

Detour Gold

(DGC-TSX)

Stock Rating: Outperform(S)
Industry Rating: Market Perform

Commercial Production Declared; 2013 Guidance Refined

Event

The Detour Gold project was deemed to be in commercial production as of August 12, 2013. Detour also refined its production and cost guidance for the remainder of 2013. The company released its Q2/13 financial statements following production results released in July.

Impact

Mixed. The Detour Lake mill is ramping up well and achieved commercial production comparatively early in the quarter. The company refined its production guidance to 270Koz closer to the lower end of its guidance range of 260-320Koz and in line with BMO Research expectations. Operating costs for the remainder of 2013 are expected to be about US\$1,100/oz or 13% higher than our previous forecast. The company ended Q2 with cash and equivalents of US\$178M and working capital of US\$110M.

Forecasts

BMO Research expects Detour to produce 271koz gold in 2013E at total cash costs of US\$1,229/oz gold (including two quarters post commercial production averaging US\$1,087/oz). LOM production is estimated to be 14.2Moz gold at an average total cash cost of US\$707/oz gold.

Valuation

At the spot metals prices, Detour's shares are trading at a P/NAV of 0.61x (39% discount) to the 10% NAV estimate of US\$16.86/share. Intermediate producers in BMO Research's coverage universe trade, on average, at a 45% premium to 10% NAV estimates at spot prices.

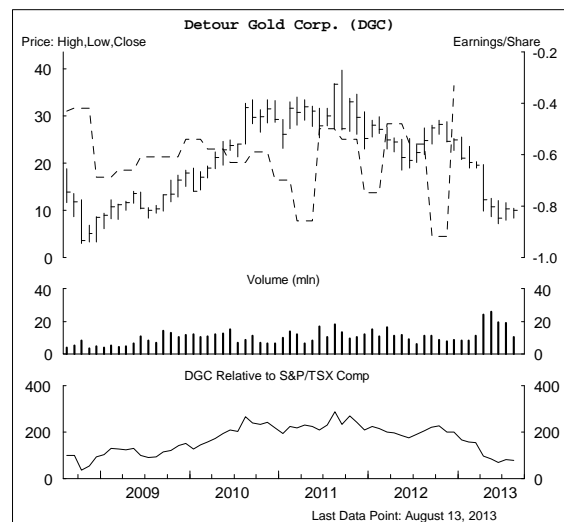
Recommendation

Detour is rated Outperform(S) with a C\$16 target price. BMO Research expects the company's shares to re-rate as production becomes established.

August 15, 2013
Research Comment
Toronto, Ontario

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Price (14-Aug) \$10.65 **52-Week High** \$29.07
Target Price \$16.00 **52-Week Low** \$7.17



Dividend	\$0.00	Yield	0.0%
Book Value	\$13.53	Price/Book	0.8x
Shares O/S (mm)	138.0	Mkt. Cap (\$mm)	\$1,470
Float O/S (mm)	136.5	Float Cap (\$mm)	\$1,454
Wkly Vol (000s)	3,230	Wkly \$ Vol (mm)	\$52.8
Net Debt (\$mm)	\$365.0	Next Rep. Date	Nov (E)

Notes: Share price, target & market cap. in C\$, all other values in US\$; (S) in rating denotes Speculative

Major Shareholders: Paulson 12.2%; Fidelity 7.2%; Carmignac 5.2%

First Call Mean Estimates: DETOUR GOLD CORP (US\$) 2013E: - \$0.25; 2014E: \$0.78

Details & Analysis

Detour announced that the Detour Lake mine entered commercial production on August 12, having achieved 60 consecutive days (commencing June 13, 2013) at an average mill throughput of 41,428tpd (>75% of nameplate capacity). As a result, the company will begin reporting operating costs as of September 1, 2013, where previously costs and revenues were capitalized.

Guidance

During commercial production in 2013, total cash costs are expected to be ~US\$1,100/oz, above the top-end of management's previous guidance range of US\$800-1,000/oz and 13% higher than our forecast of US\$970/oz. BMO Research's understanding after seeking clarification from the company, is that costs have increased due to the use of contract mining to aid in advancing the pre-strip in 2H/13. This effort is in preparation for mining the higher grade Domain 2 (averaging 1.2 g/t gold) that increasingly appears to be the focus of mining in 2014. The company has not provided guidance for 2014.

Detour Lake is expected to produce 270koz gold in 2013, below the mid-point of management's guidance range of 260-320koz, but in line with our forecast of 271koz. Guidance has been substantially reduced since the beginning of the year. Initially the cause was delays on construction and ramping up mill throughput that deferred higher production levels. These issues seem to have been addressed with the fairly brisk ramp up to commercial levels of production.

The drop in guidance appears to now be the result of lower-than-expected head grades, which appear to result from delays in advancing mine development into the high grade areas combined with some additional mining dilution during the ramp up stage. BMO Research expects that the mining operation will receive increasing attention as the project works toward full production, as evidenced by the addition of contract mining to accelerate the schedule.

The company released its Q2/13 financial statements following the company's [production update released in July](#).

Liquidity Post-Q2

The company updated its financial position and at the end of Q2 had about \$177.9M in cash, which included a drawdown of \$70M on its \$90M revolving facility and proceeds from a recent financing. Working capital at the end of Q2 was US\$110M compared to US\$57M at the end of Q1. BMO Research expected working capital on the order of US\$108M.

At spot metals prices the company's liquidity appears manageable even as operations are forecast to consume more cash than expected for the remainder of the year. The company's emphasis on accelerating waste removal in preparation for mining higher grade ore in 2014 appears well placed.

At spot metals prices, post-changes BMO Research estimates the company's working capital position to be US\$10M at year-end. This does not include the US\$20M in undrawn credit facilities under its existing revolver. The working capital position also reflects US\$70M in loan repayments that are due in 2014. It is reasonable to expect that some, or all, of the US\$70M loan payments could be deferred.

The company has not reported operating costs or earnings as it has just now declared commercial production. BMO Research estimates that net capitalized costs (operating costs less gold sales) rose about US\$75M compared to our post-Q1 estimates. While there has been no apparent change in capital cost guidance, BMO Research concludes this arises from capitalized operations, both from Q2 actual and the forecasts to the end of the year. Operations are expected to be cash flow positive in Q4, but capital expenses remain a burden on free cash flow for 2013.

BMO Research expects that exploration costs will fall sharply for the remainder of 2013 as the company noted it was now focused on interpreting results now that the 2013 exploration drilling program has ended. Work on a feasibility study for Block A has also been suspended.

Changes to Forecasts

BMO Research has adjusted its operating cost forecast for 2013 incorporating the new cost guidance. No changes were made to the production estimates. BMO Research has incorporated slightly higher mining costs for 2014 to 2023 offset by lower costs beyond reflecting a greater weighting on recent costs than feasibility estimates. Near-term costs have been increased by about 7% for 2013 and 7% for the first four years of production.

BMO Research has reduced exploration costs by US\$5M as the company noted it was now focused on interpreting results as the 2013 exploration drilling program has ended. Work on a feasibility study for Block A has also been suspended.

Based on the changes made to our assumptions, our 10% NAV estimate at spot metals prices decreased by 2%.

Details of the changes to our NAV estimates and our forecast for LOM production and cash costs are shown in Table 1. Further details of our production forecast are shown in Table 2.

BMO Research estimates LOM production of 14.2Moz gold at an average total cash cost of US\$707/oz gold.

Table 1. Forecast Changes

Forecast Changes				
		Previous Forecast	New Forecast	Percent Change
DCF Valuation @ Spot Gold				
@ 10% discount rate	\$/sh	17.18	16.86	-2%
DCF Valuation @ US\$1,200/oz LT Gold				
@ 0% discount rate	\$/sh	36.58	36.58	0%
@ 5% discount rate	"	21.14	20.84	-1%
@ 10% discount rate	"	13.75	13.43	-2%
2013 Estimates				
2013 Au Production	000 oz	271	271	0%
2013 Total Cash Costs	\$/oz	1,146	1,229	7%
EPS reported	\$/sh	(0.43)	(0.35)	17%
CFPS reported	"	(0.19)	(0.12)	36%
Gold Price	\$/oz	1,362	1,362	0%
Life of Mine and Year 1 to Year 5 Estimates				
LOM Attrib Au Production	000 oz	14,153	14,153	0%
LOM Au Cash Cost	\$/oz	698	705	1%
LOM All-in Costs	\$/oz	956	937	-2%
2013-2017 Au Production	000 oz	2,622	2,622	0%
2013-2017 Total Cash Costs	\$/oz	805	860	7%

Source: BMO Capital Markets

Table 2. Production Forecast and Cost Summary

Production and Cost Summary									
F.Y.E. Dec. 31	Q1/13E	Q2/13E	Q3/13E	Q4/13E	2013E	2014E	2015E	2016E	2017E
Detour Lake Open Pit (100.0%)									
Gold Production (koz)	16.8	57.9	80.5	115.8	271	573	538	588	651
Total Cash Costs (US\$/oz)	1852	1589	1185	989	1229	761	877	838	800
DGC's Equity Prod. (koz)									
	17	58	80	116	271	573	538	588	651
Total Cash Costs (\$/oz)									
	1852	1589	1185	989	1229	761	877	838	800

Source: BMO Capital Markets

Valuation

At the spot metals prices, Detour's shares are trading at a P/NAV of 0.61x (39% discount) to the 10% NAV estimate of US\$16.86/share. Intermediate producers in BMO Research's coverage universe trade, on average, at a 45% premium with 10% NAV estimates at spot prices.

Additional value of approximately US\$0.96B has been included in the valuation for resources outside our DCF. This value is based on US\$47 per ounce applied to ~20M NI43-101 compliant gold ounces outside our DCF.

Further details of our asset valuation are shown in Table 3.

Table 3. Summary NAV at Spot Gold

Summary Asset Valuation at Spot Gold			Discount Rate			
Asset			(US\$M)	10%	5%	0%
Gold Mining Properties				----- per share values -----		
Detour Lake	Canada	100%	1,760.2	12.52	21.50	40.33
Total Project NAV (US\$)			1,760.2	40.33	21.50	40.33
Out-of-Pit Gold Resources	Canada	100%	954.8	6.79	6.79	6.79
Balance Sheet Items						
Basic Working Capital			56.9	0.40	0.40	0.40
Long-Term Debt			-566.1	-4.03	-4.03	-4.03
Equity Additions			165.2	1.17	1.17	1.17
Net Debt			-344.0	-2.45	-2.45	-2.45
Total NAV (US\$)			2,371.0	16.86	25.84	44.67
Share Price (US\$)				10.31	10.31	10.31
Price Prem./Disc.				-39%	-60%	-77%
Multiple To NAV (X)				0.61x	0.40x	0.23x
Assumed fully diluted, fully financed, in-the-money shares outstanding 140.62 million						

Source: BMO Capital Markets

Recommendation

Detour Gold is rated Outperform (Speculative). We are maintaining our C\$16.00 target price.

The company continues to advance the project toward full production and the announcement of commercial production represents a milestone for the project. The company's cash position appears adequate despite higher-than-expected ramp-up costs and working capital remains manageable.

Risks to our target price include:

- Delays on reaching full design capacity and production levels;
- Operating costs. The project is sensitive to operating margins, which could be challenged by higher unit operating costs, or a strong Canadian dollar;
- Decline in gold price.

Table 4: Detour Gold Estimate (BMO Metal Prices)

Detour Gold		As at:	15-Aug-13	DGC
Project:	Detour Lake	Location:	Ontario, Canada	
Recommendation	OP/S	Analyst:	John Hayes	
Target Price (C\$)	\$16.00			
Share Price (US\$)	\$10.31	Share Price (C\$)	\$10.65	
Common Shares O/S (M)	117.9	Market Cap (C\$M)	\$1,256	
Market Cap (US\$M)	\$1,215.6			
Enterprise Value (US\$M)	\$1,629			
0% NAV (US\$/share)	\$36.58	Premium/(Discount)	-72%	
5% NAV (US\$/share)	\$20.84	Premium/(Discount)	-51%	
10% NAV (US\$/share)	\$13.43	Premium/(Discount)	-23%	
15% NAV (US\$/share)	\$9.64	Premium/(Discount)	7%	

PRICE ASSUMPTIONS		2010A	2011A	2012A	2013E	2014E	2015E	2016E
(December Year End)								
Exchange Rate	C\$/US\$	0.88	1.01	1.00	0.97	0.95	0.97	0.94
Gold	US\$/oz	972	1569	1671	1362	1181	1200	1200
Silver	US\$/oz	14.63	35.23	31.24	22.56	17.50	20.00	20.00
Platinum	US\$/oz	1,204	1,719	1,554	1,445	1,394	1,500	1,500
Copper	US\$/lb	2.34	4.00	3.61	3.30	3.25	3.00	2.75
Nickel	US\$/lb	6.65	10.39	7.94	6.78	7.25	8.00	8.50
Zinc	US\$/lb	0.75	1.00	0.88	0.84	0.85	0.90	1.10

FINANCIAL SUMMARY - ANNUAL		2009A	2011A	2012A	2013E	2014E	2015E	2016E
(December Year End)								
Enterprise Value (US\$M)		345.3	895.5	1,658.0	1,902.6	1,775.0	1,801.5	1,650.4
EV/EBITDA		N/M	N/M	N/M	N/M	8.0x	11.6x	8.4x
EPS (US\$)	0.21	-0.70	0.21	-0.34	0.18	0.39	0.10	0.25
P/E (x)		N/M	N/M	N/M	N/M	26.5x	N/M	40.6x
CFPS (US\$)		-0.62	-0.41	-0.59	-0.12	1.44	0.85	1.08
P/CF (x)		N/M	N/M	N/M	N/M	7.1x	12.1x	9.5x
FCFPS (US\$)		-0.47	-1.19	-8.85	-2.65	0.03	-0.30	0.60
P/FCF (x)		N/M	N/M	N/M	N/M	325.1x	N/M	17.2x
Common Shares O/S (M)		69.3	101.9	117.6	140.6	140.6	140.6	140.6

QUARTERLY		Q1/13A	Q2/13E	Q3/13E	Q4/13E	
EPS (US\$)			-0.09	-0.09	-0.05	-0.11
CFPS (US\$)			-0.07	-0.07	-0.04	0.04
FCFPS (US\$)			-1.48	-0.99	-0.34	-0.21

PROFIT AND LOSS STATEMENT - US\$M		2009A	2011A	2012A	2013E	2014E	2015E	2016E
(December Year End)								
Mining Revenue		0.0	0.0	0.0	149.8	677.5	646.0	705.0
Production Costs		0.0	0.0	0.0	-123.7	-418.3	-455.0	-473.2
G&A		-6.7	-19.1	-20.6	-13.9	-12.6	-12.6	-12.6
Exploration and Other Expenses		-36.4	-37.9	-37.0	-25.6	-25.0	-25.0	-25.0
Other Income		1.1	10.2	9.8	1.3	0.9	1.5	2.3
EBITDA		-42.0	-46.5	-47.8	-12.2	222.5	155.0	196.5
Depreciation		-0.2	-0.6	-0.6	-19.9	-86.7	-86.1	-97.3
EBIT		-42.2	-47.2	-48.5	-32.0	135.8	68.8	99.1
Interest expense		0.0	-20.1	-17.5	-35.7	-34.7	-31.3	-29.6
EBT		-42.2	18.4	-22.5	-16.4	101.2	37.6	69.6
Tax		7.3	0.0	0.0	3.0	-46.3	-23.5	-33.8
NPAT (pre-Adjustments)		-34.8	18.4	-22.5	-13.4	54.8	14.1	35.7
Minority Interest		0.0	0.0	0.0	0.0	0.0	0.0	0.0
Foreign Exchange		0.0	0.0	9.1	-2.3	0.0	0.0	0.0
After-Tax Non-Operating Items		0.0	0.0	-25.1	38.6	0.0	0.0	0.0
Net Income (reported)		-34.8	18.4	-38.5	23.0	54.8	14.1	35.7
Net Income (adjusted)		-34.8	18.4	-47.3	-45.9	54.8	14.1	35.7

NAV VALUATION		RESERVES & RESOURCES			
10% NAV US\$M		Global Reserve/ Reserve/ Resourc e in DCF % in DCF			
Detour Open Pit	1,278				
Exploration properties	95				
Basic Working Capital	57				
Long-Term Debt	-566	Tonnes (Mt)	1443.8	470.0	33%
Equity Additions	165	Au Grade	0.78	1.03	133%
TOTAL NAV (US\$M)	1,889	Au (Moz)	36.02	15.57	43%
NAV/PS (US\$)		TOTAL COST OF ACQUISITION			
NAV/PS (US\$)	\$13.43	Total Cost of Acquisition (US\$/oz)			
P/NAV	0.77x	TCA as % of Spot Gold			
Common Shares in NAV (M)	140.6	928			
		70%			

CASH FLOW ANALYSIS - US\$M		2012A	2013E	2014E	2015E	2016E
(December Year End)						
Net Income		(38.5)	23.0	54.8	14.1	35.7
Non-Cash Items		(27.8)	(38.9)	148.0	105.4	116.8
Operating Cash Flow		(66.3)	(15.9)	202.8	119.5	152.5
Change in Working Capital		21.0	(4.0)	0.0	0.0	0.0
Cash Flows From Operating Activities		(45.2)	(19.9)	202.8	119.5	152.5
Property, Plant and Equip.		(98.2)	(332.1)	(96.7)	(129.7)	(38.6)
Net Investment and Asset Sales		37.9	37.9	0.0	0.0	0.0
Other		34.8	17.6	0.0	0.0	0.0
Cash Flows From Investing Activities		(90.5)	(276.6)	(96.7)	(129.7)	(38.6)
Proceeds From Borrowings		117.4	91.6	10.8	0.0	0.0
Repayment of Borrowings		(13.0)	(21.1)	(101.6)	(31.6)	(29.8)
Stock, Warrants, Options		380.2	198.3	0.0	0.0	0.0
Other		(29.6)	(13.8)	0.0	0.0	0.0
Cash Flows From Financing Activities		455.0	255.1	(90.8)	(31.6)	(29.8)
Net Increase In Cash		(490.1)	(47.8)	15.3	(41.9)	84.2
Cash At Beginning of Year		687.9	197.8	150.0	165.3	123.4
Cash At End of Year		197.8	150.0	165.3	123.4	207.6
Free Cash Flow		-1040.5	-373.1	4.5	-41.9	84.2

BALANCE SHEET ANALYSIS - US\$M		2012A	2013E	2014E	2015E	2016E
(December Year End)						
Cash and Investments		236.2	150.0	165.3	123.4	207.6
Receivables and Inventories		25.6	18.5	18.5	18.5	18.5
Other		12.6	15.7	15.7	15.7	15.7
Current Assets		274.4	184.2	199.4	157.6	241.8
Fixed Assets		2075.4	2350.8	2360.8	2404.4	2345.6
Deferred Taxes		2.3	0.0	0.0	0.0	0.0
Other		1.2	0.1	0.1	0.1	0.1
Total Assets		2353.2	2535.1	2560.4	2562.1	2587.5
Payables		141.8	96.5	96.5	96.5	96.5
Short Term Debt		7.9	101.6	31.6	29.8	521.5
Other		4.2	4.6	4.6	4.6	4.6
Current Liabilities		153.9	202.7	132.7	130.9	622.6
LT Debt		525.6	433.5	412.7	382.9	0.0
Other		32.5	24.6	70.9	75.1	(59.0)
Total Liabilities		712.1	660.8	616.3	588.9	563.6
SHAREHOLDERS EQUITY		1641.2	1876.2	1946.0	1975.1	2025.8
Net Debt / (Cash)		405.1	452.0	346.0	356.2	242.2
Net Debt to Equity		24.7%	24.1%	17.8%	18.0%	12.0%

PRODUCTION AND COSTS		2012A	2013E	2014E	2015E	2016E
(December Year End)						
Detour Lake Open Pit (100.0%)						
BMO Estimated Start Date:	Q1/2013	0	271	573	538	588
Total Gold Production (Koz)		0	1229	761	877	838
Total Cash Costs (US\$/oz)		0.0	1229	761	877	838
Total Production	Koz	0	271	573	538	588
Atributable Production	Koz	0	271	573	538	588
Total Cash Cost	(US\$/oz)	0.0	1229	761	877	838
LOM ESTIMATES						
		Gold Production (Koz)		LOM TCC (US\$/oz)		
Detour Lake Open Pit		14,153		707		

Source: BMO Capital Markets

Table 5: Detour Gold Estimate (Spot)

Detour Gold		As at:	15-Aug-13	DGC	
Project:	Detour Lake	Location:	Ontario, Canada	Analyst:	John Hayes
Recommendation	OP(S)				
Target Price (CS)	\$16.00				
Share Price (US\$)	\$10.31	Share Price (CS)	\$10.65		
Common Shares O/S (M)	117.9	Market Cap (CSM)	\$1,256		
Market Cap (US\$M)	\$1,215.6				
Enterprise Value (US\$M)	\$1,629				
0% NAV (US\$/share)	\$44.67	Premium/(Discount)	-77%		
5% NAV (US\$/share)	\$25.84	Premium/(Discount)	-60%		
10% NAV (US\$/share)	\$16.86	Premium/(Discount)	-39%		
15% NAV (US\$/share)	\$12.20	Premium/(Discount)	-15%		

PRICE ASSUMPTIONS		(December Year End)						
		2010A	2011A	2012A	2013E	2014E	2015E	2016E
Exchange Rate	CS/US\$	0.88	1.01	1.00	0.97	0.95	0.97	0.94
Gold	US\$/oz	972	1569	1671	1429	1334	1334	1334
Silver	US\$/oz	14.63	35.23	31.24	22.56	17.50	20.00	20.00
Platinum	US\$/oz	1,204	1,719	1,554	1,445	1,394	1,500	1,500
Copper	US\$/lb	2.34	4.00	3.61	3.30	3.25	3.00	2.75
Nickel	US\$/lb	6.65	10.39	7.94	6.78	7.25	8.00	8.50
Zinc	US\$/lb	0.75	1.00	0.88	0.84	0.85	0.90	1.10

FINANCIAL SUMMARY - ANNUAL		(December Year End)						
		2009A	2011A	2012A	2013E	2014E	2015E	2016E
Enterprise Value	(US\$M)	345.3	895.5	1,658.0	1,874.2	1,658.7	1,635.9	1,429.6
EV/EBITDA		N/M	N/M	N/M	N/M	5.3x	7.2x	5.1x
EPS	(US\$)	0.21	-0.70	0.21	-0.34	0.28	0.80	0.44
P/E	(x)	N/M	N/M	N/M	N/M	37.3x	12.9x	23.2x
CFPS	(US\$)	-0.62	-0.41	-0.59	0.03	2.07	1.20	1.48
P/CF	(x)	N/M	N/M	N/M	N/M	5.0x	8.6x	7.0x
FCFPS	(US\$)	-0.47	-1.19	-0.85	-2.51	0.66	0.05	0.99
P/FCF	(x)	N/M	N/M	N/M	N/M	15.7x	193.4x	10.4x
Common Shares O/S	(M)	69.3	101.9	117.6	140.6	140.6	140.6	140.6

QUARTERLY		(December Year End)			
		Q1/13A	Q2/13E	Q3/13E	Q4/13E
EPS	(US\$)	-0.09	-0.09	-0.05	-0.03
CFPS	(US\$)	-0.07	-0.07	-0.03	0.17
FCFPS	(US\$)	-1.48	-0.99	-0.34	-0.08

PROFIT AND LOSS STATEMENT - US\$M		(December Year End)						
		2009A	2011A	2012A	2013E	2014E	2015E	2016E
Mining Revenue		0.0	0.0	0.0	169.4	765.0	718.1	783.7
Production Costs		0.0	0.0	0.0	-123.7	-418.3	-455.0	-473.2
G&A		-6.7	-19.1	-20.6	-13.9	-12.6	-12.6	-12.6
Exploration and Other Expenses		-36.4	-37.9	-37.0	-25.6	-25.0	-25.0	-25.0
Other Income		1.1	10.5	9.8	1.3	1.3	2.9	5.1
EBITDA		-42.0	-46.5	-47.8	7.5	310.3	228.4	278.0
Depreciation		-0.2	-0.6	-0.6	-19.9	-86.7	-86.1	-97.3
EBIT		-42.2	-47.2	-48.5	-12.4	223.6	142.3	180.6
Interest expense		0.0	-20.1	-17.5	-35.7	-34.7	-31.3	-29.6
EBT		-42.2	18.4	-22.5	3.3	189.0	111.1	151.1
Tax		7.3	0.0	0.0	-3.7	-76.3	-48.6	-61.6
NPAT (pre-Adjustments)		-34.8	18.4	-22.5	-0.4	112.7	62.5	89.4
Minority Interest		0.0	0.0	0.0	0.0	0.0	0.0	0.0
Foreign Exchange		0.0	0.0	9.1	-2.3	0.0	0.0	0.0
After-Tax Non-Operating Items		0.0	0.0	-25.1	38.6	0.0	0.0	0.0
Net Income (reported)		-34.8	18.4	-38.5	35.9	112.7	62.5	89.4
Net Income (adjusted)		-34.8	18.4	-47.3	-33.0	112.7	62.5	89.4

NAV VALUATION		RESERVES & RESOURCES			
10% NAV US\$M		Global Reserve/Resource		Reserve/Resource in DCF % in DCF	
Detour Open Pit	1,760				
Exploration properties	955				
Basic Working Capital	57	Tonnes (Mt)		1443.8	470.0
Long-Term Debt	-566	Au Grade		0.78	1.03
Equity Additions	165	Au (Moz)		36.02	15.57
TOTAL NAV (US\$M)	2,371				
TOTAL COST OF ACQUISITION					
NAVPS (US\$)	\$16.86	Total Cost of Acquisition (US\$/oz)		930	
P/NAV	0.61x	TCA as % of Spot Gold		70%	
Common Shares in NAV (M)	140.6				

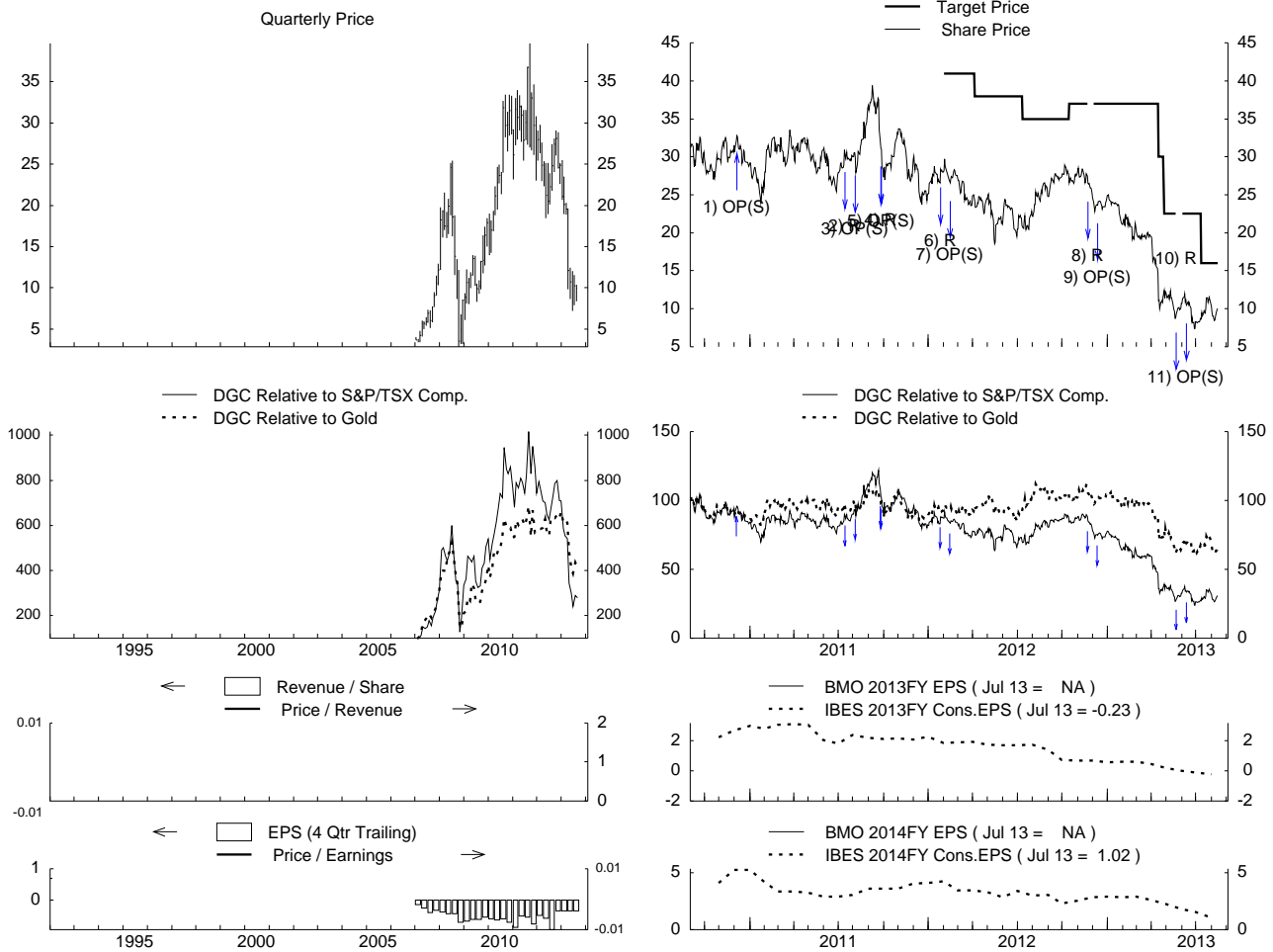
CASH FLOW ANALYSIS - US\$M		(December Year End)				
		2012A	2013E	2014E	2015E	2016E
Net Income		(38.5)	35.9	112.7	62.5	89.4
Non-Cash Items		(27.8)	(32.1)	178.0	106.3	118.3
Operating Cash Flow		(66.3)	3.8	290.7	168.8	207.7
Change in Working Capital		21.0	(4.0)	0.0	0.0	0.0
Cash Flows From Operating Activities		(45.2)	(0.3)	290.7	168.8	207.7
Property, Plant and Equip.		(982.2)	(332.1)	(96.7)	(129.7)	(38.6)
Net Investment and Asset Sales		37.9	37.9	0.0	0.0	0.0
Other		34.8	26.4	0.0	0.0	0.0
Cash Flows From Investing Activities		(909.5)	(267.8)	(96.7)	(129.7)	(38.6)
Proceeds From Borrowings		117.4	91.6	10.8	0.0	0.0
Repayment of Borrowings		(13.0)	(21.1)	(101.6)	(31.6)	(29.8)
Stock, Warrants, Options		380.2	198.3	0.0	0.0	0.0
Other		(29.6)	(13.8)	0.0	0.0	0.0
Cash Flows From Financing Activities		455.0	255.1	(90.8)	(31.6)	(29.8)
Net Increase in Cash		(490.1)	(19.4)	103.1	7.5	139.4
Cash At Beginning of Year		687.9	197.8	178.4	281.5	289.0
Cash At End of Year		197.8	178.4	281.5	289.0	428.4
Free Cash Flow		-1040.5	-353.5	92.3	7.5	139.4

BALANCE SHEET ANALYSIS - US\$M		(December Year End)				
		2012A	2013E	2014E	2015E	2016E
Cash and Investments		236.2	178.4	281.5	289.0	428.4
Receivables and Inventories		25.6	18.5	18.5	18.5	18.5
Other		12.6	15.7	15.7	15.7	15.7
Current Assets		274.4	212.6	315.7	323.2	462.5
Fixed Assets		2075.4	2342.0	2352.1	2395.6	2336.9
Deferred Taxes		2.3	1.9	1.9	1.9	1.9
Other		1.2	0.1	0.1	0.1	0.1
Total Assets		2353.2	2556.6	2669.8	2720.8	2801.4
Payables		141.8	96.5	96.5	96.5	96.5
Short Term Debt		7.9	101.6	31.6	29.8	521.5
Other		4.2	4.6	4.6	4.6	4.6
Current Liabilities		153.9	202.7	132.7	130.9	622.6
LT Debt		525.6	433.5	412.7	382.9	0.0
Other		32.5	31.3	107.6	112.8	(19.9)
Total Liabilities		712.1	667.5	653.0	626.6	602.7
SHAREHOLDERS EQUITY		1641.2	1889.1	2016.8	2094.3	2198.7
Net Debt / (Cash)		405.1	423.6	229.7	190.6	21.5
Net Debt to Equity		24.7%	22.4%	11.4%	9.1%	1.0%

PRODUCTION AND COSTS		(December Year End)				
		2012A	2013E	2014E	2015E	2016E
Detour Lake Open Pit (100.0%)						
BMO Estimated Start Date:		Q1/2013				
Total Gold Production (Koz)		0	271	573	538	588
Total Cash Costs (US\$/oz)		0	1231	764	880	840
Total Production	Koz	0	271	573	538	588
Attributable Production	Koz	0	271	573	538	588
Total Cash Cost	(US\$/oz)	0.0	1231	764	880	840
LOM ESTIMATES		Gold Production (Koz)		LOM TCC (US\$/oz)		
Detour Lake Open Pit		14,153		709		

Source: BMO Capital Markets

Detour Gold Corp. (DGC)



FYE (Dec.)	EPS \$	P/E Hi - Lo	DPS \$	Yield% Hi - Lo	Payout %	BV \$	P/B Hi - Lo	ROE %	DGC - Rating as of 2-Sep-10 = OP(S)			
2007	ND	na na	0.00	0.0 0.0	0	2.6	5.0 1.3		Date	Rating Change	Share Price	
2008	ND	na na	0.00	0.0 0.0	0	3.2	7.9 0.9	na	1	6-Dec-10	NR to OP(S)	\$32.80
2009	ND	na na	0.00	0.0 0.0	0	6.3	2.9 0.5	na	2	14-Jul-11	OP(S) to R	\$30.43
2010	ND	na na	0.00	0.0 0.0	0	8.4	4.0 1.7	na	3	4-Aug-11	R to OP(S)	\$29.93
2011	ND	na na	0.00	0.0 0.0	0	12.6	3.1 1.8	na	4	26-Sep-11	OP(S) to R	\$31.17
2012	ND	na na	0.00	0.0 0.0	0	13.9	2.2 1.3	na	5	27-Sep-11	R to OP(S)	\$31.00
Range*		na na		0.0 0.0			7.9 0.5		6	25-Jan-12	OP(S) to R	\$28.40
Current*	-0.33	na	0.00	0.0	0	14.2	0.7	na	7	14-Feb-12	R to OP(S)	\$26.59
Growth(%):									8	21-Nov-12	OP(S) to R	\$26.50
5 Year:	nm		nm			40.7			9	11-Dec-12	R to OP(S)	\$23.68
									10	21-May-13	OP(S) to R	\$9.23
									11	11-Jun-13	R to OP(S)	\$10.48

* Current EPS is the 4 Quarter Trailing to Q1/2013.
 * Valuation metrics are based on high and low for the fiscal year.
 * Range indicates the valuation range for the period presented above.

Last Price (August 13, 2013): \$9.98
 Sources: IHS Global Insight, Thomson Reuters, BMO Capital Markets.

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Hold	Market Perform	56.8%	10.2%	45.9%	53.9%	45.5%	41.1%
Sell	Underperform	5.3%	3.2%	1.4%	6.5%	3.5%	5.6%

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