

Detour Gold Corporation (DGC-TSX, \$12.55)**Recommendation: Buy**Catherine Gignac (416) 847-2790; cgignac@wwcm.comJohn Miniotis (416) 640-4970; jminiotis@wwcm.com*All values in C\$ unless otherwise noted.*

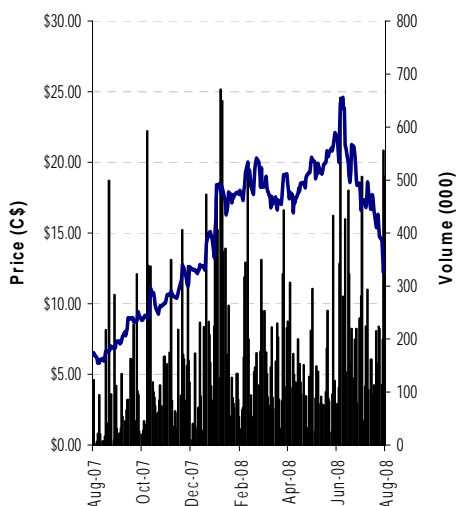
Current Price	\$12.55
Target Price (12-Month)	\$25.00
Target Return	99%

Changes

	Old	New
Recomm.	Buy	Unchanged
Target	\$25.00	Unchanged

Company Profile

Detour Gold is aggressively exploring the past producing Detour Lake gold mine in Ontario. A comprehensive drilling and evaluation program is underway to delineate and possibly expand the known mineralization of 13.2 million ounces. A feasibility study is planned by early 2009 for what is envisioned as a large open pit operation. The brownfield site hosts an airstrip and nearby power grid. www.hdgold.com

Price Chart

Source: Thomson One.

Preliminary Mine Plan Confirms Earlier Projections and Development Options

- Large consistent deposit could allow mining/gold price flexibility.**
 The large volume of open-pittable mineralization including high-grade areas could allow for mine plan adaptations and reduce future costs.
- Major program of drilling to refine and ideally expand resource.**
 Current estimate is only 54% of Phase II drilling; the next resource estimate should be released at year-end with potential for +15M oz.
- Staggered mill orders and past-producing site could lower risks.**
 Mill orders to be placed shortly allowing start-up at half-capacity for 2012; timeline for environmental permit issuance on track for mid-2009.
- Recommended Buy with target of \$25.00 per share.**
 Based on the current mine plan, the fully financed discounted NAV is C\$19.04/share, with the target P/NAV multiple at 1.25x-1.50x.

Financial Summary

Shares Out (mill)	44.8	52-Week Range	\$5.75 - \$25.40
Market Cap (\$mill)	\$580.7	Enterprise Value (\$ mill)	\$516.7
Shares (FD mill)	47.9	Avg Weekly Volume	735,807
Working Capital (mill)	\$64.0	Fiscal Year End	Dec-31

Key Properties:	Status:
Detour Project, Ontario	Aggressive exploration program on past-producing Detour Lake mine property; 165,000 metres of drilling underway 2007-2008 program. Meas/Indic.resource 242.9 M tonnes grading 1.38 g/t or 10.8 M oz and inferred resource of 63.9 million tonnes grading 1.19 g/t or 2.5 M oz. Last resource estimate July 2008 at US\$700/oz gold price. Updated resource expected year end 2008; feasibility study thereafter.

Key Management:	Key Shareholders (Est. Holding):	
Gerald Panneton	President, CEO	Pelangio Mines (44.6%)
Erik Martin	Chief Financial Officer	Officers/Directors (6.4%)
Roger Aubertin	Project Manager	

Source: Company Reports, Wellington West Capital Markets.

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INVESTMENT SUMMARY

Detour Gold is aggressively exploring a past-producing property in Ontario. The Company is planning for a large “super” pit mining concept based on encouraging results received to-date. Four rigs are drilling 165,000 metres in the current 2007-2008 program. The work is focused towards upgrading resources to reserves and completion of a feasibility study by year-end 2008. The past-producing site could shorten the permitting, financing and construction period. We believe an experienced operating team, joint venture or strategic relationship with an experienced gold producer will be required. As the project advances, higher confidence in costs and timeline should be achieved. Our fully financed discounted net cash flow is estimated at \$17.61 per share. Including working capital, the net asset value is \$19.04 per share, and we apply an industry multiple range of 1.25x-1.50x to reflect a potential trading range of \$23.80-\$28.56 per share. **The shares are rated Buy with a target of \$25.00 per share.**

Detour Lake Gold Project, Ontario

Fast-tracking timeline towards production decision. At mid-year, measured and indicated resources totaled 10.8M oz gold grading an average of 1.38 g/t and inferred resources totaled 2.5M oz grading 1.19 g/t. The resource was estimated using US\$700/oz gold, approximately the three-year trailing average, and incorporates only about half of the 143,000 metre Phase II drilling. A final feasibility study is anticipated at year-end for the Detour Lake Project. This will incorporate the known resources, plus the remaining 98,000 metres of drilling results due to be released (Phase II - 68,000 m and Phase III - 30,000 m of infill drilling). The Environmental Impact Assessment report is planned for completion in early 2009, with management anticipating permits to be received by mid-year. Discussions with the local first nations have been ongoing and Impact Benefit Agreements could also be signed within the coming year.

Long lead time orders to be placed shortly. The size of the deposit could justify a large tonnage, open pit mine and 60,000 tpd milling scenario. Due to current industry backlog and to expedite cash flow, the first mills (30,000 tpd) are expected to be ordered shortly. This would allow enough time for construction and delivery with commissioning to start within three years (2012). The order for a second line of mills could be placed in mid-2010, to potentially double mill capacity to 60,000 tpd for 2014. Working capital at mid-year was \$64 million, with no long-term debt.

Valuation unchanged with model adjustments. Modest changes to our model inputs from incorporating the preliminary mine plan and inferred resources include an extension to the mine life by two years to 2027 (16 year mine life). Average mill grade remained steady at about 1.33 g/t, and will likely range between 1.0 g/t – 2.0 g/t over the mine life. The average waste:ore ratio remains unchanged at 6.1:1, average annual gold production rises 4% to about 760,000 oz, and ore recovery over the mine life drops slightly to 92% from 93%.

Optimization Opportunities

Flexibility in mining variables. The consistency in results released from the large drilling campaigns indicate the mineralized deposit could give Detour Gold flexibility in ore grade and amount of low grade material mined, as well as when and how large to size the potential mill facility. Prior to the significant resource additions in the last year, our model assumed a smaller 20,000 tpd project with a longer mine life. Several options are possible to improve the timing of cash flows and the payback period for financings. A small, high-grade open pit through the core of the deposit could optimize cash flow in the earlier years. The occurrence of coarse visible gold could be underestimating the average ore grade. Certain geological units could be amenable to steeper pit walls, thus reducing the amount of waste required to be removed. Low-grade material could be processed by low-cost heap leaching in later years.

Several options for financing regardless of market conditions. The location and past-producing history of the Detour Gold Project make it relatively attractive compared to other global development projects as the Company reviews options to finance development (our estimate of US\$750 million). Franco-Nevada Corporation (FNV-T) holds a 2% net smelter return royalty which we estimate has a net present value of \$150 million. The sale of an additional royalty could help defray capital costs to build the mine, while retaining 100% control. Detour Gold's management strength is in exploration and evaluation, which would require building an operating team with associated financial and human resources personnel. An alternative could be to bring in a joint venture operating partner, which could earn an interest by financing a portion of the development cost. Thus we believe Detour Gold controls an advanced-stage deposit that could be brought to production relatively quickly and provide operating flexibility to optimize economic returns over a long mine life. As the project progresses and risks are removed, the share price should reflect the future value.

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Company Name	Ticker Symbol	Applicable Disclosure
Detour Gold Corporation	DGC-TSX	2, 11*, 12

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* Ontario site visited in October 2007.