Detour Gold Reports Third Quarter 2018 Results

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TORONTO, Oct. 24, 2018 /CNW/ - Detour Gold Corp. (TSX: DGC) ("Detour Gold" or the "Company") reports its operat
financial results for the third quarter of 2018.

This release should be read in conjunction with the Company's third quarter 2018 Financial Statements and MD&A on t
Company's website or on SEDAR. All amounts are in U.S. dollars unless otherwise indicated. All references to non-IFR
are denoted with "º" and are discussed at the end of this news release.

Q3 2018 Highlights

- Gold production of 151,402 ounces
- Mill throughput of 59,219 tpd and mining rate of 304,000 tpd
- Total cash costsº ("TCC") of $798 per ounce sold and all-in sustaining costsº ("AISC") of $1,377 per ounce sold
- Revenues of $170.0 million on gold sales of 139,821 ounces at an average realized priceº of 1,214 per ounce
- Earnings from mine operations of $15.0 million
- Net earnings of $12.7 million ($0.07 per basic share) and adjusted net lossº of $1.5 million ($0.01 per basic share
- Cash and cash equivalents of $156.3 million at September 30, 2018
- Company's revolving credit facility extended by one year from July 2021 to July 2022
- 2018 guidance unchanged

Frazer Bourchier, Chief Operating Officer, commented on the third quarter operational results: "The mine and mill perfo
highlight progressive quarterly improvements throughout the year, with the highest mining rates achieved over a quarte
operations commenced. The operational results in the third quarter reflect in part the progress we are making on our ke
focus areas and associated action plans. We anticipate efficiency improvements with sustainable benefits to continue o
18 to 24 months."

Q3 Update on Operational Improvement Strategy

The Company continues to advance on several key strategic operational improvements with the objective of facilitating
execution of the 2018 life of mine plan ("2018 LOM Plan") over the near term. Progress in the third quarter included:

- Appointment of Mine General Manager
- Hired additional technically experienced senior site leaders
- Completed in-depth audit of process plant operations, maintenance and mining
- Continuing audit of contractor management and project management
- Commenced required mill capital projects
- Introduced a business improvement site-based division
- Ongoing organizational structure evaluation
- Progressed improvements in operating procedures
- Developed mine to mill interface business optimization process changes
- Operating systems skills training and support personnel planning

Q3 2018 Results

Operational results

- Gold production totaled 151,402 ounces in the third quarter.
- Mill throughput was 5.4 million tonnes (Mt) at a head grade of 0.97 grams per tonne (g/t) and average recoveries
  Improvements to plant reliability and operating time are being addressed by the ongoing capital projects and by m
  to maintenance and operating practices.

- A total of 28.0 Mt (ore and waste) was mined in the third quarter (equivalent to mining rates of 304,000 tpd), in lin and representing the most tonnes mined in a quarter since commencement of operations. The progress during th highlights improving maintenance and operating practices.
- As part of the operating plan, run-of-mine stockpiles decreased to 5.8 Mt grading 0.62 g/t (approximately 115,000 during the third quarter.

Detour Lake Operation Statistics

	YTD 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017
Ore mined (Mt)	15.0	4.3	4.9	5.8	4.7	5.4
Waste mined (Mt)	61.8	23.7	21.4	16.7	22.4	20.6
Total mined (Mt)	76.8	28.0	26.3	22.5	27.0	26.1
Strip ratio (waste:ore)	4.1	5.6	4.4	2.9	4.8	3.8
Mining rate (k tpd)	281	304	289	250	294	283
Ore milled (Mt)	15.1	5.4	5.1	4.6	5.0	5.7
Head grade (g/t Au)	1.06	0.97	1.06	1.17	1.04	0.86
Recovery (%)	89.8	89.3	88.9	91.1	90.3	89.6
Mill throughput (tpd)	55,332	59,219	55,825	50,860	54,144	61,548
Ounces produced (oz)	462,928	151,402	154,385	157,141	150,046	139,861
Ounces sold (oz)	437,737	139,821	146,856	151,060	156,293	128,498
Average realized priceº($/oz)	$1,285	$1,214	$1,305	$1,330	$1,277	$1,273
Total cash costsº($/oz sold)	$754	$798	$723	$744	$705	$668
AISCº($/oz sold)	$1,181	$1,377	$1,104	$1,072	$989	$1,032
Mining (Cdn$/t mined)	$3.31	$3.01	$3.25	$3.75	$2.99	$2.84
Milling (Cdn$/t milled)	$11.23	$9.74	$12.50	$11.60	$10.51	$8.29
G&A and other[1] (Cdn$/t milled)	$3.98	$3.48	$3.96	$4.61	$3.43	$3.26

1. Include costs related to agreements with Aboriginal communities.

Note: Totals may not add due to rounding.

Financial Review

- Revenues for the third quarter were $170.0 million on the sale of 139,821 ounces of gold at an average realized p $1,214 per ounce. Lower gold sales are attributable to gold-in-circuit inventory buildup which will be reduced by y
- Cost of sales for the third quarter totaled $155.0 million, including $42.8 million of depreciation. The higher depre charge for the quarter is due to a revision of the estimated useful life of certain of the Company's assets reflected LOM Plan.
- TCC were $798 per ounce sold in the third quarter, reflecting timing of gold sales, higher contractor and maintena and higher consumable costs (i.e. diesel fuel, plant reagents and electricity).
- AISCº were $1,377 per ounce sold in the third quarter, reflecting higher operating costs (described above) and su capital expenditures of $53.0 million and deferred stripping costs of $21.8 million.

- Sustaining capital expenditures were in line with plan and included $26.9 million for the ongoing construction of th facility, $16.5 million for mining (mainly for major component replacements for the mobile fleet andtwo excavators million for the processing plant, and $4.5 million for site infrastructure, including the completion of the new accom camp.
- Earnings from mine operations for the third quarter totaled $15.0 million.
- Net earnings for the third quarter were $12.7 million ($0.07 per basic share). Adjusted net lossº in the third quarte to $1.5 million ($0.01 per basic share).

Liquidity and Capital Resources

- As at September 30, 2018, the Company had $156.3 million of cash and cash equivalents, approximately $220 m available from its bank credit facility, and net debtº of approximately $94 million.

Financial Risk Management

- As at September 30, 2018, the Company had $108.0 million of zero-cost foreign exchange collars to hedge its Ca dollar denominated costs whereby it can sell U.S. dollars at an average rate of 1.25 and can participate up to an a of 1.34. This represents a hedge coverage ratio of approximately 35% for projected expenditures for the remainde and 10% of projected expenditures for 2019.
- As at September 30, 2018, the Company had no gold or diesel derivative contracts outstanding.

Selected Financial Information

(in $ millions unless specified)	YTD 2018	Q3 2018	Q2 2018 / Q1 2018	Q4 2017	Q3 2017
Metal sales	563.2	170.0	201.4 / 191.8	200.0	164.0
Production costs	331.8	112.2	102.9 / 116.7	110.9	86.8
Depreciation	118.9	42.8	38.6 / 37.5	39.1	30.5
Cost of sales	450.7	155.0	140.3 / 155.4	150.0	117.3
Earnings from mine operations	112.5	15.0	41.0 / 56.5	50.0	46.7
Net earnings	31.4	12.7	9.8 / 8.9	16.7	41.1
Net earnings per share (basic)	0.18	0.07	0.05 / 0.06	0.10	0.24
Adjusted net earnings (loss)º	48.0	(1.5)	28.2 / 21.3	26.8	27.1
Adjusted net earnings (loss) per shareº	0.27	(0.01)	0.12 / 0.16	0.15	0.15

Note: Totals may not add up due to rounding.

Exploration Activities

- The 2018 drilling program on the Detour Lake property was completed in October 2018 with a total of 20,900 met holes, testing targets in the Lower Detour area (including the Hopper Lake area) and east of the tailings facility. F drilling campaign, 10,932 metres in 30 holes were completed during the third quarter and up to the first week of O
- A geological mapping program and ground geophysical surveys started in the third quarter on the Burntbush prop

2018 Guidance

As a result of the Company's first nine-month operational results, Detour Gold expects to be within its 2018 guidance fo production and AISC while TCC are expected to be at the high end or slightly above. For 2018, projected capital expen to be slightly lower than guidance due to delayed spending and the weaker Canadian dollar.

	YTD 2018	2018 Guidance
Gold production (oz)	462,928	595,000-635,000
Total cash costsº($/oz sold)	$754	$700-$750
AISCº($/oz sold)	$1,181	$1,200-$1,280

Upcoming Events

The Company expects to file a NI 43-101 Technical Report by end of November for the 2018 LOM Plan.

The Special Meeting of Shareholders is scheduled for December 11, 2018 in Toronto. The record date is November 9, 2018.

Senior Management and Director Changes

On August 29, 2018, the Company announced that Alan Edwards, James Gowans and Judy Kirk joined the Board of Directors. To accommodate these additions, Ingrid Hibbard and Robert Doyle stepped down from the Board. In addition, Dale Ekmark joined the Company as Vice President, Mine General Manager.

Conference Call

The Company will host a conference call on Thursday, October 25, 2018 at 9:00 AM ET. Access to the conference call is as follows:

- Via webcast, go to www.detourgold.com and click on the "Q3 2018 Results Conference Call and Webcast" link or page
- By phone toll free in North America 1-800-319-4610
- By phone Toronto local and internationally 416-915-3239

A playback will be available until November 25, 2018 by dialing 604-674-8052 or 1-855-669-9658 within Canada and the United States, using pass code 2645. The webcast and presentation slides will be archived on the Company's website.

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."

About Detour Gold

Detour Gold is an intermediate gold producer in Canada that holds a 100% interest in the Detour Lake mine, a long life large-scale open pit operation. Detour Gold's shares trade on the Toronto Stock Exchange under the trading symbol DGC.

For further information, please contact:

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Non-IFRS Financial Performance Measures
The Company has included certain Non-IFRS measures in this document with no standard meaning under International Financial Reporting Standards ("IFRS"): total cash costs, all-in sustaining costs, average realized gold price, adjusted net earnings, adjusted basic net earnings per share and net debt. Refer to Non-IFRS Financial Performance Measures in the Company's Q2 2018 MD&A for further information.

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.

All-in sustaining costs

The Company believes this measure more fully defines the total costs associated with producing gold. The Company calculates all-in sustaining costs as the sum of total cash costs (as described below), share-based compensation, corporate general and administrative expense, exploration and evaluation expenses 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 total gold ounces sold to arrive at a per ounce figure.

Total cash costs

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

All-in sustaining costs and total cash costs do not have any standardized meaning whether under IFRS or otherwise and therefore may not be comparable to other issuers. Accordingly, other companies may calculate these measures differently as a result of differences in underlying principles and policies applied. Differences may also arise to a different definition of sustaining versus non-sustaining capital. These 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.

Total cash costs and AISC reconciliation

In millions of dollars, except where noted	Three months ended September 30 2018	2017	Nine months ended September 30 2018	2017
Gold ounces sold	139,821	128,498	437,737	405,681
Total Cash Costs Reconciliation				
Production costs	$ 112.2	$ 86.8	$ 331.8	$ 295.0
Less: Share-based compensation	(0.4)	(0.6)	(0.7)	(1.3)
Less: Silver sales	(0.2)	(0.4)	(0.9)	(1.2)
Total cash costs	$ 111.6	$ 85.8	$ 330.2	$ 292.5
Total cash costs per ounce sold	$ 798	$ 668	$ 754	$ 721
All-in Sustaining Costs Reconciliation				
Total cash costs	$ 111.6	$ 85.8	$ 330.2	$ 292.5
Sustaining capital expenditures[1]	74.8	45.6	166.3	134.2
Accretion on decommissioning and restoration provision	-	-	0.1	0.1
Share-based compensation	0.4	0.6	0.7	1.3
Realized (gain) loss on operating hedges[2]	-	(5.1)	0.1	(4.4)
Corporate administration expense[3]	5.5	5.3	18.4	17.8
Sustaining exploration expenditures[4]	0.3	0.5	1.0	1.7
Total all-in sustaining costs	$ 192.6	$ 132.7	$ 516.8	$ 443.2
All-in sustaining costs per ounce sold	$ 1,377	$ 1,032	$ 1,181	$ 1,092

[1]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. Sustaining capital expenditures include the value of commissioned assets with deferred payments. Non-sustaining capital expenditures primarily relate to the West Detour project.

[2]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, within caption "net finance cost".

[3]Includes the sum of corporate administration expense, which includes share-based compensation, per the statement of comprehensive earnings, excluding depreciation and certain non-sustaining activities within those figures.

[4]Includes the sum of sustaining exploration and evaluation expense, which includes share-based compensation, per the statement of comprehensive earnings, excluding depreciation within those figures. Non-sustaining exploration and evaluation expense primarily relates to costs associated with Zone 58N, regional exploration, and Burntbush property.

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 earnings and includes realized gains and losses on gold derivatives, less silver sales. Average realized margin represents average realized price per gold ounce sold less total cash costs per ounce sold.

	Three months ended		Nine months ended	
	September 30		September 30	
In millions of dollars, except where noted	2018	2017	2018	2017
Metal sales	$ 170.0	$ 164.0	$ 563.2	$ 507.8
Realized (gain) loss on gold contracts	-	(0.1)	-	(0.1)
Silver sales	(0.2)	(0.4)	(0.9)	(1.2)
Revenues from gold sales	$ 169.8	$ 163.5	$ 562.3	$ 506.5
Gold ounces sold	139,821	128,498	437,737	405,681
Average realized price per gold ounce sold	$ 1,214	$ 1,273	$ 1,285	$ 1,248
Less: Total cash costs per gold ounce sold	(798)	(668)	(754)	(721)
Average realized margin per gold ounce sold	$ 416	$ 605	$ 531	$ 527

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 adjusted to exclude specific items that are significant, but not reflective of the underlying operations of the Company, including: the impact of foreign exchange gains and losses, unrealized and non-cash fair value gains and losses of financial instruments, accretion on long-term debt, impairment provisions and reversals thereof, and other unusual or non-recurring items. The tax effect of adjustments, as well as the impact of foreign exchange translation on non-monetary assets related to deferred taxes, is presented in the income and mining tax adjustments line.

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

	Three months ended		Nine months ended	
	September 30		September 30	
In millions of dollars and shares, except where noted	2018	2017	2018	2017
Basic weighted average shares outstanding	175.2	174.7	175.1	174.7
Adjusted net earnings (loss) and Adjusted basic net earnings (loss) per share reconciliation				
Earnings before taxes	$ 6.0	$ 32.5	$ 75.0	$ 59.4
Adjusted for:				
Fair value gain of the convertible notes[1]	-	-	-	(0.9)
Accretion on debt[1]	0.2	7.8	1.2	23.1
Non-cash unrealized (gain) loss on derivative instruments[2]	(1.1)	0.4	1.7	(1.5)
Foreign exchange (gain) loss[1]	(1.3)	(3.2)	2.1	(5.9)
Adjusted earnings before taxes	$ 3.8	$ 37.5	$ 80.0	$ 74.2
Income and mining taxes (expense) recovery	6.7	8.6	(43.6)	12.2
Income and mining tax adjustments	(12.0)	(19.0)	11.6	(38.1)
Adjusted income and mining tax expense	$ (5.3)	$ (10.4)	$ (32.0)	$ (25.9)
Adjusted net earnings (loss)	$ (1.5)	$ 27.1	$ 48.0	$ 48.3
Adjusted basic net earnings (loss) per share	$ (0.01)	$ 0.15	$ 0.27	$ 0.27

[1]Balance included in the statement of comprehensive earnings caption "Net finance cost". The related financial statements include a detailed breakdown of "Net finance cost".

[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 cost" on the statement of comprehensive earnings.

Net Debt

Net debt is comprised of the face value of the Company's long-term debt less cash and cash equivalents. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, the Company and certain investors use this information to evaluate the Company's financial position and its ability to take on new debt in the future, purchase new assets or withstand adverse economic conditions. The following table provides a reconciliation of net debt:

In millions of dollars	September 30 2018	December 31 2017
Long-term debt face value	$ 250.0	$ 270.0
Less: cash and cash equivalents	(156.3)	(134.1)
Net Debt	$ 93.7	$ 135.9

Additional IFRS Financial Performance Measures
The Company has included the additional IFRS measure "Earnings from mine operations" in the news release. The Company believes that this measure 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, loss on disposal of assets, finance income and costs, and taxation.

Cautionary Note regarding Forward-Looking Information
This news release 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 reflect current expectations or beliefs regarding future events or the Company's future performance. 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 the Company's actual results, performance or achievements to differ materially from those expressed or implied by such forward-looking statements. All forward-looking statements, including those herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The forward-looking statements in this news release speak only as of the date of this news release or as of the date or dates specified in such statements.

Specifically, this press release contains forward-looking statements regarding the Company anticipating efficiency improvements with sustainable benefits to continue over the next 18 to 24 months; gold-in-circuit inventory being reduced by year-end; the Company reiterating its 2018 guidance for gold production of 595,000 to 635,000 ounces of gold, TCC of $700 to $750 per ounce sold and AISC of $1,200 to $1,280 per ounce sold; filing a NI 43-101 Technical Report for the 2018 LOM Plan by end of November 2018; and a Special Meeting of Shareholders on December 11, 2018.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control. These risks, uncertainties and other factors include, but are not limited to, the results of the final revised life of mine plan, gold price volatility, changes in debt and equity markets, the uncertainties involved in interpreting geological data, increases in costs, the costs, disruption and diversion of management's attention associated with campaigns commenced by activist investors, environmental compliance and changes in environmental legislation and regulation, support of the Company's Aboriginal communities, interest rate and exchange rate fluctuations, general economic conditions and other risks involved in the gold exploration, development and production industry, as well as those risk factors listed in the section entitled "Description of Business - Risk Factors" in Detour Gold's 2017 Annual Information Form ("AIF") and in the continuous disclosure documents filed by Detour Gold on and available on SEDAR at www.sedar.com. Readers are cautioned that the foregoing list of factors is not exhaustive of the factors that may affect forward-looking statements. Actual results and developments and the results of the final revised life of mine plan are likely to differ, and may differ materially or materially and adversely, from those expressed or implied by forward-looking statements, including those contained in this news release. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about the following: the availability of financing for exploration and development activities; operating and capital costs; results of operations; the Company's available cash resources; the Company's ability to attract and retain skilled staff; the mine development and production schedule and related costs;

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 mineral reserve and mineral 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; and general business and economic conditions.

The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. 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.

SOURCE Detour Gold

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