OSISKO MINING

Condensed Interim Consolidated Financial Statements

For the three-month periods ended March 31, 2020 and 2019

Presented in Canadian dollars

(Unaudited)

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

As at	March 31, 2020	December 31, 2019
Assets		
Current assets		
Cash and cash equivalents	$ 117,417	$ 102,302
Other receivables	3,798	1,938
Advances and prepaid expenses	1,116	831
Tax recoverable	27,796	52,291
Marketable securities (note 4)	50,623	55,256
Inventories	4,158	6,167
Total current assets	**204,908**	**218,785**
Non-current assets		
Reclamation deposit	412	412
Property, plant and equipment (note 6)	12,115	12,674
Exploration and evaluation assets (note 7)	518,040	487,298
Total non-current assets	**530,567**	**500,384**
Total assets	**$ 735,475**	**$ 719,169**
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	$ 15,061	$ 24,956
Current lease liabilities (note 4(a))	2,325	2,630
Financial liabilities	21,888	-
Total current liabilities	**39,274**	**27,586**
Non-current liabilities		
Flow-through premium liability (note 9(a))	12,641	19,758
Share-based payment liability (note 10)	5,883	5,159
Asset retirement obligation (note 8)	4,627	4,181
Non-current lease liabilities	947	1,413
Deferred tax liability (note 13)	55,757	52,252
Total non-current liabilities	**79,855**	**82,763**
Total liabilities	**119,129**	**110,349**
Equity		
Share capital (note 9(a))	677,005	673,163
Contributed surplus (note 9(d))	54,768	55,389
Accumulated deficit	(210,074)	(194,405)
Total equity attributed to equity owners of the Corporation	**521,699**	**534,147**
Non-controlling interest (note 11)	94,647	74,673
Total equity	**616,346**	**608,820**
Total liabilities and equity	**$ 735,475**	**$ 719,169**

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

Commitments (note 14)
Subsequent events (note 15)

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

For the period ended	Three months ended March 31, 2020	March 31, 2019
Expenses/(income)		
Compensation expenses (note 5)	$ 4,846	$ 4,179
General and administration expenses (note 5)	1,273	1,386
General exploration expenses	44	27
Exploration and evaluation assets impairment loss	-	27,090
Flow-through premium income (note 9(a))	(7,117)	(1,805)
Loss from marketable securities (note 4)	8,390	883
Other income	(1)	(42)
Operating loss	**7,435**	**31,718**
Finance income	(886)	(455)
Finance costs	878	212
Net finance income	**(8)**	**(243)**
Share of gain of associates	-	(768)
Loss for before tax	**7,427**	**30,707**
Deferred income tax expense (note 13)	3,505	6,769
Loss and comprehensive loss	**$ 10,932**	**$ 37,476**
Attributable to:		
Owners of the Corporation	$ 9,251	$ 37,476
Non-controlling interests (note 11)	1,681	-
Loss and comprehensive loss	**$ 10,932**	**$ 37,476**
Basic and diluted loss per share (note 9(b) and (c))	**$ 0.04**	**$ 0.14**
Weighted average number of shares (note 9(b) and (c))	**291,026,609**	**260,049,745**

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)

	Number of Shares	Share Capital	Warrants	Contributed Surplus	Deficit and Accumulated Deficit	Equity attributed to equity owners of the Corporation	Non-controlling interest	Total
Balance January 1, 2019	**257,201,331**	**$ 580,616**	**$ 2,568**	**$ 55,606**	**$ (107,767)**	**$ 531,023**	**$ -**	**$ 531,023**
Loss for the period	-	-	-	-	(37,476)	**(37,476)**	-	**(37,476)**
Stock-based compensation (note 9(d))	-	-	-	1,398	-	**1,398**	-	**1,398**
Issuance of shares upon exercise of stock options (note 9(a))	2,339,434	5,267	-	(2,308)	-	**2,959**	-	**2,959**
Issuance of shares upon exercise of warrants (note 9(a))	3,172,123	6,987	(2,273)	-	-	**4,714**	-	**4,714**
Expiry of warrants	-	-	(62)	62	-	**-**	-	**-**
Deferred tax asset on share issue cost (note 13)	-	(181)	-	-	-	**(181)**	-	**(181)**
Balance March 31, 2019	**262,712,888**	**$ 592,689**	**$ 233**	**$ 54,758**	**$ (145,243)**	**$ 502,437**	**$ -**	**$ 502,437**

	Number of Shares	Share Capital	Warrants	Contributed Surplus	Deficit and Accumulated Deficit	Equity attributed to equity owners of the Corporation	Non-controlling interest	Total
Balance January 1, 2020	**290,025,274**	**$ 673,163**	**$ -**	**$ 55,389**	**$ (194,405)**	**$ 534,147**	**$ 74,673**	**$ 608,820**
Loss for the period	-	-	-	-	(9,251)	**(9,251)**	(1,681)	**(10,932)**
Stock-based compensation (note 9(d))	-	-	-	1,431	-	**1,431**	545	**1,976**
Transaction costs on prior year private placements	-	(29)	-	-	-	**(29)**	-	**(29)**
Issuance of shares upon exercise of stock options (note 9(a) and (d))	1,373,253	4,502	-	(2,052)	-	**2,450**	-	**2,450**
Transactions with non-controlling interests (note 11)	-	-	-	-	-	**-**	14,692	**14,692**
Changes in Osisko's interest in O3 Mining	-	-	-	-	(6,418)	**(6,418)**	6,418	**-**
Shares repurchased under normal course issuer bid	(328,500)	(631)	-	-	-	**(631)**	-	**(631)**
Balance March 31, 2020	**291,070,027**	**$ 677,005**	**$ -**	**$ 54,768**	**$ (210,074)**	**$ 521,699**	**$ 94,647**	**$ 616,346**

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 period ended	March 31, 2020	March 31, 2019
Cash flows provided by/(used in) operating activities		
Loss for the period	$ (10,932)	$ (37,476)
Adjustments for:		
Marketable securities loss (note 4)	8,390	883
Share of gain of associates	-	(768)
Exploration and evaluation assets impairment loss	-	27,090
Depreciation	103	93
Accretion on asset retirement obligation (note 8)	7	8
Flow-through premium income (note 9(a))	(7,117)	(1,805)
Stock-based compensation (note 9(d))	2,555	2,532
Deferred income tax expense (note 13)	3,505	6,769
Interest expense	167	-
Interest income	(886)	(455)
	(4,208)	**(3,129)**
Change in items of working capital:		
Change in other receivables	(1,860)	(111)
Change in advances and prepaid expenses	(285)	(481)
Change in taxes recoverable	24,495	(839)
Change in accounts payable and accrued liabilities	(2,716)	(467)
Net cash provided by/(used in) operating activities	**15,426**	**(5,027)**
Cash flows provided by/(used in) investing activities		
Interest received	886	455
Acquisition of marketable securities (note 4)	(12,902)	(1,274)
Proceeds on disposition of marketable securities (note 4)	9,145	3,347
Proceeds on disposition of O3 Mining shares (note 11)	14,570	-
Acquisition of property, plant and equipment (note 6)	(636)	(669)
Addition to exploration and evaluation assets (note 7)	(34,085)	(20,812)
Net cash and cash equivalents paid on asset acquisitions (note 3)	(18)	-
Net cash used in investing activities	**(23,040)**	**(18,953)**
Cash flows provided by/(used in) financing activities		
Repayment of lease liabilities	(771)	(360)
Interest paid	(167)	-
Cash received from entering into total return equity swap (note 4)	21,888	-
Net cash used in private placements (note 9(a))	(40)	-
Cash received from exercise of warrants	-	4,714
Cash received from exercise of stock options (note 9(d))	2,450	2,959
Net cash used in repurchasing shares under normal course issuer bid (note 9(a))	(631)	-
Net cash provided by financing activities	**22,729**	**7,313**
Decrease/(increase) in cash and cash equivalents	**15,115**	**(16,667)**
Cash and cash equivalents, beginning of period	**102,302**	**88,280**
Cash and cash equivalents, end of period	**$ 117,417**	**$ 71,613**

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 condensed interim consolidated financial statements of the Corporation at March 31, 2020 include the Corporation and its subsidiary, O3 Mining Inc. ("O3 Mining"), formerly Chantrell Ventures Corp. ("Chantrell"). The Corporation is primarily in the business of acquiring, exploring, and developing precious mineral deposits in Canada.

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

2) Basis of preparation

a) Statement of compliance

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

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

These condensed interim consolidated financial statements were authorized for issuance by the Corporation's board of directors (the "Board of Directors') on May 7, 2020.

b) Significant accounting policies

The significant accounting policies followed in these condensed interim consolidated financial statements are consistent with those applied in the Corporation's audited annual consolidated financial statements for the year ended December 31, 2019.

c) Changes in IFRS accounting policies and future accounting pronouncements

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

2) Basis of preparation (continued)

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

IFRS 3, Business Combinations ("IFRS 3")

In October 2018, the IASB issued amendments to the guidance in IFRS 3, that revises the definition of a business. The revised guidance introduces an optional concentration test that, if met, eliminates the need for further assessment. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs. The new guidance provides a framework to evaluate when an input and a substantive process are present. It is also no longer necessary to assess whether market participants are capable of replacing missing elements or integrating the acquired activities and assets. These amendments are effective and shall be applied to business combinations for which the acquisition date is on or after the beginning of the first annual reporting periods beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period. The corporation applied the revised definition of a business to determine accounting for all asset acquisitions during the period ended March 31, 2020 (note 3).

d) Use of critical estimates and judgements

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

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

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

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

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

The Corporation is working with both the Federal and Provincial Governments to help lobby an extension of the flow-through spending during this crisis. Based on current legislation, as of March 31, 2020, the Corporation is required to spend $53.5 million of flow through funds by December 31, 2020.

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

3) Asset acquisitions

The following table summarizes the asset acquisitions during the period ended March 31, 2020:

Consideration paid	**Regcourt Property**	**Louvem Property**	**Total**
Share consideration	$ 128	$ 5	**$ 133**
Cash consideration	-	10	**10**
Transaction costs	8	-	**8**
	$ 136	**$ 15**	**$ 151**

Net assets acquired	**Regcourt Property**	**Louvem Property**	**Total**
Exploration and evaluation assets	$ 136	$ 15	**$ 151**
Total net assets acquired	**$ 136**	**$ 15**	**$ 151**

a) Acquisition of Regcourt Property

On March 16, 2020, Osisko through its subsidiary, O3 Mining, completed the acquisition of the Regcourt Property from Monarch Gold Corporation ("Monarch"). The Regcourt Property is located at the eastern end of the Val-d'Or gold mining camp, approximately 30 kilometres east of Val-d'Or, Québec, and consists of 88 mining claims near the centre of the western border of Vauquelin Township of Québec. O3 Mining acquired the property from Monarch in exchange for 113,637 common shares of O3 Mining.

The acquisition has been accounted for as an acquisition of assets as the Regcourt Property does not meet the definition of a business under IFRS 3. The transaction was recorded at the fair value of the consideration transferred of $136,000 as detailed in the table above.

b) Acquisition of Louvem Property

On March 16, 2020, Osisko through its subsidiary, O3 Mining, completed the acquisition of the Louvem Property from Monarch. The Louvem Property consists of 12 mining claims and is located five kilometres east of Malartic, Québec. O3 Mining acquired 50% of the property from Monarch in exchange for 4,546 common shares of O3 Mining, subject to a 1% net smelter return ("NSR") royalty granted to Monarch on the Louvem Property with a 0.5% NSR royalty buy-back for $300,000. O3 Mining will acquire the remaining 50% interest in the Louvem Property for cash consideration of $10,000 within two days of the receipt by Monarch of a declaratory judgment in respect of the Louvem Property.

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

4) Marketable securities

During the period ended March 31, 2020, these shares and warrants were fair valued, and this resulted in an unrealized loss of $9,306,000 (2019 – gain of $128,000). The Corporation sold shares during the period ended which resulted in a realized gain of $916,000 (2019 – loss of $1,011,000).

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

4) Marketable securities (continued)

The shares in the various public companies are classified as FVTPL and are recorded at fair value using the quoted market price as at March 31, 2020 and are therefore classified as level 1 within the fair value hierarchy.

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

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

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

During the period ended March 31, 2020, after Osisko entered into the TRES, the fair value of the common shares of Osisko GR under the TRES has decreased by $5.1 million.

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

As at		**March 31, 2020**		**December 31, 2019**
Balance, beginning of period	**$**	**55,256**	**$**	**14,200**
Additions		12,902		7,693
Common shares of Osisko GR from disposal of investment in associate		-		38,650
Acquisitions		-		12
Disposals		(9,145)		(6,107)
Realized gain/(loss)		916		(3,252)
Unrealized (loss)/gain		(9,306)		4,060
Balance, end of period	**$**	**50,623**	**$**	**55,256**

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

5) Expenses

The following table summarizes information regarding the Corporation's expenses for the period ended March 31, 2020 and 2019:

	Three months ended	
For the period ended	**March 31, 2020**	**March 31, 2019**
Compensation expenses		
Stock-based compensation (note 9(d) and note 10)	$ 2,555	$ 2,532
Salaries and benefits	2,291	1,647
Total compensation expenses	**$ 4,846**	**$ 4,179**
General and administration expenses		
Shareholder and regulatory expense	$ (25)	$ 212
Travel expense	156	150
Professional fees	480	432
Office expense	662	592
Total general and administration expenses	**$ 1,273**	**$ 1,386**
Marketable securities		
Realized (gain)/loss from marketable securities (note 4)	$ (916)	$ 1,011
Unrealized loss/(gain) from marketable securities (note 4)	9,306	(128)
Total marketable securities loss	**$ 8,390**	**$ 883**

6) Property, plant and equipment

The following table summarizes information regarding the Corporation's property, plant and equipment as at March 31, 2020:

	March 31, 2020						
	Cost			Accumulated depreciation			
Class	**Opening balance**	**Additions/ transfers**	**Closing balance**	**Opening balance**	**Depreciation**	**Closing balance**	**Net book value**
Computer Equipment	**$ 1,877**	$ 67	**$ 1,944**	**$ 920**	$ 72	**$ 992**	**$ 952**
Office Equipment	**209**	-	**209**	**99**	6	**105**	**104**
Office Buildings	**1,101**	-	**1,101**	**286**	86	**372**	**729**
Exploration Equipment	**15,865**	569	**16,434**	**5,181**	1,024	**6,205**	**10,229**
Automobiles	**234**	-	**234**	**126**	7	**133**	**101**
Total	**$ 19,286**	**$ 636**	**$ 19,922**	**$ 6,612**	**$ 1,195**	**$ 7,807**	**$ 12,115**

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

7) Exploration and evaluation assets

The following table summarizes information regarding the Corporation's exploration and evaluation assets as at March 31, 2020:

	December 31, 2019	Acquisitions (note 3)	Additions	March 31, 2020
Windfall Lake	$ 308,437	$ -	$ 25,568	$ 334,005
Quévillon Osborne	18,500	-	76	18,576
Urban Barry	23,293	-	780	24,073
Quévillon Osborne Base Metals	18	-	-	18
Urban Duke	1,896	-	-	1,896
O3 Mining	135,154	151	4,167	139,472
Total exploration and evaluation assets	**$ 487,298**	**$ 151**	**$ 30,591**	**$ 518,040**

8) Asset retirement obligation

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

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

	Amount
Balance January 1, 2019	**$ 3,628**
Accretion	52
Change in estimate	501
Balance December 31, 2019	**$ 4,181**
Accretion	7
Change in estimate	439
Balance March 31, 2020	**$ 4,627**

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

For the period ended March 31,	**2020**
Total undiscounted value of payments	$ 4,963
Weighted average discount rate	0.70%
Weighted average expected life	10 years
Inflation rate	2.00%

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

9) Capital and other components of equity

a) Share capital – authorized

	Number of Common Shares		Amount
Balance, January 1, 2019	**257,201,331**	**$**	**580,616**
Issuance of shares upon exercise of warrants	3,172,123		6,987
Issuance of shares upon exercise of stock options	5,538,770		12,800
Private placement (net of transaction costs ($2,619,000))	9,264,250		28,999
Private placement (net of transaction costs ($3,405,000))	14,848,800		42,329
Deferred tax asset on share issue cost	-		1,432
Balance December 31, 2019	**290,025,274**	**$**	**673,163**
Transaction costs on prior year private placements	-		(29)
Issuance of shares upon exercise of stock options (note 9(d))	1,373,253		4,502
Shares repurchased under normal-course issuer bid (note 9(a))	(328,500)		(631)
Balance March 31, 2020	**291,070,027**	**$**	**677,005**

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

During the period ended March 31, 2020, flow-through premium income of $7,117,000, relating to the private placements of flow-through shares in 2019, was recognized.

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

During the period ended March 31, 2020, Osisko repurchased and cancelled 328,500 common shares of the Corporation at an average price of $1.92 for a total cost of $631,000.

b) Basic loss per share

The calculation of basic loss per share for the period ended March 31, 2020 and 2019 was based on the loss attributable to common shareholders and a basic weighted average number of common shares outstanding, calculated as follows:

	Three months ended			
For the period ended		**March 31, 2020**		**March 31, 2019**
Common shares outstanding, at beginning of the period		290,025,274		257,201,331
Common shares issued during the period		1,001,335		2,848,414
Basic weighted average number of common shares		**291,026,609**		**260,049,745**
Loss	**$**	**10,932**	**$**	**37,476**
Basic loss per share	**$**	**0.04**	**$**	**0.14**

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

9) Capital and other components of equity (continued)

c) Diluted loss per share

The Corporation incurred net losses for the period ended March 31, 2020 and 2019, therefore all outstanding stock options and warrants have been excluded from the calculation of diluted loss per share since the effect would be anti-dilutive. These options and warrants could potentially dilute basic earnings per share in the future.

d) Contributed surplus

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

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

	Number of stock options		Weighted-average exercise price
Outstanding at January 1, 2019	**20,014,448**	**$**	**2.61**
Granted	6,230,000		2.66
Exercised	(5,538,770)		1.30
Forfeited	(289,505)		4.15
Expired	(402,340)		4.66
Outstanding at December 31, 2019	**20,013,833**	**$**	**2.92**
Granted	200,000		2.78
Exercised	(1,373,253)		1.78
Forfeited	(126,667)		3.17
Outstanding at March 31, 2020	**18,713,913**	**$**	**3.00**

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

During the period ended March 31, 2020, a total of 1,373,253 stock options were exercised for gross proceeds of $2,450,000 in exchange for the issuance of 1,373,253 common shares of Osisko.

The total recognized expense for stock options for the period ended March 31, 2020 was $1,977,000 (2019 - $1,398,000) from which $292,000 (2019 - $273,000) was capitalized to exploration and evaluation assets.

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

9) Capital and other components of equity (continued)

d) Contributed surplus (continued)

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

For the period/year ended	**March 31, 2020**	**December 31, 2019**
Fair value at grant date	$ 1.70	$ 1.76
Forfeiture rate	5.5%	8.6%
Share price at grant date	$ 2.78	$ 2.66
Exercise price	$ 2.78	$ 2.66
Expected volatility	88%	98%
Dividend yield	0.0%	0.0%
Option life (weighted average life)	3.8 years	3.7 years
Risk-free interest rate (based on government bonds)	0.50%	1.66%

The following table summarizes information regarding the Corporation's outstanding and exercisable stock options as at March 31, 2020:

	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 ($)**
1.08 to 2.60	1.4	2,717,477	$1.39	1.1	2,387,458	$1.26
2.61 to 2.73	4.6	4,505,000	$2.62	3.6	10,000	$2.73
2.74 to 3.29	3.3	2,643,102	$2.83	2.6	1,273,100	$2.90
3.30 to 3.45	1.8	3,475,000	$3.41	1.8	3,475,000	$3.41
3.46 to 3.64	2.8	3,298,334	$3.46	2.8	2,998,334	$3.46
3.65 to 4.79	2.2	2,075,000	$4.76	2.2	2,075,000	$4.76
1.08 to 4.79	**2.8**	**18,713,913**	**$3.00**	**2.1**	**12,218,892**	**$3.18**

10) Deferred share unit and restricted share unit plans

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

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

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

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

	Number of DSUs	Number of RSUs
Oustanding at January 1, 2019	**250,000**	**450,000**
Granted	445,809	1,125,000
Oustanding at December 31, 2019	**695,809**	**1,575,000**
Granted	1,166,252	1,600,000
Oustanding at March 31, 2020	**1,862,061**	**3,175,000**

On January 17, 2020, 16,724 DSUs of the Corporation were issued to directors. Each DSU has been fair valued at $3.98 initially at the closing price of the common shares of the Corporation on the date of grant. The DSUs vest immediately on the date of grant.

On March 12, 2020, 1,125,000 DSUs of the Corporation were issued to directors. Each DSU has been fair valued at $2.78 initially at the closing price of the common shares of the Corporation on the date of grant. The DSUs vest immediately on the date of grant.

On March 12, 2020, 1,600,000 RSUs of the Corporation were issued to management. Each RSU has been fair valued at $2.78 initially at the closing price of the common shares of the Corporation on the date of grant. The RSUs vest on the third anniversary date from the date of grant.

On March 31, 2020, 24,528 DSUs of the Corporation were issued to directors. Each DSU has been fair valued at $2.44 initially at the closing price of the common shares of the Corporation on the date of grant. The DSUs vest immediately on the date of grant.

As at March 31, 2020, the share-based payment liability related to each DSU and RSU of the Corporation was re-measured to fair value of 2.23 at closing price of common shares of the Corporation.

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

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

	Number of DSUs	Number of RSUs
Oustanding at January 1, 2019	**-**	**-**
Granted	-	390,000
Oustanding at December 31, 2019	**-**	**390,000**
Granted	19,031	150,000
Forfeited	-	(50,000)
Oustanding at March 31, 2020	**19,031**	**490,000**

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

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

On February 14, 2020, 150,000 RSUs of O3 Mining were issued to management. Each RSU has been fair valued at $2.50 initially at closing price of common shares of O3 Mining on the date of grant. The RSUs vest on the third anniversary date from the date of grant.

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

The total recognized expense for RSUs and DSUs of the Corporation and O3 Mining for the period ended March 31, 2020 was $724,000 (2019 - $324,000). A net amount of $147,000, which was previously capitalized to exploration and evaluation assets, was reversed in the period as the result of forfeiture of RSUs (2019 - $nil).

11) Principal subsidiary

The consolidated financial statements include the accounts of the Corporation and its subsidiaries as at March 31, 2020 and December 31, 2019. The principal operating subsidiary is O3 Mining in which the Corporation has a 40% ownership as at March 31, 2020.

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

Summarized statements of financial position

As at		**March 31, 2020**		**December 31, 2019**
Current assets	$	23,991	$	30,688
Current liabilities		(4,004)		(3,311)
Current net assets		**19,987**		**27,377**
Non-current assets		141,722		137,356
Non-current liabilities		(4,191)		(5,086)
Non-current net assets		**137,531**		**132,270**
Total net assets		**157,518**		**159,647**
Non-controlling interest	**$**	**94,647**	**$**	**74,673**

Summarized statements of loss and comprehensive loss

For the period ended		**March 31, 2020**
Loss and comprehensive loss	$	2,796
Allocated to Non-controlling interests	**$**	**1,681**

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

11) Principal subsidiary (continued)

Summarized statements of cash flows

For the period ended		**March 31, 2020**
Net cash used in operating activities	$	(1,040)
Net cash used in investing activities		(4,681)
Net cash used in financing activities		(36)
Increase in cash and cash equivalents	**$**	**(5,757)**

a) Transactions with non-controlling interests

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

On March 16, 2020, Osisko through its subsidiary, O3 Mining, acquired the Louvem property. In consideration for the acquisition of the Louvem property, O3 Mining issued an aggregate of 4,546 common shares at $1.13 per share for total share consideration of $5,000 (note 3(b)).

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

During the period ended March 31, 2020, O3 Mining incurred transaction costs amounting to $11,000 relating to private placements completed in 2019.

The total recognized expense for stock options for O3 Mining for the period ended March 31, 2020 was $545,000.

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

As at		**March 31, 2020**
Balance, beginning of period	**$**	**74,673**
Acquisition of Regcourt Property (note 3)		128
Acquisition of Louvem Property (note 3)		6
Disposition of O3 Mining shares		14,569
Transaction costs on prior year private placements		(11)
Changes in Osisko's interest in O3 Mining		6,418
Stock-based compensation		545
Loss for the year attributable to non-controlling interests		(1,681)
Balance, end of period	**$**	**94,647**

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

12) Related party transactions

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

During the period ended March 31, 2020, management fees, geological services, rent and administration fees of $15,000 (2019 - $283,000) were incurred with Osisko GR, a related company of the Corporation by virtue of Osisko GR owning or controlling, directly or indirectly, greater than 10% of the issued and outstanding common shares of the Corporation. Also, Mr. John Burzynski, President and Chief Executive Officer of the Corporation, as well as Mr. Sean Roosen, Chairman of the Board of Directors, serve as directors and/or senior officers of Osisko GR. Accounts payable to Osisko GR as at March 31, 2020 were $nil (2019 - $122,000). During the period ended March 31, 2020, management fees, geological services, rent and administration fees of $4,000 (2019 - $4,000) were charged to Osisko GR by the Corporation. Accounts receivable from Osisko GR as at March 31, 2020 were $3,000 (2019 - $nil).

The following table summarizes remuneration attributable to key management personnel for the period ended March 31, 2020 and 2019:

For the period ended		**Three months ended** **March 31, 2020**		**March 31, 2019**
Salaries expense of key management	$	291	$	234
Directors' fees		95		22
Stock-based compensation		1,749		1,954
Total	**$**	**2,135**	**$**	**2,210**

13) Income taxes

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

For the period ended		**March 31, 2020**		**March 31, 2019**
Deferred income tax expense	$	204	$	4,776
Deferred mining tax expense		3,301		1,993
Total deferred income and mining tax expense	**$**	**3,505**	**$**	**6,769**

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

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

13) Income taxes (continued)

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

As at	March 31, 2020	December 31, 2019
Deferred tax assets		
Deferred income tax asset on share issue costs	$ 7,306	$ 7,306
Deferred income tax asset on investment tax credits	622	622
Total deferred tax assets	**$ 7,928**	**$ 7,928**
Deferred tax liability		
Deferred income tax liability on net taxable temporary differences	$ (23,154)	$ (22,950)
Deferred mining tax liability on net taxable temporary differences	(40,531)	(37,230)
Total deferred tax liability	**$ (63,685)**	**$ (60,180)**
Net deferred tax liability	**$ (55,757)**	**$ (52,252)**

14) Commitments

The Corporation has the following exploration commitments as at March 31, 2020:

	Total	2020	2021	2022	2023	2024	2025
Camp trailers and equipment leases	77	77	-	-	-	-	-
Total	**$ 77**	**$ 77**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

As of March 31, 2020, the Corporation has the following flow-through funds to be spent by December 31, 2020:

Closing Date of Financing	Province	Remaining Flow-through Funds
September 26, 2019 - O3 Mining	Québec	$ 4,171
December 5, 2019 - Osisko	Québec	49,301
Total		**$ 53,472**

The Corporation is subject to Part XII.6 taxes on any unspent flow-through expenditures after February 1, 2020

15) Subsequent events

In April 2020, Osisko repurchased and cancelled 100,000 common shares of the Corporation at an average price of $2.53 per share for a total cost of $253,000.

On April 20, 2020, Osisko, through its subsidiary, O3 Mining, announced that it has entered into an asset purchase agreement with Blue Thunder Mining Inc. ("Blue Thunder") to sell its Fancamp and Embry properties located in the Chibougamau mining district of Québec to Blue Thunder in exchange for (i) 4,514,436 common shares of Blue Thunder, and (ii) a 2% NSR royalty over the Fancamp and Embry properties (subject to a 1% buy-back in favour of Blue Thunder for $750,000). The transaction closed on May 1, 2020.

On April 28, 2020, Osisko, through its subsidiary, O3 Mining announced that it had sold a package of 627 claims forming part of the Tortigny Property to Troilus Gold Corp. (“Troilus”) in exchange for (i) 1,700,000 common shares of, and (ii) a 2% NSR royalty over the 627 claims sold to Troilus (subject to a 1% buy-back in favour of Troilus for $1 million).

On April 29, 2020, Osisko, through its subsidiary O3 Mining announced that it had sold a package of 24 claims forming part of the Tortigny Property to Kenorland Minerals Ltd. (“Kenorland”) in exchange for (i) cash consideration of $900,000, and (ii) a 2% NSR royalty over the 24 claims sold to Kenorland (subject to a 1% buy-back in favour of Kenorland for $1 million).