Consolidated Financial Statements

For the years ended December 31, 2017 and 2016

Presented in Canadian dollars

March 7, 2018

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 Oban'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

March 7, 2018

Independent Auditor's Report

To the Shareholders of
Osisko Mining Inc.

We have audited the accompanying consolidated financial statements of Osisko Mining Inc. and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2017 and December 31, 2016 and the consolidated statements of loss and comprehensive loss, changes in equity and cash flow for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, 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.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

PricewaterhouseCoopers LLP
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Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Osisko Mining Inc. and its subsidiaries as at December 31, 2017 and December 31, 2016 and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards.

(Signed) “PricewaterhouseCoopers LLP”

Chartered Professional Accountants, Licensed Public Accountants

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

As at		December 31, 2017		December 31, 2016
Assets				
Current assets				
Cash and cash equivalents	**$**	**111,504**	$	81,271
Other receivables		**573**		707
Advances and prepaid expense		**669**		216
Tax recoverable (note 7)		**20,486**		4,076
Marketable securities (note 8)		**22,076**		15,020
Current assets		**155,308**		101,290
Non-current assets				
Reclamation deposit (note 6)		**973**		968
Long-term investment (note 9)		**180**		180
Investment in associate (note 11)		**56,438**		37,290
Plant and equipment (note 12)		**6,570**		980
Exploration and evaluation assets (note 13)		**261,920**		144,585
Total non-current assets		**326,081**		184,003
Total assets	**$**	**481,389**	$	285,293
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	**$**	**21,084**	$	7,152
Total current liabilities		**21,084**		7,152
Non-current liabilities				
Flow-through premium liability (note 15(a))		**11,566**		4,818
Asset retirement obligation (note 14)		**2,892**		839
Deferred tax liability (note 19)		**17,422**		-
Total non-current liabilities		**31,880**		5,657
Total liabilities		**52,964**		12,809
Equity				
Share capital (note 15(a))		**456,231**		303,100
Contributed surplus (note 15(d))		**28,761**		13,420
Warrants (note 15(e))		**17,204**		11,091
Accumulated other comprehensive income		**-**		608
Accumulated deficit		**(73,771)**		(55,735)
Total equity attributed to equity holders of the Corporation		**428,425**		272,484
Total liabilities and equity	**$**	**481,389**	$	285,293

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

Commitments (note 20)
Subsequent events (note 21)

On behalf of the Board:

(Signed) "Keith McKay" — Keith McKay, Director

(Signed) "Sean Roosen" — 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, 2017**	December 31, 2016
Expenses		
Compensation (note 10)	**$ 20,486**	$ 10,497
General and administration expenses (note 10)	**5,935**	3,456
General exploration	**67**	248
Exploration and evaluation assets written off (note 13)	**2,662**	33
Flow-through premium income (note 15(a))	**(25,991)**	(6,613)
Marketable securities gain (note 8)	**(649)**	(4,882)
Impairment on long-term investment (note 9)	**-**	120
Realized loss from sale of equipment (note 12)	**-**	349
Gain from sale of associate (note 11)	**-**	(583)
Foreign currency exchange (gain)/loss (note 10)	**(638)**	101
Other income	**(330)**	(390)
Operating loss	**1,542**	2,336
Finance income (note 10)	**(1,507)**	(667)
Finance costs	**166**	138
Net finance income	**(1,341)**	(529)
Share of (income)/loss of associates (note 11)	**(608)**	1,832
(Income)/loss before tax	**(407)**	3,639
Deferred income tax expense (note 19)	**18,443**	1,587
Loss	**18,036**	5,226
Other comprehensive loss		
Items that may be reclassified subsequently to profit and loss: foreign currency translation	**$ -**	$ 41
Comprehensive loss	**-**	41
Total comprehensive loss	**$ 18,036**	$ 5,267
Basic and diluted loss per share (note 15(b))	**$ 0.10**	$ 0.04
Weighted average number of shares (note 15(b))	**188,055,245**	123,584,673

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, 2016	58,694,202	$ 150,989	$ 6,787	$ 5,759	$ 649	$ (50,509)	$ 113,675
Loss for the year	-	-	-	-	-	(5,226)	(5,226)
Foreign currency translation adjustment	-	-	-	-	(41)	-	(41)
Stock-based compensation (note 15(d))	-	-	-	6,907	-	-	6,907
Issuance of stock options on acquisition of Niogold (note 5)	-	-	-	1,015	-	-	1,015
Issuance of warrants on acquisition of Niogold (note 5)	-	-	474	-	-	-	474
Issuance of shares on acquisition of Niogold (note 5)	54,544,247	58,908	-	-	-	-	58,908
Issuance of shares on acquisition of exploration and evaluation assets (note 15(a))	729,600	1,019	-	-	-	-	1,019
Issuance of shares on conversion of subscription receipts (note 15(a))	10,521,700	4,362	-	-	-	-	4,362
Issuance of warrants on conversion of subscription receipts (note 15(a))	-	-	7,375	-	-	-	7,375
Issuance of shares upon exercise of stock options (note 15(a))	856,314	1,172	-	(579)	-	-	593
Issuance of shares upon exercise of warrants (note 15(a))	4,746,290	9,942	(3,227)	-	-	-	6,715
Issuance of shares - Matachewan (note 15(a))	50,000	54	-	-	-	-	54
Issuance of shares - earn-in agreement	1	-	-	-	-	-	-
Private Placement (note 15(a))	7,570,000	17,256	-	-	-	-	17,256
Issuance of shares for investment in Barkerville (note 15(a))	8,097,166	16,958	-	-	-	-	16,958
Private Placement (note 15(a))	11,750,000	30,534	-	-	-	-	30,534
Private Placement (note 15(a))	4,431,136	10,319	-	-	-	-	10,319
Expiry of warrants	-	-	(318)	318	-	-	-
Deferred tax asset on share issue cost (note 19)	-	1,587	-	-	-	-	1,587
Balance December 31, 2016	161,990,656	$ 303,100	$ 11,091	$ 13,420	$ 608	$ (55,735)	$ 272,484

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

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		**December 31, 2017**		December 31, 2016
Cash flows used in operating activities				
Loss for the year	**$**	**(18,036)**	$	(5,226)
Adjustments for:				
Marketable securities gain (note 8)		**(649)**		(4,882)
Impairment on long-term investment (note 9)		**-**		120
Share of (income)/loss of associates (note 11)		**(608)**		1,832
Gain from sale of associate (note 11)		**-**		(583)
Realized loss from sale of equipment (note 12)		**-**		349
Depreciation expensed		**83**		20
Exploration and evaluation assets written off (note 13)		**2,662**		33
Accretion on asset retirement obligation (note 14)		**11**		10
Interest on reclaimation deposit		**(5)**		-
Flow-through premium income (note 15(a))		**(25,991)**		(6,613)
Stock-based compensation (note 15(d))		**14,141**		5,289
Deferred income tax expense (note 19)		**18,443**		1,587
Foreign currency translation adjustment		**(608)**		-
Interest income		**(1,502)**		(665)
		(12,059)		(8,729)
Change in items of working capital:				
Change in other receivables		**134**		(681)
Change in advances and prepaid expenses		**(453)**		21
Change in accounts payable and accrued liabilities		**2,030**		416
Change in taxes recoverable		**(6,983)**		(2,733)
Net cash used in operating activities		**(17,331)**		(11,706)
Cash flows used in investing activities				
Interest received		**1,502**		665
Net cash and cash equivalents used in acquisitions (note 5)		**-**		(560)
Acquisition of marketable securities (note 8)		**(31,511)**		(13,300)
Proceeds on disposition of marketable securities (note 8)		**26,203**		13,390
Acquisition of Beaufield equity investment (note 11)		**(4,951)**		-
Acquisition of Barkerville equity investment (note 11)		**(13,589)**		(22,042)
Acquisition of additional Kilo Goldmines Ltd equity investment (note 11)		**-**		(700)
Proceeds on disposition of Kilo Goldmines Ltd equity investment (note 11)		**-**		121
Acquistion of plant and equipment (note 12)		**(6,288)**		(830)
Proceeds on disposition of plant and equipment (note 12)		**-**		400
Addition to exploration and evaluation assets (note 13)		**(112,838)**		(31,646)
Net cash used in investing activities		**(141,472)**		(54,502)
Cash flows provided by financing activities				
Net cash received from private placements (note 15)		**173,291**		67,448
Cash received from subscription receipt issuance (note 15)		**-**		11,737
Cash received from Osisko Gold Royalties first financing right (note 15 and 16)		**-**		5,000
Cash received from exercise of warrants (note 15(e))		**13,952**		6,715
Cash received from exercise of stock options (note 15(d))		**1,793**		593
Net cash provided by financing activities		**189,036**		91,493
Increase in cash and cash equivalents		**30,233**		25,285
Cash and cash equivalents, beginning of year		**81,271**		55,986
Cash and cash equivalents, end of year	**$**	**111,504**	$	81,271
Interest income received	**$**	**1,507**	$	665

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, 2017 include the Corporation and its subsidiaries, Eagle Hill Exploration Corporation, Ryan Gold Corp., Corona Gold Corporation, Northern Gold Mining Inc., Niogold Mining Corporation, O3 Investments Incorporated and O3 Markets Inc. (together the "Group" and individually as "Group entities"). The Corporation is primarily in the business of acquiring, exploring and developing precious mineral deposits in Canada.

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

2) Basis of preparation

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations as approved by the International Accounting Standards Board ("IASB").

These consolidated financial statements were authorized for issuance by the Corporation's Board of Directors on March 7, 2018.

b) Functional and presentation currency

These financial statements are presented in 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.

2) Basis of preparation (continued)

c) Use of estimates and judgements (continued)

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.

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, but are not limited to:

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. Management is of the view at December 31, 2017 that for each of the investments held they did not meet the criteria to exert significant influence over the investee and therefore have recorded the investment at fair value through profit and loss. In the years ended December 31, 2016 and 2017, management determined it was able to exert significant influence over Kilo Goldmines Ltd., Barkerville Gold Mines Ltd. and Beaufield Resources Inc. and started to account for these investments as associates under the equity method. In November 2016, the investment in Kilo Goldmines Ltd. was reduced and the investment was removed from being accounted for as an associate.

Impairment of investments in associates:

The Corporation applies IAS 39 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 an impairment loss. In making the 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 cost, 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.

2) Basis of preparation (continued)

c) Use of estimates and judgements (continued)

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 to sell 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.

Fair value of share-based payments and warrants:

Determining the fair value of share-based payments 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:

- **Dividend yield:** The Corporation has not paid dividends in the past because it is in the exploration stage and has not yet earned any significant operating income. Also, the Corporation does not expect to pay dividends in the foreseeable future. Therefore, a dividend rate of 0% was used for the purposes of the valuation of the stock options and warrants.
- **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 2016 and 2017 years presented in these consolidated financial statements.

a) Basis of consolidation

The financial statements of Osisko consolidate the results of the Corporation and its wholly owned subsidiaries: Eagle Hill Exploration Corporation, Ryan Gold Corp., Corona Gold Corporation, Northern Gold Mining Inc., Niogold Mining Corporation, O3 Investments Incorporated and O3 Markets Inc. 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.

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

Financial instruments are measured on initial recognition at fair value, plus, in the case of financial instruments other than those classified as fair value through profit and loss, directly attributable transaction costs. Measurement of financial assets in subsequent year depends on whether the financial instrument has been classified into one of four categories: fair value through profit and loss ("FVTPL"), held-to-maturity, available-for-sale ("AFS") and loans and receivables. The classification is determined at initial recognition and depends on the nature and the purpose of the financial asset. Measurement of financial liabilities subsequent to initial recognition depends on whether they are classified as fair value through profit and loss or other financial liabilities.

As of December 31, 2016 and 2017 there were no assets designated as held-to-maturity or AFS.

3) Significant accounting policies (continued)

c) Financial instruments (continued)

i) Fair value through profit and loss

The Corporation has classified cash and cash equivalents as FVTPL and measures it at cost, which approximates fair value. Cash and cash equivalents include cash on hand, deposits with banks, and other short-term highly liquid investments with original maturities of three months or less. Deposits with banks with maturities greater than twelve months are classified as non-current assets. Marketable Securities are also classified as FVTPL and measured at the value determined on the quoted active market where they are traded.

ii) Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are initially recognized at the transaction value and subsequently carried at amortized cost less impairment losses. The impairment loss of receivables is based on a review of all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The Corporation has designated other receivables and loan receivable as loans and receivables.

iii) 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.

For financial assets carried at amortized cost, the amount of impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of all financial assets, excluding other receivables, is directly reduced by the impairment loss. The carrying amount of other receivables is reduced through the use of an allowance account. When a receivable is considered uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of AFS equity instruments, if, in a subsequent year, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss.

On the date of impairment reversal, the carrying amount of the financial asset cannot exceed its amortized cost had impairment been recognized. A financial asset is derecognized when: the contractual right to the asset's cash flows expire; or if the Corporation transfers the financial asset and substantially all risks and rewards of ownership to another entity.

3) Significant accounting policies (continued)

c) Financial instruments (continued)

iii) Impairment of financial assets (continued)

Where the Corporation holds an investment in a privately-held entity for which there is no active market and for which there is no reliable estimate of fair value, the investment is carried at cost less any provision for impairment.

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).

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, intangible 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.

3) Significant accounting policies (continued)

e) Equipment (continued)

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 to sell. 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.

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 other financial liabilities.

h) Other financial liabilities

Other financial liabilities 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.

3) Significant accounting policies (continued)

h) Other financial liabilities (continued)

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. The Corporation has classified accounts payable and accrued liabilities as financial liabilities.

i) Derecognition of financial liabilities

The Corporation derecognizes financial liabilities when, and only when, the Corporation's obligations are discharged, cancelled or they expire.

j) 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.

k) 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.

3) Significant accounting policies (continued)

l) 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.

m) 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, 2016 and 2017, the Corporation did not have any dilutive instruments that would dilute the EPS.

n) Asset held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sales is highly probable.

Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

o) 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.

p) 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.

3) Significant accounting policies (continued)

q) 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.

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.

r) 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.

s) Stock based compensation

The fair value of share options granted to employees is recognized as an expense over the vesting period using the graded vesting method with a corresponding increase in contributed surplus. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Corporation.

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.

t) 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.

3) Significant accounting policies (continued)

t) Investment in associate (continued)

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.

u) 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 Quebec. 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 ended after December 31, 2017. Many are not applicable or do not have a significant impact to the Corporation and have been excluded from the summary below.

a) Future Accounting Pronouncements

International Financial Reporting Standard 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 annual periods beginning on or after January 1, 2018. The implementation of IFRS 2 has not had an impact to the Corporation's financial statements.

International Financial Reporting Standard 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 will also result 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 is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The Corporation has evaluated the new standard and does not anticipate any material impact from the adoption on its results of operations, financial position, and disclosures.

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

a) Future Accounting Pronouncements (continued)

International Financial Reporting Standard 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 is introduced and represents a substantial overhaul of hedge accounting which will allow entities to better reflect their risk management activities in the financial statements.

The most significant improvements apply to those that hedge non-financial risk, and so these improvements are expected to be of particular interest to non-financial institutions. This standard is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The Corporation has evaluated the new standard and does not anticipate any material impact from the adoption on its results of operations, financial position, and disclosures.

International Financial Reporting Standard 16, "Leases" ("IFRS 16")

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

b) New Accounting Standards Issued and Effective

IAS 7, "Statement of Cash Flows" ("IAS 7")

In January 2016, the IASB issued amendments to IAS 7 pursuant to which entities will be required to provide enhanced information about changes in their financial liabilities, including changes from cash flows and non-cash changes. The IAS 7 amendments are effective for annual periods beginning on or after January 1, 2017. The implementation of IAS 7 has not had an impact to the Corporation's financial statements.

IAS 12, "Income Taxes" ("IAS 12")

In January 2016, the IASB issued amendments to IAS 12, which clarify guidance on the recognition of deferred tax assets related to unrealized losses resulting from debt instruments that are measured at their fair value. The IAS 12 amendments are effective for annual periods beginning on or after January 1, 2017. The Corporation does not currently measure any of its debt instruments at fair value. Therefore, the implementation of IAS 12 has not had an impact to the Corporation's financial statements.

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

5) Acquisition of Niogold Mining Corporation

On March 11, 2016, the Corporation completed the acquisition (the "Arrangement Agreement") of Niogold Mining Corporation (“Niogold”) by way of a court approved plan of arrangement.

Under the terms of the Arrangement Agreement, Osisko acquired all of the common shares of each of Niogold ("Niogold Shares") under Division 5 of Part 9 of the Business Corporations Act (British Columbia). Under the Arrangement, each holder of Niogold Shares (each a "Niogold Shareholder") received 0.4167 common shares of Osisko (“Common Shares”) in exchange for each Niogold Share held.

This Arrangement Agreement has been accounted for as an acquisition of assets and liabilities as Niogold does not meet the definition of a business under IFRS 3. The acquisition of the net assets of Niogold were recorded at the fair value of the consideration paid of $62,042,000.

Consideration paid		
Share consideration	$	**58,908**
Transaction costs		**1,645**
Stock options		**1,015**
Warrants		**474**
	$	**62,042**

Net assets acquired		
Cash	$	**1,085**
Current assets		**450**
Plant and equipment		**47**
Exploration and evaluation assets		**61,629**
Current liabilities		**(1,169)**
Total net assets acquired	$	**62,042**

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, 2017 and 2016:

As at		**December 31, 2017**		December 31, 2016
Windfall Lake (a)	**$**	**570**	$	570
Garrison (b)		**244**		241
Buffonta (b)		**159**		157
Total Reclamation deposits	**$**	**973**	**$**	**968**

a) Windfall Lake

The Corporation has a reclamation deposit of $570,000 with the Quebec 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, 2017, 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, an increase in financial assurance will be required.

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

6) Reclamation deposit (continued)

b) Garrison and Buffonta

The Corporation has two reclamation deposits of $244,000 and $159,000 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%.

7) Tax recoverable

As at December 31, 2016 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"), Quebec 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 Quebec.

8) Marketable securities

The Corporation holds shares and warrants in various public companies throughout the mining industry. During the year ended December 31, 2017, these shares and warrants were fair valued and this resulted in an unrealized loss of $2,037,000 (2016 – gain of $1,454,000). The Corporation sold shares during the year ended December 31, 2017 which resulted in a realized gain of $2,686,000 (2016 - $3,428,000).

The shares in the various public companies are classified as FVLPL and are recorded at fair value using the quoted market price as at December 31, 2017 and are therefore classified as level 1 within the fair value hierarchy.

The warrants in the various public companies are classified as FVLPL 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, 2016 and 2017:

As at	**December 31, 2017**	December 31, 2016
Balance, beginning of year	**$ 15,020**	$ 8,707
Additions	**32,610**	16,590
Acquisitions	**-**	178
Transfer to investments in associates (note 11)	**-**	(1,248)
Disposals	**(26,203)**	(14,089)
Realized gain	**2,686**	3,428
Unrealized (loss)/gain	**(2,037)**	1,454
Balance, end of year	**$ 22,076**	$ 15,020

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

9) Long-term investment

As of December 31, 2017, 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, 2016, Northstar completed a financing at $0.06 per common share and as such the Corporation recorded an impairment on this long-term investment of $120,000 (2016 - $nil).

10) Expenses from continuing operations

The following table summarizes information regarding the Corporation's expenses from continuing operations for the year ended December 31, 2016 and 2017:

For the year ended		**December 31, 2017**		December 31, 2016
Compensation expenses				
Stock-based compensation (note 15(d))	**$**	**14,141**	$	5,289
Salaries and benefits		**6,345**		5,208
Total compensation expenses	**$**	**20,486**	$	10,497
General and administration expenses				
Shareholder and regulatory expense	**$**	**494**	$	636
Administrative services		**252**		376
Travel expense		**675**		519
Professional fees		**1,498**		856
Office expense		**3,016**		1,069
Total general and administration expenses	**$**	**5,935**	$	3,456
Marketable securities				
Realized gain from marketable securities (note 8)	**$**	**(2,686)**	$	(3,428)
Unrealized loss/(gain) from marketable securities (note 8)		**2,037**		(1,454)
Total marketable securities gain	**$**	**(649)**	$	(4,882)
Foreign currency exchange				
Realized foreign currency exchange (gain)/loss	**$**	**(638)**	$	100
Unrealized foreign currency exchange loss		**-**		1
Total foreign exchange (gain)/loss	**$**	**(638)**	$	101
Finance Income				
Interest income	**$**	**(1,507)**	$	(665)
Other finance income		**-**		(2)
Total finance income	**$**	**(1,507)**	$	(667)

11) Investment in associates

On March 8, 2016, Osisko filed an early warning report in respect of its holdings in Kilo Goldmines Ltd ("Kilo"). Management determined that Osisko has significant influence over the decision-making process of Kilo and has therefore classified its investment in Kilo using the equity basis of accounting. On October 28, 2016, Osisko sold its aggregate of 21,868,000 common shares in the capital of Kilo in exchange for 1,457,867 common shares in the capital of Resolute Mining Ltd. ("Resolute") and recognized a $583,000 gain on sale of associate.

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

11) Investment in associates (continued)

On August 8, 2016, Osisko announced its acquisition of 50,000,000 shares in Barkerville Gold Mines Ltd. ("Barkerville"), or a 17% stake, from 2176423 Ontario Ltd. for $20,000,000 cash and 8,097,166 Common Shares valued at $17,000,000. On December 19, 2016, Osisko acquired a further 4,678,363 shares in Barkerville for $2,000,000 cash and remained with a 17% stake. During the year ended December 31, 2017, Osisko acquired an additional 16,546,908 shares in Barkerville for $14,474,000, dropping 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, 2017 was $0.75 per share which corresponds to a quoted market value of $53,419,000 for the Corporation's investment in Barkerville.

The equity accounting for Barkerville is based on the results to September 30, 2017, adjusted for significant transaction between September 30, 2017 and December 31, 2017.

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.

As at	December 31, 2017
Total current assets	$ 77,860
Total non-current assets	270,920
Total current liabilities	(15,709)
Total non-current liabilities	(18,381)
Total net assets	$ 314,690

For the year ended December 31,	2017
Revenue	$ -
Net loss	$ 1,852

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

As at	December 31, 2017
Net assets of Barkerville	$ 314,690
Osisko Mining ownership interest	16.43%
Osisko Mining share of net asset	51,698
Carrying value of investment in Barkerville	51,698

On February 21, 2017, Osisko announced its acquisition of 31,700,000 shares in Beaufield Resources Inc. ("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 7,497,300 shares in Beaufield for $1,784,000 increasing its stake to 19%. Through the extent of its share ownership interest and having an executive of the Corporation sit on the Beaufield's board of directors, management has determined that Osisko has significant influence over the decision-making process of Beaufield and accordingly, is using the equity method to account for this investment.

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

11) Investment in associates (continued)

Beaufield is a mineral exploration company concentrated on the acquisition, exploration and development of precious and base metal resource properties in Canada, specifically in the province of Quebec. Beaufield's head office is located in Canada and is a public company listed on the TSX Venture Exchange. The trading price of Beaufield on December 31, 2017 was $0.115 per share which corresponds to a quoted market value of $4,508,000 for the Corporation's investment in Beaufield.

The equity accounting for Beaufield is based on the results to November 30, 2017, adjusted for significant transaction between November 30, 2017 and December 31, 2017.

The following table is a summary of the consolidated financial information of Beaufield 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 Beaufield's summarized financial information to the Corporation's investment carrying value is also included.

As at		**December 31, 2017**
Total current assets	**$**	**5,730**
Total non-current assets		**19,616**
Total current liabilities		**(162)**
Total net assets	**$**	**25,184**

For the year ended December 31,		**2017**
Revenue	**$**	**-**
Net loss	**$**	**1,173**

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

As at		**December 31, 2017**
Net assets of Beaufield	**$**	**25,184**
Osisko Mining ownership interest		**18.82%**
Osisko Mining share of net asset		**4,740**
Carrying value of investment in Beaufield		**4,740**

The Corporation's investments relating to its associates as of December 31, 2016 and 2017 are detailed as follows:

As at		**December 31, 2017**				
		Beaufield		**Barkerville**		**Total**
Balance, beginning of year	**$**	**-**	**$**	**37,290**	**$**	**37,290**
Cash investment in associates		**4,951**		**13,589**		**18,540**
Share of (loss)/income for the year		**(211)**		**819**		**608**
Balance, end of period	**$**	**4,740**	**$**	**51,698**	**$**	**56,438**

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

11) Investment in associates (continued)

As at	December 31, 2016		
	Kilo	Barkerville	Total
Balance, beginning of year	$ -	$ -	$ -
Transfers from marketable securities (note 8)	1,248	-	1,248
Share investment in associates	-	17,000	17,000
Cash investment in associates	700	22,000	22,700
Cash sale of associates	(121)	-	(121)
Share for share sale of associates	(1,705)	-	(1,705)
Share of loss for the year	(122)	(1,710)	(1,832)
Balance, end of year	$ -	$ 37,290	$ 37,290

12) Plant and equipment

The following table summarizes information regarding the Corporation's plant and equipment as at December 31, 2017 and December 31, 2016:

December 31, 2017										
	Cost					Accumulated Depreciation				
Class	Opening Balance	Additions	Acquisitions in the year	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
	$ 1,095	$ 6,288	-	-	$ 7,383	$ 115	$ 698	-	$ 813	$ 6,570

December 31, 2016										
	Cost					Accumulated Depreciation				
Class	Opening Balance	Additions	Acquisitions in the year	Write-off / Disposals	Closing Balance	Opening Balance	Depreciation	Write-off / Disposals	Closing Balance	Net book value
Computer Equipment	$ 57	$ 233	$ 13	$ (42)	$ 261	$ 31	$ 24	$ (32)	$ 23	$ 238
Office Equipment	19	5	14	(19)	19	9	4	(10)	3	16
Exploration Equipment	907	592	3	(765)	737	7	97	(38)	66	671
Automobiles	62	-	16	-	78	-	23	-	23	55
Leasehold Improvements	8	-	-	(8)	-	5	1	(6)	-	-
	$ 1,053	$ 830	$ 46	$ (834)	$ 1,095	$ 52	$ 149	$ (86)	$ 115	$ 980

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

13) Exploration and evaluation assets

	December 31, 2016	Acquisitions in the year	Additions in the period	Write offs in the year	Disposal in the year	December 31, 2017
Urban Barry	3,849	-	5,698	-		9,547
Windfall Lake	56,199	-	94,573	-		150,772
Ogima - Catharine Fault	1,548	-	10	(1,458)	(100)	-
Garrcon - Garrison	14,098	-	11,846	-		25,944
Gold Pike - Garrison	47	-	101	-		148
Buffonta - Garrison	86	-	14	-		100
DeSantis Property	1,324	-	20	(944)	(400)	-
Black Dog (formerly "Souart") Property	1,527	-	807	-		2,334
Swayze Property	466	-	393	(260)	(599)	-
Marban - Marban Block	23,477	-	583	-		24,060
Malarctic - Marban Block	37,809	-	77	-		37,886
Siscoe East - Marban Block	2,518	-	4	-		2,522
Héva - Marban Block	815	-	9	-		824
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
Quévillon Osborne	-	-	4,526			4,526
Total exploration and evaluation assets	$ 144,585	$ -	$ 121,096	$ (2,662)	$ (1,099)	$ 261,920

	December 31, 2015	Acquisitions in the year	Additions in the year	Write offs in the year	Disposal in the year	December 31, 2016
Urban Barry	$ 472	$ -	$ 3,377	$ -	$ -	$ 3,849
Windfall Lake	39,103	-	17,096	-	-	56,199
Ogima - Catharine Fault	894	-	654	-	-	1,548
Garrcon - Garrison	9,582	-	4,516	-	-	14,098
Gold Pike - Garrison	-	-	47	-	-	47
Buffonta - Garrison	5	-	81	-	-	86
Northstar Miller - Catharine Fault	-	-	33	(33)	-	-
DeSantis Property	-	-	1,324	-	-	1,324
Black Dog (formally "Souart") Property	-	-	1,527	-	-	1,527
Swayze Property	-	-	466	-	-	466
Marban - Marban Block	-	21,370	2,107	-	-	23,477
Malarctic - Marban Block	-	37,097	712	-	-	37,809
Siscoe East - Marban Block	-	2,487	31	-	-	2,518
Héva - Marban Block	-	675	140	-	-	815
Kan - James Bay	-	-	284	-	-	284
Éléonore – James Bay	-	-	274	-	-	274
Éléonore JV – James Bay	-	-	104	-	-	104
Other – James Bay	-	-	160	-	-	160
Total exploration and evaluation assets	$ 50,056	$ 61,629	$ 32,933	$ (33)	$ -	$ 144,585

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

13) Exploration and evaluation assets (continued)

a) Urban Barry Property

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, 2017.

b) Windfall Lake Property

The Corporation acquired the Windfall Lake Property through the acquisition of Eagle Hill Exploration Corporation ("Eagle Hill" or "EAG"), which was completed on August 25, 2015. 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%	Buyback 1% NSR for $1,000,000 ($500,000 for each 0.5% NSR)
Northern part of property	2%	Buyback 2% NSR for $1,000,000 ($500,000 for each 1% NSR)
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") 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.

c) Ogima – Catharine Fault Project

On November 24, 2017, the Corporation completed a transaction with CGM and Transition Metals Corp, 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.

13) Exploration and evaluation assets (continued)

d) Garrison Properties

i) Garrcon Project

The Corporation acquired the Garrcon Project through the acquisition of Northern Gold, which took place on December 22, 2015. The Garrcon Project is 100% owned 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 Corporation acquired the Jonpol Project through the acquisition of Northern Gold which was completed on December 22, 2015. The Jonpol Project is 100% owned and is located on the same property as the Garcon Project in the Abitibi Greenstone Belt in Ontario, Canada.

iii) Buffonta Project

The Corporation acquired the Buffonta Project through the acquisition of Northern Gold which was completed on December 22, 2015. The Buffonta Project is 87.5-100% owned and is located in the Abitibi Greenstone Belt in Ontario, Canada. Buffonta Project is subject to a 3% NSR of which 0.5% can be purchased for $1,000,000.

iv) Gold Pike Project

The Corporation acquired the Gold Pike Project through its acquisition of Northern Gold which was completed on December 22, 2015. The Gold Pike Project is 40-60% owned and is located 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.

e) 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 (note 15(a)). On November 24, 2017, the Corporation completed a transaction with CGM and Transition Metals Corp, 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.

f) Black Dog (formally "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 (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)

g) 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.

h) Marban Block Properties

i) Marban Project

The Corporation acquired the Marban Project through the acquisition of Niogold (note 5). The Marban project is 100% owned and is the result of an amalgamation of the former Marban, First Canadian, Norlartic and Gold Hawk claims. The Marban Block property 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.

ii) Malarctic Project

The Corporation acquired the Malartic Project through the acquisition of Niogold (note 5). The Malartic Block property includes the Camflo West, the Malartic Hygrade, the Malartic Hygrade-NSM and the Malartic H properties. 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. The Malartic H claims are 85% owned and the remaining 15% can be purchased by paying $25,000.

iii) Siscoe East Project

The Corporation acquired the Siscoe East Project through the acquisition of Niogold (note 5). Niogold 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

The Corporation acquired the Héva Project through the acquisition of Niogold (note 5). Some of the claims of the Héva property are subject to a 1.5% NSR of which half may be repurchased for $200,000.

i) James Bay Properties

On October 5, 2016, Osisko announced that it has finalized 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.

13) Exploration and evaluation assets (continued)

i) James Bay Properties (continued)

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 has been reduced by the same amount and terms as the Kan Agreement. Subject to the Kan Agreement, Osisko has 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.

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 announced that it had 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.

Following the completion of the Exploration Earn-In, the Property will be transferred to a new joint venture entity to be owned 30% by Osisko and 70% by Barrick. Osisko and Barrick will then enter into a joint venture agreement in respect of the Property. In addition, Barrick may earn a further 5% interest in the joint venture entity (for a total interest of 75%) by electing to fund an additional $5,000,000 of project level expenditures (such as a preliminary economic assessment or pre-feasibility study).

ii) Éléonore Project

The Éléonore Project is located within the Opinaca Reservoir area in Québec, Canada.

iii) Éléonore-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.

j) 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. The Quévillon Osborne Project is located in in the Lebel-sur-Quévillon area of Québec, west of the Windfall Lake gold deposit.

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 $3,707,000. During the year ended December 31, 2017, an updated rehabilitation plan was completed for the Windfall Project and, as such, a change in estimate of $2,042,000 has been recognized to the Windfall Property. This increased estimate is 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, 2016	**$**	**873**
Accretion		10
Change in estimate		(44)
Balance December 31, 2016	**$**	**839**
Accretion		11
Change in estimate		2,042
Balance December 31, 2017	**$**	**2,892**

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

For the year ended December 31,		**2017**
Total undiscounted value of payments	**$**	**3,707**
Weighted average discount rate		**1.98%**
Weighted average expected life		**12 years**
Inflation rate		**2.00%**

15) Capital and other components of equity

a) Share capital – authorized (continued)

	Number of Common Shares		Amount
Balance, January 1, 2016	58,694,202	$	150,989
Issuance of shares upon exercise of warrants	4,746,290		9,942
Issuance of shares upon exercise of stock options	856,314		1,172
Issuance of shares on acquisition of Souart property	500,000		525
Issuance of shares on acquisition of Niogold (note 5)	54,544,247		58,908
Conversion of subscription receipts (net of transaction costs $889,000)	10,521,700		4,362
Issuance of shares - Matachewan (net of transaction costs $6,000)	50,000		54
Issuance of shares on acquisition of DeSantis property	229,600		494
Private placement (net of transaction costs $1,518,000)	7,570,000		17,256
Issuance of shares on investment in Barkerville (net of transaction costs $42,000) (note 11)	8,097,166		16,958
Private placement (net of transaction costs $1,778,000)	11,750,000		30,534
Issuance of share on earn-in agreement with Osisko Gold Royalties Ltd	1		-
Private placement (net of transaction costs $537,000)	4,431,136		10,319
Deferred tax asset on share issue cost (note 19)	-		1,587
Balance December 31, 2016	**161,990,656**	**$**	**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) (note 13)	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 $192,000)	479,550		1,405
Deferred tax asset on share issue cost (note 19)	-		1,021
Balance December 31, 2017	**207,845,240**	**$**	**456,231**

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 March 8, 2016, the Corporation acquired the Black Dog (formally "Souart") property in exchange for a cash payment of $200,000 as well as the issuance of 500,000 Common Shares (note 13).

On March 11, 2016, the Corporation acquired Niogold (note 5). In consideration for the acquisition of Niogold, the Corporation issued 0.4167 Common Shares for each common share of Niogold so held, for an aggregate of 54,544,247 Common Shares.

On February 3, 2016, the Corporation completed an offering of subscription receipts pursuant to which it issued and sold 10,521,700 subscription receipts at a price of $1.20 per subscription receipt for gross proceeds of $12,626,000. The transaction costs amounted to $889,000 and have been netted against the gross proceeds on closing. In conjunction with the completion of the Arrangement Agreement on March 11, 2017, each subscription receipt was converted into one Common Share and one Common Share purchase warrant. Each Common Share purchase warrant is exercisable into one Common Share until February 3, 2019, at an exercise price of $1.44. The fair value of the Common Share purchase warrants upon conversion was $7,375,000 and this fair value has been netted against the gross proceeds on closing.

On April 14, 2016, 50,000 shares were issued to Matachewan First Nation as part of a Memorandum of Understanding entered into on March 21, 2017 between Matachewan First Nation and Osisko.

On June 3, 2016, the Corporation acquired the DeSantis property in exchange for the issuance of 229,600 Common Shares.

On July 27, 2016, the Corporation completed a private placement of 7,570,000 common shares of the Corporation at an average price of $3.30 per Common Share issued as flow-through shares for aggregate gross proceeds of $25,011,000. The flow-through shares were issued at an average premium of $0.82 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 $6,237,000 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 $1,716,000 was recognized for the year ended December 31, 2017 relating to this transaction (2016 - $4,521,000). The transaction costs amounted to $1,518,000 and have been netted against the gross proceeds on closing.

On September 27, 2016, the Corporation completed a private placement of 11,750,000 Common Shares at a price of $2.75 per Common Share for gross proceeds of $32,313,000. The transaction costs amounted to $1,778,000 and were netted against the gross proceeds on closing.

On October 4, 2016, Osisko GR exercised its option to acquire a 1% NSR on the Windfall and Urban Barry properties for $5,000,000. One Common Share was issued to Osisko GR in exchange for the advance.

On December 13, 2016, the Corporation completed a private placement of 4,431,136 common shares of the Corporation at an average price of $3.15 per Common Share issued as flow-through shares for aggregate gross proceeds of $13,958,000. The flow-through shares were issued at an average premium of $0.70 to the current market price of the Corporations shares at the day of issue. The premium was recognized as a long-term liability for $3,102,000 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 $3,102,000 was recognized for the year ended December 31, 2017 relating to this transaction (2016 - $nil). The transaction costs amounted to $537,000 and have been netted against the gross proceeds on closing.

15) Capital and other components of equity (continued)

a) Share capital – authorized (continued)

During the year ended December 31, 2016, a total of 4,751,059 warrants were exercised for gross proceeds of $6,715,000 in exchange for the issuance of 4,746,290 Common Shares.

During the year ended December 31, 2016, a total of 856,314 stock options were exercised for gross proceeds of $593,000 in exchange for the issuance of 856,314 Common Shares.

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 $10,246,000 was recognized for the year ended December 31, 2017 relating to this transaction (2016 - $nil). 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 $2,903,000 and were netted against the gross proceeds on closing. Each unit is comprised of one Common Share and one Common Share purchase warrant. Each Common Share purchase warrant is exercisable into one Common Share 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.

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 Shares 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 $1,519,000 was recognized for the year ended December 31, 2017 relating to this transaction (2016 - $nil). The transaction costs amounted to $297,000 and have been netted against the gross proceeds on closing.

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 $9,300,000 was recognized for the year ended December 31, 2017 relating to this transaction (2016 - $nil). 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.

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 $108,000 was recognized for the year ended December 31, 2017 relating to this transaction (2016 - $nil). The transaction costs amounted to $192,000 and have been netted against the gross proceeds on closing.

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

15) Capital and other components of equity (continued)

a) Share capital – authorized (continued)

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.

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.

b) Basic loss per share

The calculation of basic loss per share for the year ended December 31, 2016 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, 2017**	December 31, 2016
Common Shares outstanding, at beginning of the year	**161,990,656**	58,694,202
Common Shares issued during the year	**26,064,589**	64,890,471
Basic weighted average number of Common Shares	**188,055,245**	123,584,673
Loss	**$ 18,036**	$ 5,226
Basic loss per share	**$ 0.10**	$ 0.04

c) Diluted loss per share

The Corporation incurred net losses for each of the years ended December 31, 2016 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, 2017, no issuances have occurred under this plan.

In June 2017, Osisko established a Deferred Share Unit ("DSU") Plan and a Restricted Share Unit ("RSU") Plan. Under the plans, DSU and RSU can be granted to directors, officers and employees as part of their long-term compensation package, entitling them to receive payout in cash. The value of the payout would be determined by multiplying the number of DSU and RSU vested at the payout date by the closing price of the Corporation's shares on the day prior to the payout date. The value to be recognized at each reporting date is determined based on the closing price of the Company's shares and based on applicable terms for performance based and fixed components. The fair value is recognized over the vesting period. As of December 31, 2017, no issuances have occurred under this plan.

In June 2015, 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. 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, 2016 and 2017:

	Number of stock options		Weighted-average exercise price
Oustanding at January 1, 2016	**4,874,500**	**$**	**1.42**
Issuance of stock options on acquisition of Niogold	1,391,772		0.68
Granted	6,825,000		1.63
Exercised	(856,314)		0.69
Forfeited	(21,667)		3.33
Expired	(16,668)		0.89
Oustanding at December 31, 2016	**12,196,623**	**$**	**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**

In connection with the Arrangement Agreement (note 5), consent was received from each Niogold stock option holder that, subsequent to the Arrangement Agreement, each Niogold stock option will be exercisable into 0.4167 Common Shares for each Niogold Share the holder would have otherwise been entitled to acquire. On March 11, 2016, a total of 1,391,772 stock options were issued in connection with the Arrangement Agreement.

On March 11, 2016, 4,700,000 stock options were issued to directors, management and employees, at an exercise price of $1.08 for a period of 5 years. The options have been fair valued at $0.87 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 June 21, 2016, 400,000 stock options were issued to management at an exercise price of $2.22 for a period of 5 years. The options have been fair valued at $1.81 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 3, 2016, 1,725,000 stock options were issued to directors, management and employees, at an exercise price of $3.01 for a period of 5 years. The options have been fair valued at $2.32 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, 2016, a total of 856,314 stock options were exercised for gross proceeds of $593,000 in exchange for the issuance of 856,314 Common Shares.

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.

(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 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.

The total recognized expense for stock options for the year ended December 31, 2017 was $14,141,000 (2016 - $5,289,000) from which $2,611,000 (2016 - $1,618,000) 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, 2016 and 2017:

For the year ended		**December 31, 2017**		**December 31, 2016**
Fair value at grant date	**$**	**3.16**	**$**	**1.29**
Forfeiture rate		**0.0%**		**0.0%**
Share price at grant date	**$**	**3.90**	**$**	**1.63**
Exercise price	**$**	**3.90**	**$**	**1.63**
Expected volatility		**116%**		**113%**
Dividend yield		**0.0%**		**0.0%**
Option life (weighted average life)		**5 years**		**5 years**
Risk-free interest rate (based on government bonds)		**1.08%**		**0.70%**

(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, 2017:

		Options Outstanding		Options Exercisable	
Range of exercise prices per share ($)	Weighted-Average Remaining periods of Contractual Life	Number of Stock Options Outstanding	Weighted Average Exercise Price ($)	Number of Stock Options Exercisable	Weighted Average Exercise Price ($)
0.48 to 1.12	3.1	4,518,793	$1.05	2,952,120	$1.03
1.13 to 1.71	2.7	4,051,823	$1.19	4,051,823	$1.19
1.72 to 3.21	3.7	1,679,335	$2.82	1,119,319	$2.82
3.22 to 3.49	4.1	3,890,000	$3.41	1,296,662	$3.41
3.50 to 4.79	4.0	2,557,833	$4.71	1,091,154	$4.64
$ 2.37	3.4	16,697,784	$2.37	10,511,078	$1.95

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, 2016 and 2017. These warrants are exercisable at one warrant for one Common Share (the "one-for-one warrants").

	Number of warrants	Weighted-average exercise price
Outstanding as at January 1, 2016	696,048	$ 5.27
Issuance of warrants on conversion of subscription receipts	10,521,700	1.44
Former Niogold warrants acquired (note 5)	1,010,477	1.15
Exercised	(4,746,039)	1.41
Expired	(241,332)	6.30
Outstanding at December 31, 2016	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**

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 and one Common Share purchase warrant. Each Common Share purchase warrant is exercisable into one Common Share until February 3, 2019, at an exercise price of $1.44.

In connection with the Arrangement Agreement (note 5), consent was received from each Niogold warrant holder that, subsequent to the Arrangement Agreement, each Niogold warrant will be exercisable into 0.4167 Common Shares for each Niogold Share the holder would have otherwise been entitled to acquire. On March 11, 2016, a total of 1,010,477 warrants were issued in connection with the Arrangement Agreement.

(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)

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, 2016 and 2017:

For the year ended December 31,		2016		2017
Fair value at grant date	$	0.68	$	0.63
Forfeiture rate		0.0%		0.0%
Share price at grant date	$	1.08	$	3.64
Exercise price	$	1.41	$	5.00
Expected volatility		119%		57%
Dividend yield		0.0%		0.0%
Warrant life (weighted average life)		3 years		1.5 years
Risk-free interest rate (based on government bonds)		0.56%		0.74%

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. During the year ended December 31, 2017, a total of 241,332 one-for-one warrants expired.

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, 2016 and 2017. These warrants are exercisable at twenty warrants for one Common Share (the "publicly traded warrants").

	Number of warrants		Weighted-average exercise price
Outstanding as at January 1, 2016	130,636,320	$	0.15
Exercised	(5,020)		0.15
Outstanding at December 31, 2016	130,631,300	$	0.15
Exercised	**(5,469,880)**		**0.15**
Outstanding at December 31, 2017	**125,161,420**	**$**	**0.15**

130,636,320 Osisko Warrants were issued to Eagle Hill shareholders pursuant to acquisition of Eagle Hill by Osisko on August 25, 2015. The Osisko 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 Osisko 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, each Osisko Warrant is exercisable until August 25, 2018 and, upon exercise of 20 Osisko Warrants and the payment of $3.00, a holder of such Osisko Warrant is entitled to receive one Common Share.

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.

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

16) 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, 2017, management fees, geological services, rent and administration fees of $1,487,000 (2016 - $2,594,000) 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. Mr. John Burzynski, President and CEO of the Corporation, as well as Mr. Sean Roosen, Chairman of the board of directors of the Corporation also serve as directors and/or senior officers of Osisko GR. Accounts payable to Osisko GR as at December 31, 2017 are $276,000 (2016 - $449,000). During the year ended December 31, 2017, management fees, geological services, rent and administration fees of $879,000 (2016 - $360,000) were charged to Osisko GR by the Corporation. Accounts receivable from Osisko GR as at December 31, 2017 are $195,000 (2016 - $345,000).

On October 5, 2016, Osisko GR exercised their one-time right to provide first financing to the Corporation equal to $5,000,000 in exchange for the granting by the Corporation of a 1% NSR over such properties wholly-owned by the Corporation. Additionally, as long as Osisko GR holds Common Shares equal to at least 10% of the issued and outstanding Common Shares on a non-diluted basis, Osisko GR will have the right to a) participate in future equity financings by the Corporation on a pro rata basis to its non-diluted shareholding immediately prior to any such financing; b) nominate three directors to the Board; c) refuse any agreement involving the sale of a similar interest in products; d) provide management services to the Corporation and e) cause the Corporation to exercise its rights of repurchase over any existing royalty, purchase any royalty held over properties of the Corporation and to sell to Osisko GR any royalties from properties owned by third parties that the Corporation may hold. These services and rights were provided as part of the private placement agreement that was entered into with Osisko GR on August 25, 2015. Furthermore, on October 19, 2016, Osisko GR purchased a royalty portfolio from Teck Resources Ltd which included a 1.5% NSR on the properties acquired by the Corporation from Northern Gold.

During the year ended December, 2017, financial advisory service fees $84,000 were incurred with Dundee Capital Markets ("Dundee"), a company related to a Director (2016 - $336,000). On October 1, 2015, the Corporation signed an agreement with Dundee whereas Dundee would provide financial advisory services for the Corporation at a cost of $28,000 per month plus a non-refundable retainer fee of $500,000. The agreement expired on September 1, 2017. On February 13, 2017, Dundee's ownership changed and the company was renamed to Eight Capital. Therefore, Eight Capital was no longer considered a related party of the Corporation as of February 13, 2017.

The following table summarizes remuneration attributable to key management personnel for the years ended December 31, 2016 and 2017:

For the year ended	**December 31, 2017**	December 31, 2016
Salaries expense of key management	**$ 2,289**	$ 2,469
Directors' fees	**381**	457
Stock-based compensation	**8,072**	3,998
	$ 10,742	$ 6,924

During the year ended December 31, 2017, management fees, geological services, rent and administration fees of $14,000 (2016 - $nil) were charged to the Corporation's associate, Barkerville (note 6), by the Corporation. Accounts receivable from Barkerville as at December 31, 2017 are $nil (2016 - $nil).

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

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

17) 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, 2017, the Corporation has cash, cash equivalents and marketable securities totaling $133,580,000 (December 31, 2016 - $96,291,000) which were available for growing the Corporation.

18) Financial instruments

The Corporation has designated its cash and cash equivalents and marketable securities as FVTPL, and its other receivables as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost. Where the Corporation holds an investment in a privately-held entity for which there is no active market and for which there is no reliable estimate of fair value, the investment is carried at cost less any provision for impairment. As at December 31, 2016 and 2017, fair value of other receivables and accounts payable and accrued liabilities approximate their carrying values due to their short-term nature.

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, 2016 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, 2017			**December 31, 2016**		
	Level 1	**Level 2**	**Level 3**	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 111,504	$ -	$ -	$ 81,271	$ -	$ -
Marketable securities	20,347	1,729	-	13,324	1,696	-
Other receivables	-	573	-	-	707	-
Tax recoverable	-	20,486	-	-	4,076	-
Reclamation deposit	-	973	-	-	968	-

As at December 31, 2016 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 2017.

18) Financial instruments (continued)

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.

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, 2017, the Corporation had a cash balance of $111,504,000 (2016 - $81,271,000) to settle current liabilities of $21,084,000 (2016 - $7,152,000). 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, 2017 (note 20).

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, 2017, had increased or decreased by 0.1%, with all variables held constant, the loss for the year ended December 31, 2017, would have been approximately $112,000 lower/higher, as a result of higher/lower interest income from cash and cash equivalents. Similarly, as at December 31, 2016, shareholders' equity would have been approximately $81,000 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)

19) 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, 2017**	December 31, 2016
Income/(loss) before income taxes	**$ 407**	$ (3,639)
Income tax recovery computed at Canadian statutory tax rate	**108**	(964)
Permanent items	**(3,134)**	(351)
Change in unrecognized deferred tax assets	**4,047**	2,902
Deferred mining taxes	**17,422**	-
Deferred tax expense	**$ 18,443**	$ 1,587

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

For the years ended	**December 31, 2017**	December 31, 2016
Deferred income tax expense	**1,021**	$ 1,587
Deferred mining taxes	**17,422**	-
Deferred tax expense	**$ 18,443**	$ 1,587

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:

For the years ended	**December 31, 2017**	December 31, 2016
Deferred tax assets		
Deferred income tax asset on share issue costs	**$ 2,607**	$ 1,587
Other	**-**	-
Total deferred tax asset	**$ 2,607**	$ 1,587
Deferred tax liability		
Deferred income tax liability of exploration and evaluation assets	**$ (2,607)**	$ (1,587)
Deferred mining tax liability of exploration and evaluation assets	**(17,422)**	-
Total deferred tax liability	**$ (20,029)**	$ (1,587)
Net deferred tax liability	**$ (17,422)**	$ -

During the year ended December 31, 2017, the Corporation recognized a deferred tax asset of $1,021,000 (2016 - $1,587,000) 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)

19) 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, 2017**	December 31, 2016
Non-capital losses	**$ 20,985**	$ 76,225
Property and equipment	**-**	950
Exploration and evaluation	**2,615**	59,353
Marketable securities	**3,483**	3,252
Equity investments	**(6,398)**	1,180
Share issue costs	**11,028**	4,973
Investment tax credits	**724**	776
Deferred mining taxes	**4,007**	-
Total deductible temporary differences	**$ 36,444**	$ 146,709

As of December 31, 2017, the Corporation has non-capital losses totaling $88,962,000 (2016 - $76,225,000).

A deferred tax asset was not recognized with respect to non-capital losses of $20,985,000 (2016 - $76,225,000), which, if not utilized, will expire between the years of 2032 and 2037. The Corporation has also not recognized net deductible temporary differences with respect to investment tax credits of $724,000 (2016 - $776,000), which, if not utilized, will expire between the years of 2030 and 2033.

20) Commitments

The Corporation has the following exploration commitments as at December 31, 2017:

	Total	2018	2019	2020	2021	2022
James Bay properties	$ 1,018	$ 1,018	$ -	$ -	$ -	$ -
Office Leases	$ 1,528	$ 411	$ 397	$ 240	$ 240	$ 240
Camp Trailers and Offices Leases	$ 1,949	$ 1,175	$ 774	$ -	$ -	$ -
Total	**$ 4,495**	**$ 2,604**	**$ 1,171**	**$ 240**	**$ 240**	**$ 240**

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, 2017, the Corporation has a total of $1,018,000 remaining on these expenditures.

As of December 31, 2017, the Corporation has the following flow-through funds to be spent by December 31, 2018:

Closing Date of Financing	**Province**	**Remaining Flow-through Funds**
October 5, 2017	Quebec	$ 31,042
December 12, 2017	Ontario	1,950
Total		$ 32,992

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

21) Subsequent events

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 January 10, 2018, Osisko announced that it has filed an early warning report in respect of its holdings in Beaufield (note 11). The Corporation, through its wholly-owned subsidiary O3 Investments Inc., acquired beneficial ownership of, or control and direction over, 16,923,500 common shares of Beaufield by way of a share purchase agreement transaction, representing approximately 8.2% of the issued and outstanding common shares of Beaufield at a price of $0.14 per common share for total consideration of $2,369,290. After giving effect to this purchase, the Corporation, through its wholly-owned subsidiary O3 Investments Inc., held beneficial ownership of, or control and direction over, 56,181,300 Beaufield common shares, representing approximately 27.0% of the number of issued and outstanding Beaufield common shares.

On February 26, 2018, Osisko purchased from Globex Mining Enterprises Inc. ("Globex"), the Certac property at Le Tac township, Quebec for $250,000 and a gross metal royalty ("GMR") payable to Globex on all metal production. The GMR payable will be 2.5% at a gold price below $1,000 per ounce or a 3% gold metal royalty at a gold price equal to or greater than $1,000 per ounce. Osisko retains the first right of refusal should Globex decide to sell its GMR as well as an exclusive right to buy back a 1.5% GMR for $1,500,000.