Canadian GAAP to IFRS has resulted in a number of adjustments to its consolidated statement of financial position for January 1, 2010, March 31, 2010 and December 31, 2010 and consolidated statement of comprehensive loss for the three months ended March 31, 2010 and the year ended December 31, 2010. The adoption of IFRS has had no impact on the net cash flows of the Group. The changes made to the consolidated statement of financial position and the consolidated statement of comprehensive loss has resulted in reclassifications of various amounts on the consolidated statement of cash flows. However, as there have been no changes to the net cash flows, no reconciliations have been presented.

Further details of the adjustments to the consolidated statements of financial position and comprehensive loss are provided in the following reconciliations and the notes that accompany the reconciliations.

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4. FIRST TIME ADOPTION OF IFRS (continued)

(c) Reconciliation of equity and comprehensive loss as previously reported under Canadian GAAP to IFRS (continued)

	note 4(c)	December 31, 2010			March 31, 2010			January 1, 2010		
		Canadian GAAP	IFRS transition effect	IFRS	Canadian GAAP	IFRS transition effect	IFRS	Canadian GAAP	IFRS transition effect	IFRS
ASSETS										
Current assets										
Cash and cash equivalents		\$ 717,079	\$ -	\$ 717,079	\$ 173,437	\$ -	\$ 173,437	\$ 255,390	\$ -	\$ 255,390
Trade and other receivables	vii	10,021	-	10,021	889	-	889	912	-	912
Short-term investments	vii	254,428	-	254,428	135,296	-	135,296	50,025	-	50,025
Prepaid expenses and deposits	vii	399	-	399	446	-	446	579	-	579
Total current assets		981,927	-	981,927	310,068	-	310,068	306,906	-	306,906
Non-current assets										
Restricted investments	vii	28,326	-	28,326	6,453	-	6,453	6,236	-	6,236
Long-term investments	vii	2,507	-	2,507	-	-	-	-	-	-
Property and equipment	i,ii,iii,iv,vi,vii	224,147	(25,005)	199,142	108,658	(29,969)	78,689	104,809	(29,039)	75,770
Total non-current assets		254,980	(25,005)	229,975	115,111	(29,969)	85,142	111,045	(29,039)	82,006
Total assets		\$ 1,236,907	\$ (25,005)	\$ 1,211,902	\$ 425,179	\$ (29,969)	\$ 395,210	\$ 417,951	\$ (29,039)	\$ 388,912
EQUITY AND LIABILITIES										
Current liabilities										
Trade and other payables	ii	\$ 35,745	\$ 3,620	\$ 39,365	\$ 5,236	\$ -	\$ 5,236	\$ 3,541	\$ -	\$ 3,541
Current portion of convertible notes		76,500	-	76,500	-	-	-	-	-	-
Provisions	iii,vi	304	646	950	-	380	380	-	-	-
Total current liabilities		112,549	4,266	116,815	5,236	380	5,616	3,541	-	3,541
Non-current liabilities										
Convertible notes	v	312,045	92,751	404,796	-	-	-	-	-	-
Provisions	iii,vi	4,597	4,356	8,953	1,430	1,782	3,212	1,350	1,720	3,070
Total non-current liabilities		316,642	97,107	413,749	1,430	1,782	3,212	1,350	1,720	3,070
Total liabilities		429,191	101,373	530,564	6,666	2,162	8,828	4,891	1,720	6,611
Shareholders' equity										
Issued capital	i,ii	764,377	(3,717)	760,660	468,226	(5)	468,221	463,212	(5)	463,207
Accumulated deficit	i,ii,iii,iv,v,vi	(148,271)	(16,603)	(164,874)	(93,869)	(29,513)	(123,382)	(77,453)	(30,252)	(107,705)
Other reserves	i, viii	191,610	(106,058)	85,552	44,156	(2,613)	41,543	27,301	(502)	26,799
Total shareholders' equity		807,716	(126,378)	681,338	418,513	(32,131)	386,382	413,060	(30,759)	382,301
Total shareholders' equity and liabilities		\$ 1,236,907	\$ (25,005)	\$ 1,211,902	\$ 425,179	\$ (29,969)	\$ 395,210	\$ 417,951	\$ (29,039)	\$ 388,912

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4. FIRST TIME ADOPTION OF IFRS (continued)

(c) Reconciliation of equity and comprehensive loss as previously reported under Canadian GAAP to IFRS (continued)

	Year ended December 31, 2010			Three months ended March 31, 2010			
	note 4(c)	Canadian GAAP	IFRS transition effect	IFRS	Canadian GAAP	IFRS transition effect	IFRS
Expenses							
Exploration and evaluation	i	\$ 30,493	\$ -	\$ 30,493	\$ 10,604	\$ -	\$ 10,604
Corporate administration	i,iii	31,403	(169)	31,234	5,037	189	5,226
Loss (income) before							
finance items and tax		61,896	(169)	61,727	15,641	189	15,830
Finance income		(3,392)	-	(3,392)	(410)	-	(410)
Finance expense	iv,v,vi	12,314	(13,480)	(1,166)	1,185	(928)	257
Loss (income) for the period		70,818	(13,649)	57,169	16,416	(739)	15,677
Other comprehensive							
loss (income), net of tax							
Effect of translation to presentation currency	viii	(39,734)	2,671	(37,063)	(14,146)	1,077	(13,069)
Total comprehensive loss (income)							
for the period		\$ 31,084	\$ (10,978)	\$ 20,106	\$ 2,270	\$ 338	\$ 2,608

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4. FIRST TIME ADOPTION OF IFRS (continued)

(c) Reconciliation of equity and comprehensive loss as previously reported under Canadian GAAP to IFRS (continued)

		Increase (decrease) due to transition to IFRS									
								Other reserves			
	note	Property and	Trade and		Convertible	Issued	Accumulated	Share-based	Equity	Effect of	
	4(c)	equipment	Other	Provisions	notes	capital	deficit	payments	component	translation to	
			payables					reserve	reserve	presentation	
										currency	
Employee share-based payments	i	\$ -	\$ -	\$ -	\$ -	\$ (5)	\$ 66	\$ (61)	\$ -	\$ -	
Non-employee share-based payments	i	-	-	-	-	-	441	(441)	-	-	
Deferred taxes on asset acquisition	ii	(30,738)	-	-	-	-	(30,738)	-	-	-	
Decommissioning and restoration provisions	vi	1,699	-	1,720	-	-	(21)	-	-	-	
Total adjustments - January 1, 2010		(29,039)	-	1,720	-	(5)	(30,252)	(502)	-	-	
Effect of translation to presentation currency - March 31, 2010	viii	(1,010)	-	60	-	-	-	-	-	(1,070)	
Adjustments on transition restated - March 31, 2010		(30,049)	-	1,780	-	(5)	(30,252)	(502)	-	(1,070)	
Employee share-based payments	i	-	-	-	-	-	108	(108)	-	-	
Non-employee share-based payments	i	-	-	-	-	-	926	(926)	-	-	
Employee benefits	iii	76	-	380	-	-	(297)	-	-	(7)	
Decommissioning and restoration provisions	vi	4	-	2	-	-	2	-	-	-	
Total adjustments - March 31, 2010		\$ (29,969)	\$ -	\$ 2,162	\$ -	\$ (5)	\$ (29,513)	\$ (1,536)	\$ -	\$ (1,077)	
Total adjustments - January 1, 2010		\$ (29,039)	\$ -	\$ 1,720	\$ -	\$ (5)	\$ (30,252)	\$ (502)	\$ -	\$ -	
Effect of transition to presentation currency - December 31, 2010	viii	(1,645)	-	98	-	-	-	-	-	(1,743)	
Adjustments on transition restated - December 31, 2010		(30,684)	-	1,818	-	(5)	(30,252)	(502)	-	(1,743)	
Employee share-based payments	i	(163)	-	-	-	(92)	1,265	(1,333)	-	(3)	
Non-employee share-based payments	i	1,103	-	-	-	-	(2,138)	3,221	-	20	
Flow-through share premium	ii	-	3,620	-	-	(3,620)	-	-	-	-	
Employee benefits	iii	291	-	1,450	-	-	(1,096)	-	-	(63)	
Borrowing costs	iv	2,703	-	-	-	-	2,698	-	-	5	
Convertible notes	v	-	-	-	92,751	-	12,909	-	(104,773)	(887)	
Decommissioning and restoration provisions	vi	1,745	-	1,734	-	-	11	-	-	-	
Total adjustments - December 31, 2010		\$ (25,005)	\$ 3,620	\$ 5,002	\$ 92,751	\$ (3,717)	\$ (16,603)	\$ 1,386	\$ (104,773)	\$ (2,671)	

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4. FIRST TIME ADOPTION OF IFRS (continued)

(c) Reconciliation of equity and comprehensive loss as previously reported under Canadian GAAP to IFRS (continued)

Notes to the IFRS reconciliation above

i. Share-based payments

Employee share-based payments

Under Canadian GAAP, the Group recognized each share-based payment award as a single pool with a fair value based on the specified vesting period for the overall arrangement. Under IFRS 2, the fair value of each tranche of a share-based payment award is considered a separate grant based on the vesting period with the fair value of each tranche determined separately and recognized as compensation expense over the term of its respective vesting period. In addition, IFRS requires that forfeitures be estimated in advance, whereas a policy choice existed under Canadian GAAP.

Accordingly, the Group recalculated the fair value of share-based payment awards and recognized the differences on transition date and in the three months ended March 31, 2010 and the year ended December 31, 2010.

Non-employee share-based payments

Under Canadian GAAP, the non-employee share-based payments were accounted for based on the more reliably measurable of the fair value of the consideration received, the fair value of the equity instruments, or liabilities incurred. Under IFRS 2, transactions with non-employees are measured at the fair value of the goods and services received unless that fair value cannot be estimated reliably. Only in rare cases where the entity cannot estimate reliably the fair value of the goods or services received, is the entity permitted to measure the goods or services received indirectly, by reference to the fair value of the equity instruments granted.

Accordingly, where applicable and practicable, the Group recognized the difference between the fair value of services and the fair value of equity instrument, which was the measurement used under Canadian GAAP, on transition date and in the three months ended March 31, 2010 and the year ended December 31, 2010.

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4. FIRST TIME ADOPTION OF IFRS (continued)

(c) Reconciliation of equity and comprehensive loss as previously reported under Canadian GAAP to IFRS (continued)

Notes to the IFRS reconciliation above (continued)

ii. Deferred taxes

Under IAS 12 *Income Taxes*, deferred income taxes are not recognized for temporary differences that arise from differences between the fair values and tax bases of assets acquired in a transaction other than a business combination. Under Canadian GAAP, deferred income taxes are recognized for such temporary differences. On transition to IFRS, the Group reversed the income tax benefit recognized on acquisition of Detour Lake property in October 2008. The impact of this adjustment was to decrease the property and equipment and increase the opening deficit by the same amount on transition date.

In accordance with IFRS interpretations, the premium of proceeds received on flow-through shares in excess of the market value of the shares on the date of issue represents the value of the liability relating to the transfer of income tax credits foregone and owing to investors upon renunciation. These liabilities on the Company's flow-through shares issued in November 2010 have been reclassified from issued capital to other liabilities as at December 31, 2010. As the Company fulfills its obligations by incurring the eligible expenditures, the premium from the proceeds received will be recorded as other income and the related deferred tax liability and expense recognized.

iii. Employee benefits

In relation to profit-sharing and bonus plans that are due for payment within twelve months after the end of the period in which the employees render the related service, Canadian GAAP requires an expense to be recognized in the period in which the service has been rendered, provided payment is probable and can be reliably estimated. IAS 19 *Employee Benefits* requires recognition when the entity has a present legal or constructive obligation to make a payment as a result of past events and a reliable estimate of the obligation can be made.

The presence of a constructive obligation resulted in more bonus costs being recognized under IFRS in the three months ended March 31, 2010 and the year ended December 31, 2010 and were recorded as additional provisions. The costs directly attributable to capital works-in-progress were capitalized in property and equipment and the remaining amounts were charged to loss in each period.

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4. FIRST TIME ADOPTION OF IFRS (continued)

(c) Reconciliation of equity and comprehensive loss as previously reported under Canadian GAAP to IFRS (continued)

Notes to the IFRS reconciliation above (continued)

iv. Borrowing costs

Under Canadian GAAP, the Group capitalized the borrowing costs on the convertible notes which were determined by applying a capitalization rate to the expenditures on the capital works-in-progress. Under IAS 23 *Borrowing Costs*, if the funds were borrowed specifically for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalization is the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings. As the convertible notes issued in December 2010 were specifically for the purpose of developing the Detour Lake project, all of the borrowing costs, net of any investment income, related to the convertible notes were required to be capitalized.

Accordingly, the Group capitalized the borrowing costs incurred to capital works-in-progress in property and equipment as at December 31, 2010.

v. Convertible notes

Under IAS 32 *Financial Instruments: Presentation* the equity conversion of the Senior Unsecured Notes (note 11) does not meet the criteria for equity classification and accordingly, is treated as a derivative liability that is measured at fair value on initial recognition as per IAS 39. Under Canadian GAAP, the equity conversion option was classified as equity in the Group's consolidated statement of financial position. Under IAS 39, the conversion option derivative is remeasured at fair value at each financial position reporting date, while under Canadian GAAP the equity portion was not remeasured.

Accordingly, the Group accounted for the equity conversion option as a derivative liability and recognized the differences in measurement on the date of Senior Unsecured Notes issuance and as at December 31, 2010.

vi. Decommissioning and restoration provisions

IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* ("IAS 37") requires provisions to be updated at each statement of financial position date using a current pre-tax discount rate which reflects current market assessment of the time value of money and the risk specific to the liability. Canadian GAAP required the use of current credit-adjusted, risk-free rate for upward adjustments, and the original credit-adjusted, risk-free rate for downward revisions.

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4. FIRST TIME ADOPTION OF IFRS (continued)

(c) Reconciliation of equity and comprehensive loss as previously reported under Canadian GAAP to IFRS (continued)

Notes to the IFRS reconciliation above (continued)

vi. Decommissioning and restoration provisions (continued)

This difference resulted in different discount rates being applicable for IFRS purposes than the discount rates used for Canadian GAAP. Accordingly, the Group was required to recalculate its decommissioning and restoration provisions and related asset amounts on transition. In performing the calculations, the IFRS 1 elective exemption for decommissioning liabilities was applied (note 4(a)ii).

Under Canadian GAAP, the unwinding of the discount was presented as an operation expense. Under IFRS, the unwinding of the discount is presented as a finance cost. Adjustments were required in the Group's consolidated statement of loss for the three months ended March 31, 2010 and the year ended December 31, 2010 reclassifying these amounts to finance costs and adjusting the Canadian GAAP amounts to the IFRS amounts.

vii. Other

Under IFRS, the Group classified its short-term, long-term investments and restricted investments as loans and receivables. Under Canadian GAAP, these financial instruments were classified as held-for-trading and carried at the amortized costs, which approximated the fair values on the transition date. On transition to IFRS, there was no impact to the Group's financial position as at January 1, 2010 from changing the classification of these financial instruments.

Reclassification adjustments in trade and other receivables and prepaid expenses and deposits were required in the condensed interim consolidated statement of financial position for each reporting dates presented to conform to the new presentation format under IFRS. Under Canadian GAAP, the before-mentioned asset categories were disclosed together on the statement of financial position; these assets are presented separately under IFRS format.

Reclassification adjustments in property and equipment were required in the condensed interim consolidated statement of financial position for each reporting dates presented to conform to the new presentation format under IFRS. Under Canadian GAAP, equipment and mineral property interests were disclosed in separate lines on the statement of financial position; these assets are presented together as property and equipment under IFRS format.

Certain amounts on the condensed interim consolidated statement of comprehensive loss and statement of cash flows have been reclassified to conform to the presentation adopted under IFRS.

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Notes to Condensed Interim Consolidated Financial Statements

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(unaudited)

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4. FIRST TIME ADOPTION OF IFRS (continued)

(c) Reconciliation of equity and comprehensive loss as previously reported under Canadian GAAP to IFRS (continued)

Notes to the IFRS reconciliation above (continued)

viii. Effect of translation to presentation currency

The effect of translation to presentation currency adjustments are not IFRS transition related. The translation differences arose due to the Company changing its functional currency as of January 1, 2011, which is the presentation currency for the comparative periods. As per IAS 21, the comparative period's assets and liabilities were translated at the closing rate at the statement of financial position date; income and expenses were translated using average rates which approximate the exchange rates at the dates of the translations for each statement of comprehensive loss; and all resulting exchange differences are recognized in other comprehensive loss (income).

Reconciliation of equity

		December 31 2010	March 31 2010	January 1 2010
	note 4(c)			
Equity under Canadian GAAP		\$ 807,716	\$ 418,513	\$ 413,060
Employee share-based payments	i	(160)	-	-
Non-employee share-based payments	i	1,083	-	-
Deferred taxes on asset acquisition	ii	(30,738)	(30,738)	(30,738)
Flow-through share premium	ii	(3,620)	-	-
Employee benefits	iii	(1,096)	(297)	-
Borrowing costs	iv	2,698	-	-
Convertible notes	v	(91,864)	-	-
Decommissioning and restoration provisions	vi	(10)	(19)	(21)
Total IFRS adjustments to equity		(123,707)	(31,054)	(30,759)
Effect of translation to presentation currency	viii	(2,671)	(1,077)	-
		(126,378)	(32,131)	(30,759)
Equity under IFRS		\$ 681,338	\$ 386,382	\$ 382,301

DETOUR GOLD CORPORATION**Notes to Condensed Interim Consolidated Financial Statements****March 31, 2011****(unaudited)****(Expressed in thousands of U.S. dollars, except share and per share amounts)****4. FIRST TIME ADOPTION OF IFRS (continued)****(c) Reconciliation of equity and comprehensive loss as previously reported under Canadian GAAP to IFRS (continued)*****Reconciliation of total comprehensive loss***

		Year ended December 31 2010	Three months ended March 31 2010
	note 4(c)		
Comprehensive loss under Canadian GAAP		\$ 31,084	\$ 2,270
Adjustments to loss			
Employee share-based payments	i	(1,265)	(108)
Non-employee share-based payments	i	2,138	(926)
Employee benefits	iii	1,096	297
Borrowing costs	iv	(2,698)	-
Convertible notes	v	(12,909)	-
Decommissioning and restoration provisions	vi	(11)	(2)
		(13,649)	(739)
Effect of translation to presentation currency	viii	2,671	1,077
		(10,978)	338
Comprehensive loss under IFRS		\$ 20,106	\$ 2,608

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5. CAPITAL AND PROPERTY RISK MANAGEMENT

(a) Capital risk

When managing capital, the Company's objective is to ensure the entity continues as a going concern as well as to maintain appropriate returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary, in order to support the acquisition, exploration and development of its projects. The Board of Directors does not establish criteria for quantitative return on capital for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company considers its capital to be equity, which comprises share capital, warrants and the convertible notes.

The properties in which the Company currently has an interest are at the exploration or development stage; as such, the Company is dependent on external financing to fund its activities. In order to carry out the planned project related development activities and pay for exploration and administrative costs, the Company will spend its existing working capital and plans to raise additional funds as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate. As part of this evaluation, management determined that adding a convertible note to its capital structure was appropriate.

The Company is not subject to any externally imposed capital requirements.

(b) Property risk

The Group's significant mineral property is the Detour Lake mine property (the "Mine Property"). Unless the Company acquires or develops additional significant properties, the Group will be solely dependent upon the Mine Property. If no additional mineral properties are acquired by the Company, any material development affecting the Mine Property could have a material effect on the Group's financial condition and results of operations.

6. 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 note 3 of the financial statements.

(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.

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6. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

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

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 derivative 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 11) are traded on a public exchange: the fair value for these notes has been estimated using the March 31, 2011 and December 31, 2010 closing prices. The fair value of the Class A Notes 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 described in note 11. The fair value of the embedded derivative in the Senior Unsecured Notes was estimated based on the assumptions disclosed in note 11. The financial assets and financial liabilities are presented according to the categorization of the financial instruments:

	March 31, 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	\$ 672,779	\$ 672,779	\$ 717,079	\$ 717,079
<i>Loans and receivables</i>				
Trade and other receivables	14,203	14,203	10,021	10,021
Short-term investments	239,565	239,565	254,428	254,428
Long-term investments	-	-	2,507	2,507
Restricted investments	28,991	28,991	28,326	28,326
Total financial assets	955,538	955,538	1,012,361	1,012,361
Financial liabilities				
<i>Fair value through profit or loss</i>				
Class A Notes (note 11)	82,500	82,500	76,500	76,500
Senior Unsecured Notes - embedded derivative (note 11)	182,705	182,705	157,573	157,573
<i>Other financial liabilities</i>				
Trade and other payables	86,567	86,567	39,365	39,365
Senior Unsecured Notes (note 11)	250,914	301,795	247,223	288,677
	602,686	653,567	520,661	562,115
	\$ 352,852	\$ 301,971	\$ 491,700	\$ 450,246

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6. 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
March 31, 2011				
Level 1	\$ 672,779	\$ -	\$ -	\$ 672,779
Level 2	\$ -	\$ 82,500	\$ 182,705	\$ 265,205
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 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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6. 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:

	March 31 2011	December 31 2010
Cash and cash equivalents	\$ 672,779	\$ 717,079
Trade and other receivables	14,203	10,021
Short-term investments	239,565	254,428
Long-term investments	-	2,507
Restricted investments	28,991	28,326
	\$ 955,538	\$ 1,012,361

The aging of trade and other receivables is as follows:

						March 31 2011	December 31 2010
	0-30 days	31-60 days	61-90 days	91-120 days	Over 120 days	Total	Total
Sales tax receivable	\$ 8,026	\$ 4,793	\$ -	\$ -	\$ -	\$ 12,819	\$ 7,843
Interest receivable	186	145	211	235	597	1,374	1,086
Other	10	-	-	-	-	10	1,092
	\$ 8,222	\$ 4,938	\$ 211	\$ 235	\$ 597	\$ 14,203	\$ 10,021

Credit risks related to financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed in accordance with a board approved policy. 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 amounts receivable consist of sales tax receivables and accrued interest on deposits held with service providers. All amounts receivable are in good standing as of March 31, 2011 and management believes that the credit risk concentration with respect to financial instruments included in amounts receivable is low.

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6. 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 continuously 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 is from the convertible notes described in note 11.

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	March 31 2011 Total	December 31 2010 Total
Trade and other payables	\$ 77,886	\$ -	\$ -	\$ -	\$ 77,886	\$ 39,365
Convertible notes	-	-	-	500,000	500,000	500,000
Interest payable on convertible notes	27,500	55,000	55,000	55,000	192,500	192,500
	\$ 105,386	\$ 55,000	\$ 55,000	\$ 555,000	\$ 770,386	\$ 731,865

As at March 31, 2011, the Group had liquid investments, excluding restricted investments, of \$912,344 (December 31, 2010 - \$974,014) to settle its contractual liabilities of \$770,386 (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 *Financial Instruments: Disclosures* 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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6. 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 March 31, 2011, the Company was not a gold producer, and as a result, gold price risk may affect the completion of 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.

The Group is also subject to price risk for changes in the Group's convertible notes market price as well as the Company's common share price, as these market variables affect the fair value of the Class A Notes (note 11) and the equity conversion option derivative embedded in the Senior Unsecured Notes (note 11). 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 March 31, 2011, would have affected the loss and comprehensive loss by \$8,250 (three months ended March 31, 2010 - \$nil). 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 three months ended March 31, 2011 loss and comprehensive loss by \$27,766 (three months ended March 31, 2010 - \$nil) and 10% decrease in the share price would have decreased the loss and comprehensive loss for the same period by \$53,844.

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 this risk.

Sensitivity to a plus or minus 1% change in interest rates on cash that is subject to floating interest rates could impact the reported loss and comprehensive loss for the year ending December 31, 2011 by approximately \$5,114 (December 31, 2010 - \$5,351).

With all other variables held constant, 10% increase in the interest rate as at March 31, 2011, would have affected the fair value of the equity conversion option derivative embedded in the Senior Unsecured Notes by \$7,524 (three months ended March 31, 2010 - \$nil), increasing the loss and comprehensive loss by the same amount; 10% decrease in the interest rate as at March 31, 2011 would have decreased the loss and comprehensive loss in for the same period by \$8,015.

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6. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk (continued)

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:

	March 31, 2011		December 31, 2010	
	Cdn dollar	Euro	Cdn dollar	Euro
Cash and cash equivalents	\$ 298,313	\$ 1	\$ 208,932	\$ -
Trade and other receivables	13,796	4	9,956	5
Short-term investments	213,890	10,225	239,473	10,202
Long-term investments	-	-	2,494	-
Restricted investments	28,174	-	28,174	-
Trade and other payables	(78,018)	-	(31,720)	-
Gross exposure	\$ 476,155	\$ 10,230	\$ 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, trade and other receivables, short-term investments, long-term investments, restricted investments, and trade and other payables; 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 11). The impact on loss and comprehensive loss from the fair value calculation assumes all other variables being constant.

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:

	March 31 2011	December 31 2010
Canadian dollar	\$ 4,900	\$ 4,598
Euro	145	137
	\$ 5,045	\$ 4,735

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6. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk (continued)

Currency risk (continued)

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 three months ended March 31, 2011 loss and comprehensive loss by \$27,766 (three months ended March 31, 2010 - \$nil) and 10% weakening in the U.S dollar against the Canadian dollar would have decreased the loss and comprehensive loss for the same period by \$53,844.

7. CASH, CASH EQUIVALENTS, LIQUID INVESTMENTS AND RESTRICTED INVESTMENTS

		March 31 2011	December 31 2010	January 1 2010
Cash	note 3(b)	\$ 522,966	\$ 547,086	\$ 122,186
Cash equivalents	note 3(b)	149,813	169,993	133,204
Short-term investments	note 3(d)	239,565	254,428	50,025
Long-term investments	note 3(e)	-	2,507	-
Restricted investments	i, note 3(c)	28,991	28,326	6,236
		\$ 941,335	\$ 1,002,340	\$ 311,651

- i. In October 2008, in relation to the Mine Property, the Company issued a Letter of Credit ("LC") in favour of the Ministry of Northern Development and Mines not to exceed \$6,744 (Cdn\$6,554) to cover the future estimated decommissioning and restoration obligations incurred during the original mine operation, on the Mine Property. The LC is secured by an equal value investment certificate, which bears interest at 5.17% and matures on October 21, 2013.

In September of 2010, in relation to the environmental permit approval process with respect to the Mine Property, the Company issued a second LC in favour of the Ministry of Northern Development and Mines not to exceed \$22,247 (Cdn\$21,620) to provide financial assurance regarding the closure plan submission related to the development of the future mining operation. The LC is secured by an investment certificate of equal value, which bears interest at 1.18% and matures on June 13, 2011.

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8. TRADE AND OTHER RECEIVABLES

	March 31 2011	December 31 2010	January 1 2010
Sales tax receivable	\$ 12,819	\$ 7,843	\$ 248
Interest receivable	1,374	1,086	187
Other	10	1,092	477
	\$ 14,203	\$ 10,021	\$ 912

9. 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 12)	-	4	-	-	5,076	5,080
Reclassification	-	(75,141)	-	-	75,141	-
Effect of translation to presentation currency (note 2(c))	-	-	-	54	4,258	4,312
As at December 31, 2010	332	-	5,021	2,481	192,072	199,906
Additions	12	-	-	142	129,757	129,911
Decommissioning and restoration provision adjustments (note 12)	-	-	-	-	2,375	2,375
As at March 31, 2011	\$ 344	\$ -	\$ 5,021	\$ 2,623	\$ 324,204	\$ 332,192
Accumulated depreciation						
As at January 1, 2010	\$ -	\$ -	\$ -	\$ 313	\$ -	\$ 313
Charge for the year	-	-	-	433	-	433
Effect of translation to to presentation currency (note 2(c))	-	-	-	18	-	18
As at December 31, 2010	-	-	-	764	-	764
Charge for the period	-	-	-	158	-	158
As at March 31, 2011	\$ -	\$ -	\$ -	\$ 922	\$ -	\$ 922
Net book value						
As at March 31, 2011	\$ 344	\$ -	\$ 5,021	\$ 1,701	\$ 324,204	\$ 331,270
As at December 31, 2010	\$ 332	\$ -	\$ 5,021	\$ 1,717	\$ 192,072	\$ 199,142
As at January 1, 2010	\$ -	\$ 75,137	\$ -	\$ 633	\$ -	\$ 75,770

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10. TRADE AND OTHER PAYABLES

	March 31 2011	December 31 2010	January 1 2010
Trade payables	\$ 32,137	\$ 21,111	\$ 2,572
Interest payable	9,014	2,138	-
Other payables and accruals	44,254	16,116	969
	\$ 85,405	\$ 39,365	\$ 3,541

11. CONVERTIBLE NOTES

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

	March 31 2011	December 31 2010
Fair value of Class A Notes	\$ 82,500	\$ 76,500
Debt component of Senior Unsecured Notes	250,914	247,223
Fair value of embedded derivatives of Senior Unsecured Notes	182,705	157,573
Interest payable	9,014	2,138
Convertible notes	\$ 525,133	\$ 483,434

Statement of Financial Position Presentation

Current liabilities

Trade and other payables	\$ 9,014	\$ 2,138
Current portion of convertible notes	82,500	76,500

Non-current liabilities

Convertible notes	433,619	404,796
Convertible notes	\$ 525,133	\$ 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").

\$250,000 of Notes were purchased by a syndicate of underwriters led by BMO Capital Markets 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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11. CONVERTIBLE NOTES (continued)

A trust indenture between the Company and Computershare Trust Company of Canada dated December 3, 2010, was entered into for each of (i) the Notes purchased by the syndicate of underwriters led by BMO Capital Markets; (ii) the Class A Notes; and (iii) the remaining Notes purchased by Paulson (collectively, the "Trust Indentures").

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 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.

In the event of a "Change of Control" (as defined in the Trust Indentures), the terms of the Trust Indentures require that the Company offer to purchase all of the Notes for an amount equal to the principal amount thereof and all accrued interest thereon. In addition, in certain circumstances where noteholders exercise their conversion rights following a Cash Change of Control (as defined in the Trust Indentures), such holders may be entitled to a Make Whole Premium (as defined by the Trust Indentures) in addition to their conversion rights set out above. The Make Whole Premium may be payable in common shares of the Company and/or cash depending on various circumstances.

The Trust Indentures obligate the Company to comply with certain reporting and other covenants that include limits on indebtedness.

As the Company may 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 March 31, 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.

For accounting purposes, the embedded derivative features in the Class A Notes, the cash settlement option and the equity conversion option, are fair value through profit or loss financial instruments. The Company has designated the entire Class A Notes as a financial liability measured at fair value through profit or loss, and therefore, the embedded derivatives are not separated from the debt component. The transaction costs of \$160 associated with the Class A Notes were charged to loss accordingly.

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11. CONVERTIBLE NOTES (continued)

The estimated fair value of the Class A Notes on the financial position reporting date was \$82,500 (December 31, 2010 - \$76,500) and the mark-to-market loss of \$6,000 was recognized during the three months ended March 31, 2011 (three months ended March 31, 2010 - \$nil) as financing costs. As at March 31, 2011, the carrying amount of the Class A Notes was \$7,500 (December 31, 2010 - \$1,500) higher than the face value of the Class A Notes. The Optional Settlement Provision provides that 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.

The Company has allocated on issuance of the Notes, a total of \$415,968 of the net proceeds to the Notes other than the Class A Notes ("Senior Unsecured Notes"). The Company determined that the Senior Unsecured Notes is a hybrid instrument, containing a debt component and an embedded derivative, which is the holder's equity conversion option, as a result of the debt being denominated in U.S. dollars and being convertible at a fixed conversion rate in U.S. dollars but at a variable rate in Canadian dollars, which was the Company's functional currency at the time of the Notes issuance. The debt component is classified as other financial liabilities and is measured at amortized cost using the effective interest rate method and the embedded derivative is classified as a financial liability at fair value through profit or loss with changes in fair value recognized in the statement of comprehensive loss. The difference between the host debt component and the principal amount of the Senior Unsecured Notes outstanding is accreted to loss over the expected life of the Senior Unsecured Notes.

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 March 31, 2011, December 31, 2010 and December 3, 2010 are as follows:

	March 31 2011	December 31 2010	December 3 2010
Expected life in years	6.67	6.92	7.00
Expected volatility ¹	45%	40%	40%
Risk free rate	2.90%	2.71%	2.37%
Underlying share price of the Company	\$31.55	\$29.35	\$29.50
Foreign exchange spot rate (Cdn\$ to US\$)	1.029	1.005	0.978
Conversion option exercise price	\$38.50	\$38.50	\$38.50

¹Expected 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 December 3, 2010, the closing date of the Notes issuance, the value of the equity conversion option embedded derivatives was \$173,554, and the value of the debt component of the Senior Unsecured Notes was \$251,446. The transaction costs of \$9,032 were applied on a pro-rata basis to the debt component and the embedded derivative. Transaction costs of \$3,688 associated with the embedded derivative were expensed as financing costs; transaction costs of \$5,344 associated with the debt component were netted against \$251,446, resulting in \$246,102 being recognized as the debt component of the Senior Unsecured Notes on inception. The debt component is amortized using the effective interest method: the carrying value of the debt

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11. CONVERTIBLE NOTES (continued)

component as at March 31, 2011 was \$250,914 (December 31, 2010 - \$247,223).

Based on the Company's valuation as at March 31, 2011, the fair value of the embedded derivative was \$182,705 (December 31, 2010 - \$157,573). The increase in fair value of \$25,132 (three months ended March 31, 2010 - \$nil) was expensed as financing costs for the three months ended March 31, 2011.

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		1,032		5,844	6,876
Accretion		-		3,691	3,691
Fair value change on Class A Notes		6,000		-	6,000
Fair value change on embedded derivative		-		25,132	25,132
Balance, March 31, 2011	\$	83,852	\$	441,281	\$ 525,133

In the three months ended March 31, 2011, the Company recorded interest charges of \$6,876 (three months ended March 31, 2010 - \$nil) and accretion costs of \$3,691 (three months ended March 31, 2010 - \$nil) related to the debt component of the Senior Unsecured Notes. 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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12. 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	-	76	76
Revision of estimated cash flows during the period	1,333	2,375	3,708
Balance, March 31, 2011	\$ 2,784	\$ 10,903	\$ 13,687
Current	1,687	303	1,990
Non-current	1,097	10,600	11,697
Balance, March 31, 2011	\$ 2,784	\$ 10,903	\$ 13,687

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). 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 dependant 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 \$10,903 (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 3.7% (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 \$22,551 (December 31, 2010 - \$16,450).

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12. PROVISIONS (continued)

Decommissioning and restoration (continued)

As at March 31, 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.

13. ISSUED CAPITAL

As at March 31, 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	133,400	2,537
Consideration for an interest in a mining property	iv	160,000	4,883
Effect of change of functional currency	note 2(c)	-	58,083
Balance, March 31, 2011	i	83,698,759	\$ 826,163

- 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 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

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13. ISSUED CAPITAL (continued)

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 16.
- 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.

- iv. For shares issued in 2010, refer to note 17. For shares issued in 2011, refer to note 16(c).

14. OTHER RESERVES

		March 31 2011	December 31 2010	January 1 2010
Share-based payments reserve	i	\$ 55,599	\$ 37,692	\$ 16,002
Foreign currency translation reserve	ii	-	47,860	10,797
		\$ 55,599	\$ 85,552	\$ 26,799

- 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. Refer to note 16.
- 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 (note 2(c)).

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15. LOSS PER SHARE

The calculation of basic and diluted loss per share for the three months ended March 31, 2011 was based on the loss attributable to common shareholders of \$32,083 (three months ended March 31, 2010 - \$15,677), and the weighted average number of common shares outstanding 83,555,108 (three months ended March 31, 2010 – 69,501,215). Diluted loss per share does not include the effect of share options, warrants, and convertible notes, as they are anti-dilutive.

16. 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	\$ 1,424	\$ -	\$ -	\$ 1,424
Corporate administration	3,530	-	-	3,530
Property and equipment	1,460	-	9,836	11,296
Addition to share-based payments reserve for three months ended March 31, 2011	\$ 6,414	\$ -	\$ 9,836	\$ 16,250
Exploration and evaluation	\$ 381	\$ -	\$ -	\$ 381
Corporate administration	2,866	-	-	2,866
Finance costs	-	223	-	223
Addition to share-based payments reserve for three months ended March 31, 2010	\$ 3,247	\$ 223	\$ -	\$ 3,470

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16. 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	619,600	31.87	30.96
Forfeited	(24,625)	19.03	18.49
Exercised	(133,400)	12.03	11.69
Balance, March 31, 2011	5,433,003	\$ 18.66	\$ 18.13

2,429,375 options were granted to employees, officers and directors in 2010, 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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16. SHARE-BASED PAYMENTS (continued)

(a) Share Option Plan (continued)

619,600 options were granted to employees, officers and directors in the three months ended March 31, 2011, 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 1.82%, a weighted average expected volatility of 74%, an expected dividend of \$nil, a forfeiture rate of 3.6%, and a weighted average expected life of 3.0 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. The weighted average grant rate fair value and exercise price of the options granted in the three months ended March 31, 2011 were \$15.29 (Cdn\$15.03) and \$31.49 (Cdn\$30.96) 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 March 31, 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	529,090	\$ 4.16	\$ 4.04	0.9	529,090	\$ 4.16	\$ 4.04	0.9
\$7.01-\$14.00	1,631,326	10.88	10.57	2.5	1,480,701	10.79	10.49	2.4
\$14.01-\$21.00	1,168,625	18.14	17.63	3.8	520,249	18.10	17.59	3.7
\$21.01-\$28.00	817,237	23.75	23.08	4.2	401,422	23.75	23.08	4.2
\$28.01-\$35.00	1,286,725	31.72	30.83	5.0	300,213	31.70	30.81	4.9
	5,433,003	\$ 18.66	\$ 18.13	3.5	3,231,675	\$ 14.44	\$ 14.03	2.8

(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 have an exercise price of \$15.77 (Cdn\$15.33) per common share and have a term of five years; fifty percent of the warrants vest six months after the date of issuance and the remaining warrants vest upon the achievement of certain prescribed milestones.

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 (note 19).

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(unaudited)

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

16. 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, March 31, 2011	500,000	500,000	\$ 15.77	\$ 15.33
Balance, December 31, 2010	500,000	500,000	\$ 15.41	\$ 15.33
Balance, January 1, 2010	500,000	500,000	\$ 14.59	\$ 15.33
Exercisable				
As at March 31, 2011	375,000	375,000	\$ 15.77	\$ 15.33
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 included the issuance of up to 1,125,000 common shares of the Company payable upon the achievement of certain project milestones. In the three months ended March 31, 2011, 160,000 common shares were issued pursuant to these agreements. Additional common shares will be issued 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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16. 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
March 31, 2011	965,000	\$ 30,445	2.3	160,000	\$ 4,883
December 31, 2010	425,000	12,249	2.5	-	-

17. EXPLORATION AND EVALUATION EXPENSES

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

	Three months ended March 31	
	2011	2010
Administration	\$ 168	\$ 54
Depreciation	39	30
Drilling programs	1,236	5,300
Environmental, government and community relations	3,887	1,223
Exploration supplies and services	625	2,778
Geological and geophysical investigations	526	86
Salaries and benefits	1,786	1,133
Total expenditures	\$ 8,267	\$ 10,604

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

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.

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17. EXPLORATION AND EVALUATION EXPENSES (continued)

Joint venture operations (continued)

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 \$1,029 (Cdn\$1,000), in which Trade Winds may acquire a one-half interest pursuant to a contribution of \$515 (Cdn\$500). During the three months ended March 31, 2011, the Company incurred \$1,655 (Cdn\$1,631) (three months ended March 31, 2010 - \$660 (Cdn\$686)) of expenditures relating to this joint venture operation. As at March 31, 2011, December 31, 2010, and January 1, 2010, \$1,668, \$483 and \$83 is included in accounts payable and accrued liabilities related to the Trade Winds joint venture, respectively.

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 \$1,029 (Cdn\$1,000) of exploration expenditures prior to September 30, 2012. As at March 31, 2011, \$121 is included in accounts payable and accrued liabilities related to the Conquest joint venture. There were no accounts payable and accrued liabilities related to the Conquest joint venture as at December 31, 2010 or January 1, 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.

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18. CORPORATE ADMINISTRATION EXPENSES

The corporate administration expenses for the Company are broken down as follows:

	Three months ended March 31	
	2011	2010
Salaries and benefits	\$ 6,346	\$ 4,127
Office, administration and other	616	325
Professional fees	519	361
Investor relations and promotions	69	116
Shareholders' information	21	11
Travel	261	155
Regulatory fees	235	96
Depreciation	118	35
Corporate administration expenses	\$ 8,185	\$ 5,226

19. FINANCE INCOME AND COSTS

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

	Three months ended March 31	
	2011	2010
Finance income		
Interest income	\$ (1,795)	\$ (410)
Other income	(1,145)	-
	(2,940)	(410)
Finance costs		
Fair value change of fair value through profit or loss financial instruments	note 11 31,132	-
Advisory fees	note 16(b) -	225
Unwinding of discount on decommissioning and restoration provisions	note 12 75	31
Bank charges and interests	5	1
Foreign exchange gain	(12,641)	-
	18,571	257
	\$ 15,631	\$ (153)

DETOUR GOLD CORPORATION

Notes to Condensed Interim Consolidated Financial Statements

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20. SUPPLEMENTAL CASH FLOW INFORMATION

	Three months ended March 31	
	2011	2010
Value of options exercised	\$ 957	\$ 1,795
Consideration for an interest in a mining property	\$ 4,883	\$ -
Income taxes paid	\$ -	\$ -
Interest paid	\$ -	\$ -

21. 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	55,000	192,500
Operating leases	998	1,737	1,205	-	3,940
Purchase commitments	401,146	324,283	-	-	725,429
Total commitments	\$ 429,644	\$ 381,020	\$ 56,205	\$ 555,000	\$ 1,421,869

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 to commence development of the Detour Lake project. Purchase commitments totaled \$725,429 and are expected to fall due over the next 21 months. 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.

22. EVENTS AFTER THE REPORTING DATE

On May 3, 2011 the Company closed the agreement with Caterpillar Financial ("Cat Financial") pursuant to which Cat Financial will underwrite \$105 million in mobile fleet equipment financing to fund the Company's acquisition of Cat mining, for the Detour Lake gold project in northeastern Ontario (the "Equipment Financing Facility").

The Equipment Financing Facility will be available to the Company upon the satisfactory completion of customary conditions precedent and will be used towards the acquisition cost of haulage trucks and ancillary equipment (the "Mobile Fleet") being supplied by Toromont (the "Lease"). The term of the Equipment Financing Facility is 5.5 years and will be secured by the Mobile Fleet. Title to the Mobile Fleet will transfer to the Company at the completion of the Lease.

**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. The March 31, 2011 unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). This report is dated June 9, 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, 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 Canadian dollar as the functional currency.

Business Overview

The Company's primary asset is the Detour Lake project, for which a positive feasibility study was completed on May 25, 2010. Reference can be made to the press release dated May 25, 2010 or the NI 43-101 compliant Technical Report for more details. The Company currently has no producing properties. A mineral resources and reserves update was released on January 31, 2011, which incorporated assay results of approximately 99,000 metres from the 2010 drilling program. Using the same parameters as the feasibility study (i.e. gold price of US\$850 per ounce and an exchange rate of 1.10), the open pit mineral reserves were estimated at 14.9 million ounces (449.5 million tonnes grading 1.03 g/t) with a strip ratio (waste to ore) of 3.9 to 1. The life of mine was increased to 21 years from 16 years at mill throughput ranging from 55,000 to 61,000 tpd. Based on the results obtained, Detour Gold is proceeding with further studies to assess the potential of increasing the milling rate once the operation has reached commercial production.

Development Activities

The Company continued to advance the development and mine infrastructure construction of its Detour Lake project during the first quarter ended March 31, 2011.

Infrastructure development progressed in the first quarter on the construction camp expansion, which reached a capacity of 653 beds while site manpower stood at 600 at the end of March 2011. By the end of April 2011, the construction camp accommodations reached 996 beds and will be expanded to 1,200 beds by the end of May.

Detailed engineering for the project continued throughout the quarter in support of the construction activities.

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The construction activities during the first quarter 2011 focused on the processing plant facilities and on the power line. Excavation, backfilling and concrete form preparation progressed for the plant site foundation areas. The first 135 kilometre segment of the power line from site to Island Falls commenced in early January 2011. As at March 31, 2011, the construction was ahead of schedule with 99% of the poles installed, 86% had been framed and 76% of the poles had been strung with wire. The Company expects to have the power line connected onto the provincial power grid in the third quarter of 2011 to support the expanded construction activities at the site. The second 45 kilometre segment of the power line, connecting to Fraserdale, is expected to be completed during the winter of 2012, which will provide the power capacity required to operate the mine.

Additionally, as at the end of the quarter, three of the five 1.2 MW units of the diesel power system were installed. The Company received, in advance of the delivery of its first CAT 795F haulage truck expected in June 2011, 25 truck tires.

Commitments for assets and services for the development of the project increased to \$725,429 million from \$457,498 as at December 31, 2010.

Exploration Activities

In the first quarter of 2011, Detour Gold completed 96 drill holes for a total of 33,285 metres of drilling to continue the infill drilling program on the western extension of the Detour Lake deposit. In addition, the Company completed ground geophysics induced polarization (IP) survey in several areas of the Detour Lake property. Detour Gold tested several exploration targets with 6 holes totaling 1,209 metres at the Sunday Lake property (Detour Gold has an option to earn a 50% interest).

During the first quarter of 2011, the Company released the results of the last 34 drill holes totaling 16,923 metres from its 2010 drilling program. These results were not included in the mineral resource and reserve update of January 2011. Assay results continued to indicate significant gold mineralization west of the current open pit limits.

Block A Property (Detour Gold 50% JV interest)

On January 5, 2011, the Joint Venture commenced a 30,000 metre drilling program on the Block A property. On March 31, 2011, Trade Winds Ventures Inc. ("Trade Winds") reported the assay results from the first seven holes of the program.

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Summary of Quarterly Results

	First Quarter 2011	Fourth Quarter 2010	Third Quarter 2010	Second Quarter 2010
Expenses ⁽¹⁾	\$ 16,452	\$ 13,420	\$ 13,394	\$ 19,082
Finance income	(\$ 2,940)	(\$ 1,416)	(\$ 1,081)	(\$ 485)
Fair value (gain)/loss	\$ 31,132	(\$ 14,480)	\$ -	\$ -
Loss for the period	\$ 32,083	\$ 10,260	\$ 12,233	\$ 18,999
Loss per share ⁽²⁾	\$ 0.38	\$ 0.12	\$ 0.15	\$ 0.27
Total assets	\$ 1,288,341	\$ 1,211,902	\$ 660,110	\$ 375,741

	First Quarter 2010	Fourth Quarter 2009⁽³⁾	Third Quarter 2009⁽³⁾	Second Quarter 2009⁽³⁾
Expenses ⁽¹⁾	\$ 15,831	\$ 15,165	\$ 10,026	\$ 7,785
Finance income	(\$ 410)	(\$ 298)	(\$ 146)	(\$ 267)
Loss for the period	\$ 15,677	\$ 13,852	\$ 7,586	\$ 5,655
Loss per share ⁽²⁾	\$ 0.23	\$ 0.23	\$ 0.15	\$ 0.12
Total assets	\$ 395,210	\$ 417,952	\$ 169,256	\$ 124,301

⁽¹⁾ Corporate administration and exploration and evaluation expenses

⁽²⁾ Basic and diluted loss per share

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

The loss from operations for the three month period ended March 31, 2011 was \$32,083, \$16,406 higher than the comparable period in 2010. The increase in the loss reflects lower exploration and evaluation costs and higher corporate administration and fair value losses included in finance costs.

Exploration and evaluation costs of \$8,267 were \$2,337 lower than the comparable period due primarily to the commencement in the second quarter of 2010 of capitalizing exploration and evaluation costs, following the completion of a feasibility study, which are related to the direct improvement in the resources and reserves associated with the Detour Lake property. Exploration and evaluation activities outside of the planned Detour Lake pit continue to be expensed, such as exploration on the Block A claim block. In the comparable period all exploration and expenditures were expensed. Offsetting the reduction was an increase of \$2,664 in environmental,

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governmental and community relations costs as a result of higher activity levels than those incurred in the comparable period in 2010.

Corporate and administration costs increased to \$8,185 which were \$2,959 higher than in the comparable period primarily as a result of higher salaries and benefits costs due to increased manpower levels.

In addition, the Company incurred a fair value mark to market loss of \$25,132 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 increase in the market pricing of the convertible notes which trade on the Over The Counter market resulting from an increase in the volatility assumption and the share price input in the option pricing model. In addition, a mark to market loss on the fair value adjustment of the \$75,000 Class A notes of \$6,000 was incurred during the first quarter of 2011 also as a result of the increased 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.

Higher interest income of \$1,795 as compared to \$410 in the comparable period resulted from higher balances in cash, cash equivalents, short-term and long-term investments.

Changes in Financial Position

The decrease in cash, cash equivalents, short-term and long-term investments from December 31, 2010 to March 31, 2011 was \$61,670 to \$912,344. The decrease in cash is primarily related to the project expenditures incurred during the first quarter of 2011 plus the exploration and evaluation expenditures and corporate administration.

Spending on the Detour Lake project during the first quarter of 2011 were \$67,606 as compared to \$263 in the comparative period which occurred prior to the project development. 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 March 31, 2011, total assets of \$1,288,341 which increased marginally from December 31, 2010 by \$76,439 primarily as a result of 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.

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"). \$250,000 of the Notes were purchased by a syndicate of underwriters and \$250,000 of the 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 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.

The Company did not raise any additional capital from the capital markets in the first quarter of 2011, however, subsequent to the quarter end the Company signed an agreement with Caterpillar Financial who will underwrite \$105 million in mobile fleet financing (See – "Events After The Reporting Date").

Also, the Company realized \$6,463 in proceeds on the exercise of stock options for the period ended March 31, 2011, as compared to \$3,219 in the comparative period in 2010.

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.

Detour Gold has sufficient funds to meet its 2011 planned expenditures. The Company will have to source additional financing to fully fund the development project including a potential cost overrun amount and funds to cover early start up anticipated in 2013. In the event that the capital markets for equity are not available, or the cost of capital is excessive, the Company may have to delay the development of the Detour Lake project. The Company maintains its surplus 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 holds foreign currencies (US dollar and Euro) to match the commitments made to ensure that the future foreign exchange exposures are fixed. At the date of this MD&A, management still was required to convert approximately \$148,000 in US dollar proceeds from the senior unsecured convertible notes and Class A notes to match its future Canadian dollar expenditure requirements.

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Commitments for 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
<i>\$ thousands</i>					
Repayment of convertible notes	\$500,000	\$ -	\$ -	\$ -	500,000
Interest on convertible notes	192,500	27,500	55,000	55,000	55,000
Operating leases	3,940	998	1,737	1,205	-
Purchase commitments ¹	725,429	401,146	324,283	-	-
Total commitments	\$1,421,869	\$429,644	\$381,020	\$56,205	\$555,000

(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.

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

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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. The cost estimates are updated annually, unless significant changes are identified in the interim period, 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 March 31, 2011 the estimated long-term portion of the Company's asset retirement obligation was \$10,600 (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.

Employee and management bonus plans

A liability is recognized for the amount expected to be paid under the Group's bonus plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably. Where the effect is material, the liabilities for bonus payments not expected to be settled within twelve months are discounted using a pre-tax risk-free rate, which most closely match the terms of maturity of the related liabilities.

Bonus liabilities expected to be settled within twelve months of the consolidated statement of financial position date are recognized in current provisions, and those that are not expected to settle within twelve months are recognized in non-current provisions.

As at March 31, 2011 the estimated current and long-term portions of the Company's employee and management bonus plan obligations were \$1,687 and \$1,097 respectively (December 31, 2010 - \$646 and \$805) and actual amounts payable may differ materially in the future when paid.

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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 are 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, such as costs related to Block A.

As at March 31, 2011, the Company's net value of its property and equipment interests was \$331,270 (December 31, 2010 - \$199,142). Mineral reserves and capitalized mine development expenditure 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 March 31, 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

The Company recorded stock-based payments related to its employees of \$4,954 (2010 - \$3,247) which were expensed and \$1,460 (2010 - \$ nil) which were capitalized to property and equipment for the three months ended March 31, 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.

Share-based Payments - Other

In connection with the Company's engagement in the fourth quarter of 2009 of Barclays Capital as its debt advisor and lead arranger for the financing of the Detour Lake project, the Company granted share purchase warrants as compensation. Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions and where quantifiable the expense is recorded at the estimated amount of an equivalent cash based compensation rate.

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For the three months ended March 31, 2011, \$nil and \$ (2010 - \$223) has been recorded in the Statement of Comprehensive Loss as Advisory Fees.

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 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 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 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 assumptions. The input assumptions used in the convertible note valuation as at March 31, 2011, December 31, 2010 and December 3, 2010 are as follows:

	March 31 2011	December 31 2010	December 3 2010
Expected life in years	6.67	6.92	7.00
Expected volatility ⁽¹⁾	45%	40%	40%
Risk free rate	2.90%	2.71%	2.37%
Underlying share price of the Company	\$31.55	\$29.35	\$29.50
Foreign exchange spot rate (Cdn\$ to US\$)	1.029	1.005	0.978
Conversion option exercise price	\$38.50	\$38.50	\$38.50

⁽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 December 3, 2010, the closing date of the Notes issuance, the value of the embedded derivatives was \$173,554 and the value of the debt component was \$251,446. Based on the Company's valuation as at March 31, 2011, the fair value of the embedded derivative was \$182,705 (December 31, 2010 - \$157,573). The increase in fair value of \$25,132 (three months ended March 31, 2010 - \$nil) was expensed as financing costs for the three months ended March 31, 2011.

If the Senior Unsecured Notes had been redeemed for shares on March 31, 2011 the fair value adjustment would have been reversed.

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Fair Value of the Class A Notes

The estimated fair value of the Class A Notes on the financial position reporting date was \$82,500 (December 31, 2010 - \$76,500) and the mark-to-market loss of \$6,000 was recognized during the three months ended March 31, 2011 (three months ended March 31, 2010 - \$nil) as financing costs. As at March 31, 2011, the carrying amount of the Class A Notes was \$7,500 (December 31, 2010 - \$1,500) higher than the face value of the Class A Notes. The Optional Settlement Provision provides that 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.

Financial Instruments and Other Instruments

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

Events After the Reporting Date

On May 3, 2011 the Company closed the agreement with Caterpillar Financial ("Cat Financial") pursuant to which Cat Financial will underwrite US\$105 million in mobile fleet equipment financing to fund the Company's acquisition of Cat mining equipment for the Detour Lake gold project in northeastern Ontario (the "Equipment Financing Facility").

The Equipment Financing Facility will be available to the Company upon the satisfactory completion of customary conditions precedent and will be used towards the acquisition cost of haulage trucks and ancillary equipment (the "Mobile Fleet") hereby referred to as the Lease. The term of the Equipment Financing Facility is 5.5 years and will be secured by the Mobile Fleet. Title to the Mobile Fleet will transfer to the Company at the completion of the Lease.

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 first 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. In preparing these financial statements, the Group's opening consolidated statement of financial position was prepared as at January 1, 2010, the Group's date of transition to IFRS. This note 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.

(a) Exemptions applied

IFRS 1 requires accounting policies to be applied retrospectively to determine the opening statement of financial position at the Group's transition date of January 1, 2010 and allows first-time adopters certain exemptions from the retrospective application on certain IFRSs. The Group has elected and applied the following exemptions:

i. Share-based payment transactions

A first-time adopter is encouraged, but not required, to apply IFRS 2 *Share-based Payment* ("IFRS 2") to equity instruments that were granted on or before November 7, 2002, or were granted after November 7, 2002 and vested before the entity's IFRS transition date. The Group elected the share-based payment option and as a result, has applied IFRS 2 retrospectively only for share-based payments that were granted after November 7, 2002, that had not vested at the date of transition.

ii. Decommissioning liabilities included in the cost of property and equipment

A first-time adopter has the option to apply International Financial Reporting Interpretations Committee 1 *Changes in Existing Decommissioning, Restoration and Similar Liabilities* ("IFRIC 1") retrospectively or prospectively. IFRIC 1 requires that the changes in decommissioning liabilities to be added to or deducted from the items of property, plant and equipment to which the changes relate. The Group elected to adopt IFRIC 1 prospectively at the transition date.

(b) Mandatory exceptions to retrospective application

IFRS 1 provides specific guidelines that a first-time adopter must adhere to under certain circumstances. The guideline pertaining to estimates applies to the Group, which prohibits the use of hindsight to create or revise estimates. Accordingly, the estimates previously made by the Group under Canadian GAAP are consistent with their application under IFRS.

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

The Group's transition from Canadian GAAP to IFRS has resulted in a number of adjustments to its consolidated statement of financial position for January 1, 2010, March 31, 2010 and December 31, 2010 and consolidated statement of comprehensive loss for the three months ended March 31, 2010 and the year ended December 31, 2010. The adoption of IFRS has had no impact on the net cash flows of the Group. The changes made to the consolidated statement of financial position and the consolidated statement of comprehensive loss has resulted in reclassifications of various amounts on the consolidated statement of cash flows. However, as there have been no changes to the net cash flows, no reconciliations have been presented.

Further details of the adjustments to the consolidated statements of financial position and comprehensive loss are provided in the following reconciliations and the notes that accompany the reconciliations.

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		December 31, 2010			March 31, 2010			January 1, 2010		
		Canadian GAAP	IFRS transition effect	IFRS	Canadian GAAP	IFRS transition effect	IFRS	Canadian GAAP	IFRS transition effect	IFRS
ASSETS										
Current assets										
Cash and cash equivalents		\$ 717,079	\$ -	\$ 717,079	\$ 173,437	\$ -	\$ 173,437	\$ 255,390	\$ -	\$ 255,390
Trade and other receivables	vii	10,021	-	10,021	889	-	889	912	-	912
Short-term investments	vii	254,428	-	254,428	135,296	-	135,296	50,025	-	50,025
Prepaid expenses and deposits	vii	399	-	399	446	-	446	579	-	579
Total current assets		981,927	-	981,927	310,068	-	310,068	306,906	-	306,906
Non-current assets										
Restricted investments	vii	28,326	-	28,326	6,453	-	6,453	6,236	-	6,236
Long-term investments	vii	2,507	-	2,507	-	-	-	-	-	-
Property and equipment	i,ii,iii,iv,vi,vii	224,147	(25,005)	199,142	108,658	(29,969)	78,689	104,809	(29,039)	75,770
Total non-current assets		254,980	(25,005)	229,975	115,111	(29,969)	85,142	111,045	(29,039)	82,006
Total assets		\$ 1,236,907	\$ (25,005)	\$ 1,211,902	\$ 425,179	\$ (29,969)	\$ 395,210	\$ 417,951	\$ (29,039)	\$ 388,912
EQUITY AND LIABILITIES										
Current liabilities										
Trade and other payables	ii	\$ 35,745	\$ 3,620	\$ 39,365	\$ 5,236	\$ -	\$ 5,236	\$ 3,541	\$ -	\$ 3,541
Current portion of convertible notes		76,500	-	76,500	-	-	-	-	-	-
Provisions	iii,vi	304	646	950	-	380	380	-	-	-
Total current liabilities		112,549	4,266	116,815	5,236	380	5,616	3,541	-	3,541
Non-current liabilities										
Convertible notes	v	312,045	92,751	404,796	-	-	-	-	-	-
Provisions	iii,vi	4,597	4,356	8,953	1,430	1,782	3,212	1,350	1,720	3,070
Total non-current liabilities		316,642	97,107	413,749	1,430	1,782	3,212	1,350	1,720	3,070
Total liabilities		429,191	101,373	530,564	6,666	2,162	8,828	4,891	1,720	6,611
Shareholders' equity										
Issued capital	i,ii	764,377	(3,717)	760,660	468,226	(5)	468,221	463,212	(5)	463,207
Accumulated deficit	i,ii,iii,iv,v,vi	(148,271)	(16,603)	(164,874)	(93,869)	(29,513)	(123,382)	(77,453)	(30,252)	(107,705)
Other reserves	i, viii	191,610	(106,058)	85,552	44,156	(2,613)	41,543	27,301	(502)	26,799
Total shareholders' equity		807,716	(126,378)	681,338	418,513	(32,131)	386,382	413,060	(30,759)	382,301
Total shareholders' equity and liabilities		\$ 1,236,907	\$ (25,005)	\$ 1,211,902	\$ 425,179	\$ (29,969)	\$ 395,210	\$ 417,951	\$ (29,039)	\$ 388,912

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	Year ended December 31, 2010			Three months ended March 31, 2010			
		Canadian	IFRS		Canadian	IFRS	
		GAAP	transition effect		IFRS	GAAP	transition effect
Expenses							
Exploration and evaluation	i	\$ 30,493	\$ -	\$ 30,493	\$ 10,604	\$ -	\$ 10,604
Corporate administration	i,iii	31,403	(169)	31,234	5,037	189	5,226
Loss (income) before							
finance items and tax		61,896	(169)	61,727	15,641	189	15,830
Finance income		(3,392)	-	(3,392)	(410)	-	(410)
Finance expense	iv,v,vi	12,314	(13,480)	(1,166)	1,185	(928)	257
Loss (income) for the period		70,818	(13,649)	57,169	16,416	(739)	15,677
Other comprehensive							
loss (income), net of tax							
Effect of translation to presentation currency	viii	(39,734)	2,671	(37,063)	(14,146)	1,077	(13,069)
Total comprehensive loss (income) for the period		\$ 31,084	\$ (10,978)	\$ 20,106	\$ 2,270	\$ 338	\$ 2,608

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Increase (decrease) due to transition to IFRS

								Other reserves		Effect of translation to presentation currency
		Property and equipment	Trade and Other payables	Provisions	Convertible notes	Issued capital	Accumulated deficit	Share-based payments reserve	Equity component reserve	
Employee share-based payments	i	\$ -	\$ -	\$ -	\$ -	\$ (5)	\$ 66	\$ (61)	\$ -	\$ -
Non-employee share-based payments	i	-	-	-	-	-	441	(441)	-	-
Deferred taxes on asset acquisition	ii	(30,738)	-	-	-	-	(30,738)	-	-	-
Decommissioning and restoration provisions	vi	1,699	-	1,720	-	-	(21)	-	-	-
Total adjustments - January 1, 2010		(29,039)	-	1,720	-	(5)	(30,252)	(502)	-	-
Effect of translation to presentation currency - March 31, 2010	viii	(1,010)	-	60	-	-	-	-	-	(1,070)
Adjustments on transition restated - March 31, 2010		(30,049)	-	1,780	-	(5)	(30,252)	(502)	-	(1,070)
Employee share-based payments	i	-	-	-	-	-	108	(108)	-	-
Non-employee share-based payments	i	-	-	-	-	-	926	(926)	-	-
Employee benefits	iii	76	-	380	-	-	(297)	-	-	(7)
Decommissioning and restoration provisions	vi	4	-	2	-	-	2	-	-	-
Total adjustments - March 31, 2010		\$ (29,969)	\$ -	\$ 2,162	\$ -	\$ (5)	\$ (29,513)	\$ (1,536)	\$ -	\$ (1,077)
Total adjustments - January 1, 2010		\$ (29,039)	\$ -	\$ 1,720	\$ -	\$ (5)	\$ (30,252)	\$ (502)	\$ -	\$ -
Effect of transition to presentation currency - December 31, 2010	viii	(1,645)	-	98	-	-	-	-	-	(1,743)
Adjustments on transition restated - December 31, 2010		(30,684)	-	1,818	-	(5)	(30,252)	(502)	-	(1,743)
Employee share-based payments	i	(163)	-	-	-	(92)	1,265	(1,333)	-	(3)
Non-employee share-based payments	i	1,103	-	-	-	-	(2,138)	3,221	-	20
Flow-through share premium	ii	-	3,620	-	-	(3,620)	-	-	-	-
Employee benefits	iii	291	-	1,450	-	-	(1,096)	-	-	(63)
Borrowing costs	iv	2,703	-	-	-	-	2,698	-	-	5
Convertible notes	v	-	-	-	92,751	-	12,909	-	(104,773)	(887)
Decommissioning and restoration provisions	vi	1,745	-	1,734	-	-	11	-	-	-
Total adjustments - December 31, 2010		\$ (25,005)	\$ 3,620	\$ 5,002	\$ 92,751	\$ (3,717)	\$ (16,603)	\$ 1,386	\$ (104,773)	\$ (2,671)

Notes to the IFRS reconciliation above

i. Share-based payments

Employee share-based payments

Under Canadian GAAP, the Group recognized each share-based payment award as a single pool with a fair value based on the specified vesting period for the overall arrangement. Under IFRS 2, the fair value of each tranche of a share-based payment award is considered a separate grant based on the vesting period with the fair value of each tranche determined separately and recognized as compensation expense over the term of its respective vesting period. In addition, IFRS requires that forfeitures be estimated in advance, whereas a policy choice existed under Canadian GAAP.

Accordingly, the Group recalculated the fair value of share-based payment awards and recognized the differences on transition date and in the three months ended March 31, 2010 and the year ended December 31, 2010.

Non-employee share-based payments

Under Canadian GAAP, the non-employee share-based payments were accounted for based on the more reliably measurable of the fair value of the consideration received, the fair value of the equity instruments, or liabilities incurred. Under IFRS 2, transactions with non-employees are measured at the fair value of the goods and services received unless that fair value cannot be estimated reliably. Only in rare cases where the entity cannot estimate reliably the fair value of the goods or services received, is the entity permitted to measure the goods or services received indirectly, by reference to the fair value of the equity instruments granted.

Accordingly, where applicable and practicable, the Group recognized the difference between the fair value of services and the fair value of equity instrument, which was the measurement used under Canadian GAAP, on transition date and in the three months ended March 31, 2010 and the year ended December 31, 2010.

ii. Deferred taxes

Under IAS 12 *Income Taxes*, deferred income taxes are not recognized for temporary differences that arise from differences between the fair values and tax bases of assets acquired in a transaction other than a business combination. Under Canadian GAAP, deferred income taxes are recognized for such temporary differences. On transition to IFRS, the Group reversed the income tax benefit recognized on acquisition of Detour Lake property in October 2008. The impact of this adjustment was to decrease the property and equipment and increase the opening deficit by the same amount on transition date.

In accordance with IFRS interpretations, the premium of proceeds received on flow-through shares in excess of the market value of the shares on the date of issue represents the value of the liability relating to the transfer of income tax credits foregone and owing to investors upon renunciation. These liabilities on the Company's flow-through shares issued in November 2010 have been reclassified from issued capital to other liabilities as at December 31, 2010 and will be reversed to reduce the deferred income tax expense recognized at the time that renunciation of costs occurs.

iii. Employee benefits

In relation to profit-sharing and bonus plans that are due for payment within twelve months after the end of the period in which the employees render the related service, Canadian GAAP requires an expense to be recognized in the period in which the service has been rendered, provided payment is probable and can be reliably estimated. IAS 19 *Employee Benefits* requires recognition when the entity has a present legal or constructive obligation to make a payment as a result of past events and a reliable estimate of the obligation can be made.

The presence of a constructive obligation resulted in more bonus costs being recognized under IFRS in the three months ended March 31, 2010 and the year ended December 31, 2010 and were recorded as additional provisions. The costs directly attributable to capital works-in-progress were capitalized in property and equipment and the remaining amounts were charged to loss in each period.

iv. Borrowing costs

Under Canadian GAAP, the Group capitalized the borrowing costs on the convertible notes which were determined by applying a capitalization rate to the expenditures on the capital works-in-progress. Under IAS 23 *Borrowing Costs*, if the funds were borrowed specifically for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalization is the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings. As the convertible notes issued in December 2010 were specifically for the purpose of developing the Detour Lake project, all of the borrowing costs, net of any investment income, related to the convertible notes were required to be capitalized.

Accordingly, the Group capitalized the borrowing costs incurred to capital works-in-progress in property and equipment as at December 31, 2010.

v. Convertible notes

Under IAS 32 *Financial Instruments: Presentation* the equity conversion of the Senior Unsecured Notes (note 11) does not meet the criteria for equity classification and accordingly, is treated as a derivative liability that is measured at fair value on initial recognition as per IAS 39. Under Canadian GAAP, the equity conversion option was classified as equity in the Group's consolidated statement of financial position. Under IAS 39, the conversion option derivative is remeasured at fair value at each financial position reporting date, while under Canadian GAAP the equity portion was not remeasured.

Accordingly, the Group accounted for the equity conversion option as a derivative liability and recognized the differences in measurement on the date of Senior Unsecured Notes issuance and as at December 31, 2010.

vi. Decommissioning and restoration provisions

IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* ("IAS 37") requires provisions to be updated at each statement of financial position date using a current pre-tax discount rate which reflects current market assessment of the time value of money and the risk specific to the liability. Canadian GAAP required the use of current credit-adjusted, risk-free rate for upward adjustments, and the original credit-adjusted, risk-free rate for downward revisions.

vi. Decommissioning and restoration provisions (continued)

This difference resulted in different discount rates being applicable for IFRS purposes than the discount rates used for Canadian GAAP. Accordingly, the Group was required to recalculate its decommissioning and restoration provisions and related asset amounts on transition. In performing the calculations, the IFRS 1 elective exemption for decommissioning liabilities was applied (note 4(a)ii).

Under Canadian GAAP, the unwinding of the discount was presented as an operation expense. Under IFRS, the unwinding of the discount is presented as a finance cost. Adjustments were required in the Group's consolidated statement of loss for the three months ended March 31, 2010 and the year ended December 31, 2010 reclassifying these amounts to finance costs and adjusting the Canadian GAAP amounts to the IFRS amounts.

vii. Other

Under IFRS, the Group classified its short-term, long-term investments and restricted investments as loans and receivables. Under Canadian GAAP, these financial instruments were classified as held-for-trading and carried at the amortized costs, which approximated the fair values on the transition date. On transition to IFRS, there was no impact to the Group's financial position as at January 1, 2010 from changing the classification of these financial instruments.

Reclassification adjustments in trade and other receivables and prepaid expenses and deposits were required in the condensed interim consolidated statement of financial position for each reporting dates presented to conform to the new presentation format under IFRS. Under Canadian GAAP, the before-mentioned asset categories were disclosed together on the statement of financial position; these assets are presented separately under IFRS format.

Reclassification adjustments in property and equipment were required in the condensed interim consolidated statement of financial position for each reporting dates presented to conform to the new presentation format under IFRS. Under Canadian GAAP, equipment and mineral property interests were disclosed in separate lines on the statement of financial position; these assets are presented together as property and equipment under IFRS format.

Certain amounts on the condensed interim consolidated statement of comprehensive loss and statement of cash flows have been reclassified to conform to the presentation adopted under IFRS.

viii. Effect of translation to presentation currency

The effect of translation to presentation currency adjustments are not IFRS transition related. The translation differences arose due to the Company changing its functional currency as of January 1, 2011, which is the presentation currency for the comparative periods. As per IAS 21, the comparative period's assets and liabilities were translated at the closing rate at the statement of financial position date; income and expenses were translated using average rates which approximate the exchange rates at the dates of the translations for each statement of comprehensive loss; and all resulting exchange differences are recognized in other comprehensive loss (income).

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Reconciliation of equity

		December 31 2010	March 31 2010	January 1 2010
Equity under Canadian GAAP		\$ 807,716	\$ 418,513	\$ 413,060
Employee share-based payments	i	(160)	-	-
Non-employee share-based payments	i	1,083	-	-
Deferred taxes on asset acquisition	ii	(30,738)	(30,738)	(30,738)
Flow-through share premium	ii	(3,620)	-	-
Employee benefits	iii	(1,096)	(297)	-
Borrowing costs	iv	2,698	-	-
Convertible notes	v	(91,864)	-	-
Decommissioning and restoration provisions	vi	(10)	(19)	(21)
Total IFRS adjustments to equity		(123,707)	(31,054)	(30,759)
Effect of translation to presentation currency	viii	(2,671)	(1,077)	-
		(126,378)	(32,131)	(30,759)
Equity under IFRS		\$ 681,338	\$ 386,382	\$ 382,301

Reconciliation of total comprehensive loss

		Year ended December 31 2010	Three months ended March 31 2010
Comprehensive loss under Canadian GAAP		\$ 31,084	\$ 2,270
Adjustments to loss			
Employee share-based payments	i	(1,265)	(108)
Non-employee share-based payments	i	2,138	(926)
Employee benefits	iii	1,096	297
Borrowing costs	iv	(2,698)	-
Convertible notes	v	(12,909)	-
Decommissioning and restoration provisions	vi	(11)	(2)
		(13,649)	(739)
Effect of translation to presentation currency	viii	2,671	1,077
		(10,978)	338
Comprehensive loss under IFRS		\$ 20,106	\$ 2,608

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Outlook

The Detour Lake project remains the focus of development and exploration efforts over the short to medium term following the substantial de-risking of the project in 2010 which included the completion of a positive feasibility study, signing of aboriginal agreements, receipt of the provincial construction permits and financing a significant portion of the capital costs through the issuance of senior unsecured convertible notes and equity totaling approximately \$800 million in gross proceeds.

With infrastructure development now well underway and 17% having been spent to date against the project budget which totals approximately Cdn\$1.2 billion the focus will be on proceeding to a full scale ramp up of the project construction in the latter portion of 2011. The planned expenditures in 2011 remain at approximately \$500 million which will be financed from existing cash resources. The peak activity level will occur in the latter half of the year as the mill construction, the single largest expenditure for the project, reaches its full construction level.

Near term goals for 2011 include completing the process to secure the remaining federal permits necessary to allow for operations to commence after the completion of the 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 post the construction period currently projected to end at the end of 2012. Another goal for 2011 includes completion of a desktop study to evaluate the potential to expand the mine and mill production beyond 60,000 tonnes per day, however, the results of which will only be finalized following the future mine is operational. In addition the Company will also have to complete the financing of the projected capital costs within the next 12 months prior to depleting its cash resources on hand. Such financing would most likely be completed with equity as the Company has already secured approximately 50% of the project capital costs in debt as a result of the \$500 million in senior unsecured convertible notes and cash settlement notes completed in December 2010 plus the mobile fleet leasing arrangement for up to \$105 million with the equipment supplier.

The Company also continues its exploration and resource advancement efforts at and around the site in 2011 with a budget of approximately \$18 million and which includes the evaluation of the newly acquired Conquest properties in search of additional resources. As well, drilling to the west of the known reserves and resources continues as it did in 2010 in support of a further update of the Company's mineral reserves. Depending on the results of these programs, they programs may be further expanded.

Outstanding Share Data

As at June 9, 2011, the date of this MD&A, the Company had the following securities outstanding:

	Number
Common shares	83,813,808
Share purchase options	5,553,538
Share purchase options – PDX amalgamation	296,666
Warrants	500,000
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.

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:

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- 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.

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.