



Consolidated Financial Statements
For the years ended December 31, 2021 and 2020
Presented in Canadian dollars



March 4, 2022

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

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

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

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

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

(Signed) "John Burzynski"

Executive Chairman and Chief Executive Officer

(Signed) "Blair Zaritsky"

Chief Financial Officer



Independent auditor's report

To the Shareholders of Osisko Mining Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Osisko Mining Inc. and its subsidiary (together, the Company) as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2021 and 2020;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

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

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

Independence

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key audit matter

Assessment of impairment indicators of exploration and evaluation assets

Refer to note 3(e) – Significant accounting policies - Impairment of non-financial assets, note 3(h) – Significant accounting policies - Exploration and evaluation assets and note 9 – Exploration and evaluation assets to the consolidated financial statements.

The net book value of exploration and evaluation assets amounted to \$641.2 million as at December 31, 2021. At each reporting period, management assesses exploration and evaluation assets to determine whether there are any indicators of impairment. If any such indicator exists, the asset's recoverable amount is estimated. 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 (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. Management assesses exploration and evaluation assets for impairment based on the following indicators: (i) the period for which the entity has the right to explore in the specific area has expired during the year or will expire in the near future; (ii) substantive expenditure on further exploration for an evaluation of mineral resources in the specific area is neither budgeted nor planned; (iii) sufficient data exists to determine that extracting the resources will not be technically feasible or commercially viable; and (iv) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. No impairment indicators were identified by management as at December 31, 2021.

We considered this a key audit matter due to (i) the significance of the exploration and evaluation assets and the judgments made by management in their assessment of indicators of

How our audit addressed the key audit matter

Our approach to addressing the matter included the following procedures, among others:

- Assessed the judgment made by management in determining the impairment indicators, which included the following:
 - Obtained, for a sample of claims, by reference to government registries, evidence to support (i) the right to explore the area and (ii) claim expiration dates.
 - Read board minutes and obtained budget approvals to evidence continued and planned exploration expenditure, which included evaluating results of current year work programs.
 - Assessed whether extracting the resources will not be technically feasible or commercially viable, or if other facts and circumstances suggest that the carrying amount may exceed the recoverable amount, based on evidence obtained in other areas of the audit.



Key audit matter	How our audit addressed the key audit matter
impairment related to exploration and evaluation assets and (ii) the fact that these have resulted in a high degree of subjectivity in performing procedures related to these judgments applied by management.	

Other information

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

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

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

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

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

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

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

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



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

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

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

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



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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
March 4, 2022



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

<i>As at</i>	December 31, 2021	December 31, 2020
Assets		
Current assets		
Cash and cash equivalents	\$ 213,088	\$ 180,027
Restricted cash (note 6 and note 21)	6,729	12,613
Tax recoverable (note 5)	33,257	51,627
Marketable securities (note 6)	20,527	74,938
Other assets	2,524	2,586
Total current assets	276,125	321,791
Non-current assets		
Long-term receivables	-	800
Investment in associate (note 7)	42,563	42,175
Property, plant and equipment (note 8)	23,353	14,779
Exploration and evaluation assets (note 9)	641,166	449,566
Total non-current assets	707,082	507,320
Total assets	\$ 983,207	\$ 829,111
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 26,707	\$ 21,796
Current lease liabilities (note 10)	134	1,301
Financial liabilities (note 6)	-	21,888
Total current liabilities	26,841	44,985
Non-current liabilities		
Flow-through premium liability (note 15(a))	-	3,017
Non-current lease liabilities (note 10)	87	221
Share-based payment liability (note 11)	18,506	12,685
Convertible debenture (note 12)	132,710	-
Asset retirement obligation (note 13)	9,519	6,385
Deferred tax liability (note 14)	95,738	64,986
Total non-current liabilities	256,560	87,294
Total liabilities	283,401	132,279
Equity		
Share capital (note 15(a))	854,439	850,579
Contributed surplus (note 15(d))	63,192	55,611
Warrants (note 11(e))	14,498	15,909
Equity component of convertible debenture (note 12)	15,852	-
Accumulated deficit	(248,175)	(225,267)
Total equity attributed to equity owners of the Corporation	699,806	696,832
Total liabilities and equity	\$ 983,207	\$ 829,111

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

Commitments (note 21)
Subsequent events (note 22)

On behalf of the Board:

(Signed) "Keith McKay"

Keith McKay, Director

(Signed) "John Burzynski"

John Burzynski, Executive Chairman

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

<i>For the year ended</i>	December 31, 2021	December 31, 2020
Expenses/(income)		
Compensation expenses (note 17 and 18)	\$ 19,439	\$ 22,309
General and administration expenses (note 17 and 18)	3,764	4,583
General exploration expenses	20	44
Loss from deconsolidation (note 16)	-	15,195
Gain from disposition of exploration and evaluation assets (note 9(e))	-	(1,739)
Flow-through premium income (note 15(a))	(31,281)	(19,400)
Loss/(gain) from marketable securities (note 6 and note 17)	10,131	(26,598)
Fair value loss on convertible debentures (note 12)	279	-
Loss from disposition of property, plant and equipment (note 8)	2	25
Other income	(32)	(34)
Operating loss/(income)	2,322	(5,615)
Finance income	(1,514)	(2,660)
Finance costs	1,248	1,881
Net finance income	(266)	(779)
Share of (gain)/loss of associates (note 7)	(6,926)	1,875
Loss on sale of investment in associate (note 7)	1,723	-
Income before tax	(3,147)	(4,519)
Deferred income tax expense (note 14)	26,055	17,506
Loss and comprehensive loss	\$ 22,908	\$ 12,987
Attributable to:		
Owners of the Corporation	\$ 22,908	\$ 19,773
Non-controlling interests	-	(6,786)
Loss and comprehensive loss	\$ 22,908	\$ 12,987
Basic and diluted loss per share (note 15(b) and (c))	\$ 0.07	\$ 0.06
Weighted average number of shares (note 15(b) and (c))	351,514,857	317,726,809

The accompanying notes are an integral part of these consolidated financial statement



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

	Number of Shares	Share Capital	Warrants	Contributed Surplus	Equity Component of Convertible Debenture	Deficit and Accumulated Deficit	Equity Attributed to Equity Owners of the Corporation	Total
Balance January 1, 2021	344,207,806	\$ 850,579	\$ 15,909	\$ 55,611	\$ -	\$ (225,267)	\$ 696,832	\$ 696,832
Loss for the year	-	-	-	-	-	(22,908)	(22,908)	(22,908)
Stock-based compensation (note 15(d))	-	-	-	8,827	-	-	8,827	8,827
Issuance of shares upon exercise of stock options (note 15(a) and (d))	1,878,802	6,301	-	(2,657)	-	-	3,644	3,644
Expiry of warrants (note 15(e))	-	-	(1,411)	1,411	-	-	-	-
Private Placement (note 15(a))	13,085,000	37,894	-	-	-	-	37,894	37,894
Shares repurchased under normal course issuer bid (note 15(a))	(12,892,600)	(41,355)	-	-	-	-	(41,355)	(41,355)
Issuance of convertible debenture (note 12)	-	-	-	-	21,569	-	21,569	21,569
Deferred tax asset/(liability) (note 14)	-	1,020	-	-	(5,717)	-	(4,697)	(4,697)
Balance December 31, 2021	346,279,008	\$ 854,439	\$ 14,498	\$ 63,192	\$ 15,852	\$ (248,175)	\$ 699,806	\$ 699,806

	Number of Shares	Share Capital	Warrants	Contributed Surplus	Deficit and Accumulated Deficit	Equity Attributed to Equity Owners of the Corporation	Non-controlling Interest	Total
Balance January 1, 2020	290,025,274	\$ 673,163	\$ -	\$ 55,389	\$ (194,405)	\$ 534,147	\$ 74,673	\$ 608,820
(Loss)/income for the period	-	-	-	-	(19,773)	(19,773)	6,786	(12,987)
Stock-based compensation (note 15(d))	-	-	-	6,155	-	6,155	1,758	7,913
Issuance of shares upon exercise of stock options (note 15(a) and (d))	3,663,456	13,461	-	(5,933)	-	7,528	-	7,528
Transactions with non-controlling interests (note 16)	-	-	-	-	-	-	15,853	15,853
Private Placement (note 15(a))	48,500,000	154,046	15,909	-	-	169,955	-	169,955
Private Placement (note 15(a))	2,447,576	8,882	-	-	-	8,882	-	8,882
Private Placement completed by O3 Mining Inc. (note 16)	-	-	-	-	-	-	29,568	29,568
Changes in Osisko's interest in O3 Mining Inc. (note 16)	-	-	-	-	(11,089)	(11,089)	11,089	-
Deconsolidation of O3 Mining Inc. (note 16)	-	-	-	-	-	-	(139,727)	(139,727)
Shares repurchased under normal course issuer bid (note 15(a))	(428,500)	(881)	-	-	-	(881)	-	(881)
Deferred tax asset on share issue cost (note 14)	-	1,908	-	-	-	1,908	-	1,908
Balance December 31, 2020	344,207,806	\$ 850,579	\$ 15,909	\$ 55,611	\$ (225,267)	\$ 696,832	\$ -	\$ 696,832

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)

<i>For the year ended</i>	December 31, 2021	December 31, 2020
Cash flows provided by/(used in) operating activities		
Loss for the year	\$ (22,908)	\$ (12,987)
Adjustments for:		
Loss/(gain) from marketable securities (note 6 and 17)	10,131	(26,598)
Loss from deconsolidation (note 16)	-	15,195
Share of (gain)/loss of associates (note 7)	(6,926)	1,875
Depreciation (note 8)	336	393
Accretion on asset retirement obligation (note 13)	86	26
Loss from disposition of property, plant and equipment (note 8)	2	25
Gain from disposition of exploration and evaluation assets (note 9(e))	-	(1,739)
Flow-through premium income (note 15(a))	(31,281)	(19,400)
Stock-based compensation (note 11 and 15(d))	12,570	13,597
Deferred income tax expense (note 14)	26,055	17,506
Fair value loss on convertible debentures (note 12)	279	-
Interest expense on lease liabilities (note 10)	59	284
Interest expense on financial liabilities and convertible debenture (note 6 and 12)	741	906
Finance income	(1,514)	(2,660)
	(12,370)	(13,577)
Change in items of working capital:		
Change in taxes recoverable	16,467	25,881
Change in other assets	62	5,896
Change in accounts payable and accrued liabilities	(2,299)	(3,387)
Net cash provided by operating activities	1,860	14,813
Cash flows provided by/(used in) investing activities		
Finance income	1,514	2,660
Acquisition of marketable securities (note 6)	(39,424)	(87,785)
Proceeds on disposition of marketable securities (note 6)	61,816	76,782
Acquisition of O3 Mining Inc. equity investment (note 7)	(185)	-
Proceeds on disposition of O3 Mining Inc. equity investment (note 7)	6,723	15,720
Net cash outflow from deconsolidation of O3 Mining Inc. (note 16)	-	(47,088)
Acquisition of property, plant and equipment (note 8)	(12,698)	(7,645)
Proceeds on disposition of property, plant and equipment (note 8)	1	71
Addition to exploration and evaluation assets (note 9)	(171,493)	(121,717)
Proceeds on disposition of exploration and evaluation assets (note 9 (e))	-	(33)
Net cash paid on asset acquisitions (note 9(e) and (f))	(100)	(148)
Net cash used in investing activities	(153,846)	(169,183)
Cash flows provided by/(used in) financing activities		
Repayment of lease liabilities (note 10)	(1,360)	(2,621)
Vesting of restricted share units (note 11)	(1,183)	-
Interest expense on financial liabilities (note 6)	(741)	(906)
Cash received from entering into total return equity swap (note 6)	-	21,888
Cash received from entering into convertible debenture (note 12)	154,000	-
Changes in restricted cash (note 6 and 21)	5,884	(12,613)
Net cash received from private placements (note 15(a))	66,158	181,855
Net cash received from private placement completed by O3 Mining Inc. (note 16)	-	37,845
Cash received from exercise of stock options (note 15(d))	3,644	7,528
Net cash used in repurchasing shares under normal course issuer bid (note 15(a))	(41,355)	(881)
Net cash provided by financing activities	185,047	232,095
Increase in cash and cash equivalents	33,061	77,725
Cash and cash equivalents, beginning of year	180,027	102,302
Cash and cash equivalents, end of year	\$ 213,088	\$ 180,027

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



Notes to Consolidated Financial Statements**For the year ended December 31, 2021 and 2020****(Tabular amounts express in thousands of Canadian dollars, except per share and share amounts)**

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 Corporation is primarily in the business of acquiring, exploring, and developing precious mineral deposits in Canada. The consolidated financial statements of the Corporation for the year ended December 31, 2021, include the Corporation and its wholly-owned subsidiary, Osisko Green Sponsor Corp. ("Osisko Green Sponsor"). The consolidated financial statements of the Corporation for the year ended December 31, 2020, include the Corporation and its subsidiary, O3 Mining Inc. ("O3 Mining"), formerly Chantrell Ventures Corp. ("Chantrell"). As of August 21, 2020, the Corporation no longer controlled O3 Mining as the Corporation decreased its ownership of O3 Mining to 30% (note 16). Accordingly, the Corporation deconsolidated O3 Mining on August 21, 2020, and started accounting for its investment in O3 Mining using the equity method on the same date (note 7).

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 Osisko's ability to dispose of its interest on an advantageous basis; as well as global economic and commodity price volatility; all of which are uncertain. There is no assurance that Osisko's funding initiatives will continue to be successful. The underlying value of the mineral properties is dependent upon the existence and economic recovery of mineral reserves and is subject to, but not limited to, the risks and challenges identified above. Changes in future conditions could require material write-downs of the carrying value of mineral properties and deferred exploration.

2) Basis of preparation**a) Statement of compliance**

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

These consolidated financial statements were authorized for issuance by the Corporation's Board of Directors on March 4, 2022.

b) Functional and presentation currency

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

c) Use of critical estimates and judgements

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

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

The estimates and underlying assumptions are reviewed by management on an ongoing basis. Revisions to accounting estimates are recognized 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.



Notes to Consolidated Financial Statements

For the year ended December 31, 2021 and 2020

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

2) Basis of preparation (continued)

c) Use of critical estimates and judgements (continued)

i) Significant judgments in applying accounting policies

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

Novel coronavirus ("COVID-19"):

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

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 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 entity's policy-making process.

Immediately after the Corporation lost control of O3 Mining on August 21, 2020, management determined it was able to exert significant influence over O3 Mining and accounted for this investment as an associate under the equity method.

Impairment of investments in associate:

The Corporation follows the guidance of IAS 28, *Investments in Associates and Joint Ventures* to assess whether there is objective evidence that its net investment in the associate is impaired, 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 objective evidence of impairment as a result of a loss event and whether a loss event has an impact on the estimated future cash flows from the net investment. If there is objective evidence that the carrying value of an associate is impaired, it is written down to its recoverable amount. In making this judgement, the Corporation's management evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its carrying amount, the volatility of the investment and the financial health and business outlook for the investee, including factors such as the current and expected status of the investee's exploration projects and changes in financing cash flows.

ii) Significant accounting estimates and assumptions

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



Notes to Consolidated Financial Statements

For the year ended December 31, 2021 and 2020

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

2) Basis of preparation (continued)

c) Use of estimates and judgements (continued)

ii) Significant accounting estimates and assumptions (continued)

Impairment of non-financial assets:

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

Fair value of stock options and warrants:

Determining the fair value of stock options and warrants involves 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 following variables are used when determining the value of stock options and warrants:

- **Risk-free interest rate:** The Corporation uses 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.
- **Expected life:** The Corporation uses historical lifespan information of similar stock-based compensation instruments granted by the Corporation to determine expected life.
- **Forfeiture rate:** 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.
- **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.

Fair value of the convertible debenture:

Determining the fair value of the convertible debenture involves the application of a scenario-based approach, which incorporates both the partial differential equation method and the discounted cash flow method. The valuation of the convertible debenture requires the input of highly subjective assumptions that can materially affect the fair value estimate. The valuation of the convertible debenture is subjective and can impact profit and loss significantly.

The following variables are used when determining the value of convertible debenture:

- **Risk-free interest rate:** The Corporation uses the interest rate available for government securities of an equivalent expected term at each valuation date.
- **Volatility:** The Corporation uses historical information on the market price of common shares of the Corporation to determine the degree of volatility at each valuation date.
- **Minority discount:** The Corporation selected the minority discount from a generally acceptable range of 10% to 30%.
- **Credit spread:** The Corporation uses the credit spread reasonable for an exploration stage mining company.
- **Probability of property conversion:** The Corporation estimates the probabilities used for each of the two scenarios in the weighted average calculation. The difference between the two scenarios is whether the conversion into project interest occurs or not.



Notes to Consolidated Financial Statements

For the year ended December 31, 2021 and 2020

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

3) Significant accounting policies

The accounting policies set out below are in accordance with IFRS and have been applied consistently to the consolidated financial statements for the years ended December 31, 2021 and 2020.

a) Basis of consolidation

The consolidated financial statements consolidate the accounts of the Corporation and its subsidiary, Osisko Green Sponsor for the year ended December 31, 2021. The consolidated financial statements consolidate the accounts of the Corporation and its subsidiary, O3 Mining, up to August 21, 2020. A subsidiary is an entity controlled by the Corporation. O3 Mining was deconsolidated on August 21, 2020, when control ceased to exist.

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.

When control of a subsidiary is lost, the Corporation:

- derecognizes the assets and liabilities of the former subsidiary from the consolidated statement of financial position;
- recognizes any investment retained in the former subsidiary at its fair value when control is lost and subsequently accounts for it and for any amounts owed by or to the former subsidiary in accordance with relevant IFRSs;
- and recognizes the gain or loss associated with the loss of control attributable to the former controlling interest.

b) Foreign currency

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 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.

c) Financial instruments

All highly liquid temporary cash investments with an original maturity of three months or less when purchased are cash equivalents. For the consolidated statements of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above. Restricted cash includes cash, where the availability of funds is restricted by equity swap and letter of credit arrangements.

Financial instruments are recognized on the consolidated statements of financial position on the trade date, the date on which the Corporation becomes a party to the contractual provisions of the financial instrument. The Corporation classifies its financial instruments in the categories below.

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



Notes to Consolidated Financial Statements

For the year ended December 31, 2021 and 2020

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

3) Significant accounting policies (continued)

c) Financial instruments (continued)

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

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

Financial Liabilities at FVTPL – The Corporation has opted to measure the debt component of convertible debenture at FVTPL. The equity component of the convertible debenture is assigned the residual amount after deducting the amount determined for the debt component from the fair value of the convertible debenture. The debt component, which contains the host debt and the non-equity embedded derivatives, is initially recognized at its fair value. The amount of change in the fair value of the debt component that is attributable to changes in the credit risk is presented in other comprehensive income, and the remaining amount of change in the fair value of the debt component is presented in profit or loss.

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.

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

d) 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 include:

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

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



Notes to Consolidated Financial Statements**For the year ended December 31, 2021 and 2020****(Tabular amounts express in thousands of Canadian dollars, except per share and share amounts)**

3) Significant accounting policies (continued)**e) Impairment of non-financial assets**

The carrying amounts of the Corporation's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset.

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

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

f) Inventories

Inventories are stated at the lower of cost and net realizable value less estimated costs of completion and the estimated costs necessary to make the sale. Inventories represent spare parts and processed gold and silver ore extracted through bulk sampling. Ore is measured as the number of contained ounces at the market price of these minerals at year-end.

g) Investment in associate

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

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

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

h) 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.



Notes to Consolidated Financial Statements

For the year ended December 31, 2021 and 2020

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

3) Significant accounting policies (continued)

h) Exploration and evaluation assets (continued)

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 year or will expire in the near future, (ii) substantive expenditure on further exploration for an evaluation of mineral resources in the specific area is neither budgeted nor planned, (iii) sufficient data exists to determine that extracting the resources will not be technically feasible or commercially viable, 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 are considered to be determinable when proven reserves are determined to exist (or there is a high confidence of converting measured and indicated resources into reserves), 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 by the sale of the property. Upon determination of proven reserves, when the exploration and evaluation asset is to cease being accounted for under IFRS 6, 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, recorded under IAS 16. Expenditures deemed to be unsuccessful are recognized in profit or loss immediately.

i) Refundable tax credits for mining exploration and evaluation assets

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

j) Property, plant and equipment

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

The major categories of PPE are depreciated on the basis as follows:

Office equipment	20% declining balance
Computer equipment	30% declining balance
Exploration equipment	20% declining balance
Automobiles	30% declining balance
Right of use assets	Straight line over the term of the lease



Notes to Consolidated Financial Statements

For the year ended December 31, 2021 and 2020

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

3) Significant accounting policies (continued)

j) Property, plant and equipment (continued)

The Corporation allocates the amount initially recognized in respect of an item of PPE 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.

k) Leases and right-of-use assets

The Corporation leases various offices and equipment. Lease agreements are typically made for fixed periods of two to six years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Leases are recognized as a right-of-use asset, which is presented as PPE in the consolidated statements of financial position, and a corresponding liability at the date at which the leased asset is available for use by the Corporation. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the ownership of the leased asset transfers to the Corporation at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. Assets and liabilities arising from leases are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments, less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option;
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

In calculating the present value of lease payments, the Corporation uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is generally not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. The interest expense is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the lease liabilities for each period. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments, or a change in the assessment of an option to purchase the underlying asset.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise certain information technology equipment and office furniture.

l) 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 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.



Notes to Consolidated Financial Statements**For the year ended December 31, 2021 and 2020****(Tabular amounts express in thousands of Canadian dollars, except per share and share amounts)**

3) Significant accounting policies (continued)**l) Current and deferred income tax (continued)**

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 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.

m) 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 an 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.

n) 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.

o) Share capital

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.

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.



Notes to Consolidated Financial Statements**For the year ended December 31, 2021 and 2020****(Tabular amounts express in thousands of Canadian dollars, except per share and share amounts)**

3) Significant accounting policies (continued)**p) 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.

q) Stock-based compensation

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

i) Share option plan

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

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

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

ii) RSU plan

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

iii) DSU plan

Each DSU represents an entitlement to one common share of the Corporation and vests immediately on the date of grant. DSUs provide the option of being settled in cash. The fair value of DSUs granted is recognized as an expense on the date of grant with a corresponding increase in share-based payment liability. The liability is re-measured to fair value at each reporting date and, upon redemption, at the Corporation's closing share price, with any changes in the fair value recognized in profit or loss. Upon redemption of the DSU, the liability is transferred to share capital.



Notes to Consolidated Financial Statements

For the year ended December 31, 2021 and 2020

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3) Significant accounting policies (continued)

r) Basic loss per share

The Corporation presents basic and diluted loss per share data for its common shares. Basic and diluted loss per share is calculated by dividing the loss attributable to common shareholders of the Corporation by the weighted average number of common shares outstanding during the year.

s) Finance income and finance costs

Finance income comprises interest and dividend income on funds invested. It is recognized as it accrues in profit or loss. Finance costs comprise interest expense on borrowing, bank fees, and brokerage fees.

t) 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 the 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 the 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.

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 after December 31, 2021. Many are not applicable or do not have a significant impact on the Corporation and have been excluded from the summary below.

IAS 16, "Property, Plant and Equipment" ("IAS 16")

In 2020, the IASB issued amendments to IAS 16, prohibiting an entity from deducting from the carrying amount of an asset any proceeds received from selling items produced while the entity is preparing the asset for its intended use. Instead, these proceeds should be included in the statement of comprehensive income. The amendments to IAS 16 are effective for annual reporting periods beginning on or after January 1, 2022, with early adoption permitted.

The Corporation elected to early adopt the amendment to IAS 16 in 2021. The amendment was also applied to 2020. Because it did not have a material impact, the information presented for 2020 has not been restated.

5) Tax recoverable

As at December 31, 2021 and 2020, tax recoverable consists of sales tax recoverable and refundable tax credits. Sales tax recoverable consist of harmonized sales taxes, goods and services tax, and Québec sales tax receivable from Canadian taxation authorities. The refundable tax credits relate to eligible exploration and evaluation expenditures (note 9) incurred in the Province of Québec. See subsequent events (note 22).



Notes to Consolidated Financial Statements

For the year ended December 31, 2021 and 2020

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6) Marketable securities

The Corporation holds shares and warrants in various public and private companies. During the year ended December 31, 2021, these shares and warrants were fair valued, and this resulted in an unrealized loss of \$20,510,000 (2020 – gain of \$21,168,000). The Corporation sold shares during the year ended December 31, 2021, which resulted in a realized gain of \$10,379,000 (2020 – \$5,430,000).

The shares in the various public companies are classified as FVTPL and are recorded at fair value using the quoted market price as at December 31, 2021 and 2020 and are therefore classified as level 1 within the fair value hierarchy. The warrants in the various public companies are classified as FVTPL and are recorded at fair value using a Black-Scholes option pricing model using observable inputs and are therefore classified as level 2 within the fair value hierarchy.

On February 11, 2020, Osisko entered into a total return equity swap (the “TRES”) with National Bank of Canada (“National Bank”). Under the TRES, Osisko sold 1,600,000 common shares of Osisko Gold Royalties Ltd (“Osisko GR”) to National Bank in exchange for \$21.9 million in cash. The TRES matured on February 11, 2021. Prior to maturity, National Bank received interest payments at the annual rate of Canadian Dollar Offered Rate plus 3.75% from Osisko, and Osisko was entitled to cash payments equal to quarterly dividends from the common shares of Osisko GR sold. In addition, Osisko had the right to acquire the common shares of Osisko GR back for \$21.9 million in cash at any time prior to maturity. As a result, the Corporation did not derecognize the investment in Osisko GR shares for the cash received at the time of signing the TRES. Instead, Osisko recorded \$21.9 million in financial liabilities. The TRES was secured by \$10 million of the Corporation’s restricted cash, which was released upon settlement of the TRES.

On February 11, 2021, Osisko received \$1,000,000 from National Bank for the difference between National Bank’s proceeds of disposition from the 1,600,000 common shares of Osisko GR and \$21.9 million, after paying the remaining unpaid interest on the TRES. On the same day, Osisko derecognized the financial liabilities and the 1,600,000 common shares of Osisko GR from its statements of financial position.

The following table summarizes information regarding the Corporation’s marketable securities As at December 31, 2021 and 2020:

<i>As at</i>	December 31, 2021	December 31, 2020
Balance, beginning of year	\$ 74,938	\$ 55,256
Additions	39,424	87,785
Share considerations from disposition of exploration and evaluation assets (note 9(e))	-	2,146
Disposals	(83,704)	(76,782)
Deconsolidation of O3 Mining (note 16)	-	(20,065)
Realized gain	10,379	5,430
Unrealized (loss)/gain	(20,510)	21,168
Balance, end of year	\$ 20,527	\$ 74,938

7) Investment in associate

On August 21, 2020, the Corporation determined that O3 Mining was no longer controlled by Osisko (note 16). Through the extent of its share ownership interest and sharing common board members, management determined that Osisko held significant influence over the decision-making process of O3 Mining and began using the equity method to account for this investment. On August 21, 2020, the Corporation recorded its 18,277,898 common shares of O3 Mining, or 30% stake, at fair value as an investment in associate at \$44,050,000.



Notes to Consolidated Financial Statements

For the year ended December 31, 2021 and 2020

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

7) Investment in associate (continued)

O3 Mining is a mineral resource company focused on the exploration and development of its gold properties located in Québec. O3 Mining's head office is located in Canada and it is a public company listed on the TSX Venture Exchange. The trading price of O3 Mining's common shares on December 31, 2021, was \$2.05 per share which corresponds to a quoted market value of \$32,516,000 for the Corporation's investment in O3 Mining. The equity accounting for O3 Mining is based on the results of December 31, 2021.

On December 15, 2021, the Corporation sold 2,500,000 common shares of O3 Mining at a price of \$2.00 per share for aggregate consideration of \$5,000,000, which resulted in a loss of \$1,723,000.

The following table is a summary of the consolidated financial information of O3 Mining on a 100% basis, taking into account fair value adjustments made by the Corporation for equity accounting purposes. A reconciliation of O3 Mining's summarized financial information to the Corporation's investment carrying value is as follows:

<i>As at</i>	December 31, 2021	December 31, 2020
Total current assets	\$ 41,676	\$ 80,637
Total non-current assets	162,438	74,872
Total current liabilities	(4,679)	(4,721)
Total non-current liabilities	(16,530)	(11,597)
Total net assets	\$ 182,905	\$ 139,191
<i>For the period ended December 31,</i>		
	2021	2020
Revenue	\$ -	\$ -
(Income)/loss and comprehensive (income)/loss	(25,736)	6,185

Reconciliation of O3 Mining's net assets to the Corporation's investment carrying value:

<i>As at</i>	December 31, 2021	December 31, 2020
Net assets of O3 Mining	\$ 182,905	\$ 139,191
Osisko Mining ownership interest	23.27%	30.30%
Osisko's share of O3 Mining's net assets	42,563	42,175
Carrying value of investment in O3 Mining	42,563	42,175

The Corporation's investment relating to its associates as of December 31, 2021 and 2020 are detailed as follows:

	O3 Mining Inc.
Balance, January 1, 2020	\$ -
Deconsolidation of O3 Mining	44,050
Share of loss for the year	(1,875)
Balance, December 31, 2020	\$ 42,175
Cash investment in associate	185
Disposal investment in associate	(6,723)
Share of income for the year	6,926
Balance, December 31, 2021	\$ 42,563



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For the year ended December 31, 2021 and 2020
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8) Property, plant and equipment

The following table summarizes information regarding the Corporation's property, plant and equipment As at December 31, 2021 and 2020:

Class	December 31, 2021										
	Cost					Accumulated depreciation					
	Opening balance	Additions / transfers	Write-off / disposals	Deconsolidation (note 16)	Closing balance	Opening balance	Depreciation	Write-off / disposals	Deconsolidation (note 16)	Closing balance	Net book value
Computer Equipment	\$ 2,266	\$ 111	\$ -	\$ -	\$ 2,377	\$ 1,192	\$ 237	\$ -	\$ -	\$ 1,429	\$ 948
Office Equipment	200	-	-	-	200	121	18	-	-	139	61
Office Buildings	896	-	-	-	896	476	253	-	-	729	167
Exploration Equipment	22,411	12,322	-	-	34,733	9,274	3,513	-	-	12,787	21,946
Automobiles	221	265	(11)	-	475	152	100	(8)	-	244	231
Total	\$ 25,994	\$ 12,698	\$ (11)	\$ -	\$ 38,681	\$ 11,215	\$ 4,121	\$ (8)	\$ -	\$ 15,328	\$ 23,353

Class	December 31, 2020										
	Cost					Accumulated depreciation					
	Opening balance	Additions	Write-off / disposals	Deconsolidation (note 16)	Closing balance	Opening balance	Depreciation	Write-off / disposals	Deconsolidation (note 16)	Closing balance	Net book value
Computer Equipment	\$ 1,877	\$ 502	\$ -	\$ (113)	\$ 2,266	\$ 920	\$ 303	\$ -	\$ (31)	\$ 1,192	\$ 1,074
Office Equipment	209	-	-	(9)	200	99	24	-	(2)	121	79
Office Buildings	1,101	898	(205)	(898)	896	286	280	(112)	22	476	420
Exploration Equipment	15,865	6,975	(58)	(371)	22,411	5,181	4,132	(10)	(29)	9,274	13,137
Milling Plant	-	290	-	(290)	-	-	-	-	-	-	-
Automobiles	234	-	-	(13)	221	126	29	-	(3)	152	69
Total	\$ 19,286	\$ 8,665	\$ (263)	\$ (1,694)	\$ 25,994	\$ 6,612	\$ 4,768	\$ (122)	\$ (43)	\$ 11,215	\$ 14,779

9) Exploration and evaluation assets

The following table summarizes information regarding the Corporation's exploration and evaluation assets as at December 31, 2021 and 2020:

	December 31,				Deconsolidation of O3 Mining (note 16)	December 31, 2021
	2020	Acquisitions	Disposals	Additions		
Windfall Lake	\$ 403,277	\$ -	\$ -	\$ 186,351	\$ -	\$ 589,628
Quévillon Osborne	19,072	-	-	582	-	19,654
Urban-Barry	25,446	-	-	4,566	-	30,012
Urban Duke	1,646	-	-	-	-	1,646
Other	125	100	-	1	-	226
Total exploration and evaluation assets	\$ 449,566	\$ 100	\$ -	\$ 191,500	\$ -	\$ 641,166

	December 31,				Deconsolidation of O3 Mining (note 16)	December 31, 2020
	2019	Acquisitions	Disposals	Additions		
Windfall Lake	\$ 308,437	\$ -	\$ -	\$ 94,840	\$ -	\$ 403,277
Quévillon Osborne	18,518	-	-	554	-	19,072
Urban-Barry	23,293	-	-	2,153	-	25,446
Urban Duke	1,896	-	-	(250)	-	1,646
Other	-	125	-	-	-	125
O3 Mining	135,154	156	(1,174)	8,885	(143,021)	-
Total exploration and evaluation assets	\$ 487,298	\$ 281	\$ (1,174)	\$ 106,182	\$ (143,021)	\$ 449,566

a) Windfall Lake Property

The Windfall Lake Property is 100% owned by the Corporation and is located in the Abitibi Greenstone Belt in Québec, Canada. The Windfall Property is subject to NSR varying from 1.5% to 3.0%.



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9) Exploration and evaluation assets (continued)

b) Quévillon Osborne Project

The Quévillon Osborne Project is 100% owned by the Corporation and is located in the Lebel-sur-Quévillon area of Québec, west of the Windfall Lake Property. There is no existing royalty covering the Osborne-Bell Gold Deposit, while a few claims are subject to different NSR varying from 1.0% to 3.0%.

c) Urban-Barry Property

The Urban-Barry Property is 100% owned by the Corporation and is adjacent to the Windfall Lake Property. The claims are subject to different NSR royalties which are described under the Windfall Lake Property.

d) Urban Duke Property

The Urban Duke Property is 100% owned by the Corporation and is located within the Urban Barry Greenstone Belt, Québec. On July 6, 2018, Beaufield Resources Inc, which was acquired by the Corporation on October 19, 2018, entered into an exploration earn-in agreement with Bonterra Resources Inc. ("Bonterra") on the property. In order to earn a 70% interest on the Urban Duke Property, Bonterra must commit a) \$4,500,000 in work expenditures over a three-year period, subject to certain annual work expenditure thresholds, including a guaranteed expenditure threshold of \$1,500,000 in the first year and b) \$750,000 in cash payments over a two-year period, with \$250,000 due upon signing, \$250,000 due in the first year, and the remaining \$250,000 due in the second year.

Following the completion of the exploration earn-in on July 19, 2021, Osisko and Bonterra entered into a joint venture agreement in respect of the property with Bonterra maintaining a 70% interest and Osisko maintaining a 30% interest.

e) O3 Mining Properties

O3 Mining ceased to be a subsidiary of the Corporation and was deconsolidated on August 21, 2020 (note 16). O3 Mining completed the following two acquisitions and five dispositions prior to August 21, 2020.

On March 16, 2020, O3 Mining completed the acquisition of the Regcourt Property from Monarch. O3 Mining acquired the property from Monarch in exchange for 113,637 common shares of O3 Mining. The acquisition has been accounted for as an acquisition of assets as the Regcourt Property does not meet the definition of a business under IFRS 3. The transaction was recorded at the fair value of the consideration transferred of \$141,000.

On March 16, 2020, O3 Mining completed the acquisition of the Louvem Property from Monarch. O3 Mining acquired 50% of the property from Monarch in exchange for 4,546 common shares of O3 Mining, subject to a 1% NSR granted to Monarch on the Louvem Property with a 0.5% NSR buyback for \$300,000. The acquisition has been accounted for as an acquisition of assets as the Louvem Property does not meet the definition of a business under IFRS 3. The transaction was recorded at the fair value of the consideration transferred of \$15,000.

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

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



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For the year ended December 31, 2021 and 2020

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

9) Exploration and evaluation assets (continued)

e) O3 Mining Properties (continued)

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

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

On July 22, 2020, O3 Mining completed a transaction with HighGold Mining Inc. ("HighGold"), under which O3 Mining disposed of a package of 3 claims forming the Munro property in exchange for cash consideration of \$75,000. Consideration for the claims was \$72,000 (less transaction costs of \$3,000). The book value of the properties on the date of disposition was \$nil, resulting in a gain on sale of exploration and evaluation assets of \$72,000.

f) Other Properties

On December 21, 2020, the Corporation completed the acquisition of properties located in Belleterre in Temiscamingue from Pershimex Resource Corporation. The Corporation acquired 50% of the Blondeau Guillet Property and 100% of the Chevrier Property in exchange for \$125,000 in cash. The acquisition has been accounted for as an acquisition of assets as these properties do not meet the definition of a business under IFRS 3.

On January 8, 2021, the Corporation completed the acquisition of 50% of the Blondeau Guillet Property, which was located in Belleterre in Temiscamingue, from O3 Mining for \$100,000 in cash. The acquisition has been accounted for as an acquisition of assets as these properties do not meet the definition of a business under IFRS 3.

10) Leases

The Corporation recognizes lease liabilities and right of use assets in relation to leases. The right of use assets are recorded in property, plant and equipment (note 8).

The following table summarizes the Corporation's right of use assets:

As at	December 31, December 31,	
	2021	2020
Offices	\$ 167	\$ 420
Equipment	33	883
Total	\$ 200	\$ 1,303

Total additions to exploration and evaluation assets relating to short-term leases for the year ended December 31, 2021, were \$934,000 (2020 – \$898,000).



Notes to Consolidated Financial Statements

For the year ended December 31, 2021 and 2020

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

10) Leases (continued)

The following table summarizes the Corporation's lease liabilities:

<i>As at</i>	December 31, 2021	December 31, 2020
Balance, beginning of year	\$ 1,522	\$ 4,043
Additions	-	1,019
Accretion of interest	59	284
Payments	(1,360)	(2,621)
Disposal	-	(45)
Deconsolidation of O3 Mining (note 16)	-	(1,158)
Balance, end of year	\$ 221	\$ 1,522
Current	\$ 134	\$ 1,301
Non-current	87	221
Total lease liabilities	\$ 221	\$ 1,522

11) Deferred share unit and restricted share unit plan

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

The following table summarizes information regarding the Corporation's outstanding and exercisable DSUs and RSUs as at December 31, 2021 and 2020:

	Number of DSUs	Number of RSUs
Outstanding at January 1, 2020	695,809	1,575,000
Granted	1,223,060	1,700,000
Outstanding at December 31, 2020	1,918,869	3,275,000
Granted	588,522	725,000
Vested	-	(450,000)
Outstanding at December 31, 2021	2,507,391	3,550,000

During the year ended December 31, 2021, 588,522 DSUs were issued to the directors (2020 – 1,223,060), 113,522 of which were issued in lieu of directors' fees (2020 – 98,060). The weighted average fair value of the DSU granted was \$3.24 per DSU initially at the closing price of the common shares of the Corporation on the date of grant (2020 – \$2.53). The DSUs vest immediately on the date of grant.

During the year ended December 31, 2021, 725,000 RSUs were issued to management (2020 – 1,700,000). The weighted average fair value of the RSU granted was \$3.31 per RSU initially at the closing price of the common shares of the Corporation on the date of grant (2020 – \$2.57). The RSUs vest on the third anniversary date from the date of grant.



Notes to Consolidated Financial Statements

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11) Deferred share unit and restricted share unit plan (continued)

On December 31, 2021, the share-based payment liability related to each DSU and RSU of the Corporation was re-measured to fair value at the Corporation's closing share price of \$3.81 (2020— \$3.70).

The following table summarizes information regarding the outstanding and exercisable RSUs and DSUs of O3 Mining, which was deconsolidated on August 21, 2020. On August 21, 2020, the share-based payment liability related to RSUs and DSUs of O3 Mining, which totaled to \$423,000, was derecognized from Osisko's consolidated statements of financial position.

	Number of DSUs	Number of RSUs
Outstanding at December 31, 2019	-	390,000
Granted	31,348	150,000
Forfeited	-	(50,000)
Deconsolidation of O3 Mining (note 16)	(31,348)	(490,000)
Outstanding at August 21, 2020	-	-

During the year ended December 31, 2020, 31,348 DSUs of O3 Mining were issued to the directors in lieu of directors' fees. The weighted average fair value of the DSU granted was \$2.01 per DSU initially at the closing price of the common shares of O3 Mining on the date of grant. The DSUs vest immediately on the date of grant.

During the year ended December 31, 2019, 150,000 RSUs were issued to management. The weighted average fair value of the RSU granted was \$2.46 per RSU initially at the closing price of the common shares of O3 Mining on the date of grant. The RSUs vest on the third anniversary date from the date of grant.

The total recognized expense for RSUs and DSUs for the year ended December 31, 2021 was \$7,004,000 (2020 - \$7,949,000) from which \$1,287,000 (2020 - \$890,000) were capitalized to the Canadian projects.

12) Convertible debenture

On December 1, 2021, Osisko entered into an agreement for a private placement of \$154 million in a convertible senior unsecured debenture due December 1, 2025 (the "Debenture") with Northern Star Resources Limited ("Northern Star"). The Debenture bears interest at a rate of 4.75% per annum payable semi-annually in arrears, which may be accrued at the option of Northern Star. In addition, Osisko and Northern Star have agreed to negotiate, on an exclusive basis, the terms of an earn-in and joint-venture on up to a 50% interest in Osisko's Windfall Project which will expire on March 1, 2022 (note 22). The Debenture may be converted by Northern Star at any time after December 1, 2022, subject to acceleration in the event of a change of control, at a conversion price (the "Conversion Price") equal to \$4.00 per common share of the Corporation (the "Equity Conversion Option"). Upon entering into the earn-in and joint venture agreement, Northern Star may convert the Debenture into an interest in the property at a conversion premium of 125%. In addition, the Debenture may be redeemed by Osisko at any time after December 1, 2023, for cash or common shares of the Corporation, provided that the volume-weighted average trading price of the common share of the Corporation are not less than 125% of the Conversion Price for the twenty consecutive trading days ending five days prior to the notice of redemption. Redemption shall occur 10 days after the notice is given by Osisko to Northern Star. Within the 10-day period, Northern Star has the right to exercise its conversion right to convert the Debenture to Common Shares. The Debenture is subject to standard anti-dilution, events of default, and early payment penalty provisions. In the event of an announced change of control transaction, the Debenture may be accelerated and converted into common shares of the Corporation at the Conversion Price or a proportionate interest in the Windfall Project. In addition, in event of an announced change of control transaction, Northern Star may require repayment immediately in cash, at a price equal to 105% of the principal amount outstanding plus accrued and unpaid interest. Upon the occurrence of an event of default, all amounts under the Debenture will become immediately due and payable upon demand.



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12) Convertible debenture (continued)

As the Debenture contains embedded derivatives and an equity instrument, the debt and equity components of the Debenture are required to be bifurcated to record the value of the debt and equity separately. The equity component is the Equity Conversion Option, as described above. The debt component consists of the host debt and non-equity derivatives. The fair value of the debt component was determined using a scenario-based approach, which incorporates both the partial differential equation method and the discounted cash flow method, and therefore is classified as level 3 within the fair value hierarchy. At initial recognition, the fair value of the debt component was calculated to be \$132,431,000, and the residual amount of \$21,569,000 was allocated to the equity component.

The following table summarizes information regarding the Corporation's convertible debenture as at December 31, 2021 and 2020:

	Amount
Balance December 31, 2020	\$ -
Fair value on issuance, December 1, 2021	132,431
Change in fair value in the year	279
Balance December 31, 2021	\$ 132,710

Osisko revalues the debt component of the Debenture at the end of each reporting period with the change in the period related to credit risk recorded in other comprehensive income or loss and other changes in fair value in the period recorded in the profit or loss. The fair value of the debt component of the Debenture increased from \$132,431,000 on the issuance date to \$132,710,000 on December 31, 2021, resulting in a loss of \$279,000 for the year. Credit risk did not change significantly during the year ended December 31, 2021. As a result, the change in the fair value due to credit risk, which is presented in other comprehensive income, was \$nil. Current accrued interest payable included in accounts payable and accrued liabilities was \$621,000

The following table summarizes the assumptions used for the valuation of the convertible debenture issued during the years ended December 31, 2021.

<i>As at</i>	December 31, 2021	December 1, 2021
Time to maturity	3.9 years	4 years
Share price	\$ 3.81	\$ 3.02
Volatility	57.38%	57.90%
Risk-free interest rate (based on government bonds)	1.13%	1.19%
Minority discount	19.20%	19.20%
Credit spread	17.56%	17.49%

13) 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.

During the year ended December 31, 2021, an updated rehabilitation plan and an increase in cost estimates, inflation rate, and discount rate caused a change in estimate of \$3,048,000 which has been recognized to the Windfall Lake Property.



Notes to Consolidated Financial Statements

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13) Asset retirement obligation (continued)

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

	Amount
Balance January 1, 2020	\$ 4,181
Accretion	26
Change in estimate	2,782
Deconsolidation of O3 Mining (note 16)	(604)
Balance December 31, 2020	\$ 6,385
Accretion	86
Change in estimate	3,048
Balance December 31, 2021	\$ 9,519

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

<i>For the year ended December 31,</i>	2021	2020
Total undiscounted value of payments	\$ 7,341	\$ 6,827
Weighted average discount rate	1.42%	0.67%
Weighted average expected life	20 years	10 years
Inflation rate	2.75%	2.00%

14) Income taxes

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

<i>For the years ended</i>	December 31, 2021	December 31, 2020
Deferred income tax expense	12,856	\$ 7,094
Deferred mining taxes	13,199	10,412
Deferred tax expense	\$ 26,055	\$ 17,506

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

<i>For the years ended</i>	December 31, 2021	December 31, 2020
Income before income taxes	\$ 3,147	\$ 4,519
Income tax expense computed at Canadian statutory tax rate	834	1,198
Amortization of flow-through shares premium	(8,289)	(4,499)
Flow-through shares expenditures renounced	21,731	15,131
Permanent items	1,232	(1,224)
Change in unrecognized deferred tax assets	846	(753)
Deferred mining taxes	9,701	7,653
Deferred tax expense	\$ 26,055	\$ 17,506

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



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14) Income taxes (continued)

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

As at	December 31, 2021	December 31, 2020
Deferred tax assets		
Losses	\$ 32,913	\$ 27,567
Mining tax deductible for income tax purposes	15,682	12,184
Share issue costs	10,234	9,214
Investment tax credits	622	622
Other net deductible temporary differences	4,928	1,419
Total deferred tax assets	\$ 64,379	\$ 51,006
Deferred tax liability		
Exploration and evaluation assets	\$ (95,299)	\$ (70,015)
Convertible Debenture - Northern Star	\$ (5,642)	-
Deferred mining tax liability	(59,176)	(45,977)
Total deferred tax liability	\$ (160,117)	\$ (115,992)
Net deferred tax liability	\$ (95,738)	\$ (64,986)

During the year ended December 31, 2021, the Corporation recognized a deferred tax expense in equity in the amount of \$4,697,000 (2020 – deferred tax recovery of \$1,908,000). The deferred tax recorded in equity relates to deductible temporary differences in relation to share issuance costs and taxable temporary differences in relation to the equity component of the convertible debenture. As of December 31, 2021, the deferred tax asset recognized with respect to investment tax credits is \$622,000 (2020 – \$622,000). The deferred tax recovery associated with the deferred tax recorded in relation to investment tax credits is recorded as a reduction of exploration and evaluation assets.

15) Capital and other components of equity

a) Share capital – authorized

	Number of Common Shares	Amount
Balance, January 1, 2020	290,025,274	\$ 673,163
Private placement (net of transaction costs (\$7,070,000))	48,500,000	154,046
Private placement (net of transaction costs (\$100,000))	2,447,576	8,882
Issuance of shares upon exercise of stock options (note 15(d))	3,663,456	13,461
Shares repurchased under normal-course issuer bid	(428,500)	(881)
Deferred tax asset on share issue cost (note 14)	-	1,908
Balance, December 31, 2020	344,207,806	\$ 850,579
Private placement (net of transaction costs (\$3,847,000))	13,085,000	37,894
Issuance of shares upon exercise of stock options (note 15(d))	1,878,802	6,301
Shares repurchased under normal course issuer bid	(12,892,600)	(41,355)
Deferred tax asset on share issue cost (note 14)	-	1,020
Balance, December 31, 2021	346,279,008	\$ 854,439

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.



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15) Capital and other components of equity (continued)

a) Share capital – authorized (continued)

On June 23, 2020, Osisko completed a private placement of 48,500,000 units of the Corporation at a price of \$3.65 per unit for gross proceeds of \$177 million. Each unit is comprised of one common share of the corporation and one-half of one common share purchase warrant (note 15(e)). Each common share purchase warrant is exercisable into one common share of the Corporation until December 23, 2021, at an exercise price of \$5.25. The transaction costs amounted to \$7,070,000 and have been netted against the gross proceeds on closing.

On December 16, 2020, the Corporation completed a private placement of 2,447,576 common shares of the Corporation at an average price of \$4.90 per common share issued as flow-through shares for aggregate gross proceeds of \$12,000,000. The private placement was completed in two tranches. The tranche one flow-through shares were issued at a premium of \$1.93 to the closing market price of the Corporation's common shares on the day of issue. The premium was recognized as a long-term liability for \$2,068,000. The tranche two flow-through shares were issued at a premium of \$0.69 to the closing market price of the Corporation's common shares on the day of issue. The premium was recognized as a long-term liability for \$950,000 with a subsequent pro-rata reduction of the liability recognized as flow-through premium income as the required expenditures are incurred. The transaction costs amounted to \$100,000 and have been netted against the gross proceeds on closing.

On February 12, 2021, the Corporation completed a private placement of 13,085,000 common shares of the Corporation at a price of \$5.35 per common share issued as flow-through shares for aggregate gross proceeds of \$70,005,000. The flow-through shares were issued at a premium of \$2.16 to the closing market price of the Corporation's common shares on the day of issue. The premium was recognized as a long-term liability for \$28,264,000 with a subsequent pro-rata reduction of the liability recognized as flow-through premium income as the required expenditures are incurred. The transaction costs amounted to \$3,847,000 and have been netted against the gross proceeds on closing.

On December 30, 2021, Osisko announced the renewal of its normal course issuer bid program to purchase for cancellation, from time to time over a 12-month period, common shares of the Corporation listed on the Toronto Stock Exchange in an aggregate amount of up to 10% of the "public float" of the Corporation, being 28,678,891 common shares at the time (2020 – 28,304,260). During the year ended December 31, 2021, Osisko repurchased and cancelled 12,892,600 common shares of the Corporation (2020 – 428,500) at an average price of \$3.21 (2020 – \$2.06) for a total cost of \$41,355,000 (2020 – \$881,000).

During the year ended December 31, 2021, flow-through premium income of \$31,281,000 (2020 – \$19,400,000) was recognized relating to the flow-through shares issued by the Corporation.

b) Basic loss per share

The calculation of basic loss per share for the year ended December 31, 2021 and 2020 was based on the loss attributable to common shareholders and a basic weighted average number of common shares outstanding, calculated as follows:

<i>For the year ended</i>	December 31, 2021	December 31, 2020
Common shares outstanding, at beginning of the year	344,207,806	290,025,274
Common shares issued during the year	7,307,051	27,701,535
Basic weighted average number of common shares	351,514,857	317,726,809
Loss attributable to owners of the Corporation	\$ 22,908	\$ 19,773
Basic loss per share	\$ 0.07	\$ 0.06



Notes to Consolidated Financial Statements

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15) Capital and other components of equity (continued)

c) Diluted loss per share

The Corporation incurred net losses for each of the years ended December 31, 2021 and 2020, therefore all outstanding convertible debenture, stock options, warrants, RSUs, and DSUs have been excluded from the calculation of diluted loss per share since the effect would be anti-dilutive. They 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 Corporation 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, 2021, no issuances have occurred under this plan.

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

The following table summarizes the stock option transactions for the years ended December 31, 2021 and 2020:

	Number of stock options	Weighted-average exercise price
Outstanding at January 1, 2020	20,012,166	\$ 2.92
Granted	5,225,000	3.56
Exercised	(3,663,456)	2.05
Forfeited	(165,001)	3.09
Outstanding at December 31, 2020	21,408,709	\$ 3.22
Exercised	(1,778,802)	1.90
Forfeited	(568,336)	3.18
Outstanding at December 31, 2021	19,061,571	\$ 3.35

During the year ended December 31, 2020, 5,225,000 were issued to directors, management, and employees of the Corporation for a period of 5 years. The options have been fair valued using the Black-Scholes option-pricing model.

During the year ended December 31, 2021, a total of 1,778,802 stock options (2020 – 3,663,456) were exercised for gross proceeds of \$3,644,000 (2020 – \$7,528,000) in exchange for the issuance of 1,778,802 common shares (2020 – 3,663,456) of the Corporation.

The total recognized expense for stock options for the year ended December 31, 2021 was \$8,827,000 (2020 – \$7,913,000) from which \$1,974,000 (2020 – \$1,375,000) was capitalized to the Canadian projects.



Notes to Consolidated Financial Statements

For the year ended December 31, 2021 and 2020

(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 weighted-average assumptions used for the valuation of the stock options issued during the year ended December 31, 2020:

<i>For the year ended</i>	December 31, 2020
Fair value at grant date	\$ 2.22
Forfeiture rate	5.3%
Share price at grant date	\$ 3.56
Exercise price	\$ 3.56
Expected volatility	90%
Dividend yield	0.0%
Option life (weighted average life)	3.9 years
Risk-free interest rate (based on government bonds)	0.36%

The following table summarizes information regarding the Corporation's outstanding and exercisable stock options as at December 31, 2021:

Range of exercise prices per share (\$)	Options outstanding			Options exercisable		
	Weighted-average remaining years of contractual Life	Number of stock options outstanding	Weighted average exercise price (\$)	Weighted-average remaining years of contractual life	Number of stock options exercisable	Weighted average exercise price (\$)
2.23 to 3.00	2.6	6,441,571	\$2.65	2.6	4,258,243	\$2.63
3.01 to 4.00	2.1	10,640,000	\$3.51	1.4	7,126,664	\$3.47
4.01 to 5.00	0.4	1,980,000	\$4.79	0.4	1,980,000	\$4.79
2.01 to 5.00	2.1	19,061,571	\$3.35	1.6	13,364,907	\$3.40

e) Warrants

The following table summarizes the transactions pertaining to the Corporation's outstanding standard warrants for the years ended December 31, 2021 and 2020. These warrants were exercisable at one warrant for one common share of the Corporation.

	Number of warrants	Weighted-average exercise price
Outstanding at January 1, 2020	-	\$ -
Issued (note 15(a))	24,250,000	5.25
Outstanding at December 31, 2020	24,250,000	\$ 5.25
Expired	(2,150,600)	5.25
Outstanding at December 31, 2021	22,099,400	\$ 5.25

On December 13, 2021, the Corporation extended the expiry date on 22,099,400 warrants by an additional six months to June 23, 2022. The 2,150,600 warrants owned by insiders of the Corporation were not extended and therefore expired on December 23, 2021.



Notes to Consolidated Financial Statements

For the year ended December 31, 2021 and 2020

(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)

The following table summarizes the assumptions used for the valuation of the warrants issued during the year ended December 31, 2020:

For the year ended	December 31, 2021
Fair value at grant date	\$ 0.66
Forfeiture rate	0.0%
Share price at grant date	\$ 3.49
Exercise price	\$ 5.25
Expected volatility	66%
Dividend yield	0.0%
Warrant life (weighted average life)	1.5 years
Risk-free interest rate (based on government bonds)	0.3%

16) Principal subsidiary

The consolidated financial statements for the year ended December 31, 2020, included the accounts of the Corporation and all of its subsidiaries. The principal operating subsidiary is O3 Mining, in which the Corporation had a 54% ownership as at January 1, 2020. During the year ended December 31, 2020, the ownership decreased to 30%. As the result, O3 Mining stopped being a subsidiary of Osisko on August 21, 2020. On August 21, 2020, the Corporation derecognized the assets and liabilities of O3 Mining from its consolidated statement of financial position, recorded its interest retained in O3 Mining at fair value as an investment in associate (note 7) at \$44,050,000, and recognized a loss from deconsolidation of \$15,195,000 associated with the loss of control. Osisko consolidated O3 Mining's profit or loss up to August 21, 2020.

The following tables summarize the financial information of O3 Mining on August 21, 2020, which was immediately prior to deconsolidation. The amounts disclosed are before inter-company eliminations:

Summarized statements of financial position

As at	August 21, 2020
Current assets	\$ 69,934
Current liabilities	(2,526)
Current net assets	67,408
Non-current assets	146,597
Non-current liabilities	(13,497)
Non-current net assets	133,100
Total net assets	200,508
Non-controlling interest	\$ 139,727

Summarized statements of income and comprehensive income

For the period ended	August 21, 2020
Income and comprehensive income	\$ (9,399)
Allocated to Non-controlling interests	\$ (6,786)

Notes to Consolidated Financial Statements

For the year ended December 31, 2021 and 2020

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

16) Principal subsidiary (continued)

Summarized statements of cash flows

<i>For the period ended</i>	September 30, 2020
Net cash used in operating activities	\$ (3,011)
Net cash used in investing activities	(6,302)
Net cash provided by financing activities	37,737
Increase in cash and cash equivalents	\$ 28,424

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

<i>As at</i>	December 31, 2020
Balance, beginning of year	\$ 74,673
Acquisitions by O3 Mining	133
Private placements by O3 Mining	29,568
Disposition of O3 Mining shares	15,720
Changes in Osisko's interest in O3 Mining	11,089
Stock-based compensation of O3 Mining	1,758
Income for the period attributable to non-controlling interests	6,786
Deconsolidation of O3 Mining	(139,727)
Balance, end of year	\$ -

17) Expenses

The following table summarizes information regarding the Corporation's expenses for the year ended December 31, 2021 and 2020:

<i>For the year ended</i>	December 31, 2021	December 31, 2020
Compensation expenses		
Stock-based compensation expense (note 11 and 15(d))	\$ 12,570	\$ 13,597
Salaries and benefits (note 18)	6,869	8,712
Total compensation expenses	\$ 19,439	\$ 22,309
General and administration expenses		
Shareholder and regulatory expense	\$ 185	\$ 394
Travel expense	122	206
Professional fees	1,291	1,512
Office expense (note 18)	2,166	2,471
Total general and administration expenses	\$ 3,764	\$ 4,583
Marketable securities		
Realized gain from marketable securities (note 6)	\$ (10,379)	\$ (5,430)
Unrealized loss/(gain) from marketable securities (note 6)	20,510	(21,168)
Total marketable securities loss/(gain)	\$ 10,131	\$ (26,598)



Notes to Consolidated Financial Statements

For the year ended December 31, 2021 and 2020

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

18) 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, 2021, management fees, geological services, rent, and administration fees of \$127,000 (2020 – \$336,000) were incurred with Osisko GR, a related company of the Corporation by virtue of Osisko GR owning or controlling, directly or indirectly, greater than 10% of the issued and outstanding common shares of the Corporation. Also, Mr. John Burzynski, the Chief Executive Officer and Chairman of the Board of Directors of the Corporation, as well as Mr. Sean Roosen, Director of the Corporation, serve as directors of Osisko GR. Accounts payable to Osisko GR as at December 31, 2021, were \$nil (2020 – \$94,000).

During the year ended December 31, 2021, management fees, geological services, rent, and administration fees of \$71,000 (2020 – \$107,000) were charged to Osisko GR by the Corporation. Accounts receivable from Osisko GR as at December 31, 2021, was \$nil (2020 – \$13,000).

During the year ended December 31, 2021, management fees, geological services, rent, and administration fees of \$677,000 (2020 – \$431,000) were charged to the Corporation's associate, O3 Mining, by the Corporation, after the deconsolidation of O3 Mining on August 21, 2020. Accounts receivable from O3 Mining as at December 31, 2021, was \$224,000 (2020 – \$262,000).

On January 8, 2021, the Corporation completed the acquisition of 50% of the Blondeau Guillet Property (note 10(f)), which was located in Belleterre in Temiscamingue, from O3 Mining for \$100,000 in cash.

The following table summarizes remuneration attributable to key management personnel for the years ended December 31, 2021 and 2020:

<i>For the year ended</i>	December 31, 2021	December 31, 2020
Salaries expense of key management	\$ 3,512	\$ 3,384
Directors' fees	380	427
Stock-based compensation expense	12,948	10,133
Total	\$ 16,840	\$ 13,944

19) Capital risk factors

The Corporation manages its capital structure and makes adjustments 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 operations and realize on its mineral resource estimates.

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.



Notes to Consolidated Financial Statements

For the year ended December 31, 2021 and 2020

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

19) Capital risk factors (continued)

As at December 31, 2021, the Corporation has cash, cash equivalents, and marketable securities totaling \$233,615,000 (2020 – \$254,965,000), which were available for growing the Corporation.

20) Financial instruments

The 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, 2021 and 2020, the Corporation classified cash and cash equivalents, restricted cash, and publicly traded securities included in marketable securities as Level 1, warrants included in marketable securities as Level 2, and convertible debenture as Level 3.

	December 31, 2021			December 31, 2020		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 213,088	\$ -	\$ -	\$ 180,027	\$ -	\$ -
Restricted cash	6,729	-	-	12,613	-	-
Marketable securities	19,586	941	-	72,765	2,173	-
Convertible debenture	-	-	132,710	-	-	-

There were no transfers between levels 1 and 2 and there were no changes in valuation techniques during 2021.

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 and long-term 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 and long-term receivables. The Corporation has no significant concentration of credit risk. Financial instruments included in other receivables and long-term receivables consist of receivables from the governments and other companies. Management believes that the credit risk receivables concentration with respect to financial instruments included in other receivables and long-term 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.



Notes to Consolidated Financial Statements

For the year ended December 31, 2021 and 2020

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

20) Financial instruments (continued)

b) Liquidity risk (continued)

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, 2021, the Corporation had a cash balance of \$213,088,000 (2020 – \$180,027,000) to settle current liabilities of \$26,841,000 (2020 – \$44,985,000). The majority of the Corporation's accounts payable and accrued 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, 2021 (note 21).

c) Commodity price risk

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

d) 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 variable 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, 2021, had increased or decreased by 0.1%, with all variables held constant, the loss for the year ended December 31, 2021, would have been approximately \$213,000 lower/higher (2020 - \$180,000), as a result of higher/lower interest income from cash and cash equivalents.

21) Commitments

On June 5, 2020, a one-year letter credit for \$2 million was arranged with National Bank. On April 22, 2021, the Corporation increased the letter of credit to \$4.5 million. On August 17, 2021, the Corporation increased the letter of credit to \$6.5 million. The letter of credit is secured by the Corporation's restricted cash.

22) Subsequent events

From January 1, 2022 to March 2, 2022, Osisko repurchased and canceled 1,937,740 common shares of the Corporation at a weighted average price of \$4.27 for a total cost of \$8,284,000.

On January 13, 2022, 1,400,000 RSUs of the Corporation were issued to management. Each RSU has been fair valued at \$3.96 initially at the Corporation's closing share price on the date of grant. The RSUs vest on the third anniversary date from the date of grant.

On January 13, 2022, 475,000 DSUs of the Corporation were issued to directors. Each DSU has been fair valued at \$3.96 initially at the Corporation's closing share price on the date of grant. The DSUs vest immediately on the date of grant.

On January 21, 2022, Osisko received a refund of \$1,645,000, which were refundable tax credits related to eligible exploration and evaluation expenditures incurred in the Province of Québec in 2018 (note 3).

On February 4, 2022, Osisko received a refund of \$25,541,000, which were refundable tax credits related to eligible exploration and evaluation expenditures incurred in the Province of Québec in 2020 (note 5).



Notes to Consolidated Financial Statements

For the year ended December 31, 2021 and 2020

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

21) Subsequent events (continued)

On February 16, 2022, Osisko announced that Osisko and Northern Star have agreed to terminate joint venture negotiations with respect to Osisko's Windfall Project. The exclusivity period for negotiation of the joint venture and associated rights of converting the convertible debenture into a joint venture interest expired on March 1, 2022.

On February 28, 2022, Osisko announced that it has entered into a memorandum of understanding ("MOU") with the Cree First Nation of Waswanipi (the "CFNW") whereby the CFNW will transport hydroelectric power to the Windfall Project. The CFNW will finance, build, own and operate a 120kV transmission line that will transport hydroelectricity to the Windfall Project and surrounding area. As an end user, Osisko will pay transportation fees to the CFNW.