Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

Presented in Canadian dollars

March 6, 2019

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Osisko Mining Inc. (“Osisko” or the “Corporation”) were prepared by management in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). Management is responsible for ensuring that these consolidated financial statements, which include amounts based upon estimates and judgments, are consistent with other information and operating data contained in the annual financial review and reflect Osisko’s business transactions and financial position.

Management is also responsible for the information disclosed in Osisko’s management’s discussion and analysis including responsibility for the existence of appropriate information systems, procedures and controls to ensure that the information used internally by management and disclosed externally is complete and reliable in all material respects.

In addition, management is responsible for establishing and maintaining an adequate system of internal control over financial reporting. The internal control system includes a code of conduct and ethics, which is communicated to all levels in the organization and requires all employees to maintain high standards in their conduct of the corporation's affairs. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that Osisko’s assets are appropriately accounted for and adequately safeguarded.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements and for ensuring that management fulfills its financial reporting responsibilities. The Board of Directors meets with management as well as with the independent auditors to review the internal controls over the financial reporting process, the consolidated financial statements and the auditors’ report. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the internal controls over the financial reporting process, the consolidated financial statements and the auditors’ report. The Audit Committee also reviews Osisko’s management’s discussion and analysis to ensure that the financial information reported therein is consistent with the information presented in the consolidated financial statements. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the consolidated financial statements for issuance to the shareholders.

Management recognizes its responsibility for conducting Osisko’s affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

(Signed) “John Burzynski”	(Signed) “Blair Zaritsky”
President and Chief Executive Officer	Chief Financial Officer

Independent auditor's report

To the Shareholders of Osisko Mining Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Osisko Mining Inc. and its subsidiaries (together, the Company) as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2018 and 2017;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

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Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is James Lusby.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
March 6, 2019

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

As at		December 31, 2018		December 31, 2017
Assets				
Current assets				
Cash and cash equivalents	$	88,280	$	111,504
Other receivables		582		573
Advances and prepaid expense		507		669
Tax recoverable (note 7)		34,873		20,486
Marketable securities (note 8)		14,200		22,076
Total current assets		**138,442**		**155,308**
Non-current assets				
Reclamation deposit (note 6)		404		973
Long-term investment (note 9)		150		180
Investment in associate (note 11)		56,998		56,438
Plant and equipment (note 12)		7,972		6,570
Exploration and evaluation assets (note 13)		368,902		261,920
Total non-current assets		**434,426**		**326,081**
Total assets	**$**	**572,868**	**$**	**481,389**
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	$	10,260	$	21,084
Total current liabilities		**10,260**		**21,084**
Non-current liabilities				
Flow-through premium liability (note 15(a))		2,560		11,566
Share-based payment liability (note 16)		874		-
Asset retirement obligation (note 14)		3,628		2,892
Deferred tax liability (note 20)		24,523		17,422
Total non-current liabilities		**31,585**		**31,880**
Total liabilities		**41,845**		**52,964**
Equity				
Share capital (note 15(a))		580,616		456,231
Contributed surplus (note 15(d))		55,606		28,761
Warrants (note 15(e))		2,568		17,204
Accumulated deficit		(107,767)		(73,771)
Total equity attributed to equity holders of the Corporation		**531,023**		**428,425**
Total liabilities and equity	**$**	**572,868**	**$**	**481,389**

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

Commitments (note 21)
Subsequent events (note 22)

On behalf of the Board:

(Signed) "Keith McKay"	(Signed) "Sean Roosen"
Keith McKay, Director	Sean Roosen, Chairman

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

For the year ended	December 31, 2018	December 31, 2017
Expenses		
Compensation expenses (note 10)	$ 20,011	$ 20,486
General and administration expenses (note 10)	5,414	5,935
General exploration expenses	60	67
Exploration and evaluation assets written off (note 13)	6,763	2,662
Flow-through premium income (note 15(a))	(13,076)	(25,991)
Loss/(gain) from marketable securities (note 8)	7,059	(649)
Impairment on long-term investment (note 9)	30	-
Realized gain from sale of equipment	(6)	-
Foreign currency exchange gain	-	(638)
Other income	(760)	(330)
Operating loss	**25,495**	**1,542**
Finance income	(1,381)	(1,507)
Finance costs	135	166
Net finance income	**(1,246)**	**(1,341)**
Share of gain of associates (note 11)	(1,251)	(608)
Gain on revaluation of investment in associate (note 11)	(1,796)	-
Loss/(income) for before tax	**21,202**	**(407)**
Deferred income tax expense (note 20)	12,794	18,443
Loss and comprehensive loss	**$ 33,996**	**$ 18,036**
Basic and diluted loss per share (note 15(b) and (c))	**$ 0.15**	**$ 0.10**
Weighted average number of shares (note 15(b) and (c))	**220,448,965**	**188,055,245**

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

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

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 year	-	-	-	-	-	(18,036)	**(18,036)**
Foreign currency translation adjustment					(608)		**(608)**
Stock-based compensation (note 15(d))	-	-	-	16,776	-	-	**16,776**
Issuance of shares upon exercise of stock options (note 15(a))	1,346,335	3,228	-	(1,435)	-	-	**1,793**
Issuance of shares upon exercise of warrants (note 15(a))	5,629,449	17,472	(3,520)	-	-	-	**13,952**
Private Placement (note 15(a))	5,450,000	18,846	-	-	-	-	**18,846**
Private Placement (note 15(a))	15,327,000	39,552	9,633	-	-	-	**49,185**
Private Placement (note 15(a))	700,000	3,189	-	-	-	-	**3,189**
Private Placement (note 15(a))	8,487,800	35,008	-	-	-	-	**35,008**
Private Placement (note 15(a))	8,334,450	32,919	-	-	-	-	**32,919**
Private Placement (note 15(a))	479,550	1,405	-	-	-	-	**1,405**
Deferred tax asset on share issue cost (note 19)	-	1,021	-	-	-	-	**1,021**
Issuance of shares on acquisition of exploration and evaluation assets (note 15(a))	100,000	491	-	-	-	-	**491**
Balance December 31, 2017	**207,845,240**	**$ 456,231**	**$ 17,204**	**$ 28,761**	**$ -**	**$ (73,771)**	**$ 428,425**

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 year	-	-	-	-	-	(33,996)	**(33,996)**
Stock-based compensation (note 15(d))	-	-	-	13,088	-	-	**13,088**
Issuance of shares upon exercise of stock options (note 15(a))	1,119,984	2,594	-	(894)	-	-	**1,700**
Issuance of shares upon exercise of warrants (note 15(a))	524,235	1,128	(368)	-	-	-	**760**
Expiry of warrants	-	-	(14,425)	14,425	-	-	**-**
Private Placement (note 15(a))	3,823,000	6,139	-	-	-	-	**6,139**
Private Placement (note 15(a))	27,046,031	62,147	-	-	-	-	**62,147**
Private Placement (note 15(a))	9,259,260	24,843	-	-	-	-	**24,843**
Issuance of shares on acqusition of Beaufield Resources Inc (note 5)	7,583,581	24,267	-	-	-	-	**24,267**
Issuance of warrants on acqusition of Beaufield Resources Inc (note 5)	-	-	157	-	-	-	**157**
Issuance of options on acqusition of Beaufield Resources Inc (note 5)	-	-	-	226	-	-	**226**
Deferred tax asset on share issue cost (note 20)	-	3,267	-	-	-	-	**3,267**
Balance December 31, 2018	**257,201,331**	**$ 580,616**	**$ 2,568**	**$ 55,606**	**$ -**	**$ (107,767)**	**$ 531,023**

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

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

For the year ended	Year ended December 31, 2018	December 31, 2017
Cash flows used in operating activities		
Loss for the year	$ (33,996)	$ (18,036)
Adjustments for:		
Marketable securities loss/(gain) (note 8)	7,059	(649)
Share of income of associates (note 11)	(1,251)	(608)
Gain on revaluation of investment in associate (note 11)	(1,796)	-
Exploration and evaluation assets written off (note 13)	6,763	2,662
Depreciation	144	83
Accretion on asset retirement obligation (note 14)	33	11
Impairment on long-term investment (note 9)	30	-
Realized gain from sale of equipment	(6)	-
Flow-through premium income (note 15(a))	(13,076)	(25,991)
Foreign currency translation adjustment	-	(608)
Stock-based compensation (note 15(d))	11,630	14,141
Deferred income tax expense (note 20)	12,794	18,443
Interest income	(1,381)	(1,507)
	(13,053)	**(12,059)**
Change in items of working capital:		
Change in other receivables	(9)	134
Change in advances and prepaid expenses	184	(453)
Change in accounts payable and accrued liabilities	(2,737)	2,030
Change in taxes recoverable	8,108	(6,983)
Net cash used in operating activities	**(7,507)**	**(17,331)**
Cash flows used in investing activities		
Interest received	1,381	1,502
Acquisition of marketable securities (note 8)	(5,364)	(31,511)
Proceeds on disposition of marketable securities (note 8)	7,768	26,203
Acquisition of Beaufield equity investment (note 11)	(2,369)	(4,951)
Acquisition of Barkerville equity investment (note 11)	(3,800)	(13,589)
Net cash and cash equivalents received from acqusition of Beaufield Resources Inc (note 5)	2,742	-
Acquistion of plant and equipment (note 12)	(3,226)	(6,288)
Proceeds on disposition of plant and equipment (note 12)	12	-
Proceeds on refund of reclamation deposit (note 6)	569	-
Addition to exploration and evaluation assets (note 13)	(113,089)	(112,838)
Net cash used in investing activities	**(115,376)**	**(141,472)**
Cash flows provided by financing activities		
Net cash received from private placements (note 15(a))	97,199	173,291
Cash received from exercise of warrants (note 15(e))	760	13,952
Cash received from exercise of stock options (note 15(d))	1,700	1,793
Net cash provided by financing activities	**99,659**	**189,036**
(Decrease)/increase in cash and cash equivalents	**(23,224)**	**30,233**
Cash and cash equivalents, beginning of year	**111,504**	**81,271**
Cash and cash equivalents, end of year	**$ 88,280**	**$ 111,504**

The accompanying notes are an integral part of these 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 consolidated financial statements of the Corporation at December 31, 2018 include the Corporation and its subsidiaries, Beaufield Resources Inc. ("Beaufield"), 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"). Subsequent to the year ended December 31, 2018, Osisko amalgamated Beaufield, Eagle Hill Exploration Corporation, Ryan Gold Corp., Corona Gold Corporation, and O3 Investments Incorporated. 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 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements were authorized for issuance by the Corporation's Board of Directors on March 6, 2019.

b) Functional and presentation currency

These financial statements are presented in Canadian dollars (tables in thousands of Canadian dollars), which is Osisko's functional currency.

c) Use of critical estimates and judgements

The preparation of these 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.

2) Basis of preparation (continued)

c) Use of critical estimates and judgements (continued)

i) Significant judgments in applying accounting policies

The areas that require management to make significant judgments in applying the Corporation's accounting policies in determining carrying values include:

Income taxes:

The Corporation is subject to income taxes in various jurisdictions. Significant judgment is required in determining the provision for income taxes, due to the complexity of legislation, including the judgments around the use of flow-through share financing. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

Determination of significant influence over equity investments:

Judgment is needed to assess whether the Corporation's interest in a marketable security meets the definition of significant influence and therefore would be accounted for under the equity method as opposed to fair value through profit and loss. Management makes this determination based on its legal ownership interest, board representation and through an analysis of the Corporation's participation in entities' policy making process. In the years ended December 31, 2018 and 2017, management determined it was able to exert significant influence over Barkerville Gold Mines Ltd. ("Barkerville") and Beaufield and started to account for these investments as associates under the equity method. In October 2018, Osisko 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, resulting in removing the investment from being accounted for as an associate, and commencing consolidating the entity.

Impairment of investments in associates:

The Corporation follows the guidance of IAS 28, *Investments in Associates and Joint Ventures* to assess whether there are impairment indicators which may lead to the recognition of an impairment loss with respect to its net investment in an associate. This determination requires significant judgement in evaluating if a decline in fair value is significant or prolonged, which triggers a formal impairment test. In making this judgement, the Corporation's management evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its carrying amount, the volatility of the investment and the financial health and business outlook for the investee, including factors such as the current and expected status of the investee's exploration projects and changes in financing cash flows.

ii) Significant accounting estimates and assumptions

The areas that require management to make significant estimates and assumptions in determining carrying values include, but are not limited to:

Impairment of non-financial assets:

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

2) Basis of preparation (continued)

c) Use of estimates and judgements (continued)

ii) Significant accounting estimates and assumptions (continued)

Fair value of stock options and warrants:

Determining the fair value of stock options and warrants involves estimates of interest rates, expected life of options and warrants, expected forfeiture rate, share price volatility and the application of the Black-Scholes option-pricing model. The Black-Scholes option-pricing model requires the input of highly subjective assumptions that can materially affect the fair value estimate. Stock options granted vest in accordance with the stock option plan. The valuation of stock-based compensation is subjective and can impact profit and loss significantly. The Corporation has applied a forfeiture rate in arriving at the fair value of stock-based compensation to be recognized, reflecting historical experience. Historical experience may not be representative of actual forfeiture rates incurred.

Several other variables are used when determining the value of stock options and warrants using the Black-Scholes valuation model:

- **Volatility:** The Corporation uses historical information on the market price of peer companies to determine the degree of volatility at the date when the stock options are granted. Therefore, depending on when the stock options and warrants were granted and the year of historical information examined, the degree of volatility can be different when calculating the value of different stock options and warrants.
- **Risk-free interest rate:** The Corporation used the interest rate available for government securities of an equivalent expected term as at the date of the grant of the stock options and warrants. The risk-free interest rate will vary depending on the date of the grant of the stock options and warrants and their expected term.

3) Significant accounting policies

The accounting policies set out below are in accordance with IFRS and have been applied consistently to the 2018 and 2017 years presented in these consolidated financial statements, other than respect to IFRS 9, *Financial Instruments*, which was adopted in 2018 on a retrospective basis with any changes to be recorded in the opening balance sheet as at January 1, 2018.

a) Basis of consolidation

The consolidated financial statements of Osisko consolidate the results of the Corporation and its wholly owned subsidiaries: Beaufield, Eagle Hill Exploration Corporation, Ryan Gold Corp., Corona Gold Corporation, Northern Gold Mining Inc., Niogold Mining Corporation, O3 Investments Incorporated and O3 Markets Inc. A subsidiary is an entity controlled by the Corporation.

Control exists when an investor is exposed or has rights to variable returns from its involvement with an investee and has the ability to affect those returns through its power over the investee. Subsidiaries are consolidated from the date on which the Corporation obtains control and are de-consolidated from the date that control ceases to exist. All intercompany transactions, balances and unrealized gains and losses from intercompany transactions are eliminated on consolidation.

3) Significant accounting policies (continued)

b) Foreign currency

i) Foreign currency transactions

Foreign currency transactions are translated into the functional currency of the Corporation's entities using the exchange rates prevailing at the dates of the transactions or an appropriate average exchange rate. Generally, foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in currencies other than the Corporation's functional currency are recognized in the statement of loss.

ii) Functional and presentational currency

Items included in the financial statements of each consolidated entity of the Corporation are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements of entities that have a functional currency different from that of the Corporation are translated into Canadian dollars as follows: assets and liabilities are translated at the closing rate at the date of the statement of financial position, and income and expenses are translated at the average rate during an appropriate year. Equity transactions are translated using the exchange rate at the date of the transaction and all resulting changes are recognized in other comprehensive income as cumulative translation adjustments.

c) 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.

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.

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 and reclamation deposit consist of fixed or determined cash flows related solely to principal and interest amounts. The Corporation's intent is to hold these financial assets until the related cash flows are collected. Other receivables and reclamation deposit 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.

3) Significant accounting policies (continued)

c) Financial instruments (continued)

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.

i) Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting year-end. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

The criteria that the Corporation uses to determine if there is objective evidence of an impairment loss includes:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or
- it has become probable that the borrower will enter bankruptcy or financial reorganization.

At each statement of financial position date, on a forward looking basis, the Corporation assesses the expected credit losses associated with its financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

d) Exploration and evaluation assets

Exploration and evaluation costs, including the cost of acquiring licenses, are capitalized as exploration and evaluation assets on a project-by-project basis pending determination of the technical feasibility and the commercial viability of the project.

Capitalized costs include costs directly related to exploration and evaluation activities in the area of interest. General and administrative costs are only allocated to the asset to the extent that those costs can be directly related to operational activities in the relevant area of interest. When a license is relinquished or a project is abandoned, the related costs are recognized in profit and loss immediately. Costs incurred before the consolidated entity has obtained the legal rights to explore an area are recognized in the statement of loss.

Option-out agreements are accounted for as farm-out arrangements. The Corporation, as the farmor, does not record any expenditures made by the optionee on its behalf, does not recognize any gain or loss on the option-out arrangement, but rather re-designates any costs previously capitalized in relation to the whole interest as relating to the partial interest retained, any cash consideration received is credited against costs previously capitalized in relation to the whole interest with any excess accounted for by the Corporation as a gain on disposal.

Exploration and evaluation assets are assessed for impairment if (i) the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, (ii) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned, (iii) sufficient data exists to determine technical feasibility and commercial viability, and (iv) facts and circumstances suggest that the carrying amount exceeds the recoverable amount (see impairment of non-financial assets).

3) Significant accounting policies (continued)

d) Exploration and evaluation assets (continued)

The technical feasibility and commercial viability of extracting a mineral resource is considered to be determinable when proven reserves are determined to exist, the rights of tenure are current and it is considered probable that the costs will be recouped through successful development and exploitation of the area, or alternatively by sale of the property. Upon determination of proven reserves, exploration and evaluation assets attributable to those reserves are first tested for impairment and then reclassified from exploration and evaluation assets to a separate category within tangible assets. Expenditures deemed to be unsuccessful are recognized in profit or loss immediately.

e) Equipment

Equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as separate assets, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Corporation and the cost can be measured reliably. The carrying amount of a replaced asset is derecognized when replaced. Repairs and maintenance costs are charged to the statement of loss during the year in which they are incurred.

The major categories of equipment are depreciated on a declining or straight-line basis as follows:

Office equipment	20%
Computer equipment	30%
Exploration equipment	20%
Automobiles	30%
Leasehold Improvements	Term of the lease

The Corporation allocates the amount initially recognized in respect of an item of equipment to its material significant parts and depreciates each separately. Residual values, method of depreciation and useful lives of the asset are reviewed annually and adjusted if appropriate.

Gains and losses on disposals of equipment are determined by comparing the proceeds with the carrying value of the asset and are included as part of other gains and losses in the statement of loss.

f) Impairment of non-financial assets

The carrying amounts of the Corporation's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset.

For the purposes of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash generating unit" or "CGU").

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in prior years are assessed at each reporting year for any indications that the loss decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is only reversed to the extent that the asset's carrying value amount does not exceed the carrying amount that would have been determined, net of depreciation of amortization, if no impairment loss had been recognized.

3) Significant accounting policies (continued)

g) Financial liabilities and equity

Debt and equity instruments are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Corporation are recorded at the proceeds received, net of direct issue costs. Financial liabilities are classified as either financial liabilities at FVTPL or financial liabilities at amortized cost.

h) Financial liabilities at amortized cost

Financial liabilities at amortized cost are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest rate method, with interest expense recognized on an effective yield basis.

The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expenses over the corresponding year. The effective interest rate is the rate that exactly discounts estimated future cash payments over the expected life of the financial liability, or, where appropriate, a shorter year, to the net carrying amount on initial recognition.

i) Current and deferred income tax

Income tax expense comprises current and deferred tax. Current and deferred taxes are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Mining taxes represent Canadian provincial tax levied on mining operations and are classified as income tax since such taxes are based on a percentage of mining profits.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using the tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect to the previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantially enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3) Significant accounting policies (continued)

j) Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

k) Related party transactions

A related party is a person or entity that is related to the Corporation; that has control or joint control over the Corporation; that has significant influence over the Corporation; or is a member of the key management personnel of the Corporation.

An entity is related to a Corporation if the entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

A related party transaction is a transfer of resources, services or obligations between a Corporation, and a related party, regardless of whether a price is charged. All transactions with related parties are in the normal course of business and are measured at fair value.

l) Basic and diluted loss per share

The Corporation presents basic and diluted earnings per share ("EPS") data for its common shares. Basic earnings per share are calculated by dividing the profit or loss attributable to common shareholders of the Corporation by the weighted average number of common shares outstanding during the year.

Diluted EPS is calculated by adjusting the weighted average number of common shares outstanding for dilutive instruments. The number of shares with respect to options, warrants and restricted shares is computed using the treasury stock method. As at December 31, 2018 and 2017, the Corporation did not have any dilutive instruments that would dilute the EPS.

m) Provisions

A provision is recognized if, as a result of a past event, the Corporation has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The Corporation performs evaluations each reporting year to identify potential obligations.

n) Finance income and finance costs

Finance income comprises interest income on funds invested. Interest income is recognized as it accrues in profit or loss. Finance costs comprise interest expense on borrowing, changes in the fair value of financial assets at FVTPL, impairment losses recognized on financial assets. Foreign currency gains and losses are reported on a net basis.

o) Asset retirement obligation

An asset retirement obligation is recognized for the expected costs of reclamation at mineral properties where the Corporation is legally or contractually responsible for such costs. Asset retirement obligations arise from the Corporation's obligation to undertake site reclamation and remediation in connection with the exploration of mineral properties. The Corporation recognizes the estimated reclamation costs when environmental disturbance occurs but only when a reasonable estimate can be made.

3) Significant accounting policies (continued)

p) Asset retirement obligation (continued)

The asset retirement obligation recognized is estimated on the risk adjusted costs required to settle present obligations, discounted using a pre-tax risk free discount rate consistent with the expected timing of expected cash flows. Changes in the estimated undiscounted cash flows and risk-free discount rate used in calculating the present value of the asset retirement obligation are offset to the reclamation cost asset previously recognized for the specific property. Actual reclamation expenditures incurred reduce the carrying value of the reclamation provision.

q) Flow-through shares

Resource expenditure deductions for income tax purposes related to exploration activities funded by flow-through share arrangements are renounced to investors under Canadian income tax legislation. On issuance, the Corporation separates the flow-through share into i) a flow-through share premium, equal to the difference between the current market price of the Corporation's common shares and the issue price of the flow through share and ii) share capital. Upon expenses being incurred, the Corporation recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares must be expended on Canadian resource property exploration within a period of two years.

r) Stock based compensation

The Corporation maintains a share option plan, a deferred share unit ("DSU") plan, and a restricted share unit ("RSU") plan for its officers, directors, employees and consultants. The maximum number of shares reserved for issuance under all security-based compensation arrangements of the Corporation is 10% of the issued and outstanding common shares of the Corporation.

i) Share option plan

Share options are settled in equity. The fair value of share options granted is recognized as an expense over the vesting period using the graded vesting method with a corresponding increase in contributed surplus.

The fair value is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using an appropriate option pricing model, taking into account the terms and conditions upon which the options were granted. At each reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest based on an estimate of the forfeiture rate.

Cancelled options are accounted for as an acceleration of vesting and the amount that otherwise would have been recognized for services received over the vesting period is recognized immediately.

ii) Restricted Share Unit plan

Each RSU represents an entitlement to one common share of the Corporation, upon vesting. RSUs provide the option of being settled in cash. The fair value of RSUs granted is recognized as an expense over the vesting period using the graded vesting method with a corresponding increase in share-based payment liability. 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. At each reporting date, the amount recognized as an expense is adjusted to reflect the actual number of RSUs that are expected to vest based on an estimate of the forfeiture rate. Upon redemption of the RSU, the liability is transferred to share capital.

3) Significant accounting policies (continued)

r) Stock based compensation (continued)

iii) Deferred Share Unit plan

Each DSU represents an entitlement to one common share of the Corporation and vests immediately on the date of grant. DSUs provide the option of being settled in cash. The fair value of DSUs granted is recognized as an expense on the date of grant with a corresponding increase in share-based payment liability. 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. Upon redemption of the DSU, the liability is transferred to share capital.

s) Investment in associate

Associates are entities over which the Corporation has significant influence, but not control. The financial results of the Corporation's investments in its associates are included in the Corporation's results according to the equity method. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the Corporation's share of profits or losses of associates after the date of acquisition. The Corporation's share of profits or losses is recognized in the statement of loss and its share of other comprehensive loss or loss of associates is included in other comprehensive loss.

Unrealized gains on transactions between the Corporation and an associate are eliminated to the extent of the Corporation's interest in the associate. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Dilution gains and losses arising from changes in interests in investments in associates are recognized in the statement of loss.

The Corporation assesses at each period end whether there is any objective evidence that its investments in associates are impaired. If impaired, the carrying value of the Corporation's shares of the underlying assets of associates is written down to its estimated recoverable amount (being the higher of fair value less costs of disposal and value in use) and charged to the statement of loss.

t) Refundable tax credits for mining exploration and evaluation assets

The Corporation is entitled to a refundable tax credit on qualified mining exploration and evaluation expenditures incurred in the Province of Québec. The credit is accounted for against the exploration and evaluation expenditures incurred.

4) 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 ending 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.

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

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. A lessee can choose to apply IFRS 16 using either a full retrospective or a modified retrospective approach. The Corporation plans to apply IFRS 16 at the date it becomes effective and has selected the modified retrospective transition approach which does not require restatement of comparative periods. The Corporation will recognize a lease liability on January 1, 2019 and measure the lease liability at the present value of the remaining lease payments, discounted using the Corporation's incremental borrowing rate. The Corporation will also elect to measure right-of-use assets at the same value as the lease liability. IFRS 16 includes recognition exemptions available for short-term leases and leases of low-value items. The Corporation will elect to apply the exemptions whereby the Corporation will recognize the lease payment as an expense over the lease term.

During the year ended December 31, 2018, the Corporation has substantially completed the identification and assessment of arrangements that may contain leases that qualify for recognition under IFRS 16. In addition, the Corporation has substantially completed work to value the right-of-use assets and lease liabilities in arrangements determined to be or contained leases.

Upon the adoption of IFRS 16, the Corporation anticipates it will recognize approximately $3,000,000 of right-of-use assets and approximately $3,000,000 of associated lease liabilities related to the leases on the consolidated statements of financial position on January 1, 2019. Due to the recognition of lease assets and liabilities, a higher amount of interest expense and depreciation will be recognized under IFRS 16 as compared to the current standard. Additionally, a reduction in general and administration expenses is expected. Lastly, the Corporation expects a reduction in operating cash outflows and investing cash outflows with a corresponding increase in financing cash outflows under IFRS 16.

IFRIC 23, Uncertainty over Income Tax Treatments (“IFRIC 23”)

In June 2017, the IASB issued IFRIC 23. IFRIC 23 clarifies the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 and requires an entity to consider whether it is probable that the relevant authority will accept each tax treatment, or group of tax treatments, that it uses or plans to use in its income tax filing. IFRIC 23 is effective for annual periods beginning on or after January 1, 2019, and permits early adoption. It is expected that the adoption of IFRIC 23 will not have a material impact on the consolidated financial statements.

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 consolidated financial statements.

4) 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 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 consolidated financial statements and there was no transitional adjustment recorded on adoption.

5) Acquisition of Beaufield

On October 19, 2018, the Corporation completed the acquisition (the "Beaufield Arrangement") of Beaufield by way of a court approved plan of arrangement.

Under the terms of the Beaufield Arrangement, each former shareholder of Beaufield became entitled to receive 0.0482 of a common share of Osisko in exchange for each common share of Beaufield held immediately prior to the effective time of the Beaufield Arrangement. In addition, holders of options and warrants to acquire common shares of Beaufield received replacement options and warrants, respectively, entitling the holders thereof to acquire common shares of Osisko.

The Beaufield Agreement has been accounted for as an acquisition of assets and liabilities as Beaufield does not meet the definition of a business under IFRS 3. The acquisition of the net assets of Beaufield were recorded at the fair value of the consideration transferred of $34,004,000 as detailed in the table below.

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

5) Acquisition of Beaufield (continued)

Consideration Paid		
Share consideration	**$**	**24,267**
Cancellation of previously held BFD common shares (note 11)		**8,656**
Transaction costs		**698**
Stock Options		**226**
Warrants		**157**
	$	**34,004**

Net assets acquired		
Cash	**$**	**3,440**
Current assets		**546**
Marketable securities (note 8)		**1,587**
Exploration and evaluation assets		**28,478**
Current liabilities		**(47)**
Total net assets acquired	**$**	**34,004**

6) Reclamation deposit

Reclamation deposits are held as security for the estimated cost of reclamation of the Corporation's land and unproven mineral interests. Once reclamation of the properties is complete, the deposits will be returned to the Corporation.

The following table summarizes information regarding the Corporation's reclamation deposits as at December 31, 2018 and 2017:

As at		**December 31, 2018**		December 31, 2017
Windfall Lake (a)	**$**	**-**	$	570
Garrison (b)		**244**		244
Buffonta (b)		**160**		159
Total Reclamation deposits	**$**	**404**	**$**	**973**

a) Windfall Lake

The Corporation had a reclamation deposit of $570,000 with the Québec Ministry of Energy and Natural Resources as a financial guarantee covering the cost of mine reclamation related to the Corporation's Windfall Lake Property which was acquired as a result of the acquisition of Eagle Hill. During the year ended December 31, 2018, an updated rehabilitation plan was completed for the Windfall Project and, upon acceptance of this plan by the Ministère de l'Énergie et des Ressources naturelles, the deposit of $570,000 was returned to Osisko in exchange for a bond in the amount of the updated rehabilitation plan.

b) Garrison and Buffonta

The Corporation has two reclamation deposits of $244,000 and $160,000 with the Ministry of Northern Development and Mines as a financial guarantee covering the cost of mine reclamation related to the Corporation's Garrison and Buffonta Properties, respectively, which were acquired as a result of the acquisition of Northern Gold. Interest is earned on these deposits at a rate of 0.3%.

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

7) Tax recoverable

As at December 31, 2018 and 2017, tax recoverable consists of sales tax recoverable and refundable tax credits for mining exploration and evaluation expenditures. Sales tax recoverable consist of harmonized sales taxes ("HST"), goods and services tax ("GST"), Québec sales tax ("QST") and income tax receivable from Canadian taxation authorities. The refundable tax credits relate to eligible exploration and evaluation expenditures incurred in the Province of Québec.

8) Marketable securities

The Corporation holds shares and warrants in various public and private companies throughout the mining industry. During the year ended December 31, 2018, these shares and warrants were fair valued and this resulted in an unrealized loss of $6,365,000 (2017 – loss of $2,037,000). The Corporation sold shares during the year ended December 31, 2018 which resulted in a realized loss of $694,000 (2017 – gain of $2,686,000).

The shares in the various public companies are classified as FVTPL and are recorded at fair value using the quoted market price as at December 31, 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.

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

As at	December 31, 2018	December 31, 2017
Balance, beginning of year	**$ 22,076**	**$ 15,020**
Additions	5,364	32,610
Acquisitions (note 5)	1,587	-
Disposals	(7,768)	(26,203)
Realized (loss)/gain	(694)	2,686
Unrealized loss	(6,365)	(2,037)
Balance, end of year	**$ 14,200**	**$ 22,076**

9) Long-term investment

As of December 31, 2018, the investment consists of 3,000,000 shares of Northstar Gold Corporation ("Northstar"), acquired on March 3, 2015, in connection with an option agreement entered for the Miller property. The 3,000,000 shares were acquired at a value of $0.10 per common share. During the year ended December 31, 2018, Northstar announced the approval of a financing at $0.05 per common share and as such the Corporation recorded an impairment on this long-term investment of $30,000 (2017 - $120,000).

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

10) Expenses

The following table summarizes information regarding the Corporation's expenses for the year ended December 31, 2018 and 2017:

For the year ended		December 31, 2018		December 31, 2017
Compensation expenses				
Stock-based compensation (note 15(d))	$	11,630	$	14,141
Salaries and benefits		8,381		6,345
Total compensation expenses	**$**	**20,011**	**$**	**20,486**
General and administration expenses				
Shareholder and regulatory expense	$	667	$	494
Administrative services		-		252
Travel expense		452		675
Professional fees		1,288		1,498
Office expense		3,007		3,016
Total general and administration expenses	**$**	**5,414**	**$**	**5,935**
Marketable securities				
Realized loss/(gain) from marketable securities (note 8)	$	694	$	(2,686)
Unrealized loss from marketable securities (note 8)		6,365		2,037
Total marketable securities loss/(gain)	**$**	**7,059**	**$**	**(649)**

11) Investment in associates

On August 8, 2016, Osisko announced its acquisition of 50,000,000 shares in Barkerville, or a 17% stake, from 2176423 Ontario Ltd. for $20,000,000 cash and 8,097,166 common shares of Osisko valued at $17,000,000. Subsequent to this initial investment, Osisko has acquired a further 32,401,741 shares in Barkerville for $20,274,000 cash and has dropped its stake down to 16%. Through the extent of its share ownership interest and sharing a common board member, management has determined that Osisko has significant influence over the decision-making process of Barkerville and accordingly, is using the equity method to account for this investment.

Barkerville is a mineral resource company focused on the exploration and development of its gold properties located in the Cariboo Mining District of central British Columbia. Barkerville's head office is located in Canada and is a public company listed on the TSX Venture Exchange. The trading price of Barkerville on December 31, 2018 was $0.40 per share which corresponds to a quoted market value of $32,961,000 for the Corporation's investment in Barkerville.

The equity accounting for Barkerville is based on the results to September 30, 2018, adjusted for significant transaction between September 30, 2018 and December 31, 2018.

The following table is a summary of the consolidated financial information of Barkerville on a 100% basis taking into account adjustments made by the Corporation for equity accounting purposes for fair value adjustments and differences in accounting policy. A reconciliation of Barkerville's summarized financial information to the Corporation's investment carrying value is also included.

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

11) Investment in associates (continued)

As at		December 31, 2018
Total current assets	$	61,069
Total non-current assets		324,658
Total current liabilities		(17,196)
Total non-current liabilities		(18,186)
Total net assets	$	350,345

For the year ended December 31,		2018
Revenue	$	-
Net gain	$	9,413

Reconciliation of Barkerville's net asset to the Corporation's investment carrying value:

As at		December 31, 2018
Net assets of Barkerville	$	350,345
Osisko Mining ownership interest		16.27%
Osisko Mining share of net asset		56,998
Carrying value of investment in Barkerville		56,998

On February 21, 2017, Osisko announced its acquisition of 31,700,000 shares in Beaufield, or a 16% stake, by way of a brokered private placement for $3,170,000. Subsequent to its initial investment, Osisko has acquired a further 24,420,800 shares in Beaufield for $4,154,000 increasing its stake to 26%.

On October 19, 2018, Osisko completed the Beaufield Arrangement, pursuant to which Osisko acquired all the outstanding common shares of Beaufield (note 5). Under the terms of the Beaufield Arrangement, each former shareholder of Beaufield received 0.0482 common shares of Osisko in exchange for each common share of Beaufield held. At the time of the Beaufield Arrangement, Osisko held 56,120,800 common shares of Beaufield with a carrying value of $6,860,000. Taking into account the Beaufield Arrangement's exchange ratio, the Corporation received 2,705,023 common shares of Osisko in exchange for its previously held common shares of Beaufield. The fair value of the newly acquired common shares of Osisko was $8,656,000, which resulted in a gain on revaluation of $1,796,000. The newly acquired common shares of Osisko were subsequently cancelled and the entire investment removed from Investment in Associates.

The Corporation's investments relating to its associates as of December 31, 2018 and 2017 are detailed as follows:

	December 31, 2018					
		Beaufield		Barkerville		Total
Balance, beginning of year	$	4,740	$	51,698	$	56,438
Cash investment in associates		2,369		3,800		6,169
Share of (loss)/gain for the year		(249)		1,500		1,251
Gain on revaluation of shares		1,796		-		1,796
Cancellation of shares upon acqusition (note 5)		(8,656)		-		(8,656)
Balance, end of year	$	-	$	56,998	$	56,998

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

12) Plant and equipment

The following table summarizes information regarding the Corporation's plant and equipment as at December 31, 2018 and 2017:

December 31, 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	$ 238	$ (10)	$ 1,537	$ 221	$ 357	$ (4)	$ 574	$ 963
Office Equipment	207	-	-	207	23	37	-	60	147
Exploration Equipment	5,678	3,002	-	8,680	522	1,379	-	1,901	6,779
Automobiles	189	(14)	-	175	47	45	-	92	83
Total	**$ 7,383**	**$ 3,226**	**$ (10)**	**$ 10,599**	**$ 813**	**$ 1,818**	**$ (4)**	**$ 2,627**	**$ 7,972**

December 31, 2017									
	Cost				Accumulated depreciation				
Class	Opening balance	Additions	Write-off / disposals	Closing Balance	Opening balance	Depreciation	Write-off / disposals	Closing balance	Net book value
Computer Equipment	$ 261	$ 1,048	-	$ 1,309	$ 23	$ 198	-	$ 221	$ 1,088
Office Equipment	19	188	-	207	3	20	-	23	184
Exploration Equipment	737	4,941	-	5,678	66	456	-	522	5,156
Automobiles	78	111	-	189	23	24	-	47	142
Total	**$ 1,095**	**$ 6,288**	**-**	**$ 7,383**	**$ 115**	**$ 698**	**-**	**$ 813**	**$ 6,570**

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

13) Exploration and evaluation assets

	December 31, 2017	Acquisitions in the year (note 5)	Additions in the year	Deferred income tax asset on investment tax credits (note 20)	Write offs in the year	December 31, 2018
Windfall Lake	$ 150,772	$ -	$ 71,797	$ (332)	$ -	$ 222,237
Quévillon Osborne	4,526	-	9,162	-	-	13,688
Urban Barry	11,881	5,787	2,785	-	-	20,453
Urban Barry Base Metals	-	-	30	-	-	30
Quévillon Osborne Base Metals	-	-	10	-	-	10
Kan - James Bay	423	-	78	-	-	501
Éléonore – James Bay	532	-	53	-	(585)	-
Éléonore JV – James Bay	214	-	332	-	-	546
Other – James Bay	2,088	-	415	-	-	2,503
FCI - Corvette Lithium	-	-	(57)	-	-	(57)
Urban Duke	-	2,142	-	-	-	2,142
Éléonore Opinaca	-	5,680	4	-	(5,684)	-
Tortigny	-	12,102	7	(291)	-	11,818
Luanay	-	2,273	-	-	-	2,273
Marban Block	65,292	-	74	(227)	-	65,139
Garrison Block	26,192	-	3,004	(1,577)	-	27,619
Hemlo	-	494	-	-	(494)	-
Total exploration and evaluation assets	**$ 261,920**	**$ 28,478**	**$ 87,694**	**$ (2,427)**	**$ (6,763)**	**$ 368,902**

	December 31, 2016	Additions in the year	Write offs in the year	Disposals in the year	December 31, 2017
Windfall Lake	$ 56,199	$ 94,573	$ -	$ -	$ 150,772
Quévillon Osborne	-	4,526	-	-	4,526
Urban Barry	5,376	6,505	-	-	11,881
Kan - James Bay	284	139	-	-	423
Éléonore – James Bay	274	258	-	-	532
Éléonore JV – James Bay	104	110	-	-	214
Other – James Bay	160	1,928	-	-	2,088
Ogima - Catharine Fault	1,548	10	(1,458)	(100)	-
Marban Block	64,619	673	-	-	65,292
Garrison Block	14,231	11,961	-	-	26,192
DeSantis Property	1,324	20	(944)	(400)	-
Swayze Property	466	393	(260)	(599)	-
Total exploration and evaluation assets	**$ 144,585**	**$ 121,096**	**$ (2,662)**	**$ (1,099)**	**$ 261,920**

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

13) Exploration and evaluation assets (continued)

a) Windfall Lake Property

The Windfall Lake Property is 100% owned by the Corporation and is located in the Abitibi Greenstone Belt in Québec, Canada. The majority of the property is subject to the following residual net smelter royalties ("NSR").

Location	NSR	Buyback option
Centre of property, hosting the majority of the mineral resource	2.5%	Buyback 1% NSR for $1,000,000
North of the majority of the mineral resource, hosting small portion of the mineral resource	1%	
Northern part of property	2%	
Southeast of the mineral resource	2%	Buyback 1% NSR for $500,000
Eastern edge of property	2%	Buyback 1% NSR for $1,000,000, right of first refusal for remaining 1% NSR

In 2015, Osisko Gold Royalties Ltd ("Osisko GR"), a related party, was granted a right to acquire 1% NSR royalty on all properties held by the Corporation as of August 25, 2015. On October 5, 2016, Osisko GR exercised its option to acquire 1% NSR royalty on the Corporation's Windfall Lake and Urban Barry Properties for $5,000,000. This exercise brings the total NSR royalty held by Osisko GR on the Windfall Lake Property to 1.5%, including the 0.5% NSR royalty acquired in 2015. The sale of the royalty has been recorded as a reduction in the carrying value of the exploration and evaluation asset.

In 2018, Osisko GR acquired the 1% NSR on part of the property located north of the majority of the mineral resource, hosting small portion of the mineral resource, and the 2% NRS on the northern part of the property.

b) Quévillon Osborne Project

On April 27, 2017, the Corporation acquired ownership over a property package in consideration of $1,000,000 and the issuance of 100,000 common shares of Osisko (note 15(a)). The Quévillon Osborne Project is located in in the Lebel-sur-Quévillon area of Québec, west of the Windfall Lake gold deposit.

c) Urban Barry Property

The Urban Barry Property is 100% owned by the Corporation. The exploration expenditures on the property were for prospecting, till surveys follow-up and for staking claims. In order to maintain the claims, the Corporation was required to spend $1,505,000 within two years from the date of staking which has been spent as of December 31, 2018.

i) Black Dog (formerly "Souart") Property

The Corporation acquired 100% of the Black Dog Property on February 3, 2016, located in the Urban Barry greenstone belt, in Souart and Barry Townships, Québec. The Corporation issued 500,000 common shares of Osisko (note 15(a)) and a cash payment of $200,000 for 100% of the property. The Black Dog Property is subject to a 2% NSR which can be purchased at any time for $2,000,000.

13) Exploration and evaluation assets (continued)

d) Urban Barry Base Metals

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.

e) Quévillon Osborne Base Metals

The Quévillon Osborne Base Metals Project is a select package of claims located within the Quévillon Osborne Project. On November 12, 2018, Osisko entered into an option agreement with 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 $8,000,000 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 $2,000,000 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.

f) James Bay Properties

On October 5, 2016, Osisko completed the earn-in transaction with Osisko GR. Under the terms of the earn-in agreement, the Corporation may earn a 100% interest in 28 exploration properties held by Osisko GR, which are located in the James Bay area, Québec and the Labrador Trough area (the "Properties") upon incurring exploration expenditures totaling $32 million over the 7-year term of the earn-in agreement; the Corporation will earn a 50% interest upon completing expenditures totaling $19.2 million. Osisko GR will retain an escalating NSR royalty ranging from 1.5% to a maximum of 3.5% on precious metals and a 2% NSR royalty on other metals and minerals produced from the Properties.

Additionally, any new properties acquired by the Corporation in the designated area during the 7-year term of the earn-in agreement may also be subject to a royalty agreement in favour of Osisko GR with similar terms and subject to certain conditions. On February 16, 2017, Osisko and Osisko GR amended and restated the initial earn-in agreement, pursuant to which the Kan Project was carved-out into a separate earn-in agreement (the "Kan Agreement"). Under the terms of the Kan Agreement, Osisko shall incur $6 million over the 7-year term of the earn-in agreement; the Corporation will earn a 50% interest upon completing expenditures of $3.6 million over 4-year term. The entire commitment on the rest of the properties was reduced by the same amount and terms as the Kan Agreement. Subject to the Kan Agreement, Osisko had a firm commitment to spend $4,062,000 of exploration expenditures on all the Properties by December 31, 2017. The Kan Agreement was amended again on December 15, 2017 to state that the $4,062,000 spend must be completed prior to December 31, 2018. As of December 31, 2018, all required amounts have been spent.

13) Exploration and evaluation assets (continued)

f) James Bay Properties (continued)

i) Kan Project

The Kan Project is located within the Labrador Trough in Québec, Canada. The Kan Project is subject to an NSR of 2%. On March 27, 2017, Osisko entered into a binding agreement with Barrick Gold Corporation ("Barrick"), which sets forth the terms of an Exploration Earn-In on the Property. Under the Exploration Earn-In, Barrick must commit $15,000,000 in work expenditures over a four-year period to earn a 70% interest on Kan, subject to certain annual work expenditure thresholds, including a guaranteed expenditure threshold of $6,000,000 in the first two years. As of December 31, 2018, the guaranteed expenditure has been spent and Barrick has chosen not to continue with the Exploration Earn-In.

ii) Élénore Project

The Éléonore Project is located within the Opinaca Reservoir area in Québec, Canada. The Corporation does not have plans to explore this property further. Due to this triggering event, the Corporation determined that the carrying amount of the exploration assets of the Éléonore Project exceeded its recoverable amount and as such recorded an impairment of $585,000.

iii) Élénore-JV Project

The Éléonore-JV Project is located within the Opinaca Reservoir area in Québec, Canada. Approximately 50% is owned by Midland Exploration Inc. The property is subject to two 0.5% NSRs.

g) FCI – Corvette Lithium Project

The FCI – Corvette Lithium Project is located within the James Bay Greenstone Belt in Northern Québec, Canada. The FCI – Corvette Lithium Project is subject to a NSR of 1.5-3.5%. On August 27, 2018, Osisko entered into a binding agreement with 92 Resources Corp ("92 Resources"), which sets forth the terms of an Exploration Earn-In on the Property. Under the Exploration Earn-In, 92 Resources must commit $2,250,000 in work expenditures over a three-year period to earn a 50% interest on the FCI-Corvette Lithium Project, subject to certain annual work expenditure thresholds, including a guaranteed expenditure threshold of $250,000 in the first year. Upon signing on August 27, 2018, and as further consideration for the granting of the Exploration Earn-In, 92 Resources issued 1,000,000 common shares of 92 Resources to the Corporation at a fair value of $60,000. An additional 1,000,000 common shares of 92 Resources will be issued to the Corporation on the first anniversary.

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 92 Resources. Osisko and 92 Resources will then enter into a joint venture agreement in respect of the Property. In addition, 92 Resources may earn a further 25% interest in the joint venture entity (for a total interest of 75%) by electing to fund an additional $2,000,000 of project level expenditures (such as a preliminary economic assessment or pre-feasibility study).

13) Exploration and evaluation assets (continued)

h) Urban Duke Property

The Corporation acquired the Urban Duke Property through the acquisition of Beaufield, which was completed on October 19, 2018 (note 5). The Urban Duke Property is 100% owned by the Corporation and is located within the Urban Barry Greenstone Belt, Québec. On July 6, 2018, Beaufield entered into a binding agreement with Bonterra Resources Inc. ("Bonterra") which sets forth the terms of an Exploration Earn-In on the Property. In order to earn a 70% interest on the Urban Duke Property, Bonterra must commit a) $4,500,000 in work expenditures over a three-year period, subject to certain annual work expenditure thresholds, including a guaranteed expenditure threshold of $1,500,000 in the first year and b) $750,000 in cash payments over a two-year period, with $250,000 due upon signing, $250,000 due in the first year, and the remaining $250,000 due in the second year. Upon signing on July 6, 2018, and as further consideration for the granting of the Exploration Earn-In, Bonterra issued 4,000,000 common shares of Bonterra to Beaufield.

Following the completion of the Exploration Earn-In, Osisko and Bonterra will enter into a joint venture agreement in respect of the Property with Bonterra maintaining a 70% interest and Beaufield maintaining a 30% interest.

i) Élénore Opinaca Property

The Corporation acquired the Élénore Opinaca Property through the acquisition of Beaufield, which was completed on October 19, 2018 (note 5). The Élénore Opinaca Property is 100% owned by the Corporation and is located approximately 320 kilometres north of the town of Matagami in the James Bay area, northern Québec and is subject to a NSR of 0.5%. The Corporation does not have plans to explore this property further. Due to this triggering event, the Corporation determined that the carrying amount of the exploration assets of the Éléonore Opinaca Project exceeded its recoverable amount and as such recorded an impairment of $5,684,000.

j) Tortigny Property

The Corporation acquired the Tortigny Property through the acquisition of Beaufield, which was completed on October 19, 2018 (note 5). The Tortigny Property is 100% owned by the Corporation and is located approximately 100 kilometres north of the town of Chibougamau, Québec and is subject to a NSR of 1-2%.

k) Launay Property

The Corporation acquired the Launay Property through the acquisition of Beaufield, which was completed on October 19, 2018 (note 5). The Launay Property is 100% owned by the Corporation and is located in the Abitibi Greenstone Belt, Québec and is subject to a NSR of 1.5%.

l) Marban Block Properties

i) Marban Project

The Marban Block property is 100% owned by the Corporation and is located about 15 kilometers west of the town of Val-d'Or in the Abitibi region of Québec, Canada. The Marban claims are subject to a NSR of 1% to 1.5%. The First Canadian claims are subject to a 10% net profits interest. The vendor retained a 0.5% NSR on the Marban claims, a 1% NSR on the First Canadian claims and a 2% NSR on the Norlartic claims. The property also has two mining claims known as the Gold Hawk claims which are subject to a 2% NSR.

13) Exploration and evaluation assets (continued)

l) Marban Block Properties (continued)

ii) Malarctic Project

The Malartic Project includes the Camflo West, the Malartic Hygrade, the Malartic Hygrade-NSM and the Malartic H properties. The Corporation owns a100% interest in the claims of the Camflo West, the Malartic Hygrade, the Malartic Hygrade-NSM properties. The Malartic H claims are 85% owned and the remaining 15% can be purchased by paying $25,000. The Camflo West claims are subject to various NSR's ranging from 1.5% to 3.0%, certain of which, or portions thereof, can be repurchased for payments ranging from $200,000 to $1,500,000.

iii) Siscoe East Project

The Corporation owns a 50% interest in the claims covering the Siscoe East property, the remaining 50% interest being held by another company. Some claims are subject to NSR's of 2.0%. Half of the NSR's may be repurchase for a total of $2,750,000.

iv) Héva Project

Some of the claims of the Héva property are subject to a 1.5% NSR of which half may be repurchased for $200,000. On August 7, 2018, Osisko entered into an agreement with Kintavar Exploration Inc ("Kintavar") whereby Osisko sold its NSR interests in 21 claims in exchange for 131,578 common shares of Kintavar with a fair value of $50,000.

m) Garrison Block Properties

i) Garrcon Project

The Garrcon Project is 100% owned by the Corporation and is located in the Abitibi Greenstone Belt in Québec, Canada. The Garrcon Project is subject to NSR's ranging from 1% to 2%. On certain mining claims, the vendor retains a back-in-right for up to 51% interest in these claims should a resource totaling 4 million ounces be identified on the claims. Such a back-in-right would trigger a cash reimbursement to the Corporation equal to double the exploration costs incurred since the date of the arrangement.

ii) Jonpol Project

The Jonpol Project is 100% owned by the Corporation and is located on the same property as the Garcon Project in the Abitibi Greenstone Belt in Ontario, Canada.

iii) Buffonta Project

The Buffonta Project is 87.5-100% owned by the Corporation and is located on the same property as the Garcon Project in the Abitibi Greenstone Belt in Ontario, Canada. The Buffonta Project is subject to a 3% NSR of which 0.5% can be purchased for $1,000,000.

iv) Gold Pike Project

The Gold Pike Project is 40-60% owned by the Corporation and is located on the same property as the Garcon Project in the Abitibi Greenstone Belt in Ontario, Canada. The Gold Pike Project has claims under two separate agreements in which each are subject to a 2% NSR of which 1% can be purchased for $1,000,000. The property has an annual $25,000 advance royalty payment.

13) Exploration and evaluation assets (continued)

n) Hemlo Property

The Corporation acquired the Hemlo Property through the acquisition of Beaufield, which was completed on October 19, 2018 (note 5). The Hemlo Property is 100% owned by the Corporation and is located in the Neoarchean Hemlo Greenstone Belt, Ontario and is subject to a NSR of 0.5-2%. The Corporation does not have plans to explore this property further. Due to this triggering event, the Corporation determined that the carrying amount of the exploration assets of the Hemlo Property exceeded its recoverable amount and as such recorded an impairment of $494,000.

o) Ogima – Catharine Fault Project

On November 24, 2017, the Corporation completed a transaction with Canadian Gold Miner Corp. ("CGM") and Transition Metals Corp. ("TM"), under which the Corporation transferred its ownership interest in the Ogima – Catharine Fault Project in exchange for common shares of CGM with a fair value of $100,000. Due to this triggering event, the Corporation determined that the carrying amount of the exploration assets of the Ogima – Catharine Fault Project exceeded its recoverable amount and as such recorded an impairment of $1,458,000 for the year ended December 31, 2017.

p) DeSantis Property

The Corporation acquired the DeSantis Property in the Porcupine Mining Division in Ogden Township, Ontario, from Excellon Resources Inc., in exchange for common shares of Osisko. On November 24, 2017, the Corporation completed a transaction with CGM and TM, under which the Corporation transferred its ownership interest in the DeSantis Property in exchange for common shares of CGM with a fair value of $400,000. Due to this triggering event, the Corporation determined that the carrying amount of the exploration assets of the DeSantis Property exceeded its recoverable amount and as such recorded an impairment of $944,000 for the year ended December 31, 2017.

q) Swayze Property

The Corporation acquired the Swayze Property located in the Greenstone Belt of Ontario on August 2, 2016. The claims were purchased for an initial payment of $250,000. On December 21, 2017, the Corporation completed the sale of the property with GFG Resources Inc., whereby, the Corporation sold its ownership interest in the Swayze Property in exchange for 1,110,494 common shares of GFG Resources, representing an implied sale price of $599,000 based on the 20-day volume weighted average price of such shares on the closing date. Due to this triggering event, the Corporation determined that the carrying amount of the exploration assets of the Swayze Property exceeded its recoverable amount and as such recorded an impairment of $260,000 for the year ended December 31, 2017.

14) 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 Company's asset retirement obligation is approximately $4,533,000.

During the year ended December 31, 2018, an updated rehabilitation plan was completed for the Windfall Project and, as such, a change in estimate of $701,000 (2017 - $2,042,000) has been recognized to the Windfall Property. These increased estimates were due to the Corporation's advancement of the underground exploration ramp.

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

14) Asset retirement obligation (continued)

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		33
Change in estimate		703
Balance December 31, 2018	**$**	**3,628**

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

For the year ended December 31,		**2018**
Total undiscounted value of payments	$	4,533
Weighted average discount rate		1.95%
Weighted average expected life		11 years
Inflation rate		1.70%

15) 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 15(e))	524,235		1,128
Issuance of shares upon exercise of stock options (note 15(d))	1,119,984		2,594
Deferred tax asset on share issue cost (note 20)	-		3,267
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
Private placement (net of transaction costs $157,000)	9,259,260		24,843
Issuance of shares on acquisition of Beaufield Resources Inc (note 5)	7,583,581		24,267
Balance December 31, 2018	**257,201,331**	**$**	**580,616**

15) Capital and other components of equity (continued)

a) Share capital – authorized (continued)

The authorized capital of Osisko consists of an unlimited number of common shares having no par value. The holders of common shares 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 February 28, 2017, the Corporation completed a private placement of 5,450,000 common shares of the Corporation at a price of $5.52 per common share issued as flow-through shares for aggregate gross proceeds of $30,084,000. The flow-through shares were issued at an average premium of $1.88 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 $10,246,000 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 was recognized for the year ended December 31, 2018 relating to this transaction (2017 - $10,246,000). The transaction costs amounted to $992,000 and have been netted against the gross proceeds on closing.

On February 28, 2017, the Corporation completed a private placement of 15,327,000 units of the Corporation at a price of $3.40 per unit for gross proceeds of $52,112,000. The transaction costs amounted to $2,927,000 and were netted against the gross proceeds on closing. Each unit is comprised of one common share of Osisko and one common share purchase warrant. Each common share purchase warrant is exercisable into one common share of Osisko until August 28, 2018, at an exercise price of $5.00. The fair value of the common share purchase warrant upon conversion was $9,633,000 and this fair value was netted against the gross proceeds on closing. The common share purchase warrant expired on August 28 28, 2018.

On April 27, 2017, the Corporation completed a private placement of 700,000 common shares of the corporation at a price of $7.15 per common share issued as flow-through shares for gross proceeds of $5,005,000. The flow-through shares were issued at an average premium of $2.17 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 $1,519,000 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 was recognized for the year ended December 31, 2018 relating to this transaction (2017 - $1,519,000). The transaction costs amounted to $297,000 and have been netted against the gross proceeds on closing.

On April 27, 2017, the Corporation acquired the Quévillon Osborne Project in exchange for a cash payment of $1,000,000 as well as the issuance of 100,000 common shares of Osisko (note 13(b)).

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 $10,968,000 was recognized for the year ended December 31, 2018 relating to this transaction (2017 - $9,300,000). The transaction costs amounted to $2,084,000 and have been netted against the gross proceeds on closing.

On October 5, 2017, the Corporation completed a private placement of 8,334,450 common shares of the Corporation at a price of $4.20 per share for gross proceeds of $35,005,000. The transaction costs amounted to $2,086,000 and were netted against the gross proceeds on closing.

15) Capital and other components of equity (continued)

a) Share capital – authorized (continued)

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 $597,000 was recognized for the year ended December 31, 2018 relating to this transaction (2017 - $108,000). The transaction costs amounted to $192,000 and have been netted against the gross proceeds on closing.

During the year ended December 31, 2017, a total of 12,825,835 warrants were exercised for gross proceeds of $13,952,000 in exchange for the issuance of 5,629,449 common shares of Osisko.

During the year ended December 31, 2017, a total of 1,346,335 stock options were exercised for gross proceeds of $1,793,000 in exchange for the issuance of 1,346,335 common shares of Osisko.

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 $3,769,000 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 $1,511,000 was recognized for year ended December 31, 2018 relating to this transaction (2017 - $nil). The transaction costs amounted to $3,707,000 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.

On October 19, 2018, as described in note 5, the Corporation acquired Beaufield. In consideration for the acquisition of Beaufield, the Corporation issued 0.0482 common shares of the Corporation for each common share of Beaufield so held, for an aggregate of 7,583,581 common shares of the Corporation.

On November 5, 2018, the Corporation completed a private placement of 9,529,260 common shares of the Corporation at a price of $2.70 per common share for gross proceeds of $25,000,000. The transaction costs amounted to $157,000 and were netted against the gross proceeds on closing.

During the year ended December 31, 2018, a total of 589,500 warrants were exercised for gross proceeds of $760,000 in exchange for the issuance of 524,235 common shares of Osisko.

During the year ended December 31, 2018, a total of 874,332 stock options were exercised for gross proceeds of $1,700,000 in exchange for the issuance of 1,119,984 common shares of Osisko.

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

15) Capital and other components of equity (continued)

b) Basic loss per share

The calculation of basic loss per share for the year ended December 31, 2018 and 2017 was based on the loss attributable to common shareholders and a basic weighted average number of common shares outstanding, calculated as follows:

For the year ended		December 31, 2018		December 31, 2017
Common shares outstanding, at beginning of the year		207,845,240		161,990,656
Common shares issued during the year		12,603,725		26,064,589
Basic weighted average number of Common Shares		**220,448,965**		**188,055,245**
Loss	**$**	**33,996**	**$**	**18,036**
Basic loss per share	**$**	**0.15**	**$**	**0.10**

c) Diluted loss per share

The Corporation incurred net losses for each of the years ended December 31, 2018 and 2017, 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 2017, the Corporation established an Employee Share Purchase plan. Under the terms of the plan, the Company contributes an amount equal to 60% of the eligible employee's contribution towards the acquisition of common shares from treasury on a quarterly basis. A maximum of 5,000,000 of the issued and outstanding common shares are reserved for issuance under the current plan. As of December 31, 2018, no issuances have occurred under this plan.

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 a year of up to 5 years from the date of grant.

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

15) Capital and other components of equity (continued)

d) Contributed surplus (continued)

The following table summarizes the stock option transactions for the years ended December 31, 2018 and 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	4,911,000	3.27
Exercised	(874,332)	1.30
Forfeited	(720,004)	3.20
Oustanding at December 31, 2018	**20,014,448**	**$ 2.61**

On January 27, 2017, 3,915,000 stock options were issued to directors, management and employees, at an exercise price of $3.41 for a period of 5 years. The options have been fair valued at $2.75 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 February 3, 2017, 20,000 stock options were issued to an employee, at an exercise price of $3.57 for a period of 5 years. The options have been fair valued at $2.88 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 March 28, 2017, 200,000 stock options were issued to a director, at an exercise price of $4.76 for a period of 5 years. The options have been fair valued at $3.86 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 8, 2017, 1,920,000 stock options were issued to management and employees, at an exercise price of $4.79 for a period of 5 years. The options have been fair valued at $3.90 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 August 10, 2017, 50,000 stock options were issued to employees, at an exercise price of $4.75 for a period of 5 years. The options have been fair valued at $3.87 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 November 14, 2017, 50,000 stock options were issued to employees, at an exercise price of $3.78 for a period of 5 years. The options have been fair valued at $3.09 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.

During the year ended December 31, 2017, a total of 1,346,335 stock options were exercised for gross proceeds of $1,793,000 in exchange for the issuance of 1,346,335 common shares of Osisko.

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

15) Capital and other components of equity (continued)

d) Contributed surplus (continued)

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 $2.56 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.

On October 15, 2018, 200,000 stock options were issued to a consultant, at an exercise price of $2.23 for a period of 5 years. The options have been fair valued at $1.68 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.

In connection with the Beaufield Arrangement (note 5), consent was received from each Beaufield stock option holder that, subsequent to the Beaufield Arrangement, each Beaufield stock option will be exercisable into 0.0482 common share of the Corporation for each common share of Beaufield the holder would have otherwise been entitled to acquire. On October 19, 2018, a total of 241,000 stock options were issued in connection with the Beaufield Arrangement.

On November 9, 2018, 30,000 stock options were issued to employees, at an exercise price of $2.73 for a period of 5 years. The options have been fair valued at $1.80 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 year ended December 31, 2018 was $13,088,000 (2017 - $14,141,000) from which $2,294,000 (2017 - $2,611,000) was capitalized to the Canadian projects.

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

For the year ended	December 31, 2018	December 31, 2017
Fair value at grant date	$ 2.50	$ 3.16
Forfeiture rate	1.0%	0.0%
Share price at grant date	$ 3.27	$ 3.90
Exercise price	$ 3.27	$ 3.90
Expected volatility	113%	116%
Dividend yield	0.0%	0.0%
Option life (weighted average life)	4.5 years	5 years
Risk-free interest rate (based on government bonds)	2.00%	1.08%

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

15) 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 December 31, 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	2.1	4,266,993	$1.04	2.1	4,266,993	$1.04
1.13 to 1.71	1.7	3,551,823	$1.20	1.7	3,551,823	$1.20
1.72 to 3.21	3.5	2,372,121	$2.63	3.0	1,695,439	$2.75
3.22 to 3.45	3.1	3,731,666	$3.41	3.1	2,593,328	$3.41
3.45 to 4.79	3.6	5,976,165	$3.98	3.3	2,884,483	$4.23
4.80 to 6.23	1.8	115,680	$6.23	1.8	115,680	$6.23
0.48 to 6.23	**2.8**	**20,014,448**	**$2.61**	**2.5**	**15,107,746**	**$2.32**

e) Warrants

i. One-for-one warrants

The following table summarizes the transactions pertaining to the Corporation's outstanding standard warrants for the years ended December 31, 2018 and 2017. These warrants are exercisable at one warrant for one common share of the Corporation (the "one-for-one warrants").

	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**
Issuance of warrants on acquisition of Beaufield Resources (note 5)	154,240		2.39
Exercised	(520,800)		1.44
Expired (note 15(a))	(15,197,540)		5.00
Outstanding at December 31, 2018	**3,647,799**	**$**	**1.89**

On February 3, 2016, the Corporation completed an offering of subscription receipts pursuant to which it issued and sold 10,521,700 subscription receipts. In conjunction with the completion of the Arrangement Agreement on March 11, 2016, each subscription receipt was converted into one common share of the Corporation and one common share purchase warrant. Each common share purchase warrant is exercisable into one common share of the Corporation until February 3, 2019, at an exercise price of $1.44.

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

15) Capital and other components of equity (continued)

e) Warrants (continued)

i. One-for-one warrants (continued)

In connection with the Beaufield Arrangement (note 5), consent was received from each Beaufield warrant holder that, subsequent to the Beaufield Arrangement, each Beaufield warrant will be exercisable into 0.0482 common share of the Corporation for each common share of Beaufield the holder would have otherwise been entitled to acquire. On October 19, 2018, a total of 154,242 warrants were issued in connection with the Beaufield Arrangement.

The following table summarizes the weighted average assumptions used for the valuation of the one-for-one warrants issued during the years ended December 31, 2018 and 2017:

For the year ended December 31,		2018		2017
Fair value at grant date	$	1.02	$	0.63
Forfeiture rate		0.0%		0.0%
Share price at grant date	$	3.20	$	3.64
Exercise price	$	2.39	$	5.00
Expected volatility		77%		57%
Dividend yield		0.0%		0.0%
Warrant life (weighted average life)		0.35		1.5 years
Risk-free interest rate (based on government bonds)		0.0%		0.7%

As at December 31, 2018, the weighted average remaining contractual life for one-for-one warrants outstanding was 44 days.

During the year ended December 31, 2017, a total of 4,746,039 one-for-one warrants were exercised for gross proceeds of $6,714,000 in exchange for the issuance of 4,746,039 common shares of the Corporation.

During the year ended December 31, 2018, a total of 520,800 one-for-one warrants were exercised for gross proceeds of $750,000 in exchange for the issuance of 520,800 common shares of the Corporation.

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

The following table summarizes the transactions pertaining to the Corporation’s outstanding publicly traded warrants for the years ended December 31, 2018 and 2017. These warrants are exercisable at twenty warrants for one common share of the Corporation (the “publicly traded warrants”).

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

15) Capital and other components of equity (continued)

e) Warrants (continued)

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

	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 December 31, 2018	**-**	**$**	**-**

130,636,320 publicly traded warrants were issued to Eagle Hill shareholders pursuant to acquisition of Eagle Hill by Osisko on August 25, 2015. The publicly traded warrants are governed by the terms of a warrant indenture dated August 24, 2015 between Osisko and Equity Financial Trust Company, as warrant agent, which warrant indenture is available under Osisko's issuer profile on SEDAR at www.sedar.com. The publicly traded warrants are listed and posted for trading on the Toronto Stock Exchange under the symbol "OSK.WT". As a result of a share consolidation by Osisko after the effective time of the acquisition, upon exercise of 20 publicly traded warrants and the payment of $3.00, a holder of publicly traded warrants is entitled to receive one common share of Osisko. The publicly traded warrants expired on August 25, 2018.

During the year ended December 31, 2017, a total of 5,469,880 publicly traded warrants were exercised for gross proceeds of $820,000 in exchange for the issuance of 273,494 common shares of the Corporation.

During the year ended December 31, 2018, a total of 68,700 publicly traded warrants were exercised for gross proceeds of $10,000 in exchange for the issuance of 3,435 common share of the Corporation.

16) Deferred Share Unit and Restricted Share Unit Plans

In April 2017, Osisko established a DSU Plan and a 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 Corporation's shares 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 DSUs and RSUs as at December 31, 2018:

	Number of DSUs	Number of RSUs
Oustanding at December 31, 2017	**-**	**-**
Granted	250,000	450,000
Oustanding at December 31, 2018	**250,000**	**450,000**

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

16) Deferred Share Unit and Restricted Share Unit Plans (continued)

On June 22, 2018, 25,000 RSUs were issued to management. Each RSU has been fair valued at $1.94 initially 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 15, 2018, 250,000 DSUs were issued to directors. Each DSU has been fair valued at $2.63 initially 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 initially 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.

The total recognized expense for RSUs and DSUs for the year ended December 31, 2018 was $842,000 (2017 - $nil) from which $38,000 (2017 - $nil) were capitalized to the Canadian projects.

As at December 31, 2018, the share-based payment liability related to each DSU and RSU was re-measured to fair value at the Corporation's closing share price of $3.07.

17) 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 year ended December 31, 2018, management fees, geological services, rent and administration fees of $1,849,000 (2017 - $1,487,000) 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 December 31, 2018 were $134,000 (2017 - $276,000). During the year ended December 31, 2018, management fees, geological services, rent and administration fees of $132,000 (2017 - $879,000) were charged to Osisko GR by the Corporation. Accounts receivable from Osisko GR as at December 31, 2018 were $79,000 (2017 - $195,000).

The following table summarizes remuneration attributable to key management personnel for the years ended December 31, 2018 and 2017:

For the year ended	**December 31, 2018**	**December 31, 2017**
Salaries expense of key management	$ 1,915	$ 2,289
Directors' fees	349	381
Stock-based compensation	7,904	8,072
Total	**$ 10,168**	**$ 10,742**

During the year ended December 31, 2018, management fees, geological services, rent and administration fees of $140,000 (2017 - $22,000) were charged to the Corporation's associate, Barkerville (note 11), by the Corporation. Accounts receivable from Barkerville as at December 31, 2018 was $9,000 (2017 - $nil). During the year ended December 31, 2018, geological services, and administration fees of $128,000 (2017 - $90,000) were incurred with Barkerville. Accounts payable from Barkerville as at December 31, 2018 was $nil (2017 - $nil).

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

18) Capital risk factors

The Corporation manages its capital structure and makes adjustment to it, based on the funds available to the Corporation, in order to support the acquisition, exploration and development of mineral properties. The Corporation defines capital as its cash, cash equivalents and marketable securities. The Board of Directors does not establish a quantitative return on capital criteria for management, but rather relies on the expertise of the Corporation's management to sustain future

The properties in which the Corporation currently has an interest are in the exploration stage; as such the Corporation is dependent on external financing to fund its activities. In order to carry out planned exploration and pay for administrative costs, the Corporation will spend its working capital and raise additional amounts as needed.

The Corporation will continue to assess new properties and seek to acquire an interest in additional properties if it is deemed there is sufficient geological or economic potential and if adequate financial resources are available. Management reviews its capital management approach on an ongoing basis and believes this approach, given the size of the Corporation, is reasonable. Neither the Corporation nor its subsidiaries are subject to externally imposed capital requirements.

As at December 31, 2018, the Corporation has cash, cash equivalents and marketable securities totaling $102,480,000 (December 31, 2017 - $133,580,000) which were available for growing the Corporation.

19) Financial instruments

Fair market value represents the amount that would be exchanged in an arm's length transaction between willing parties that is best evidenced by a quoted market price, if one exists.

The Corporation values instruments carried at fair value using quoted market prices, where applicable. Quoted market prices represent a Level 1 valuation. When quoted market prices are not available, the Corporation maximizes the use of observable inputs within valuation models. When all significant inputs are observable the valuation is classified as Level 2. Valuations that require the significant use of unobservable inputs are considered Level 3.

As at December 31, 2018 and 2017 the Corporation classified cash and cash equivalents and publicly traded securities included in marketable securities as Level 1, and warrants included in marketable securities, other receivables and reclamation deposit as Level 2.

	December 31, 2018			December 31, 2017		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 88,280	$ -	$ -	$ 111,504	$ -	$ -
Marketable securities	13,598	602	-	20,347	1,729	-
Other receivables	-	582	-	-	573	-
Tax recoverable	-	16,452	-	-	20,486	-
Reclamation deposit	-	404	-	-	973	-

As at December 31, 2018 and 2017, there were no non-recurring financial assets or liabilities that were valued at fair value.

There were no transfers between levels 1 and 2 and there were no changes in valuation techniques during 2018.

Financial risk factors

The Corporation's financial instruments are exposed to certain financial risks, including currency risk, interest rate risk, commodity price risk, credit risk and liquidity risk. The Corporation's exposure to these risks and its methods of managing the risks remain consistent. There have been no changes in the risks, objectives, policies and procedures from the previous year.

19) Financial instruments (continued)

a) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet contractual obligations, and arises principally from the Corporation's other receivables. The carrying value of the financial assets represents the maximum credit exposure.

The Corporation's credit risk is primarily attributable to receivables included in other receivables. The Corporation has no significant concentration of credit risk. Financial instruments included in other receivables consist of receivables from other companies. Management believes that the credit risk receivables concentration with respect to financial instruments included in other receivables is remote.

b) Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation has a planning and budgeting process in place to help determine the funds required to support the Corporation's normal operating requirements on an ongoing basis and its expansionary plans.

The Corporation ensures that there are sufficient funds to meet its short-term requirements, taking into account its anticipated cash flows from operations and its holdings of cash. As at December 31, 2018, the Corporation had a cash balance of $88,280,000 (2017 - $111,504,000) to settle current liabilities of $10,260,000 (2017 - $21,084,000). The majority of the Corporation's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Corporation has financial commitments outstanding as at December 31, 2018 (note 21).

c) Commodity price risk

Commodity price risk arises from the possible adverse effect on current and future earnings due to fluctuations in commodity prices. The ability of the Corporation to develop its properties and the future profitability of the Corporation is directly related to these prices. The Corporation does not enter into any derivative financial instruments to manage exposures to price fluctuations.

d) Market risk

i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation monitors its exposure to interest rate and has not entered into any derivative financial instruments to manage this risk. The Corporation has a cash balance and no interest-bearing debt. The Corporation holds cash and cash equivalents in deposit form in a major Chartered Canadian bank.

If market interest rates for the year ended December 31, 2018, had increased or decreased by 0.1%, with all variables held constant, the loss for the year ended December 31, 2018, would have been approximately $88,000 lower/higher, as a result of higher/lower interest income from cash and cash equivalents. Similarly, as at December 31, 2017, shareholders' equity would have been approximately $112,000 lower/higher because of higher/lower interest income from cash and cash equivalents due to a 0.1% increase/decrease in interest rates.

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

20) Income taxes

The reconciliation of the effective tax expense or recovery to the tax recovery computed using the Canadian statutory rate of 26.5% is as follows:

For the years ended	December 31, 2018	December 31, 2017
Income / (loss) from continuing operations before income taxes	**$ (21,202)**	**$ 407**
Income tax expense / (recovery) computed at Canadian statutory tax rate	(5,619)	108
Permanent items	(403)	(3,134)
Change in unrecognized deferred tax assets	11,717	4,047
Deferred mining taxes	7,100	17,422
Total deferred income and mining tax expense	**$ 12,795**	**$ 18,443**

The composition of the deferred income tax expense between income and mining tax is as follows:

For the years ended	December 31, 2018	December 31, 2017
Deferred income tax expense	$ 5,694	$ 1,021
Deferred mining tax expense	7,100	17,422
Total deferred income and mining tax expense	**$ 12,794**	**$ 18,443**

Deferred tax assets and deferred tax liabilities have been offset where they relate to income taxes levied by the same taxation authority and where 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 components of the deferred income and mining tax assets and liabilities are as follows:

As at	December 31, 2018	December 31, 2017
Deferred tax assets		
Deferred income tax asset on share issue costs	$ 5,874	$ 2,607
Deferred income tax asset on investment tax credits	2,427	-
Total deferred tax assets	**$ 8,301**	**$ 2,607**
Deferred tax liability		
Deferred income tax liability on net taxable temporary differences	$ (8,302)	$ (2,607)
Deferred mining tax liability on net taxable temporary differences	(24,522)	(17,422)
Total deferred tax liability	**$ (32,824)**	**$ (20,029)**
Net deferred tax liability	**$ (24,523)**	**$ (17,422)**

During the year ended December 31, 2018, the Corporation recognized a deferred tax asset of $5,694,000 (2017 - $1,021,000) in relation to share issue costs with the associated deferred tax recovery recorded on share capital.

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

20) Income taxes (continued)

Deferred tax assets have not been recognized in respect of the following gross net deductible temporary differences, because it is not probable that future taxable profit will be available against which the Corporation can use the benefits therefrom:

For the years ended	December 31, 2018	December 31, 2017
Non-capital losses	$ 6,997	$ 20,985
Capital losses	241	-
Exploration and evaluation	26,248	2,615
Marketable securities	4,487	3,483
Equity investments	(8,090)	(6,398)
Share issue costs	-	11,028
Investment tax credits	217	724
Deferred mining taxes	146	4,007
Unrecognized gross net deductible temporary differences	**$ 30,246**	**$ 36,444**

As of December 31, 2018, the Corporation has non-capital losses totaling $113,857,000 (2017 - $88,962,000).

A deferred tax asset was not recognized with respect to non-capital losses of $6,997,000 (2017 - $20,985,000), which, if not utilized, will expire between the years of 2033 and 2038. The Corporation has also not recognized net deductible temporary differences with respect to investment tax credits of $217,000 (2017 - $724,000), which, if not utilized, will expire between the years of 2031 and 2034.

21) Commitments

The Corporation has the following exploration commitments as at December 31, 2018:

	Total	2019	2020	2021	2022	2023
Office leases	**1,127**	484	290	273	80	-
Camp trailers and equipment leases	**3,293**	2,349	881	63	-	-
Total	**$ 4,420**	**$ 2,833**	**$ 1,171**	**$ 336**	**$ 80**	**$ -**

** Québec Prospects minimum exploration commitment of $1,200 per claim (1,254) to be made within two periods from the date of grant*

On October 5, 2016, the Corporation closed an earn-in agreement with Osisko GR whereby the Corporation may earn a 100% interest in 28 of in Osisko GR's exploration properties upon incurring exploration expenditures totaling $32,000,000 over a 7-year period, of which $5,000,000 must be completed within one year. The earn-in agreement was amended on February 16, 2017, to carve out the Kan Project (note 13(i)), and instead of $5,000,000, $4,062,000 must be completed prior to December 31, 2017. 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 December 31, 2018, the Corporation has completed all required spending.

As of December 31, 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	55,084
Total		**$ 55,084**

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

22) Subsequent events

On January 17, 2019, 1,755,000 stock options were issued to management, at an exercise price of $2.76 for a period of 5 years. The options have been fair valued at $1.83 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 January 17, 2019, 400,000 DSU were issued to directors. Each DSU has been fair valued at $2.76 at the Corporation's closing share price before the date of grant. The DSUs vest immediately on the date of grant.

On January 17, 2019, 1,125,000 RSUs were issued to management. Each RSU has been fair valued at $2.76 at the Corporation's closing share price before the date of grant. The RSUs vest on the third anniversary date from the date of grant.

On February 20, 2019, Osisko announced it had entered into a binding letter agreement with Chantrell Ventures Corp ("Chantrell") whereby Osisko will transfer certain non-core assets to Chantrell in exchange for shares of Chantrell. The business combination will result in a reverse takeover of Chantrell by Osisko and the common shares of Chantrell will be subject to a consolidation on a 40:1 basis.