# Detour Gold Reports Third Quarter 2014 Results

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TORONTO, ONTARIO--(Marketwired - Nov 3, 2014) - **Detour Gold Corp.** **(TSX:DGC)** ("Detour Gold" or the "Company") reports its operational and financial results for the third quarter of 2014. This release should be read in conjunction with the Company's third 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.

**Q3 2014 Highlights**

- Gold production of 115,344 ounces
- Mill throughput rates averaged above design capacity of 55,000 tonnes per day for 44 consecutive days from August 18 to September 30
- Revenues of $135.9 million on gold sales of 106,334 ounces
- Total cash costs of $941 per gold ounce sold[1]
- Net loss of $0.8 million or $nil per share; Adjusted net loss of $16.5 million or $0.10 per share[1]
- Cash and short-term investments balance of $138.8 million at September 30

*"Overall, our third quarter operational results were in line with our forecast with gold production standing at 339,864 ounces for the first nine months of the year. Based on the current ramp-up progress, we remain on track to be within our production and total cash costs guidance for 2014,"* said Paul Martin, President and CEO. *"We are extremely satisfied with the recent performance of the plant and remain confident in further improving mill availability during the fourth quarter. Our focus is now on the mine operations to further increase mining rates."*

[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 third quarter ended September 30, 2014.

**Summary Operational Results**

Gold production for the third quarter of 2014 was in line with plan totaling 115,344 ounces.

For the period, the mill facility processed 4.5 million tonnes (Mt) of ore or an average of 49,186 tonnes per day (tpd) at recoveries of 90%. Processed grade was 0.88 grams per tonne (g/t), consistent with projections for the quarter. Mill availability at 81% was at the low end of expectations for the quarter, mainly impacted by five days of unplanned downtime in early July to replace the pulp lifters in both SAG mills due to premature wear. Following further scheduled improvements made to the 410 conveyor (primary crusher feeding the stockpile dome) in August, both operational downtime and milling rates have shown significant progress. From August 18 to September 30, throughput rates averaged 55,443 tpd with 90% availability.

The final major planned plant shutdown for the year took place in October during which further adjustments were completed to the primary crusher unit, along with the liner changes for the SAG and ball mills. The Company conducted a full inspection of the pre-leach thickener and also commissioned and tested a new pre-leach thickener by-pass system which would allow the plant to operate at 90% capacity in the event of maintenance on the pre-leach thickener.

During the third quarter, a total of 18.9 Mt was mined (equivalent to mining rates of 206,000 tpd), approximately 14% lower than targeted levels. At quarter-end, the total ore stockpiles stood at 0.9 Mt grading 0.73 g/t.

Following the significant overburden and till removal program that ended in July, mining rates did not improve as expected, primarily due to low drilling productivity and delays in explosive loading, which impacted shovel productivity and utilization. To a lesser extent, shovel availability also contributed to lower mining rates (availability of 81% versus 85% target). The Company is working towards a step-up phase to gradually improve mining rates, which includes improving quality assurance and controls for drilling and blasting procedures.

Mining activities are now focusing on further opening up the pit by de-stacking the benches to the south and east following the completion of the southwall pushback and the Campbell breakthrough. This will progressively result in larger mine faces and thereby improve shovel allocation and productivity to achieve economies of scale.

The majority of the tailings construction activities planned for 2014 were completed in the third quarter.

Detour Lake Mine Operation Statistics

| | Q3 2013 | Q4 2013 | Q1 2014 | Q2 2014 | Q3 2014 |
|---|---|---|---|---|---|
| Ore mined (Mt) | 4.16 | 4.09 | 4.88 | 2.89 | 4.20 |
| Waste mined (Mt) | 12.42 | 16.80 | 14.29 | 16.11 | 14.71 |
| Total mined (Mt) | 16.58 | 20.89 | 19.17 | 19.00 | 18.91 |
| Strip ratio (waste:ore) | 3.0 | 4.1 | 2.9 | 5.6 | 3.5 |
| Mining rate (tpd) | 180,000 | 203,000 | 213,000 | 209,000 | 206,000 |
| Ore milled (Mt) | 3.88 | 3.41 | 4.08 | 4.42 | 4.53 |
| Head grade (g/t Au) | 0.72 | 0.81 | 0.90 | 0.91 | 0.88 |
| Recovery (%) | 85 | 92 | 91 | 91 | 90 |
| Mill throughput (tpd) | 42,141 | 37,090 | 45,282 | 48,569 | 49,186 |
| Mill availability (%) | 78 | 66 | 80 | 83 | 81 |
| Ounces produced[1] (oz) | 75,672 | 81,877 | 107,154 | 117,366 | 115,344 |
| Ounces sold (oz) | 75,600 | 95,000 | 84,560 | 107,206 | 106,334 |
| Average realized price[2] ($/oz) | $1,340 | $1,269 | $1,301 | $1,293 | $1,278 |
| Total cash cost per oz sold[2] ($/oz) | $1,214 | $1,174 | $976 | $941 | $941 |
| Mining (Cdn$/t mined) | - | $2.60 | $2.87 | $2.87 | $2.98 |
| Milling (Cdn$/t milled) | - | $11.75 | $11.13 | $11.25 | $9.70 |
| G&A (Cdn$/t milled)[3] | - | $4.13 | $3.68 | $3.46 | $3.25 |

Total cash costs for the third quarter of 2014 were $941 per ounce sold[2], same as the second quarter but above plan, mainly due to lower mining rates which resulted in lower credits for deferred stripping and fixed costs spread over lower unit bases.

For the quarter, unit mining costs were higher than plan due to the shortfall in tonnes mined. Unit milling costs trended lower mainly due to lower electricity charges.

[1] For Q3 2013 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.

[3] G&A costs include site G&A, infrastructure, environmental and Aboriginal costs.

## 2014 Selected Financial Information

Summary Financial Data

| (in $ millions unless specified) | Q3 2013 | Q4 2013 | Q1 2014 | Q2 2014 | Q3 2014 |
|---|---|---|---|---|---|
| Metal sales[1] | 33.1 | 120.8 | 110.0 | 139.0 | 136.2 |
| Production costs | 30.4 | 98.0 | 83.1 | 98.1 | 100.6 |
| Depreciation and depletion | 2.9 | 34.0 | 30.6 | 38.3 | 37.3 |
| Mine standby costs | - | 4.2 | - | - | - |
| Inventory write-down | - | 14.6 | - | - | - |

| | | | | | |
|---|---|---|---|---|---|
| Cost of sales | 33.3 | 150.8 | 113.7 | 136.4 | 137.8 |
| Earnings (loss) from mine operations | (0.2 ) | (30.0 ) | (3.7 ) | 2.6 | (1.7 ) |
| Net earnings (loss) | (11.8 ) | (47.0 ) | (54.9 ) | (35.0 ) | (0.8 ) |
| Net earnings (loss) per share | (0.09 ) | (0.34 ) | (0.38 ) | (0.23 ) | 0.00 |
| Adjusted net loss[2] | (10.6 ) | (36.0 ) | (28.1 ) | (17.4 ) | (16.5 ) |
| Adjusted net loss per share[2] | (0.08 ) | (0.26 ) | (0.20 ) | (0.12 ) | (0.10 ) |

Note: Totals may not add up due to rounding.

**Summary Financial Results**

Metal sales for the third quarter were $136.2 million. The Company sold 106,334 ounces of gold at an average realized price of $1,278 per ounce[2] versus the average London PM fix gold price of $1,282 per ounce.

Cost of sales for the third quarter were $137.8 million, including $37.3 million of depreciation and depletion expense, or $350 per gold ounce sold.

The Company recorded a net loss of $0.8 million, or $nil per share, in the third quarter of 2014. The net loss includes $21.8 million of non-cash items, including depreciation and depletion of $37.3 million, a fair value gain on the convertible notes of $14.6 million primarily as a result of decreased share price, accretion charges related to the convertible notes of $6.4 million, an unrealized gain on derivative instruments of $8.9 million and non-cash share-based compensation expense of $1.6 million. Adjusted net loss[2] in the third quarter amounted to $16.5 million, or $0.10 per share, attributable to higher cost of sales during the mine ramp-up to full production levels.

Operating cash flow before changes in working capital for the quarter ended September 30, 2014 was $32.1 million. During the quarter, sustaining capital expenditures totaled $35.7 million of which $16.5 million was on the tailings construction, $4.5 million on the processing plant, $11.8 million on mine equipment, and $2.9 million for other. Cash deferred stripping totaled $5.6 million.

Cash and short term investments were $138.8 million at September 30, 2014.

During the third quarter, the Company realized a net loss of $0.3 million on its gold sales risk management programs. At September 30, 2014, the Company has a total of 55,000 ounces of gold hedged at an average price of $1,291 per ounce for its gold sales from October to December 2014.

[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.

**Update on Near-term Opportunities**

Pebble Circuit Removal:

The sampling completed to date on the potential to remove the pebble circuit indicates high variability in the gold content of the pebbles. Test work will continue this quarter to better understand this variability and the milling conditions (mainly SAG screen opening) to better define the percentage of pebbles that could potentially be removed from the circuit. The Company is considering the design of a prototype pebble extractor, which could be commissioned by mid-2015. Barren pebbles could be used for road and tailings construction.

Segregation of Fines in the Low-grade Stockpile:

The Company has confirmed that a significant portion of the gold in the Detour Lake deposit is naturally concentrating in the fines following drilling and blasting. The Company proceeded to test the gold enrichment potential of its 15 metre high low-grade stockpile, which exhibits a natural segregation pattern. To date, the Detour Lake mine operation has stockpiled, at a book value of 'zero' cost, over 12 Mt of 'mineralized waste' grading 0.44 g/t gold (material not included in mineral reserves as below the elevated cut-off grade of 0.50 g/t; see February 2014 Technical Report).

In mid-October, the Company processed a first sample of approximately 200,000 tonnes in one batch, excavated from the top two metres of the stockpile, at throughput rates of approximately 68,000 tpd. Results were positive and indicated a mill sampling grade of between 0.60 g/t to 0.65 g/t gold (unreconciled), approximately 35% to 45% higher than the average grade of the low-grade stockpile. The Company is planning additional testing and if conclusive will incorporate, as needed, into its future processing plan. As the mining costs have already been expensed, the only costs associated with this material is the re-handling and processing costs.

Heap Leach of the Low-grade Stockpile:

Results from conventional bottle roll test work conducted on three samples from a low-grade stockpile yielded recoveries of between 55% and 70% on material screened or crushed to minus 1/2 inch, providing preliminary indications that the gold mineralization is amenable to heap leaching. More test work is being planned to assess the variability throughout the deposit and if additional leach time would improve recovery (all tests were still leaching when stopped).

**Outlook**

The Company reconfirms guidance for 2014 of between 450,000 and 480,000 ounces at total cash costs of between $900 and $975 per ounce sold[1].

Based largely on the mining rates being below target levels at the end of the third quarter, the annual mine output is expected to range between 75 Mt and 77 Mt versus target of 82 Mt with the annual mill output remaining at 17.7 Mt. As a result, the stockpiles are not expected to increase from current levels. The Company expects to further improve mill availability for the remainder of 2014 with the objective of exiting 2014 at design capacity of 55,000 tpd.

In order to maximize its cash balance, the Company is not intending to make any discretionary debt repayments near-term and therefore total debt repayments for 2014 will be approximately $60 million.

The Company intends to release its 2015 guidance in January 2015 after evaluating the progress it makes in improving mining rates in the fourth quarter of 2014. With the block model reconciling well and the mill operating at design capacity, increasing mining rates is now the primary driver to attaining higher gold production levels.

The 2015 mine plan from the February 2014 life of mine plan indicated a total of 101 Mt (equivalent to 270,000 tpd) to be mined. The significant overburden and till removal program completed in 2014 to open up the pit to the south and east has reduced the total tonnes required to be mined to approximately 89 Mt (i.e. equivalent to 245,000 tpd) to attain a gold production target of approximately 540,000 ounces. While it is anticipated that mining rates will improve over the coming months, only after the Company has had the benefit of seeing improvement during the fourth quarter will it be in a position to estimate an average mining rate for 2015 and whether an average of 245,000 tpd is achievable.

Potential upside opportunities not reflected in the life of mine plan that could benefit 2015 include processing of the 'fines' from the low-grade stockpile and the removal of the barren pebbles, which are both subject to further evaluation in 2015.

[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 relevant

periods.

**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".

**Conference Call**

The Company will host a conference call on Tuesday, November 4, 2014 at 10:00 AM E.T. where senior management will discuss the third quarter operational and financial results. The details of the conference call are as follows:

- Via webcast, go to www.detourgold.com and click on the "Q3 Results Conference Call and Webcast" link on home page
- By phone toll free in Canada and the United states 1-800-319-4610
- By phone International 416-915-3239

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 November 30, 2014).

**About Detour Gold**

Detour Gold is an emerging mid-tier gold producer in Canada. The Company is currently completing the ramp-up of 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 and nine months ended September 30, 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. Production costs were adjusted to remove the positive impact of the electricity rebate related to the Company's 2013 electricity usage. Gold ounces sold in the comparative prior year period exclude pre-commercial production ounces (prior to September 1, 2013) as these are credited against capitalized project costs.

| | Three months ended September 30 | | Nine months ended September 30 | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |

| | | | | |
|---|---|---|---|---|
| Production costs | $ 100,582 | $ 30,363 | $ 281,855 | $ 30,363 |
| Share-based compensation | (208 ) | (377 ) | (1,653 ) | (377 ) |
| Silver sales | (271 ) | - | (647 ) | - |
| Electricity rebate | - | - | 3,930 | - |
| Total cash costs | $ 100,103 | $ 29,986 | $ 283,485 | $ 29,986 |
| Gold ounces sold | 106,334 | 24,700 | 298,100 | 24,700 |
| Total cash costs per gold ounce sold | $ 941 | $ 1,214 | $ 951 | $ 1,214 |

*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 September 30 | | Nine months ended September 30 | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| Metal sales | $ 136,156 | $ 33,088 | $ 385,180 | $ 33,088 |
| Silver sales | (271 ) | - | (647 ) | - |
| Revenues from gold sales | $ 135,885 | $ 33,088 | $ 384,533 | $ 33,088 |
| Gold ounces sold | 106,334 | 24,700 | 298,100 | 24,700 |
| Average realized price | $ 1,278 | $ 1,340 | $ 1,290 | $ 1,340 |
| Less: Total cash costs per gold ounce sold | (941 ) | (1,214 ) | (951 ) | (1,214 ) |
| Average realized margin per gold ounce sold | $ 337 | $ 126 | $ 339 | $ 126 |

*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 provisions, impairment provisions and reversals thereof; and other non-recurring items. Adjusted net earnings (loss) excludes the positive impact of the electricity rebate related to the Company's 2013 electricity usage.

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

| | Three months ended September 30 | | Nine months ended September 30 | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| Net earnings (loss) | $ (767 ) | $ (11,846 ) | $ (90,747 ) | $ 34,664 |
| Adjusted for: | | | | |
| Fair value (gain) loss of the convertible notes | (14,625 ) | 1,082 | 16,957 | (78,248 ) |
| Foreign exchange (gain) loss | 1,301 | (1,799 ) | 385 | 6,275 |
| Non-cash unrealized (gain) loss on derivative instruments | (8,938 ) | - | (3,458 ) | - |
| Accretion on convertible notes | 6,418 | 1,865 | 18,552 | 1,865 |
| Unwinding of discount on decommissioning and restoration provisions | 66 | 76 | 234 | 145 |
| Electricity rebate | - | - | (3,930 ) | - |
| Adjusted net earnings (loss) | $ (16,545 ) | $ (10,622 ) | $ (62,007 ) | $ (35,299 ) |
| Adjusted basic earnings (loss) per share | $ (0.10 ) | $ (0.08 ) | $ (0.41 ) | $ (0.28 ) |

The Company has included the additional IFRS measure "Earnings (loss) from mine operations" in this press release. 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 2014 production of between 450,000 and 480,000 ounces; 2014 total cash costs of between $900 and $975 per ounce sold; continuing to operate at mill design capacity (55,000 tpd) and further improving mill availability for the remainder of 2014; 2014 mine output of between 75 Mt and 77 Mt; 2014 mill output of 17.7 Mt; intending not to make further discretionary debt repayments in 2014; working to gradually improve mining rates and anticipating improvement in the fourth quarter; further opening up the pit which will progressively result in larger mine faces and thereby improve shovel allocation and productivity to achieve economies of scale; continuing to advance certain potential upside opportunities not reflected in the life of mine plan that could benefit 2015, including continuing test work on the potential to remove the pebble circuit and considering the design of a prototype pebble extractor, and planning additional test work to assess heap leaching; stockpiles not increasing from current levels prior to year-end; releasing 2015 guidance in January 2015; and whether the Company can achieve a mining rate average of 245,000 tpd for 2015.

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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