



**DETOUR GOLD**

**DETOUR GOLD CORPORATION**

**(A DEVELOPMENT STAGE COMPANY)**

**INTERIM FINANCIAL STATEMENTS**

**THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2008**

**(EXPRESSED IN CANADIAN DOLLARS UNLESS OTHERWISE NOTED)**

**(UNAUDITED)**

## Management's Responsibility for Financial Reporting

The accompanying unaudited interim balance sheet as at September 30, 2008 and the unaudited interim related statements of loss and comprehensive loss, changes in shareholders' equity, cash flows and schedule of exploration expenditures for the three and nine months ended September 30, 2008 of Detour Gold Corporation (A Development Stage Company) were prepared by management in accordance with Canadian generally accepted accounting principles. Management acknowledges responsibility for the preparation and presentation of the unaudited interim 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 unaudited interim 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 process and the unaudited interim 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 unaudited interim 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.

/s/ Gerald S. Panneton

Gerald S. Panneton  
President and Chief Executive Officer

/s/ Paul Martin

Paul Martin  
Chief Financial Officer

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### Notice to Reader

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of the unaudited interim balance sheet as at September 30, 2008 and the unaudited interim related statements of loss and comprehensive loss, changes in shareholders' equity, cash flows and schedule of exploration expenditures for the three and nine months ended September 30, 2008 in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.



# DETOUR GOLD CORPORATION

(A DEVELOPMENT STAGE COMPANY)

## Interim Balance Sheets

(Expressed in Canadian Dollars unless otherwise noted) (Unaudited)

	September 30, 2008	December 31, 2007
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 8,048,040	\$ 18,918,777
Guaranteed investment certificates	50,030,000	-
Accounts receivable and prepaids	1,395,387	638,645
	<b>59,473,427</b>	<b>19,557,422</b>
<b>Property and equipment</b> (note 5)	<b>475,446</b>	<b>387,420</b>
<b>Mineral property interests</b> (note 6)	<b>108,194,080</b>	<b>108,194,080</b>
	<b>\$ 168,142,953</b>	<b>\$ 128,138,922</b>

## LIABILITIES AND SHAREHOLDERS' EQUITY

### Current liabilities

Accounts payable and accrued liabilities \$ 1,962,357 \$ 2,270,756

### Future income tax liability

13,567,400 21,432,450

**15,529,757** **23,703,206**

### Shareholders' equity

Share capital (statement) 179,522,596 114,280,877

Contributed surplus (statement) 6,419,871 2,684,049

Accumulated deficit (statement) (33,329,271) (12,529,210)

**152,613,196** **104,435,716**

**\$ 168,142,953** **\$ 128,138,922**

Nature and continuance of operations (note 1)

Commitments (note 15)

Subsequent event (note 16)

See accompanying notes to unaudited interim 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

(A DEVELOPMENT STAGE COMPANY)

Interim Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars unless otherwise noted) (Unaudited)

	Three months ended September 30, 2008	Three months ended September 30, 2007	Nine months ended September 30, 2008	Nine months ended September 30, 2007	Cumulative from inception (July 19, 2006 to September 30, 2008)
<b>Expenses</b>					
Amortization	\$ 7,003	\$ 850	\$ 18,406	\$ 1,700	\$ 21,126
Exploration (schedule)	6,533,170	5,105,617	22,291,847	12,450,997	40,375,913
Investor relations and promotion	151,309	51,739	492,019	162,816	713,922
Office and administration	76,202	57,043	216,902	198,843	571,932
Professional fees	150,863	(226,128)	537,642	174,695	851,927
Regulatory fees	3,086	3,560	62,884	50,278	126,357
Salaries and management fees	250,412	288,082	836,066	668,250	2,339,559
Shareholders' information	7,962	10,239	136,221	76,319	210,678
Travel	42,258	42,020	90,132	137,792	311,301
Stock-based compensation (note 8)	1,581,197	747,913	4,587,653	1,573,939	7,246,817
	<b>8,803,462</b>	<b>6,080,935</b>	<b>29,269,772</b>	<b>15,495,629</b>	<b>52,769,532</b>
<b>Loss before the under noted</b>	<b>(8,803,462)</b>	<b>(6,080,935)</b>	<b>(29,269,772)</b>	<b>(15,495,629)</b>	<b>(52,769,532)</b>
Foreign exchange loss	-	(386)	-	(456)	(454)
Interest income	683,651	304,713	1,648,661	881,862	2,870,486
<b>Loss before future income tax recovery</b>	<b>(8,119,811)</b>	<b>(5,776,608)</b>	<b>(27,621,111)</b>	<b>(14,614,223)</b>	<b>(49,899,500)</b>
Future income tax recovery	2,389,100	-	6,821,050	490,000	16,570,229
<b>Loss and comprehensive loss</b>	<b>\$ (5,730,711)</b>	<b>\$ (5,776,608)</b>	<b>\$ (20,800,061)</b>	<b>\$ (14,124,223)</b>	<b>\$ (33,329,271)</b>
<b>Loss per share</b>	<b>\$ (0.13)</b>	<b>\$ (0.14)</b>	<b>\$ (0.48)</b>	<b>\$ (0.39)</b>	
<b>Weighted average number of common shares</b>	<b>44,841,300</b>	<b>40,316,432</b>	<b>43,006,493</b>	<b>36,190,394</b>	

See accompanying notes to unaudited interim financial statements.



**DETOUR GOLD**

# DETOUR GOLD CORPORATION

## (A DEVELOPMENT STAGE COMPANY)

### Interim Statements of Cash Flows

(Expressed in Canadian Dollars unless otherwise noted) (Unaudited)

	Three months ended September 30, 2008	Three months ended September 30, 2007	Nine months ended September 30, 2008	Nine months ended September 30, 2007	Cumulative from inception (July 19, 2006 to September 30, 2008)
<b>Cash provided by (used in)</b>					
<b>OPERATING ACTIVITIES</b>					
Loss	\$ (5,730,711)	\$ (5,776,608)	\$ (20,800,061)	\$(14,124,223)	\$(33,329,271)
Items not involving cash:					
Accrued interest income	(215,852)	-	(379,086)	-	(445,128)
Amortization	7,003	850	18,406	1,700	21,126
Amortization included in exploration	24,104	7,508	71,794	22,434	90,153
Future income tax recovery	(2,389,100)	-	(6,821,050)	(490,000)	(16,570,229)
Stock-based compensation (note 8)	1,581,197	747,913	4,587,653	1,573,939	7,246,817
	<b>(6,723,359)</b>	<b>(5,020,337)</b>	<b>(23,322,344)</b>	<b>(13,016,150)</b>	<b>(42,986,532)</b>
Changes in non-cash working capital items:					
Accounts receivable and prepaids	(155,844)	(295,384)	(377,655)	(758,412)	(950,258)
Accounts payable and accrued liabilities	(535,734)	1,188,594	(308,399)	1,934,743	1,962,357
	<b>(7,414,937)</b>	<b>(4,127,127)</b>	<b>(24,008,398)</b>	<b>(11,839,819)</b>	<b>(41,974,433)</b>
<b>INVESTING ACTIVITIES</b>					
Acquisition of mineral property interests	-	-	-	(4,750,000)	(5,889,080)
Purchase of property and equipment	(17,181)	(69,660)	(178,226)	(90,061)	(586,725)
Purchase of guaranteed investment certificates	-	-	(50,030,000)	-	(50,030,000)
	<b>(17,181)</b>	<b>(69,660)</b>	<b>(50,208,226)</b>	<b>(4,840,061)</b>	<b>(56,505,805)</b>
<b>FINANCING ACTIVITIES</b>					
Securities issued for cash	-	255,255	65,200,000	36,334,603	109,699,141
Exercise of warrants for cash	-	-	121,275	-	1,925,001
Exercise of options for cash	-	-	1,604,547	-	1,604,547
Share issuance costs	21,622	(305,876)	(3,579,935)	(2,805,756)	(6,700,411)
	<b>21,622</b>	<b>(50,621)</b>	<b>63,345,887</b>	<b>33,528,847</b>	<b>106,528,278</b>
<b>Change in cash and cash equivalents</b>	<b>(7,410,496)</b>	<b>(4,247,408)</b>	<b>(10,870,737)</b>	<b>16,848,967</b>	<b>8,048,040</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>15,458,536</b>	<b>29,118,398</b>	<b>18,918,777</b>	<b>8,022,023</b>	<b>-</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 8,048,040</b>	<b>\$ 24,870,990</b>	<b>\$ 8,048,040</b>	<b>\$ 24,870,990</b>	<b>\$ 8,048,040</b>
Supplemental information (note 13)					

See accompanying notes to unaudited interim financial statements.



**DETOUR GOLD**

# DETOUR GOLD CORPORATION

(A DEVELOPMENT STAGE COMPANY)

Interim Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars unless otherwise noted) (Unaudited)

	Number of common shares	Nine months ended September 30, 2008	Number of common shares	Year ended December 31, 2007	Number of common shares	Cumulative from inception (July 19, 2006) to September 30, 2008
<b>Share Capital</b>						
<b>Authorized</b>						
The Company's authorized share capital consists of an unlimited number of common shares without par value						
<b>Common shares issued and outstanding:</b>						
Balance, beginning of period	40,468,500	\$ 114,280,877	5,000,000	\$ 5,000	-	\$ -
Seed capital issued	-	-	-	-	5,000,000	5,000
Shares issued to subscription receipt holders, net of costs	-	-	5,000,000	9,494,141	5,000,000	9,494,141
Shares issued in initial public offering	-	-	10,000,000	35,000,000	10,000,000	35,000,000
Costs related to the initial public offering	-	-	-	(2,392,105)	-	(2,392,105)
Shares issued to acquire the Detour Lake property	-	-	20,000,000	70,000,000	20,000,000	70,000,000
Shares issued upon exercise of warrants (note 9)	31,500	121,275	468,500	1,803,726	500,000	1,925,001
Fair value of shares issued upon exercise of warrants transferred from contributed surplus (note 9)	-	24,885	-	370,115	-	395,000
Shares issued upon exercise of stock options (note 8)	341,300	1,604,547	-	-	341,300	1,604,547
Fair value of shares issued upon exercise of stock options transferred from contributed surplus (note 8)	-	826,946	-	-	-	826,946
Conversion of Special Warrants (note 7)	4,000,000	62,664,066	-	-	4,000,000	62,664,066
Balance, end of period	44,841,300	\$ 179,522,596	40,468,500	\$114,280,877	44,841,300	\$179,522,596
<b>Special Warrants</b>						
Balance, beginning of period	-	\$ -	-	\$ -	-	\$ -
Special Warrants issued (note 7)	4,000,000	65,200,000	-	-	4,000,000	65,200,000
Costs related to Special Warrants issued (note 13)	-	(2,535,934)	-	-	-	(2,535,934)
Conversion of Special Warrants	(4,000,000)	(62,664,066)	-	-	(4,000,000)	(62,664,066)
Balance, end of period	-	\$ -	-	\$ -	-	\$ -

See accompanying notes to unaudited interim financial statements.



# DETOUR GOLD CORPORATION

(A DEVELOPMENT STAGE COMPANY)

## Interim Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars unless otherwise noted) (Unaudited)

	Nine months ended September 30, 2008	Year ended December 31, 2007	Cumulative from inception (July 19, 2006) to September 30, 2008
<b>Subscription receipts</b>			
Balance, beginning of period	\$ -	\$ 9,494,141	\$ -
Subscription receipts issued, net of costs	-	-	9,494,141
Transfer of subscription receipts issued upon issue of common shares	-	(9,494,141)	(9,494,141)
Balance, end of period	\$ -	\$ -	\$ -
<b>Contributed surplus</b>			
Balance, beginning of period	\$ 2,684,049	\$ -	\$ -
Stock-based compensation	4,587,653	2,659,164	7,246,817
Fair value of warrants issued	-	395,000	395,000
Fair value of warrants exercised	(24,885)	(370,115)	(395,000)
Fair value of stock options exercised	(826,946)	-	(826,946)
Balance, end of period	\$ 6,419,871	\$ 2,684,049	\$ 6,419,871
<b>Accumulated deficit</b>			
Balance, beginning of period	\$ (12,529,210)	\$ (587,160)	\$ -
Loss	(20,800,061)	(11,942,050)	(33,329,271)
Balance, end of period	\$ (33,329,271)	\$ (12,529,210)	\$ (33,329,271)
<b>Total shareholders' equity</b>	<b>\$ 152,613,196</b>	<b>\$104,435,716</b>	<b>\$152,613,196</b>

See accompanying notes to unaudited interim financial statements.



# DETOUR GOLD CORPORATION

(A DEVELOPMENT STAGE COMPANY)

## Interim Schedule of Exploration Expenses

(Expressed in Canadian Dollars unless otherwise noted) (Unaudited)

	Regional Work, Ontario, Canada	Detour Lake, Ontario, Canada	Block A, Ontario, Canada	Nine months ended September 30, 2008	Nine months ended September 30, 2007	Cumulative from inception (July 19, 2006) to September 30, 2008
<b>Expenditures</b>						
Administration and travel	\$ -	\$ 290,151	\$ 109,158	\$ 399,309	\$ 240,354	\$ 856,169
Amortization	-	71,794	-	71,794	22,434	90,153
Assays and analysis	126,978	2,520,760	-	2,647,738	1,229,166	4,221,848
Drilling	1,528,434	12,503,797	-	14,032,231	7,252,796	23,841,026
Environmental	-	273,287	-	273,287	140,237	534,321
Feasibility and engineering	-	3,424,655	-	3,424,655	97,020	4,307,698
Geological and geophysical	-	164,084	-	164,084	945,031	1,453,961
Site activities	2,838	1,275,911	-	1,278,749	2,523,959	5,070,737
<b>Total expenditures</b>	\$ 1,658,250	\$ 20,524,439	\$ 109,158	\$ 22,291,847	\$ 12,450,997	\$ 40,375,913

See accompanying notes to unaudited interim financial statements.



**DETOUR GOLD**

# DETOUR GOLD CORPORATION

(A DEVELOPMENT STAGE COMPANY)

## Interim Schedule of Exploration Expenses

(Expressed in Canadian Dollars unless otherwise noted) (Unaudited)

	Detour Lake, Ontario, Canada	Block A, Ontario, Canada	Three months ended September 30, 2008	Three months ended September 30, 2007
<b>Expenditures</b>				
Administration and travel	\$ 85,121	\$ 95,079	\$ 180,200	\$ 112,108
Amortization	24,104	-	24,104	7,508
Assays and analysis	701,075	-	701,075	615,850
Drilling	3,775,840	-	3,775,840	2,881,138
Environmental	159,750	-	159,750	88,308
Feasibility and engineering	953,589	-	953,589	44,026
Geological and geophysical	450	-	450	313,173
Site activities	738,162	-	738,162	1,043,506
<b>Total expenditures</b>	<b>\$ 6,438,091</b>	<b>\$ 95,079</b>	<b>\$ 6,533,170</b>	<b>\$ 5,105,617</b>

See accompanying notes to unaudited interim financial statements.



# DETOUR GOLD CORPORATION

## (A DEVELOPMENT STAGE COMPANY)

### Notes to Interim Financial Statements

September 30, 2008

**(Expressed in Canadian Dollars unless otherwise noted) (Unaudited)**

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#### 1. NATURE AND CONTINUANCE OF OPERATIONS

Detour Gold Corporation (the “Company” or “Detour Gold”) (A Development Stage Company) was incorporated on July 19, 2006 under the *Canada Business Corporations Act* as 6600964 Canada Inc. On August 21, 2006, the Company’s name was changed to Detour Gold Corporation. The principal business of the Company is the acquisition, exploration and development of mineral property interests. Detour Gold is a development stage company, as defined by Accounting Guideline 11 of the Canadian Institute of Chartered Accountants’ (“CICA”) Handbook.

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 dependent upon completion of the acquisition of the mineral property interests, the discovery of economically recoverable reserves, confirmation of the Company’s interest in the underlying mineral claims, 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.

Although the Company has taken steps to verify title to its mineral property interests, in accordance with industry standards for the current stage of exploration of such property, these procedures do not guarantee the Company’s title. Property title may be subject to unregistered prior agreements, aboriginal claims, and noncompliance with regulatory requirements.

The Company has no revenues and its ability to ensure continuing operations is dependent on raising sufficient funds to finance exploration activities, identifying a commercial ore body, developing such mineral property interests, and upon the future profitable production or proceeds from the disposition of the mineral property interests. There can be no assurance that the Company will be able to raise sufficient funds as and when such funds are required. Management of the Company believes that it has sufficient funds to pay its ongoing administration expenses and meet its planned liabilities for the following year as they fall due.

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The unaudited interim financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles (“GAAP”). The preparation of the unaudited interim financial statements is based on accounting policies and practices consistent with those used in the preparation of the audited annual financial statements except as noted below. The accompanying unaudited interim financial statements should be read in conjunction with the notes to the Company’s audited financial statements for the year ended December 31, 2007, since they do not contain all disclosures required by GAAP for annual financial statements. These unaudited interim financial statements reflect all normal and recurring adjustments which are, in the opinion of management, necessary for a fair presentation of the respective interim periods presented.

#### Capital disclosures and financial instruments – disclosures and presentation

On December 1, 2006, the CICA issued three new accounting standards: Capital Disclosures (Handbook Section 1535), Financial Instruments – Disclosures (Handbook Section 3862), and Financial Instruments – Presentation (Handbook Section 3863). These new standards became effective for the Company on January 1, 2008.



**DETOUR GOLD**

# DETOUR GOLD CORPORATION

## (A DEVELOPMENT STAGE COMPANY)

### Notes to Interim Financial Statements

September 30, 2008

**(Expressed in Canadian Dollars unless otherwise noted) (Unaudited)**

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#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Capital disclosures and financial instruments – disclosures and presentation (Continued)

###### *Capital Disclosures*

Handbook Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. The Company has included disclosures recommended by the new Handbook section in note 3 to these interim financial statements.

###### *Financial Instruments*

Handbook Sections 3862 and 3863 replace Handbook Section 3861, Financial Instruments – Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. The Company has included disclosures recommended by the new Handbook section in note 4 to these interim financial statements.

##### Property and equipment amortization

Machinery and equipment is stated at cost less accumulated amortization. Amortization is provided on a straight-line basis over five years, which represents the estimated useful lives of the related equipment. Amortization of property and equipment used directly in exploration projects is included in exploration expenses.

##### General Standard of Financial Statement Presentation

In June 2007, the CICA amended Handbook Section 1400, Going Concern, to assess an entity's ability to continue as a going concern and disclose any material uncertainties that cast doubt on its ability to continue as a going concern. Section 1400 is effective for interim and annual reporting periods beginning on or after January 1, 2008. The application of this new standard had no impact on the Company's unaudited interim financial statements as at and for the three and nine months ended September 30, 2008.

##### Future accounting changes

###### *International Financial Reporting Standards ("IFRS")*

In January 2006, the CICA's Accounting Standards Board ("AcSB") formally adopted the strategy of replacing Canadian GAAP with IFRS for Canadian enterprises with public accountability. The current conversion timetable calls for financial reporting under IFRS for accounting periods commencing on or after January 1, 2011. On February 13, 2008 the AcSB confirmed that the use of IFRS will be required in 2011 for publicly accountable profit-oriented enterprises. For these entities, IFRS will be required for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company is currently assessing the impact of IFRS on its financial statements.

###### *Goodwill and Intangible Assets*

In November 2007, the CICA approved Handbook Section 3064, "Goodwill and Intangible Assets" which replaces the existing Handbook Sections 3062, "Goodwill and Other Intangible Assets" and 3450 "Research and Development Costs". This standard is effective for interim and annual financial statements relating to the Company's fiscal year beginning on January 1, 2009 with earlier application encouraged. The standard provides guidance on the recognition, measurement and disclosure requirements for goodwill and intangible assets. The Company is currently assessing the impact of these new accounting standards on its financial statements.



**DETOUR GOLD**

# DETOUR GOLD CORPORATION

## (A DEVELOPMENT STAGE COMPANY)

### Notes to Interim Financial Statements

September 30, 2008

**(Expressed in Canadian Dollars unless otherwise noted) (Unaudited)**

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#### 3. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. 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 properties in which the Company currently has an interest are in the exploration stage; as such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and 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 three and nine months ended September 30, 2008. The Company is not subject to externally imposed capital requirements.

#### 4. RISK FACTORS - FINANCIAL INSTRUMENTS

The Company's significant mineral property is the Detour Lake property. Unless the Company acquires or develops additional significant properties, the Company will be solely dependent upon the Detour Lake property. If no additional mineral properties are acquired by Detour Gold, any adverse development affecting the Detour Lake property would have a material adverse effect on Detour Gold's financial condition and results of operations.

Other risk factors and their impact on the Company's financial instruments are summarized below:

##### **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 and cash equivalents, guaranteed investment certificates and accounts receivable. Cash and cash equivalents and guaranteed investment certificates are held with reputable Canadian chartered banks, from which management believes the risk of loss to be remote.

Financial instruments included in accounts receivable consist of sales tax receivable from government authorities in Canada, accrued interest and deposits held with service providers. Management believes that the credit risk concentration with respect to financial instruments included in accounts receivable is remote.

##### **Liquidity risk**

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2008, the Company had a cash balance of \$8,048,040 (December 31, 2007 - \$18,918,777) and a guaranteed investment certificates balance of \$50,030,000 to settle current liabilities of \$1,962,357 (December 31, 2007 - \$2,270,756). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.



**DETOUR GOLD**

# DETOUR GOLD CORPORATION

## (A DEVELOPMENT STAGE COMPANY)

### Notes to Interim Financial Statements

September 30, 2008

(Expressed in Canadian Dollars unless otherwise noted) (Unaudited)

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#### 4. RISK FACTORS - FINANCIAL INSTRUMENTS (Continued)

##### Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity prices.

##### *Interest rate risk*

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in certificates of deposit or interest bearing accounts at major Canadian chartered banks. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its Canadian chartered banks.

##### *Foreign currency risk*

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

##### Sensitivity analysis

The Company has, for accounting purposes, designated its cash and cash equivalents and guaranteed investment certificates as held-for-trading, which are measured at fair value. Accounts receivable are classified for accounting purposes as loans and receivables, which are measured at amortized cost which equals fair market value. Accounts payable and accrued liabilities are classified for accounting purposes as other financial liabilities, which are measured at amortized cost which also equals fair market value.

As of September 30, 2008, 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 Company believes the following movements are "reasonably possible" over a nine month period:

(i) Cash and cash equivalents are subject to floating interest rates at the Canadian prime rate less 1.70%. As at September 30, 2008, if interest rates had decreased/increased by 1% with all other variables held constant, the loss for the nine months ended September 30, 2008 would have been approximately \$60,000 higher/lower, as a result of lower/higher interest income from cash and cash equivalents. As at September 30, 2008, reported shareholders' equity would have been approximately \$60,000 lower/higher as a result of lower/higher interest income from cash and cash equivalents.

(ii) Guaranteed investment certificates have fixed interest rates therefore they are not subject to interest rate fluctuations.

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

(iv) Commodity price risk could adversely affect the Company. In particular, the Company's future profitability and viability of development depends upon the world market price of gold. 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. A decline in the market price of gold may also require the Company to reduce its mineral resources, which could have a material and adverse effect on the Company's value.



**DETOUR GOLD**

# DETOUR GOLD CORPORATION

## (A DEVELOPMENT STAGE COMPANY)

### Notes to Interim Financial Statements

September 30, 2008

(Expressed in Canadian Dollars unless otherwise noted) (Unaudited)

#### 4. RISK FACTORS - FINANCIAL INSTRUMENTS (Continued)

##### Sensitivity analysis (Continued)

As of September 30, 2008, the Company is not a gold producer. As a result, commodity price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

#### 5. PROPERTY AND EQUIPMENT

September 30, 2008	Cost	Accumulated amortization	Net carrying value
Mobile equipment	\$ 466,560	\$ 79,704	\$ 386,856
Machinery and equipment	21,374	1,908	19,466
Furniture and fixtures	30,113	5,942	24,171
Computer equipment and software	68,678	23,725	44,953
	<u>\$ 586,725</u>	<u>\$ 111,279</u>	<u>\$ 475,446</u>
December 31, 2007	Cost	Accumulated amortization	Net carrying value
Mobile equipment	\$ 352,080	\$ 9,720	\$ 342,360
Furniture and fixtures	20,401	2,720	17,681
Computer equipment and software	36,018	8,639	27,379
	<u>\$ 408,499</u>	<u>\$ 21,079</u>	<u>\$ 387,420</u>

#### 6. MINERAL PROPERTY INTERESTS

On a quarterly basis, management of the Company review mineral property interests to determine if acquisition costs are eligible for capitalization. For a description of the mineral property interests owned by the Company, refer to note 4 of the audited financial statements of Detour Gold as at December 31, 2007. The specific changes to mineral property interests that occurred from January 1, 2008 to September 30, 2008 are as follows:

On April 14, 2008, Detour Gold entered into an agreement (the "Purchase Agreement") with Goldcorp Canada Ltd. ("Goldcorp") pursuant to which the Company will exercise its option (the "Mine Option") and will acquire ownership of the Detour Lake mine property (the "Mine Option Property") from Goldcorp (the "Transaction"). Following the completion of the Transaction, Detour Gold will be the sole owner of the Mine Option Property, including all the surface rights.

Pursuant to the terms of the Purchase Agreement, the Company will assume all of Goldcorp's liabilities and obligations relating to the Mine Option Property and certain other exploration properties in the Detour Lake and Massicotte areas of Ontario and Quebec. Upon the exercise of the Mine Option and the closing of the Transaction, as per the terms of the Option and Access Agreement dated December 10, 1998, Detour Gold will grant Goldcorp a 1% royalty on the net smelter returns derived from the Mine Property (the "Mine Option Property NSR"). The Company will have the right to purchase the Mine Option Property NSR from Goldcorp at any time by paying Goldcorp the sum of \$1,000,000.



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# DETOUR GOLD CORPORATION

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#### 6. MINERAL PROPERTY INTERESTS (Continued)

The exercise of the Mine Option and the closing of the Transaction is subject to Detour Gold and Goldcorp obtaining all necessary third party approvals and consents, the filing of an amended mine closure plan for the Mine Option Property, and other customary conditions. As at September 30, 2008, the amended mine closure plan is under review by the Ontario Ministry of Northern Development and Mines and updates will be provided as information is received by the Company. (note 16)

A summary of the investment in the Detour Lake property is as follows:

	<b>Amount</b>
Issuance of 20,000,000 common shares to PDX Resources Inc. (formerly Pelangio Mines Inc.)	\$ 70,000,000
Cash payments to Pelangio	5,000,000
Finders' fees	750,000
Related transaction costs	139,080
	\$ 75,889,080
Future income tax liability at acquisition	32,305,000
	\$ 108,194,080

#### 7. SPECIAL WARRANTS

On February 21, 2008, Detour Gold 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 \$65,200,000. Each Special Warrant entitled the holder to acquire, for no additional consideration, one common share of Detour Gold. The private placement was underwritten by a syndicate of underwriters. 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 until 5:00 p.m. (Toronto time) on the earlier of: (i) the third business day after the date on which a receipt for the final prospectus of the Company qualifying the distribution of the common shares issuable on exercise of the Special Warrants has been issued by the last of the securities regulatory authorities in each of the offering jurisdictions in Canada within which purchasers of Special Warrants reside; and (ii) June 23, 2008 (the "Automatic Exercise Date"); at which time each Special Warrant not previously exercised by the holder thereof shall be automatically exercised 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 at 5:00 p.m. (Toronto time) on April 30, 2008. All Special Warrants were converted to common shares.

Future income taxes recovery arising from share issuance costs of the Special Warrants amounted to \$1,044,000.



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## 8. SHARE PURCHASE OPTION PLAN

The continuity of share purchase options is as follows:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in years)
Balance, December 31, 2007	3,185,000	\$ 6.55	4.3
Granted	830,000	15.23	4.8
Exercised	(341,300)	4.70	-
Cancelled	(197,000)	6.53	-
Balance, September 30, 2008	3,476,700	\$ 8.81	3.9

The fair value of the 830,000 options granted in 2008 has been estimated at the date of grant using a Black-Scholes option pricing model, using the following assumptions: a weighted average risk free interest rate of 3.03%; a weighted average volatility factor of the expected market price of the Company's common shares of 69.26%; and a weighted average expected life of 3.5 years. The weighted average grant date fair value of the total options granted was \$7.62. Vesting of these options is 30% in 12 months, 30% in 24 months and 40% in 36 months. As a result, the fair value of the options was estimated as \$6,327,833 and will be recognized over the vesting periods.

As at September 30, 2008, the Company had the following stock options outstanding:

Range of Exercise Prices	Options Granted	Options Vested	Weighted Average Remaining Contractual Life (in years)
\$0.01 to \$5.00	1,090,000	232,500	3.3
\$5.01 to \$10.00	717,700	115,000	3.3
\$10.01 to \$15.00	1,159,000	-	4.3
\$15.01 to \$20.00	435,000	-	4.6
\$20.01 to \$25.00	75,000	-	4.8
	3,476,700	347,500	3.9

The portion of the estimated fair value of options granted in prior periods and vesting in the current period, which have been reflected in the statements of loss and comprehensive loss are as follows:

	Three months ended September 30, 2008	Three months ended September 30, 2007	Nine months ended September 30, 2008	Nine months ended September 30, 2007	Cumulative from inception (July 19, 2006 to September 30, 2008)
Exploration	\$ 345,586	\$ 60,125	\$ 1,147,404	\$ 466,582	\$ 1,947,836
Administration	1,235,611	687,788	3,440,249	1,107,357	5,298,981
Total expense recognized in loss and comprehensive loss and credited to contributed surplus	\$ 1,581,197	\$ 747,913	\$ 4,587,653	\$ 1,573,939	\$ 7,246,817



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## 9. WARRANTS

The continuity of the warrants issued as part of the January 31, 2007 initial public offering is as follows:

	Number of Warrants	Weighted Average Exercise Price	Fair Value
Balance, December 31, 2007	31,500	\$ 3.85	\$ 24,885
Exercised	(31,500)	3.85	(24,885)
Balance, September 30, 2008	-	\$ -	\$ -

## 10. LOSS PER SHARE

	Three months ended September 30, 2008	Three months ended September 30, 2007	Nine months ended September 30, 2008	Nine months ended September 30, 2007
Loss	\$ (5,730,711)	\$ (5,776,608)	\$ (20,800,061)	\$ (14,124,223)
Loss per share	\$ (0.13)	\$ (0.14)	\$ (0.48)	\$ (0.39)

Weighted average shares outstanding - basic and diluted	<b>44,841,300</b>	40,316,432	<b>43,006,493</b>	36,190,394
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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.

## 11. 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	September 30, 2008	September 30, 2007
Hunter Dickinson Inc.	\$ -	\$ 11,510
Officer	\$ 19,294	\$ -



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## 11. RELATED PARTY TRANSACTIONS (Continued)

Reimbursement for expenses and payments for services rendered by related parties

	Three months ended September 30, 2008	Three months ended September 30, 2007	Nine months ended September 30, 2008	Nine months ended September 30, 2007
Hunter Dickinson Inc.				
Services rendered and expenses reimbursed	\$ 1,195	\$ 765,575	\$ 17,179	\$ 1,586,103
PDX Resources Inc. (formerly Pelangio Mines Inc.)				
Exploration costs incurred on behalf of the Company	\$ -	\$ -	\$ -	\$ 1,533,840
Acquisition of Detour Lake property	\$ -	\$ -	\$ -	\$ 74,000,000
Director	\$ -	\$ 2,400	\$ -	\$ 2,400
Officer	\$ 43,500	\$ -	\$ 161,250	\$ -

### *Hunter Dickinson Inc. ("HDI")*

HDI is a private company which has certain directors in common with the Company. HDI provides geological, technical, corporate development, administrative and management services to, and incurs third party costs on behalf of, the Company on a full cost recovery basis pursuant to an agreement dated July 19, 2006. Balances receivable from, or payable to HDI, have arisen in the normal course of exploration work on the Company's mineral property and from the provision of ongoing administrative and technical services. The services provided by HDI have been significantly reduced during the course of 2008.

### *PDX Resources Inc. (formerly Pelangio Mines Inc. ("Pelangio"))*

On January 31, 2007, the Company acquired the Detour Lake property from Pelangio through the issuance of common shares of the Company and cash, as described in note 4 of the December 31, 2007 audited financial statements.

### *Director*

For the periods presented, the Company paid a director for technical consulting services.

### *Officer*

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

## 12. SEGMENTED INFORMATION

The Company currently operates in one reportable operating segment, being the acquisition, exploration and development of mineral property interests in Canada. All assets, including cash balances are currently located in Canada.



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# DETOUR GOLD CORPORATION

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## 13. SUPPLEMENTAL INFORMATION

	Three months ended September 30, 2008	Three months ended September 30, 2007	Nine months ended September 30, 2008	Nine months ended September 30, 2007	Cumulative from inception (July 19, 2006 to September 30, 2008)
Common shares issued pursuant to acquisition of Detour Lake property	\$ -	\$ -	\$ -	\$ 70,000,000	\$ 70,000,000
Warrants issued as share issuance costs	\$ -	\$ -	\$ -	\$ 395,000	\$ 395,000
Value of warrants exercised	\$ -	\$ 52,377	\$ 24,885	\$ 273,854	\$ 395,000
Value of options exercised	\$ -	\$ -	\$ 826,946	\$ -	\$ 826,946
Future income tax liability arising from acquisition of Detour Lake property	\$ -	\$ -	\$ -	\$ 32,305,000	\$ 32,305,000
Future income taxes recovery arising from share issuance costs of Special Warrants	\$ -	\$ -	\$ 1,044,000	\$ -	\$ 2,167,371

## 14. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the presentation adopted as at September 30, 2008.

## 15. COMMITMENTS

The following table lists the Company's material contractual obligations for the remainder of fiscal 2008 and over the next four years:

	Remainder of 2008 and 2009	2010	2011	2012	Total
Operating leases	\$ 282,000	\$ 171,000	\$ 116,000	\$ -	\$ 569,000

In addition to the above commitments, the Company has signed a Letter of Award ("LOA") for the order of one SAG and two ball mills and is currently working towards a definitive contract which will include the payment profile, delay provisions and cancellation terms. The current arrangement has safeguards limiting the Company's financial exposure to a maximum of US\$12 million up to the end of 2009 should the contract be cancelled by the Company. The total value of the LOA is approximately US\$48.5 million and the remaining balance (US\$36.5 million) would be paid by instalment payments over the period to delivery, anticipated to occur in mid 2010 through May 2011 unless the delay provisions are exercised at the end of 2009 which could extend the delivery and the remaining payments schedule by up to 24 months.



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# **DETOUR GOLD CORPORATION**

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## **16. SUBSEQUENT EVENT**

On October 30, 2008, the Company acquired ownership of the Detour Lake mine property (the "Mine Option Property") from Goldcorp (the "Transaction") as previously announced in April 2008. Detour Gold is now the sole owner of the Mine Option Property, including all the surface rights. Pursuant to the terms of the Transaction, the Company assumed all of Goldcorp's liabilities and obligations, estimated at \$6,550,000, relating to the Mine Option Property and certain other exploration properties in the area. Upon closing of the Transaction, as per the terms of the Option and Access Agreement dated December 10, 1998, Detour Gold has granted Goldcorp a 1% royalty on the net smelter returns derived from the Mine Option Property (the "Mine Option Property NSR"). The Company has the right to purchase the Mine Option Property NSR from Goldcorp at any time by paying Goldcorp the sum of \$1,000,000. In relation to this transaction, the Company issued a Letter Of Credit ("LC") in favour of the Ministry of Northern Development and Mines equal to \$6,550,000 to cover the future estimated reclamation obligation incurred during the original mine operation, on the Mine Option Property. The LC is secured by an equal value investment certificate.



**DETOUR GOLD**

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**FORM 51-102F1**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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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 accompanying unaudited financial statements and notes for the three and nine month periods ended September 30, 2008 and compares the financial results for the three and nine month periods with the comparative periods in 2007. It should be read in conjunction with the audited financial statements and related notes and schedules for the year ended December 31, 2007, which have been prepared in accordance with Canadian generally accepted accounting principles. This MD&A covers the most recently completed fiscal quarter of Detour Gold and the subsequent period up to November 10, 2008. All dollar figures stated herein are expressed in 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.

### **Overview**

The Company was incorporated on July 19, 2006 and is in the business of acquiring, exploring and developing mineral properties. The Company currently has no producing properties.

On January 31, 2007, the Company completed the acquisition of the Detour Lake property from Pelangio Mines Inc. ("Pelangio") concurrently with the closing of its \$35 million Initial Public Offering ("IPO"). The core of the project is located in the Porcupine Mining Division of Ontario, approximately 150 kilometres northeast of Timmins.

### ***Exploration Activities***

#### ***Detour Lake Property***

Detour Gold continued its Phase II drilling program on the Detour Lake deposit (located on the Mine Option Property) in January 2008 and the program is now essentially complete. For the nine months in 2008, the Company has completed 235 drill holes totaling 100,032 metres. In July 2008, the Company started Phase III drilling program to complete the infill program on a 40 metre by 40 metre grid.

On July 2, 2008, the Company released an updated National Instrument 43-101 compliant mineral resource estimate for the Detour Lake gold project based on a detailed engineered pit design. The NI 43-101 Technical Report was filed on Sedar in August 2008. The update included results from the historical drilling, Phase I drilling (49,322 metres), and an additional 73,469 metres from Phase II drilling (representing 51% of Phase II). The measured and indicated gold resources increased by 125% from 4.8 million ounces to 10.8 million ounces while inferred gold resources decreased 20% from 3.0 million ounces to 2.4 million ounces. Based on a cut-off grade of 0.50 g/t gold and a gold price of US\$700 per ounce, the in-pit resources included in a detailed engineered pit design are shown in Table 1.

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Table 1. June 2008 Detailed Engineered Pit Design Resource Estimate  
Base Case US\$700/oz

	Tonnes (millions)	Grade Capped at 20 g/t Au (g/t Au)	Gold Ounces (capped) (000's)
Measured (M)	38.8	1.68	2,099
Indicated (I)	204.1	1.32	8,664
Total (M&I)	<b>242.9</b>	<b>1.38</b>	<b>10,763</b>
Inferred	<b>63.9</b>	<b>1.19</b>	<b>2,452</b>

Notes:

- (1) The mineral resources are classified as measured, indicated and inferred, and comply with the CIM mineral resource definitions referenced in National Instrument 43-101.
- (2) Base case assumes a gold price of US\$700/oz gold and US dollar exchange rate of \$1.10.
- (3) Mineral resources that are not mineral reserves do not have demonstrated economic viability.
- (4) The quantity and grade of reported inferred resources in this estimation are conceptual in nature and there has been insufficient exploration to define these inferred resources as an indicated or measured resource and it is uncertain if further exploration will result in upgrading them to an indicated or measured resource category.

The fully designed and engineered open pit resource presented in Table 1 was prepared by Patrice Live, Eng. of BBA Inc. The costs estimates used in the resource estimates were provided and reviewed by BBA Inc. The gold recovery was reviewed by Lawrence Melis, P.Eng. of Melis Engineering Ltd. The pit slope information used in the designed and engineered open pit resource was provided by Luiz Castro, P.Eng. of Golder Associates Ltd. All the names mentioned above are Qualified Persons with respect to the Company's mineral properties in accordance with NI 43-101 regulations.

In the third quarter of 2008, the Company released drill results from 40 holes of the Phase II program. Results continue to indicate additional gold mineralization within and outside the US\$700 pit shell, which will positively impact the final pit design (lower strip ratio) and resource base. In October 2008, the Company started an 8,000 metre drilling program on a 20 metre by 20 metre grid in the eastern portion of the deposit. The drilling will closely infill an area of 80 metres along strike (east-west) by 300 metre in width (north-south) to a depth of 160 metres. This program will further support a feasibility study since this portion of the deposit is scheduled to be mined in the first years of operation.

Furthermore, the Company has signed a Letter of Award ("LOA") for the order of one SAG and two ball mills and is currently working towards a definitive contract which will include the payment profile, delay provisions and cancellation terms. The current arrangement has safeguards limiting the Company's financial exposure to a maximum of US\$12 million up to the end of 2009 should the contract be cancelled by the Company. The total value of the LOA is approximately US\$48.5 million and the remaining balance (US\$36.5 million) would be paid by instalment payments over the period to delivery, anticipated to occur in mid 2010 through May 2011 unless the delay provisions are exercised at the end of 2009 which could extend the delivery and the remaining payments schedule by up to 24 months.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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*Block A*

On the Block A property, activities were limited to camp completion and maintenance. No exploration work took place in the third quarter of 2008. The Company intends to continue its exploration activities on Block A, subject to entering into a joint venture agreement with Trade Winds Ventures Inc. ("Trade Winds"). Trade Winds is the operator during the exploration phase. Trade Winds is currently proceeding with a NI 43-101 compliant mineral resource estimate update.

*Corporate Activities*

In April 2008, the Company entered into an agreement (the "Purchase Agreement") with Goldcorp Canada Ltd. ("Goldcorp") pursuant to which the Company will exercise its option (the "Mine Option") and will acquire ownership of the Detour Lake mine property (the "Mine Option Property") from Goldcorp (the "Transaction"). Following the completion of the Transaction, Detour Gold will be the sole owner of the Mine Option Property, including all the surface rights.

Pursuant to the terms of the Purchase Agreement, the Company will assume all of Goldcorp's liabilities and obligations relating to the Mine Option Property and certain other exploration properties in the Detour Lake and Massicotte areas of Ontario and Quebec. Upon the exercise of the Mine Option and the closing of the Transaction, as per the terms of the Option and Access Agreement dated December 10, 1998, Detour Gold will grant Goldcorp a 1% royalty on the net smelter returns derived from the Mine Option Property (the "Mine Option Property NSR"). The Company will have the right to purchase the Mine Option Property NSR from Goldcorp at any time by paying Goldcorp the sum of \$1,000,000.

The exercise of the Mine Option and the closing of the Transaction was completed on October 30, 2008. The Company estimates that the existing reclamation liability being assumed by this Transaction is \$6.6 million.

In September 2008, Mr. Paul Martin was appointed Chief Financial Officer of the Company.

**Outlook**

The Detour Lake property, being the only 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 completing a feasibility study, securing the remaining mining permits and sourcing capital to finance its ongoing operations.

The Company's continuing operations are dependent on the raising of additional financing, debt and equity, to finance the development of the Detour Lake project. A feasibility study will quantify the capital costs necessary to bring the future mine into production. The amount and timing of these raisings may be materially impacted by the current economic turmoil in the capital markets that the world has experienced beginning in 2008 and which escalated in October 2008. As a result, it has restricted the cost of, and availability, of both equity and debt. Efforts made by central banks and governments around the world to inject capital has assisted in trying to reinvigorate bank lending however these markets remain relatively illiquid. There can be no assurance that the Company will be able to raise sufficient funds as and when such funds are required.

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Detour Gold has sufficient funds to meet its 2008 and 2009 planned expenditures; however, following the completion of a feasibility study the Company will have to evaluate the development timetable and the necessity to look at such items as further ordering long lead items and completing detailed engineering. Commitments for these items will require that the Company source additional financing.

### **Market Trends**

The Company's profitability depends upon the world market price of gold. Gold prices have been increasing over the past three years. Overall, the gold price increased from US\$410 per ounce in 2004 to US\$445 per ounce in 2005, and although there was some volatility in late 2006, the average price over the year – US\$604 per ounce – was still a substantial increase from 2005. The gold price averaged US\$695 per ounce during 2007 and closed at US\$836 per ounce on December 31, 2007. For the nine months ended September 30, 2008, the gold price averaged approximately US\$897 per ounce and closed on November 10, 2008 at US\$753 per ounce.

### **Results of Operations**

The Company's loss for the three months ended September 30, 2008 was \$5.7 million compared to \$5.8 million for the same period a year earlier. This variance is a combination of the following offsetting items: i) a \$1.4 million increase in costs at our Detour Lake project, mainly due to exploration drilling and advancement of activities in support of a feasibility study; ii) an increase of \$0.8 million in stock based compensation expense; iii) an increase of \$0.4 million in professional fees due to a reallocation that took place in Q3-07; iv) an increase of \$0.1 million in investor relations activities; v) an increase in \$0.4 million in interest income and; vi) an increase of future income tax recovery of \$2.4 million.

During the quarter, exploration and general and administrative expenses totaled \$8.8 million (2007 - \$6.1 million). Of the total expenses, \$6.5 million related to exploration activities at the Detour Lake property and included \$3.8 million for drilling, \$1.0 million for advancing activities in support of a feasibility study and \$0.7 million for assays and analysis. The remaining \$2.3 million in expenses were incurred for corporate general and administrative activities such as management salaries, professional fees and investor relations.

For the nine months ended September 30, 2008, the loss totaled \$20.8 million in comparison to \$14.1 million for the same period in 2007. During the period, operating expenses totaled \$29.3 million (2007 - \$15.5 million) including \$22.3 million (2007 - \$12.5 million) in exploration and development expenditures. For the nine months ended September 30, 2008, the Company's drilling and assaying expense increased to \$16.7 million (2007 - \$8.5 million), primarily due an increase in metres drilled. In addition, higher drilling cost per metre also contributed to the increase in drilling and assaying expense in 2008.

For the nine months ended September 30, 2008, most general and administrative expenses increased in comparison to 2007. The Company's exploration success since its initial public offering in January 2007 has led to the advancement of the Detour Lake project and the hiring of management and administrative personnel and an increase in the general costs of a growing public company. For example, professional fees increased to \$538,000 (2007-\$175,000), salaries and management fees increased to \$836,000 (2007 -

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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\$668,000) primarily due to the addition of new employees; and investor relations expenses increased to \$492,000 (2007 - \$163,000).

The Company generated \$1.6 million (2007 - \$882,000) in interest income during the nine months ended September 30, 2008. The increase is due to higher cash balances which were generated by the proceeds from the \$65.2 million equity issue completed in February 2008.

Also included in the loss for the nine months ended September 30, 2008, are the following non-cash items: \$4.6 million (2007 - \$1.6 million) in stock-based compensation costs and \$6.8 million (2007 - \$0.5 million) in future income tax recovery.

**Summary of Quarterly Results**

In Canadian dollars	<b>Third Quarter 2008</b>	<b>Second Quarter 2008</b>	<b>First Quarter 2008</b>	<b>Fourth Quarter 2007</b>
Interest income	683,651	553,530	411,480	280,738
Loss (Earnings)	5,730,711	7,544,367	7,524,983	(2,182,173)
Loss (Earnings) per share <sup>(1)</sup>	0.13	0.17	0.19	(0.07)
	<b>Third Quarter 2007</b>	<b>Second Quarter 2007</b>	<b>First Quarter 2007</b>	<b>July 19, 06 (Inception) to December 31 2006</b>
Interest income	304,713	330,050	247,099	59,225
Loss	5,776,608	4,569,445	3,778,170	587,160
Loss per share <sup>(1)</sup>	0.14	0.11	0.14	0.12

<sup>(1)</sup> Loss per share remains the same on a fully diluted basis

During the period from the Company's incorporation on July 19, 2006 to December 31, 2007, the Company's activities have consisted substantially of establishing a business plan for the acquisition of the Detour Lake property. On January 31, 2007, the Company successfully completed an IPO and raised gross proceeds of \$35 million with such funds directed towards the advancement of the Detour Lake property. The decline in interest income over the last two quarters of 2007 is a result of decreasing cash balances on hand due to the incremental exploration expenditures. The increase in interest income in the first, second and third quarter of 2008 is related to higher cash balance generating interest as the Company raised \$61.9 million (net of commission) on February 21, 2008. The earnings of \$2.2 million in the fourth quarter of 2007 is directly related to a \$9.3 million non-cash year-end tax adjustment to reflect the increase in the property value for tax purposes as a consequence of the 2007 expenses incurred and change in future tax rates. The losses in the first, second and third quarter of 2008 include a similar non-cash tax recovery of \$2.4 million, \$2.0 million and \$2.4 million respectively.

**Liquidity**

Historically, the Company's sole source of funding has been the issuance of equity securities for cash. On February 21, 2008, Detour Gold 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 \$65.2

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million. A 5% cash commission was paid in relation to the placement. On April 25, 2008, a final receipt for the Short Form Prospectus was received qualifying the distribution of 4 million common shares of Detour Gold issuable upon the exercise of 4 million issued and outstanding Special Warrants. The exercise of the Special Warrants was completed on April 30, 2008.

To the date of this MD&A, 363,800 stock options were exercised for proceeds of \$1.7 million.

The Company has not yet determined whether its property contains economically recoverable reserves. 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 advance its projects. Industry and market conditions have allowed the Company to raise gross proceeds of \$100.2 million since January 2007 but there can be no assurance of continued access to significant funding will continue in the future.

As at November 10, 2008, the Company had working capital of approximately \$56 million. Detour Gold has sufficient funds to meet its 2008 and 2009 planned expenditures, however, following the completion of a feasibility study the Company will have to evaluate the development timetable and the necessity to lock in such items as ordering long lead items and commence detailed engineering. Commitments for these items will require that the Company source additional financing. In the event that the capital markets for debt and equity do not open, or management determines the cost of capital is too expensive, then the Company may have to delay the start of the eventual construction of the Detour Lake project.

All funds are currently held in cash or guaranteed investment certificates with Canadian banks. The Company held no asset backed commercial paper at any time since the incorporation.

As at September 30, 2008, the Company had operating lease obligations terminating in 2011 as follows: 2008 - \$47,000, 2009 - \$235,000, 2010 - \$171,000 and 2011 - \$116,000.

### **Capital Resources**

The Company had no material commitments for capital expenditures as of September 30, 2008 other than the Letter of Award as described above. The Company has no lines of credit and there are no other sources of financing which have been arranged but are as yet unused.

### **Off-Balance Sheet Arrangements**

The Company has no off-balance sheet arrangements.

### **Transactions with Related Parties**

The Company had the following transactions with related parties during the three months ended September 30, 2008.

#### Officer

During the quarter ended September 30, 2008, the Company paid \$43,500 (2007 – nil) in management fees to a company owned by an officer of the Company.

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### **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 estimation of mineral resources, the determination of potential impairments of mineral property interest, the valuation of future income tax assets and liabilities, the rates of amortization of property and equipment, the assumptions used in determining asset retirement obligations 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.

#### Property and Equipment

As at September 30, 2008, the Company's net value of its property and equipment was \$475,446. The assets were purchased at a cost of \$586,725 and are being amortized over the estimated useful lives.

#### Future Income Tax Asset and Liability

At the time of closing the transaction contemplated by the Purchase Agreement in January 2007, Detour Gold and Pelangio agreed for income tax purposes, to select a transfer price jointly under the Income Tax Act of not less than \$10.3 million which created a long-term future income tax liability of \$32.3 million due to a temporary tax difference. As at September 30, 2008, the future income tax amount was \$13.6 million 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 combined with changes in future tax rates.

#### Stock-based Compensation

The Company recorded stock-based compensation expense of \$1,581,197 for the quarter ended September 30, 2008. The stock-based compensation expense is based on an estimate of the fair value on the grant date of stock options issued. This accounting required estimates of interest rates, life of options, stock price volatility and the application of the Black-Scholes option pricing model.

### **Financial Instruments and Other Instruments**

The Company has not used any hedging or other financial instruments since the inception of the Company.

### **Other MD&A Requirements**

Additional information, including the Company's Annual Information Form, is available on SEDAR at [www.sedar.com](http://www.sedar.com).

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***Disclosure of Outstanding Share Data***

As at November 10, 2008, the date of this MD&A, the Company had outstanding the following securities:

	Number
Common shares	44,863,800
Share purchase options <sup>1</sup>	3,379,200

<sup>1</sup> The weighted average price of the options is \$8.60.

***Disclosure Controls and Procedures***

Management, including the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures as of September 30, 2008. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures, as defined in Multilateral Instrument 52-109 - Certification of Disclosure in Issuer's Annual and Interim Filings, are effective to ensure that information required to be disclosed in reports filed or submitted by the Company under Canadian securities legislation is recorded, processed, summarized and reported within the time periods specified in those rules.

***Internal Control over Financial Reporting***

The Company's management, with the participation of its Chief Executive Officer and Chief Financial Officer, are responsible for establishing and maintaining adequate internal control over financial reporting. Under the supervision of the Chief Financial Officer, the Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles ("GAAP"). The Company's controls include policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the annual financial statements or interim financial statements.

There has been no change in the Company's internal control over financial reporting during the Company's period ended September 30, 2008 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

***Limitations of Controls and Procedures***

The Company's management, including the Chief Executive Officer and Chief Financial Officer, believe that any disclosure controls and procedures or internal controls over financial reporting, no matter how

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well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any systems of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

### **Risk Factors**

An investment in the Company should be considered highly speculative. The following risk factors should be given special consideration when evaluating an investment in the Company.

#### ***Limited Property Portfolio***

The Company's only mineral property is the Detour Lake property. Unless the Company acquires or develops additional material properties, the Company will be solely dependent upon the Detour Lake property. If no additional mineral properties are acquired by Detour Gold, any adverse development affecting the Detour Lake property would have a material adverse effect on Detour Gold's financial condition and results of operations.

#### ***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, movement in 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.

Risks involved in mining operations include unusual and unexpected geologic formations, seismic activity, rock bursts, 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.

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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 estimates of these factors will reflect actual results and performance. The design and construction of efficient processing facilities, 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 exploration 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.

***Financial Capability and Additional Financing***

The Company has sufficient financial resources to undertake its presently planned exploration and development programs. However, the Company has limited financial resources, has no source of operating income and has no assurance that additional funding will be available to it for further exploration and development of its Detour Lake property. There can be no assurance that the Company will be able to obtain sufficient financing in the future to carry out exploration and development work on the Detour Lake property. The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing 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 exploration, development or production on any or all of the Company's properties or even a loss of property interest. 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 on Block A, and its interest in the property will suffer dilution. According to the terms of the agreement between Pelangio and Trade Winds dated September 18, 2003, as assigned to the Company by Pelangio, the Company has the option, but not the obligation, to assume operatorship of the project.

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. Additional funds will be required for future exploration and development of the Detour Lake property.

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

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

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If the market price for gold falls significantly, it could affect the Company's decision to proceed with further exploration 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.

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

***Resource Estimates***

The mineral resource figures included herein are estimates only and no assurance can be given that any particular level of recovery of gold or other mineral from resources will in fact be realized or that an identified mineral deposit will ever qualify as a commercially mineable (or viable) orebody 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 stripping ratio, or the gold price 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. The failure of the Company to achieve its production estimates could have a material and adverse effect on any or all of its future cash flows, profitability, results of operations and financial condition. Until mineral resources are actually mined and processed, the quantity of mineral and resource grades must be considered as estimates only.

***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. Detour Gold has initiated dialogues with the Moose Cree First Nation, the Taykwa Tagamou Nation and the Wahgoshig First Nation respecting its plans for the Detour Lake project. Detour Gold 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. There can be no assurance that such events will not occur or that title and rights claims will not be asserted in the future in respect of the Company's 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

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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 Lake 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.

***Management***

The success of the Company is currently largely dependent on the performance of its officers. 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. There is no assurance the Company can maintain the services of its officers or other qualified personnel required to operate its business. The loss of the services of these persons could have a materially adverse effect on the Company's business and prospects.

***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 economically and businesses compete for the technical expertise to find, develop, and produce such properties, the 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.

***Conflict of Interest***

Certain directors of the Company also serve as directors 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.

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Messrs. Thiessen, and Dickinson who are directors of the Company, are also directors of Hunter Dickinson Inc. ("HDI"). Mr. Thiessen is also a senior officer of HDI. HDI and the Company are parties to a services agreement dated July 19, 2006. Ms. Hibbard and Mr. Olson are each directors and shareholders, and in the case of Ms. Hibbard, an officer, of PDX Resources Inc. ("PDX") (formerly Pelangio Mines Ltd.) and are also directors of the Company. PDX owns approximately 42.4% of the Company's outstanding Common Shares, on an undiluted basis.

***Government Regulation***

The Company's planned mineral exploration and 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.

***Reclamation Obligation and Use of Estimates***

The Company's management estimates the cost to complete the reclamation of the existing mine site (Mine Option Property) to be approximately \$6.6 million (See "Corporate Activities" re the Purchase Agreement). The Company issued, subsequent to September 30, 2008, a Letter of Credit ("LC") in favour of the Ministry of Northern Development and Mines in October 2008 equal to the \$6.6 million to cover estimated future reclamation obligations, incurred during the original mine operation, on the Mine Option Property. The LC is secured by an equal value investment certificate. The actual cost of completing the reclamation could be significantly higher.

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***Permits***

There is no assurance that the Company can obtain, or that there will not be delays in obtaining, the permits necessary to develop the Detour Lake project, including government 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.

***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.

***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

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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 Detour Gold on satisfactory terms, or at all, in order to build and maintain such infrastructure, which would have a material adverse effect on Detour Gold 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.

***Joint Ventures***

The existence or occurrence of one or more of the following circumstances and events could have a material adverse impact on the Company's future profitability, which could have a material 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; and
- iii) litigation between joint venture partners regarding joint venture matters.

***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 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.

***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.

***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 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

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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.

### **Forward Looking Statements**

*This MD&A of the Company contains certain forward-looking information, as defined in applicable securities laws (referred to herein as "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.*

*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, and specifically the Mine Option 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 resources;*
- *the acquisition of additional mineral properties by the Company;*
- *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 the exercise of the Mine Option by the Company;*
- *the Company's future exploration and capital 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, change in equity markets, the uncertainties involved in interpreting geological data, increase in costs, exchange rate fluctuations and other risks involved in the gold exploration and development industry, as well as those risk factors listed above. Readers are cautioned that the forgoing 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;*
- *the Company's ability to attract and retain skilled staff;*
- *the estimated timeline for the development of the Detour Lake project;*
- *the supply and availability of consumables and services;*
- *the accuracy of the Company's resource estimates and the geological and metallurgical assumptions (including with respect to the size, grade and recoverability of mineral resources) and operational and price assumptions on which the resource estimates are based;*
- *the Company's ongoing relations with its employees; and*
- *general business and economic conditions.*

*Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the Company's actual results, performance or achievements to be materially different from any of its future results,*

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*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.*

**Information Concerning Estimates of Measured, Indicated and Inferred Resources**

*This MD&A uses the terms "measured resources", "indicated resources" and "inferred resources". The Company advises investors that although these terms are recognized and required by Canadian regulations (under National Instrument 43-101 Standards of Disclosure for Mineral Projects), the United States Securities and Exchange Commission does not recognize them. Investors are cautioned not to assume that any part or all of the mineral deposits in these categories will ever be converted into reserves. In addition, "inferred resources" have a great amount of uncertainty as to their existence, and 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 rules, estimates of inferred resources may not form the basis of feasibility or pre-feasibility studies, or economic studies, except for a Preliminary Assessment as defined under NI 43-101. Investors are cautioned not to assume that part or all of an inferred resource exists, or is economically or legally mineable.*