Condensed Interim Consolidated Financial Statements

For the three and nine month periods ended September 30, 2018 and September 30, 2017

Presented in Canadian dollars

(Unaudited)

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

As at		**September 30, 2018**		**December 31, 2017**
Assets				
Current assets				
Cash and cash equivalents	$	85,253	$	111,504
Other receivables		2,040		573
Advances and prepaid expense		546		669
Tax recoverable		17,254		20,486
Marketable securities (note 4)		16,331		22,076
Total current assets		**121,424**		**155,308**
Non-current assets				
Reclamation deposit		403		973
Long-term investment		180		180
Investment in associate (note 6 and 14)		58,866		56,438
Plant and equipment (note 7)		8,067		6,570
Exploration and evaluation assets (note 8)		344,032		261,920
Total non-current assets		**411,548**		**326,081**
Total assets	**$**	**532,972**	**$**	**481,389**
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	$	13,540	$	21,084
Total current liabilities		**13,540**		**21,084**
Non-current liabilities				
Flow-through premium liability (note 9(a))		3,769		11,566
Asset retirement obligation (note 10)		2,836		2,892
Deferred tax liability (note 12)		22,829		17,422
Total non-current liabilities		**29,434**		**31,880**
Total liabilities		**42,974**		**52,964**
Equity				
Share capital (note 9(a))		530,204		456,231
Contributed surplus (note 9(d))		53,523		28,761
Warrants (note 9(e))		2,425		17,204
Accumulated deficit		(96,154)		(73,771)
Total equity attributed to equity holders of the Corporation		**489,998**		**428,425**
Total liabilities and equity	**$**	**532,972**	**$**	**481,389**

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

Commitments (note 13)
Subsequent events (note 14)

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

	Three months ended		Nine months ended	
For the period ended	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Expenses				
Compensation expenses (note 5)	$ 2,971	$ 4,116	$ 16,102	$ 16,661
General and administration expenses (note 5)	1,916	1,609	4,292	4,511
General exploration expenses	-	8	60	52
Exploration and evaluation assets written off	-	2,400	-	2,400
Flow-through premium income (note 9(a))	(430)	(6,173)	(11,867)	(16,083)
(Gain)/loss from marketable securities (note 5)	(287)	(801)	4,638	(3,854)
Realized gain from sale of equipment	(6)	-	(6)	-
Foreign currency exchange gain	-	1	-	(637)
Other income	(436)	(104)	(595)	(292)
Operating loss	**3,728**	**1,056**	**12,624**	**2,758**
Finance income	(199)	(359)	(869)	(975)
Finance costs	26	16	101	142
Net finance income	**(173)**	**(343)**	**(768)**	**(833)**
Share of loss/(gain) of associates (note 6)	583	(717)	(59)	(950)
Loss/(income) for before tax	**4,138**	**(4)**	**11,797**	**975**
Deferred income tax expense (note 12)	684	12,579	10,586	12,579
Loss and comprehensive loss	**$ 4,822**	**$ 12,575**	**$ 22,383**	**$ 13,554**
Basic and diluted loss per share (note 9(b) and (c))	**$ 0.02**	**$ 0.07**	**$ 0.11**	**$ 0.07**
Weighted average number of shares (note 9(b) and (c))	**213,255,132**	**188,482,259**	**209,797,307**	**181,865,681**

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)

Attributable equity to owners of the Corporation

	Number of Shares	Share Capital	Warrants	Contributed Surplus	Accumulated other comprehensive income	Deficit and Accumulated Deficit	Total
Balance January 1, 2017	**161,990,656**	**$ 303,100**	**$ 11,091**	**$ 13,420**	**$ 608**	**$ (55,735)**	**$ 272,484**
Loss for the period	-	-	-	-	-	(13,554)	**(13,554)**
Foreign currency translation adjustment	-				(608)		**(608)**
Stock-based compensation (note 9(d))	-	-	-	14,035	-	-	**14,035**
Issuance of shares upon exercise of stock options (note 9(a))	877,802	2,226	-	(997)	-	-	**1,229**
Issuance of shares upon exercise of warrants (note 9(a))	5,587,439	17,381	(3,491)	-	-	-	**13,890**
Private Placement (note 9(a))	5,450,000	18,846	-	-	-	-	**18,846**
Private Placement (note 9(a))	15,327,000	39,552	9,633	-	-	-	**49,185**
Private Placement (note 9(a))	700,000	3,175	-	-	-	-	**3,175**
Issuance of shares on acquisition of exploration and evaluation assets	100,000	491	-	-	-	-	**491**
Balance September 30, 2017	**190,032,897**	**$ 384,771**	**$ 17,233**	**$ 26,458**	**$ -**	**$ (69,289)**	**$ 359,173**

Attributable equity to owners of the Corporation

	Number of Shares	Share Capital	Warrants	Contributed Surplus	Accumulated other comprehensive income	Deficit and Accumulated Deficit	Total
Balance January 1, 2018	**207,845,240**	**$ 456,231**	**$ 17,204**	**$ 28,761**	**$ -**	**$ (73,771)**	**$ 428,425**
Loss for the period	-	-	-	-	-	(22,383)	**(22,383)**
Stock-based compensation (note 9(d))	-	-	-	11,024	-	-	**11,024**
Issuance of shares upon exercise of stock options (note 9(a))	649,332	1,560	-	(687)	-	-	**873**
Issuance of shares upon exercise of warrants (note 9(a))	503,835	1,084	(354)	-	-	-	**730**
Expiry of warrants	-	-	(14,425)	14,425	-	-	**-**
Private Placement (note 9(a))	3,823,000	6,139	-	-	-	-	**6,139**
Private Placement (note 9(a))	27,046,031	62,147	-	-	-	-	**62,147**
Deferred tax asset on share issue cost (note 12)	-	3,043	-	-	-	-	**3,043**
Balance September 30, 2018	**239,867,438**	**$ 530,204**	**$ 2,425**	**$ 53,523**	**$ -**	**$ (96,154)**	**$ 489,998**

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)

For the period ended	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Cash flows used in operating activities		
Loss for the period	$ (22,383)	$ (13,554)
Adjustments for:		
Marketable securities loss/(gain) (note 4)	4,638	(3,854)
Share of gain of associates (note 6)	(59)	(950)
Exploration and evaluation assets written off	-	2,400
Depreciation	108	47
Accretion on asset retirement obligation (note 10)	25	8
Realized gain from sale of equipment	(6)	-
Flow-through premium income (note 9(a))	(11,867)	(16,083)
Foreign currency translation adjustment	-	(608)
Stock-based compensation (note 9(d))	9,066	11,799
Deferred income tax expense (note 12)	10,586	12,579
Interest income	(869)	(359)
	(10,761)	**(8,575)**
Change in items of working capital:		
Change in other receivables	(1,467)	65
Change in advances and prepaid expenses	123	(30)
Change in accounts payable and accrued liabilities	(2,046)	5,614
Change in taxes recoverable	6,909	(4,543)
Net cash used in operating activities	**(7,242)**	**(7,469)**
Cash flows used in investing activities		
Interest received	869	359
Acquisition of marketable securities (note 4)	(3,849)	(26,810)
Proceeds on disposition of marketable securities (note 4)	4,956	23,104
Acquisition of Beaufield equity investment (note 6)	(2,369)	(4,951)
Acquisition of Barkerville equity investment (note 6)	-	(12,416)
Acquistion of plant and equipment (note 7)	(2,808)	(3,847)
Proceeds on disposition of plant and equipment	13	-
Proceeds on refund of reclaimation deposit	570	-
Addition to exploration and evaluation assets (note 8)	(90,350)	(70,979)
Net cash used in investing activities	**(92,968)**	**(95,540)**
Cash flows provided by financing activities		
Net cash received from private placements (note 9(a))	72,356	82,971
Cash received from exercise of warrants (note 9(e))	730	13,890
Cash received from exercise of stock options (note 9(d))	873	1,229
Net cash provided by financing activities	**73,959**	**98,090**
Decrease in cash and cash equivalents	**(26,251)**	**(4,919)**
Cash and cash equivalents, beginning of period	**111,504**	**81,271**
Cash and cash equivalents, end of period	**$ 85,253**	**$ 76,352**

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

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 unaudited condensed interim consolidated financial statements of the Corporation at September 30, 2018 include the Corporation and its subsidiaries, Eagle Hill Exploration Corporation, Ryan Gold Corp., Corona Gold Corporation, Northern Gold Mining Inc., Niogold Mining Corporation, O3 Investments Incorporated and O3 Markets Inc. (together the "Group" and individually as "Group entities"). 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 unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations as approved 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 unaudited 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, 2017.

These consolidated financial statements were authorized for issuance by the Corporation's board of directors (the "Board of Directors') on November 9, 2018.

b) Significant accounting policies

The significant accounting policies followed in these unaudited 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, 2017, except in relation to policies adopted in the three and nine-month periods ended September 30, 2018. The accounting policies set out below are in accordance with IFRS and have been applied to these unaudited condensed interim consolidated financial statements.

Financial Instruments

The Corporation adopted IFRS 9 effective January 1, 2018. The Corporation has applied IFRS 9 on a retrospective basis and was not required to restate prior periods. There was no difference between the previous carrying amount and the carrying amount at the date of initial application of IFRS 9.

2) Basis of preparation (continued)

b) Significant accounting policies (continued)

Financial instruments are recognized on the consolidated statements of financial position on the trade date, the date on which the Corporation becomes a party to the contractual provisions of the financial instrument. The Corporation classifies its financial instruments in the categories below. These categories remain unchanged from the Corporation's audited annual consolidated financial statements and notes thereto for the year ended December 31, 2017.

Financial Assets at Amortized Cost – Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. The Corporation's other receivables consist of fixed or determined cash flows related solely to principal and interest amounts. The Corporation's intent is to hold these receivables until the related cash flows are collected. Other receivables are recognized initially at fair value, net of any transaction costs incurred, and subsequently measured at amortized cost, using the effective interest method. The Corporation recognizes a loss allowance for expected credit losses on a financial asset that is measured at amortized cost.

Financial Assets at Fair Value through Profit or Loss ("FVTPL") – Financial assets measured at FVTPL are assets which do not qualify as financial assets at amortized cost or at fair value through other comprehensive income. Cash and cash equivalents, marketable securities and long-term investments are classified as FVTPL. These financial assets are initially recognized at their fair value with changes to fair values recognized in profit or loss.

Financial Liabilities at Amortized Cost – Financial liabilities are measured at amortized cost using the effective interest method, unless they are required to be measured at FVTPL, or the Corporation has opted to measure them at FVTPL. Accounts payable and accrued liabilities are recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost, using the effective interest method.

The Corporation derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership. Gains and losses on derecognition are generally recognized in the consolidated statements of loss. The Corporation derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expelled. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Restricted Share Unit

The Corporation maintains a restricted share unit ("RSU") plan for its officers, directors, employees and consultants. The maximum number of shares reserved for issuance under the RSU plan and all other security-based compensation arrangement of the Corporation is 10% of the issued and outstanding common shares of the Corporation. Each RSU represents an entitlement to one common share of the Corporation, upon vesting. As at September 30, 2018, the balance of RSU was 25,000 units, all of which were granted on June 22, 2018.

RSUs provide the option of being settled in cash and obligations under RSU plan are initially measured at fair value and recognized as a liability at grant date. The liability is re-measured to fair value at each reporting date and upon redemption at the Corporation's closing share price with any changes in the fair value recognized in profit or loss. To the extent that performance conditions exist, management estimates the number of RSUs that will eventually vest at each reporting date and recognizes the liability over the vesting period. Upon redemption of the RSU, the liability is transferred to share capital.

2) Basis of preparation (continued)

c) Use of critical estimates and judgements

The preparation of these unaudited 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 unaudited 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, 2017.

3) 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 ended after December 31, 2018. Many are not applicable or do not have a significant impact to the Corporation and have been excluded from the summary below.

a) Future Accounting Pronouncements

IFRS 16, "Leases" ("IFRS 16")

In January 2016, the IASB issued IFRS 16. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. This standard is effective for annual reporting periods on or after January 1, 2019. Early adoption is permitted if IFRS 15 has also been adopted. The Corporation is in the process of evaluating the impact of adopting these amendments to its consolidated financial statements. Thus far, the Corporation is compiling a listing of all current leases and is evaluating any material impacts the standard would have on its current operations.

b) New Accounting Standards Issued and Effective

IFRS 2, "Share-based Payments" ("IFRS 2")

In June 2016, the IASB issued amendments to IFRS 2, clarifying how to account for certain types of share-based payment transactions, including the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, accounting for share-based payment transactions with a net settlement feature for withholding tax obligations, and accounting for modifications to the terms and conditions of a share-based payment that changes the classification of the share-based payment transaction from cash-settled to equity-settled. The IFRS 2 amendments are effective for fiscal year beginning on or after January 1, 2018. The adoption of the amendments did not have a material impact on the condensed interim consolidated financial statements.

3) Changes in IFRS accounting policies and future accounting pronouncements (continued)

b) New Accounting Standards Issued and Effective (continued)

IFRS 15, "Revenue from Contracts with Customers" ("IFRS 15")

In May 2015, the IASB issued IFRS 15. The core principle of the new standard is for companies to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the company expects to be entitled in exchange for those goods or services. The new standard results in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements. This standard was adopted on January 1, 2018. Using the modified retrospective approach. The adoption of IFRS 15 did not have a material impact on the condensed interim consolidated financial statements and there was no transitional adjustment recorded on adoption.

IFRS 9, "Financial Instruments" ("IFRS 9")

In July 2015, the IASB issued IFRS 9 to replace IAS 39 'Financial Instruments: Recognition and Measurement' ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. A new hedge accounting model was introduced and represents a substantial overhaul of hedge accounting which allows entities to better reflect their risk management activities in the financial statements.

This standard was adopted on January 1, 2018 on a retrospective basis without restating comparatives so any cumulative adjustments would be recorded in the opening retained earnings on adoption. The adoption of IFRS 9 did not have a material impact on the condensed interim consolidated financial statements and there was no transitional adjustment recorded on adoption.

4) Marketable securities

The Corporation holds shares and warrants in various public and private companies. During the three and nine month periods ended September 30, 2018, these shares and warrants were fair valued and this resulted in an unrealized gain of $349,000 and an unrealized loss of $5,233,000, respectively (2017 – gain of $1,205,000 and $2,092,000, respectively). The Corporation sold shares during the three and nine month periods ended September 30, 2018 which resulted in a realized loss of $62,000 and a realized gain of $595,000 respectively (2017 – loss of $404,000 and gain of $1,762,000, respectively).

The shares in the various public companies are classified as FVTPL and are recorded at fair value using the quoted market price as at September 30, 2018 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.

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

4) Marketable securities (continued)

The following table summarizes information regarding the Corporation's marketable securities as at September 30, 2018 and December 31, 2017:

As at	September 30, 2018	December 31, 2017
Balance, beginning of period	**$ 22,076**	**$ 15,020**
Additions	3,849	32,610
Disposals	(4,956)	(26,203)
Realized gain	595	2,686
Unrealized loss	(5,233)	(2,037)
Balance, end of period	**$ 16,331**	**$ 22,076**

5) Expenses

The following table summarizes information regarding the Corporation's expenses from continuing operations for the three and nine month periods ended September 30, 2018 and 2017:

	Three months ended		Nine months ended	
For the period ended	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Compensation expenses				
Stock-based compensation (note 9(d))	$ 1,692	$ 2,401	$ 9,066	$ 11,799
Salaries and benefits	1,279	1,715	7,036	4,862
Total compensation expenses	**$ 2,971**	**$ 4,116**	**$ 16,102**	**$ 16,661**
General and administration expenses				
Shareholder and regulatory expense	$ 158	$ 113	$ 506	$ 368
Administrative services	-	84	-	252
Travel expense	81	222	292	530
Professional fees	394	538	939	1,233
Office expense	1,283	652	2,555	2,128
Total general and administration expenses	**$ 1,916**	**$ 1,609**	**$ 4,292**	**$ 4,511**
Marketable securities				
Realized loss/(gain) from marketable securities (note 4)	$ 62	$ 404	$ (595)	$ (1,762)
Unrealized (gain)/loss from marketable securities (note 4)	(349)	(1,205)	5,233	(2,092)
Total marketable securities (gain)/loss	**$ (287)**	**$ (801)**	**$ 4,638**	**$ (3,854)**

6) Investment in associates

During the nine month period ended September 30, 2018, Osisko has acquired a further 16,923,500 shares in Beaufield Resources Inc. ("Beaufield") for $2,369,000. The trading price of Beaufield on September 30, 2018 was $0.105 per share which corresponds to a quoted market value of $5,893,000 for the Corporation's investment in Beaufield. On October 19, 2018, the Corporation completed its previously announced business combination with Beaufield (Note 14).

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

6) Investment in associates (continued)

The equity accounting for Beaufield is based on the results up to May 31, 2018, adjusted for any significant transactions between May 31, 2018 and September 30, 2018.

The trading price of Barkerville on September 30, 2018 was $0.39 per share which corresponds to a quoted market value of $27,778,000 for the Corporation's investment in Barkerville.

The equity accounting for Barkerville is based on the results up to June 30, 2018 adjusted for any significant transactions between June 30, 2018 and September 30, 2018.

The Corporation's investments in associates are detailed as follows:

As at	September 30, 2018		
	Beaufield	Barkerville	Total
Balance, beginning of period	**$ 4,740**	**$ 51,698**	**$ 56,438**
Cash investment in associates	2,369	-	**2,369**
Share of (loss)/gain for the period	(228)	287	**59**
Balance, end of period	**$ 6,881**	**$ 51,985**	**$ 58,866**

7) Plant and equipment

The following table summarizes information regarding the Corporation's plant and equipment as at September 30, 2018:

	September 30, 2018								
	Cost				Accumulated depreciation				
Class	**Opening balance**	**Additions/ transfers**	**Write-off / disposals**	**Closing balance**	**Opening balance**	**Depreciation**	**Write-off / disposals**	**Closing balance**	**Net book value**
Computer Equipment	**$ 1,309**	$ 145	$ (11)	**$ 1,443**	**$ 221**	$ 263	$ (4)	**$ 480**	**$ 963**
Office Equipment	**207**	-	-	**207**	**23**	28	-	**51**	**156**
Exploration Equipment	**5,678**	2,677	-	**8,355**	**522**	980	-	**1,502**	**6,853**
Automobiles	**189**	(14)	-	**175**	**47**	33	-	**80**	**95**
Total	**$ 7,383**	**$ 2,808**	**$ (11)**	**$ 10,180**	**$ 813**	**$ 1,304**	**$ (4)**	**$ 2,113**	**$ 8,067**

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

8) Exploration and evaluation assets

	December 31, 2017	Additions in the period	Deferred income tax asset on investment tax credits (note 12)	September 30, 2018
Urban Barry	$ 9,547	$ 3,015	$ -	$ 12,562
Urban Barry Base Metals (note 8 (a))	-	85	-	85
Windfall Lake	150,772	68,124	(332)	218,564
Garrcon - Garrison	25,944	2,788	(1,577)	27,155
Gold Pike - Garrison	148	-	-	148
Buffonta - Garrison	100	8	-	108
Black Dog (formerly "Souart") Property	2,334	-	-	2,334
Marban - Marban Block	24,060	(24)	(227)	23,809
Malarctic - Marban Block	37,886	-	-	37,886
Siscoe East - Marban Block	2,522	-	-	2,522
Héva - Marban Block	824	(48)	-	776
Kan - James Bay	423	230	-	653
Éléonore – James Bay	532	46	-	578
Éléonore JV – James Bay	214	303	-	517
Other – James Bay	2,088	311	-	2,399
Quévillon Osborne	4,526	9,410	-	13,936
Total exploration and evaluation assets	**$ 261,920**	**$ 84,248**	**$ (2,136)**	**$ 344,032**

a) Urban Barry Base Metals Project

The Urban Barry Base Metals Project is a select package of claims located within the Urban Barry Project. On March 28, 2018, Osisko entered into an option agreement with Osisko Metals Incorporated ("Osisko Metals"), which sets forth the terms of an exploration earn-in on the project. Under the terms of the option agreement, Osisko Metals shall incur $5,000,000 of exploration expenditures over the four-year term of the option agreement in order to earn a 50% interest on the project. This commitment is subject to certain annual work expenditure thresholds, including a guaranteed expenditure threshold of $500,000 in the first year from the date of signing the agreement.

Following the completion of the exploration earn-in, the project will be transferred to a new joint venture entity to be owned 50% by Osisko and 50% by Osisko Metals. Osisko and Osisko Metals will then enter into a joint venture agreement in respect of the project. Osisko will own a 100% interest over any precious metals discoveries on the project.

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

9) Capital and other components of equity

a) Share capital – authorized

	Number of Common Shares		Amount
Balance, January 1, 2017	**161,990,656**	**$**	**303,100**
Issuance of shares upon exercise of warrants	5,629,449		17,472
Issuance of shares upon exercise of stock options	1,346,335		3,228
Private placement (net of transaction costs $992,000)	5,450,000		18,846
Private placement (net of transaction costs $2,927,000)	15,327,000		39,552
Private placement (net of transaction costs $297,000)	700,000		3,189
Issuance of shares on acquisition of Quevillion property (net of transaction costs $7,000)	100,000		491
Private placement (net of transaction costs $2,084,000)	8,487,800		35,008
Private placement (net of transaction costs $2,086,000)	8,334,450		32,919
Private placement (net of transaction costs $192,000)	479,550		1,405
Deferred tax asset on share issue cost	-		1,021
Balance December 31, 2017	**207,845,240**	**$**	**456,231**
Issuance of shares upon exercise of warrants (note 9(e))	503,835		1,084
Issuance of shares upon exercise of stock options (note 9(d))	649,332		1,560
Deferred tax asset on share issue cost (note 12)	-		1,981
Private placement (net of transaction costs $360,000)	3,823,000		6,139
Private placement (net of transaction costs $3,707,000)	27,046,031		62,147
Deferred tax asset on share issue cost	-		1,062
Balance September 30, 2018	**239,867,438**	**$**	**530,204**

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

On October 5, 2017, the Corporation completed a private placement of 8,487,000 common shares of the Corporation at an average price of $6.76 per common share issued as flow-through shares for aggregate gross proceeds of $57,360,000. The flow-through shares were issued at an average premium of $2.39 to the current market price of the Corporation's shares at the day of issue. The premium was recognized as a long-term liability for $20,268,000 with a subsequent pro-rata reduction of the liability recognized as flow-through premium income as the required expenditures are incurred. Flow-through premium income of $nil and $10,969,000 respectively was recognized for the three and nine month periods ended September 30, 2018 relating to this transaction (2017 - $nil). The transaction costs amounted to $2,084,000 and have been netted against the gross proceeds on closing.

On December 12, 2017, the Corporation completed a private placement of 479,550 common shares of the Corporation at a price of $4.80 per common share issued as flow-through shares for aggregate gross proceeds of $2,302,000. The flow-through shares were issued at a premium of $1.47 to the current market price of the Corporation's shares at the day of issue. The premium was recognized as a long-term liability for $705,000 with a subsequent pro-rata reduction of the liability recognized as flow-through premium income as the required expenditures are incurred. Flow-through premium income of $129,000 and $597,000 respectively was recognized for the three and nine month periods ended September 30, 2018 relating to this transaction (2017 - $nil). The transaction costs amounted to $192,000 and have been netted against the gross proceeds on closing.

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

9) Capital and other components of equity (continued)

a) Share capital – authorized (continued)

On September 18, 2018, the Corporation completed a private placement of 27,046,031 common shares of the Corporation at an average price of $2.59 per common share issued as flow-through shares for aggregate gross proceeds of $69,925,000. The private placement was completed in two Tranches. The Tranche One flow-through shares were issued at a premium of $0.29 to the current market price of the Corporation's shares at the day of issue. The premium was recognized as a long-term liability for $4,070,000 with a subsequent pro-rata reduction of the liability recognized as flow-through premium income as the required expenditures are incurred. Flow-through premium income of $301,000 and $301,000, respectively, was recognized for the three and nine month periods ended September 30, 2018 relating to this transaction (2017 - $nil). The transaction costs amounted to $3,646,000 and have been netted against the gross proceeds on closing.

On September 18, 2018, the Corporation completed a private placement of 3,823,000 common shares of the Corporation at a price of $1.70 per common share for gross proceeds of $6,499,000. The transaction costs amounted to $360,000 and were netted against the gross proceeds on closing.

During the nine month period ended September 30, 2018, a total of 569,100 warrants were exercised for gross proceeds of $730,000 in exchange for the issuance of 503,835 common shares of the Corporation.

During the nine month period ended September 30, 2018, a total of 649,332 stock options were exercised for gross proceeds of $873,000 in exchange for the issuance of 649,332 common shares of the Corporation.

b) Basic loss per share

	Three months ended		Nine months ended	
For the period ended	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Common shares outstanding, at beginning of the period	208,887,322	187,667,158	207,845,240	161,990,656
Common shares issued during the period	4,367,810	815,101	1,952,067	19,875,025
Basic weighted average number of Common Shares	**213,255,132**	**188,482,259**	**209,797,307**	**181,865,681**
Loss	**$ 4,822**	**$ 12,575**	**$ 22,383**	**$ 13,554**
Basic loss per share	**$ 0.02**	**$ 0.07**	**$ 0.11**	**$ 0.07**

c) Diluted loss per share

The Corporation incurred losses for the three and nine month periods ended September 30, 2017 and 2018, 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.

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

9) Capital and other components of equity (continued)

d) Contributed surplus

On 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 and all other security-based compensation arrangement of the Corporation 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 a year of up to 5 years from the date of grant.

The following table summarizes the stock option transactions for the nine month period ended September 30, 2018 and the year ended, December 31, 2017:

	Number of stock options		Weighted-average exercise price
Oustanding at January 1, 2017	**12,196,623**	**$**	**1.51**
Granted	6,155,000		3.90
Exercised	(1,346,335)		1.33
Forfeited	(307,504)		3.10
Oustanding at December 31, 2017	**16,697,784**	**$**	**2.37**
Granted	4,440,000		3.27
Exercised	(649,332)		1.35
Forfeited	(685,002)		3.20
Oustanding at September 30, 2018	**19,803,450**	**$**	**2.58**

On January 11, 2018, 3,740,000 stock options were issued to directors, management and employees, at an exercise price of $3.46 for a period of 5 years. The options have been fair valued at $2.84 per option using the Black-Scholes option-pricing model. One third of these options vest immediately with the remaining thirds each vesting on the first and second anniversaries from the date of grant. On June 22, 2018, the 500,000 options issued on January 11, 2018, awarded to Mr. John Burzynski, President and Chief Executive Officer of the Corporation, had been amended to vest in equal tranches over a five-year period. The amendment had no impact on the fair value of options granted and the Corporation continued to recognize the expense over the original 2-year vesting period.

On July 27, 2018, 700,000 stock options were issued to management and employees, at an exercise price of $2.23 for a period of 5 years. The options have been fair valued at $1.49 per option using the Black-Scholes option-pricing model. One third of these options vest immediately with the remaining thirds each vesting on the first and second anniversaries from the date of grant.

The total recognized expense for stock options for the three and nine month periods ended September 30, 2018 was $2,479,000 and $11,024,000 respectively (2017 - $3,208,000 and $14,056,000, respectively) from which $787,000 and $1,958,000 respectively were capitalized to the Canadian projects (2017 - $783,000 and $2,235,000, respectively).

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

9) Capital and other components of equity (continued)

d) Contributed surplus (continued)

The following table summarizes the weighted average assumptions used for the valuation of the stock options issued during the nine month period ended September 30, 2018 and the year ended December 31, 2017:

For the period ended	**September 30, 2018**	**December 31, 2017**
Fair value at grant date	$ 2.63	$ 3.16
Forfeiture rate	0.7%	0.0%
Share price at grant date	$ 3.27	$ 3.90
Exercise price	$ 3.27	$ 3.90
Expected volatility	116%	116%
Dividend yield	0.0%	0.0%
Option life (weighted average life)	4.7 years	5 years
Risk-free interest rate (based on government bonds)	1.97%	1.08%

The following table summarizes information regarding the Corporation's outstanding and exercisable stock options as at September 30, 2018:

	Options outstanding			Options exercisable		
Range of exercise prices per share ($)	**Weighted-average remaining years of contractual Life**	**Number of stock options outstanding**	**Weighted average exercise price ($)**	**Weighted-average remaining years of contractual life**	**Number of stock options exercisable**	**Weighted average exercise price ($)**
0.60 to 1.12	2.4	4,218,793	$1.04	2.4	4,218,793	$1.04
1.13 to 1.71	1.9	3,776,823	$1.19	1.9	3,776,823	$1.19
1.72 to 3.21	3.6	2,085,002	$2.65	3.3	1,241,639	$2.69
3.22 to 3.45	3.3	3,731,666	$3.41	3.3	2,593,328	$3.41
3.45 to 4.79	3.8	5,991,166	$3.99	3.5	2,867,816	$4.23
0.48 to 4.79	**3.0**	**19,803,450**	**$2.58**	**2.7**	**14,698,399**	**$2.26**

e) Warrants

i. One-for-one warrants

The following table summarizes the transactions pertaining to the Corporation's outstanding standard warrants for the period ended September 30, 2018 and year ended December 31, 2017. These warrants are exercisable at one warrant for one common share of the Corporation.

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

9) Capital and other components of equity (continued)

e) Warrants (continued)

i. One-for-one warrants (continued)

	Number of warrants		Weighted-average exercise price
Outstanding as at January 1, 2017	**7,240,854**	**$**	**1.62**
Granted	15,327,000		5.00
Exercised	(3,355,955)		1.53
Outstanding at December 31, 2017	**19,211,899**	**$**	**4.33**
Exercised	(500,400)		1.44
Expired	(15,197,540)		5.00
Outstanding at September 30, 2018	**3,513,959**	**$**	**1.86**

ii. Publicly traded warrants (twenty-for-one)

The following table summarizes the transactions pertaining to the Corporation's outstanding publicly traded warrants for the nine month period ended September 30, 2018 and the year ended December 31, 2017. These warrants are exercisable at twenty warrants for one common share of the Corporation.

	Number of warrants		Weighted-average exercise price
Outstanding as at January 1, 2017	**130,631,300**	**$**	**0.15**
Exercised	(5,469,880)		0.15
Outstanding at December 31, 2017	**125,161,420**	**$**	**0.15**
Exercised	(68,700)		0.15
Expired	(125,092,720)		0.15
Outstanding at September 30, 2018	**-**	**$**	**-**

10) 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. The total undiscounted amount of cash flows required to settle the Corporation's asset retirement obligation is approximately $3,741,000.

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

		Amount
Balance January 1, 2017	**$**	**839**
Accretion		11
Change in estimate		2,042
Balance December 31, 2017	**$**	**2,892**
Accretion		25
Change in estimate		(81)
Balance September 30, 2018	**$**	**2,836**

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

10) Asset Retirement Obligation (continued)

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

For the period ended September 30,		**2018**
Total undiscounted value of payments	$	3,741
Weighted average discount rate		2.41%
Weighted average expected life		11 years
Inflation rate		2.20%

11) 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 nine month periods ended September 30, 2018, management fees, geological services, rent and administration fees of $376,000 and $1,424,000 respectively (2017 - $472,000 and $1,051,000, respectively) were incurred with Osisko Gold Royalties Ltd ("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 of the Corporation, serve as directors and/or senior officers of Osisko GR. Accounts payable to Osisko GR as at September 30, 2018 were $216,000 (2017 - $42,000). During the three and nine month periods ended September 30, 2018, management fees, geological services, rent and administration fees of $8,000 and $108,000 respectively (2017 - $37,000 and $689,000, respectively) were charged to Osisko GR by the Corporation. Accounts receivable from Osisko GR as at September 30, 2018 were $81,000 (2017 - $43,000).

The following table summarizes remuneration attributable to key management personnel for the three and nine month periods ended September 30, 2018 and 2017:

	Three months ended				**Nine months ended**			
For the period ended		**September 30, 2018**		**September 30, 2017**		**September 30, 2018**		**September 30, 2017**
Salaries expense of key management	$	244	$	263	$	747	$	788
Directors' fees		73		100		276		190
Stock-based compensation		1,056		1,328		6,024		6,828
Total	**$**	**1,373**	**$**	**1,691**	**$**	**7,047**	**$**	**7,806**

During the three and nine month periods ended September 30, 2018, management fees, geological services, rent and administration fees of $15,000 and $105,000, respectively (2017 - $7,000 and $8,000, respectively) were charged to the Corporation's associate, Barkerville (note 6), by the Corporation. Accounts receivable from Barkerville as at September 30, 2018 was $18,000 (2017 - $nil). During the three and nine month periods ended September 30, 2018, geological services, and administration fees of $31,000 and $128,000 respectively (2017 - $62,000 and $62,000, respectively) were incurred with Barkerville. Accounts payable from Barkerville as at September 30, 2018 was $nil (2017 - $nil).

During the nine month period ended September 30, 2018 and the year ended December 31, 2017, there were no transactions between the Corporation and its other associate, Beaufield (note 6).

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

12) Deferred income taxes

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

For the period ended		**September 30, 2018**
Deferred income tax expense	$	5,179
Deferred mining tax expense		5,407
Total deferred income and mining tax expense	**$**	**10,586**

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:

As at		**September 30, 2018**
Deferred tax assets		
Deferred income tax asset on share issue costs	$	5,650
Deferred income tax asset on investment tax credits		2,136
Total deferred tax assets	**$**	**7,786**
Deferred tax liability		
Deferred income tax liability on net taxable temporary differences	$	(7,786)
Deferred mining tax liability on net taxable temporary differences		(22,830)
Total deferred tax liability	**$**	**(30,616)**
Net deferred tax liability	**$**	**(22,830)**

13) Commitments

The Corporation has the following commitments as at September 30, 2018:

		Total		**2018**		**2019**		**2020**		**2021**		**2022**
James Bay properties	**$**	**43**	$	43	$	-	$	-	$	-	$	-
Office leases		**1,239**		126		473		288		272		80
Camp trailers and offices leases		**3,409**		667		2,099		643		-		-
Total	**$**	**4,691**	**$**	**836**	**$**	**2,572**	**$**	**931**	**$**	**272**	**$**	**80**

On October 5, 2016, the Corporation entered into an earn-in agreement with Osisko GR (the “Osisko GR Earn-In Agreement”) pursuant to which the Corporation may earn a 100% interest in 28 exploration properties held by Osisko GR upon incurring exploration expenditures totaling $32,000,000 over the seven-year terms of the Osisko GR Earn-In Agreement, of which $5,000,000 must be completed within one year. The Osisko GR Earn-In Agreement was amended on February 16, 2017 to carve out the Kan Project, and instead of $5,000,000, $4,062,000 must be completed prior to December 31, 2017.

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

13) Commitments (continued)

The earn-in agreement was amended again on December 15, 2017 to extend the deadline of spending $4,062,000 to December 31, 2018. As of September 30, 2018, the Corporation has a total of $46,000 remaining on these expenditures.

The Corporation is also committed to an annual $25,000 advanced royalty payment on the Gold Pike Project.

As of September 30, 2018, the Corporation has the following flow-through funds to be spent by December 31, 2019:

Closing Date of Financing	Province		Remaining Flow-through Funds
September 18, 2018	Québec		66,968
Total		**$**	**66,968**

14) Subsequent events

On October 15, 2018, 200,000 stock options were issued to a consultant, at an exercise price of $2.56 for a period of 5 years. The options have been fair valued at $1.68 per option on average using the Black-Scholes option pricing model. One third of these options vest on the first anniversary from the date of grant, with the remaining thirds each vesting on the second and third anniversaries from the date of grant.

On October 15, 2018, 250,000 deferred share units (“DSU”s) were issued to directors. Each DSU has been fair valued at $2.63 at the Corporation’s closing share price on the date of grant. The DSUs vest immediately on the date of grant.

On October 15, 2018, 425,000 RSUs were issued to management. Each RSU has been fair valued at $2.63 at the Corporation’s closing share price on the date of grant. The RSUs vest on the third anniversary date from the date of grant.

On October 19, 2018, the Corporation completed its previously announced business combination with Beaufield, pursuant to which Osisko acquired all the common shares of Beaufield by way of a statutory plan of arrangement under the Canada Business Corporations Act. Under the terms of the arrangement, each former shareholder of Beaufield received 0.0482 common share of the Corporation in exchange for each common share of Beaufield held, and holders of options and warrants to acquire Beaufield shares received replacement options and warrants, respectively, entitling the holder thereof to receive Osisko shares, based on the terms of such options and warrants of Beaufield, as adjusted by the plan of arrangement.

On November 5, 2018, the Corporation completed a private placement of 9,259,260 common shares at a price of $2.70 per common share for gross proceeds of $25,000,000.