



DETOUR GOLD

DETOUR GOLD CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2009 AND 2008

(EXPRESSED IN CANADIAN DOLLARS UNLESS OTHERWISE NOTED)

Management's Responsibility for Financial Reporting

The accompanying audited consolidated balance sheets as at December 31, 2009 and 2008 and the audited related consolidated statements of loss and comprehensive loss, cash flows and shareholders' equity for each of the years then ended of Detour Gold Corporation (the "Company") were prepared by management in accordance with Canadian generally accepted accounting principles. Management acknowledges responsibility for the preparation and presentation of the audited annual consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances.

Management has established systems of internal control over the financial reporting process which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors is responsible for reviewing and approving the audited annual consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting and disclosure process and the audited annual consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the audited annual consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

Conclusion Relating to Disclosure Controls and Procedures

An evaluation was performed under the supervision of and with the participation of management, including the President and Chief Executive Officer and the Chief Financial Officer, of the effectiveness of the Company's disclosure controls and procedures as defined in the National Instrument 52-109. Based on that evaluation, the President and Chief Executive Officer and the Chief Financial Officer concluded that the design and operation of the Company's disclosure controls and procedures were effective as at December 31, 2009.

Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate control over financial reporting. Management conducted an evaluation of the effectiveness of internal control over financial reporting based on "Internal Control Over Financial Reporting – Guidance For Smaller Public Companies" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that the Company's internal control over financial reporting was effective as at December 31, 2009.

/s/ Gerald S. Panneton
Gerald S. Panneton
President and Chief Executive Officer

/s/ Paul Martin
Paul Martin
Chief Financial Officer

Toronto, Canada
March 11, 2010





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AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the consolidated balance sheet of Detour Gold Corporation as at December 31, 2009 and the consolidated statements of loss and comprehensive loss, cash flows and changes in shareholders' equity for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The consolidated financial statements as at December 31, 2008 and for the year then ended were audited by other auditors, who expressed an opinion without reservation on those statements in their report, dated March 9, 2009.

Chartered Accountants, Licensed Public Accountants

Toronto, Canada

March 11, 2010

DETOUR GOLD CORPORATION

Consolidated Balance Sheets

(in thousands of dollars)

(Expressed in Canadian Dollars unless otherwise noted)

	December 31, 2009	December 31, 2008
ASSETS		
Current assets		
Cash and cash equivalents	\$ 268,408	\$ 127
Short-term investments	52,575	43,532
Amounts receivable and prepaids	1,568	1,749
Deferred transaction costs	-	450
	322,551	45,858
Restricted cash (note 5)	6,554	6,554
Property and equipment (note 6)	665	473
Mineral property interests (note 8)	109,486	109,486
	\$ 439,256	\$ 162,371

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities

Accounts payable and accrued liabilities (note 13) \$ 3,721 \$ 5,769

Asset retirement obligations (note 9) 1,419 1,292

Future income tax liability (note 12) - 10,503

5,140 17,564

Shareholders' equity (note 10) 434,116 144,807

\$ 439,256 \$ 162,371

Commitments and contingencies (note 5, 7, 8, and 15)

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

Approved on behalf of the Board of Directors:

/s/ Gerald S. Panneton

/s/ Ronald W. Thiessen

Gerald S. Panneton
Director

Ronald W. Thiessen
Director



DETOUR GOLD

DETOUR GOLD CORPORATION

Consolidated Statements of Loss and Comprehensive Loss

(in thousands of dollars except per share amounts)

(Expressed in Canadian Dollars unless otherwise noted)

	Year ended December 31, 2009	Year ended December 31, 2008
Expenses		
Exploration (note 11)	\$ 27,124	\$ 30,220
Stock-based compensation (note 10(d))	11,291	5,714
Salaries and management fees	3,723	1,599
Termination payment	-	2,099
Office, administration and other	1,031	313
Professional fees	688	745
Advisory costs (note 10(e))	585	-
Investor relations and promotion	573	597
Shareholders' information	203	143
Travel	173	129
Regulatory fees	138	66
Accretion (note 9)	127	-
Amortization	81	27
Loss before the under noted	(45,737)	(41,652)
Interest income	1,182	1,956
Loss before future income tax recovery	(44,555)	(39,696)
Future income tax recovery (note 12)	7,746	9,885
Loss and comprehensive loss	\$ (36,809)	\$ (29,811)
Basic and diluted loss per share	\$ (0.78)	\$ (0.69)
Weighted average number of common shares	47,409,097	43,467,701

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



DETOUR GOLD

DETOUR GOLD CORPORATION

Consolidated Statements of Cash Flows

(in thousands of dollars)

(Expressed in Canadian Dollars unless otherwise noted)

	Year ended December 31, 2009	Year ended December 31, 2008
Cash provided by (used in)		
OPERATING ACTIVITIES		
Loss for the year	\$ (36,809)	\$ (29,811)
Items not involving cash:		
Amortization	81	27
Amortization included in exploration	104	96
Accretion (note 9)	127	-
Advisory costs (note 10(e))	585	-
Future income tax recovery (note 12)	(7,746)	(9,885)
Stock-based compensation (note 10(d))	11,291	5,714
	(32,367)	(33,859)
Changes in non-cash working capital items:		
Amounts receivable and prepaids	301	(1,110)
Accounts payable and accrued liabilities	(2,061)	3,048
	(34,127)	(31,921)
INVESTING ACTIVITIES		
Amalgamation costs of PDX Resources Inc., net of cash acquired (note 7)	(4,561)	-
Cash deposits held as security (note 5)	-	(6,554)
Purchase of property and equipment	(377)	(209)
Purchase of short-term investments	(128,878)	(50,030)
Redemption of short-term investments	119,836	6,498
	(13,980)	(50,295)
FINANCING ACTIVITIES		
Securities issued for cash	323,418	65,200
Share issuance costs	(14,084)	(3,580)
Exercise of warrants for cash	-	121
Exercise of options for cash	7,054	1,683
	316,388	63,424
Change in cash and cash equivalents	268,281	(18,792)
Cash and cash equivalents, beginning of year	127	18,919
Cash and cash equivalents, end of year	\$ 268,408	\$ 127
Supplemental information (note 14)		

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



DETOUR GOLD

DETOUR GOLD CORPORATION

Consolidated Statements of Shareholders' Equity

(In thousands of dollars except per security amounts)

(Expressed in Canadian Dollars unless otherwise noted)

	Common shares		Warrants		Contributed surplus (\$)	Deficit (\$)	Shareholders' equity (\$)
	(#)	(\$)	(#)	(\$)			
Balance at December 31, 2007	40,468,500	114,281	31,500	25	2,659	(12,529)	104,436
Special warrants issued (note 10(a))	-	-	4,000,000	62,664	-	-	62,664
Shares issued upon exercise of warrants	31,500	146	(31,500)	(25)	-	-	121
Shares issued upon exercise of stock options	363,800	2,554	-	-	(871)	-	1,683
Conversion of Special Warrants (note 10(a))	4,000,000	62,664	(4,000,000)	(62,664)	-	-	-
Stock-based compensation (note 10(d))	-	-	-	-	5,714	-	5,714
Net loss for the year	-	-	-	-	-	(29,811)	(29,811)
Balance at December 31, 2008	44,863,800	179,645	-	-	7,502	(42,340)	144,807
Shares issued upon exercise of stock options	1,123,236	10,785	-	-	(3,731)	-	7,054
Stock-based compensation (note 10(d))	-	-	-	-	11,291	-	11,291
Stock-based compensation (notes 7 and 10(d))	-	-	-	-	2,851	-	2,851
Acquisition of PDX Resources Inc. and corresponding share cancellation (note 7)	(302)	(1)	-	-	-	(6,664)	(6,665)
Public offerings (note 10(c))	23,299,500	311,015	-	-	-	-	311,015
Issue of warrants (note 10(e))	-	-	500,000	572	-	-	572
Net loss for the year	-	-	-	-	-	(36,809)	(36,809)
Balance at December 31, 2009	69,286,234	501,444	500,000	572	17,913	(85,813)	434,116

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



DETOUR GOLD

DETOUR GOLD CORPORATION

Notes to Consolidated Financial Statements

December 31, 2009 and 2008

(In thousands of dollars except per security amounts)

(Expressed in Canadian Dollars unless otherwise noted)

1. NATURE AND CONTINUANCE OF OPERATIONS

Detour Gold Corporation (the "Company") was incorporated on July 19, 2006 under the Canada Business Corporations Act. The principal business of the Company 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 mineral property interests is dependant 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). Outlined below are those policies considered particularly significant.

(a) Use of estimates

The preparation of consolidated financial statements in conformity with Canadian GAAP 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. Actual results could differ from those estimates.

Significant areas requiring the use of management estimates include the determination of potential impairments of mineral property interests, the valuation of future income tax assets and liabilities, the assumptions used in determining asset retirement obligations and the fair value of stock-based compensation and other stock-based payments.

(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.



DETOUR GOLD

DETOUR GOLD CORPORATION

Notes to Consolidated Financial Statements

December 31, 2009 and 2008

(In thousands of dollars except per security amounts)

(Expressed in Canadian Dollars unless otherwise noted)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Restricted cash

Restricted cash consists of cash for asset retirement obligations. Restricted cash is recorded at cost and interest earned is recorded as interest income when earned.

(d) Short-term investments

Short-term investments include interest bearing instruments with original maturities between three months and less than one year at the time the investment is made. Short-term investments are reported at market. As at December 31, 2009, short-term investments comprise guaranteed investment certificates of \$52,575 (December 31, 2008 - \$43,532) bearing fixed interest rates.

(e) Financial instruments and comprehensive loss

All financial instruments are classified into one of the following five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments, including derivatives, are measured in the balance sheet at fair value except for loans and receivables, held to maturity investments and other financial liabilities which are measured at amortized cost using the effective interest method. Subsequent measurement and changes in fair value will depend on their initial classification, as follows: held-for-trading financial assets are measured at fair value and changes in fair value are recognized in the statement of loss for the year in which they arise; available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive loss until the investment is de-recognized or impaired at which time the amounts would be recorded in the statement of loss.

The Company has made the following classifications:

Cash	Held for trading
Short-term investments	Held for trading
Restricted cash	Held for trading
Accounts receivable	Loans and receivables
Accounts payable and accrued liabilities	Other liabilities

Transaction costs are expensed as incurred for financial instruments classified as held for trading. For other financial instruments, transaction costs are expensed on initial recognition. The Company accounts for regular purchases and sales of financial assets using trade date accounting.



DETOUR GOLD CORPORATION

Notes to Consolidated Financial Statements

December 31, 2009 and 2008

(In thousands of dollars except per security amounts)

(Expressed in Canadian Dollars unless otherwise noted)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Property and equipment amortization

Property, plant and equipment are recorded at cost and are depreciated using the straight-line method over the following periods:

Mobile equipment	5 years
Furniture and fixtures	5 years
Computer equipment and software	3 years
Machinery and equipment	5 years
Leasehold improvements	Term of lease

Amortization of mobile equipment as well as machinery and equipment used directly in exploration projects is included in exploration expenditures.

(g) Mineral property interests

The acquisition costs of mineral property interests are deferred until the properties are placed into production, sold or abandoned. These costs will be amortized on a unit-of-production basis over the estimated useful life of the related property following the commencement of production, or written off if the properties are sold, allowed to lapse or abandoned, or when impairment has been determined to have occurred. If the deferred mineral property costs are determined not to be recoverable over the estimated useful life of the property or are greater than the estimated fair market value of the property, the unrecoverable portion is charged to operations in the period of such determination.

Exploration costs are expensed in the period incurred until such time as economic ore reserves have been identified by a feasibility study. Subsequent development costs of the property will be capitalized. Option payments which are solely at the Company's discretion are recorded as they are made.

(h) Impairment of long-lived assets

The Company reviews and evaluates its long-lived assets, including its mineral property interests and property and equipment, for impairment when events or changes in circumstances indicate that the related carrying amounts may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the estimated undiscounted future cash flows expected to be generated by the asset. Measurement of an impairment loss is based on the excess of the carrying value of the asset over its estimated fair value.



DETOUR GOLD

DETOUR GOLD CORPORATION

Notes to Consolidated Financial Statements

December 31, 2009 and 2008

(In thousands of dollars except per security amounts)

(Expressed in Canadian Dollars unless otherwise noted)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Asset retirement obligations

The accounting for asset retirement obligations encompasses the accounting for legal obligations associated with the retirement of a long-lived tangible asset that results from the acquisition, construction, development and/or normal operation of a long-lived asset.

The estimated fair value of a liability for an asset retirement obligation is recorded in the period in which it is incurred. When the liability is initially recorded, the cost is capitalized by increasing the cost of the related long-lived asset. The capitalized cost will be amortized on a unit-of-production basis when put in use. Changes in the liability for an asset retirement obligation resulting from the passage of time and/or revisions to either the timing or the amount of the original estimate of undiscounted cash flows are recognized in the period of change. Over time, the liability is increased to reflect an interest element (accretion expense) considered in the initial measurement of the estimated fair value.

It is possible that the Company's estimates of its asset retirement obligations could change as a result of changes in regulations, the extent of environmental remediation required, the means and timing of reclamation and changes in cost estimates. Changes in estimates are accounted for prospectively from the period in which these estimates are revised.

(j) Future income taxes

The Company uses the asset and liability method of accounting for income taxes. Under the asset and liability method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of enactment or substantive enactment.

A valuation allowance is recorded against any future income tax asset if it is more likely than not that the asset will not be realized. Income tax expense or benefit is the sum of the Corporation's provision for the current income taxes and the difference between the opening and ending balances of the future income tax assets and liabilities.

(k) Loss per share

Basic loss per share is calculated by dividing the loss for the period by the weighted average number of common shares outstanding during the period. Diluted loss per share is calculated using the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding used for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive stock options and warrants are used to repurchase common shares at the average market price during the period. The effect of potential issuances of shares under stock options and warrants would be anti-dilutive, and accordingly basic and diluted loss per share are the same.



DETOUR GOLD

DETOUR GOLD CORPORATION

Notes to Consolidated Financial Statements

December 31, 2009 and 2008

(In thousands of dollars except per security amounts)

(Expressed in Canadian Dollars unless otherwise noted)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Stock-based compensation

The fair value of stock options granted is estimated using the Black-Scholes option pricing model with assumptions for risk-free interest rates, dividend yields, volatility and the expected life of the options. Forfeitures are recorded based on actual occurrences. The Company charges costs related to stock-based compensation to operations over the vesting period with a corresponding credit to contributed surplus.

Consideration received on the exercise of stock options is recorded as share capital and the related contributed surplus is transferred to share capital.

(m) Translation of foreign currencies

The Canadian dollar is the Company's reporting and functional currency. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate in effect at the balance sheet date and non-monetary assets and liabilities at the exchange rates in effect at the time of acquisition or issue. Revenues and expenses are translated at exchange rates in a manner that produces substantially the same reporting amounts that would have resulted had the underlying transactions been translated on the dates they occurred. Exchange gains or losses arising on translation are included in net loss for the period.

(n) New accounting policies adopted

Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

In January 2009, the Emerging Issues Committee ("EIC") of the CICA issued EIC-173, "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities", which establishes that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities, including derivative instruments. The adoption of this abstract had no impact on the Company's presentation of its financial position or results of operations as at and for the year ended December 31, 2009.

Mining Exploration Costs

On March 27, 2009, the EIC of the CICA approved an abstract EIC-174, "Mining Exploration Costs", which provides guidance on capitalization of exploration costs related to mining properties in particular, and on impairment of long-lived assets in general. The adoption of this abstract had no impact on the Company's presentation of its financial position or results of operations as at and for the year ended December 31, 2009.

Joint Ventures

A portion of the Company's exploration activities is conducted jointly with others wherein the Company has entered into an agreement that provides for a specified interest in a mining exploration property. The Company accounts for its investment in the joint venture using the proportionate consolidation method.



DETOUR GOLD

DETOUR GOLD CORPORATION

Notes to Consolidated Financial Statements

December 31, 2009 and 2008

(In thousands of dollars except per security amounts)

(Expressed in Canadian Dollars unless otherwise noted)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) New accounting policies adopted (Continued)

Goodwill and Intangible Assets

Effective January 1, 2009, the Company adopted CICA Section 3064, "Goodwill and Intangible Assets" which replaces CICA Sections 3062, "Goodwill and Other Intangible Assets" and 3450 "Research and Development Costs", as well as EIC-27, "Revenues and Expenditures During the Pre-operating Period", and part of Accounting Guideline 11, "Enterprises in the development stage". Under previous Canadian standards, a greater number of items were recognized as assets than are recognized under International Financial Reporting Standards ("IFRS"). The provisions relating to the definition and initial recognition of intangible assets reduce the differences with IFRS in the accounting for intangible assets. The objectives of CICA 3064 are: 1) to reinforce the principle-based approach to the recognition of assets; 2) to establish the criteria for asset recognition; and 3) to clarify the application of the concept of matching revenues and expenses such that the current practice of recognizing items that do not meet the recognition criteria is eliminated. The standard also provides guidance for the recognition of internally developed intangible assets (including research and development activities), ensuring consistent treatment of all intangible assets. The portions in the standard relating to goodwill remain unchanged. The adoption of this standard had no impact on the Company's presentation of its financial position or results of operations as at December 31, 2009.

Fair Value Hierarchy and Liquidity Risk Disclosure

In June 2009, the Canadian Accounting Standards Board issued an amendment to CICA Section 3862, "Financial Instruments – Disclosures" in an effort to make Section 3862 consistent with IFRS Section 7 – Disclosures ("IFRS 7"). The purpose was to establish a framework for measuring fair value in Canadian GAAP and expand disclosures about fair value measurements. To make the disclosures an entity shall classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following levels: (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1); (b) inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3). The adoption of the new standard resulted in additional disclosures in the notes to the consolidated financial statements (refer to note 4(c)).



DETOUR GOLD

DETOUR GOLD CORPORATION

Notes to Consolidated Financial Statements

December 31, 2009 and 2008

(In thousands of dollars except per security amounts)

(Expressed in Canadian Dollars unless otherwise noted)

3. CAPITAL MANAGEMENT

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 quantitative return on capital criteria 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, contributed surplus and accumulated deficit which at December 31, 2009 totaled \$434,116 (December 31, 2008 - \$144,807).

The properties in which the Company currently has an interest are at the exploration or feasibility stage; as such, the Company is dependent on external financing to fund its activities. In order to carry out the planned project related activities and pay for 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. There were no changes in the Company's approach to capital management during the year ended December 31, 2009.

The Company is not subject to any externally imposed capital requirements. The Company believes that its current capital resources will be sufficient to discharge its liabilities as at December 31, 2009.

4. PROPERTY AND FINANCIAL RISK FACTORS

(a) Property risk

The Company's significant mineral property is the Detour Lake mine property (the "Mine Property"). Unless the Company acquires or develops additional significant properties, the Company 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 Company's financial condition and results of operations.

(b) Financial risk

The Company is exposed to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate and foreign exchange rate risks) as explained below.

Risk management is carried out by the Company's management team with guidance from the Audit Committee and the Board of Directors.



DETOUR GOLD CORPORATION

Notes to Consolidated Financial Statements

December 31, 2009 and 2008

(In thousands of dollars except per security amounts)

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4. PROPERTY AND FINANCIAL RISK FACTORS (Continued)

(b) Financial risk (Continued)

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash, short-term investments, amounts receivable and restricted cash. Cash, short-term investments and restricted cash 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.

Financial instruments included in amounts receivable consist of sales tax receivable from government authorities in Canada, accrued interest and deposits held with service providers. All amounts receivable are in good standing as of December 31, 2009 and \$261 represents the maximum credit exposure. Management believes that the credit risk concentration with respect to financial instruments included in amounts receivable is low.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company'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 Company. As at December 31, 2009, the Company had a cash balance of \$268,408 (December 31, 2008 - \$127) and a short-term investment balance of \$52,575 (December 31, 2008 - \$43,532) to settle current liabilities of \$3,721 (December 31, 2008 - \$5,769). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Market risk

Interest rate risk

The Company has cash balances, cash equivalents and short-term investments and no debt. 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. The Company periodically monitors the investments it makes and is satisfied with their creditworthiness.

Foreign currency risk

The Company's functional and reporting currency is the Canadian dollar and major purchases to this point in the Company's history are transacted in Canadian dollars. As a result, the Company's exposure to foreign currency risk is minimal.

Sensitivity analysis

As of December 31, 2009, both the carrying and fair value amounts of the Company's financial instruments are approximately equivalent.

Based on management's knowledge and experience of the financial markets, the following movements are reasonable over a twelve month period:

(i) Cash and cash equivalents are subject to floating interest rates. Sensitivity to a plus or minus 1% change in interest rates would not have a material impact on the reported net loss for the twelve months ended December 31, 2009.



DETOUR GOLD

DETOUR GOLD CORPORATION

Notes to Consolidated Financial Statements

December 31, 2009 and 2008

(In thousands of dollars except per security amounts)

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4. PROPERTY AND FINANCIAL RISK FACTORS (Continued)

(b) Financial risk (Continued)

Sensitivity analysis (Continued)

(ii) Guaranteed investment certificates included in short-term investments have fixed interest rates therefore they are not subject to interest rate fluctuations.

(iii) The Company does not hold balances in foreign currencies which could give rise to exposure to foreign exchange risk.

The sensitivity analysis shown in the notes above may differ materially from actual results.

(c) Fair value hierarchy and liquidity risk disclosure

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at December 31, 2009:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents:				
- Cash	\$ 128,414	\$ -	\$ -	\$ 128,414
- Cash equivalents	139,994	-	-	139,994
	268,408	-	-	268,408
Short-term investments:				
- Guaranteed investment certificates	52,575	-	-	52,575
	\$ 320,983	\$ -	\$ -	\$ 320,983



DETOUR GOLD

DETOUR GOLD CORPORATION

Notes to Consolidated Financial Statements

December 31, 2009 and 2008

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5. RESTRICTED CASH

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 \$6,554 to cover the future estimated reclamation obligation 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.

6. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	Net carrying value
December 31, 2009			
Mobile equipment	\$ 583	\$ 198	\$ 385
Machinery and equipment	52	13	39
Furniture and fixtures	90	23	67
Computer equipment and software	241	87	154
Leasehold improvements	27	7	20
	\$ 993	\$ 328	\$ 665
December 31, 2008			
Mobile equipment	\$ 466	\$ 103	\$ 363
Machinery and equipment	38	3	35
Furniture and fixtures	36	7	29
Computer equipment and software	77	31	46
	\$ 617	\$ 144	\$ 473

7. AMALGAMATION

On March 27, 2009, the Company and PDX Resources Inc. (“PDX”) completed the merger of both companies. PDX’s principal asset was its ownership interest in the Company. The Company and PDX had two directors in common. This transaction was implemented through, among other things, an amalgamation under the Business Corporations Act (Alberta) (the “Amalgamation”) in which PDX amalgamated with a newly formed, wholly-owned subsidiary of the Company (the amalgamated company being referred to as “Amalco”). Pursuant to the Amalgamation, each PDX share was exchanged for 0.2571 of a common share of the Company. Pursuant to the Amalgamation, a total of approximately 19 million common shares of the Company were issued to PDX shareholders. Following the Amalgamation, the Company wound-up Amalco and the 19 million common shares of the Company held by Amalco were cancelled.

In addition, after completing the merger, the Company assumed the incentive stock option plan of PDX (the “PDX Option Plan”) and the outstanding obligations of PDX under the PDX Option Plan (refer to note 10(d)). A PDX share receivable on the exercise of an option under the PDX Option Plan was converted at the effective time of the Amalgamation into an option to receive 0.2571 of a common share of the Company subject to rounding (such options, as converted, the “Converted Options”). The Company has also reserved 542,477 common shares in respect of the Converted Options. The Converted Options will continue to be governed by the PDX Option Plan. The Company’s shares reserved for issuance in respect of the Converted Options under the PDX Option Plan will not reduce the maximum aggregate number of the Company’s shares that may be reserved for issuance under the Company’s current option plan.



DETOUR GOLD

DETOUR GOLD CORPORATION

Notes to Consolidated Financial Statements

December 31, 2009 and 2008

(In thousands of dollars except per security amounts)

(Expressed in Canadian Dollars unless otherwise noted)

7. AMALGAMATION (Continued)

The acquisition has been treated as a non-monetary, related party transaction. The purchase consideration of \$74,360 exceeded the carrying value of the assets acquired by \$7,754. As a result of this excess \$2,851 was applied to increase the value of contributed surplus for the assumption of the incentive stock option plan of PDX, \$1,090 was applied to decrease the value of future income tax liabilities representing the estimated future recoverable amount related to the amalgamation costs of \$5,010, \$106 was applied to increase net working capital, \$1 was applied to decrease the value of share capital representing the difference in value between the number of common shares issued and received and the balance of \$6,664 was applied to increase the value of opening deficit.

8. MINERAL PROPERTY INTERESTS

Detour Lake property

The Company completed the acquisition of the Detour Lake property on January 31, 2007 with a \$4,000 cash payment and the issuance of 20 million common shares to PDX, having fully funded the approved work program, pursuant to the purchase agreement. The value of the 20 million common shares issued as part of the acquisition was determined based upon the initial public offering price of the common shares of the Company on January 31, 2007 (\$3.50 per share). Certain of the claims acquired from PDX are subject to net smelter royalties of up to 3%, including the 1% royalty to Goldcorp Canada Ltd. (“Goldcorp”) described below.

On April 14, 2008, the Company entered into an agreement (the “Purchase Agreement”) with Goldcorp pursuant to which the Company exercised its option (the “Mine Option”) and; on October 30, 2008, acquired ownership of the Mine Property from Goldcorp.

Pursuant to the terms of the Purchase Agreement, the Company has assumed all of Goldcorp’s liabilities and obligations relating to the Mine Property and certain other exploration properties in the Detour Lake and Massicotte areas of Ontario and Quebec. As part of the agreement, the Company has granted Goldcorp a 1% royalty on the net smelter returns derived from the Mine Property (the “Mine Property NSR”). The Company has the right to purchase the Mine Property NSR from Goldcorp at any time by paying Goldcorp the sum of \$1,000.

Following the Purchase Agreement, the Company estimated its asset retirement obligations at \$1,292. Consequently, the carrying value of the mineral property interests was increased by \$1,292 in 2008.



DETOUR GOLD

DETOUR GOLD CORPORATION

Notes to Consolidated Financial Statements

December 31, 2009 and 2008

(In thousands of dollars except per security amounts)

(Expressed in Canadian Dollars unless otherwise noted)

8. MINERAL PROPERTY INTERESTS (Continued)

Joint Venture Operations

The Company is involved in a jointly controlled operation. This joint operation incurs expenditures related to a mineral exploration property which are expensed in the period they are incurred.

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 Detour Lake property. Trade Winds earned its 50% interest in the property by completing its exploration commitment of \$7,500. The new 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 \$1,000, in which Trade Winds may acquire a one-half interest pursuant to a contribution of \$500. Since inception of the joint venture agreement in April 2009, to December 31, 2009, the Company incurred \$164 of expenditures relating to this joint venture operation. These expenditures were charged to the statement of loss (refer to note 11). As at December 31, 2009, \$86 is included in accounts payable and accrued liabilities to Trade Winds.

9. ASSET RETIREMENT OBLIGATIONS

The Company has restoration and remediation obligations associated with its Detour Lake property. The following table summarizes the movements in the asset retirement obligation:

	December 31, 2009	December 31, 2008
Balance, beginning of period	\$ 1,292	\$ -
Recognition of new obligation (note 8)	-	1,292
Accretion	127	-
Balance, end of period	\$ 1,419	\$ 1,292

The asset retirement obligation has been recorded as a liability at its estimated fair value, assuming a discount rate of 9.80%. As the amount and timing are uncertain, the fair value was estimated using the expected cash flow technique by assigning probability factors to various potential cash flow assumptions (occurring primarily from 2011 to 2035 with ongoing monitoring thereafter). A study completed by a consultant in June 2008 estimated the total undiscounted asset retirement obligation at \$13,564.



DETOUR GOLD

DETOUR GOLD CORPORATION

Notes to Consolidated Financial Statements

December 31, 2009 and 2008

(In thousands of dollars except per security amounts)

(Expressed in Canadian Dollars unless otherwise noted)

10. SHARE CAPITAL

(a) Special warrants

On February 21, 2008, the Company completed a bought deal private placement of 4,000,000 special warrants (the “Special Warrants”). The Special Warrants were issued to investors under applicable prospectus exemptions at a price of \$16.30 per Special Warrant, representing an aggregate amount of \$65,200. A 5% commission plus expenses was paid to the agents as part of the private placement. Each Special Warrant was exercisable by the holder thereof into one common share without payment of any additional consideration and without any further action on the part of the holder. On April 25, 2008, the Company received a final receipt for the final prospectus qualifying the Special Warrants for distribution and all Special Warrants were converted to common shares. Future income tax assets arising from share issuance costs of the Special Warrants of \$1,044 were recognized.

(b) Shareholder Rights Plan (the “Plan”)

On April 29, 2009, the Board of Directors adopted a 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 per Right at any time prior to the occurrence of a Flip-in Event without the prior approval of shareholders or Rights holders. The provisions of the Plan which apply upon the occurrence of a Flip-in Event may be waived at the option of the Board of Directors and without the prior approval of shareholders or Rights holders in certain circumstances prior to the occurrence of a Flip-in Event.

(c) Public offerings

On July 14, 2009, the Company closed a public offering of 4,000,000 common shares at a price of \$12.10 per share, representing aggregate gross proceeds of \$48,400. In connection with the offering, the underwriters were paid a 5% commission totaling approximately \$2,420. Share issuance costs of \$288 were incurred in relation to the offering.

On November 12, 2009, the Company closed a public offering (including over-allotment) of 19,299,500 common shares at a price of \$14.25 per common share for cash consideration of \$275,018. In connection with the offering, the underwriters were paid a 4% commission totaling approximately \$11,001. Share issuance costs of \$362 were incurred in relation to the offering.



DETOUR GOLD

DETOUR GOLD CORPORATION

Notes to Consolidated Financial Statements

December 31, 2009 and 2008

(In thousands of dollars except per security amounts)

(Expressed in Canadian Dollars unless otherwise noted)

10. SHARE CAPITAL (Continued)

(d) Share purchase option plan

In January 2007, the Company instituted a rolling stock option plan, whereby 10% of the Company's issued and outstanding share capital may be granted to officers, directors, employees and consultants of the Company. Exercised options are automatically re-loaded into the plan. Pursuant to the policies of the Toronto Stock Exchange, the plan must be approved by shareholders in 2010.

The continuity of share purchase options is as follows:

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2007	3,185,000	\$ 6.55
Granted	830,000	15.23
Exercised	(363,800)	4.63
Forfeited	(287,500)	10.06
Balance, December 31, 2008	3,363,700	\$ 8.60
Granted	1,897,250	11.27
Issued on amalgamation with PDX	542,477	7.31
Forfeited	(398,000)	15.67
Expired	(105,000)	16.39
Exercised	(1,123,236)	6.28
Balance, December 31, 2009	4,177,191	\$ 9.40

The fair value of the 830,000 options granted in 2008 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 3.49%; a weighted average volatility factor of 54.9% and a weighted average expected life of 3.5 years. The weighted average grant date fair value of the total options granted in fiscal 2008 was \$6.37. The vesting of these options was 30% after 12 months, 30% after 24 months and 40% after 36 months.

The fair value of the 1,897,250 options granted in 2009 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 1.94%; a weighted average expected volatility factor of 92%, an expected dividend yield of \$nil and a weighted average expected life of 3.5 years. The weighted average grant date fair value of the options granted was \$6.94 per option. The vesting of these options was 30% after 12 months, 30% after 24 months and 40% after 36 months.

In December of 2009, the vesting of the share purchase option plan was amended such that for all grants issued after June 29, 2007, the vesting is 25% on the date of grant, 25% after 8 months, 25% after 16 months and 25% after 24 months. While this amendment did not result in any change to the fair value of the affected options, an additional \$3,117 of stock-based compensation expense was recognized in the statements of loss and comprehensive loss to reflect the accelerated vesting terms.

As a result of the amalgamation with PDX (refer to note 7), the Company granted 542,477 stock options as part of the amalgamation agreement. The stock options were valued at the historical carrying value in PDX, at the time of amalgamation, of \$2,851.



DETOUR GOLD

DETOUR GOLD CORPORATION

Notes to Consolidated Financial Statements

December 31, 2009 and 2008

(In thousands of dollars except per security amounts)

(Expressed in Canadian Dollars unless otherwise noted)

10. SHARE CAPITAL (Continued)

(d) Share purchase option plan (Continued)

As at December 31, 2009, the Company had the following stock options outstanding:

Range of Exercise Prices	Options Granted	Options Exercisable	Weighted Average Remaining Contractual Life (in years)
\$0.01 to \$3.50	712,000	330,000	2.1
\$3.51 to \$7.00	373,565	285,565	2.1
\$7.01 to \$10.50	1,062,667	640,167	3.8
\$10.51 to \$14.00	1,530,282	1,046,532	3.6
\$14.01 to \$17.50	498,677	161,989	4.7
	4,177,191	2,464,253	3.4

The breakdown of the estimated fair value of options granted in prior periods and vesting in the current period is as follows:

	December 31, 2009	December 31, 2008
Exploration	\$ 2,669	\$ 1,213
Administration	8,622	4,501
Total expense recognized in loss and comprehensive loss and credited to contributed surplus	\$ 11,291	\$ 5,714

(e) 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 warrants, with each warrant exercisable for one common share of the Company. The warrants have an exercise price of \$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 have been accounted for based on the fair value as of the date of issuance, with compensation cost being recognized in the statements of loss and comprehensive loss. The remaining warrants vest upon the achievement of certain prescribed milestones and have not had a value ascribed to them due to the uncertainty as to the likelihood of the prescribed milestones being achieved. As a result, no compensation cost has been recognized in the financial statements as at and for the twelve month period ended December 31, 2009 for this portion.

The fair value of the 250,000 warrants that vest six months after the date of issuance has been estimated at the date of issuance using the Black-Scholes option pricing model, using the following assumptions: risk-free interest rate – 2.42%; expected life – 5 years; expected volatility – 86%; expected dividends – nil. As a result, the fair value of the warrants was estimated at \$2,408 and will be recognized over the vesting period. For the twelve month period ended December 31, 2009, \$585 has been recorded in the statements of loss and comprehensive loss as Advisory costs. Warrant issue costs of \$13 were incurred in relation to the warrant issue.



DETOUR GOLD

DETOUR GOLD CORPORATION

Notes to Consolidated Financial Statements

December 31, 2009 and 2008

(In thousands of dollars except per security amounts)

(Expressed in Canadian Dollars unless otherwise noted)

10. SHARE CAPITAL (Continued)

(e) Warrants (Continued)

The continuity of share purchase options is as follows:

	Number of Warrants	Weighted Average Exercise Price	Estimated Grant Date Fair Value
Balance, December 31, 2007	31,500	\$ 3.85	\$ 25
Special warrants issued (note 10(a))	4,000,000	16.30	62,664
Exercised	(4,031,500)	(16.20)	(62,689)
Balance, December 31, 2008	-	\$ -	\$ -
Issued	500,000	15.33	2,408
Balance, December 31, 2009	500,000	\$ 15.33	\$ 2,408

11. EXPLORATION

	Massicotte, Quebec, Canada	Detour Lake, Ontario, Canada	Block A, Ontario, Canada	Year ended December 31, 2009	Year ended December 31, 2008
Expenditures					
Administration and travel	\$ 2	\$ 1,676	\$ 37	\$ 1,715	\$ 600
Amortization	-	104	-	104	96
Assays and analysis	-	2,716	5	2,721	3,752
Drilling	-	13,887	-	13,887	17,658
Environmental	-	1,292	-	1,292	385
Geological and geophysical	-	80	116	196	244
Studies and engineering	-	6,851	-	6,851	6,816
Site activities	-	240	118	358	669
Total expenditures	\$ 2	\$ 26,846	\$ 276	\$ 27,124	\$ 30,220



DETOUR GOLD

DETOUR GOLD CORPORATION

Notes to Consolidated Financial Statements

December 31, 2009 and 2008

(In thousands of dollars except per security amounts)

(Expressed in Canadian Dollars unless otherwise noted)

12. INCOME TAXES

Income tax differs from the amount that would have been computed by applying the combined Canadian federal and provincial statutory rate of 33.0% (2008 - 33.5%) to losses before income taxes. The reasons for the differences are a result of the following:

	Year ended December 31, 2009	Year ended December 31, 2008
Loss before income taxes	\$ (44,555)	\$ (39,696)
Expected future income tax (recovery) based on statutory rate	(14,703)	(13,298)
Adjustments to expected income tax benefit:		
Changes and differences in tax rates	1,535	1,786
Stock-based compensation	3,919	1,657
Other	57	(30)
Change in valuation allowance	1,446	-
Future income tax (recovery)	\$ (7,746)	\$ (9,885)

Future Tax Balances

	December 31, 2009	December 31, 2008
Future income tax assets (liabilities):		
Mineral property interests	\$ (2,707)	\$ (12,592)
Share issue costs	3,688	1,432
Non-capital losses	1,628	657
Amalgamation costs (note 7)	939	-
Valuation allowance	(3,548)	-
Future income tax liability (net)	\$ -	\$ (10,503)

The Company's tax pools at December 31, 2009 total approximately \$96,619 (December 31, 2008 – \$64,626). The Company has undeducted share issue costs for tax purposes of approximately \$14,754 (December 31, 2008 - \$4,939).

At December 31, 2009, the Company has available non-capital loss carry-forwards for Canadian tax purposes with expiry as follows:

<u>Year</u>	<u>Amount</u>
2029	\$ 4,255
2028	1,449
2027	450
2026	354
	\$ 6,508



DETOUR GOLD

DETOUR GOLD CORPORATION

Notes to Consolidated Financial Statements

December 31, 2009 and 2008

(In thousands of dollars except per security amounts)

(Expressed in Canadian Dollars unless otherwise noted)

13. RELATED PARTY TRANSACTIONS

Related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Included in accounts payable and accrued liabilities are the following amounts due to related parties	December 31, 2009	December 31, 2008
Hunter Dickinson Inc.	\$ -	\$ 22
Former officer	\$ -	\$ 17

Reimbursement for expenses and payments for services rendered by related parties.

	Year ended December 31, 2009	Year ended December 31, 2008
Hunter Dickinson Inc.		
- Services rendered and expenses reimbursed	\$ -	\$ 39
Former officer	\$ 386	\$ 217

Hunter Dickinson Inc. ("HDI")

HDI is a private company which has certain directors in common with the Company. HDI provided geological, technical, corporate development, administrative and management services to the Company. This contract was terminated on April 1, 2009.

Former officer

For the periods presented, the Company paid a company owned by a former officer of the Company for management and consulting services.



DETOUR GOLD

DETOUR GOLD CORPORATION

Notes to Consolidated Financial Statements

December 31, 2009 and 2008

(In thousands of dollars except per security amounts)

(Expressed in Canadian Dollars unless otherwise noted)

14. SUPPLEMENTAL INFORMATION

	Year ended December 31, 2009	Year ended December 31, 2008
Value of warrants exercised	\$ -	\$ 25
Value of options exercised	\$ 3,731	\$ 871
Future income taxes recovery arising from share issuance costs	\$ 2,742	\$ 1,044
Change in deferred transaction costs	\$ (450)	\$ 450
Income taxes paid	\$ -	\$ -
Interest paid	\$ -	\$ -

As at December 31, 2009, cash and cash equivalents consisted of cash of \$128,414 and cash equivalents of \$139,994. Cash equivalents consist of Canadian Federal Securities and certificates of deposit at select Canadian chartered banks as at December 31, 2009. As of December 31, 2008, cash and cash equivalents consisted entirely of cash.

15. COMMITMENTS

The following table lists the Company's material contractual obligations for fiscal 2010 and over the next six years:

	2010	2011	2012	2013	2014	2015	Total
Operating leases	\$ 600	\$ 857	\$ 740	\$ 740	\$ 740	\$ 431	\$ 4,108

The Company is party to certain management and consulting contracts. These contracts contain clauses requiring additional payments to be made upon the occurrence of certain events such as a contract termination or change of control of the Company. The additional commitments range from \$3,328 for contract termination to \$3,828 as a result of a change of control.



DETOUR GOLD

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND
RESULTS OF OPERATION
DETOUR GOLD CORPORATION
FOR THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2009**

1

The following Management's Discussion and Analysis ("MD&A") of Detour Gold Corporation ("Detour Gold" or the "Company") is intended to supplement and complement the Company's financial statements. The MD&A should be read in conjunction with the audited financial statements and related notes and schedules for the years ended December 31, 2009 and 2008, which have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). This report is dated March 11, 2010. 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 Canadian dollars, unless otherwise specified.

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

Business Overview

The Company was incorporated on July 19, 2006 and is in the business of acquiring, exploring and developing mineral properties in Canada.

On January 31, 2007, the Company completed the acquisition of the Detour Lake property from PDX Resources Inc. ("PDX") (formerly Pelangio Mines Inc.) concurrently with the closing of its \$35,000 Initial Public Offering ("IPO").

On January 26, 2009, the Company and PDX announced they had entered into a combination agreement providing for, among other things, the merger of the Company and PDX. Pursuant to the transaction, each PDX share was exchanged for 0.2571 of a common share of the Company resulting in the issuance of approximately 19 million common shares of the Company to PDX shareholders.

The Company's primary asset is the Detour Lake project, which is currently the subject of a feasibility study following the completion of a pre-feasibility study in September 2009. The Company currently has no producing properties.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND
RESULTS OF OPERATION
DETOUR GOLD CORPORATION
FOR THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2009**

2

Detour Lake mine property

In the fourth quarter of 2009, Detour Gold completed 42 holes totaling 18,023 metres of drilling and an additional 6 holes totaling 1,034 metres for the twinning drilling program. In 2009, the Company completed 102,109 metres of drilling (247 holes) to nearly finish the 40 metre by 40 metre drill spacing up to section 18,000E (west end of Calcite Zone) with an additional 826 metres for geotechnical work and 4,382 metres for metallurgy and comminution testwork. During the fourth quarter of 2009, the Company released drill results from 76 holes totaling 30,737 meters.

Since the acquisition of the property in January 2007 to December 31, 2009, the Company has completed a total of 333,213 metres in 868 holes on the deposit. In addition, 4,729 metres of drilling was completed for geotechnical work, 8,474 metres of drilling was completed for metallurgy and comminution testwork, and 12,054 metres of exploration drilling was completed.

On September 9, 2009, the Company reported positive results from the pre-feasibility study for a proposed open pit mine at Detour Lake. The pre-feasibility study was compiled by Met-Chem Canada with the participation and contribution of prominent industry consultants. The NI 43-101 compliant Technical Report was filed on SEDAR (www.sedar.com) on October 23, 2009 and is available on the Company's website.

The main highlights of the pre-feasibility study results are shown below. Refer to the press release dated September 9, 2009 or the NI 43-101 Technical Report for more details.

- Proven and probable open pit reserves of 8.81 million ounces contained gold with a waste to ore ratio of 3.8 to 1
- 14.5 years life of mine (LOM) at mill throughput of 45,000 tonnes per day (tpd)
- Average annual gold production of approximately 560,000 ounces
- Average LOM cash operating costs of US\$404/oz
- At US\$775/oz, pre-tax Net Present Value (NPV) of US\$621 million at a 5% discount rate generating an Internal Rate of Return (IRR) of 13.5%
- At US\$900/oz, pre-tax NPV of US\$1.19 billion at a 5% discount rate generating an IRR of 20.1%
- Estimated startup capital costs of US\$844 million

Block A

On the Block A property, no material exploration work took place in the fourth quarter of 2009.

On July 13, 2009, Detour Gold filed a NI 43-101 Technical Report on SEDAR, for informational purposes only, following the mineral resource estimate announcement on May 26, 2009.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND
RESULTS OF OPERATION
DETOUR GOLD CORPORATION
FOR THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2009**

3

Selected Financial Information

	December 31, 2009	December 31, 2008	December 31, 2007
Interest Income	\$ 1,182	\$ 1,956	\$ 1,163
Operating Expenses	\$ 45,737	\$ 39,553	\$ 22,854
Loss	\$ 36,809	\$ 29,811	\$ 11,942
Basic and Diluted loss per share	\$ 0.78	\$ 0.69	\$ 0.32
Total Assets	\$ 439,256	\$ 162,371	\$ 128,139
Long-Term Liabilities	\$ 1,419	\$ 11,795	\$ 21,432

Results of Operations

The Company reported a net loss of \$36,809 (\$0.78 per share) for the year ended December 31, 2009 as compared to net loss of \$29,811 (\$0.69 per share) for the year ended December 31, 2008. The increase in the loss from operations reflected an increase of \$5,577 in stock-based compensation expenses to \$11,291 for the year ended December 31, 2009 as compared to \$5,714 for the year ended December 31, 2008, due to the increase in option grants (1,897,250 options granted for the year ended December 31, 2009 compared to 830,000 options granted in the equivalent period in 2008) and an amendment to the share purchase option vesting provisions. In December of 2009, the vesting of the share purchase options was amended such that for all grants issued after June 29, 2007, the vesting is now 25% on the date of grant, 25% after 8 months, 25% after 16 months and 25% after 24 months, which is a reduction from the previous vesting of 30% after one year, 30% after two years and 40% after 3 years. While this amendment did not result in any change to the estimated fair value of the affected options, an additional \$3,117 of stock-based compensation expenses was recognized in the statements of loss and comprehensive loss to reflect the new vesting terms. In addition, salaries and management fees for the year ended December 31, 2009 increased by \$2,124 from the comparative period in 2008 to \$3,723 due to increases in the number of personnel employed by the Company, as well as a contractual payment to a company owned by a former officer of the Company. An increase in office and administration expenses of \$718 for the year ended December 31, 2009 to \$1,031 resulted from higher support costs to advance the Detour Lake project. For the twelve month period ended December 31, 2009, \$585 has been recorded as Advisory costs in connection with the appointment of Barclays Capital as debt advisor and lead arranger for the financing of the Detour Lake project, which comprised an award of warrants and the resultant recognition of the stock-based compensation. These increases were partially offset by a decrease in exploration costs of \$3,096.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND
RESULTS OF OPERATION
DETOUR GOLD CORPORATION
FOR THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2009**

4

The decrease in exploration expenses of \$3,096 to \$27,124 was primarily a result of decreased drilling activity of \$3,771 to \$13,887 related to lower drilling for the year ended December 31, 2009 compared to the equivalent period in 2008, as the drilling campaign to support the pre-feasibility study neared completion during the second quarter of 2009. In addition, the Company did not conduct any regional exploration drilling for the year ended December 31, 2009 as compared to \$1,528 for the year ended December 31, 2008. As a result of lower drilling activity, expenditures on assay and analysis activities decreased by \$1,031 to \$2,721. The Company also experienced a decrease in expenditures on site activities by \$311 to \$358 due to maintenance costs incurred in 2008, which did not recur in 2009. These decreases were partially offset by higher administration and travel as well as environmental costs related to the Detour Lake project which increased by \$1,115 to \$1,715 and \$907 to \$1,292 respectively for the year ended December 31, 2009. These changes reflected increased personnel and activity associated with the site.

Despite higher year over year cash balances, lower interest income resulted from lower yields on balances in cash, cash equivalents and short-term investments.

Summary of Quarterly Results

	Fourth Quarter 2009	Third Quarter 2009	Second Quarter 2009	First Quarter 2009
Interest income	\$ 315	\$ 160	\$ 311	\$ 396
Loss	\$ 15,121	\$ 8,103	\$ 6,421	\$ 7,164
Loss per share ⁽¹⁾	\$ 0.22	\$ 0.17	\$ 0.14	\$ 0.16
	Fourth Quarter 2008	Third Quarter 2008	Second Quarter 2008	First Quarter 2008
Interest income	\$ 307	\$ 684	\$ 553	\$ 412
Loss	\$ 9,011	\$ 5,731	\$ 7,544	\$ 7,525
Loss per share ⁽¹⁾	\$ 0.20	\$ 0.13	\$ 0.17	\$ 0.19

⁽¹⁾ Basic and diluted loss per share

The loss from operations for the three month period ended December 31, 2009 was \$15,121, \$6,110 higher than the comparable period in 2008. The increase in the loss from operations reflected a higher stock-based compensation expense of \$4,968 to \$6,095 due to new option grants and an amendment to the share purchase option vesting provisions resulting in an incremental change of \$3,117, which was partially offset by an increase in the number of fully vested options. Salaries and management fees expense of \$1,432 for the fourth quarter of 2009 increased by \$669 from the fourth quarter of 2008 primarily due to increases in the number of personnel employed by the Company. On November 17, 2009 the Company engaged Barclays Capital as its debt advisor and lead arranger for the financing of the Detour Lake project. As a result, \$585 was recorded for Advisory costs for the three month period ended December 31, 2009. Higher office and administration expenses of \$476 reflected expanded support costs of the growing Company.

The increase in expenditures outlined above was partially offset by lower exploration expenses of \$606 to \$7,322, primarily as a result of decreased drilling activity of \$835 to \$2,791 related to less drilling in the

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND
RESULTS OF OPERATION
DETOUR GOLD CORPORATION
FOR THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2009**

5

three months ended December 31, 2009 compared to the equivalent period in 2008. In addition, lower studies and engineering expenses for the three months ended December 31, 2009 decreased by \$334 from the comparative period in 2008 to \$2,309 due to timing, as the majority of activity in this category in 2009 took place during the first six months of the year when the pre-feasibility study was being completed. These decreases were partially offset by higher environmental as well as administration and travel costs related to the Detour Lake project which increased by \$476 to \$588 and \$235 to \$436, respectively.

Despite higher year over year cash balances, lower interest income resulted from lower yields on balances in cash, cash equivalents and short-term investments as a result of current conditions in the financial markets.

The future income tax recovery declined due, in part, to a reduction in substantively enacted rates and non-recognition of future tax assets as they are not considered more likely than not to be realized as at December 31, 2009.

Changes in Financial Position

The increase in cash, cash equivalents and short-term investments for the year ended December 31, 2009 was \$277,324 to \$320,983. For the comparative period in 2008, cash, cash equivalents and short term investments increased by \$24,740 to \$43,659. The variance of \$252,584 between the amount generated for the twelve months of 2009 and the twelve months of 2008 is attributed to higher net proceeds of \$247,727 associated with the securities offerings in the third and fourth quarters of 2009 as compared to the first quarter of 2008. In addition, higher cash inflows from stock option exercises of \$5,371 to \$7,054 for the year ended December 31, 2009 also contributed to the increase in cash, cash equivalents and short term investments. These amounts were partially offset by marginally higher cash used in operations. Cash expenditures, net of cash acquired, of \$4,561 in the twelve months of 2009 in relation to the amalgamation with PDX, along with a \$2,099 payment, accrued in 2008, associated with the termination in January 2009 of a Letter of Award for the order of grinding mills contributed to the use of cash in the twelve months ended December 31, 2009.

Financial Position

As at December 31, 2009 total assets of \$439,256 increased by approximately \$276,885 from December 31, 2008. The increase was primarily attributed to the successful completion of the bought-deal equity financings in the third and fourth quarters of 2009, partially offset by the redemption of short-term investments used to finance exploration activities, the effect of the amalgamation with PDX and satisfying the mill termination payment accrued in 2008.

Liquidity

Historically, the Company's sole source of funding has been the issuance of equity securities for cash. On February 21, 2008, the Company completed a bought deal private placement of 4 million special warrants (the "Special Warrants"). The Special Warrants were issued to investors under applicable prospectus exemptions at a price of \$16.30 per Special Warrant, representing aggregate gross proceeds of \$65,200. A 5% cash commission was paid in relation to the placement along with \$320 in financing expenses. Following the final receipt for the short form prospectus qualifying the distribution of the shares underlying the Special Warrants, the exercise of the Special Warrants was completed on April 30, 2008

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND
RESULTS OF OPERATION
DETOUR GOLD CORPORATION
FOR THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2009**

6

and 4 million shares of the Company were issued. On July 14, 2009, the Company completed a bought deal offering with a syndicate of underwriters of 4 million common shares. The common shares were issued to the underwriters at a price of \$12.10 per common share, representing aggregate gross proceeds of \$48,400. A 5% cash commission was paid in relation to the offering along with \$288 in financing costs. In addition, on November 12, 2009, the Company closed a public offering of 19,299,500 common shares (including over-allotment) at a price of \$14.25 per common share for cash consideration of \$275,018. In connection with the offering, the underwriters were paid a 4% commission totaling approximately \$11,001. Share issuance costs of \$362 were incurred in relation to the offering.

Also, the Company realized \$7,054 in proceeds on the exercise of stock options for the year ended December 31, 2009, as compared to \$1,683 in the comparative period in 2008.

Based on the successful completion of the pre-feasibility study, the Company has determined in the third quarter of 2009 that its property contains economically recoverable reserves. However the property is not in the production stage. As a result, the Company has no current sources of revenue and relies on the issuance of shares or debt to generate the funds required to develop its project.

Detour Gold has sufficient funds to meet its 2010 planned expenditures; however, following the completion of the feasibility study, the Company will have to evaluate the development timetable and the necessity to potentially enter into firm commitments for items such as equipment with long lead times and commence detailed engineering. Commitments for these items will require that the Company source additional financing in the near term. In the event that the capital markets for debt and equity are not available, or the cost of capital is excessive, the Company may have to delay the start of construction of the Detour Lake project, following the completion of the feasibility study in 2010.

The Company maintains its surplus funds in Canadian Federal and Provincial Government securities as well as certificates of deposits or interest bearing accounts at select Canadian chartered banks.

Commitments and Contingencies

As at December 31, 2009 the Company had operating lease obligations terminating in 2015 as follows: 2010 - \$600, 2011 - \$857, 2012 - \$740, 2013 - \$740, 2014 - \$740 and 2015 - \$431.

The Company is party to certain management and consulting contracts. These contracts contain clauses requiring additional payments to be made upon the occurrence of certain events such as a change of control or contract termination by the Company. The additional commitments range from \$3,328 for contract termination to \$3,828 as a result of a change of control. As the likelihood of these events taking place is not determinable, the contingent payments have not been reflected in the financial statements as at December 31, 2009.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND
RESULTS OF OPERATION
DETOUR GOLD CORPORATION
FOR THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2009**

7

Transactions with Related Parties

The Company had the following transactions with related parties during the twelve month period ended December 31, 2009.

Hunter Dickinson Inc. ("HDI")

The Company continued with the HDI services contract in 2008 despite minimal use of the services. Under the agreement, the Company reimburses HDI on a full cost-recovery basis. HDI currently has one director who serves on the board of the Company.

Costs for services rendered by HDI to the Company during the twelve months ended December 31, 2009 totaled \$nil (twelve months ended December 31, 2008 - \$17) and decreased as a result of the Company establishing its own office with its own staffing in late 2007.

Effective April 1, 2009, the HDI services contract was terminated. In addition and in advance of terminating the contract, stock option holders associated with HDI had their 391,000 options fully vested. As of March 27, 2009, two-thirds of the options had already vested for a majority of the holders.. On July 24, 2009, the expiry date for the options, 24,000 options expired unexercised.

Former Officer

During the twelve months ended December 31, 2009, the Company paid \$386 (2008 – \$217) in management fees and consulting services to a company owned by a former officer of the Company.

PDX Amalgamation

The Company and PDX had two directors in common prior to the amalgamation.

Critical Accounting Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 asset retirement obligations, the carrying value of mineral property interests, the valuation of future income tax assets and liabilities and the fair value of stock-based compensation and other stock-based payments. Actual amounts could differ from the estimates used and accordingly, affect the results of operations.

Asset Retirement Obligation

The accounting for asset retirement obligations encompasses the accounting for legal obligations associated with the retirement of a long-lived tangible asset that results from the acquisition, construction, development and/or normal operation of a long-lived asset.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND
RESULTS OF OPERATION
DETOUR GOLD CORPORATION
FOR THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2009**

8

The fair value of a liability for an asset retirement obligation is recorded in the period in which it is incurred which has been estimated using the expected cash flow technique by assigning probability factors to various potential cash flow assumptions. When the liability is initially recorded, the cost is capitalized by increasing the cost of the related long-lived asset. The capitalized cost will be amortized on a unit-of-production basis when put in use. Changes in the liability for an asset retirement obligation resulting from the passage of time and/or revisions to either the timing or the amount of the original estimate of undiscounted cash flows are recognized in the period of change. Over time, the liability is increased to reflect an interest element (accretion expense) considered in the initial measurement of fair value. Upon settlement of the liability, a gain or loss is recorded if the actual costs incurred are different from the liability recorded.

Actual costs incurred during reclamation and the timing of when the costs will be incurred could be materially different from the estimates used by management.

Mineral Property Interests

As at December 31, 2009 the Company's net value of its mineral property interests was \$109,486 (2008 - \$109,486). The acquisition costs of mineral property interests are deferred until the properties are placed into production, sold or abandoned. These costs will be amortized on a unit-of-production basis over the estimated useful life of the related property following the commencement of production, or written off if the properties are sold, allowed to lapse or abandoned, or when impairment has been determined to have occurred. If the deferred mineral property costs are determined not to be recoverable over the estimated useful life of the property or are greater than the estimated fair market value of the property, the unrecoverable portion is charged to operations in that period.

The Company expenses exploration costs in the period incurred until such time as economic ore reserves are confirmed in a feasibility study. Subsequently, the development costs are capitalized.

Future Income Tax Asset and Liability

At the time of closing the acquisition of the Detour Lake Property in January 2007, Detour Gold and PDX agreed for income tax purposes to select a transfer price jointly under the Income Tax Act (Canada) of not less than \$10,300, which created a long-term future income tax liability of \$32,305 due to a temporary tax difference. As at December 31, 2009 the future income tax liability was \$nil reflecting the increase in the property value for tax purposes as expenses incurred during the year qualified for Canadian Exploration Expenses and Canadian Exploration and Development Overhead Expenses and which have been expensed for accounting purposes, combined with a reduction in the future income tax rates. Management has determined that the benefit from these losses are not more likely than not to be realized and accordingly, has recorded a valuation allowance against the future tax assets.

Stock-based Compensation

The Company recorded a stock-based compensation expense of \$11,291 (2008 - \$5,714) for the twelve months ended December 31, 2009. The stock-based compensation expense 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 the application of the Black-Scholes option pricing

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND
RESULTS OF OPERATION
DETOUR GOLD CORPORATION
FOR THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2009**

9

model. The Black-Scholes option pricing model requires the input of highly subjective assumptions that can materially affect the fair value estimate.

In connection with the Company's engagement of Barclays Capital as its debt advisor and lead arranger for the financing of the Detour Lake project, the company granted share purchase warrants. The warrants have varying vesting provisions. Fifty percent of the warrants vest six months after the date of issuance and have been accounted for based on the expected fair value as of the date of issuance. The remaining warrants vest upon the achievement of certain prescribed milestones and have not had a value ascribed to them due to the uncertainty as to the likelihood of the prescribed milestones being achieved, as a result, no compensation cost has been recognized in the financial statements. For the twelve month period ended December 31, 2009, \$585(2008 - \$nil) has been recorded in the statements of loss and comprehensive loss as Advisory costs.

PDX Resources Inc. Amalgamation

On March 27, 2009, the Company and PDX Resources Inc. (formerly Pelangio Mines Inc.) ("PDX") completed the merger of both companies. PDX's principal asset was its ownership interest in the Company. This transaction was implemented through, among other things, an amalgamation under the Business Corporations Act (Alberta) (the "Amalgamation") in which PDX amalgamated with a newly formed, wholly-owned subsidiary of the Company (the amalgamated company being referred to as "Amalco"). Pursuant to the Amalgamation, each PDX share was exchanged for 0.2571 of a common share of the Company. Pursuant to the Amalgamation, a total of approximately 19 million common shares of the Company were issued to PDX shareholders. Following the Amalgamation, the Company wound-up Amalco and the 19 million common shares of the Company held by Amalco were cancelled.

In addition, after completing the merger, the Company assumed the incentive stock option plan of PDX (the "PDX Option Plan") and the outstanding obligations of PDX under the PDX Option Plan. A PDX share receivable on the exercise of an option under the PDX Option Plan was converted at the effective time of the Amalgamation into an option to receive 0.2571 of a common share of the Company subject to rounding (such options, as converted, the "Converted Options"). The Company has also reserved 542,477 common shares in respect of the Converted Options. The Converted Options will continue to be governed by the PDX Option Plan. The Company's shares reserved for issuance in respect of the Converted Options under the PDX Option Plan does not reduce the maximum aggregate number of the Company's shares that may be reserved for issuance under the Company's current option plan.

The acquisition has been treated as a non-monetary, related party transaction. The purchase consideration of \$74,360 exceeded the carrying value of the assets acquired by \$7,754. As a result of this excess, \$2,851 was applied to increase the value of contributed surplus for the assumption of the incentive stock option plan of PDX, \$1,090 was applied to decrease the value of future income tax liabilities representing the estimated future recoverable amount related to the amalgamation costs of \$5,010, \$106 was applied to increase net working capital, \$1 was applied to decrease the value of share capital representing the difference in value between the number of common shares issued and received and the balance of \$6,664 was applied to increase the value of opening deficit.

Other Liabilities Assumed By the Company

In September 2008, PDX implemented a tax-deferred "butterfly" spin-off transaction that resulted in the distribution of certain assets of PDX to a newly formed corporation, Pelangio Exploration Inc. ("PX").

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND
RESULTS OF OPERATION
DETOUR GOLD CORPORATION
FOR THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2009**

10

Under the terms of the tax ruling issued by the Canada Revenue Agency in respect of this spin-off and the applicable "butterfly rules" in the Income Tax Act (Canada), it is possible that income tax could be assessed against PDX and/or PX if certain other transactions (including the Amalgamation) are considered to be part of a series of transactions or events that includes the spin-off transaction. In connection with the proposed transaction, the Company and PDX entered into a tax indemnity agreement with PX dated January 24, 2009, which became effective on the date of amalgamation. Under this tax indemnity agreement, PDX has agreed to indemnify PX for certain tax liabilities that it might incur in respect of the "butterfly" spin-off transaction as a result of the Amalgamation or certain other transactions. The Company does not consider its exposure to potential tax liabilities that it might incur under the "butterfly rules" as a result of the Amalgamation or under the tax indemnity agreement to be material.

Joint Venture Agreement

The Company is involved in a jointly controlled operation. This joint operation incurs expenditures related to a mineral exploration property which are expensed in the period they are incurred.

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 Detour Lake property. Trade Winds earned its 50% interest in the property by completing its exploration commitment of \$7,500. The new 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 \$1,000, in which Trade Winds may acquire a one-half interest pursuant to a contribution of \$500.

Since inception of the joint venture agreement in April 2009 to December 31, 2009, the Company incurred \$164 of expenditures relating to this joint venture operation. These expenditures were charged to the statement of loss (Note 13 of the Financial Statements). As at December 31, 2009, \$86 is included in accounts payable and accrued liabilities to Trade Winds.

Shareholder Rights Plan

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.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND
RESULTS OF OPERATION
DETOUR GOLD CORPORATION
FOR THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2009**

11

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

Financial Instruments and Other Instruments

The Company has not used any hedging or other financial derivatives.

New Accounting Pronouncements

International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five-year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly listed companies to use IFRS, replacing Canadian GAAP. The effective date is for the Company's interim and annual financial statements for the year beginning January 1, 2011. The transition date will require the restatement for comparative purposes of amounts reported by the Company for the prior year.

The Company is in the process of finalizing its IFRS conversion plan. External advisors have been engaged and a team has been identified within the finance group to coordinate the implementation among the various departments of the organization. The Company has obtained preliminary training on IFRS for its internal implementation team and will participate in ongoing training to develop a thorough understanding of IFRS in order to finalize the assessment of accounting policies and be prepared for the 2011 changeover.

The preliminary conversion plan consists of four stages:

Stage 1: Scoping and Planning

- Determine the scope and complexity of the conversion and prepare a plan to outline the nature and timing of the conversion activities.

This stage is essentially complete as of December 31, 2009.

Stage 2: IFRS Diagnostic Assessment

- Review current accounting policies and compare to IFRS to identify potential differences.
- Analyze the potential impact on processes and systems, including the accounting, reporting and reconciliation processes.

This task has determined that differences exist in the areas of stock-based compensation and future income taxes. The adjustments necessary to processes and systems, including the accounting, reporting and reconciliation processes, are being developed and management anticipates completing this task by the end of the second quarter of 2010.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND
RESULTS OF OPERATION
DETOUR GOLD CORPORATION
FOR THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2009**

12

Stage 3: Evaluation

- Evaluate accounting policy and disclosure choices available under IFRS, including their impacts on the Company.
- Resolve first-time application issues, by reviewing the requirements of IFRS 1 regarding the initial adoption of IFRS and deciding which of the available elections should be selected and whether new accounting policies should be adopted on either a retrospective or prospective basis (where choice exists).
- Identify and manage any required system impacts as a result of the above analyses.
- Provide ongoing training to project team members.

The evaluation of accounting policy choices is ongoing as is the training provided to project team members. Management has examined the available elections for initial adoption of IFRS and has determined that the majority of them are not applicable to the Company. The remaining exemptions are being analyzed. The target date for this stage is the end of the second quarter of 2010.

Stage 4: Implementation

- Develop a complete set of IFRS accounting policies for Detour Gold Corporation.
- Prepare draft financial statements, including notes, with preliminary figures and/or opening balance sheets under IFRS in advance of the transition date to become comfortable with financial results and their presentation.
- Continually monitor changes in IFRS standards.
- Provide end-user training as needed.
- Finalize revised internal control policies and procedures.
- Prepare final IFRS-compliant financial statements.

The target date for this stage has been revised to the end of the third quarter of 2010.

New accounting policies adopted

Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

In January 2009, the Emerging Issues Committee ("EIC") of the CICA issued EIC-173, "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities", which establishes that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities, including derivative instruments. This EIC should be applied to interim and annual financial statements for periods ending on or after January 20, 2009. The adoption of this abstract had no impact on the Company's presentation of its financial position or results of operations as at December 31, 2009.

Mining Exploration Costs

On March 27, 2009, the EIC of the CICA approved an abstract EIC-174, "Mining Exploration Costs", which provides guidance on capitalization of exploration costs related to mining properties in particular and on impairment of long-lived assets in general. The adoption of this abstract had no impact on the Company's presentation of its financial position or results of operations as at December 31, 2009.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND
RESULTS OF OPERATION
DETOUR GOLD CORPORATION
FOR THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2009**

13

Goodwill and Intangible Assets

Effective January 1, 2009, the Company adopted CICA Section 3064, "Goodwill and Intangible Assets" which replaces CICA Sections 3062, "Goodwill and Other Intangible Assets" and 3450 "Research and Development Costs", as well as EIC-27, "Revenues and Expenditures During the Pre-operating Period", and part of Accounting Guideline 11, "Enterprises in the development stage". Under previous Canadian standards, a greater number of items were recognized as assets than are recognized under International Financial Reporting Standards ("IFRS"). The provisions relating to the definition and initial recognition of intangible assets reduce the differences with IFRS in the accounting for intangible assets. The objectives of CICA 3064 are: 1) to reinforce the principle-based approach to the recognition of assets; 2) to establish the criteria for asset recognition; and 3) to clarify the application of the concept of matching revenues and expenses such that the current practice of recognizing items that do not meet the recognition criteria is eliminated. The standard also provides guidance for the recognition of internally developed intangible assets (including research and development activities), ensuring consistent treatment of all intangible assets. The portions in the standard relating to goodwill remain unchanged. The adoption of this standard had no impact on the Company's presentation of its financial position or results of operations as at December 31, 2009.

Fair Value Hierarchy and Liquidity Risk Disclosure

In June 2009, the Canadian Accounting Standards Board issued an amendment to CICA Section 3862, "Financial Instruments – Disclosures" in an effort to make Section 3862 consistent with IFRS Section 7 – Disclosures ("IFRS 7"). The purpose was to establish a framework for measuring fair value in Canadian GAAP and expand disclosures about fair value measurements. To make the disclosures an entity shall classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following levels: (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1); (b) inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3). The adoption of the new standard resulted in additional disclosures in the notes to the consolidated financial statements (refer to note 4(d)).

Leasehold improvements

Leasehold improvements are recorded at cost. Amortization is calculated using the straight-line method over the remaining term of the lease.

Disclosure Controls and Procedures

An evaluation was performed under the supervision of and with the participation of management, including the President and Chief Executive Officer and the Chief Financial Officer, of the effectiveness of the Company's disclosure controls and procedures as defined in the National Instrument 52-109. Based on that evaluation, the President and Chief Executive Officer and the Chief Financial Officer concluded that the design and operation of the Company's disclosure controls and procedures were effective as at December 31, 2009.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND
RESULTS OF OPERATION
DETOUR GOLD CORPORATION
FOR THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2009**

14

Internal Controls

In order to have a reasonable level of assurance that financial transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported, the Company has implemented and continues to analyze its internal control systems for financial reporting. Based on management's assessment of the Company's internal control systems for financial reporting the President and Chief Executive Officer and the Chief Financial Officer concluded that as at December 31, 2009, the Company's internal control over financial reporting were effective.

During 2008, the Company did not have adequate procedures in place related to purchase commitments. The Company has implemented a procedure whereby the Chief Executive Officer and Chief Financial Officer ("Senior Officers") are required to review and approve all material commitments being entered into by the Company and ensure that these commitments are contractually appropriate and within the approval limits of these Senior Officers. Testing of these controls in 2009 concluded that the revised controls were effective.

Although the Company believes its financial reporting and financial statements are prepared with reasonable safeguards to ensure reliability, the Company cannot provide absolute assurance.

Outlook

The Detour Lake mine property, being the primary asset of the Company, will remain the focus of exploration and development efforts over the short to medium term. In the near term, this includes the completion of a feasibility study in the first half of 2010, applying for and completing the remaining permits necessary to allow development and completing First Nations negotiations. In addition, the Company will be focusing its efforts on increasing the owner's team required to oversee the development of the project, establishing a northern office and completing the preliminary work on securing the main engineering firm to oversee the engineering, procurement, construction and management of the project. Management has commenced the sourcing of the capital and debt to finance its ongoing operations. In this regard, the Company engaged Barclays Capital to act as debt advisor and lead arranger for the debt financing aspects of the future financings.

Following completion of the feasibility study, management, in conjunction with the Board of Directors, will be in the position to assess whether to proceed with the development of the Detour Lake project based upon the results of the feasibility study which follows on from the completion of the pre-feasibility study released in September 2009. The pre-feasibility and feasibility studies quantify the capital costs necessary to bring the future mine into production. The significant difference between a pre-feasibility and feasibility study is that the capital cost accuracy will be higher in the latter due to a more rigorous bidding process for major components of equipment including such large items as the grinding mills and motors. In addition, the feasibility study will be optimized based upon the recommendations of the pre-feasibility study, and will incorporate additional drill results from the 2009 drilling campaign. The Company has budgeted 60,000 metres to continue its exploration and resource advancement at the site in 2010. Depending on the initial results of this program there is the possibility that the program may be expanded.

If it is decided to proceed with the construction of the project, it will be dependent on the ability of the Company to source the additional financing required, which likely will include debt and equity. The amount and timing of these financings may be materially impacted by the economic climate in the capital

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND
RESULTS OF OPERATION
DETOUR GOLD CORPORATION
FOR THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2009**

15

markets which have been improving since the economic turmoil in late 2008. However, the cost and availability of debt may be restricted or be prohibitively costly. The price of gold has, however, remained relatively strong and significantly large gold equity financings have occurred within the recent past, including those by the Company, for both producing and development stage companies. There can be no assurance that the gold price or the demand for precious metal equity offerings will continue, and therefore the Company may not be able to raise sufficient funds for a large-scale open-pit operation of the magnitude of the Detour Lake project which had identified capital costs of approximately \$1 billion in the pre-feasibility study.

Outstanding Share Data

As at March 11, 2010, the date of this MD&A, the Company had outstanding the following securities:

	<u>Number</u>
Common shares	69,600,294
Share purchase options	3,844,250
Share purchase options – PDX amalgamation	418,881
Warrants	500,000

Risk Factors

The following major risk factors should be given special consideration when evaluating trends, risks and uncertainties relating to the Company's business. Any of the following risk factors could cause circumstances to differ materially from those described in the forward-looking statements relating to the Company, and could have a material adverse effect upon the Company, its business and future prospects. Although the following are major risk factors identified by management, they do not comprise a definitive list of all risk factors related to the Company, and other risks and uncertainties not presently known by management could impair the Company and its business in the future

Limited Property Portfolio

At present, the Company's only mineral properties are those properties comprising the Detour Lake Property. Unless the Company acquires or develops additional mineral properties, the Company will be solely dependent upon the Detour Lake Property. If no additional mineral properties are acquired by the Company, any adverse development affecting the progress of the Detour Lake Property may have a material adverse effect on the Company's financial condition and results of operations.

Fluctuating Gold Prices

The Company's future profitability and the viability of development depends upon the world market price of gold, amongst other things. Prices fluctuate widely and are affected by numerous factors beyond the Company's control. The prices of metals are influenced by factors including industrial and retail supply and demand, exchange rates, inflation rates, changes in global economies, confidence in the global monetary system, forward sales of gold and other metals by producers and speculators as well as other global or regional political, social or economic events. The supply of gold and other metals consists of a

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND
RESULTS OF OPERATION
DETOUR GOLD CORPORATION
FOR THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2009**

16

combination of new mine production and existing stocks held by governments, producers, speculators and consumers.

If the market price for gold falls significantly, it could affect the Company's decision to proceed with further exploration or development and could materially and adversely affect the Company's ability to finance the development of the Detour Lake project. Furthermore, the economic prospects of the projects in which the Company has an interest could be significantly reduced or rendered uneconomic.

Gold prices have fluctuated widely in recent years. There is no assurance that, even as commercial quantities of gold may be produced in the future, a profitable market will exist for them. The Company does not presently have a gold hedging policy in effect.

A decline in the market price of gold may also require the Company to reduce its mineral reserves and resources, which could have a material adverse effect on the Company's value.

Share Price Volatility

In recent years, particularly in 2008 and 2009, the world securities markets, including those in the United States and Canada, have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered development stage companies, including the Company, have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur.

Financial Capability and Additional Financing

The Company currently has sufficient financial resources to carry out its planned exploration and development programs beyond the end of 2010. If the results of the feasibility study on the Detour Lake project prove to be positive, the Company will require additional financial resources should it decide to develop the Detour Lake project. The Company has no source of operating income, and there is no assurance that additional funding will be available to the Company. The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing debt and capital market conditions as well as the business performance of the Company. Failure to obtain sufficient financing may result in delaying or the indefinite postponement of the development of the Detour Lake project. With respect to the property known as Block A, if the Company cannot obtain adequate funds, or funds on reasonable terms, it may elect not to fund future work programs, and its interest in the property will be diluted as a result. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Company.

If the Company raises additional funds through the sale of equity securities, shareholders may have their equity interest in the Company diluted.

Recent Global Financial Condition

Recent global financial conditions have been characterized by volatility and several financial institutions have either gone into bankruptcy or have had to be rescued by governmental authorities. Access to financing has been negatively impacted by many factors as a result of the global financial crisis. This may impact the Company's ability to obtain equity or debt financing in the future on terms favourable to

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND
RESULTS OF OPERATION
DETOUR GOLD CORPORATION
FOR THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2009**

17

the Company. Additionally, global economic conditions may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. If such volatility and market turmoil continue, the Company's business and financial condition could be adversely impacted.

Mining Exploration and Development

The Company's business operations are subject to risks and hazards inherent in the mining industry. The exploration for, and the development of, mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an orebody may result in substantial rewards, few properties that are explored are ultimately developed into producing mines.

The Company's exploration and future production may be hampered by mining, heritage and environmental legislation, industrial accidents, industrial disputes, cost overruns, land claims and compensation and other unforeseen contingencies. The success of the Company also depends on the delineation of economically recoverable reserves, the availability and cost of required development capital, the price of commodities, securing and maintaining title to its exploration and mining tenements as well as obtaining all necessary consents and approvals for the conduct of its exploration and future development and production activities. The failure of the Company to achieve its production estimates could have a material adverse effect on any or all of its future cash flows, profitability, results of operations and financial condition.

Risks involved in mining operations include unusual and unexpected geologic formations, seismic activity, cave-ins, flooding and other conditions involved in the drilling and removal of any material, any of which could result in damage to life or property, environmental damage and possible legal liability. Further, weather conditions over a prolonged period can adversely affect exploration, production, mining and drilling operations and the timing of earning revenues.

Whether income will result from any of the Company's projects will depend on the successful establishment of mining operations. Various factors, including costs, actual mineralization, consistency and reliability of ore grades, and commodity prices affect successful project development, future cash flow and profitability, and there can be no assurance that current or future estimates of these factors will reflect actual results and performance. The design and construction of efficient processing facilities, the cost and availability of suitable machinery, supplies, mining equipment and skilled labour, the existence of competent operational management and prudent financial administration, as well as the availability and reliability of appropriately skilled and experienced consultants also can affect successful project development.

The recoverability of amounts for mineral properties and related deferred costs is dependent upon the confirmation of the Company's interest in the underlying claims, the Company's ability to obtain necessary financing to complete development, future profitable production or, alternatively, upon disposition of such properties at a profit.

Competitive Conditions

The mining industry is intensely competitive in all its phases, and the Company competes with other companies that have greater financial resources and technical facilities. Competition in the precious metals mining industry is primarily for mineral rich properties which can be developed and produced

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND
RESULTS OF OPERATION
DETOUR GOLD CORPORATION
FOR THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2009**

18

economically and businesses compete for the technical expertise to find, develop, and produce such properties, the skilled labour to operate the properties and the capital for the purpose of financing development of such properties. Many competitors not only explore for and mine precious metals, but conduct refining and marketing operations on a world-wide basis and some of these companies have much greater financial and technical resources than the Company. Such competition may result in the Company being unable to acquire desired properties, recruit or retain qualified employees or acquire the capital necessary to fund its operations and develop its properties.

The Company's inability to compete with other mining companies for these mineral deposits could have a material adverse effect on the Company's results of operation and business.

Mineral Reserve and Resource Estimates

The mineral reserve and resource figures referred to herein are estimates only and no assurance can be given that any particular level of recovery of gold or other minerals from mineral reserves or resources will in fact be realized or that an identified mineral deposit will ever qualify as a commercially mineable (or viable) ore body which can be economically exploited. Mineral resources which are not mineral reserves do not have demonstrated economic viability. Any material change in the quantity of mineralization, grade or ore to waste ratio, or the price of gold may affect the economic viability of any property held by the Company. In addition, there can be no assurance that gold recoveries or other metal recoveries in small-scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production. Until mineral reserves and resources are actually mined and processed, the quantity of mineral reserve and resource grades must be considered as estimates only.

Permits

There is no assurance that the Company can obtain, or that there will not be delays in obtaining, the environmental approval or permits necessary to develop the Detour Lake project, including environmental approvals and permits required in connection with the Company's future mining operations.

To the extent such approvals or consents are required and are delayed or not obtained, the Company may be curtailed or prohibited from proceeding with planned development of, or commencing mining operations on, the Detour Lake Property.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining and exploration companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in exploration expenses, capital expenditures or require abandonment or delays in development of new mining properties.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND
RESULTS OF OPERATION
DETOUR GOLD CORPORATION
FOR THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2009**

19

Aboriginal Title and Rights Claims

Aboriginal title and rights may be claimed with respect to Crown properties or other types of tenure with respect to which mining rights have been conferred. The Company has initiated consultations with the Moose Cree First Nation ("MCFN"), the Taykwa Tagamou Nation ("TTN"), the Wahgoshig First Nation ("WFN") and the Metis respecting its plans for the Detour Lake project. The Company has executed a memorandum of understanding ("MOU") with each of the MCFN and the TTN, and has executed a letter of intent with the WFN, in connection with the negotiation of impact and benefit agreements ("IBAs") with each of these First Nations. The Company is in the process of finalizing an MOU with the Métis prior to the negotiation of an IBA with them. There can be no assurance that these IBAs will be negotiated and executed. The Company is not aware of any treaty land entitlement claims or Aboriginal land claims having been formally asserted or any legal actions relating to Aboriginal issues having been instituted with respect to the Detour Lake Property. There can be no assurance that treaty or Aboriginal rights will not be asserted during the course of the consultations or in the future in respect of the Detour Lake project, or any of the Company's other properties. In addition, other parties may dispute the Company's title to its properties and its properties may be subject to prior unregistered agreements or transfers or land claims by Aboriginal peoples, and title may be affected by undetected encumbrances or defects or government actions.

Environmental and Safety Regulations and Risks

Environmental laws and regulations affect the operations of the Company. These laws and regulations set various standards regulating certain aspects of health and environmental quality. They provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to rehabilitate current and former facilities and locations where operations are or were conducted. Furthermore, the permission to operate could be withdrawn temporarily where there is evidence of serious breaches of health and safety, or even permanently in the case of extreme breaches. Significant liabilities could be imposed on the Company for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners of acquired properties or non-compliance with environmental laws or regulations. Environmental legislation is evolving in a manner that may mean stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. Permits from a variety of regulatory authorities are required for many aspects of mine development, operation and reclamation. Future legislation and regulations could cause additional expense, capital expenditures, restrictions, liabilities and delays in the development of the Detour Gold project, the extent of which cannot be predicted. In the context of environmental permits, including the approval of reclamation plans, the Company must comply with standards and laws and regulations which may entail costs and delays depending on the nature of the activity to be permitted and how stringently the regulations are implemented by the permitting authority.

Reclamation Estimates and Obligations

Company management estimates the cost to complete the reclamation of existing Detour Lake mine site (the "Mine Site") to be approximately \$13.6 million over a period exceeding 25 years. In October 2008, the Company issued a Letter of Credit (the "LC") in favour of the Ontario Ministry of Northern Development ("MNDM") in the amount of \$6.6 million in support of its obligations under the current mine closure plan filed with the MNDM. The LC is secured by an investment certificate of equal value.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND
RESULTS OF OPERATION
DETOUR GOLD CORPORATION
FOR THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2009**

20

Should the Detour Lake project be developed, the actual costs of completing the reclamation of the Mine Site are expected to be significantly higher than those estimated based on the 2008 Mine Closure Plan.

Government Regulation

The Company's mineral exploration is, and its development activities will be, subject to various laws governing prospecting, mining, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use and other matters. No assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail exploration or development.

Many of the mineral rights and interests of the Company are subject to government approvals, licences and permits. The granting and enforcement of the terms of such approvals, licences and permits are, as a practical matter, subject to the discretion of the applicable governments or governmental officials. No assurance can be given that the Company will be successful in maintaining any or all of the various approvals, licences and permits in full force and effect without modification or revocation. To the extent such approvals are required and not obtained, the Company may be curtailed or prohibited from continuing or proceeding with planned exploration or development of mineral properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws and regulations governing operations or more stringent implementation thereof could have a material adverse impact on the Company and cause increases in exploration expenses, capital expenditures or development costs or reduction in levels of production at producing properties, if any, or require abandonment or delays in development of new mining properties.

Management and Technical Personnel

The success of the Company is currently largely dependent on the performance of its officers and technical personnel. Shareholders will be relying on the good faith, experience and judgment of the Company's management and advisors in supervising and providing for the effective management of the business of the Company. Locating mineral deposits depends on a number of factors, not the least of which is the technical skill of the exploration personnel involved. There is no assurance the Company can maintain the services of its officers or other qualified technical personnel required to operate its business. The loss of the services of these persons could have a material adverse effect on the Company's business and prospects.

Insurance and Uninsurable Risks

Exploration, development and production operations on mineral properties involve numerous risks, including unexpected or unusual geological operating conditions, rock bursts, cave-ins, ground or slope failures, fires, floods, earthquakes, cyclones and other environmental occurrences, as well as political and

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND
RESULTS OF OPERATION
DETOUR GOLD CORPORATION
FOR THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2009**

21

social instability that could result in damage to or destruction of mineral properties or producing facilities, personal injury or death, environmental damage, delays in mining caused by industrial accidents or labour disputes or changes in regulatory environment, monetary losses and possible legal liability. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks because of high premiums or other reasons. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Company or to other companies in the mining industry on acceptable terms. Although the Company maintains insurance to protect against certain risks in such amounts as it considers reasonable, its insurance will not cover all potential risks associated with its operations, and insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Should such liabilities arise, they could reduce or eliminate any further profitability and result in increasing costs and a decline in the value of the securities of the Company.

No History of Earnings or Dividends

The Company has no history of earnings and as such the Company has not paid dividends on its Common Shares since incorporation and does not anticipate doing so in the foreseeable future. Payment of any future dividends will be at the discretion of the board of directors after taking into account many factors, including operating results, financial condition and anticipated cash needs.

Price Fluctuations of Consumed Commodities

Prices and availability of commodities consumed or used in connection with exploration and development and mining, such as natural gas, diesel, oil and electricity, also fluctuate, and these fluctuations affect the costs of production at various operations. These fluctuations can be unpredictable, can occur over short periods of time and may have a material adverse impact on the Company's operating costs or the timing and costs of various projects.

Infrastructure

Mining, processing, development and exploration activities depend on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs. The Detour Lake project will need sufficient infrastructure to commence and continue mining operations, and will need access to start-up and ongoing capital to establish and maintain the infrastructure necessary to operate a mine on the Detour Lake Property. There is no assurance that such infrastructure can be put in place or that the capital will be available to the Company on satisfactory terms, or at all, in order to build and maintain such infrastructure, which would have a material adverse effect on the Company's financial condition and results of operation. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could also adversely affect the Company's operations, financial condition and results of operations.

Accounting Policies and Internal Controls

The Company prepares its financial reports in accordance with Canadian generally accepted accounting principles. In preparation of financial reports, management may need to rely upon assumptions, make estimates or use their best judgment in determining the financial condition of the Company. Significant accounting policies are described in more detail in the Company's audited financial statements. In order

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND
RESULTS OF OPERATION
DETOUR GOLD CORPORATION
FOR THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2009**

22

to have a reasonable level of assurance that financial transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported, the Company has implemented and continues to analyze its internal control systems for financial reporting. Based on management's assessment of the Company's internal control systems for financial reporting, management has concluded that as at December 31, 2009, the Company's internal control over financial reporting was effective. During 2008, the Company did not have adequate procedures in place related to purchase commitments. The Company has implemented a procedure whereby the Chief Executive Officer and Chief Financial Officer ("**Senior Officers**") are required to review and approve all material commitments being entered into by the Company and ensure that these commitments are contractually appropriate and within the approval limits of these Senior Officers. Testing of these controls in 2009 concluded that the revised controls were effective. Although the Company believes its financial reporting and financial statements are prepared with reasonable safeguards to ensure reliability, the Company cannot provide absolute assurance.

Limited Operating History

The Company has not yet recorded any revenues from its operations nor has the Company commenced commercial production on the Detour Lake Property. The Company does not expect to generate revenues from operations in the foreseeable future. The Company expects to continue to incur losses unless and until such time as the Detour Lake project enters into commercial production and generates sufficient revenues to fund its continuing operations. There can be no assurance that the Company will generate any revenues or achieve profitability or that the Detour Lake Property or any of the properties it may hereafter acquire or obtain an interest in will generate earnings, operate profitably or provide a return on investment in the future. There can be no assurance that the underlying assumed levels of expenses will prove to be accurate. There can be no assurance that significant additional losses will not occur in the near future or that the Company will be profitable in the future. The Company's operating expenses and capital expenditures may increase in subsequent years as consultants, personnel and equipment associated with advancing exploration, development and commercial productions of its properties are added. The amount and timing of expenditures will depend on the progress of ongoing exploration and development, the results of consultants' analysis and recommendations, the rate at which operating losses are incurred, the execution of any joint venture agreements with strategic partners, the Company's acquisition of additional properties and other factors, many of which are beyond the Company's control.

Joint Ventures

On April 8, 2009, the Company entered into a joint venture agreement with Trade Winds Ventures Inc. for the 50/50 joint venture on the Block A property located immediately west of the Detour Lake mine property. The existence or occurrence of one or more of the following circumstances and events could have an adverse impact on the Company's future profitability, which could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition: (i) disagreement with joint venture partners on how to develop and operate mines efficiently, (ii) inability of joint venture partners to meet their obligations to the joint venture or third party, (iii) litigation between joint venture partners regarding joint venture matters; and (iv) failure of joint venture partners to conduct operations appropriately.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND
RESULTS OF OPERATION
DETOUR GOLD CORPORATION
FOR THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2009**

23

Litigation

The Company is subject to litigation risks. All industries, including the mining industry, are subject to legal claims, with and without merit. Defence and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, there can be no assurance that the resolution of any particular legal proceeding will not have a material adverse effect on the Company's financial position or results of operations.

Third Party Claims on the Detour Lake Property

Title to, and the area of, resource claims may be disputed and additional amounts may be paid to surface rights owners in connection with any development of mining activity. Although the Company is satisfied, based on due diligence conducted by the Company, that its surface and mineral rights to the Detour Lake Property are valid, there may be challenges, including aboriginal land claims, on the Detour Lake Property which, if successful, could impair exploration, development and/or future mining operations.

Conflict of Interest

All of the directors of the Company also serve as directors and/or officers of other companies involved in natural resource exploration, development and production. Consequently, there exists the possibility that such directors will be in a position of conflict of interest. Any decision made by such directors involving these other companies will be made in accordance with the duties and obligations to deal fairly and in good faith with the Company and these other companies. In addition, such directors must declare, and refrain from voting on, any matter in which such directors may have a material conflict of interest.

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 feasibility study work 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;

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND
RESULTS OF OPERATION
DETOUR GOLD CORPORATION
FOR THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2009**

24

-
- the results and projections in the pre-feasibility study of the Detour Lake project, including expected mine life, recovery, capital costs, cash operating costs and other costs, the anticipated production of the open pit mine, the projected internal rate of return, the projected payback period, the availability of capital for development, sensitivity to metal prices, ore grade and the financial analysis;
 - 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 above. Readers are cautioned that the foregoing list of factors is not exhaustive of the factors that may affect the forward-looking statements. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about the following:

- the availability of financing for the Company's exploration and development activities;
- operating and 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

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND
RESULTS OF OPERATION
DETOUR GOLD CORPORATION
FOR THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2009**

25

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.