



Condensed Interim Consolidated Financial Statements
For the three and six-month periods ended June 30, 2020 and 2019
Presented in Canadian dollars
(Unaudited)



Table of Contents

STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF (INCOME)/LOSS AND COMPREHENSIVE (INCOME)/LOSS	4
STATEMENTS OF CHANGES IN EQUITY	5
STATEMENTS OF CASH FLOWS	6
NOTES TO FINANCIAL STATEMENTS.....	7
1) Reporting entity	7
2) Basis of preparation	7
3) Asset acquisitions	9
4) Marketable securities	10
5) Expenses	11
6) Property, plant and equipment.....	11
7) Exploration and evaluation assets	12
8) Asset retirement obligation	12
9) Capital and other components of equity	13
10) Deferred share unit and restricted share unit plans	17
11) Principal subsidiary	18
12) Related party transactions	20
13) Income taxes.....	21
14) Commitments.....	21

Condensed Interim Consolidated Statements of Financial Position
(Tabular amounts express in thousands of Canadian dollars)
(Unaudited)

<i>As at</i>	June 30, 2020	December 31, 2019
Assets		
Current assets		
Cash and cash equivalents	\$ 302,006	\$ 102,302
Restricted cash (note 4 and note 14)	12,613	-
Other receivables	1,814	1,938
Advances and prepaid expenses	1,002	831
Tax recoverable	25,262	52,291
Marketable securities (note 4)	66,213	55,256
Inventories	224	6,167
Total current assets	409,134	218,785
Non-current assets		
Reclamation deposit	412	412
Property, plant and equipment (note 6)	12,484	12,674
Exploration and evaluation assets (note 7)	536,454	487,298
Total non-current assets	549,350	500,384
Total assets	\$ 958,484	\$ 719,169
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 13,721	\$ 24,956
Current lease liabilities	1,992	2,630
Financial liabilities (note 4)	21,888	-
Total current liabilities	37,601	27,586
Non-current liabilities		
Flow-through premium liability (note 9(a))	17,453	19,758
Share-based payment liability (note 10)	11,288	5,159
Asset retirement obligation (note 8)	4,699	4,181
Non-current lease liabilities	472	1,413
Deferred tax liability (note 13)	57,028	52,252
Total non-current liabilities	90,940	82,763
Total liabilities	128,541	110,349
Equity		
Share capital (note 9(a))	837,021	673,163
Contributed surplus (note 9(d))	54,335	55,389
Warrants (note 9(e))	15,909	-
Accumulated deficit	(209,588)	(194,405)
Total equity attributed to equity owners of the Corporation	697,677	534,147
Non-controlling interest (note 11)	132,266	74,673
Total equity	829,943	608,820
Total liabilities and equity	\$ 958,484	\$ 719,169

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Commitments (note 14)

**Condensed Interim Consolidated Statements of (Income)/Loss and Comprehensive (Income)/Loss
(Tabular amounts express in thousands of Canadian dollars, except per share and share amounts)
(Unaudited)**

<i>For the period ended</i>	Three months ended		Six months ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Expenses/(income)				
Compensation expenses (note 5)	\$ 8,845	\$ 3,145	\$ 13,691	\$ 7,324
General and administration expenses (note 5)	1,347	1,115	2,620	2,501
General exploration expenses	-	13	44	40
Exploration and evaluation assets impairment (loss reversal)/loss	-	(2,155)	-	24,935
Gain from disposition of exploration and evaluation assets (note 7)	(1,680)	-	(1,680)	-
Flow-through premium income (note 9(a))	(3,465)	(755)	(10,582)	(2,560)
(Gain)/loss from marketable securities (note 4)	(15,721)	(559)	(7,331)	324
Gain from disposition of property, plant and equipment	(2)	-	(2)	-
Other income	(9)	(84)	(10)	(126)
Operating (income)/loss	(10,685)	720	(3,250)	32,438
Finance income	(363)	(286)	(1,249)	(741)
Finance costs	304	147	1,182	359
Net finance income	(59)	(139)	(67)	(382)
Share of gain of associates	-	(386)	-	(1,154)
(Income)/loss for before tax	(10,744)	195	(3,317)	30,902
Deferred income tax expense (note 13)	3,069	6,746	6,574	13,515
(Income)/loss and comprehensive (income)/loss	\$ (7,675)	\$ 6,941	\$ 3,257	\$ 44,417
Attributable to:				
Owners of the Corporation	\$ (4,824)	\$ 6,941	\$ 4,427	\$ 44,417
Non-controlling interests (note 11)	(2,851)	-	(1,170)	-
(Income)/loss and comprehensive (income)/loss	\$ (7,675)	\$ 6,941	\$ 3,257	\$ 44,417
Basic and diluted (earnings)/loss per share (note 9(b) and (c))	\$ (0.03)	\$ 0.03	\$ 0.01	\$ 0.17
Weighted average number of shares (note 9(b) and (c))	295,856,850	263,061,597	293,441,730	261,563,991

The accompanying notes are an integral part of these condensed interim consolidated financial statements.



Condensed Interim Consolidated Statements of Changes in Equity
(Tabular amounts express in thousands of Canadian dollars)
(Unaudited)

	Number of Shares	Share Capital	Warrants	Contributed Surplus	Deficit and Accumulated Deficit	Equity attributed to equity owners of the Corporation	Non-controlling interest	Total
Balance January 1, 2019	257,201,331	\$ 580,616	\$ 2,568	\$ 55,606	\$ (107,767)	\$ 531,023	\$ -	\$ 531,023
Loss for the period	-	-	-	-	(44,417)	(44,417)	-	(44,417)
Stock-based compensation (note 9(d))	-	-	-	2,586	-	2,586	-	2,586
Issuance of shares upon exercise of stock options (note 9(a))	3,557,635	7,862	-	(3,459)	-	4,403	-	4,403
Issuance of shares upon exercise of warrants	3,172,123	6,987	(2,273)	-	-	4,714	-	4,714
Expiry of warrants	-	-	(295)	295	-	-	-	-
Deferred tax asset on share issue cost (note 13)	-	(164)	-	-	-	(164)	-	(164)
Balance June 30, 2019	263,931,089	\$ 595,301	\$ -	\$ 55,028	\$ (152,184)	\$ 498,145	\$ -	\$ 498,145
	Number of Shares	Share Capital	Warrants	Contributed Surplus	Deficit and Accumulated Deficit	Equity attributed to equity owners of the Corporation	Non-controlling interest	Total
Balance January 1, 2020	290,025,274	\$ 673,163	\$ -	\$ 55,389	\$ (194,405)	\$ 534,147	\$ 74,673	\$ 608,820
(Income)/loss for the period	-	-	-	-	(4,427)	(4,427)	1,170	(3,257)
Stock-based compensation (note 9(d))	-	-	-	2,876	-	2,876	1,298	4,174
Issuance of shares upon exercise of stock options (note 9(a) and (d))	2,641,409	8,853	-	(3,930)	-	4,923	-	4,923
Transactions with non-controlling interests (note 11)	-	-	-	-	-	-	14,703	14,703
Private Placement (note 9(a))	48,500,000	154,088	15,909	-	-	169,997	-	169,997
Private Placement completed by O3 Mining (note 11)	-	-	-	-	-	-	29,666	29,666
Changes in Osisko's interest in O3 Mining (note 11)	-	-	-	-	(10,756)	(10,756)	10,756	-
Shares repurchased under normal course issuer bid	(428,500)	(881)	-	-	-	(881)	-	(881)
Deferred tax asset on share issue cost (note 13)	-	1,798	-	-	-	1,798	-	1,798
Balance June 30, 2020	340,738,183	\$ 837,021	\$ 15,909	\$ 54,335	\$ (209,588)	\$ 697,677	\$ 132,266	\$ 829,943

The accompanying notes are an integral part of these condensed interim consolidated financial statements.



Condensed Interim Consolidated Statements of Cash Flows
(Tabular amounts express in thousands of Canadian dollars)
(Unaudited)

<i>For the period ended</i>	June 30, 2020	June 30, 2019
Cash flows provided by/(used in) operating activities		
Loss for the period	\$ (3,257)	\$ (44,417)
Adjustments for:		
(Gain)/loss from marketable securities (note 4)	(7,331)	324
Share of gain of associates	-	(1,154)
Exploration and evaluation assets impairment loss	-	24,935
Depreciation	207	191
Accretion on asset retirement obligation (note 8)	13	21
Gain from disposition of property, plant and equipment	(2)	-
Gain from disposition of exploration and evaluation assets (note 7)	(1,680)	-
Flow-through premium income (note 9(a))	(10,582)	(2,560)
Stock-based compensation (note 9(d))	9,298	4,167
Deferred income tax expense (note 13)	6,574	13,515
Interest expense on lease liabilities	134	-
Interest expense on financial liabilities	436	-
Finance income	(1,249)	(741)
	(7,439)	(5,719)
Change in items of working capital:		
Change in other receivables	924	(1,226)
Change in advances and prepaid expenses	(171)	(183)
Change in taxes recoverable	26,969	(214)
Change in inventory	5,943	-
Change in accounts payable and accrued liabilities	(5,569)	(2,951)
Net cash provided by/(used in) operating activities	20,657	(10,293)
Cash flows provided by/(used in) investing activities		
Interest received	1,249	741
Acquisition of marketable securities (note 4)	(37,392)	(3,993)
Proceeds on disposition of marketable securities (note 4)	35,912	3,537
Proceeds on disposition of O3 Mining shares (note 11)	14,570	-
Acquisition of Barkerville equity investment	-	(3,253)
Acquisition of property, plant and equipment (note 6)	(2,264)	(1,529)
Addition to exploration and evaluation assets (note 7)	(52,507)	(49,926)
Net cash paid on disposition of exploration and evaluation assets (note 7)	(92)	-
Net cash paid on asset acquisitions (note 3)	(23)	-
Net cash used in investing activities	(40,547)	(54,423)
Cash flows provided by/(used in) financing activities		
Repayment of lease liabilities	(1,672)	(722)
Interest expense on financial liabilities	(436)	-
Cash received from entering into total return equity swap (note 4)	21,888	-
Restricted cash	(12,613)	-
Net cash received from private placement (note 9(a))	170,272	-
Net cash received from private placement completed by O3 Mining (note 11)	38,113	-
Cash received from exercise of warrants	-	4,714
Cash received from exercise of stock options (note 9(d))	4,923	4,403
Net cash used in repurchasing shares under normal course issuer bid (note 9(a))	(881)	-
Net cash provided by financing activities	219,594	8,395
Increase/(decrease) in cash and cash equivalents	199,704	(56,321)
Cash and cash equivalents, beginning of period	102,302	88,280
Cash and cash equivalents, end of period	\$ 302,006	\$ 31,959

The accompanying notes are an integral part of these condensed interim consolidated financial statements.



Notes to Condensed Interim Consolidated Financial Statements
For the periods ended June 30, 2020 and 2019
(Tabular amounts express in thousands of Canadian dollars, except per share and share amounts)
(Unaudited)

1) Reporting entity

Osisko Mining Inc. (“**Osisko**” or the “**Corporation**”) is a Canadian Corporation domiciled in Canada and was incorporated on February 26, 2010 under the Ontario Business Corporations Act. The address of the Corporation’s registered office is 155 University Ave, Suite 1440, Toronto, Ontario, Canada. The condensed interim consolidated financial statements of the Corporation at June 30, 2020 include the Corporation and its subsidiary, O3 Mining Inc. (“O3 Mining”), formerly Chantrell Ventures Corp. (“Chantrell”). The Corporation is primarily in the business of acquiring, exploring, and developing precious mineral deposits in Canada.

The business of acquiring, exploring, and developing precious mineral deposits involves a high degree of risk. Osisko is in the exploration stage and is subject to risks and challenges similar to companies in a comparable stage. These risks include, but are not limited to, the challenges of securing adequate capital, exploration, development and operational risks inherent in the mining industry; changes in government policies and regulations; the ability to obtain the necessary environmental permitting; challenges in future profitable production or, alternatively Osisko’s ability to dispose of its interest on an advantageous basis; as well as global economic and commodity price volatility; all of which are uncertain. There is no assurance that Osisko’s funding initiatives will continue to be successful. The underlying value of the mineral properties is dependent upon the existence and economic recovery of mineral reserves and is subject to, but not limited to, the risks and challenges identified above. Changes in future conditions could require material write-downs of the carrying value of mineral properties and deferred exploration.

2) Basis of preparation

a) Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements including IAS 34, Interim Financial Reporting and are presented in thousands of Canadian dollars.

These condensed interim consolidated financial statements do not include all of the disclosures required for annual financial statements and therefore should be read in conjunction with the Corporation’s audited annual consolidated financial statements and notes thereto for the year ended December 31, 2019.

These condensed interim consolidated financial statements were authorized for issuance by the Corporation’s board of directors (the “Board of Directors”) on August 11, 2020.

b) Significant accounting policies

The significant accounting policies followed in these condensed interim consolidated financial statements are consistent with those applied in the Corporation’s audited annual consolidated financial statements for the year ended December 31, 2019, except as noted below. The accounting policies set out below are in accordance with IFRS and have been applied to these condensed interim consolidated financial statements.

Cash and cash equivalents and restricted cash

All highly liquid temporary cash investments with an original maturity of three months or less when purchased are cash equivalents. For the consolidated statements of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Restricted cash includes cash, where the availability of funds is restricted by equity swap and letter of credit arrangements.



Notes to Condensed Interim Consolidated Financial Statements
For the periods ended June 30, 2020 and 2019
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2) Basis of preparation (continued)

c) Changes in IFRS accounting policies and future accounting pronouncements

Certain pronouncements were issued by the IASB or the International Financial Reporting Interpretations Committee that are mandatory for accounting years beginning on or after January 1, 2020. Many are not applicable or do not have a significant impact to the Corporation and have been excluded from the summary below.

IFRS 3, Business Combinations (“IFRS 3”)

In October 2018, the IASB issued amendments to the guidance in IFRS 3, that revises the definition of a business. The revised guidance introduces an optional concentration test that, if met, eliminates the need for further assessment. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs. The new guidance provides a framework to evaluate when an input and a substantive process are present. It is also no longer necessary to assess whether market participants are capable of replacing missing elements or integrating the acquired activities and assets. These amendments are effective and shall be applied to business combinations for which the acquisition date is on or after the beginning of the first annual reporting periods beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period. The corporation applied the revised definition of a business to determine accounting for all asset acquisitions during the period ended June 30, 2020 (note 3).

d) Use of critical estimates and judgements

The preparation of these condensed interim consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income, and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed by management on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future year if the revision affects both current and future year.

In preparing these condensed interim consolidated financial statements, the significant judgements and estimates made by management in applying the Corporation’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements as at and for the year ended December 31, 2019 other than as noted below.

The outbreak of the novel coronavirus (“COVID-19”), has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. The Corporation suspended its operations in Québec due to COVID-19 on March 23, 2020, and the sites were put on care and maintenance. The Corporation resumed operations in Québec on May 15, 2020. The duration and impact of the COVID-19 pandemic is unclear at this time and as a result it is not possible for management to estimate the severity of the impact it may have on the financial results and operations of the Corporation in future periods. It is management’s assumption that the Corporation will continue to operate as a going concern.



Notes to Condensed Interim Consolidated Financial Statements
For the periods ended June 30, 2020 and 2019
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2) Basis of preparation (continued)

d) Use of critical estimates and judgements (continued)

On July 7, 2020, the Department of Finance proposed to extend the flow-through funds spend period and the look-back rule by one year, including suspending the Part XII.6 tax for the same period. Assuming the extension will be enacted, as of June 30, 2020, the Corporation is required to spend \$43.6 million of flow-through funds by December 31, 2021 and \$19.8 million of flow-through funds by December 31, 2022. If the extension is not finalized by the Department of Finance, the dates for the flow-through spend requirements will be moved up by one year.

3) Asset acquisitions

The following table summarizes the asset acquisitions during the period ended June 30, 2020:

Consideration paid	Regcourt Property	Louvem Property	Total
Share consideration	\$ 128	\$ 5	\$ 133
Cash consideration	-	10	10
Transaction costs	13	-	13
	\$ 141	\$ 15	\$ 156

Net assets acquired	Regcourt Property	Louvem Property	Total
Exploration and evaluation assets	\$ 141	\$ 15	\$ 156
Total net assets acquired	\$ 141	\$ 15	\$ 156

a) Acquisition of Regcourt Property

On March 16, 2020, Osisko through its subsidiary, O3 Mining, completed the acquisition of the Regcourt Property from Monarch Gold Corporation ("Monarch"). O3 Mining acquired the property from Monarch in exchange for 113,637 common shares of O3 Mining.

The acquisition has been accounted for as an acquisition of assets as the Regcourt Property does not meet the definition of a business under IFRS 3. The transaction was recorded at the fair value of the consideration transferred of \$141,000 as detailed in the table above.

b) Acquisition of Louvem Property

On March 16, 2020, Osisko through its subsidiary, O3 Mining, completed the acquisition of the Louvem Property from Monarch. O3 Mining acquired 50% of the property from Monarch in exchange for 4,546 common shares of O3 Mining, subject to a 1% net smelter return ("NSR") royalty granted to Monarch on the Louvem Property with a 0.5% NSR royalty buy-back for \$300,000.

The acquisition has been accounted for as an acquisition of assets as the Louvem Property does not meet the definition of a business under IFRS 3. The transaction was recorded at the fair value of the consideration transferred of \$15,000 as detailed in the table above.



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4) Marketable securities

The Corporation holds shares and warrants in various public and private companies. During the three and six-month period ended June 30, 2020, these shares and warrants were fair valued, and this resulted in an unrealized gain of \$16,152,000 and \$6,846,000 respectively (2019 – \$1,507,000 and \$1,635,000). The Corporation sold shares during the three and six-month period ended which resulted in a realized loss of \$431,000 and gain of \$485,000 respectively (2019 – loss of \$948,000 and loss of \$1,959,000).

The shares in the various public companies are classified as FVTPL and are recorded at fair value using the quoted market price as at June 30, 2020 and are therefore classified as level 1 within the fair value hierarchy.

The warrants in the various public companies are classified as FVTPL and are recorded at fair value using a Black-Scholes option pricing model using observable inputs and are therefore classified as level 2 within the fair value hierarchy.

On February 11, 2020, Osisko entered into a total return equity swap (the “TRES”) with National Bank of Canada (“National Bank”). Under the TRES, Osisko sold 1,600,000 common shares of Osisko Gold Royalties Ltd (“Osisko GR”) to National Bank in exchange for \$21.9 million in cash. The TRES matures in one year from date of entering the agreement. Prior to maturity, National Bank receives interest payment at the rate of Canadian Dollar Offered Rate plus 3.75% from Osisko, and Osisko is entitled to cash payments equal to quarterly dividends from the common shares of Osisko GR sold. On maturity, Osisko will either receive from or pay to National Bank the difference between National Bank’s proceeds of disposition on the common shares of Osisko GR and \$21.9 million, dependent on whether the share price of Osisko GR appreciates or depreciates. In addition, Osisko has the right to acquire the common shares of Osisko GR back for \$21.9 million in cash at any time during the period of the TRES. The TRES is secured by the Corporation’s restricted cash.

The Corporation expects to retain the investment in Osisko GR shares on the balance sheet through the period of the agreement and in addition has recorded a financial liability for the cash received. The financial liability is based on the price of the common shares of Osisko GR on February 11, 2020.

During the six-month period ended June 30, 2020, after Osisko entered into the TRES, the fair value of the common shares of Osisko GR under the TRES has decreased by \$192,000.

The following table summarizes information regarding the Corporation’s marketable securities as at June 30, 2020 and December 31, 2019:

<i>As at</i>	June 30, 2020	December 31, 2019
Balance, beginning of period	\$ 55,256	\$ 14,200
Additions	37,392	7,693
Common shares of Osisko GR from disposal of investment in associate	-	38,650
Share considerations from disposition of exploration and evaluation assets (note 7(a))	2,146	-
Acquisitions	-	12
Disposals	(35,912)	(6,107)
Realized gain/(loss)	485	(3,252)
Unrealized gain	6,846	4,060
Balance, end of period	\$ 66,213	\$ 55,256



Notes to Condensed Interim Consolidated Financial Statements
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5) Expenses

The following table summarizes information regarding the Corporation's expenses for the three and six-month period ended June 30, 2020 and 2019:

<i>For the period ended</i>	Three months ended		Six months ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Compensation expenses				
Stock-based compensation (note 9(d) and note 10)	\$ 6,743	\$ 1,635	\$ 9,298	\$ 4,167
Salaries and benefits	2,102	1,510	4,393	3,157
Total compensation expenses	\$ 8,845	\$ 3,145	\$ 13,691	\$ 7,324
General and administration expenses				
Shareholder and regulatory expense	\$ 281	\$ 192	\$ 256	\$ 404
Travel expense	6	73	162	223
Professional fees	496	143	976	575
Office expense	564	707	1,226	1,299
Total general and administration expenses	\$ 1,347	\$ 1,115	\$ 2,620	\$ 2,501
Marketable securities				
Realized loss/(gain) from marketable securities (note 4)	\$ 431	\$ 948	\$ (485)	\$ 1,959
Unrealized gain from marketable securities (note 4)	(16,152)	(1,507)	(6,846)	(1,635)
Total marketable securities (gain)/loss	\$ (15,721)	\$ (559)	\$ (7,331)	\$ 324

6) Property, plant and equipment

The following table summarizes information regarding the Corporation's property, plant and equipment as at June 30, 2020:

Class	June 30, 2020									
	Cost				Accumulated depreciation					
	Opening balance	Additions/ transfers	Write-off / disposals	Closing balance	Opening balance	Depreciation	Write-off / disposals	Closing balance	Net book value	
Computer Equipment	\$ 1,877	\$ 163	-	\$ 2,040	\$ 920	\$ 146	\$ -	\$ 1,066	\$ 974	
Office Equipment	209	-	-	209	99	12	-	111	98	
Office Buildings	1,101	-	(83)	1,018	286	171	(40)	417	601	
Exploration Equipment	15,865	1,821	-	17,686	5,181	2,067	-	7,248	10,438	
Milling Plant	-	280	-	280	-	-	-	-	280	
Automobiles	234	-	-	234	126	15	-	141	93	
Total	\$ 19,286	\$ 2,264	\$ (83)	\$ 21,467	\$ 6,612	\$ 2,411	\$ (40)	\$ 8,983	\$ 12,484	

a) Milling plant option

On May 14, 2020, Osisko through its subsidiary, O3 Mining, entered into an option agreement with QMX Gold Corp. to acquire a 100% interest in the Aurbel mill, which is a fully permitted mining facility located 10 kilometres from O3 Mining's Alpha Property. The option grants O3 Mining the right to acquire the Aurbel mill, the tailings and all its associated permits and liabilities, for a purchase price of \$5 million (subject to adjustment in certain circumstances) at any time during a six-year term. O3 Mining has paid a deposit of \$250,000 for the option and must contribute \$87,500 per annum during the six-year term for maintenance costs associated with the Aurbel mill to maintain the option agreement.



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7) Exploration and evaluation assets

The following table summarizes information regarding the Corporation's exploration and evaluation assets as at June 30, 2020:

	December 31, 2019	Acquisitions (note 3)	Disposals (note 7(a))	Additions	June 30, 2020
Windfall Lake	\$ 308,437	\$ -	\$ -	\$ 42,748	\$ 351,185
Quévillon Osborne	18,518	-	-	231	18,749
Urban Barry	23,293	-	-	1,003	24,296
Urban Duke	1,896	-	-	-	1,896
O3 Mining	135,154	156	(1,174)	6,192	140,328
Total exploration and evaluation assets	\$ 487,298	\$ 156	\$ (1,174)	\$ 50,174	\$ 536,454

a) Disposition of exploration and evaluation assets

On April 28, 2020, Osisko through its subsidiary, O3 Mining, completed a transaction with Troilus Gold Corp. ("Troilus"), under which O3 Mining disposed of a package of 627 claims forming part of the Tortigny Property in exchange for (i) 1,700,000 common shares of Troilus, and (ii) a 2% NSR royalty over the 627 claims sold to Troilus (subject to a 1% buy-back in favour of Troilus for \$1 million). Consideration for the claims was fair valued at \$1,410,000 (less transaction costs of \$52,000). Book value of the properties on the date of disposition was \$885,000, resulting in a gain on sale of exploration and evaluation assets of \$525,000.

On April 29, 2020, Osisko through its subsidiary, O3 Mining, completed a transaction with Kenorland Minerals Ltd. ("Kenorland"), under which the O3 Mining disposed of a package of 24 claims forming part of the Tortigny Property in exchange for cash consideration of \$900,000, and (ii) a 2% NSR royalty over the 24 claims sold to Kenorland (subject to a 1% buy-back in favour of Kenorland for \$1 million). Consideration for the claims was \$868,000 (less transaction costs of \$32,000). Book value of the properties on the date of disposition was \$34,000, resulting in a gain on sale of exploration and evaluation assets of \$834,000.

On May 1, 2020, Osisko through its subsidiary, O3 Mining, completed a transaction with Blue Thunder Mining Inc. ("Blue Thunder"), under which O3 Mining disposed of its Fancamp and Embry properties located in the Chibougamau mining district of Québec in exchange for (i) 4,514,436 common shares of Blue Thunder, and (ii) a 2% NSR royalty over the Fancamp and Embry properties (subject to a 1% buy-back in favour of Blue Thunder for \$750,000). Consideration for the properties was fair valued at \$345,000 (less transaction costs of \$84,000). Book value of the properties on the date of disposition was \$nil, resulting in a gain on sale of exploration and evaluation assets of \$345,000.

On May 8, 2020, Osisko through its subsidiary, O3 Mining, completed a transaction with Hemlo Explorers Inc. (formerly Canadian Orebodies Inc.) ("Hemlo"), under which O3 Mining disposed of the Hemlo Property in exchange for (i) 2,550,000 common shares of Hemlo, and (ii) a discovery bonus of \$1,000,000, payable in cash or shares at Hemlo's option, if in the future Hemlo publishes a feasibility study in respect of the Hemlo Property containing at least 2,000,000 ounces of gold. Consideration for the properties was fair valued at \$230,000 (less transaction costs of \$25,000). Book value of the properties on the date of disposition was \$254,000, resulting in a loss on sale of exploration and evaluation assets of \$24,000.

8) Asset retirement obligation

The Corporation's asset retirement obligation is estimated based on the Corporation's site remediation and restoration plan and the estimated timing of the costs to be paid in future years.



Notes to Condensed Interim Consolidated Financial Statements
For the periods ended June 30, 2020 and 2019
 (Tabular amounts express in thousands of Canadian dollars, except per share and share amounts)
 (Unaudited)

8) Asset retirement obligation (continued)

The following table summarizes the Corporation's asset retirement obligation:

	Amount
Balance January 1, 2019	\$ 3,628
Accretion	52
Change in estimate	501
Balance December 31, 2019	\$ 4,181
Accretion	13
Change in estimate	505
Balance June 30, 2020	\$ 4,699

The following are the assumptions used to estimate the provision for asset retirement obligation:

<i>For the period ended June 30,</i>	2020
Total undiscounted value of payments	\$ 4,939
Weighted average discount rate	0.50%
Weighted average expected life	10 years
Inflation rate	2.00%

9) Capital and other components of equity

a) Share capital – authorized

	Number of Common Shares	Amount
Balance, January 1, 2019	257,201,331	\$ 580,616
Issuance of shares upon exercise of warrants	3,172,123	6,987
Issuance of shares upon exercise of stock options	5,538,770	12,800
Private placement (net of transaction costs (\$2,619,000))	9,264,250	28,999
Private placement (net of transaction costs (\$3,405,000))	14,848,800	42,329
Deferred tax asset on share issue cost	-	1,432
Balance December 31, 2019	290,025,274	\$ 673,163
Private placement (net of transaction costs (\$7,028,000))	48,500,000	154,088
Issuance of shares upon exercise of stock options (note 9(d))	2,641,409	8,853
Shares repurchased under normal-course issuer bid (note 9(a))	(428,500)	(881)
Deferred tax asset on share issue cost (note 13)	-	1,798
Balance June 30, 2020	340,738,183	\$ 837,021

The authorized capital of Osisko consists of an unlimited number of common shares having no par value. The holders of common shares of Osisko are entitled to one vote per share at shareholder meetings of the Corporation. All common shares rank equally with regards to the Corporation's residual assets.

On June 23, 2020, Osisko completed a private placement of 48,500,000 units of the Corporation at a price of \$3.65 per unit for gross proceeds of \$177 million. Each unit is comprised of one common share of the corporation and one-half of one common share purchase warrant. Each common share purchase warrant is exercisable into one common share of the Corporation until December 23, 2021, at an exercise price of \$5.25. The transaction costs amounted to \$7,028,000 and have been netted against the gross proceeds on closing.



Notes to Condensed Interim Consolidated Financial Statements
For the periods ended June 30, 2020 and 2019
 (Tabular amounts express in thousands of Canadian dollars, except per share and share amounts)
 (Unaudited)

9) Capital and other components of equity (continued)

a) Share capital – authorized (continued)

During the three and six-month period ended June 30, 2020, flow-through premium income of \$3,465,000 and \$10,582,000 respectively (2019 – \$755,000 and \$2,560,000), relating to the flow-through shares issued by the Corporation and O3 Mining, was recognized.

On December 20, 2019, Osisko announced renewal of its normal course issuer bid program to purchase for cancellation, from time to time over a 12-month period, common shares of the Corporation listed on the Toronto Stock Exchange in an aggregate amount of up to 10% of the "public float" of the Corporation, being 18,415,707 common shares at the time.

During the period ended June 30, 2020, Osisko repurchased and cancelled 428,500 common shares of the Corporation at an average price of \$2.06 for a total cost of \$881,000.

During the period ended June 30, 2020, a total of 2,641,409 stock options were exercised for gross proceeds of \$4,923,000 in exchange for the issuance of 2,641,409 common shares of the Corporation.

b) Basic earnings and loss per share

The calculation of basic earnings and loss per share for the three and six-month period ended June 30, 2020 and 2019 was based on the income and loss attributable to common shareholders and a basic weighted average number of common shares outstanding, calculated as follows:

<i>For the period ended</i>	Three months ended		Six months ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Common shares outstanding, at beginning of the period	291,070,027	262,712,888	290,025,274	257,201,331
Common shares issued during the period	4,786,823	348,709	3,416,456	4,362,660
Basic weighted average number of common shares	295,856,850	263,061,597	293,441,730	261,563,991
(Income)/loss	\$ (7,675)	\$ 6,941	\$ 3,257	\$ 44,417
Basic (earnings)/loss per share	\$ (0.03)	\$ 0.03	\$ 0.01	\$ 0.17

c) Diluted loss per share

The Corporation incurred net losses for the six-month period ended June 30, 2020 and 2019, therefore all outstanding stock options and warrants have been excluded from the calculation of diluted loss per share since the effect would be anti-dilutive. These options and warrants could potentially dilute basic earnings per share in the future.

d) Contributed surplus

In June 29, 2018, the Board of Directors re-issued an incentive stock-option plan to provide additional incentive to its directors, officers, employees, and consultants. The maximum number of shares reserved for issuance under the incentive stock option plan is 10% of the issued and outstanding common shares of the Corporation. The options issued under the plan may vest at the discretion of the Board of Directors and are exercisable for up to 5 years from the date of grant.



Notes to Condensed Interim Consolidated Financial Statements
For the periods ended June 30, 2020 and 2019
 (Tabular amounts express in thousands of Canadian dollars, except per share and share amounts)
 (Unaudited)

9) Capital and other components of equity (continued)

d) Contributed surplus (continued)

The following table summarizes the stock option transactions for the period ended June 30, 2020 and the year ended December 31, 2019:

	Number of stock options	Weighted-average exercise price
Outstanding at January 1, 2019	20,014,448	\$ 2.61
Granted	6,230,000	2.66
Exercised	(5,538,770)	1.30
Forfeited	(291,172)	4.14
Expired	(402,340)	4.66
Outstanding at December 31, 2019	20,012,166	\$ 2.92
Granted	400,000	3.38
Exercised	(2,641,409)	1.86
Forfeited	(138,334)	3.11
Outstanding at June 30, 2020	17,632,423	\$ 3.09

On March 12, 2020, 200,000 stock options were issued to a director of the Corporation at an exercise price of \$2.78 for a period of 5 years. The options have been fair valued at \$1.70 per option using the Black-Scholes option-pricing model.

On May 29, 2020, 200,000 stock options were issued to a director of the Corporation at an exercise price of \$3.98 for a period of 5 years. The options have been fair valued at \$2.30 per option using the Black-Scholes option-pricing model.

The total recognized expense for stock options for the three and six-month period ended June 30, 2020 was \$2,197,000 and \$4,174,000 (2019 - \$1,188,000 and \$2,586,000) from which \$349,000 and \$641,000 (2019 - \$206,000 and \$479,000) was capitalized to exploration and evaluation assets.

The following table summarizes the weighted average assumptions used for the valuation of the stock options issued during the period ended June 30, 2020 and the year ended December 31, 2019:

<i>For the period/year ended</i>	June 30, 2020	December 31, 2019
Fair value at grant date	\$ 2.00	\$ 1.76
Forfeiture rate	5.6%	8.6%
Share price at grant date	\$ 3.38	\$ 2.66
Exercise price	\$ 3.38	\$ 2.66
Expected volatility	85%	98%
Dividend yield	0.0%	0.0%
Option life (weighted average life)	3.8 years	3.7 years
Risk-free interest rate (based on government bonds)	0.41%	1.66%



Notes to Condensed Interim Consolidated Financial Statements
For the periods ended June 30, 2020 and 2019
 (Tabular amounts express in thousands of Canadian dollars, except per share and share amounts)
 (Unaudited)

9) Capital and other components of equity (continued)

d) Contributed surplus (continued)

The following table summarizes information regarding the Corporation's outstanding and exercisable stock options as at June 30, 2020:

Range of exercise prices per share (\$)	Options outstanding			Options exercisable		
	Weighted-average remaining years of contractual Life	Number of stock options outstanding	Weighted average exercise price (\$)	Weighted-average remaining years of contractual life	Number of stock options exercisable	Weighted average exercise price (\$)
1.00 to 2.00	0.7	1,352,635	\$1.08	0.7	1,352,635	\$1.08
2.01 to 3.00	4.1	6,919,786	\$2.64	3.4	738,099	\$2.63
3.01 to 4.00	2.1	7,335,002	\$3.42	2.0	6,835,002	\$3.40
4.01 to 5.00	1.9	2,025,000	\$4.79	1.9	2,025,000	\$4.79
1.00 to 5.00	2.7	17,632,423	\$3.09	1.9	10,950,736	\$3.32

e) Warrants

The following table summarizes the transactions pertaining to the Corporation's outstanding standard warrants for the period ended June 30, 2020 and the year ended December 31, 2019.

	Number of warrants	Weighted-average exercise price
Outstanding at January 1, 2019	3,647,799	\$ 1.89
Exercised	(3,172,123)	1.49
Expired	(475,676)	4.57
Outstanding at December 31, 2019	-	\$ -
Issued (note 9(a))	24,250,000	5.25
Outstanding at June 30, 2020	24,250,000	\$ 5.25

The following table summarizes the weighted average assumptions used for the valuation of the warrants issued during the period ended June 30, 2020:

For the period ended	June 30, 2020
Fair value at grant date	\$ 0.66
Forfeiture rate	0.0%
Share price at grant date	\$ 3.49
Exercise price	\$ 5.25
Expected volatility	66%
Dividend yield	0.0%
Warrant life (weighted average life)	1.5 years
Risk-free interest rate (based on government bonds)	0.3%



Notes to Condensed Interim Consolidated Financial Statements
For the periods ended June 30, 2020 and 2019
(Tabular amounts express in thousands of Canadian dollars, except per share and share amounts)
(Unaudited)

10) Deferred share unit and restricted share unit plans

In April 2017, Osisko established a deferred share unit ("DSU") plan and a restricted share unit ("RSU") plan. Under the plans, the DSUs can be granted to non-executive directors and the RSUs can be granted to executive officers and key employees, as part of their long-term compensation package, entitling them to receive payout in cash or shares, or a combination of both. Should the payout be in cash, the cash value of the payout would be determined by multiplying the number of DSUs and the RSUs vested at the payout date by the five-day volume weighted average price from closing price of the common shares of the Corporation on the day prior to the payout date. Should the payout be in shares, each RSU and each DSU represents an entitlement to one common share of the Corporation.

The following table summarizes information regarding the Corporation's outstanding and exercisable and DSUs and RSUs for the period ended June 30, 2020 and the year ended December 31, 2019:

	Number of DSUs	Number of RSUs
Outstanding at January 1, 2019	250,000	450,000
Granted	445,809	1,125,000
Outstanding at December 31, 2019	695,809	1,575,000
Granted	1,186,106	1,600,000
Outstanding at June 30, 2020	1,881,915	3,175,000

On January 17, 2020, 16,724 DSUs of the Corporation were issued to directors. Each DSU has been fair valued at \$3.89 initially at the closing price of the common shares of the Corporation on the date of grant. The DSUs vest immediately on the date of grant.

On March 12, 2020, 1,125,000 DSUs of the Corporation were issued to directors. Each DSU has been fair valued at \$2.46 initially at the closing price of the common shares of the Corporation on the date of grant. The DSUs vest immediately on the date of grant.

On March 12, 2020, 1,600,000 RSUs of the Corporation were issued to management. Each RSU has been fair valued at \$2.46 initially at the closing price of the common shares of the Corporation on the date of grant. The RSUs vest on the third anniversary date from the date of grant.

On March 31, 2020, 24,528 DSUs of the Corporation were issued to directors in lieu of directors' fees, as elected by those directors. Each DSU has been fair valued at \$2.23 initially at the closing price of the common shares of the Corporation on the date of grant. The DSUs vest immediately on the date of grant.

On June 30, 2020, 19,854 DSUs of the Corporation were issued to directors in lieu of directors' fees, as elected by those directors. Each DSU has been fair valued at \$3.83 initially at the closing price of the common shares of the Corporation on the date of grant. The DSUs vest immediately on the date of grant.

As at June 30, 2020, the share-based payment liability related to each DSU and RSU of the Corporation was re-measured to fair value of \$3.83 at closing price of common shares of the Corporation.

In August 2019, O3 Mining established an RSU plan and a DSU plan. Under these plans, RSUs can be granted to executive officers and key employees and DSU's can be granted to non-executive directors, as part of their long-term compensation package, entitling them to receive payout in cash or shares, or a combination of both. Should the payout be in cash, the cash value of the payout would be determined by multiplying the number of RSUs and DSUs vested at the payout date by the five-day volume weighted average price from closing price of common shares of O3 Mining on the day prior to the payout date. Should the payout be in shares, each RSU and DSU represents an entitlement to one common share of O3 Mining.



Notes to Condensed Interim Consolidated Financial Statements
For the periods ended June 30, 2020 and 2019
 (Tabular amounts express in thousands of Canadian dollars, except per share and share amounts)
 (Unaudited)

10) Deferred share unit and restricted share unit plans (continued)

The following table summarizes information regarding O3 Mining's outstanding and exercisable RSUs and DSUs for the period ended June 30, 2020 and the year ended December 31, 2019:

	Number of DSUs	Number of RSUs
Outstanding at January 1, 2019	-	-
Granted	-	390,000
Outstanding at December 31, 2019	-	390,000
Granted	31,348	150,000
Forfeited	-	(50,000)
Outstanding at June 30, 2020	31,348	490,000

On February 14, 2020, 150,000 RSUs of O3 Mining were issued to management. Each RSU has been fair valued at \$2.46 initially at closing price of common shares of O3 Mining on the date of grant. The RSUs vest on the third anniversary date from the date of grant.

On March 31, 2020, 19,031 DSUs of O3 Mining were issued to directors in lieu of directors' fees, as elected by those directors. Each DSU has been fair valued at \$1.68 initially at closing price of common shares of O3 Mining on the date of grant. The DSUs vest immediately on the date of grant.

On June 30, 2020, 12,317 DSUs of O3 Mining were issued to directors in lieu of directors' fees, as elected by those directors. Each DSU has been fair valued at \$2.52 initially at closing price of common shares of O3 Mining on the date of grant. The DSUs vest immediately on the date of grant.

As at June 30, 2020, the share-based payment liability related to each DSU and RSU of O3 Mining was re-measured to fair value of \$2.52 at closing price of common shares of O3 Mining.

The total recognized expense for RSUs and DSUs of the Corporation and O3 Mining for the three and six-month period ended June 30, 2020 was \$5,405,000 and \$6,129,000 (2019 - \$791,000 and \$2,292,000) from which \$512,000 and \$365,000 respectively were capitalized to exploration and evaluation assets (2019 - \$138,000 and \$233,000).

11) Principal subsidiary

The consolidated financial statements include the accounts of the Corporation and its subsidiaries as at June 30, 2020 and December 31, 2019. The principal operating subsidiary is O3 Mining in which the Corporation has a 31% ownership as at June 30, 2020 (December 31, 2019 – 53%)

The following tables summarize the financial information of O3 Mining, which has non-controlling interests that are material to the Corporation. The amounts disclosed are before inter-company eliminations:



Notes to Condensed Interim Consolidated Financial Statements
For the periods ended June 30, 2020 and 2019
 (Tabular amounts express in thousands of Canadian dollars, except per share and share amounts)
 (Unaudited)

11) Principal subsidiary (continued)

Summarized statements of financial position

<i>As at</i>	June 30, 2020	December 31, 2019
Current assets	\$ 64,585	\$ 30,688
Current liabilities	(2,046)	(3,311)
Current net assets	62,539	27,377
Non-current assets	142,789	137,356
Non-current liabilities	(13,241)	(5,086)
Non-current net assets	129,548	132,270
Total net assets	192,087	159,647
Non-controlling interest	\$ 132,266	\$ 74,673

Summarized statements of income and comprehensive income

<i>For the period ended June 30, 2020</i>	Three months ended	Six months ended
Income and comprehensive income	\$ (4,140)	\$ (1,342)
Allocated to Non-controlling interests	\$ (2,851)	\$ (1,170)

Summarized statements of cash flows

<i>For the period ended</i>	June 30, 2020
Net cash used in operating activities	\$ (2,460)
Net cash used in investing activities	(6,787)
Net cash provided by financing activities	38,062
Increase in cash and cash equivalents	\$ 28,815

a) Transactions with non-controlling interests

On February 7, 2020, Osisko disposed of 6,200,000 of its 24,977,898 common shares of O3 Mining held by the Corporation as at December 31, 2019. The selling price was \$2.35 per share and the gross proceeds of disposition were \$14.6 million. Immediately following the disposition, Osisko retained control and owned 40% of the issued and outstanding common shares of O3 Mining.

On March 16, 2020, Osisko through its subsidiary, O3 Mining, acquired the Regcourt property. In consideration for the acquisition of the Regcourt property, O3 Mining issued an aggregate of 113,637 common shares at \$1.13 per share for total share consideration of \$128,000 (note 3(a)).

On June 19, 2020, O3 Mining completed a private placement of 4,651,200 flow-through units of O3 Mining at a price of C\$4.30 per flow-through unit for aggregate gross proceeds of \$20.0 million, and 8,599,810 units of O3 Mining at a price of C\$2.35 per unit for aggregate gross proceeds of \$20.2 million. Each flow-through unit and each unit both are comprised of one common share of O3 Mining and one-half of one common shares purchase warrant of O3 Mining. Each common share purchase warrant of O3 Mining is exercisable into one common share of O3 Mining until June 19, 2020, at an exercise price of \$3.25.



Notes to Condensed Interim Consolidated Financial Statements
For the periods ended June 30, 2020 and 2019
 (Tabular amounts express in thousands of Canadian dollars, except per share and share amounts)
 (Unaudited)

11) Principal subsidiary (continued)

The following table summarizes the effect on the non-controlling interests of the Corporation:

<i>As at</i>	June 30, 2020
Balance, beginning of period	\$ 74,673
Private placement by O3 Mining	29,666
Acquisition of Regcourt Property (note 3)	128
Acquisition of Louvem Property (note 3)	5
Disposition of O3 Mining shares	14,570
Changes in Osisko's interest in O3 Mining	10,756
Stock-based compensation	1,298
Loss for the year attributable to non-controlling interests	1,170
Balance, end of period	\$ 132,266

12) Related party transactions

Balances and transactions between the Corporation and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of the transactions between the Corporation and other related parties are disclosed below.

During the three and six-month period ended June 30, 2020, management fees, geological services, rent and administration fees of \$28,000 and \$186,000 (2019 - \$177,000 and \$460,000) were incurred with Osisko GR, a related company of the Corporation by virtue of Osisko GR owning or controlling, directly or indirectly, greater than 10% of the issued and outstanding common shares of the Corporation. Also, Mr. John Burzynski, President and Chief Executive Officer of the Corporation, as well as Mr. Sean Roosen, Chairman of the Board of Directors, serve as directors and/or senior officers of Osisko GR. Accounts payable to Osisko GR as at June 30, 2020 were \$75,000 (2019 - \$27,000). During the three and six-month period ended June 30, 2020, management fees, geological services, rent and administration fees of \$23,000 and \$41,000 (2019 - \$14,000 and \$18,000) were charged to Osisko GR by the Corporation. Accounts receivable from Osisko GR as at June 30, 2020 were \$9,000 (2019 - \$15,000).

The following table summarizes remuneration attributable to key management personnel for the three and six-month period ended June 30, 2020 and 2019:

<i>For the period ended</i>	Three months ended		Six months ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Salaries expense of key management	\$ 291	\$ 240	\$ 583	\$ 474
Directors' fees	104	73	199	145
Stock-based compensation	5,149	1,061	6,898	3,015
Total	\$ 5,544	\$ 1,374	\$ 7,680	\$ 3,634



Notes to Condensed Interim Consolidated Financial Statements
For the periods ended June 30, 2020 and 2019
 (Tabular amounts express in thousands of Canadian dollars, except per share and share amounts)
 (Unaudited)

13) Income taxes

The following table outlines the composition of the deferred income tax expense between income and mining tax:

<i>For the period ended</i>	June 30, 2020	June 30, 2019
Deferred income tax expense	\$ 1,733	\$ 8,191
Deferred mining tax expense	4,841	5,324
Total deferred income and mining tax expense	\$ 6,574	\$ 13,515

Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Corporation has the legal right and intent to offset. Deferred tax assets are recognized when the Corporation concludes that sufficient positive evidence exists to demonstrate that it is probable that a deferred tax asset will be realized.

The following table provides the components of the deferred income and mining tax assets and liabilities:

<i>As at</i>	June 30, 2020	December 31, 2019
Deferred tax assets		
Deferred income tax asset on share issue costs	\$ 9,104	\$ 7,306
Deferred income tax asset on investment tax credits	622	622
Total deferred tax assets	\$ 9,726	\$ 7,928
Deferred tax liability		
Deferred income tax liability on net taxable temporary differences	\$ (24,683)	\$ (22,950)
Deferred mining tax liability on net taxable temporary differences	(42,071)	(37,230)
Total deferred tax liability	\$ (66,754)	\$ (60,180)
Net deferred tax liability	\$ (57,028)	\$ (52,252)

14) Commitments

The Corporation has the following exploration commitments as at June 30, 2020:

	Total	2020	2021	2022	2023	2024	2025
Office equipment leases	\$ 355	\$ 66	\$ 132	\$ 129	\$ 10	\$ 10	\$ 8
Office leases	638	58	116	116	116	116	116
Camp trailers and equipment leases	154	154	-	-	-	-	-
Total	\$ 1,147	\$ 278	\$ 248	\$ 245	\$ 126	\$ 126	\$ 124

On June 5, 2020, a one-year letter credit for approximately \$2 million was arranged with National Bank. The letter of credit is secured by the Corporation's restricted cash.

On July 7, 2020, the Department of Finance proposed to extend the flow-through funds spend period and the look-back rule by one year, including suspending the Part XII.6 tax for the same period. Assuming the extension will be enacted, as of June 30, 2020, the Corporation has the following flow-through funds to be spent (If the extension is not finalized by the Department of Finance, the dates for the flow-through spend requirements will be moved up by one year):



Notes to Condensed Interim Consolidated Financial Statements

For the periods ended June 30, 2020 and 2019

(Tabular amounts express in thousands of Canadian dollars, except per share and share amounts)

(Unaudited)

14) Commitments (continued)

Closing Date of Financing	Province	Deadline for spending	Remaining Flow-through Funds
September 26, 2019 - O3 Mining	Québec	December 31, 2021	\$ 3,366
December 5, 2019 - Osisko	Québec	December 31, 2021	40,250
June 19, 2020 - O3 Mining	Québec	December 31, 2022	19,838
Total			\$ 63,454

The Corporation is subject to Part XII.6 taxes on any unspent flow-through expenditures after February 1, 2021 for flow-through funds raised in 2019 and February 1, 2022 for flow-through funds raised in 2020. If the extension is not finalized by the Department of Finance, the dates to incur Part XII.6 taxes will be moved up by one year.

O3 Mining is committed to an annual \$25,000 advanced royalty payment on its Gold Pike Project.