Detour Gold Reports First Quarter 2014 Results

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TORONTO, ONTARIO--(Marketwired - Apr 30, 2014) - **Detour Gold Corp.** **(TSX:DGC)** ("Detour Gold" or the "Company") reports its financial and operational results for the first quarter of 2014. This release should be read in conjunction with the Company's first quarter 2014 financial statements and MD&A report on the Company's website or on SEDAR. All amounts are in U.S. dollars unless otherwise indicated.

Q1 2014 Highlights

- Gold production of 107,154 ounces
- Revenues of $110 million on sales of 84,560 ounces
- Total cash costs of $976 per gold ounce sold(1)
- Net loss of $54.9 million or $0.38 per share; Adjusted net loss of $28.1 million or $0.20 per share[1]
- Signed a 6-year fixed rate electricity contract at Cdn$0.05/kWh
- Closed equity financing for gross proceeds of Cdn$173 million
- Repaid $40 million of debt
- Cash and short-term investment balance of $145.2 million at March 31, 2014

Paul Martin, President and CEO commented, *"In the first quarter, we achieved our gold production target and saw a reduction in our total cash costs. Our focus remains on further improving mill availability and mine output to attain our operational targets for 2014. The progressive ramp-up of the mill to 55,000 tpd (design capacity) in the fourth quarter will be the main driver for higher production and lower costs. With the progress made in the first quarter, we remain on track to meet our gold production guidance of 450,000 to 500,000 ounces at total cash costs of $800 to $900 per ounce sold[1]."*

Summary Operational Results

In the first quarter of 2014, gold production met expectations at 107,154 ounces. The mill processed 4.1 million tonnes (Mt) of ore at an average grade of 0.90 g/t with recoveries of 91%.

The mill facility processed an average of 45,282 tonnes of ore per day (tpd) in the first quarter with 80% availability versus the targeted rate of 82%.

During the first quarter, a total of 19.2 Mt was mined versus budget of 20.9 Mt with mining rates averaging 213,000 tpd. The 1.7 Mt shortfall resulted mainly from in-pit rehandling to advance the southwall pushback, which is expected to be completed this summer and will provide improved access to higher grade ore. In addition, one shovel was removed from the pit for 10 consecutive days for the processing of a higher grade stockpile to test grade control. Despite the shortfall, the run-of-mine ore stockpiles increased by approximately 500,000 tonnes during the quarter for a total of 2.8 Mt grading 0.78 g/t.

[1] Refer to the section on Non-IFRS Financial Performance Measures at end of the press release. Reconciliation of these measures is described at end of the press release and in the MD&A for the first quarter ended March 31, 2014.

Total cash costs for the first quarter of 2014 were $976 per ounce sold[2], in-line with expectations, and $198 per ounce less than the fourth quarter of 2013 (first quarter of commercial production).

Detour Lake Mine Operation Statistics

	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014
Ore mined (Mt)	1.29	2.70	4.16	4.09	4.88
Waste mined (Mt)	9.12	9.96	12.42	16.80	14.29
Total mined (Mt)	10.41	12.66	16.58	20.89	19.17

Strip ratio (waste:ore)	7.1	3.7	3.0	4.1	2.9
Mining rate (tpd)	123,000	160,000	180,000	203,000	213,000
Ore milled (Mt)	1.02	2.87	3.88	3.41	4.08
Head grade (g/t Au)	0.64	0.76	0.72	0.81	0.90
Recovery (%)	80	82	85	92	91
Mill throughput (tpd)	12,941	31,513	42,141	37,090	45,282
Mill availability (%)	66	68	78	66	80
Ounces produced[1] (oz)	16,841	57,897	75,672	81,877	107,154
Ounces sold (oz)	4,052	37,870	75,600	95,000	84,560
Average realized price[2] ($/oz)	-	-	$1,340	$1,269	$1,301
Total cash cost per oz sold[2] ($/oz)	-	-	$1,214	$1,174	$976
Mining (Cdn$/t mined)	-	-	-	$2.60	$2.87
Milling (Cdn$/t milled)	-	-	-	$11.75	$11.13
G&A (Cdn$/t milled)	-	-	-	$4.13	$3.57
Total unit costs (Cdn$/t milled)				$29.15	$28.22

Unit operating costs totaled Cdn$28.22 per tonne milled, approximately 5% above budget, due to the slightly lower mill throughput. Unit mining costs were higher than plan due to the shorfall in ex-pit tonnes. Unit milling costs improved with lower reagents consumption. It is anticipated that unit operating costs will continue to trend downward through 2014 with increasing mine and mill throughput rates.

Summary Financial Results

Revenues in the first quarter amounted to $110.0 million from gold sales of 84,560 ounces at an average realized price of $1,301 per ounce[2] versus the average London PM fix gold price of $1,293 per ounce. Ounces sold during the first quarter were lower than production mainly due to re-building of the gold-in-circuit inventory following the drawdown at year-end 2013 and gold-in-transit to refineries.

The Company recorded a net loss of $54.9 million, or $0.38 per share, in the first quarter of 2014. The net loss includes $60.6 million of non-cash items, including depreciation and depletion of $30.6 million, a fair value loss on the convertible notes of $16.5 million as a result of share price appreciation, accretion charges of $6.0 million, an unrealized loss on derivative instruments of $4.3 million and share-based compensation expense of $3.2 million. Adjusted net loss(3) in the first quarter amounted to $28.1 million, or $0.20 per share, as a result of recording operating losses while the mine continues ramping up to full production levels.

[1] Includes pre-production ounces prior to the declaration of commercial production on September 1, 2013.

[2] Refer to the section on Non-IFRS Financial Performance Measures at end of the press release. Reconciliation of these measures is described at end of the press release and in the MD&A for the relevant periods.

Cash flow used in operating activities amounted to $32.1 million as a result of cash outflows relating to a $26.4 million increase in inventories (ore stockpiles, gold-in-circuit and gold-in-transit to refineries) since year-end 2013. In addition, the Company's receivables balance increased by $13.5 million in the quarter due in part to an audit and the Company expects to collect these in the second quarter.

Capital expenditures totaled $17.4 million for the first quarter of 2014. There was no capitalization of stripping costs during the period.

Liquidity and Capital Resources

Cash and cash equivalents were $145.2 million at March 31, 2014. The cash position reflects the net proceeds from the bought deal offering and the repayment of $40 million of the $70 million drawn under the revolving credit facility. During the quarter, the Company completed its negotiation with its equipment lease provider to defer the first and second quarter principal lease payments in 2014, which have a total value of $14.7 million.

Financial Risk Management

In accordance with the Company's gold sales risk management policy, management is permitted to enter into transactions to hedge up to 50% of the Company's 2014 forecasted gold sales. The policy was put in place to reduce gold price risk as the Company continues to ramp-up its operation to design capacity by the end of 2014. In January 2014, the Company entered into a series of forward sales contracts pursuant to which the Company sold forward a portion of its gold sales in 2014. During the quarter, the Company realized a loss on settlement of its gold forward positions of $5.6 million as spot prices trended higher through the quarter. As at March 31, 2014, the Company had a total of 70,000 ounces of gold hedged, representing approximately 20% of the Company's 2014 remaining forecasted gold sales.

At April 30, 2014, the hedge coverage ratio was approximately 30%.

As of March 31, 2014, the Company had a total of $70 million of foreign exchange contracts to hedge 2014 Canadian dollar expenditures.

2014 Selected Financial Information

Summary Financial Data (In thousands unless specified)	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014
Metal sales[1]	-	-	33,088	120,836	110,015
Production costs	-	-	30,363	97,965	83,132
Depreciation and depletion	-	-	2,939	33,993	30,603
Mine standby costs	-	-	-	4,191	-
Inventory write-down	-	-	-	14,636	-
Cost of sales	-	-	33,302	150,785	113,735
Gross profit (loss) from operations	-	-	(214)	(29,949)	(3,720)
Net earnings (loss)	23,413	23,097	(11,846)	(46,960)	(54,943)
Net earnings (loss) per share	0.20	0.19	(0.09)	(0.34)	(0.38)
Adjusted net loss[2]	(12,908)	(11,769)	(10,622)	(35,921)	(28,092)
Adjusted net loss per share[2]	(0.11)	(0.10)	(0.08)	(0.26)	(0.20)

[1] Sales prior to commercial production (September 1, 2013) were credited against capitalized project costs. Includes silver sales.

[2] Refer to the section on Non-IFRS Financial Performance Measures at end of the press release. Reconciliation of these measures is described at end of the press release and in the MD&A for the relevant periods.

2014 Exploration Program

The Company's initial 8,000 metre drilling program in the Lower Detour area, approximately 6 kilometres south of the Detour Lake processing plant, was extended as a result of encouraging preliminary results and a longer winter drilling season.

The Company has now completed the program with 14,874 metres in 40 holes and received assay results for approximately 30% of the program. Results of the entire program are anticipated to be released by the end of the second quarter.

A new mineralized system has been identified to the north of Zone 75 after following up on the high grade intercept of 17.3 g/t over 4.4 metres (DLD-13-075, last hole of the 2013 drilling program). Approximately 11,638 metres in 30 holes tested this new zone (referred to as Zone 58N). The mineralized system extends over a strike length of 300 metres and has been tested from surface to a depth of approximately 300 metres. The gold mineralization is found within an altered feldspar porphyry intrusive containing quartz and/or quartz-tourmaline veins with pyrite and visible gold.

2014 Outlook

The Company continues to focus on completing the ramp-up of the Detour Lake mine to design capacity by improving operating efficiencies. The main focus for the second quarter is to complete the southwall pushback which, along with the completion of the final south ramp access, will provide improved access to higher grade ore. As per the mine plan, gold production is expected to be higher in the second half of 2014 as mining activity reaches the higher grade benches and the mill throughput progresses towards design capacity of 55,000 tpd in the fourth quarter, thereby further reducing unit operating costs.

Capital expenditures are expected to be higher in the second and third quarter as the construction of the tailings facility accelerates.

The Company maintains its gold production and cost guidance for 2014.

	2014 Guidance
Total gold production (oz)	450,000-500,000
H1 2014	200,000-225,000
H2 2014	250,000-275,000
Total cash costs ($/oz sold)[1]	$800-900
Sustaining capital expenditures ($ millions)[2]	$131

Technical Information

The scientific and technical content of this news release has been reviewed, verified and approved by Drew Anwyll, P.Eng., Vice President of Operations, a Qualified Person as defined by Canadian Securities Administrators National Instrument 43-101 "Standards of Disclosure for Mineral Projects".

[1] Refer to the section on Non-IFRS Financial Performance Measures at end of the press release.

[2] Include deferred stripping costs of approximately $35 million.

Conference Call

The Company will host a conference call on Thursday, May 1, 2014 at 9:00 AM E.T. where senior management will discuss the first quarter financial and operational results. The details of the conference call are as follows:

- By phone toll free in Canada and the United states **1-800-319-4610**
- By phone International **416-915-3239**
- To listen online, go to www.detourgold.com and click on the "Q1 Results Conference Call and Webcast" link on home page

The conference call will be recorded and playback of the call will be available after the event by dialing toll free in Canada and the United States 1-800-319-6413, or internationally 604-638-9010, pass code 1532 (available up to May 29, 2014).

Annual General Meeting

Detour Gold will host its AGM on Thursday, May 1, 2014 at 2:00 PM E.T. in Confederation Rooms 5 & 6 of the Fairmont Royal York located at 100 Front Street West in Toronto, Ontario.

About Detour Gold

Detour Gold is an emerging mid-tier gold producer in Canada. In 2014, the Company is completing the ramp-up its 100% owned Detour Lake mine to a long life, large scale open pit operation.

Non-IFRS Financial Performance Measures

The Company has included certain non-IFRS measures in this press release. The Company believes that these measures, in addition to conventional measures prepared in accordance with IFRS, provide investors an improved ability to evaluate the underlying performance of the Company. The non-IFRS measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. These measures do not have any standardized meaning prescribed under IFRS, and therefore may not be comparable to other issuers.

The non-IFRS measures are defined below and are reconciled with the reported IFRS measures. Refer to the Company's MD&A for the three months ended March 31, 2014 for full details.

Total cash costs per gold ounce sold

Detour Gold reports total cash costs on a sales basis. Total cash costs per gold ounce sold include production costs such as mining, processing, refining and site administration, agreements with Aboriginal communities, less non-cash share-based compensation and net of silver sales divided by gold ounces sold to arrive at total cash costs per gold ounce sold. The measure also includes other mine related costs incurred such as mine standby costs and current inventory write downs. Production costs are exclusive of depreciation and depletion. Production costs include the costs associated with providing the royalty in kind ounces.

	Three months ended March 31			
		2014		2013
Production costs	$	83,132	$	-
Share-based compensation		(583)		-
Silver sales		(6)		-
Total cash costs	$	82,543	$	-
Gold ounces sold		84,560		-
Total cash costs per gold ounce sold	$	976	$	-

Average realized price and Average realized margin

Management and investors use these measures to better understand the gold price and margin realized throughout a period. Average realized margin represents average realized price per gold ounce sold less total cash costs per gold ounce sold.

	Three months ended March 31			
		2014		2013
Metal sales	$	110,015	$	-
Silver sales		(6)		-
Revenues from gold sales	$	110,009	$	-
Gold ounces sold		84,560		-
Average realized price	$	1,301	$	-
Less: Total cash costs per gold ounce sold		(976)		-
Average realized margin per gold ounce sold	$	325	$	-

Adjusted net earnings (loss) and Adjusted basic net earnings (loss) per share

Adjusted net earnings (loss) and adjusted basic earnings (loss) per share are used by management and investors to measure the underlying operating performance of the Company. Presenting these measures from period to period helps management and investors evaluate earnings trends more readily in comparison with results from prior periods.

Adjusted net earnings (loss) are defined as net earnings (loss) adjusted to exclude specific items that are significant, but not reflective of the underlying operations of the Company, including: fair value change of the convertible notes; the impact of foreign exchange gains and losses, non-cash unrealized gains and losses on derivative instruments including hedges, accretion on convertible notes, unwinding of discount on decommissioning and restoration, impairment provisions and reversals thereof; and other non-recurring items.

Adjusted net earnings (loss) per share is calculated using the weighted average number of share outstanding under the basic method of earnings (loss) per share as determined under IFRS.

	Three months ended March 31	
	2014	2013
Net earnings (loss)	$ (54,943)	$ 23,413
Adjusted for:		
Fair value (gain) loss of the convertible notes	16,479	(38,635)
Foreign exchange (gain) loss	73	2,283
Non-cash unrealized (gain) loss on derivative instruments	4,252	-
Accretion on convertible notes	5,953	-
Unwinding of discount on decommissioning and restoration provisions	94	31
Adjusted net earnings (loss) before tax	$ (28,092)	$ (12,908)
Adjusted basic earnings (loss) per share	$ (0.20)	$ (0.11)

The Company has included the additional IFRS measure "Earnings (loss) from mine operations" in the financial statements. Management noted that "Earnings (loss) from mine operations" provides useful information to investors as an indication of the Company's principal business activities before consideration of how those activities are financed, sustaining capital expenditures, corporate and exploration and evaluation expenses, finance income and costs, and taxation.

Forward-Looking Information

This press release contains certain forward-looking information as defined in applicable securities laws (referred to herein as "forward-looking statements"). Specifically, this press release contains forward-looking statements regarding further improving mill availability and mine output to attain 2014 operational targets; the ramp-up of the mill to 55,000 tpd in the fourth quarter of 2014; production of between 450,000 and 500,000 ounces of gold at total cash costs of $800 to $900 per ounce sold; completing the southwall pushback in the summer of 2014 providing improved access to higher grade ore; a continuing downward trend of unit operating costs in 2014 with increasing mine and mill throughput rates; releasing the results of the Company's exploration program by the end of the second quarter; higher gold production in the second half of 2014; higher capital expenditures in the second and third quarters of 2014 as the construction of the tailings facility accelerates; and sustaining capital expenditures for 2014 of $131 million.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which are beyond Detour Gold's ability to predict or control and may cause Detour Gold's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. These risks, uncertainties and other factors include, but are not limited to, gold price volatility, changes in debt and equity markets, the uncertainties involved in interpreting geological data, increases in costs, environmental compliance and changes in environmental legislation and regulation, interest rate and exchange rate fluctuations, general economic conditions and other risks involved in the gold exploration and development industry, as well as those risk factors discussed in the section entitled "Description of Business - Risk Factors" in Detour Gold's 2013 AIF and in the continuous disclosure documents filed by Detour Gold on and available on SEDAR at www.sedar.com. Such forward-looking statements are also 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 exploration and development activities; operating and capital costs; the Company's ability to attract and retain skilled staff; the mine development schedule; sensitivity to metal prices and other sensitivities; the supply and demand for, and the level and volatility of the price of, gold; timing of the receipt of regulatory and governmental approvals for development projects and other operations; the supply and availability of consumables and services; the exchange rates of the Canadian dollar to the U.S. dollar; energy and fuel costs; the accuracy of reserve and resource estimates and the assumptions on which the reserve and resource estimates are based; market competition; ongoing relations with employees and impacted communities and general business and economic conditions. Accordingly, readers should not place undue reliance on forward-looking statements. The forward-looking statements contained herein are made as of the date hereof, or such other date or dates specified in such statements. Detour Gold undertakes no obligation to update publicly or otherwise revise any forward-looking statements contained herein whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements.

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