DETOUR GOLD CORPORATION

Management's Discussion and Analysis

YEARS ENDED DECEMBER 31, 2016 AND 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") of Detour Gold Corporation ("Detour Gold", "we", "our" or the "Company") provides information that management believes is relevant to an assessment and understanding of the consolidated financial condition and results of operations of the Company. This MD&A should be read in conjunction with Detour Gold's audited consolidated financial statements and related notes for the years ended December 31, 2016 and 2015 which are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). This MD&A contains certain forward-looking statements. Refer to the cautionary language at the end of this MD&A. All dollar figures stated herein are expressed in United States dollars, except for: (i) tabular amounts which are in thousands of United States dollars; (ii) per share or per ounce amounts; or (iii) unless otherwise specified. This MD&A is dated March 21, 2017. The Company's public filings, can be viewed on the SEDAR website (www.sedar.com) and on the Company's website (www.detourgold.com).

Certain non-IFRS measures are included in this MD&A. Detour Gold 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 included in this document are: total cash costs; all-in sustaining costs; average realized price; average realized margin; adjusted net earnings (loss); and adjusted basic net earnings (loss) per share.

In addition, included in this MD&A is the measure "Earnings (loss) from mine operations". Refer to section "Additional IFRS Financial Performance Measures" for additional information on this measure.

Refer to the "non-IFRS Financial Performance Measures" section for a reconciliation of non-IFRS measures.

The following abbreviations are used throughout this document: USD or U.S. dollar (United States dollar), Cdn (Canadian dollar), AISC (All-in sustaining costs), Au (gold), oz (ounces), g/t (grams per tonne), Mt (million tonnes), km (kilometre), m (metres), tpd (tonnes per day), tpoh (tonnes per operating hour), ROM (run of mine), and LOM (life of mine).

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BUSINESS OVERVIEW

Detour Gold was incorporated under the laws of Ontario in 2006 and was listed on the Toronto Stock Exchange (TSX:DGC) in January 2007. Detour Gold is a Canadian-based intermediate gold mining company with a 100% interest in the Detour Lake mine, a long-life, large-scale open pit operation located in northeastern Ontario, approximately 300 km northeast of Timmins and 185 km by road northeast of Cochrane. The Company continues to focus on optimizing the Detour Lake mine and on organic growth by exploring and developing its large Detour Lake property, which consists of a contiguous block of mining claims and leases totaling approximately 625 km^2 in the District of Cochrane.

Our business plan is to be a leading intermediate gold producer. The Company's near-term strategy is to continue with operational improvements at the Detour Lake mining operation while applying cost and capital discipline. With the mine now generating positive cash flow from operations, the Company is in a position to focus on strengthening its balance sheet by way of debt reduction and pursuing organic growth opportunities.

2016 YEAR IN REVIEW

Detour Gold made significant progress on a number of fronts in 2016 with the most important being the strengthening of its balance sheet by reducing debt by 28% and ending the year with a strong cash position of $129 million. Although it was a challenging operational year, we met our revised guidance with 537,765 ounces of gold production and all-in sustaining costs of $1,005[(1)] per ounce sold. We made positive strides on health and safety with the number of reportable safety incidents declining by 27% year-over-year.

Gold production was initially planned to be between 540,000 and 590,000 ounces. One of the main factors that impacted production was slower progress in the development of the pit, which delayed access to higher grade ore from the Campbell pit (eastern end of the pit), equivalent to approximately 20,000 ounces. A recovery plan to de-stack the Campbell pit was put in place in September 2016. In addition, production was also impacted by lower shovel availability as a result of unplanned maintenance, primarily related to frame design issues. As a result, total tonnes mined for the year fell short by 9.3 million tonnes or 10%. In addition, higher mine dilution contributed to lower gold production.

In late-2016, we made the decision to advance capital purchases and expand our mining fleet to increase mining rates. We have purchased an additional hydraulic shovel and seven more 795 haul trucks. We expect that by the end of the second quarter of 2017 we will have six shovels and 32 haul trucks, which will be supported by the addition of a stockpile fleet.

The processing plant had very good performance and recorded its highest throughput to date, exceeding the design rate by 3%. The main driver for this higher performance was the successful installation and commissioning of a new 410-conveyor system in April 2016. As well, a large-scale test of fines was conducted in the second half of 2016 and proved to be effective.

The mill performance was partially overshadowed by 2% lower gold recoveries (equivalent to a loss of approximately 10,000 ounces for the year), as a result of operational issues in the recovery circuit during the summer months. In 2016, the Company initiated the engineering and design of a lead nitrate/oxygen system that is expected to improve recovery rate, and is expected to be installed at the end of the second quarter of 2017.

All-in sustaining costs were above our original guidance and were impacted by lower production, accelerated capital expenditures and additional costs in the mine and plant to address issues noted above. The Company needs to improve operating efficiencies in the mine and processing plant and improve the overall cost structure.

[(1)] Refer to the "non-IFRS Financial Performance Measures" section for a reconciliation of this metric.

Regarding our growth pipeline, in late-2016, we came to the disappointing conclusion that the permitting process of the West Detour project would be delayed and mining would not start in 2018, as per our initial plan. We are committed to gaining the support from all our Aboriginal partners on this project but given the uncertainties and the potential lengthy timeline in obtaining all the required permits, a revised life-of-mine plan will be filed on March 22, 2017.

Lastly, we have seen continued positive results from our exploration team at Zone 58N, an underground high-grade target located 6 km south of the processing plant. The preliminary underground conceptual model is positive and additional drilling is underway to evaluate the deeper portion of the deposit.

As we look to 2017, the Company is expected to benefit from the capital invested into additional mining equipment. We are implementing a number of operating efficiency and business process improvement initiatives which we are confident will start to produce tangible results over the coming years.

Health and Safety

Committed to Zero Harm became the Company's safety vision in 2016. The concept guides our operations and activities and expresses our fundamental belief that every employee goes home safe at the end of their shift. To instill this core value, the Company partnered with DuPont, a world leader in safety management, and implemented a number of safety programs focused on improving management's Visible Felt Leadership and the health and safety leadership of our front line supervisors. Across the Company our focus turned to safe production, resulting in a 27% improvement year-over-year in our Total Recordable Injury Frequency Rate[(1)] (from 2.3 to 1.7). The Company's 2017 strategy will be on the implementation of the DGC Health and Safety Journey, a detailed program designed to support the continuous improvement of our health and safety performance. Key areas of focus in 2017 include health and safety risk management, and training and contractor management.

Environment

In 2016, we adopted the Global Reporting Index as our reporting sustainability model. In addition to our sustainability report, we began to report our sustainability performance to Sustainalytics and CDP to further facilitate access to this information by investors and stakeholders.

We are pleased to report that there were no significant environmental incidents reported in 2016. During the year, we continued to maximize the recycling of process water, resulting in zero-water discharge to the environment for the fourth year in a row. With an increase of the mine footprint in 2017, we plan to begin to discharge water to the environment as per our existing operating permit, and thus, preventing the accumulation of water in the tailings facility. In 2016, an independent engineering firm completed a detailed dam safety review confirming that the design, construction, operation and monitoring of our tailings facility met applicable industry standards.

In 2017, we plan to continue strengthening our environmental management system to improve our environmental performance and ensure we continue to meet our legal obligations and other commitments. The current closure plan will be updated to better align closure objectives with comments received from our Aboriginal partners and review that the financial assurance remains sufficient to meet the requirements of the Ontario Mining Act.

[(1)] TRIFR: Total recordable injuries per 200,000 hours worked by employees and contractors

FOURTH QUARTER 2016 HIGHLIGHTS

- ***Gold production*** of 143,512 ounces compared to 146,417 ounces in Q4 2015
- ***All-in sustaining costs***[1] of $1,132 per ounce sold and Total cash costs[1] of $855 per ounce sold compared to $858 and $694 per ounce sold, respectively, in Q4 2015
- ***Revenues*** of $176.6 million on gold sales of 144,668 ounces at an average realized price[1] of $1,210 per ounce compared to $145.7 million on gold sales of 132,209 ounces at an average realized price of $1,102 per ounce in Q4 2015
- ***Earnings from mine operations*** of $4.8 million compared to $9.1 million in Q4 2015
- ***Net loss*** of $13.5 million ($0.08 per share), compared to net loss of $40.8 million ($0.24 per share) in Q4 2015
- ***Adjusted net loss***[1] of $6.0 million ($0.03 per share), compared to adjusted net loss of $4.4 million ($0.03 per share) in Q4 2015

FULL YEAR 2016 HIGHLIGHTS

- ***Gold production*** of 537,765 ounces, in-line with revised guidance, compared to 505,558 ounces in 2015
- ***All-in sustaining costs*** of $1,007 per ounce sold and total cash costs of $746 per ounce sold, compared to $1,056 and $775 per ounce sold, respectively, in 2015
- ***Revenues*** of $658.3 million on gold sales of 527,727 ounces at an average realized price of $1,221 per ounce compared to $563.0 million on gold sales of 486,243 ounces at an average realized price of $1,175 per ounce in 2015
- ***Earnings from mine operations*** of $94.9 million compared to $12.7 million in 2015
- ***Net loss*** of $6.9 million ($0.04 share), compared to net loss of $163.6 million ($0.97 per share) in 2015
- ***Adjusted net earnings*** of $10.4 million ($0.06 per share), compared to adjusted net loss of $42.1 million ($0.25 per share) in 2015
- ***Debt reduction*** of $142 million (face value) of convertible notes
- ***Cash and cash equivalents*** balance of $129.4 million as of December 31, 2016
- ***Positive drilling*** results from Zone 58N

[1] Refer to the "non-IFRS Financial Performance Measures" section for a reconciliation of these amounts.

OUTLOOK

2017 Guidance

Gold production (oz)	550,000-600,000
Total cash costs ($/oz sold)	$690-$750
All-in sustaining costs ($/oz sold)	$1,025-$1,125

Gold production is expected to be between 550,000 and 600,000 ounces for 2017 with production being the lowest in the first quarter.

The mine plan calls for approximately 100 Mt to be mined from the Detour Lake pit in 2017. Mining rates are expected to trend higher starting in the second quarter with the addition of a CAT6060 shovel and four CAT795 trucks, bringing the available fleet to six shovels and 32 trucks, supported by the addition of a stockpile fleet. The average waste to ore ratio for the year is estimated at 3.6:1. There are specific months during the year where this strip ratio will be above the life of mine pit average and stripping costs will be capitalized.

The Detour Lake operation is forecast to process 21 to 22 Mt of ore in 2017. Head grades are expected to improve after the first quarter. The Company does not anticipate processing fines during the year and will continue to engineer its low-grade stockpiles (0.4-0.5 g/t Au) for future use.

2017 AISC are expected to range from $1,025 to $1,125 per ounce sold, with total cash costs from $690 to $750 per ounce sold. Due to the variability of gold production and the timing of capital expenditures, the Company expects that the first quarter AISC will be significantly above the yearly guidance.

2017 Capital expenditures

Capital Expenditures ($ millions)	
Sustaining	
Mining	$78
Processing	6
Tailings	40
Site infrastructure, G&A & other	31
Total sustaining	155
Capitalized stripping	14
Development	5
Total capital expenditures	$160-$180

Sustaining expenditures include an investment of approximately $40 million for mining equipment to advance the Phase 2 mining and increase mining rates (one CAT6060 shovel, four CAT795 trucks and ROM fleet) and $30 million of accelerated capital for the construction of Cell 2 of the tailings facility ($9 million), the replacement of the contractor camp ($17 million) and the lead nitrate project ($4 million). Approximately $23 million of these sustaining expenditures will be paid in 2018.

The Company is expected to incur non-sustaining expenditures of $5 million for the development of West Detour.

Key assumptions used for the 2017 guidance include:

Gold price of $1,200/oz	*US/Cdn FX rate of 1.30*
Diesel fuel price of Cdn$0.70 per litre	*Power cost of Cdn$0.03 per kilowatt hour*

2017 Exploration

The total exploration budget for the Detour Lake property is approximately $6 million, of which $4 million is non-sustaining expenditures for definition drilling of Zone 58N (Lower Detour), an underground high grade gold target located 6 kilometers south of the Detour Lake processing plant. The balance is considered sustaining and will be used to explore other targets on the property.

Drilling activity has commenced on Zone 58N to continue the infill drilling program between 250 and 450 metres.

Depending on the success of the drilling program during the first half of 2017 and the gold price, the full-year exploration budget may be increased and the possibility of commencing a scoping study will also be assessed.

2017 Corporate and Interest Expenses

The 2017 corporate general and administrative expense is estimated at $21 million and excludes share-based compensation. Share-based compensation for the Company is estimated at $11 million, assuming no change in the share price year-over-year.

The Company expects to record interest expense and pay interest costs of approximately $20 million on the Senior Unsecured Convertible Notes in 2017. The Company repurchased $142 million of Senior Unsecured Convertible Notes in 2016, reducing the amount due at maturity on November 30, 2017 to $358 million. In addition, the Company's bank credit facility matures on August 31, 2017. Refer to section "Liquidity and Capital Resources – Liquidity outlook" for additional details.

CORPORATE DEVELOPMENTS

Updated Life of Mine Plan

As disclosed in the Company's news release dated January 30, 2017 ("*Updated West Detour Development Plans*"), the Company modified its LOM plan for the Detour Lake operation as a result of permitting uncertainties associated with the West Detour project. The updated LOM plan includes the following key elements and results:

- Proven and probable open pit reserves of 16.5 million ounces contained gold
- Average annual gold production of approximately 656,000 ounces over LOM
- Mine life increased to approximately 23 years
- After-tax NPV5% of Cdn$3.7 billion, using long-term gold price of Cdn$1,562/oz ($1,250 at a 1.25 exchange rate)
- Accommodates for the timing of a federal review process for permitting (if required)
- Annual mining rate increase to 125 Mt with additional mine equipment
- Annual plant throughput maintained at 23 Mt starting in 2021
- Near-term increase in strip ratio with 2019-20 average annual gold production below 550,000 ounces then increasing significantly above 700,000 ounces in 2021-22

Filing of Environmental Study Report

On January 30, 2017, the Company filed the ESR with the Ministry of Natural Resources and Forestry ("MNRF") under the Ontario Environmental Assessment Act for a Class "C" Environmental Assessment for Resource Stewardship and Facility Development Projects. In addition, the ESR was distributed to both provincial and federal ministries and impacted Aboriginal communities for their review and comment.

While the Company has not yet obtained the support of all Aboriginal partners, it filed the ESR in order to trigger the commencement of the environmental assessment process. The Company will continue to engage with all of its Aboriginal partners throughout the environmental assessment process.

Request for Federal Environmental Assessment

The Company was notified by one of its Aboriginal partners that it had submitted a request to the Canadian Environmental Assessment Agency ("CEAA") to subject the West Detour project to the federal environmental assessment process under the Canadian Environmental Assessment Act, 2012 (the "Act"). The Company has received confirmation from CEAA that such a request has been made.

Although CEAA had advised the Company in 2015 that the proposed project was not a "designated physical activity" under the Act and therefore a federal environmental assessment process was not required, in light of CEAA's receipt of a formal request for a federal environmental assessment, it must review the request. CEAA has not indicated at this time how or when it will respond to the request.

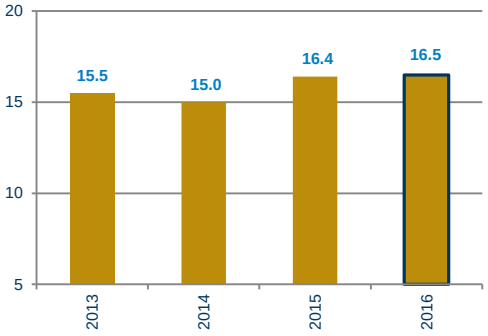
RESERVES AND RESOURCES

Detour Gold calculated its 2016 year end reserves using a gold price assumption of $1,000 per ounce and an assumed U.S. dollar to Canadian dollar exchange rate of 1.10. Gold resources were calculated at a gold price of $1,200 per ounce and a long-term exchange rate of 1.10. These assumptions have remained unchanged since 2013.

Gold reserves were 16.5 million ounces at the end of 2016, compared to 16.4 million ounces at the end of 2015. The increase from the end of 2015 is primarily attributable to modified modeling parameters and positive infill drilling results from the North pit, partially offset by 2016 mining depletion.

Measured and indicated resources were 3.9 million ounces of gold at the end of 2016, in line with 3.9 million ounces of gold at the end of 2015.

Proven and Probable Gold Reserves
Millions of ounces



For a breakdown of the Mineral Reserves and Mineral Resources by category and additional information, including key assumptions and parameters, refer to the March 22, 2017 Technical Report posted on the Company's website and filed on www.sedar.com.

As at December 31, 2016	Tonnes (millions)	Grade (g/t Au)	Contained Gold ('000s oz)
Mineral Reserves - Proven and Probable			
Detour Lake Pit (+ stockpiles)	448.5	0.99	14,214
West Detour Project	60.8	0.94	1,843
Low Grade Fines	20.9	0.60	403
Total Proven and Probable Reserves	**530.2**	**0.97**	**16,460**
Mineral Resources – Measured and Indicated			
Detour Lake Pit	88.5	1.05	2,991
West Detour Project	31.0	0.88	878
Total Measured and Indicated Resources	**119.5**	**1.01**	**3,869**
Mineral Resources – Inferred			
Detour Lake Pit	35.6	0.79	906
West Detour Project	9.3	0.95	282
Total Inferred Resources	**44.9**	**0.82**	**1,188**

Notes:

1. The Company's mineral reserve and mineral resource estimates as at December 31, 2016 are classified in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") "CIM Definition Standards - For Mineral Resources and Mineral Reserves" adopted by the CIM Council (as amended, the "CIM Definition Standards") in accordance with the requirements of National Instrument 43-101 "Standards of Disclosure for Mineral Projects" ("NI 43-101"). Mineral reserve and mineral resource estimates reflect the Company's reasonable expectation that all necessary permits and approvals will be obtained and maintained.
2. Mineral reserves were estimated using a gold price of US$1,000/oz at a US$/C$ exchange rate of 1.10, and mineral resources were estimated using a gold price of US$1,200/oz at a US$/Cdn$ exchange rate of 1.10.
3. Mineral reserves and resources were based on a cut-off grade of 0.50 g/t Au.
4. LG Fines (sourced from material grading 0.40-0.50 g/t Au) classified as Measured and Indicated were reported as Probable mineral reserves and included in the mine plan.
5. Mineral resources are reported exclusive of mineral reserves. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

EXPLORATION ACTIVITIES

Detour Gold has a 100% interest in the 625 km^2 Detour Lake property located on the northernmost Abitibi greenstone belt in northern Ontario. Since the acquisition of the property in 2007, exploration activities have focused on the delineation of the Detour Lake and West Detour gold deposits. With the Detour Lake mine in operation since early 2013, the Company's exploration activities have recently shifted towards evaluating the exploration potential of its large Detour Lake property and this year looking at grassroot opportunities in proximity to its main asset. The Company has developed a multi-year exploration plan for its Detour Lake property with the main objective of finding high-grade satellite gold deposits within trucking distance of its large processing plant. The Company completed approximately 83,000 metres of drilling in 2016 on the Detour Lake property.

In September 2016, the Company staked the 494 km^2 Burntbush grassroot property located 70 km south of the Detour Lake mine, which represents another opportunity for the Company's future organic growth.

Since 2012, the Company conducted exploration programs targeting prospective areas along several important structures associated with the Lower Detour Deformation Zone ("LDDZ") (area referred to as Lower Detour), a major east-west regional structure extending on the property for over 25 kilometres. In 2013 and 2014, the Company defined three sub-parallel structures (Zones 75, 58 and 58N) associated with the LDDZ within seven kilometres of the Detour Lake processing plant. The 2014 and 2015 drilling programs focused principally on Zone 58N to determine the continuity and extent of the gold mineralization.

In 2016, the Company completed a total of 52,079 metres of infill drilling at Zone 58N. Since the update provided in July 2016 on the results from the Phase 1 drilling program, the Company received all the assay results from the Phase 2 drilling program completed this fall (15,249 metres in 46 holes). The majority of the infill drilling was at 25 metre spacing, testing the top 250 metres of the deposit. Results continued to demonstrate the continuity of the gold mineralization and provided a high level of confidence in the upper part of the deposit, further confirming the underground mining potential of Zone 58N. Please refer to the news release dated January 30, 2017 for the significant assay results from Phase 2.

G Mining Services Inc., an independent engineering firm, has completed a preliminary model and conceptual design on Zone 58N for an advanced underground exploration program. Based on the geological interpretation of the deposit as currently drilled, multiple lenses of potential ore were delineated from bedrock surface to a depth of approximately 800 metres. The deposit remains open below 800 metres. Work is underway to evaluate options for mining widths and cut-off grade for different mining scenarios.

On January 4, 2017, the Company started a surface infill drilling program of approximately 30,000 metres between 250 and 450 metres below surface with the objective of increasing the understanding of grade and geometry for that part of the deposit. Selected holes will also be drilled deeper to delineate continuity at depth.

The gold mineralized system (Zones 58N and 75) has been intersected over an east-west strike length of 450 metres, from surface to a depth of 800 metres. The mineralized system remains open at depth. Gold mineralization is mainly found within an altered feldspar porphyry intrusive characterized by brittle deformation, containing quartz and/or quartz-tourmaline veins with up to 5% pyrite and multiple occurrences of visible gold.

In the area east of the current tailings facility, approximately 3.5 kilometres east of the Detour Lake open pit, the Company completed 6,195 metres in 19 holes as well as various trenches. Trenching and drilling results have identified shear-hosted gold mineralization over 1,200 metres, opening up exploration potential immediately east of the current tailings facility. Please refer to the news release dated January 30, 2017 for the significant assay results from this program. Selected significant gold intercepts *(uncut gold assay reported)* from that program include:

- 3.99 g/t over 4.0 m (DTMA-16-001)
- 9.88 g/t over 1.0 m (DTMA-16-007)
- 4.47 g/t over 5.5 m (DTMA-16-010)
- 5.04 g/t over 1.5 m (DTMA-16-011)
- 5.04 g/t over 1.5 m (DTMA-16-016)
- 12.08 g/t over 11.7 m and 4.06 g/t over 10.9 m (channel samples in Trench 2)
  4.00 g/t over 5.0 m (channel sample in Trench 6)

For 2017, the Company plans to continue trenching along the current mineralization, extend the geophysical induced polarization (IP) survey, and carry out additional drilling to better understand the controls and orientation of the gold mineralization.

During 2016, the Company completed additional drilling at the West Detour deposit to potentially expand the mineral resources of the proposed North satellite pit and validate the block model assumptions. The drilling program at West Detour included: (1) 5,227 metres in 47 holes at a 20 metre spacing in the proposed West Detour pit, (2) 4,450 metres in 29 holes at a 40 metres spacing in the area of the proposed North satellite pit, and (3) 3,473 metres in 10 holes for condemnation drilling, of which one hole west of the North satellite pit intersected 10.0 g/t Au over 4 metres. The results of this drilling program will be incorporated in the year-end 2016 mineral resource and reserve estimate which will be announced in the new life of mine plan.

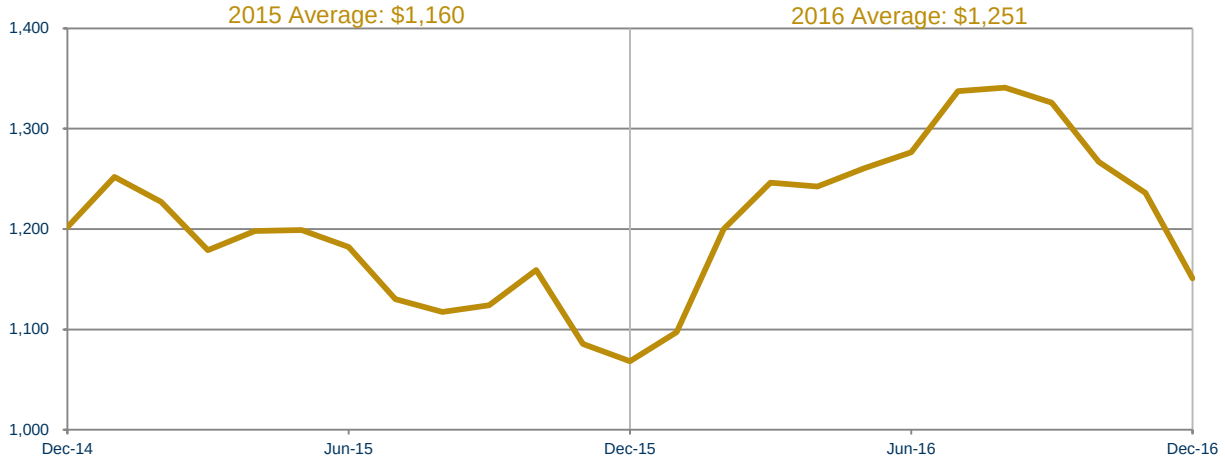
KEY PERFORMANCE DRIVERS

The Company's key internal performance drivers are production volumes and costs which are disclosed in the sections, "Operating Results" and "Fourth Quarter 2016 and Full Year 2016 Financial Results". The key external performance drivers are the price of gold and foreign exchange rates.

Gold price

The price of gold is the most significant single external financial factor affecting the Company's profitability and cash flow from operations. Therefore, the financial performance of the Company is expected to be closely linked to the price of gold. The price of gold is subject to volatile price fluctuations over short periods of time and is affected by numerous industry and macroeconomic factors.

Average Monthly Gold Price
$ per gold ounce



During 2016, the gold price traded in a range of $1,077 per ounce to $1,366 per ounce (based on the London Bullion Market Association PM Auction). The average market price for the year was $1,251 per ounce, an 8% increase compared to the 2015 average price of $1,160 per ounce.

The gold price trended higher in the first half of 2016 on declining expectations for increases in U.S. benchmark interest rates and uncertainty associated with the British vote to exit the European Union.

The gold price gave back most of its gains by year-end as the U.S. dollar strengthened, global equity markets rallied and government policies in India and China reduced physical demand.

The outlook for gold in 2017 is likely to be influenced by policies of the new U.S. government, political uncertainty in a number of European countries and overall investor sentiment for risk-assets.

The Company periodically uses forward and option contracts as part of its gold sales risk management program. During 2016, the Company realized a loss of $12.8 million under this program, negatively impacting earnings and cash flow by $24 per ounce for the year. The loss was recorded in net finance income and costs.

As at December 31, 2016, the Company had no outstanding gold forward or option contracts.

As at the date of this MD&A, the Company had 90,000 ounces of zero-cost collars to protect its gold sales from April to December 2017. The collars have a range of $1,200 to $1,330 per ounce.

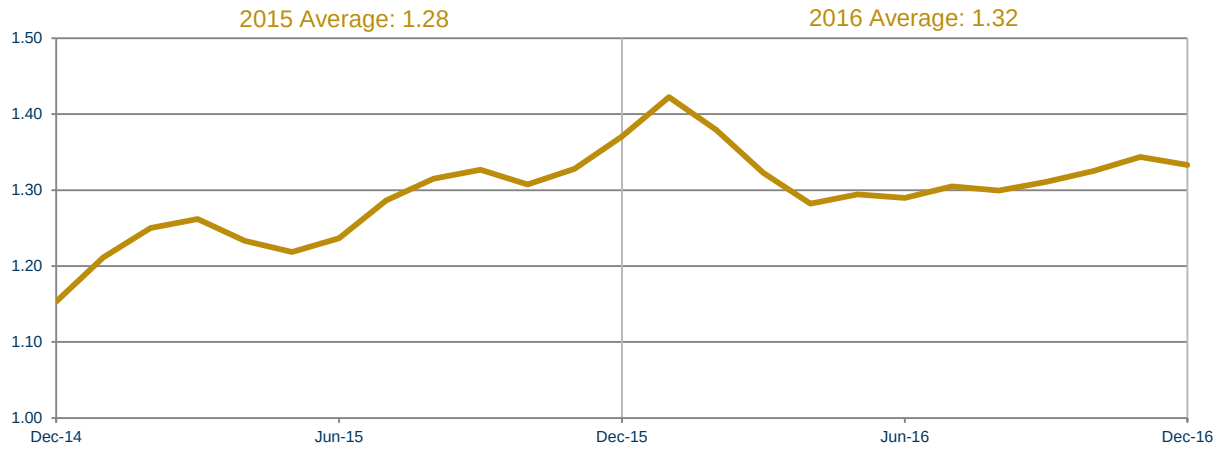
Refer to section “Liquidity and Capital Resources – Derivative Instruments” for details on the gold derivatives settled and outstanding at December 31, 2016.

Foreign exchange rates

The Company’s functional and reporting currency is the U.S. dollar. A significant portion of the operating and capital costs at the Detour Lake mine, as well as the corporate administration and exploration and evaluation costs, are denominated in Canadian dollars. Consequently, the Company’s operating results and cash flows are influenced by changes in the Canadian dollar against the U.S. dollar exchange rate.

The average U.S. dollar exchange rate (noon rate) strengthened by 3% during 2016 compared to the average exchange rate during 2015, ranging from 1.25 to 1.46 with an average of 1.32. The relative strength of the U.S. dollar seen over the course of 2015 continued into 2016 in response to market anticipation of the U.S. Federal Reserve increasing U.S. benchmark interest rates, combined with a weaker Canadian dollar in response to lower oil prices and slower growth rates in Canada.

Average Monthly Exchange Rate
USD to CDN



A weaker Canadian dollar reduces costs in U.S. dollar terms as the Company estimates that approximately 75% of its operating expenditures in 2016 were denominated in Canadian dollars.

The Company has a foreign exchange risk management program whereby it can use derivative instruments to hedge a portion of its Canadian dollar expenditures to reduce exchange rate risk. As at December 31, 2016, the Company had $161 million of zero-cost collars to hedge its Canadian costs whereby it can sell US dollars at a rate of 1.30 and can participate up to a rate of 1.40. During 2016, the Company realized a loss of $1.8 million on its foreign exchange risk management program.

Refer to section “Liquidity and Capital Resources – Derivative Instruments” for details on the foreign exchange derivatives settled and outstanding at December 31, 2016.

KEY OPERATING AND FINANCIAL STATISTICS

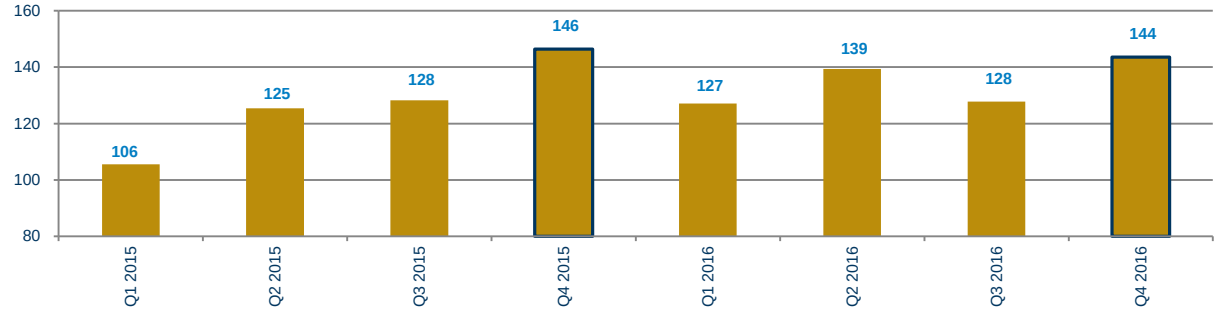
The operating and financial data for the periods are as follows:

In thousands of U.S. dollars, except where noted		Three months ended December 31		Year ended December 31		
		2016	2015	**2016**	2015	2014
Operating data						
Ore mined	Mt	**5.8**	6.3	**22.3**	23.0	16.3
Waste mined	Mt	**15.0**	15.7	**65.1**	67.7	60.5
Total mined	Mt	**20.9**	22.0	**87.4**	90.7	76.8
Strip ratio	waste:ore	**2.6**	2.5	**2.9**	2.9	3.7
Mining rate	'000s tpd	**227**	239	**239**	249	210
Ore milled	Mt	**5.5**	5.1	**20.8**	19.8	17.7
Head grade	g/t Au	**0.90**	0.98	**0.90**	0.88	0.88
Recovery	%	**90**	91	**89**	91	91
Mill throughput	tpd	**60,052**	55,522	**56,792**	54,114	48,563
Gold ounces produced	oz	**143,512**	146,417	**537,765**	505,558	456,634
Gold ounces sold[1]	oz	**144,668**	132,209	**527,727**	486,243	423,013
Financial data						
Metal sales	$	**176,570**	145,689	**658,286**	563,017	535,786
Earnings (loss) from mine operations	$	**4,831**	9,057	**94,896**	12,716	(5,585)
Net loss	$	**(13,492)**	(40,847)	**(6,912)**	(163,596)	(149,495)
Per share – basic and diluted	$/share	**(0.08)**	(0.24)	**(0.04)**	(0.97)	(0.97)
Adjusted net earnings (loss)[2]	$	**(6,040)**	(4,359)	**10,432**	(42,073)	(83,531)
Per share – basic[2]	$/share	**(0.03)**	(0.03)	**0.06**	(0.25)	(0.54)
Total assets	$	**2,370,077**	2,442,722	**2,370,077**	2,442,722	2,516,557
Debt[3]	$	**328,575**	431,112	**328,575**	431,112	503,381
Average realized price[2]	$/oz	**1,210**	1,102	**1,221**	1,175	1,262
Total cash costs[2]	$/oz	**855**	694	**746**	775	942
Average realized margin[2]	$/oz	**355**	408	**475**	400	320
All-in sustaining costs[2,4]	$/oz	**1,132**	858	**1,007**	1,056	-

[1] Gold ounces sold are net of 2% royalty ounces payable in kind.
[2] Refer to the "non-IFRS Financial Performance Measures" section for a reconciliation of these amounts.
[3] Convertible notes face value of $358 million at December 31, 2016 (December 31, 2015 - $500 million) matures November 2017.
[4] The Company adopted this non-IFRS Financial Performance Measure effective January 1, 2015.

OPERATING RESULTS

Gold Production
Thousands of ounces



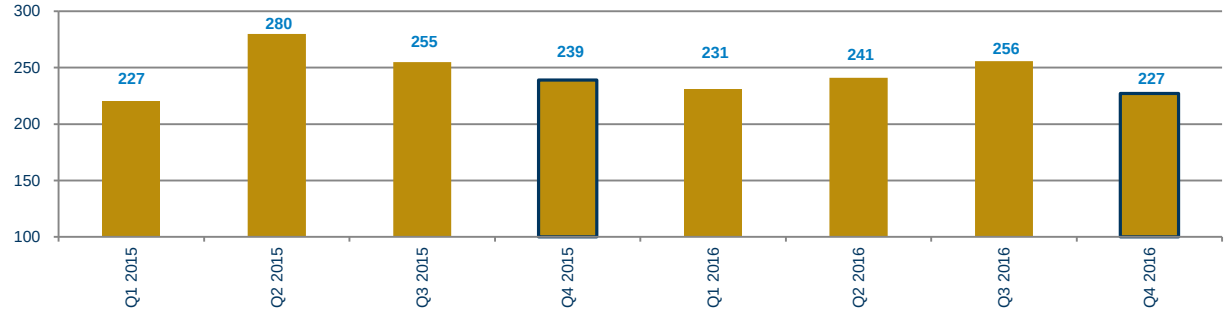
Gold production

In the fourth quarter of 2016, the Company produced 143,512 ounces of gold, a decrease of 2% compared to 146,417 ounces in the prior year period. The lower gold production reflects a lower head grade (0.90 g/t Au compared to 0.98 g/t Au).

During the second half of 2016, the Company conducted a large-scale test whereby it screened 2 million tonnes of low and medium grade ore (the "Fines test" or the "Fines Project"). The test was successful as it resulted in the upgrading of 0.7 million tonnes of ore from an average grade of 0.48g/t to 0.75g/t, a 57% improvement, and contributed to approximately 14,000 ounces of gold recovered. A secondary benefit was it generated material which will be used for road construction and material in the tailings management area.

For 2016, gold production totaled 537,765 ounces, in-line with the Company's revised guidance. This represents an increase of 6% compared to the prior year of 505,558 ounces of gold. The increase was mainly the result of a higher mill throughput (20.8 Mt compared to 19.8 Mt). Head grade and recoveries were consistent with 2015 (0.90 g/t Au and 89%, respectively).

Mining Rate
Thousands of tonnes per day



Mining

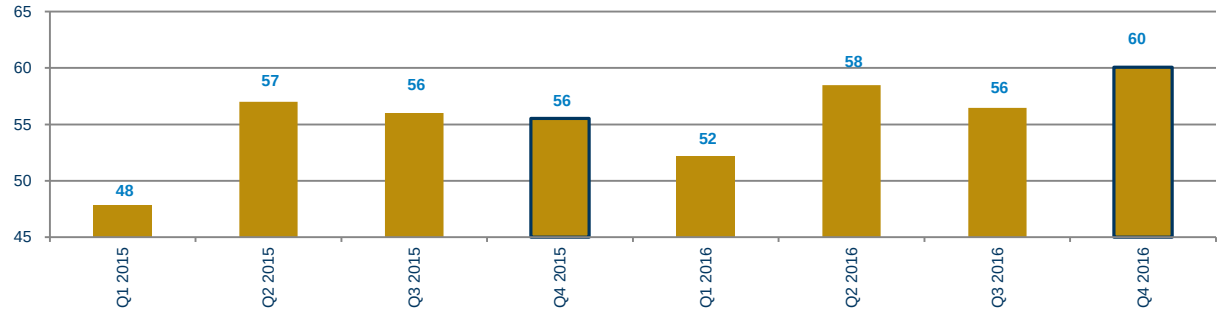
During the fourth quarter of 2016 a total of 20.9 Mt of ore and waste was mined, equivalent to mining rates of 227,000 tpd, a decrease of 5% from the fourth quarter of 2015 (22.0 Mt or 239,000 tpd). For 2016, a total of 87.4 Mt was mined, a 4% decrease from the 90.7 Mt mined in 2015. The average mining rates were 10,000 tpd lower in 2016 compared to 2015. The lower mining rates experienced were primarily as a result of lower shovel availablity as a result of unplanned maintenance, primarily related to frame design issues.

Run-of-mine stockpiles stood at 7.0 Mt grading 0.65 g/t (approximately 145,000 contained ounces) at the end of the year.

Mining rates did not improve quarter-over-quarter and remained below projections year-to-year, resulting in a 9.3 Mt shortfall for the year against budget.

To increase mine output in 2017, the Company is adding a CAT 6060 hydraulic shovel, 4 haul trucks, and a ROM fleet starting in the second quarter of 2017. This will increase the total mining fleet to 6 large shovels and 32 haul trucks.

Mill Throughput Rate
Thousands of tonnes per day



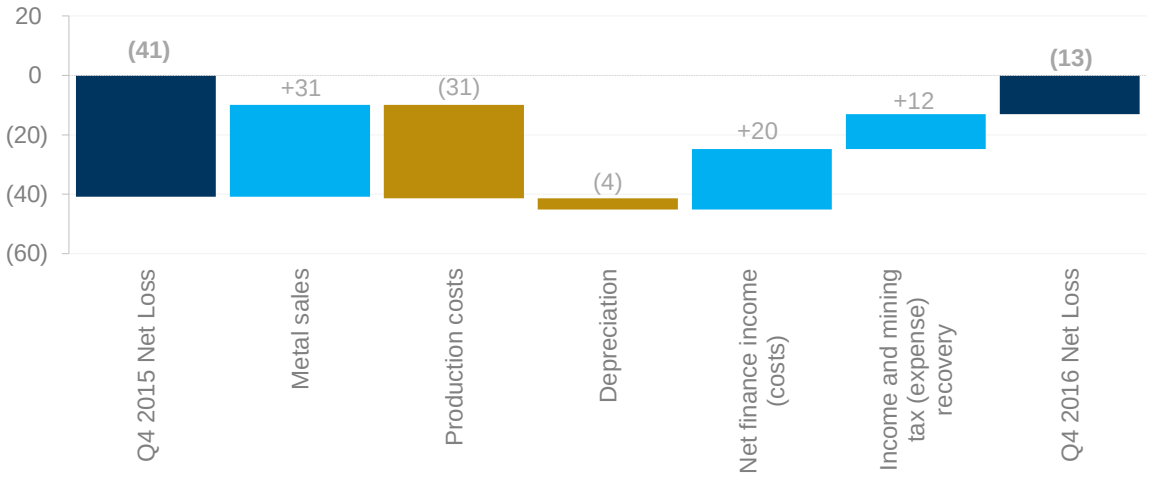
Milling

A total of 5.5 Mt of ore, equivalent to a throughput rate of 60,052 tpd, was processed in the fourth quarter of 2016, an increase of 8% compared to the fourth quarter of 2015 (5.1 Mt of ore processed or 55,522 tpd).

For 2016, the mill processed a record of 20.8 Mt of ore, equivalent to a throughput rate of 56,792 tpd, an increase of 5% relative to the prior year (19.8 Mt or 54,114 tpd). This significant improvement is the result of installing and commissioning a new 410-conveyor system in April 2017.

FOURTH QUARTER 2016 FINANCIAL RESULTS

Factors Affecting Fourth Quarter Net Loss
Millions of U.S. dollars



Metal sales

Metal sales for the fourth quarter of 2016 were $176.6 million compared to $145.7 million in the prior year period due to a higher average realized gold price and higher gold sales volumes.

Gold sales volumes during the fourth quarter of 2016 amounted to 144,668 ounces, an increase of 9% compared to 132,209 ounces in the prior year period. Although gold production was similar in both quarters, gold sales during the fourth quarter of 2016 increased due to the timing of gold pours and shipments. At the end of the third quarter of 2016, there was a buildup of gold-in-circuit inventory, of which, approximately 10,000 ounces were released and available for sale in the fourth quarter of 2016.

The average realized gold price for the fourth quarter of 2016 was $1,210 per ounce, compared to $1,102 per ounce in the prior year period. This increase reflects the higher market price for gold, which averaged $1,218 per ounce in the fourth quarter of 2016, compared to $1,104 per ounce in the prior year period. The average realized gold was below the market price per ounce due to the Company's gold sales risk management program, which realized a loss of $8 per ounce during the fourth quarter of 2016.

Cost of sales

Cost of sales for the fourth quarter of 2016 was $171.7 million compared to $136.6 million in the fourth quarter of 2015. This balance is comprised of production costs and depreciation.

Production costs include costs associated with mining, processing, refining, site administration, and agreements with Aboriginal communities. Production costs during the fourth quarter of 2016 were $123.9 million compared to $92.5 million in the fourth quarter of 2015. Production costs differences were primarily driven by the changes in the gold sales volumes described above but also high costs for mine maintenance and the Fines project. Further details of production costs are included in the total cash costs section below.

Depreciation during the period was $47.8 million, or $331 per gold ounce sold, compared to $44.1 million, or $334 per gold ounce sold in the fourth quarter of 2015.

Total cash costs for the fourth quarter of 2016 were $855 per ounce sold, an increase of $161 per ounce sold from the fourth quarter of 2015 of $694 per ounce sold. Costs were negatively impacted by the lower volume of tonnes mined as well as the shovel repair costs and the Fines project.

AISC for the fourth quarter of 2016 totaled $1,132 per ounce sold, an increase of $274 per ounce from the prior year period rate of $858 per gold ounce sold. The increase in AISC relative to the prior year period was driven by the increase in total cash costs noted above and increase in sustaining capital expenditures.

AISC included $259 per ounce of sustaining capital expenditures in the fourth quarter of 2016, compared to $120 per ounce in the prior year period. Sustaining capital expenditures in the fourth quarter of 2016 include approximately $16 million of capital purchases originally planned in 2017-18 (including three CAT795F haul trucks and a downpayment on a camp). Other significant spend in the quarter relates to purchases of major components related to the mobile fleet and the construction of the tailings facility.

Corporate administration expense

Corporate administration expense was $2.1 million in the fourth quarter of 2016, compared to $2.6 million in the prior year period. Included in the 2016 balance is a $3.1 million recovery of share-based compensation, compared to $1.8 million expense in the fourth quarter of 2015. The decrease is largely due to a lower share price affecting the valuation of the share unit plans. During the fourth quarter of 2016, the share price decreased from Cdn$28.54 to Cdn$18.29, while the share price was relatively unchanged during the fourth quarter of 2015 (Cdn$14.24 to Cdn$14.41).

Exploration and evaluation expense

Exploration and evaluation expense was $2.4 million in the fourth quarter of 2016, compared to the prior period of $1.5 million. Exploration and evaluation expense, in both 2016 and 2015, mainly relates to the drilling programs of Zone 58N in the Lower Detour area. The increase in exploration and evaluation expense is primarily related to more metres drilled in 2016 than 2015.

Refer to section “Exploration Program” for additional details.

Net finance income and costs

During the fourth quarter of 2016, the Company realized a net finance income of $3.0 million compared to net finance loss of $17.3 million in the prior year period. The decrease is primarily related to the fair value adjustments of the Convertible Notes and the derivative instruments which are described below.

Convertible Notes

The Company’s share price, in U.S. dollar terms, is a significant input in the fair value calculation of the Convertible Notes. Generally, as the Company’s share price increases or decreases, a related loss or gain on the mark-to-market of the Convertible Notes is reflected in net finance income and costs, respectively. Changes to other significant inputs, in particular, the volatility, credit spread and remaining term of the notes would also have an impact on the valuation.

During the fourth quarter of 2016, the share price of the Company depreciated from U.S.$21.76 to U.S.$13.62 resulting in a $13.0 million revaluation gain on the Convertible Notes. In the fourth quarter of 2015, the share price depreciated from U.S.$10.63 to U.S.$10.41, resulting in a $1.7 million revaluation gain on the Convertible Notes.

Interest expense and bank charges

During the fourth quarter of 2016, the Company recorded interest expense and bank charges of $5.4 million compared to $7.3 million during the fourth quarter of 2015. The decrease is related to lower levels of debt throughout the fourth quarter of 2016 compared to the prior year period.

Unrealized and realized gain/loss on derivative instruments

During the fourth quarter of 2016, the Company realized a net loss of $1.1 million on its gold sales and foreign exchange risk management programs (fourth quarter 2015 - $2.0 million gain) and recorded an unrealized gain of $4.5 million on derivative positions at December 31, 2016 (fourth quarter 2015 - $2.1 million gain). Details on the Company's derivative positions at December 31, 2016 and 2015 are included in the "Liquidity and Capital Resources – Derivative Instruments" section.

Income and mining tax

During the fourth quarter of 2016, an income and mining tax expense of $16.8 million was recognized (2015 - $28.4 million expense recognized) due to the impact of the foreign exchange translation of non-monetary assets, primarily property, plant and equipment, and the impact of derecognizing the deferred tax liability associated with the Convertible Notes. The Company's functional currency for financial reporting purposes differs from its tax filing currency. As a result, the tax basis of non-monetary assets and liabilities that are denominated in a foreign currency, other than the U.S. dollar, are subject to re-measurement for changes in currency exchange rates at each reporting period. This can have a significant impact on the Company's net earnings or loss in a period. If everything else was equal and the Canadian dollar weakens against the U.S. dollar, the Company would recognize additional deferred tax expense. In the event the Canadian dollar appreciates against the U.S. dollar, a deferred tax recovery would be expected.

Net loss

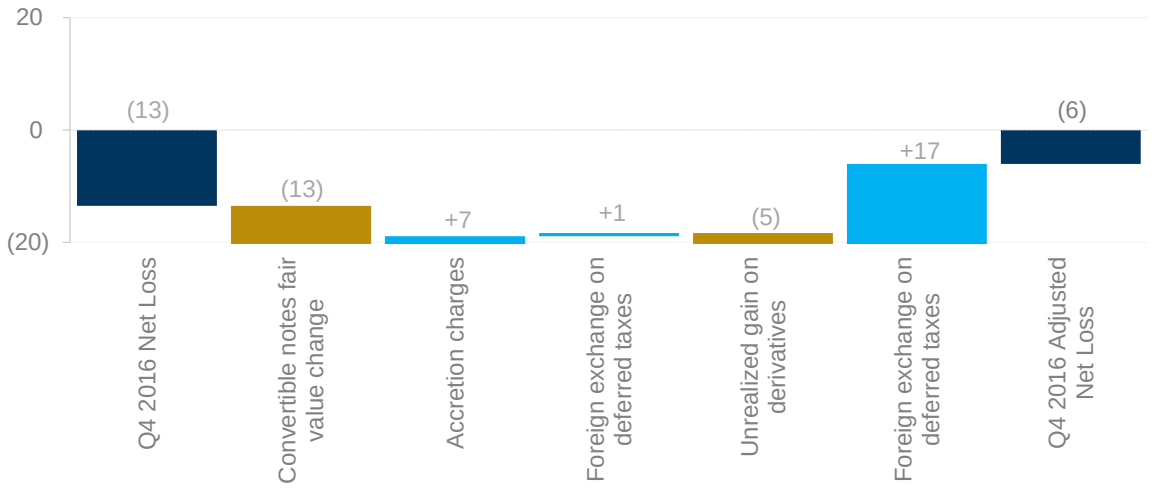
Net loss for the fourth quarter of 2016 was $13.5 million, or $0.08 per share, compared to a net loss of $40.8 million, or $0.24 per share in the fourth quarter of 2015. The decrease in net loss reflects higher net finance income and lower income and mining tax expense.

Adjusted net loss

Adjusted net loss for the fourth quarter of 2016 amounted to $6.0 million or $0.03 per share, in line with an adjusted net loss of $4.4 million or $0.03 per share in the prior year period.

Reconciliation of Fourth Quarter 2016 Adjusted Net Loss

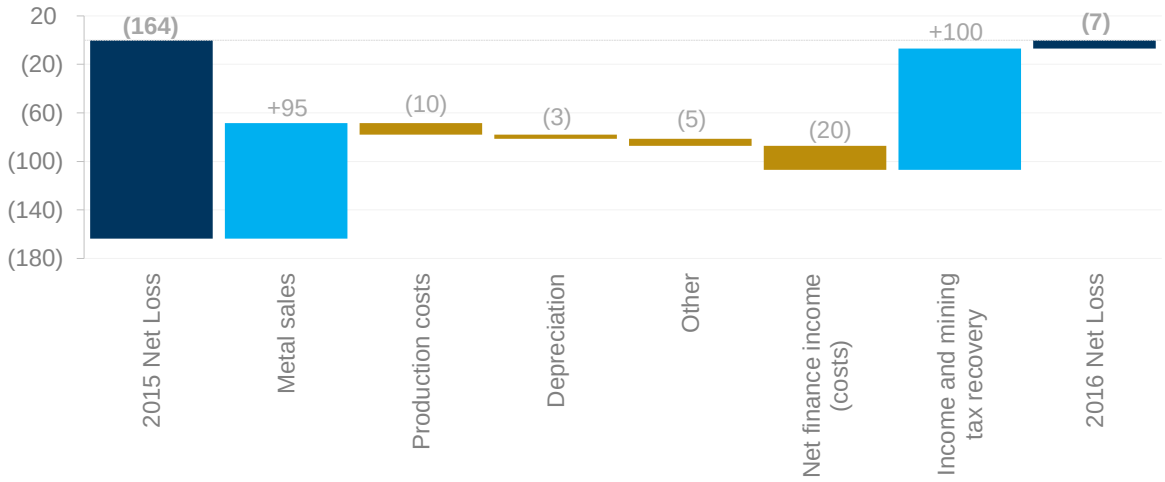
Millions of U.S. dollars



Net loss was adjusted to exclude specific items that are significant, and 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, including the foreign exchange impact on deferred income and mining taxes, non-cash unrealized gains and losses on derivative instruments, accretion on convertible notes and unwinding of discount on decommissioning and restoration provisions. Adjusting for these items provides an additional measure to evaluate the underlying operating performance of the Company as a whole for the reporting periods presented. Refer to section "Non-IFRS Financial Performance Measures" for a reconciliation of the net earnings to adjusted net earnings.

FULL YEAR 2016 FINANCIAL RESULTS

Factors Affecting Full Year Net Loss
Millions of U.S. dollars



Metal sales

Metal sales for 2016 were $658.3 million, an increase of $95.3 million, or 17%, compared to 2015, due to an increase in gold sales volume and higher average realized gold price.

Gold sales volume in 2016 amounted to 527,727 ounces, an increase of 9% compared to 486,243 ounces in the prior year as a result of higher production.

The average realized gold price for 2016 was $1,221 per ounce, below the average market price of $1,251 per ounce due to the Company's gold sales risk management program, which realized a loss of $24 per ounce. In 2015, the average realized gold price was $1,175 per ounce, above the market price of $1,160 per ounce as the Company's gold sales risk management program contributed $20 per ounce. Gains and losses on derivatives are recorded in net finance income and costs.

Cost of sales

Cost of sales for 2016 was $563.4 million compared to $550.3 million in the prior year. This balance is comprised of production costs and depreciation and depletion.

Production costs include costs associated with mining, processing, refining, site administration, and agreements with Aboriginal communities. Production costs during 2016 were $398.1 million compared to $388.4 million in the prior year. Production costs in 2015 include a $7.7 million unfavorable electricity adjustment relating to prior periods. Adjusting for this event, production costs differences were primarily driven by the changes in gold sales volume and a more favourable exchange rate in 2016.

Depreciation during 2016 was $165.3 million, or $313 per gold ounce sold, compared to $161.9 million, or $333 per gold ounce sold in 2015. The decrease is due to increased reserves declared as of December 31, 2015, which reduced the depreciation expense per ounce sold during 2016.

Total cash costs for 2016 were $746 per ounce sold, a decrease of $29 per ounce from 2015 of $775 per ounce. The decrease reflects higher gold sales volumes, as well as a positive impact from the weakening of the Canadian dollar relative to the prior year period.

AISC for 2016 decreased to $1,007 per ounce from $1,056 per ounce in the prior year. Sustaining capital expenditures for 2016 were $102.4 million, at the low end of the revised guidance of $100 and $110 million, and include approximately $16 million, or $30 per gold ounce sold, for capital purchases originally planned for 2017-18.

Corporate administration expense

Corporate administration expense was $28.0 for 2016 compared to $25.5 million in 2015. Included in the balance is $10.1 million of share-based compensation expense, compared to the prior year of $9.2 million. The increase reflects the impact of the Company's higher share price affecting the valuation of the restricted, performance and deferred share unit plans.

Exploration and evaluation expense

Exploration and evaluation expense was $11.0 million for 2016 compared to $6.6 million in 2015. Exploration and evaluation expense, in both 2016 and 2015, mainly relates to the drilling program in the Lower Detour Lake area. The increase in expenditures primarily relates to more metres drilled during 2016 compared to 2015. Refer to section "Exploration Program" for additional details.

Net finance income and costs

For the year ended 2016, the Company realized a net finance cost of $80.4 million compared to $60.5 million in the prior year. The increase is primarily related to losses associated with the Convertible Notes and the derivative instruments which are described below.

Convertible Notes

The Company's share price, in U.S. dollar terms, is a significant input in the fair value calculation of the Convertible Notes. Generally, as the Company's share price increases or decreases, a related loss or gain on the mark-to-market of the Convertible Notes is reflected in net finance income and costs, respectively. Changes to other significant inputs, in particular, the volatility, credit spread and remaining term of the notes would also have an impact on the valuation.

For the year ended December 31 2016, the share price of the Company appreciated from U.S.$10.41 to U.S.$13.62, resulting in a $4.6 million revaluation loss on the Convertible Notes. For the year ended December 31, 2015, the share price appreciated from U.S.$8.18 to U.S.$10.41, resulting in a $0.2 million revaluation gain on the convertible notes.

During 2016, the Company repurchased $142 million of debt, reducing the principal balance of the outstanding debt by 28%, and realized a loss of $7.2 million on the repurchase, recorded to net finance income and costs.

Unrealized and realized gain/loss on derivative instruments

For the year ended December 31, 2016, the Company realized a net loss of $14.5 million on its gold sales and foreign exchange risk management programs (2015 - $0.6 million gain) and recorded an unrealized gain of $1.7 million on derivative positions at December 31, 2016 (2015 $0.5 million loss). Details on the company's derivative positions at December 31, 2016 and 2015 are included in the "Liquidity and Capital Resources – Derivative Instruments" section.

Interest expense and bank charges

For the year ended December 31, 2016, the Company recorded interest expense and bank charges of $24.4 million compared to $30.1 million during 2015. The decrease is related to lower outstanding debt levels throughout 2016 compared to 2015, as the Company repurchased $142 million of Convertible Notes.

Income and mining tax

For the year ended December 31, 2016, income and mining tax recovery of $17.5 million was recognized (2015 - $82.5 million expense) primarily due to the strengthening of the Canadian dollar and the resulting impact on the translation of non-monetary assets, mainly property, plant and equipment, and the impact of derecognizing the deferred tax liability associated with the Convertible Notes that were repurchased during the year, and the adjustments booked in regard to the 2015 year-end provision for financial reporting purposes and the actual income and mining tax returns filed subsequently. The Company's functional currency for financial reporting purposes differs from its tax filing currency. As a result, tax bases of non-monetary assets and liabilities that are denominated in a foreign currency, other than the U.S. dollar, are subject to re-measurement for changes in currency exchange rates at each reporting period. This can have a significant impact on the Company's net earnings or loss in a period. All else being equal, if the Canadian dollar continues to devalue against the U.S. dollar, the Company would recognize additional deferred tax expense. In the event the Canadian dollar appreciates against the U.S. dollar, a deferred tax recovery would be expected.

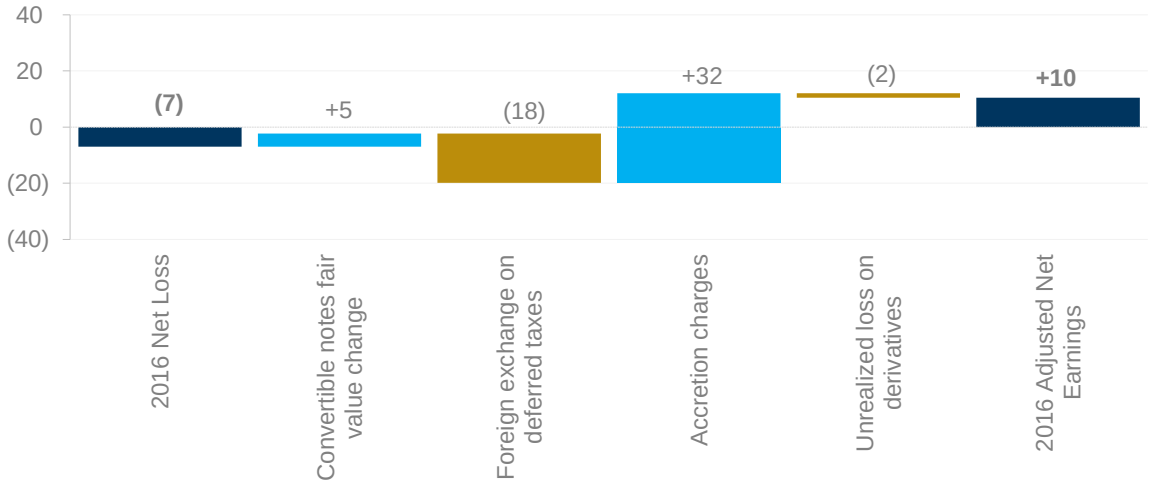
Net loss

Net loss for the year ended December 31, 2016 was $6.9 million, or $0.04 per share, compared to a net loss of $163.6 million, or $0.97 per share in 2015. The reduction in net loss reflects higher metal sales and a recovery in income and mining taxes.

Adjusted net earnings

Adjusted net earnings for the year ended December 31, 2016 amounted to $10.4 million or $0.06 per share, an improvement from adjusted net loss of $42.1 million, or $0.25 per share in 2015, reflecting higher earnings from mine operations.

Reconciliation of Full Year Adjusted Net Earnings
Millions of U.S. dollars



Net earnings was adjusted to exclude specific items that are significant, and 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, including the foreign exchange impact on deferred income and mining taxes, non-cash unrealized gains and losses on derivative instruments, accretion on Convertible Notes and unwinding of discount on decommissioning and restoration provisions. Adjusting for these items provides an additional measure to evaluate the underlying operating performance of the Company as a whole for the reporting periods presented. Refer to section "Non-IFRS Financial Performance Measures" for a reconciliation of the net earnings to adjusted net earnings.

FINANCIAL CONDITION OVERVIEW

In thousands of dollars	**December 31 2016**	December 31 2015
Cash and cash equivalents	**$ 129,360**	$ 160,603
Short-term investments	**26**	26
Other receivables	**7,150**	7,538
Other assets	**29,091**	11,170
Current and long-term inventories	**119,935**	108,285
Property, plant and equipment	**2,084,515**	2,155,100
Total assets	**$ 2,370,077**	$ 2,442,722
Current and long-term trade and other payables	**$ 60,710**	$ 61,137
Current and long-term debt	**328,575**	431,112
Other liabilities	**34,776**	30,998
Deferred tax liability	**82,701**	100,227
Total liabilities	**$ 506,762**	$ 623,474
Total equity	**$ 1,863,315**	$ 1,819,248

Total assets were $2.37 billion at December 31, 2016, a decrease of $72.6 million compared to December 31, 2015. The Company's asset base is primarily comprised of non-current assets, property, plant and equipment, reflecting the capital intensive nature of mining. The net decrease in total assets primarily reflects a decrease in property, plant and equipment, as depreciation expense exceeded additions to property, plant and equipment.

At December 31, 2016, inventories included $36.5 million of stockpiled ore (December 31, 2015 - $34.5 million), $17.9 million of gold-in-circuit (December 31, 2015 - $14.5 million), $17.6 million of finished metal inventory (December 31, 2015 - $22.9 million), and $47.9 million of materials and supplies (December 31, 2015 - $36.3 million). As of December 31, 2016, $24.8 million of the stockpiled ore was classified as long-term on the expectation that it will be processed beyond December 31, 2017.

As of December 31, 2016, run-of-mine stockpiles stood at 7.0 Mt grading 0.65 g/t Au (equivalent to approximately 145,000 contained ounces) versus 4.8 Mt grading 0.68 g/t Au (equivalent to approximately 100,000 contained ounces) at December 31, 2015.

Other receivables primarily relate to the Harmonized Sales Tax (HST) refunds of $5.8 million. At any period end, the Company expects to have one or two months of HST refunds outstanding. The Company does not carry any trade receivables.

Property, plant and equipment decreased by net $70.6 million at December 31, 2016 in comparison to December 31, 2015, as depreciation expense was greater than additions to property, plant and equipment.

The Company's primary contractual obligations consist of debt and trade and other payables. The debt is subject to valuation adjustments, which are described in the "Net Finance Income and Costs – Convertible Notes" within "Fourth Quarter 2016 Financial Results" and "Full Year 2016 Financial Results". The Company repurchased $142 million of Notes during 2016 which reduced the face value of the amount outstanding from $500 million at December 31, 2015 to $358 million at December 31, 2016. Trade and other payables remain relatively unchanged at $60.7 million at December 31, 2016 compared to $61.1 million at December 31, 2015.

The Company's decommissioning and restoration provisions are included within Other liabilities in the table above. Significant restoration and rehabilitation activities include land rehabilitation, demolition of buildings and mine facilities, ongoing care and maintenance and other costs. At December 31, 2016, the provision was $32.2 million compared to $30.5 million at December 31, 2015. The increase is due to the foreign exchange revaluation of the liability, reflecting the strengthening of the Canadian dollar, as well as a decrease in the long-term discount rate used to record the long-term provision at its net present value. There have been no changes to the underlying mine site closure activities.

The Company's derivatives are included in the captions *Other assets* and *Other liabilities* in the table above. The balances have changed due to the change in open positions at period end and change in market rates. A summary of the derivative positions and settlements during the quarter are included in section "Liquidity and Capital Resources – Derivative Instruments" for details on the company's derivative activities.

The Company recorded deferred tax liabilities of $82.7 million in respect of income and mining taxes, a decrease of $17.5 million in comparison with the $100.2 million at December 31, 2015. The deferred tax recovery recognized was primarily due to the strengthening of the Canadian dollar in 2016 and the resulting impact on the translation of non-monetary assets, mainly property, plant and equipment, and the impact of derecognizing the deferred tax liability associated with the Convertible Notes that were repurchased during the year.

Total equity was $1.86 billion at December 31, 2016, an increase of $44.1 million in comparison to $1.82 billion at December 31, 2015 primarily due to the proceeds from share options exercises and the flow-through financing.

LIQUIDITY AND CAPITAL RESOURCES

The Company manages liquidity risk by monitoring actual and projected cash flows and matching the maturity profile of financial assets and liabilities. Cash flow forecasting is performed regularly. The Company monitors rolling forecasts of the Company's liquidity in the form of cash and cash equivalents and requirements to ensure it has sufficient cash to meet operational needs while maintaining additional liquidity on its undrawn Revolving Credit Facility. Forecasting takes into consideration the Company's debt servicing requirements, covenant compliance and internal liquidity targets. In addition, factors that can impact the Company's liquidity are monitored regularly and include assumptions of gold market prices, foreign exchange rates, production levels, operating costs and capital costs. Contractual obligations and other commitments that could impact the Company's liquidity are detailed in the "Commitments" section below.

Liquidity and capital resources

The Company uses a mixture of cash, debt and shareholders' equity to maintain an appropriate capital structure and ensure adequate liquidity exists to meet the needs of the Company.

During 2016, the Company repurchased $142 million (face value) of debt. The debt consisted of the $75 million Class A Notes (representing the full outstanding balance) and $67 million of Senior Unsecured Notes. The Convertible Notes were repurchased for $146.2 million, plus accrued and unpaid interest of $2.6 million using existing cash balances.

The balance of the Convertible Notes of $358 million (face value) is due in November 2017. The debt repayment profile is as follows:

In thousands of dollars		2017		Thereafter
Repayment of convertible notes	$	358,000	$	-
Interest on convertible notes		19,690		-
Debt repayments	**$**	**377,690**	**$**	**-**

The Company's Cdn$85 million Revolving Credit Facility remains fully undrawn; however, the Letter of Credit Facility has been used to issue letters of credit of $28.4 million (Cdn$38.2 million). As at December 31, 2016, the Company was in compliance with its covenants under its Credit Facility (further described below) and this facility expires in August 2017 which management expects to be re-negotiated in conjunction with the planned refinancing of the Convertible Notes due in November 2017.

On February 22, 2016, the Company completed a flow-through financing of 400,000 common shares at a price of $18.61 (Cdn$25.47) per common share. The gross proceeds were $7.4 million (Cdn$10.2 million). There were no commissions paid in relation to the offering. Pursuant to the terms of the flow-through share agreement, the Company is required to incur and renounce Cdn$10.2 million in qualifying exploration expenditures to subscribers by December 31, 2017. As at December 31, 2016, Cdn$2.7 million in qualifying exploration expenditures were remaining to be incurred.

Cash flows

Cash generated from operating activities in 2016 increased to $197.0 million, compared to $155.6 million in 2015. The increase was due to higher gold production and sales and a higher average realized gold price. In 2016, the principal uses of operating cash flows were to fund the Company's sustaining capital expenditures and debt repayment.

The Company used net $103.6 million in investing activities during 2016 compared to $96.9 million in 2015. Cash used in investing activities in 2016 was primarily for capital expenditures at the Detour Lake mine totaling $104.6 million, primarily relating to the mine mobile fleet, construction activities of the tailings facility and improvements within the processing plant. Purchases of property, plant and equipment include $2.7 million of cash deferred stripping costs (2015 - $10.0 million).

During the year ended December 31, 2016, $124.1 million net was used in financing activities. The Company repurchased a portion of the convertible notes for $146.2 million, and paid $25.1 million of interest, which was partially offset by $39.6 million of proceeds from stock option exercises and $7.4 million of proceeds from the issuance of flow-through shares. This compares to net financing cash outflows of $26.9 million in the prior year, which primarily consisted of $123.1 million of net proceeds in a public offering, more than offset by the full repayment of the Revolving Credit Facility ($30.0 million) and the finance lease obligations ($94.2 million), and interest payments ($29.7 million).

Cash and cash equivalents and short-term investments

At December 31, 2016, the Company held cash and cash equivalents and short-term investments of $129.4 million compared to $160.6 million at December 31, 2015, as summarized below:

In thousands of dollars	**December 31 2016**	December 31 2015
Cash and cash equivalents	**$ 129,360**	$ 160,603
Short-term investments	**26**	26
Total	**$ 129,386**	$ 160,629

The Company maintains its U.S. and Canadian funds in interest bearing accounts at select Canadian chartered banks.

Liquidity outlook

The Company plans to arrange up to $450 million in financing in 2017 to ensure its future liquidity needs are well managed. The $450 million is premised upon re-financing $300 million of Convertible Notes that mature in November 2017 and replacing its senior secured credit facility of Cdn$135 million that matures in August 2017.

The bank market is the Company's preferred financing alternative as it provides the flexibility to re-pay indebtedness based on the Company's liquidity. The Company is in discussions with its current bank syndicate, comprised of 5 banks, to assess the potential of obtaining a senior secured debt facility to ensure its future liquidity is addressed.

The senior secured debt facility is expected to comprise of three components: a drawn facility of up to $300 million to re-finance the estimated outstanding amount of the convertible notes at their maturity on November 30, 2017; a drawn facility for letters of credit that guarantee the Company's closure bonding and other obligations of up to $50 million; and an undrawn facility in the amount of up to $100 million.

The banking syndicate is currently reviewing the Company's updated LOM to assess the available capacity. The Company expects to receive commitments from the members of the banking syndicate by the end of April 2017 and to conclude negotiations in the second quarter of 2017.

The Company is also evaluating additional sources of potential funding in the event a senior secured credit facility alone does not provide sufficient liquidity or if the Company determines its liquidity needs are best met by including other sources of financing. To this end, the Company is in discussions with its mobile fleet equipment vendor to assess the availability of obtaining a secured debt facility of up to $100 million to finance new purchases of equipment. The Company is also evaluating the convertible debt and equity markets as additional sources of financing.

Although the Company believes it will be successful in obtaining sufficient financing, this remains a Risk Factor and represents a material uncertainty resulting in the disclosure of Going Concern in Note 2(b) of the audited consolidated Financial Statements.

Additional information on debt facilities outstanding

Convertible Notes

On December 3, 2010, the Company completed an offering of $425.0 million of Senior Unsecured Convertible Notes (the "Notes") and $75.0 million of Class A Senior Unsecured Convertible Notes (the "Class A Notes") for total gross proceeds of $500.0 million (net proceeds of $490.8 million). The Notes bear interest at 5.5% per annum, which is payable in arrears in equal semi-annual installments on May 31 and November 30 in each year, and mature on November 30, 2017. As at December 31, 2016, all the Class A Notes and $67 million of the Notes had been repurchased.

The Notes are convertible into common shares of the Company at the option of the holder at any time prior to maturity at a conversion price of $38.50 per share (the "Conversion Price"). Additionally, if the current market price of the Company's common shares is at least 130% of the Conversion Price, the Company has the right to redeem the Notes, although the Company may make open market purchases.

Credit Facility

In March 2013, the Company entered into a Cdn$135 million senior secured credit facility (the "Facility") with a syndicate of chartered Canadian and Australian banks. In June 2015, the Company amended the terms of the Facility and it is now comprised of a Cdn$85 million (previously Cdn$90 million, or the equivalent amount in U.S. dollars) revolving credit facility (the "Revolving Credit Facility") and a Cdn$50 million (previously Cdn$45 million) letter of credit facility (the "LC Facility"). The maturity date of the facility was extended from March 2016 to August 2017. As part of the amendment, certain covenants that had been previously in place were amended.

The interest margin on drawings under the amended Facility denoted below is over LIBOR, the Prime Rate or the Base Rate.

	Interest Rate	Standby Fee
Revolving Credit Facility	1.75-2.75%	0.83%
Letter of Credit Facility	1.65%	0.50%

The Facility contains a financial covenant requiring the Company to maintain at all times a minimum tangible net worth of $1.1 billion increasing by 50% of positive net earnings for each fiscal quarter subsequent to September 30, 2012. Positive net earnings excludes the impact of unrealized gains and losses from mark-to-market adjustments on the convertible notes.

In addition, the Company is subject to two financial covenants on a quarterly basis: a leverage ratio test measuring net debt to earnings before interest, taxes, depreciation and amortization ("EBITDA") (maximum leverage ratio of 3.50), and an interest coverage ratio test measuring EBITDA to interest expense (minimum interest coverage ratio of 3.50).

The Company is in compliance with its covenants as at December 31, 2016.

Derivative instruments

The Company uses derivatives as part of its risk management program to mitigate the variability associated with changing market values related to the hedged item. The Company has not applied hedge accounting to derivative contracts. Changes in the fair value of derivative instruments are recognized through unrealized and realized derivative instruments gain (loss) included in net finance income (cost). The mark-to-market fair value of all contracts is based on independently provided inputs and determined using standard valuation techniques. Derivative assets are not offset against derivative liabilities.

Fair values of derivative instruments

In thousands of dollars	Balance sheet classification		December 31 2016		December 31 2015
Currency contracts	Derivative assets	**$**	**1,461**	$	-
Currency contracts	Derivative liabilities	**$**	**(1,234)**	$	(500)
Diesel contracts	Derivative assets	**$**	**957**	$	-
Total derivative assets		**$**	**2,418**	$	-
Total derivative liabilities		**$**	**(1,234)**	$	(500)

All derivatives mature or expire within one year from the period end date.

As at December 31, 2016, the Company had $161.0 million of zero-cost collars to hedge its Canadian costs whereby it can sell U.S. dollars at a rate of 1.30 and can participate up to a rate of 1.40.

As at December 31, 2016, the Company had a total of 13 million litres of outstanding diesel at an average rate of $0.39 per litre, which will settle on a net basis.

Gains (losses) on derivative instruments

In thousands of dollars	Year ended December 31 2016	2015
Unrealized gain (loss) on derivative instruments		
Gold contracts	**$ -**	$ 387
Currency contracts	**727**	-
Diesel contracts	**957**	(890)
Total	**$ 1,684**	$ (503)
Realized gain (loss) on derivative instruments		
Gold contracts	**$ (12,772)**	$ 9,637
Currency contracts	**(1,751)**	(596)
Diesel contracts	**-**	(8,456)
Total	**$ (14,523)**	$ 585
Total unrealized and realized gain (loss) on derivative instruments	**$ (12,839)**	$ 82

COMMITMENTS

Purchase commitments

As at December 31, 2016, the total purchase commitments for capital expenditures for the Detour Lake mine amounted to approximately $51.6 million, with $12.3 expected to settle over the next 12 months and $39.3 expected to settle in 2018.

Operating leases

The Company has operating lease agreements involving office space and equipment. Future minimum lease payments required to meet obligations that have initial or remaining non-cancelable lease terms are $0.6 million each year from 2017 to 2020, and $0.1 million thereafter.

Detour Lake mine royalty

Production from the Detour Lake mine is subject to a 2% net smelter royalty payable to Franco-Nevada Canada Holdings Corp. (“FN”). FN has the right to elect, on a yearly basis, to have the royalty paid in cash or in-kind. FN has elected to receive the royalty paid in-kind. For the year ended December 31, 2016 the Company accrued or paid in-kind 10,459 ounces of gold (2015 – 10,125 ounces of gold).

Mine site closure obligations

The Company issued $15.0 million (Cdn$20.1 million) of surety bonds and a letter of credit for $21.0 million (Cdn$28.3 million) under the Facility in favour of the Ministry of Northern Development and Mines in support of the closure plan for the Detour Lake mine as at December 31, 2016.

CONTINGENCIES

On May 13, 2014, a proposed securities class action claiming, among other things, special and general damages in the amount of $59.6 million (Cdn$80 million), was commenced against the Company and its former President and Chief Executive Officer, Gerald Panneton, in relation to the Company's secondary market public disclosure concerning the Detour Lake Mine operations between April 9, 2013 and November 7, 2013 (the "Class Action Claim"). On July 10, 2014, the Plaintiff issued a Fresh As Amended Statement of Claim incorporating allegations respecting the Company's primary market disclosure, specifically in respect of the Company's final short form prospectus dated June 2, 2013. On November 25, 2015, the parties agreed to allow the Plaintiff to serve and file a Second Fresh As Amended Statement of Claim. The Second Fresh As Amended Statement of Claim names an additional representative plaintiff, names as defendants certain of the Company's underwriters who acted in connection with the June 2, 2013 offering, and incorporates new allegations respecting the Company's alleged failure to disclose the terms of certain debt covenants. On February 18, 2016, the Plaintiffs served their Final Supplementary Motion Records in support of the Motions for Leave and Certification. On July 4, 2016, the Company served its Supplementary Responding Record. On July 6, 2016, the Court granted a motion by the Plaintiffs on consent of all parties to discontinue the action against the defendant underwriters with prejudice and without costs. Cross-examinations of both parties' affiants were conducted and completed in late September 2016. The Plaintiffs' Motions for Leave to Proceed and Certification were scheduled to be heard on December 6-9, 2016. On November 29, 2016, the parties agreed to settle the Claim for $4.5 million (Cdn$6 million) subject to court approval, which is expected to be completed in the second quarter of 2017. A provision for the settlement amount net of expected insurance proceeds has been accrued in the consolidated financial statements.

During the second quarter 2016, the Company was charged with one criminal negligence charge under the Criminal Code of Canada and with fifteen (15) offences under the Occupational Health and Safety Act. The charges relate to the fatality that occurred at the Detour Lake mine site on June 3, 2015 which the Ontario Provincial Police ("OPP") and the Ministry of Labour ("MOL") had been investigating since September 2, 2015. The investigation by the OPP remains open. The prescribed period for the MOL to lay additional health and safety charges in relation to the June 3, 2015 incident has now passed. Both matters are now before their respective courts.

SUMMARY OF QUARTERLY FINANCIAL RESULTS

In thousands of dollars, except per share and ounce amounts	**Q4**	Q3	**2016** Q2	Q1	Q4	Q3	2015 Q2	Q1
Gold ounces produced	**143,512**	127,758	139,359	127,136	146,417	128,222	125,348	105,572
Gold ounces sold[1]	**144,668**	113,845	131,606	137,608	132,209	126,241	123,296	104,497
Metal sales[1]	**$176,570**	$152,046	$166,656	$163,014	$145,689	$142,427	$147,526	$127,375
Cost of sales								
Production costs	**123,922**	91,348	93,419	89,384	92,523	97,981	100,162	97,721
Depreciation and depletion	**47,817**	35,458	39,230	42,812	44,109	41,073	39,837	36,895
Total cost of sales	**171,739**	126,806	132,649	132,196	136,632	139,054	139,999	134,616
Earnings (loss) from mine operations	**4,831**	25,240	34,007	30,818	9,057	3,373	7,527	(7,241)
Expenses[2]	**(4,539)**	(8,247)	(16,169)	(9,962)	(4,147)	(10,125)	(10,725)	(8,244)
Net finance income (costs)	**3,007**	(823)	(51,391)	(31,210)	(17,331)	(8,203)	(14,739)	(20,276)
Income tax recovery (expense)	**(16,791)**	(6,491)	2,834	37,974	(28,426)	(29,332)	2,536	(27,300)
Net earnings (loss)	**$(13,492)**	$9,679	$(30,719)	$27,620	$(40,847)	$(44,287)	$(15,401)	$(63,061)
Loss per share								
Basic	**$(0.08)**	$0.06	$(0.18)	$0.16	$(0.24)	$(0.26)	$(0.09)	$(0.38)
Diluted	**$(0.08)**	$0.06	$(0.18)	$0.16	$(0.24)	$(0.26)	$(0.09)	$(0.38)

[1] Gold ounces sold are net of 2% royalty in kind ounces. Refer to section "Commitments – Detour Lake mine royalty".

[2] Includes corporate administration, exploration and evaluation expenses and other operating expenses.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

FINANCIAL INSTRUMENTS

IFRS defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an arm's length transaction between market participants at the measurement date. When appropriate, the Company adjusts the valuation models to incorporate a measure of credit risk.

The carrying values of cash and cash equivalents, short-term and restricted investments, other receivables, trade and other payables approximate their fair values due to the short-term maturity of these financial instruments.

Valuation methodology for Level 2 financial liabilities

The Senior Unsecured Notes trade Over The Counter. The fair value for these notes are estimated using the period-end closing prices. The fair value of the embedded derivative in the Senior Unsecured Notes was estimated based on the assumptions disclosed in note 8 of the related Consolidated Financial Statements.

Cash settled share units represents Deferred share units, Restricted share units and Performance-based restricted share units. These liabilities are included in Trade and other payables on the consolidated statements of financial position.

The fair value of derivative assets and liabilities, are based on independently provided inputs and determined using standard valuation techniques. Derivative assets are not offset against derivative liabilities.

The following table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

In thousands of dollars

December 31, 2016	**Carrying value**			**Fair value**		
	Designated at fair value through profit or loss	Loans and receivables	Other financial liabilites	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets						
Cash and cash equivalents	$ -	$ 129,360	$ -	$ -	$ -	$ -
Short-term investments	-	26	-	-	-	-
Other receivables	-	7,150	-	-	-	-
Restricted investments	-	21	-	-	-	-
Derivative assets	2,418	-	-	-	2,418	-
Total financial assets	**$ 2,418**	**$ 136,557**	**$ -**	**$ -**	**$ 2,418**	**$ -**
Financial liabilities						
Trade and other payables	$ -	$ -	$ 51,761	$ -	$ -	$ -
Cash settled share units	8,949	-	-	-	8,949	-
Class A notes	-	-	-	-	-	-
Senior unsecured notes - embedded derivative	862	-	-	-	862	-
Senior unsecured notes	-	-	327,713	363,102	-	-
Derivative liabilities	1,234	-	-	-	1,234	-
Total financial liabilities	**$ 11,045**	**$ -**	**$ 379,474**	**$ 363,102**	**$ 11,045**	**$ -**

In thousands of dollars

December 31, 2015	Carrying value			Fair value		
	Designated at fair value through profit or loss	Loans and receivables	Other financial liabilites	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets						
Cash and cash equivalents	$ -	$ 160,603	$ -	$ -	$ -	$ -
Short-term investments	-	26	-	-	-	-
Other receivables	-	3,733	-	-	-	-
Restricted investments	-	20	-	-	-	-
Derivative assets	-	-	-	-	-	
Total financial assets	**$ -**	**$ 164,382**	**$ -**	**$ -**	**$ -**	**$ -**
Financial liabilities						
Trade and other payables	$ -	$ -	$ 54,950	$ -	$ -	$ -
Cash settled share units	6,187	-	-	-	6,187	-
Class A notes	72,962	-	-	-	72,962	-
Senior unsecured notes - embedded derivative	3,098	-	-	-	3,098	-
Senior unsecured notes	-	-	355,052	410,355	-	-
Revolving credit facility	-	-	-	-	-	-
Derivative liabilities	500	-	-	-	500	-
Total financial liabilities	**$ 82,747**	**$ -**	**$ 410,002**	**$ 410,355**	**$ 82,747**	**$ -**

Credit risk

Credit risk is the risk of financial loss to the Company if a third party to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's sales of gold bullion to third parties and from its financing activities, including deposits with banks and financial institutions, and derivative contracts. The carrying amount of financial assets represents the maximum credit exposure:

In thousands of dollars	**December 31 2016**	December 31 2015
Cash and cash equivalents	**$ 129,360**	$ 160,603
Short-term investments	**26**	26
Other receivables	**1,329**	3,733
Restricted investments	**21**	20
Derivative assets	**2,418**	-
	$ 133,154	$ 164,382

The aging of other receivables is as follows:

In thousands of dollars	0-30 days	31-60 days	Over 61 days	**December 31 2016 Total**	December 31 2015 Total
Electricity rebate receivable	$ -	$ -	$ -	**$ -**	$ 2,600
Other receivables	1,329	-	-	**1,329**	1,133
Total other receivables	$ 1,329	$ -	$ -	**$ 1,329**	$ 3,733

Included in the tables above is a summary of other receivables balance. This balance excludes sales tax held by the government of Canada as these balances are not considered financial instruments.

Derivatives

The Company is exposed to credit risk related to derivative assets. The credit risk is equal to the carrying value of the asset. The Company manages credit risk related to derivatives by entering into contracts with high credit-quality counterparties, limiting the exposure per counterparty, and monitoring the financial condition of the counterparties. As at December 31, 2016, the Company has entered into derivative contracts with chartered Canadian and Australian banks (refer to sect Liquidity and Capital Resources – Derivative Instruments for additional details).

Metal sales

The Company sells its gold to chartered Canadian and Australian banks and a Canadian refinery. The Company has not had any defaults from its counterparties. The Company is not economically dependent on a limited number of customers for the sale of its gold because gold can be sold through numerous world-wide commodity markets. At December 31, 2016, the Company had no receivables related to its metal sales.

Cash and cash equivalents, short-term investments, restricted investments

Credit risk associated with cash and cash equivalents, short-term investments and restricted cash is managed in accordance with the Company's policy approved by the Board of Directors. These balances are held with select chartered Canadian banks, Canadian federal and provincial governments and agencies. Management believes the risk of loss related to these deposits to be low. The Company continually evaluates changes in the status of counterparties.

Other receivables

Other receivables consist primarily of credit notes with vendors. At December 31, 2016, all amounts are in good standing. Management believes that the credit risk concentration with respect to these receivables is low.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in capital market conditions generally or as a result of conditions specific to the Company.

The Company manages liquidity risk by monitoring actual and projected cash flows and matching the maturity profile of financial assets and liabilities. Cash flow forecasting is performed regularly. The Company monitors forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient liquidity on its undrawn borrowing facility.

Forecasting takes into consideration the Company's debt financing, covenant compliance and internal liquidity targets. The Company mitigates liquidity risk associated with its derivative instruments by spreading out the maturity of its derivatives over time.

Please refer to note 2(b) in the audited consolidated Financial Statements as to the Company's requirement to refinance $358 million of maturing debt in 2017. Until the successful renegotiation or replacement of the Convertible Notes through one of or a combination of securing bank debt, a replacement convertible debt or the raising of equity sufficient to satisfy the Notes, the Going Concern disclosure will continue to be reported in the financial statements.

The following table details the Company's expected remaining contractual cash flow requirements for its financial liabilities based on repayment or maturity periods. The amounts presented are based on the contractual undiscounted cash flows, these balances may not agree with the carrying amounts on the consolidated statements of financial position.

In thousands of dollars	Less than 1 year	1 to 3 years	3 to 5 years	**December 31 2016 Total**	December 31 2015 Total
Trade and other payables	$ 58,928	$ -	$ -	**$ 58,928**	$ 58,283
Long term payables	$ -	$ -	$ -	**$ -**	$ 562
Derivative liabilites	$ 1,234	$ -	$ -	**$ 1,234**	$ 500
Convertible notes	$ 358,000	$ -	$ -	**$ 358,000**	$ 500,000
Interest on convertible notes	$ 19,690	$ -	$ -	**$ 19,690**	$ 55,000
	$ 437,852	**$ -**	**$ -**	**$ 437,852**	$ 614,345

Market risk

Market risk is the risk that changes in market price, such as interest rates, foreign exchange rates and commodity and share prices which will affect the Company's cash flows or value of its financial instruments.

A sensitivity analysis that shows the effects of hypothetical changes of relevant market risk variables on the Company's loss and shareholders' equity is disclosed for each market risk noted below. The periodic effects are determined by relating the hypothetical changes in the risk variables to the balance of financial instruments at the financial position reporting date. Based on management's knowledge and experience of the financial markets, the assumptions made below with regard to market rate movements are reasonable for the years ended December 31, 2016 and 2015. The sensitivity analysis shown in the following notes may differ materially from actual results.

Currency risk

The functional and reporting currency of the Company is the U.S. dollar. A significant portion of the Company's mine operating costs, capital expenditures, exploration and corporate administration costs are denominated in Canadian dollars. Consequently, fluctuations in the U.S. dollar exchange rate against the Canadian dollar increase the volatility of cost of sales, corporation administration and exploration costs and overall net earnings, when translated into U.S. dollars.

The Company uses foreign currency forward and option contracts to fix the exchange rates on future Canadian denominated currency cash outflows.

The Company is exposed to currency risk through the following financial assets and liabilities denominated in currencies other than the U.S. dollar.

Their notional amounts are:

In thousands of Canadian dollars	**December 31 2016**	December 31 2015
Cash and cash equivalents	**$ 37,352**	$ 20,952
Short-term investments	**35**	35
Other receivables	**9,601**	10,059
Restricted investments	**28**	28
Trade and other payables	**(76,601)**	(78,230)
Gross exposure	**$ (29,585)**	$ (47,156)

The Company is also exposed to currency risk with relation to changes in the fair value of the equity conversion option derivative embedded in the Senior Unsecured Notes. The Company's share price is denominated in Canadian dollars, which is one of the input variables in the convertible note valuation model. Refer to note 8 of the related Consolidated Financial Statements.

Effect on net earnings (loss)

Exchange rate movements in Canadian dollars can have a significant impact on the Company's net earnings (loss). A 10% strengthening or weakening of the U.S. dollar against the Canadian currency would have affected the Company's net earnings (loss) by the amounts shown below:

In thousands of dollars	**December 31 2016**	December 31 2015
Canadian dollar	**+/- $7,400**	+/- $10,240

Senior Unsecured Notes

With all other variables held constant, a 10% increase or decrease of the U.S. dollar against the Canadian dollar would have affected the fair value of the equity conversion option derivative embedded in the Senior Unsecured Notes by the amounts shown below:

In thousands of dollars Change in equity conversion option and impact on net earnings	+/- 10%
December 31, 2016	**+ $370 / - $700**
December 31, 2015	+ $1,285 / -$1,060

Foreign exchange derivatives

At December 31, 2016, the Company had entered into foreign exchange collars relating to the portion of the future operating expenses incurred in Canadian dollars. With all other variables held constant, 10% increase or decrease of the U.S. dollar against the Canadian dollar would have affected the Company's net earnings (loss) and comprehensive earnings (loss) by the amounts shown below:

In thousands of dollars Change in exchange rates and impact on net earnings	+/-10%
December 31, 2016	**+ $9,000 / - $13,000**
December 31, 2015	+ $1,750 / - $815

Interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument or cash flows associated with the instruments will fluctuate due to changes in market interest rates. The Company has not entered into any derivative contracts to manage interest rate risk.

The Company's interest rate risk related to interest-bearing obligations and deposits is as follows:

Convertible Notes

The interest incurred on the Convertibles Notes is at a fixed interest rate and therefore not exposed to changes in market interest rates. The fair value of fixed-rate debt fluctuates with changes in the market interest rate but the related future cash flows do not change. The fair value of the equity conversion option derivative embedded in the Senior Unsecured Notes is exposed to interest rate risk as the valuation technique requires interest rate as an input, but the interest rate does not have a material impact on valuation.

Share price risk

The fair value of the equity conversion option derivative is exposed to the movement in the Company's share price.

With all other variables held constant, 10% increase or decrease in price of the Company's common share would have affected the earnings (loss) and comprehensive earnings (loss) for the year ended December 31, 2016 by the amounts shown below:

In thousands of dollars	
Change in equity conversion option and impact on net earnings	+/- 10%
December 31, 2016	**- $630 / + $405**
December 31, 2015	+ $1,285 / -$1,060

NON-IFRS FINANCIAL PERFORMANCE MEASURES

The Company has included certain non-IFRS measures in this document. 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.

Total cash costs

Total cash costs is a common financial performance measure in the gold mining industry but with no standard meaning under IFRS. Detour Gold reports total cash costs on a sales basis. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, such as sales, certain investors use this information to evaluate the Company's performance and ability to generate operating earnings and cash flow from its mining operations. Management uses this metric as an important tool to monitor operating cost performance.

Total cash costs 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. Production costs include the costs associated with providing the royalty in kind ounces. Other companies may calculate this measure differently.

All-in sustaining costs

The Company believes that AISC more fully defines the total costs associated with producing gold. The Company calculates AISC as the sum of total cash costs (as described above), share-based compensation, corporate general and administrative expense, exploration and evaluation expenditures that are sustaining in nature, reclamation cost accretion, sustaining capital including deferred stripping, and realized gains and losses on hedges due to operating and capital costs, all divided by the gold ounces sold to arrive at a per ounce figure.

Other companies may calculate this measure differently as a result of differences in underlying principles and policies applied. Differences may also arise due to a different definition of sustaining versus non-sustaining capital.

Total cash costs and All-in sustaining costs reconciliation

The following table reconciles these non-IFRS measures to the most directly comparable IFRS measures.

In thousands of dollars, except where noted	Three months ended December 31 2016	Three months ended December 31 2015	Year ended December 31 2016	Year ended December 31 2015
Gold ounces sold	**144,668**	132,209	**527,727**	486,243
Total Cash Costs Reconciliation				
Production costs	**$ 123,922**	$ 92,523	**$ 398,073**	$ 388,387
Less: Electricity adjustment[1]	**-**	-	**-**	(7,732)
Less: Share-based compensation	**183**	(409)	**(3,013)**	(2,162)
Less: Silver sales	**(348)**	(394)	**(1,401)**	(1,438)
Total cash costs	**$ 123,757**	$ 91,720	**$ 393,659**	$ 377,055
Total cash costs per ounce sold	**$ 855**	$ 694	**$ 746**	$ 775
All-in Sustaining Costs Reconciliation				
Total cash costs	**$ 123,757**	$ 91,720	**$ 393,659**	$ 377,055
Sustaining capital expenditures[2]	**37,537**	15,832	**102,436**	98,804
Accretion on decommissioning and restoration provision	**16**	71	**140**	214
Site share-based compensation	**(183)**	409	**3,013**	2,162
Realized losses on operating hedges[3]	**26**	$ 2,356	**1,751**	9,052
Corporate administration expense[4]	**2,048**	2,432	**27,648**	24,756
Sustaining exploration expenditures[5]	**505**	**557**	**2,764**	**1,466**
Total all-in sustaining costs	**$ 163,706**	$ 113,377	**$ 531,411**	$ 513,509
All-in sustaining costs per ounce sold	**$ 1,132**	$ 858	**$ 1,007**	$ 1,056

[1] Reflects adjustment related to electricity consumption in prior years (refer to December 31, 2015 MD&A for additional details).

[2] Based on property, plant and equipment additions per the cash flow statement, which includes deferred stripping. Non-sustaining capital expenditures included in the cash flow statement have been excluded. Non-sustaining capital expenditures in 2016 relate to West Detour.

[3] Includes realized gains and losses on derivative instruments related to operating hedges (foreign exchange and diesel hedges only) as disclosed in the "Derivative instruments" section of this document. These balances are included in the statement of comprehensive earnings (loss), within caption "net finance income and costs".

[4] Includes the sum of corporate administration expense, which includes share-based compensation, per the statement of comprehensive earnings(loss), excluding depreciation within those figures.

[5] Includes the sum of sustaining exploration and evaluation expense, which includes share-based compensation, per the statement of comprehensive earnings (loss), excluding depreciation within those figures. Non-sustaining exploration and evaluation expense, primarily relate to costs associated with Lower Detour.

Average realized price and Average realized margin

Average realized price and average realized margin per ounce sold are used by management and investors use these measures to better understand the gold price and margin realized throughout a period.

Average realized price is calculated as metal sales per the statement of comprehensive loss and includes realized gains and losses on gold forwards, less silver sales. Average realized margin represents average realized price per gold ounce sold less total cash costs per ounce sold.

	Three months ended December 31		Year ended December 31	
In thousands of dollars, except where noted	**2016**	2015	**2016**	2015
Metal sales	**$ 176,570**	$ 145,689	**$ 658,286**	$ 563,017
Realized gain (loss) on gold contracts	**(1,121)**	342	**(12,772)**	9,637
Silver sales	**(348)**	(394)	**(1,401)**	(1,438)
Revenues from gold sales	**$ 175,101**	$ 145,637	**$ 644,113**	$ 571,216
Gold ounces sold	**144,668**	132,209	**527,727**	486,243
Average realized price	**$ 1,210**	$ 1,102	**$ 1,221**	$ 1,175
Less: Total cash costs per gold ounce sold	**(855)**	(694)	**(746)**	(775)
Average realized margin per gold ounce sold	**$ 355**	$ 408	**$ 475**	$ 400

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

Adjusted net earnings (loss) and adjusted basic net 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) is 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, including the foreign exchange on deferred income and mining taxes, non-cash unrealized gains and losses on derivative instruments, accretion on convertible notes, unwinding of discount on decommissioning and restoration provisions, impairment provisions and reversals thereof, and other non-recurring items. Adjusted basic net earnings (loss) per share is calculated using the weighted average number of shares outstanding under the basic method of loss per share as determined under IFRS.

	Three months ended December 31		Year ended December 31	
In thousands of dollars, except where noted	**2016**	2015	**2016**	2015
Basic weighted average shares outstanding	**174,574,001**	170,887,953	**173,530,610**	169,298,307
Adjusted net earnings (loss) and Adjusted basic net earnings (loss) per share Reconciliation				
Net income (loss)	**$ (13,492)**	$ (40,847)	**$ (6,912)**	$ (163,596)
Adjusted for:				
Fair value (gain) loss of the convertible notes[1]	**(12,995)**	(1,694)	**4,582**	(217)
Accretion on convertible notes[1]	**7,559**	7,740	**31,808**	29,289
Accretion on decommissioning and restoration provision[1]	**16**	71	**140**	214
Non-cash unrealized (gain) loss on derivative instruments[2]	**(4,494)**	(2,058)	**(1,684)**	503
Foreign exchange (gain) loss[1]	**575**	4,003	**24**	1,480
Foreign exchange on deferred income taxes	**16,791**	28,426	**(17,526)**	82,522
Electricity adjustment[3]	**-**	-	**-**	7,732
Adjusted net earnings (loss)	**$ (6,040)**	$ (4,359)	**$ 10,432**	$ (42,073)
Adjusted basic net earnings (loss) per share	**$ (0.03)**	$ (0.03)	**$ 0.06**	$ (0.25)

[1] Balance included in the statement of comprehensive earnings (loss) caption “Net finance income and costs”. The related financial statements include a detailed breakdown of “Net finance income and costs”.

[2] Includes unrealized gains and losses on derivative instruments as disclosed in the “Derivative Instruments” note in the related financial statements. The balance is grouped with “Net finance income and costs” on the statement of comprehensive earnings (loss).

[3] Reflects adjustment related to electricity consumption in prior years (refer to December 31, 2015 MD&A for additional details).

ADDITIONAL IFRS FINANCIAL PERFORMANCE MEASURES

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 administration expense, exploration and evaluation expenses, other operating (income) expenses, finance income and costs, and taxation.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes may differ materially from these estimates.

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Mineral reserves and resources

The Company estimates its mineral reserves and resources based on information compiled by qualified persons as defined in accordance with National Instrument 43-101, Standards of Disclosure for Mineral Projects requirements. The estimation of ore reserves and resources requires judgment to interpret available geological data then select an appropriate mining method and establish an extraction schedule. It also requires assumptions about future commodity prices, exchange rates, production costs and recovery rates. There are numerous uncertainties inherent in estimating mineral reserves and resources and assumptions that are valid at the time of estimation and may change significantly when new information becomes available. New geological data as well as changes in the above assumptions may change the economic status of reserves and may, ultimately, result in the reserves being revised.

Changes in the proven and probable mineral reserves or measured and indicated and inferred mineral resources estimates may impact the carrying value of property, plant and equipment, the calculation of depletion and depreciation expense, the capitalization of production phase stripping costs, decommissioning and site restoration provision and recognition of deferred tax amounts.

Production inventories

The allocation of costs to inventories and the determination of net realizable value involve the use of estimates. There is a high degree of judgment in estimating future costs, future production levels, contained gold ounces, gold recovery levels and market prices. There can be no assurance that actual results will not differ significantly from estimates used in the determination of the carrying value of inventories.

Provisions for decommissioning and site restoration

Provisions are made for environmental remediation costs when the related environmental disturbance occurs, based on the net present value of estimated future costs.

The Company assesses its provisions for decommissioning and site restoration using information available as at each reporting date. Significant estimates and assumptions are made in determining the provisions for decommissioning and site restoration, as there are numerous factors that will affect the ultimate cost of reclamation. These factors include estimates of the extent and costs of rehabilitation activities, the expected timing, technological changes, regulatory changes, cost increases and changes in discount rates. Those uncertainties may result in actual future expenditures differing from the amounts currently provided. The provision at the reporting date represents management's best estimate of the present value of the future decommissioning and site restoration costs required. Changes to estimated future costs are recognized in the consolidated statements of financial position by adjusting the rehabilitation asset and liability.

Impairment of assets

Events or changes in circumstances can give rise to significant impairment charges or reversals of impairment in a particular year.

The Company assesses its cash-generating unit at each financial reporting period date to determine whether any indication of impairment exists. Where an indicator of impairment exists, an estimate of the cash generating unit's recoverable amount is made, which is the higher of the fair value less costs of disposal ("FVLCD") and value in use. The determination of the recoverable amount requires the use of estimates and assumptions such as long-term commodity prices, foreign exchange rates, discount rates, future capital requirements, exploration potential and future operating performance. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties.

Fair value for a mining property is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes estimates such as the cost of future expansion plans, using assumptions that an independent market participant would take into account. Cash flows are discounted by an appropriate discount rate to determine the net present value.

At December 31, 2016 and 2015, no triggering events were identified.

Recovery of potential deferred tax assets

The Company has carry-forward losses and other tax attributes that have the potential to reduce tax payments in future years.

Judgment is required in determining whether deferred tax assets are recognized in the financial statements. Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and tax losses to the extent it is probable, future taxable profits will be available against which they can be utilized. The carrying values of the deferred tax assets are reviewed at each balance sheet date and may be reduced if it is no longer probable that sufficient taxable profits will be available to benefit from all or part of the assets. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws. To the extent that future taxable income differs significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded in the consolidated statements of financial position could be impacted. Deferred tax assets and liabilities are offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset.

Contingencies

The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events. By their nature, contingencies will only be resolved when one or more future events occur or fail to occur.

Fair value of financial instruments, including embedded derivatives

Where the fair value of financial assets and financial liabilities recorded in the financial statements cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow

model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

When measuring the fair value of an asset or liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

ACCOUNTING POLICIES

The following accounting policy was adopted during 2016:

Flow-Through Shares

The Company may, from time to time, issue Flow-Through Shares (as defined in the Canadian Income Tax Act) to finance a portion of its exploration program. Pursuant to the Canadian Income Tax Act and the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resources expenditures to investors. Proceeds received from flow-through share agreements are separated into a liability and share capital. The liability, which represents the obligation to renounce flow-through exploration expenditures, is calculated as the excess of cash consideration received over the market price of the Company's shares on the agreement's closing date. As qualifying exploration expenditures are renounced, the Company derecognizes the liability and recognizes it through profit or loss as net finance income (cost).

A deferred tax asset or liability is recognized for the taxable temporary difference that arises from the difference between the carrying amount of qualifying expenditures and their tax basis. The deferred tax impact is recorded as qualifying expenditures are renounced.

The following accounting standard is effective and implemented as of January 1, 2016:

On May 12, 2014, the IASB issued amendments to IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets*. The amendments clarify that the use of revenue-based methods to calculate the depreciation of a tangible asset is not appropriate because revenue generated by an activity that includes the use of a tangible asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The implementation of these amendments to IAS 16 and IAS 38 did not have an impact on the Company's financial statements.

New standards and interpretations not yet adopted

IFRS 9 *Financial instruments* replaces the existing guidance in IAS 39 *Financial instruments recognition and measurement*. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carried forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after January 1, 2018, with early adoption permitted. The Company intends to adopt IFRS 9 in its financial statements for the period beginning on January 1, 2018. The Company does not expect the standard to have a material impact on the financial statements, but adoption may result in additional disclosures. We will finalize our assessment of the impact of the adoption of this standard in 2017.

IFRS 15 *Revenue from contracts with customers* will replace IAS 18 *Revenue*, IAS 11 *Construction contracts*, and some revenue-related interpretations. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The Company intends to adopt IFRS 15 for the period beginning on January 1, 2018 using the modified retrospective approach. Under this approach, the Company intends to recognize transitional adjustments in retained earnings on the date of adoption (January 1, 2018), without restating the comparative financial statements on a retrospective basis. The Company does not anticipate bullion sales being significantly affected by IFRS 15; as a result, the standard is not expected to have a material impact on the consolidated financial statements. The Company will continue to assess the new standard in 2017.

On January 13, 2016, the IASB issued IFRS 16 *Leases*. The new standard is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted for entities that apply IFRS 15 *Revenue from Contracts with Customers* at or before the date of initial adoption of IFRS 16. IFRS 16 will replace IAS 17 *Leases*. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors. Other areas of the lease accounting model have been impacted, including the definition of a lease. Transitional provisions have been provided. The Company intends to adopt IFRS 16 in its financial statements for the period beginning on January 1, 2019. The Company will evaluate the impact of the changes to its financial statements based on the characteristics of its leases at the time of adoption. The extent of the impact of adoption of the standard has not yet been determined. In 2017, the Company plans to develop a full implementation plan.

On January 19, 2016, the IASB issued Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12). The amendments apply retrospectively for annual periods beginning on or after January 1, 2017. Earlier application is permitted. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments also clarify the methodology to determine the future taxable profits used for assessing the utilization of deductible temporary differences. The Company intends to adopt the amendments to IAS 12 in its financial statements for the annual period beginning on January 1, 2017. The adoption of the amendments will not have a material impact on the consolidated financial statements.

On December 8, 2016, the IASB issued IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration. The Interpretation clarifies which date should be used for translation when a foreign currency transaction involves an advance payment or receipt. The Interpretation is applicable for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The Interpretation clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. The Company intends to adopt the Interpretation in its financial statements for the annual period beginning on January 1, 2018. The Company does not expect the implementation of this interpretation will have a material impact on the financial statements.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Chief Executive Officer and Chief Financial Officer of the Company are responsible for designing internal controls over financial reporting or causing them to be designed under their supervision in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The control framework that has been used is the COSO (2013) framework.

Based on a review of the internal controls at December 31, 2016, conducted by the Chief Executive Officer and Chief Financial Officer, the Company's internal controls and procedures over financial reporting are appropriately designed and operating effectively to provide reasonable assurance that the financial information is recorded, processed, summarized and reported in a timely manner.

There was no change in the Company's internal controls over financial reporting that occurred during the fourth quarter of 2016 that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

Disclosure controls and procedures

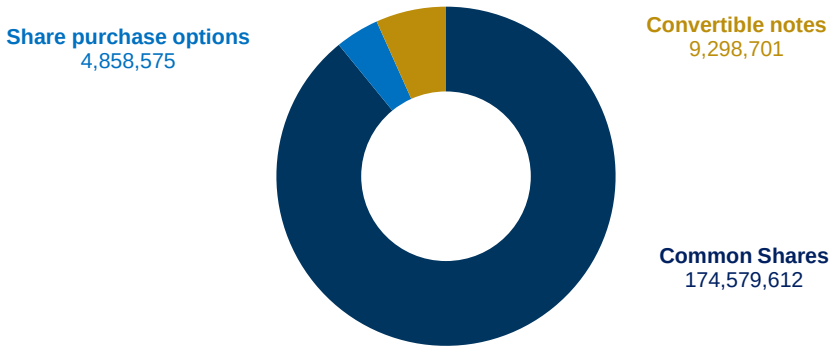
Disclosure controls and procedures have been designed to provide reasonable assurance that all relevant information required to be disclosed by the Company is accumulated and communicated to senior management as appropriate to allow timely decisions regarding required disclosure. The Company's Chief Executive Officer and Chief Financial Officer have concluded, based on their evaluation of the design and operating effectiveness of the disclosure controls and procedures as of December 31, 2016, which disclosure controls and procedures provide reasonable assurance that material information is made known to them by others within the Company are appropriately designed.

Limitations of controls and procedures

The Company's management, including the Chief Executive Officer and Chief Financial Officer, believe that any internal controls over financial reporting and disclosure controls and procedures, no matter how well designed, can have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance that the objectives of the control system are met.

OUTSTANDING SHARES

As at March 21, 2017, the date of this MD&A, the Company had the following number of securities outstanding:



RISKS AND UNCERTAINTIES

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

FINANCIAL RISKS

Fluctuating gold prices

The Company's business is strongly affected by the world market price of gold. If the market price for gold was to drop and the price realized by the Company on gold sales were to decrease significantly, the Company's profitability and cash flow would be negatively affected. A drop in the gold price would also influence the Company's decision to proceed with further exploration or development and could materially and adversely affect the Company's ability to obtain additional financing should the circumstances require. A significant decline in the market price of gold may also require the Company to reduce its mineral reserves and resources or alter or delay its exploration program and development plans, which could have a material adverse effect on the Company's value. A decline in the long-term price of gold may also require the Company to record an impairment charge against the carrying value of its net assets.

The gold price has fluctuated widely in recent years. These fluctuations can be material and can occur over short periods of time and are affected by numerous factors beyond the Company's control including industrial and retail supply and demand, the level of demand for gold as an investment, 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. There is no assurance that even as commercial quantities of gold may be produced in the future, a profitable market will exist for them.

The Company's gold production depends on a gold price that is adequate to make such production economically viable. Based on current estimates of the Company's 2017 gold production and sales, a $50 USD per ounce increase or decrease in the market gold price will result in an approximately $29 million increase or decrease in the Company's ending cash balance.

The Company's gold sales risk management policy permits management to enter into transactions to hedge up to 50% of the Company's 2017 forecasted gold sales. As at March 21, 2017, approximately 20% of the Company's remaining forecasted 2017 gold production has been hedged. Given the gold price volatility seen in previous years, the Company may extend the use of gold hedging beyond the current calendar year. Refer to "Liquidity and Capital Resources – Derivative Instruments" section of this MD&A.

Currency risk

The Company is subject to fluctuation in the rates of currency exchange between the United States dollar and the Canadian dollar. Gold is sold based on the U.S. dollar price but a significant portion of the Company's operating expenses are incurred in Canadian dollars. Appreciation of the Canadian dollar currency against the U.S. dollar would increase the costs of the Company's production, making such production less profitable. These fluctuations could materially affect the Company's operating results, financial position and borrowing capacity. The Company enters into currency hedging contracts to mitigate the impact on operating costs of the appreciation of the Canadian dollar against the U.S. dollar. Based on current estimates of the Company's 2017 gold production and sales, a $0.05

change in the exchange rate will result in an approximately $16 million increase or decrease in the Company's ending cash balance.

Price fluctuations of consumed commodities

The profitability of the Company's business is affected by the price and availability of commodities consumed or used in connection with the Company's business, such as natural gas, diesel, oil, electricity and reagents. An increase in the cost, or decrease in availability, of these commodities would affect the costs of production at the Company's operations. The prices of these commodities fluctuate and are affected by factors that are beyond the Company's control. These fluctuations can be unpredictable, can occur over short periods of time and may have a material adverse effect on the Company's operating costs or the timing and costs of various projects. The Company is a significant consumer of electricity. The Company has a contract with the Independent Electricity System Operator (formerly Ontario Power Authority) which provides the Company with an electricity rebate to December 31, 2024. In the event this fixed price contract were to be terminated, the Company would be subject to fluctuating, and potentially significantly increased, electricity costs which could materially impact the Company's operating costs. During 2015, 2016 and 2017 the Company hedged a portion of its diesel price exposure and may continue to do so.

Liquidity and Level of indebtedness

As at December 31, 2016, the Company had cash and cash equivalents of approximately $129.4 million and total debt of approximately $328.6 million. The Company's indebtedness under its senior unsecured convertible notes (the "Notes") and the requirement to repay or refinance the Notes by November 30, 2017 could impact the Company's ability to satisfy its obligations, increase the Company's vulnerability to general adverse economic and industry conditions, limit the Company's flexibility in planning for, or reacting to or capitalizing on, changes in the Company's business, the markets in which the Company operates and in government regulation, place the Company at a competitive disadvantage compared to the Company's competitors that have less debt, and limit the Company's ability to borrow or raise additional funds.

Additional financing

The requirement to repay or refinance the Notes by November 30, 2017 and the Credit Facility by August 31, 2017 and/or unforeseen events or circumstances may require the Company to seek additional financing. However, the Company has significant operational expenses and future development expenses and there is no assurance that additional funding will be available to the Company. The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing debt and equity market conditions, the price of gold, the performance of the Detour Lake mine and other factors outlined herein and in the documents incorporated by reference. Failure to obtain additional financing may result in a default by the Company under its existing and future debt agreements and/or delaying or the indefinite postponement of any further operations or development of the Detour Lake mine. 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.

In addition, failure to comply with covenants under the Company's current or future debt agreements or to make scheduled payments of the principal of, or to pay interest on, its indebtedness or to make scheduled payments under hedging arrangements would likely result in an event of default under the debt agreements and would allow the lenders to accelerate the debt under these agreements, which would affect the Company's financial condition and prospects.

Limitations under Credit Facility

The Credit Facility, comprised of the Revolving Credit Facility and the Letter of Credit Facility, limits, among other things, the Company's ability to permit the creation of certain liens, make investments, dispose of the Company's material assets or, in certain circumstances, pay dividends. In addition, the Credit Facility limits the Company's ability to incur additional indebtedness and requires the Company to meet specified financial covenants. Events beyond the Company's control, including changes in general economic and business conditions, may affect the Company's ability to satisfy these covenants, which could result in a default under the Credit Facility. As of the date of this MD&A, there

are no amounts outstanding under the Revolving Credit Facility and letters of credit have been issued in the amount of Cdn$38.3 million under the Letter of Credit Facility. If an event of default under the Credit Facility occurs, the lenders could elect to declare all principal amounts outstanding thereunder at such time, together with accrued interest, to be immediately due. An event of default under the Credit Facility may also give rise to an event of default under existing and future debt agreements and, in such event, the Company may not have sufficient funds to repay amounts owing under such agreements. The Credit Facility matures on August 31, 2017 and there is no assurance that the Credit Facility will be renewed by the lenders. The failure to renew the Credit Facility would require the Company to repay all amounts owing under the Credit Facility at maturity and could have a material adverse effect on the Company's financial condition and prospects and its ability to repay or refinance the Notes.

Principal and interest payments on the Notes

The Notes may be redeemed in certain circumstances and have a maturity date of November 30, 2017. The Company is also required to offer to repurchase the Notes upon the occurrence of certain events that constitute a "Change of Control" of the Company (as defined in each of the respective Note indentures). In addition, interest is payable semi-annually to holders of the Notes. There is no guarantee that the Company will have sufficient cash available to make interest and principal payments on the Notes on a timely basis or at all. The likelihood that holders of the Notes will receive the payments owing to them in connection with the Notes will be dependent upon numerous factors including the financial health and creditworthiness of the Company, the ability of the Company to renew its Credit Facility and the ability of the Company to generate positive cash flows and/or its ability to re-finance a portion of the Notes. Notwithstanding that the Notes may be subordinated to other indebtedness of the Company, a default under the Notes could have material adverse effect to the Company and could prevent the Company from operating in accordance with its business plan, or at all.

Global economic conditions

In recent years financial conditions have been characterized by volatility and several financial institutions have either gone into bankruptcy or have had to be assisted by governmental authorities. Global financial conditions could suddenly and rapidly destabilize in response to future economic shocks, as government authorities may have limited resources to respond to future crises. Future economic shocks may be precipitated by a number of causes, including a rise in the price of oil, geopolitical instability and natural disasters. Any sudden or rapid destabilization of global economic conditions could impact the Company's ability to obtain equity or debt financing in the future on terms favourable to the Company, cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. In such an event, the Company's business and financial condition could be adversely impacted.

Possible dilutive effects on holders of common shares

The Company may issue additional Common Shares pursuant to the Notes and outstanding options, to refinance its existing indebtedness (including the Notes) or to give effect to the Company's business plan, all of which may dilute the ownership interests of existing holders of Common Shares. Any sales in the public market, or the availability for sale, of any of such Common Shares could adversely affect prevailing market prices of the Common Shares. In addition, any conversion of the Notes into Common Shares could depress the price of the Common Shares. A decline in the market price of Common Shares could impair the Company's ability to raise additional capital through the sale of Common Shares or securities convertible into Common Shares should the Company desire to do so.

Share price volatility

In recent years the world securities markets, including those in the United States and Canada, have experienced a high level of price and volume volatility. The market price of securities of many companies, including the Company, has experienced wide fluctuations which has not necessarily been related to operating performance, underlying asset values or the prospects of such companies. As a result, the market price of the Company's common shares at any given point in time may not accurately reflect the Company's long-term value. There can be no assurance that continual fluctuations in the Company's common share price will not occur.

Limited history of earnings or dividends

The Company has limited history of earnings and 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, if any, 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.

Accounting policies and internal controls

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 IFRS.

Disclosure controls and procedures are designed to ensure that information required to be disclosed by a company in reports filed with securities regulatory agencies is recorded, processed, summarized and reported on a timely basis and is accumulated and communicated to a company's management, including its Chief Executive Office and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. The Company has invested resources to implement and continues to analyze its system of disclosure controls and its internal control over financial reporting. ugh the Company believes its financial reporting and financial statements are prepared with reasonable safeguards to ensure reliability, a control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation see "Internal Controls Over Financial Reporting" section of this MD&A.

In preparation of financial reports, management may need to rely upon assumptions, make estimates or use their best judgment in determining the financial condition of the Company. Significant accounting policies are described in more detail in the Company's audited financial statements.

Use of derivatives

The Company uses certain derivative products to manage the risks associated with gold price volatility, changes in other commodity input prices and foreign currency exchange rates. The use of derivative instruments involves certain inherent risks including: (i) credit risk - the risk that the creditworthiness of a counterparty may adversely affect its ability to perform its payment and other obligations under its agreement with the Company or adversely affect the financial and other terms the counterparty is able to offer the Company; (ii) market liquidity risk – the risk that the Company has entered into a derivative position that cannot be closed out quickly, by either liquidating such derivative instrument or by establishing an offsetting position; and (iii) unrealized mark-to-market risk – the risk that, in respect of certain derivative products, an adverse change in market prices for commodities or currencies will result in the Company incurring an unrealized mark-to-market loss in respect of such derivative products. For a summary of the derivative instruments used in the Company's currency and commodity hedge programs, refer to "Liquidity and Capital Resources - Derivative Instruments" section of this MD&A.

OPERATIONAL RISKS

Precious metal exploration, mine development and operations

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 mineralization may result in substantial rewards, few properties that are explored are ultimately developed into producing mines.

The Company's exploration and future production may be hampered by mining, heritage and environmental legislation, industrial accidents, industrial disputes, cost overruns, land claims and compensation and other unforeseen contingencies. The success of the Company also depends on the delineation of economically recoverable reserves, the availability and cost of required development capital, the price of commodities, securing and maintaining title to its exploration and mining tenements as well as obtaining all necessary consents and approvals

for the conduct of its exploration and future development and production activities. The failure of the Company to achieve its production estimates could have a material adverse effect on any or all of its future cash flows, profitability, results of operations and financial condition.

Risks involved in mining operations include unusual and unexpected geologic formations, seismic activity, pit wall failures, 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 realizing revenues.

Whether or not income will result from any of the Company properties will depend upon the successful establishment of mining operations. While the Detour Lake mine is in commercial operations, various factors, including costs, actual mineralization, consistency and reliability of ore grades, ore dilution, processing rates and commodity prices affect future cash flow and profitability, and there can be no assurance that current or future estimates of these factors will reflect actual results and performance. The cost and availability of suitable machinery, supplies, mining and mill equipment and skilled labour, the existence of competent operational management and prudent financial administration, as well as the availability and reliability of appropriately skilled and experienced consultants can also affect successful project operations.

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

Permits

The Company's mining and processing operations and development and exploration activities are subject to extensive permitting requirements. While the Company strives to obtain and comply with all of its required permits, there can be no assurance that it will obtain all such permits and/or achieve or maintain full compliance with such permits at all times.

Failure to obtain required permits and/or to maintain compliance with permits once obtained can result in injunctions, fines, suspension or revocation of permits and other penalties and can also have other serious consequences for the Company, including damage to the Company's reputation, stopping the Company from proceeding with the development of a project, negatively impacting the operation or further development of a mine, increasing the costs of development or production and litigation or regulatory action against the Company, and may materially adversely affect the Company's business, results of operations or financial condition.

The Company's ability to successfully obtain and maintain key permits and approvals will be impacted by its ability to develop and operate its mining operations in a manner that is consistent with the creation of social and economic benefits in the surrounding communities and may be adversely impacted by real or perceived detrimental events associated with the Company's activities or those of other mining companies affecting the environment, human health and safety or the surrounding communities. The Company has made, and expects to make in the future, significant expenditures to comply with permitting requirements and, to the extent reasonably practicable, create social and economic benefit in the surrounding communities.

Failure to comply with permitting requirements may also 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.

Mineral reserve and resource estimates

The mineral reserve and resource figures referred to herein or in documents filed by the Company from time to time on SEDAR at www.sedar.com are estimates only and no assurance can be given that any particular level of recovery of gold or other minerals from mineral reserves or resources will in fact be realized or that an identified mineral deposit will ever qualify as a commercially mineable (or viable) ore body which can be economically exploited. Mineral resources which are not mineral reserves do not have demonstrated economic viability. Any material change in the quantity of mineralization, grade or ore to waste ratio, ore dilution or the price of gold may affect the economic viability of any property held by the Company. Until mineral reserves and resources are actually mined and processed, the accuracy of mineral reserve and resource grades must be considered as estimates only.

Market price fluctuations of gold and certain other metals, as well as increased production and capital costs or reduced recovery rates, may render the Company's proven and probable reserves uneconomic to develop for periods of time or may render mineral reserves containing relatively lower grade mineralization uneconomic. Moreover, short-term operating factors relating to the mineral reserves, such as the need for the orderly development of orebodies, the processing of new or different ore grades, the technical complexity or ore bodies, unusual or unexpected ore body formations, ore dilution or varying metallurgical and other ore characteristics may cause mineral reserves to be reduced or the Company to be unprofitable in any particular accounting period.

Life of mine plan

The Company issued a new life of mine plan for its Detour Lake mine on March 22, 2017. There can be no assurance that the estimates in the Company's life of mine plan will be consistent with future economic factors or actual results and performance or that the Company will not amend its existing life of mine plan for its Detour Lake mine in the future. A decline in net cash flow may also require the Company to record an impairment charge against the carrying value of its net assets.

Production and cost estimates

The Company prepares estimates of future production, cash costs and capital costs of production for its operations. No assurance can be given that such estimates will be achieved. Failure to achieve production or cost estimates or material increases in costs could have an adverse impact on the Company's future cash flows, profitability, results of operations and financial condition.

The Company's actual production and costs may vary from estimates for a variety of reasons, including: actual ore mined varying from estimates of grade, tonnage, dilution and metallurgical and other characteristics; short-term operating factors relating to the ore reserves, such as the need for sequential development of orebodies and the processing of new or different ore grades; revisions to mine plans; unusual or unexpected orebody formations; risks and hazards associated with mining; natural phenomena, such as inclement weather conditions, water availability, floods, and earthquakes; and unexpected labor shortages or strikes. Costs of production may also be affected by a variety of factors, including: changing waste-to-ore ratios, ore grade metallurgy, labor costs, the cost of commodities, general inflationary pressures and currency exchange rates.

Aboriginal claims

Aboriginal and treaty rights, including Aboriginal title, may be claimed with respect to Crown properties or other types of tenure on which mining rights have been conferred.

The Company is not aware of any Aboriginal land (title), or treaty land entitlement, claims that have been formally and legally asserted, or any legal actions relating to Aboriginal issues having been commenced, in connection with the Company's properties except for the action commenced by Grand Chief Matthew Coon on his own behalf and on behalf of all members of the Cree Nation of Eeyou Istchee dated March 3, 2016 which claims Aboriginal title to a large area of land including that on which the Detour Lake mine is located. Several First Nations and other Aboriginal groups have asserted that the Crown owes them a duty to consult in connection with the Company's properties.

There can be no assurance that Aboriginal or treaty rights/claims will not be asserted or proved in the future in respect of the Detour Lake mine, or any of the Company's other properties, or that any agreements with First Nations or other Aboriginal groups entered into by the Company will not be complied with or disputed.

Aboriginal consultation and claims

The Company's mineral assets are located on Crown lands which are also claimed to be Aboriginal traditional territory and subject to certain Aboriginal and treaty rights.

The Company is engaged with the Aboriginal groups whose claimed traditional territories are, or may be, potentially adversely impacted by the development of the Detour Lake mine, including West Detour. The Company has signed agreements with the Moose Cree First Nation, the Taykwa Tagamou Nation, the Wahgoshig First Nation and the Métis Nation of Ontario (collectively, the "Aboriginal Communities"). Each agreement embodies a recognition and respect for the Aboriginal Community's rights and interests as well as the Company's rights and interests in the development and operation of the Detour Lake mine. They also specify the benefits the Aboriginal Community receives from the development of the mine and how the Company and the Aboriginal Community will work together on community training initiatives as well as employment and business opportunities. Each agreement endorses a commitment by the Aboriginal Community to support the Detour Lake mine and provides that the Company and the Community will participate in on-going engagement and consultative discussion and accommodation over the life of the mine.

The nature, scope and interpretation of aboriginal and treaty rights is evolving. Government policy and its implementation regarding Aboriginal consultation (including the requirements that are imposed on industry) continue to change. In certain circumstances, Aboriginal Peoples are entitled to be consulted prior to, and during, resource development. The consultation processes and expectations of parties (government, Aboriginal communities and industry proponents) involved can vary considerably from project to project, within stages of the project life and among Aboriginal communities. There can be overlapping or inconsistent Aboriginal or treaty claims respecting a project. These can contribute to process uncertainty, increased costs, delay in receiving required approvals, and potentially, an inability to secure the required approvals for a project, each of which could have a material adverse effect on the Company's business, operations (actual and proposed), financial condition and results of operations.

The Company's current and future operations are subject to a risk that one or more Aboriginal groups may oppose continued operation, further development, or new development of the Company's projects or operations. Such opposition may be directed through legal or administrative proceedings against the Crown and/or the Company or expressed in manifestations such as protests, delayed or protracted consultations, blockades or other forms of public expression against the Corporation's activities or against the Crown's position regarding its duty to consult or otherwise. Such opposition may require court proceedings, modification of, or preclude, operation or development of the Company's projects or may require that the Company enter into agreements with Aboriginal communities.

The development of West Detour involves engagement and consultation with Aboriginal communities. Any opposition to the development of West Detour, including any delayed or protracted consultations may have a material adverse impact on the Company and its operations and results of operation, including, but not limited to, a delay in the development of West Detour which may result in the Company having diminished production and increased capital expenditures.

Community relations and license to operate

The Company's relationship with the communities in which it operates are critical to ensure the future success of the Detour Lake mine and any potential future development including, for example, the development of West Detour. There is an increasing level of public concern relating to the perceived effects of mining activities on the environment and on communities impacted by such activities. Adverse publicity could have a material adverse effect on the Company's reputation or financial condition and may impact its relationship with the communities in which it operates, including Aboriginal communities. While Detour Gold is committed to operating in a socially responsible manner, there is no guarantee that the Company's efforts in this respect will mitigate this potential risk.

Replacement of depleted reserves

The Company's mineral reserves must be replaced to maintain production levels over the long term. Reserves can be replaced by expanding known orebodies, locating new deposits or making acquisitions. Exploration is highly speculative in nature. Exploration projects involve many risks and are frequently unsuccessful. Once a site with mineralization is discovered, it may take several years from the initial phases of drilling until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish proven and probable reserves and to construct mining and processing facilities. As a result, there is no assurance that current or future exploration programs will be successful. Depletion of reserves may not be offset by discoveries or acquisitions and divestitures of assets could lead to a lower reserve base. Mineral reserves estimated in accordance with National Instrument 43-101 may also decrease due to economic factors such as the use of a lower metal price assumption.

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 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.

Infrastructure

Mining, processing, development and exploration activities depend on adequate infrastructure including reliable roads, bridges, power sources and water supply, all of which affect capital and operating costs. 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.

Employee Relations

The Company's ability to achieve its future goals and objectives is dependent, in part, on maintaining good relationships with its employees and minimizing employee turnover. Work stoppages or other industrial relations events could lead to project delays or increased costs. The Company competes with other mining companies to attract and retain key executives and employees. There can be no assurance that the Company will continue to be able to compete successfully with its competitors in attracting and retaining skilled and experienced employees.

Litigation

The Company is currently subject to litigation and may be involved in disputes with other parties in the future which may result in litigation. All industries, including the mining industry, are subject to legal claims, with and without merit. Defence and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the results of litigation cannot be predicted with certainty and the costs of litigation can be significant. If the Company is unable to resolve disputes favourably, there can be no assurance that the resolution of any particular legal proceeding will not have a material adverse effect on the Company's financial position or results of operations.

Refer to “Contingencies” section of this MD&A for additional details.

Government regulation

The Company’s mining, processing, development and exploration activities are 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, licenses and permits. The granting and enforcement of the terms of such approvals, licenses 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, licenses 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 effect 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.

Title to properties

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

Environmental and safety regulations and risks

The Company’s mining and processing operations and development and exploration activities are subject to extensive laws and regulations governing the protection of the environment, waste disposal, worker safety, mine development, water management and protection of endangered and other special status species.

Failure to comply with applicable environmental and health and safety laws and regulations could result in injunctions, fines, suspension or revocation of permits and other penalties. While the Company strives to achieve full compliance with all such laws and regulations and with its environmental and health and safety permits, there can be no assurance that it will at all times be in full compliance with such requirements. Activities required to achieve full compliance can be costly and involve extended timelines. Failure to comply with such laws, regulations and permits can have serious consequences, including damage to the Company’s reputation; stopping the Company from proceeding with the development of a project; negatively impacting the operation or further development of a mine; increasing the costs of development or production and litigation or regulatory action against the Company, and may materially adversely affect the Company’s business, results of operations or financial condition.

Future changes in applicable environmental and health and safety laws and regulations could substantially increase costs and burdens to achieve compliance or otherwise have an adverse impact on the Company's business, results of operations or financial condition (see " – Government regulation"). The Company could also be held liable to third parties for exposure to hazardous substances. The costs associated with such responsibilities and liabilities may be significant.

Significant liabilities could be imposed on the Company for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners of acquired properties or non-compliance with environmental laws or regulations. Environmental legislation is evolving in a manner that may mean stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. Permits from a variety of regulatory authorities are required for many aspects of mine development, operation and reclamation. Future legislation and regulations could cause additional expense, capital expenditures, restrictions, liabilities and delays in the development of the Detour Lake mine, 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.

While the Company has implemented extensive health and safety initiatives to ensure the health and safety of its employees, contractors and members of the communities affected by its operations, there is no guarantee that such measures will eliminate the occurrence of accidents or other incidents which may result in personal injuries or damage to property, and in certain instances such occurrences could give rise to regulatory fines and/or liability.

Reclamation estimates and obligations

The Company estimated in its 2010 Mine Closure Plan filed with the Ministry of Northern Development and Mines ("MNDM")), the closure costs at the cessation of mining at Cdn$69.9 million. In 2014, the Company submitted an amendment to the 2010 Mine Closure Plan to MNDM which estimated an additional Cdn$15.0 million of closure costs. The Company received approval of this amendment during the first quarter of 2015. Actual costs of completing the reclamation of the mine site may be higher than those estimated. The Company has agreed to phase in additional security as the mine develops. To date, the Company has issued a letter of credit in favour of the MNDM in the amount of approximately Cdn$28.3 million in support of its obligations. The letter of credit is secured by the Company's property and assets. In addition, the Company has provided an unsecured surety bond in the amount of approximately Cdn$20.1 million in support of its obligations.

Information systems security threats

The Company's mining, processing, development and exploration activities depend on adequate information technology systems.

The Company's information technology systems are subject to disruption, damage or failure from a variety of sources, including, without limitation, cable cuts, damage to physical plants, fire, power loss, vandalism, theft, computer viruses, security breaches, cyber-attacks, natural disasters and defects in design. Cyber security incidents, in particular, are evolving and include, but are not limited to, malicious attempts to gain unauthorized access to data and/or automated network systems and the manipulation or improper use of information technology systems.

Given the unpredictability of the timing, nature and scope of information technology disruptions, the Company could potentially be subject to information system failures; production downtimes; operational delays; significant costs, including increased capital expenses; the unauthorized release of confidential information; the destruction or corruption of data; lawsuits; damage to the Company's reputation; and/or financial losses resulting from remedial actions, all of which could have a material adverse effect on the Company's cash flows, competitive position, financial condition or results of operations. The Company could also be adversely affected by system or network disruptions if new or upgraded information technology systems are defective, not installed properly or not properly integrated into the Company's operations.

The Company has been the subject of IT security incidents, including in the first half of 2015, when the Company was the subject of illegal breaches of its information technology systems which resulted in confidential information, including personal information, being accessed and released. Investigations of the source of this breach, and the remediation steps being taken in response to this breach continue. It is possible that additional confidential information, beyond that which has been released to date, was accessed and/or that other unforeseen developments related to this breach could occur, which could have a further adverse impact on the Company's operations, financial results and reputation.

The Company continuously monitors security threats to its information systems and implements measures to manage these threats. Although the Company has not experienced any material losses relating to cyber-attacks or other information security breaches to date, there can be no assurance that the Company will not incur such losses in the future. The Company's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats, the difficulty in anticipating such threats and the difficulty in immediately detecting all such threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, disruption or damage remain a priority. As cyber threats continue to evolve, the Company may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

Conflict of interest

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

Limited operating history

The Company poured its first gold bar at the Detour Lake Mine in the first quarter of 2013. Accordingly, the Company has a limited operating history upon which to base estimates of future financial and operating performance, including future cash flow. Thus, it is possible that actual costs may increase significantly and economic returns may differ materially from the Company's estimates or that metal prices may decrease significantly.

Reputational risk

As a result of the increased usage and the speed and global reach of social media and other web-based tools used to generate, publish and discuss user-generated content and to connect with other users, companies today are at much greater risk of losing control over how they are perceived in the marketplace. Damage to the Company's reputation can be the result of the actual or perceived occurrence of any number of events, and could include any negative publicity (for example, with respect to the Company's handling of environmental and health and safety matters), whether true or not. The Company does not have direct control over how it is perceived by others and reputation loss may lead to increased challenges in developing and maintaining community relations, decreased investor confidence and an impediment to the Company's overall ability to conduct its operations and advance its projects, thereby having a material adverse impact on financial performance, cash flows and growth prospects.

Climate change risks

The Company's mining and processing operations are energy intensive, resulting in a significant carbon footprint. The Company acknowledges climate change as an international and community concern.

Due to concern over the risks of climate change and to reduce greenhouse gas emissions, the Province of Ontario brought regulations into effect on July 1, 2016 that will establish the Province's Cap and Trade system beginning on January 1, 2017 which puts a price on certain carbon emissions. In June 2016, the Province also issued its Climate

Change Action Plan, a high-level policy that describes how proceeds from the Cap and Trade system may be used over the next five years to reduce greenhouse gas emissions in Ontario. Longer term impacts of the Cap and Trade system and the Climate Change Action Plan and associated programs and their future effects on the Company's results of operations, financial position or cash flows remain uncertain.

If the current trend of increasing regulation continues, the Company expects that this may result in increased costs at its operations. In addition, the physical risks of climate change may also have an adverse effect on the operations of the Company. These may include extreme weather events, resource shortages, changes in rainfall and storm patterns and intensities, water shortages and changing temperatures.

FORWARD LOOKING STATEMENTS

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). Forward-looking statements relate to future events or future performance and reflect current expectations or beliefs regarding future events and include, but are not limited to, statements with respect to: (i) the amount of mineral resources and mineral reserves and exploration targets; (ii) the amount of future production over any period; (iii) net present value and internal rates of return of mining operations; (iv) assumptions relating to recovered grade, average ore recovery, internal dilution, mining dilution and other mining parameters set out in the technical reports, studies and disclosure of the Company; (v) assumptions relating to revenues, operating cash flow and other revenue metrics set out in the Company's disclosure materials (vi) mine expansion potential and expected mine life; (vii) expected time frames for completion of permitting and regulatory approvals; (viii) future capital and operating expenditures; (ix) future exploration plans; (x) future gold prices; and (xi) sources of and anticipated financing requirements. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates", "targets", or "believes", or variations of, or the negatives of, such words and phrases or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date or dates specified in such statements.

Specifically, this document contains forward-looking statements regarding the Company discharging water to the environment in 2017; strengthening its environmental management system; updating the current closure plan; the Company's plans to continue trenching along the current mineralization and carry additional drilling; 2017 expected gold production between 550,000 and 600,000 ounces, 100 Mt mined from the Detour Lake pit in 2017, mining rates trending higher in the second quarter of 2017, the addition of a CAT6060 shovel and four CAT795 trucks, an estimated average waste to ore ratio for 2017 of 3.6:1, the processing of 21 to 22 Mt of ore in 2017 from the Detour Lake operation, head grades improving after the first quarter of 2017, the Company not processing fines in 2017, 2017 AISC range of $1,025 to $1,125 per ounce sold with estimated total cash costs of $690 to $750 per ounce sold, 2017 capital expenditures between $160 and $180 million and the use and classification of such expenditures, 2017 exploration budget of $6 million and how such funds are to be spent, 2017 estimated corporate general and administrative expenses of $21 million, exclusive of share-based compensation, estimated 2017 share-based compensation of $11 million, estimated interest expense and interest costs of $20 million on the convertible notes in 2017; the refinancing by the Company for the convertible notes and credit facility on or before their respective maturity dates of November 30, 2017 and August 31, 2017; the Company's plans to arrange up to $450 million in financing in 2017; the Company's expectation to receive commitments from its banking syndicate by the end of April 2017 and to conclude negotiations in the second quarter of 2017; court approval of the settlement of the Class Action lawsuit being completed in the second quarter of 2017; the Company continuing to engage with all of its Aboriginal partners throughout the environmental assessment process; uncertainty as to how and when CEAA will respond to the request for a federal environmental assessment; an annual mining rate increasing to 125 Mt with additional mine equipment; annual plant throughput maintained at 23 Mt starting in 2021; near-term increase in strip ratio with 2019-

20 average annual gold production below 550,000 ounces then increasing significantly above 700,000 ounces in 2021-22; average annual gold production of approximately 656,000 ounces over LOM; mine life of 23 years.

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: a constant gold price of $1,200/oz in 2017, a constant diesel fuel price of C$0.70 per litre in 2017, a constant CAD/US exchange rate of 1.30 in 2017 and a constant power cost of C$0.03 per kilowatt hour in 2017, the ability of the Company to refinance its convertible notes and credit facility on or before maturity (November 30, 2017 and August 31, 2017, respectively) on acceptable terms, 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 and related costs; the mine production schedule; the success and timing of the Company's mining and development plans, including the Campbell pit recovery plan and the ability of the Company to process fines from low and medium grade stock piles; dilution control, 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 timing and results of consultations with the Company's Aboriginal partners, the supply and availability of consumables and services; the exchange rates of the Canadian dollar to the U.S. dollar; energy and fuel costs; required capital investments; estimates of net present value and internal rate of returns, the accuracy of reserve and resource estimates, production estimates and capital and operating cost estimates and the assumptions on which such 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.

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, risks relating to variations in recovered grades and mining dilution, variations in rates of recovery, changes or delays in mining development and exploration plans, the success of mining, development and exploration plans, changes in project parameters, risks related to the receipt of regulatory approvals, 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 2015 AIF and in the continuous disclosure documents filed by Detour Gold on and available on SEDAR at www.sedar.com.

INFORMATION CONCERNING ESTIMATES OF MINERAL RESERVES AND RESOURCES

These estimates have been prepared in accordance with the requirements of Canadian securities laws, which differ from the requirements of United States' securities laws. The terms "mineral reserve", "proven mineral reserve and "probable mineral reserve" are Canadian mining terms as defined in accordance with NI 43-101 and the CIM Definition Standards. The CIM Definition Standards differ from the definitions in the United States Securities and Exchange Commission ("SEC") Guide 7 ("SEC Guide 7") under the United States Securities Act of 1933, as amended. Under SEC Guide 7, a "final" or "bankable" feasibility study is required to report mineral reserves, the three-year historical average price is used in any mineral reserve or cash flow analysis to designate mineral reserves and the primary environmental analysis or report must be filed with the appropriate governmental authority. In addition, the terms "mineral resource", "measured mineral resource", "indicated mineral resource" and "inferred

mineral resource" are defined in NI 43-101 and recognized by Canadian securities laws but are not defined terms under SEC Guide 7 or recognized under U.S. securities laws. U.S. investors are cautioned not to assume that any part or all of mineral deposits in these categories will ever be upgraded to mineral reserves. "Inferred mineral resources" have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an "inferred mineral resource" will ever by upgraded to a higher category. Under Canadian securities laws, estimates of "inferred mineral resources" may not form the basis of feasibility or pre-feasibility studies, except in rare cases. U.S. investors are cautioned not to assume that all or any part of an inferred mineral resource exists or is economically or legally mineable. Accordingly, these mineral reserve and mineral resource estimates and related information may not be comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements under the United States federal laws and the rules and regulations thereunder, including SEC Guide 7.

MINERAL RESERVE AND MINERAL RESOURCES DEFINITIONS

A 'mineral resource' is a concentration or occurrence of solid material of economic interest in or on the earth's crust in such form, grade or quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade or quality, continuity and other geological characteristics of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling.

An 'Inferred mineral resource' is that part of a mineral resource for which quantity and grade or quality is estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade or quality continuity. An Inferred mineral resource has a lower level of confidence than that applying to an Indicated mineral resource and must not be converted to a mineral reserve. It is reasonably expected that the majority of Inferred mineral resources could be upgraded to Indicated mineral resources with continued exploration.

An 'Indicated mineral resource' is that part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of modifying factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing and is sufficient to assume geological and grade or quality continuity between points of observation. An Indicated mineral resource has a lower level of confidence than that applying to a Measured mineral resource and may only be converted to a Probable mineral reserve.

A 'Measured mineral resource' is that part of a mineral resource for which quantity, grade or quality, densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of modifying factors to support detailed mine planning and final evaluation of the economic viability of the deposit. Geological evidence is derived from detailed and reliable exploration, sampling and testing and is sufficient to confirm geological and grade or quality continuity between points of observation. A Measured mineral resource has a higher level of confidence than that applying to either an Indicated mineral resource or an Inferred mineral resource. It may be converted to a Proven mineral reserve or to a Probable mineral reserve.

A 'mineral reserve' is the economically mineable part of a Measured and/or Indicated mineral resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at Pre-Feasibility or Feasibility level as appropriate that include application of modifying factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified. The reference point at which mineral reserves are defined, usually the point where the ore is delivered to the processing plant, must be stated. It is important that, in all situations where the reference point is different, such as for a saleable product, a clarifying statement is included to ensure that the reader is fully informed as to what is being reported. The public disclosure of a mineral reserve must be demonstrated by a Pre-Feasibility Study or Feasibility Study.

A 'Probable mineral reserve' is the economically mineable part of an Indicated, and in some circumstances, a Measured mineral resource. The confidence in the modifying factors applying to a Probable mineral reserve is lower than that applying to a Proven mineral reserve.

A 'Proven mineral reserve' is the economically mineable part of a Measured mineral resource. A Proven mineral reserve implies a high degree of confidence in the modifying factors.

TECHNICAL INFORMATION

The scientific and technical content of this news release was reviewed, verified and approved by Drew Anwyll, P.Eng., Senior Vice President, Technical Services, a Qualified Person as defined by Canadian Securities Administrators National Instrument 43-101 “Standards of Disclosure for Mineral Projects.”

Qualified Persons

The mineral reserve and mineral resource estimates for the Detour Lake operation, except for the North pit mineral resources were prepared under the supervision of Drew Anwyll, Senior Vice President Technical Services and the mineral resources for the North pit were prepared by Paul Daigle, Consultant for Detour Gold, both Qualified Persons as defined by Canadian Securities Administrators National Instrument 43-101 “Standards of Disclosure for Mineral Projects”.

Drilling Programs

The drilling programs are being managed by Guy MacGillivray, P.Geo., Exploration Manager of Detour Gold, a Qualified Person within the meaning of National Instrument 43-101. Mr. MacGillivray has verified and approved the data disclosed in this release, including the sampling, analytical and test data underlying the information. For this drilling campaign, samples are prepared at ALS Laboratories in Sudbury and assayed at their Vancouver, B.C laboratory. Analysis for gold is done on sawn half core samples (size HQ or NQ) using 50 grams fire assay (AAS finish). Samples with higher grade gold (>3 g/t) or with visible gold are re-assayed using the pulp and fire assay with gravimetric finish procedures. The Company’s quality control checks include the insertion of standard reference materials and blank samples to monitor the precision and accuracy of the assay data.

The surface plan and cross-sections of Zone 58N, and the surface plan of the drilling and trenching results of the TMA target, are posted on the Detour Gold website:

http://www.detourgold.com/projects/detour-lake-exploration-regional/default.aspx

CORPORATE INFORMATION

Directors

Michael Kenyon	Chairman
Paul Martin	President and Chief Executive Officer
Alex Morrison(2), (3), (4)	Lead Director
Lisa Colnett (4), (5)	Corporate Director
Edward Dowling(3), (5)	Corporate Director
Robert Doyle(2), (3)	Corporate Director
Andre Falzon (1), (2)	Corporate Director
Ingrid Hibbard(1), (5)	Corporate Director
Jonathan Rubenstein(1), (4)	Corporate Director

Board Committees

(1) Corporate Governance and Nominating Committee
(2) Audit Committee
(3) Technical Committee
(4) Human Resources and Compensation Committee
(5) Corporate Social Responsibility Committee

Management

Paul Martin	President and Chief Executive Officer
Pierre Beaudoin	Chief Operating Officer
James Mavor	Chief Financial Officer
Julie Galloway	General Counsel and Corporate Secretary
Derek Teevan	Senior Vice President, Corporate and Aboriginal Affairs
Drew Anwyll	Senior Vice President, Technical Services
Jean Francois Metail	Vice President, Mineral Resource Management
Ruben Wallin	Vice President, Environment and Health and Safety
Laurie Gaborit	Vice President, Investor Relations
Charles Hennessey	Mine General Manager
Alberto Heredia	Controller

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