Consolidated Financial Statements

For the years ended December 31, 2019 and 2018

Presented in Canadian dollars

March 12, 2020

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

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

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

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

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

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

Independent auditor's report

To the Shareholders of Osisko Mining Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Osisko Mining Inc. and its subsidiaries (together, the Company) as at December 31, 2019 and 2018, 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, 2019 and 2018;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

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

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

Other information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(Signed) "PricewaterhouseCoopers LLP"

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
March 12, 2020

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

As at		December 31, 2019		December 31, 2018
Assets				
Current assets				
Cash and cash equivalents	$	102,302	$	88,280
Other receivables		1,938		582
Advances and prepaid expenses		831		507
Tax recoverable		52,291		34,873
Marketable securities (note 8)		55,256		14,200
Inventories		6,167		-
Total current assets		**218,785**		**138,442**
Non-current assets				
Reclamation deposit (note 6)		412		404
Long-term investment		-		150
Investment in associate (note 10)		-		56,998
Property, plant and equipment (note 11)		12,674		7,972
Exploration and evaluation assets (note 12)		487,298		368,902
Total non-current assets		**500,384**		**434,426**
Total assets	**$**	**719,169**	**$**	**572,868**
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	$	24,956	$	10,260
Current lease liabilities (note 4(a))		2,630		-
Total current liabilities		**27,586**		**10,260**
Non-current liabilities				
Flow-through premium liability (note 14(a))		19,758		2,560
Share-based payment liability (note 15)		5,159		874
Asset retirement obligation (note 13)		4,181		3,628
Non-current lease liabilities (note 4(a))		1,413		-
Deferred tax liability (note 20)		52,252		24,523
Total non-current liabilities		**82,763**		**31,585**
Total liabilities		**110,349**		**41,845**
Equity				
Share capital (note 14(a))		673,163		580,616
Contributed surplus (note 14(d))		55,389		55,606
Warrants (note 14(e))		-		2,568
Accumulated deficit		(194,405)		(107,767)
Total equity attributed to equity owners of the Corporation		**534,147**		**531,023**
Non-controlling interest (note 16)		74,673		-
Total equity		**608,820**		**531,023**
Total liabilities and equity	**$**	**719,169**	**$**	**572,868**

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) "Sean Roosen" — Sean Roosen, Chairman

OSISKO MINING

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

For the year ended	December 31, 2019	December 31, 2018
Expenses/(income)		
Compensation expenses (note 9)	$ 16,358	$ 20,011
General and administration expenses (note 9)	5,610	5,414
General exploration expenses	90	60
Exploration and evaluation assets impairment loss (note 12)	24,635	6,763
Flow-through premium income (note 14(a))	(14,531)	(13,076)
(Gain)/loss from marketable securities (note 8)	(808)	7,059
Realized loss/(gain) from sale of equipment	8	(6)
Impairment on long-term investment	-	30
Other income	(254)	(760)
Operating loss	**31,108**	**25,495**
Finance income	(1,863)	(1,381)
Finance costs	639	135
Net finance income	**(1,224)**	**(1,246)**
Share of gain of associates (note 10)	(805)	(1,251)
Impairment on investment in associate (note 10)	22,406	-
Gain on revaluation of investment in associate	-	(1,796)
Loss for before tax	**51,485**	**21,202**
Deferred income tax expense (note 20)	27,356	12,794
Loss and comprehensive loss	**$ 78,841**	**$ 33,996**
Attributable to:		
Owners of the Corporation	$ 76,930	$ 33,996
Non-controlling interests (note 16)	1,913	-
Loss and comprehensive loss	**$ 78,843**	**$ 33,996**
Basic and diluted loss per share (note 14(b) and (c))	**$ 0.29**	**$ 0.15**
Weighted average number of shares (note 14(b) and (c))	**268,103,866**	**220,448,965**

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

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

	Number of Shares	Share Capital	Warrants	Contributed Surplus	Deficit and Accumulated Deficit	Equity attributed to equity owners of the Corporation	Non-controlling interest	Total
Balance January 1, 2018	**207,845,240**	**$ 456,231**	**$ 17,204**	**$ 28,761**	**$ (73,771)**	**$ 428,425**	**$ -**	**$ 428,425**
Loss for the year	-	-	-	-	(33,996)	**(33,996)**	-	**(33,996)**
Stock-based compensation (note 14(d))	-	-	-	13,088	-	**13,088**	-	**13,088**
Issuance of shares upon exercise of stock options (note 14(a) and (d))	874,332	2,029	-	(894)	-	**1,135**	-	**1,135**
Issuance of shares upon exercise of warrants (note 14(a) and (e))	524,235	1,128	(368)	-	-	**760**	-	**760**
Expiry of warrants	-	-	(14,425)	14,425	-	**-**	-	**-**
Private Placement (note 14(a))	3,823,000	6,139	-	-	-	**6,139**	-	**6,139**
Private Placement (note 14(a))	27,046,031	62,147	-	-	-	**62,147**	-	**62,147**
Private Placement (note 14(a))	9,259,260	24,843	-	-	-	**24,843**	-	**24,843**
Issuance of shares on acqusition of Beaufield Resources Inc	7,583,581	24,267	-	-	-	**24,267**	-	**24,267**
Issuance of warrants on acqusition of Beaufield Resources Inc	-	-	157	-	-	**157**	-	**157**
Issuance of options on acqusition of Beaufield Resources Inc	-	-	-	226	-	**226**	-	**226**
Share-based payment (note 14(a))	245,652	565	-	-	-	**565**	-	**565**
Deferred tax asset on share issue cost (note 20)	-	3,267	-	-	-	**3,267**	-	**3,267**
Balance December 31, 2018	**257,201,331**	**$ 580,616**	**$ 2,568**	**$ 55,606**	**$ (107,767)**	**$ 531,023**	**$ -**	**$ 531,023**

	Number of Shares	Share Capital	Warrants	Contributed Surplus	Deficit and Accumulated Deficit	Equity attributed to equity owners of the Corporation	Non-controlling interest	Total
Balance January 1, 2019	**257,201,331**	**$ 580,616**	**$ 2,568**	**$ 55,606**	**$ (107,767)**	**$ 531,023**	**$ -**	**$ 531,023**
Loss for the year	-	-	-	-	(76,930)	**(76,930)**	(1,913)	**(78,843)**
Stock-based compensation (note 14(d))	-	-	-	5,086	-	**5,086**	485	**5,571**
Issuance of shares upon exercise of stock options (note 14(a) and (d))	5,538,770	12,800	-	(5,598)	-	**7,202**	-	**7,202**
Issuance of shares upon exercise of warrants (note 14(a) and (d))	3,172,123	6,987	(2,273)	-	-	**4,714**	-	**4,714**
Expiry of warrants	-	-	(295)	295	-	**-**	-	**-**
Transactions with non-controlling interests (note 16)	-	-	-	-	-	**-**	66,393	**66,393**
Private Placement (note 14(a))	9,264,250	28,999	-	-	-	**28,999**	-	**28,999**
Private Placement (note 14(a))	14,848,800	42,329	-	-	-	**42,329**	-	**42,329**
Changes in Osisko's interest in O3 Mining	-	-	-	-	(9,708)	**(9,708)**	9,708	**-**
Deferred tax asset on share issue cost (note 20)	-	1,432	-	-	-	**1,432**	-	**1,432**
Balance December 31, 2019	**290,025,274**	**$ 673,163**	**$ -**	**$ 55,389**	**$ (194,405)**	**$ 534,147**	**$ 74,673**	**$ 608,820**

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

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

For the year ended	December 31, 2019	December 31, 2018
Cash flows used in operating activities		
Loss for the year	$ (78,841)	$ (33,996)
Adjustments for:		
Marketable securities (gain)/loss (note 8)	(808)	7,059
Share of gain of associates (note 10)	(805)	(1,251)
Impairment/(gain on revaluation) on investment in associate (note 10)	22,406	(1,796)
Exploration and evaluation assets impairment loss (note 12)	24,635	6,763
Depreciation	408	144
Accretion on asset retirement obligation (note 13)	52	33
Impairment on long-term investment	-	30
Realized loss/(gain) from sale of property, plant and equipment	7	(6)
Flow-through premium income (note 14(a))	(14,531)	(13,076)
Stock-based compensation (note 14(d))	9,576	11,630
Deferred income tax expense (note 20)	27,356	12,794
Interest income	(1,863)	(1,381)
	(12,408)	**(13,053)**
Change in items of working capital:		
Change in other receivables	(990)	(9)
Change in advances and prepaid expenses	(288)	184
Change in taxes recoverable	8,759	8,108
Change in accounts payable and accrued liabilities	1,325	(2,737)
Net cash used in operating activities	**(3,602)**	**(7,507)**
Cash flows used in investing activities		
Interest received	1,863	1,381
(Increase in)/refund on reclamation deposit	(8)	569
Acquisition of marketable securities (note 8)	(7,333)	(5,364)
Proceeds on disposition of marketable securities (note 8)	6,107	7,768
Acquisition of Beaufield equity investment	-	(2,369)
Acquisition of Barkerville equity investment (note 10)	(3,253)	(3,800)
Acquistion of property, plant and equipment (note 11)	(2,806)	(3,226)
Proceeds on disposition of property, plant and equipment (note 11)	25	12
Addition to exploration and evaluation assets (note 12)	(110,723)	(113,089)
Proceeds on disposition of exploration and evaluation assets (note 12)	300	-
Net cash and cash equivalents (paid)/received on asset acquisitions (note 5)	(2,636)	2,742
Net cash used in investing activities	**(118,464)**	**(115,376)**
Cash flows provided by financing activities		
Repayment of lease liabilities	(1,884)	-
Net cash received from private placements (note 14(a))	126,056	97,199
Cash received from exercise of warrants (note 14(e))	4,714	760
Cash received from exercise of stock options (note 14(d))	7,202	1,700
Net cash provided by financing activities	**136,088**	**99,659**
Decrease/(increase) in cash and cash equivalents	**14,022**	**(23,224)**
Cash and cash equivalents, beginning of year	**88,280**	**111,504**
Cash and cash equivalents, end of year	**$ 102,302**	**$ 88,280**

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

1) Reporting entity

Osisko Mining Inc. ("**Osisko**" or the "**Corporation**") is a Canadian Corporation domiciled in Canada and was incorporated on February 26, 2010 under the Ontario Business Corporations Act. The address of the Corporation's registered office is 155 University Ave, Suite 1440, Toronto, Ontario, Canada. The consolidated financial statements of the Corporation at December 31, 2019 include the Corporation and its subsidiary, O3 Mining Inc. ("O3 Mining"), formerly Chantrell Ventures Corp. ("Chantrell"). The Corporation is primarily in the business of acquiring, exploring and developing precious mineral deposits in Canada.

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

2) Basis of preparation

a) Statement of compliance

These 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 12, 2020.

b) Functional and presentation currency

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

c) Use of critical estimates and judgements

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

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

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

2) Basis of preparation (continued)

c) Use of critical estimates and judgements (continued)

i) Significant judgments in applying accounting policies

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

Income taxes:

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

Determination of significant influence over equity investments:

Judgment is needed to assess whether the Corporation's interest in a marketable security meets the definition of significant influence and therefore would be accounted for under the equity method as opposed to fair value through profit and loss. Management makes this determination based on its legal ownership interest, board representation and through an analysis of the Corporation's participation in entities’ policy making process. In the years ended December 31, 2019 and 2018, management determined it was able to exert significant influence over Barkerville Gold Mines Ltd. (“Barkerville”) and accounted for this investment as an associate under the equity method. In November 2019, Osisko Gold Royalties Ltd (“Osisko GR”), acquired 100% of the outstanding common shares of Barkerville which it did not already own, pursuant to which the Corporation lost significant influence and no longer account for the investment as an investment in associate. The position held in Osisko GR by the Corporation is classified as a marketable security at December 31, 2019.

Impairment of investments in associate:

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

ii) Significant accounting estimates and assumptions

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

Impairment of non-financial assets:

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

2) Basis of preparation (continued)

c) Use of estimates and judgements (continued)

ii) Significant accounting estimates and assumptions (continued)

Fair value of stock options and warrants:

Determining the fair value of stock options and warrants involves estimates of interest rates, expected life of options and warrants, expected forfeiture rate, share price volatility and the application of the Black-Scholes option-pricing model. The Black-Scholes option-pricing model requires the input of highly subjective assumptions that can materially affect the fair value estimate. Stock options granted vest in accordance with the stock option plan. The valuation of stock-based compensation is subjective and can impact profit and loss significantly.

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

- **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. The risk-free interest rate will vary depending on the date of the grant of the stock options and warrants and their expected term.
- **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. Therefore, depending on when the stock options and warrants were granted and the year of historical information examined, the degree of volatility can be different when calculating the value of different stock options and warrants.

3) Significant accounting policies

The accounting policies set out below are in accordance with IFRS and have been applied consistently to the 2019 and 2018 years presented in these consolidated financial statements, other than respect to IFRS 16, *Leases*, which was adopted in 2019 on the modified retrospective basis with any changes to be recorded in the opening balance sheet as at January 1, 2019.

a) Basis of consolidation

The consolidated financial statements of Osisko consolidate the results of the Corporation and its subsidiary O3 Mining. A subsidiary is an entity controlled by the Corporation.

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

3) Significant accounting policies (continued)

b) Foreign currency

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

c) Financial instruments

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

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

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

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

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

3) Significant accounting policies (continued)

c) Financial instruments (continued)

i) Impairment of financial assets

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

The criteria that the Corporation uses to determine if there is objective evidence of an impairment loss includes:
- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or
- it has become probable that the borrower will enter bankruptcy or financial reorganization.

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

d) Exploration and evaluation assets

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

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

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

Exploration and evaluation assets are assessed for impairment if (i) the year 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 technical feasibility and commercial viability, and (iv) facts and circumstances suggest that the carrying amount exceeds the recoverable amount (see impairment of non-financial assets).

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

3) Significant accounting policies (continued)

e) Property, plant and equipment

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

The major categories of PPE are depreciated on a straight-line basis as follows:

Office equipment	20%
Computer equipment	30%
Exploration equipment	20%
Automobiles	30%
Right of use assets	Term of the lease

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.

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 processed gold and silver ore extracted though bulk sampling. Ore is measured as the number of contained ounces at the market price of these minerals at year end.

g) Impairment of non-financial assets

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

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

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

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

3) Significant accounting policies (continued)

h) Current and deferred income tax

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

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

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

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

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

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

i) Share capital

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

j) Related party transactions

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

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

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

3) Significant accounting policies (continued)

k) 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.

l) 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.

m) Finance income and finance costs

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

n) Asset retirement obligation

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

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

o) Flow-through shares

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

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

3) Significant accounting policies (continued)

p) Stock based compensation

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

i) Share option plan

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

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

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

ii) 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.

q) Investment in associate

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

3) Significant accounting policies (continued)

q) Investment in associate (continued)

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

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

r) 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.

s) Leases

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. Prior to January 1, 2019, leases of offices and equipment were classified as operating leases. Payments made under operating leases, net of any incentives received from the lessor, were charged to profit or loss on a straight-line basis over the period of the lease.

From January 1, 2019, leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Corporation. Each lease payment is allocated between the lease liabilities and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the lease liabilities for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

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 payment 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.

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 of certain information technology equipment and office furniture.

4) Changes in IFRS accounting policies and future accounting pronouncements

Certain pronouncements were issued by the IASB or the International Financial Reporting Interpretations Committee that are mandatory for accounting years ending after December 31, 2019. Many are not applicable or do not have a significant impact to the Corporation and have been excluded from the summary below.

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

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

a) New Accounting Standards Issued and Effective

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

In January 2016, the IASB issued IFRS 16. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. This standard is effective for annual reporting periods on or after January 1, 2019.

The Corporation has applied IFRS 16 on January 1, 2019 and selected the modified retrospective transition approach which does not require restatement of comparative periods, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognized on the opening balance sheet on January 1, 2019. On adoption of IFRS 16, the Corporation recognized lease liabilities in relation to leases, which had previously been classified as "operating leases" under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as at January 1, 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 8%. The following table reconciled the differences between the operating lease commitments as at December 31, 2018 and lease liabilities recognized on January 1, 2019:

Reconciliation		
Operating lease commitments disclosed as at December 31, 2018	**$**	**4,317**
Less:		
Short-term leases recognized on a straight-line basis as expense		**(1,208)**
Discounted using the lessee's incremental borrowing rate at the date of initial application		**(179)**
Lease liabilities recognized as at January 1, 2019	**$**	**2,930**

The associated right-of-use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized on the balance sheet as at December 31, 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application. The recognized right-of-use assets relate to the following types of assets and are presented as property, plant and equipment in the consolidated statements of financial position:

As at		**December 31, 2019**		**January 1, 2019**
Offices	$	815	$	809
Equipment		3,073		2,121
Total	**$**	**3,888**	**$**	**2,930**

In applying IFRS 16 for the first time, the Corporation has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- the accounting for operating leases with a remaining lease term of less than 12 months as at January 1, 2019 as short-term leases;
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

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

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

a) New Accounting Standards Issued and Effective (continued)

IFRIC 23, Uncertainty over Income Tax Treatments ("IFRIC 23")

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

5) Asset acquisitions

Consideration Paid		
Share consideration	$	**24,267**
Cancellation of previously held Beaufield common shares (note 10)		**8,656**
Transaction costs		**698**
Stock Options		**226**
Warrants		**157**
	$	**34,004**

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

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

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

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

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

5) Asset acquisitions (continued)

Consideration paid	Chalice	Alexandria	Harricana	Garrison Claims	Bourlamaque Claims	Simkar Property	Total
Share consideration - O3 Mining	$ 9,278	$ 27,909	$ 2,003	$ 158	$ 109	$ 1,122	$ 40,579
Cash consideration	1,035	-	-	-	100	140	1,275
Transaction costs	415	1,282	104	-	10	1	1,812
Options - O3 Mining	-	409	-	-	-	-	409
Warrants - O3 Mining	-	68	-	-	-	265	333
	$ 10,728	$ 29,668	$ 2,107	$ 158	$ 219	$ 1,528	$ 44,408

Net assets acquired	Chalice	Alexandria	Harricana	Garrison Claims	Bourlamaque Claims	Simkar Property	Total
Cash	$ -	$ -	$ 451	$ -	$ -	$ -	$ 451
Other receivables	-	362	4	-	-	-	366
Tax recoverable	1,034	1,306	-	-	-	-	2,340
Marketable securities	-	12	-	-	-	-	12
Advances and prepaid expenses	10	26	-	-	-	-	36
Plant and equipment	-	4	-	-	-	-	4
Exploration and evaluation assets	9,684	32,467	1,698	158	219	1,528	45,754
Accounts payable and accrued liabilities	-	(1,871)	(46)	-	-	-	(1,917)
Due to related party	-	(2,515)	-	-	-	-	(2,515)
Flow-through premium liability	-	(123)	-	-	-	-	(123)
Total net assets acquired	$ 10,728	$ 29,668	$ 2,107	$ 158	$ 219	$ 1,528	$ 44,408

On July 5, 2019, the Corporation and Chantrell completed the spin-out transaction pursuant to which, among other things, certain assets of the Corporation were transferred to Chantrell in exchange for common shares of Chantrell, with the issuance of such shares, resulting in a reverse take-over of Chantrell by the Corporation (the "Reverse Take-Over"). The Reverse Take-Over was implemented by way of a statutory plan of arrangement under Section 182 of the Business Corporations Act (Ontario). The assets of the Corporation transferred to Chantrell pursuant to the Reverse Take-Over include: (i) the Malartic Block Properties; (ii) the Garrison Block Properties; (iii) certain other exploration properties and earn-in rights; and (iv) a portfolio of selected marketable securities (collectively, the "Transferred Assets"). The Transferred Assets were transferred to Chantrell in exchange for an aggregate of 24,977,898 common shares of Chantrell (after giving effect to the Consolidation as defined below). Each common share of Chantrell being issued in exchange for the Transferred Assets transferred was at a value of $3.88 per share. In connection with the Reverse Take-Over, Chantrell also, among other things: (i) changed its name to "O3 Mining Inc."; (ii) replaced all directors and officers of the resulting issuer; (iii) obtained approval of the TSX Venture Exchange for the listing of the listing of the common shares of O3 Mining; (iv) consolidated the common shares of O3 Mining on a 40:1 basis (the "Consolidation"); (v) continued from British Columbia to Ontario; and (vi) completed the conversion of the outstanding subscription receipts of O3 Mining for the underlying securities.

a) Acquisition of Chalice Gold Mines (Québec) Inc.

On July 25, 2019, Osisko through its majority owned subsidiary, O3 Mining, completed the acquisition of Chalice Gold Mines (Québec) Inc. ("Chalice"), a wholly owned subsidiary of Chalice Gold Mines (Ontario) Inc. ("CGM"), pursuant to which O3 Mining acquired all the common shares of Chalice. Under the terms of the share purchase agreement, CGM received 3,092,784 common shares of O3 Mining and a 1% net smelter returns royalty ("NSR") on all of the acquired claims that were not subject to a pre-existing royalty. In addition, cash consideration will be paid to Chalice by O3 Mining for existing tax credits upon receipt from Canadian tax authorities totalling $1 million.

The acquisition of Chalice has been accounted for as an acquisition of assets as Chalice does not meet the definition of a business under IFRS 3. The acquisition of the net assets of Chalice were recorded at the fair value of the consideration transferred of $10,728,000 as detailed in the table above.

5) Asset acquisitions (continued)

b) Acquisition of Alexandria Minerals Corporation

On August 1, 2019, Osisko through its majority owned subsidiary, O3 Mining, completed the acquisition of Alexandria Minerals Corporation (“Alexandria”), pursuant to which O3 Mining acquired all of the common shares of Alexandria by way of a statutory plan of arrangement under the Canada Business Corporations Act. Under the terms of the arrangement, each former shareholder of Alexandria received 0.018041 common shares of O3 Mining in exchange for each common share of Alexandria held. In addition, holders of options and warrants to acquire common shares of Alexandria received replacement options and warrants, respectively, entitling the holders thereof to acquire common shares of O3 Mining.

The acquisition of Alexandria has been accounted for as an acquisition of assets and liabilities as Alexandria does not meet the definition of a business under IFRS 3. The acquisition of the net assets of Alexandria were recorded at the fair value of the consideration transferred of $29,668,000 as detailed in the table above.

c) Acquisition of Harricana River Mining Corporation Inc.

On August 23, 2019, Osisko through its majority owned subsidiary, O3 Mining, completed the acquisition of Harricana River Mining Corporation Inc. (“Harricana”), pursuant to an amalgamation agreement dated July 19, 2019 between Harricana, O3 Mining and 9401-3513 Québec Inc. (“O3 Subco”), a wholly owned subsidiary of O3 Mining (the "Harricana Amalgamation Agreement"). Pursuant to the Harricana Amalgamation Agreement, Harricana and O3 Subco amalgamated under the provisions of the *Business Corporations Act* (Québec), with the resulting company being a wholly owned subsidiary of O3 Mining. Under the terms of the Harricana Amalgamation Agreement, shareholders of Harricana are entitled to receive, a pro-rata basis, an aggregate of 773,196 common shares of O3 Mining in exchange for all of the issued and outstanding shares of Harricana.

The acquisition of Harricana has been accounted for as an acquisition of assets and liabilities as Harricana does not meet the definition of a business under IFRS 3. The acquisition of the net assets of Harricana were recorded at the fair value of the consideration transferred of $2,107,000 as detailed in the table above.

d) Acquisition of Garrison claims

On November 21, 2019, Osisko through its majority owned subsidiary, O3 Mining, completed the acquisition of an option to acquire 10 patented mineral claims in the Garrison township pursuant to an asset purchase agreement with Metals Creek Resources Corp. ("Metals Creek"). O3 Mining acquired the option from Metal Creek in exchange for 64,433 common shares of O3 Mining and a 0.5% NSR over the claims.

The acquisition has been accounted for as an acquisition of assets as the option does not meet the definition of a business under IFRS 3. The transaction was recorded at the fair value of the consideration transferred of $158,000 as detailed in the table above.

e) Acquisition of Simkar Property

On December 13, 2019, Osisko through its majority owned subsidiary, O3 Mining, completed the acquisition of the Simkar property from Monarch Gold Corporation ("Monarch"). The Simkar property is located 20 kilometres east of Val-d'Or and includes two mining concessions and 15 claims covering an area of 5 square kilometres. O3 Mining acquired the property from Monarch in exchange for $140,000 in cash, 435,000 common shares of O3 Mining, and 435,000 common share purchase warrants of O3 Mining, with each warrant entitling Monarch to purchase one additional common share of O3 Mining at a price of $4.20 per share for a three-year period.

The acquisition has been accounted for as an acquisition of assets as the Simkar 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 $1,528,000 as detailed in the table above.

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

5) Asset acquisitions (continued)

f) Acquisition of Bourlamaque claims

On December 18, 2019, Osisko through its majority owned subsidiary, O3 Mining, completed the acquisition of four mining claims located in the township of Bourlamaque in the Province of Quebec, Canada from Kinross Gold Corporation ("Kinross Gold"). O3 Mining acquired the claims from Kinross Gold in exchange for $100,000 in cash, 42,017 common shares of O3 Mining, and a 2.0% NSR on any minerals produced from the acquired claims.

The acquisition has been accounted for as an acquisition of assets as the claims do not meet the definition of a business under IFRS 3. The transaction was recorded at the fair value of the consideration transferred of $219,000 as detailed in the table above.

6) Reclamation deposit

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

The following table summarizes information regarding the Corporation’s reclamation deposits as at December 31, 2019 and 2018:

As at		**December 31, 2019**		December 31, 2018
Garrison	**$**	**251**	$	244
Buffonta		**161**		160
Total Reclamation deposits	**$**	**412**	**$**	**404**

The Corporation has two reclamation deposits of $251,000 and $161,000 with the Ministry of Northern Development and Mines as a financial guarantee to cover the cost of mine reclamation related to the Corporation’s Garrison and Buffonta Properties, respectively. Interest is earned on these deposits at a rate of 0.3%.

7) Tax recoverable

As at December 31, 2019 and 2018, tax recoverable consists of sales tax recoverable and refundable tax credits for mining exploration and evaluation expenditures (note 22). Sales tax recoverable consist of harmonized sales taxes (“HST”), goods and services tax (“GST”), Québec sales tax (“QST”) and income tax receivable from Canadian taxation authorities. The refundable tax credits relate to eligible exploration and evaluation expenditures incurred in the Province of Québec.

8) Marketable securities

The Corporation holds shares and warrants in various public and private companies. During the year ended December 31, 2019, these shares and warrants were fair valued, and this resulted in an unrealized gain of $4,060,000 (2018 – loss of $6,365,000). The Corporation sold shares during the year ended December 31, 2019 which resulted in a realized loss of $3,252,000 (2018 – $694,000).

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, 2019 and are therefore classified as level 1 within the fair value hierarchy.

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

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

8) Marketable securities (continued)

The following table summarizes information regarding the Corporation's marketable securities as at December 31, 2019 and 2018:

As at	December 31, 2019	December 31, 2018
Balance, beginning of year	**$ 14,200**	**$ 22,076**
Additions	7,693	5,364
Common shares of Osisko GR from disposal of investment in associate (note 10)	38,650	-
Acquisitions (note 5)	12	1,587
Disposals	(6,107)	(7,768)
Realized loss	(3,252)	(694)
Unrealized gain/(loss)	4,060	(6,365)
Balance, end of year	**$ 55,256**	**$ 14,200**

9) Expenses

The following table summarizes information regarding the Corporation's expenses for the year ended December 31, 2019 and 2018:

For the year ended	December 31, 2019	December 31, 2018
Compensation expenses		
Stock-based compensation (note 14(d) and note 15)	$ 9,576	$ 11,630
Salaries and benefits	6,782	8,381
Total compensation expenses	**$ 16,358**	**$ 20,011**
General and administration expenses		
Shareholder and regulatory expense	$ 830	$ 667
Travel expense	571	452
Professional fees	1,293	1,288
Office expense	2,916	3,007
Total general and administration expenses	**$ 5,610**	**$ 5,414**
Marketable securities		
Realized loss from marketable securities (note 8)	$ 3,252	$ 694
Unrealized (gain)/loss from marketable securities (note 8)	(4,060)	6,365
Total marketable securities (gain)/loss	**$ (808)**	**$ 7,059**

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

10) Investment in associate

On August 8, 2016, Osisko announced its acquisition of 50,000,000 shares in Barkerville, or a 17% stake, from 2176423 Ontario Ltd. for $20,000,000 cash and 8,097,166 common shares of Osisko valued at $17,000,000. Subsequent to this initial investment, Osisko has acquired a further 41,439,028 shares in Barkerville for $23,527,000 cash. Through the extent of its share ownership interest and sharing a common board member, management has determined that Osisko had significant influence over the decision-making process of Barkerville and accordingly, used the equity method to account for this investment.

On November 21, 2019, Osisko GR completed the definitive agreement with Barkerville, pursuant to which Osisko GR acquired all of the issued and outstanding common shares of Barkerville that it did not already own. The closing price of common share of Osisko GR on November 20, 2019 was $11.84 per share which corresponded to a quoted market value of $38,650,000 for the common shares of Osisko GR received in exchange of the common shares of Barkerville. As the result, an impairment on the investment in associate of $22,406,000 was recognized in the year ended December 31, 2019. Under the terms of this agreement, each former shareholder of Barkerville received 0.0357 of a common share of Osisko GR, resulting in the Corporation acquiring 3,264,373 shares in Osisko GR. As the result, Osisko lost significant influence over the investment. The common shares of Osisko GR owned by the Corporation is classified as a marketable security at December 31, 2019 (Note 8).

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

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

The Corporation's investment relating to its associates as of December 31, 2019 and 2018 are detailed as follows:

	Beaufield	Barkerville	Total
Balance, January 1, 2018	**$ 4,740**	**$ 51,698**	**$ 56,438**
Cash investment in associates	2,369	3,800	**6,169**
Share of (loss)/gain for the year	(249)	1,500	**1,251**
Gain on revaluation of shares	1,796	-	**1,796**
Cancellation of shares upon acqusition (note 5)	(8,656)	-	**(8,656)**
Balance December 31, 2018	**$ -**	**$ 56,998**	**$ 56,998**
Cash investment in associates	-	3,253	**3,253**
Share of gain for the year	-	805	**805**
Impairment on investment in associate	-	(22,406)	**(22,406)**
Disposal of investment in associate	-	(38,650)	**(38,650)**
Balance December 31, 2019	**$ -**	**$ -**	**$ -**

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

11) Property, plant and equipment

The following table summarizes information regarding the Corporation's property, plant and equipment as at December 31, 2019 and 2018:

December 31, 2019										
	Cost					Accumulated depreciation				
Class	Opening balance	Additions/ transfers	Acquisitions	Write-off / disposals	Closing balance	Opening balance	Depreciation	Write-off / disposals	Closing balance	Net book value
Computer Equipment	$ 1,535	$ 341	$ 2	$ (1)	$ 1,877	$ 574	$ 347	$ (1)	$ 920	$ 957
Office Equipment	207	-	2	-	209	60	39	-	99	110
Office Buildings	809	429	-	(137)	1,101	-	296	(10)	286	815
Exploration Equipment	10,830	5,063	-	(28)	15,865	1,901	3,283	(3)	5,181	10,684
Automobiles	201	36	-	(3)	234	92	36	(2)	126	108
Total	**$ 13,582**	**$ 5,869**	**$ 4**	**$ (169)**	**$ 19,286**	**$ 2,627**	**$ 4,001**	**$ (16)**	**$ 6,612**	**$ 12,674**

December 31, 2018										
	Cost					Accumulated depreciation				
Class	Opening balance	Additions	Acquisitions	Write-off / disposals	Closing Balance	Opening balance	Depreciation	Write-off / disposals	Closing balance	Net book value
Computer Equipment	$ 1,309	$ 238	-	$ (10)	1,537	$ 221	$ 357	$ (4)	$ 574	$ 963
Office Equipment	207	-	-	-	207	23	37	-	60	147
Exploration Equipment	5,678	3,002	-	-	8,680	522	1,379	-	1,901	6,779
Automobiles	189	(14)	-	-	175	47	45	-	92	83
Total	**$ 7,383**	**$ 3,226**	**-**	**$ (10)**	**$ 10,599**	**$ 813**	**$ 1,818**	**$ (4)**	**$ 2,627**	**$ 7,972**

12) Exploration and evaluation assets

The following table summarizes information regarding the Corporation's exploration and evaluation assets as at December 31, 2019 and 2018:

	December 31, 2018	Acquisitions (Note 5)	Disposal	Additions	Deferred income tax asset on investment tax credits (note 20)	Impairment losses	December 31, 2019
Windfall Lake	$ 222,237	$ -	$ -	$ 86,200	$ -	$ -	$ 308,437
Quévillon Osborne	13,688	-	-	4,812	-	-	18,500
Urban Barry	20,453	-	-	2,810	-	-	23,263
Urban Barry Base Metals	30	-	-	-	-	-	30
Quévillon Osborne Base Metals	10	-	-	8	-	-	18
Urban Duke	2,142	-	-	(246)	-	-	1,896
O3 Mining	110,342	45,754	(510)	2,399	1,804	(24,635)	135,154
Total exploration and evaluation assets	**$ 368,902**	**$ 45,754**	**$ (510)**	**$ 95,983**	**$ 1,804**	**$ (24,635)**	**$ 487,298**

	December 31, 2017	Acquisitions (note 5)	Disposal	Additions	Deferred income tax asset on investment tax credits (note 20)	Impairment losses	December 31, 2018
Windfall Lake	$ 150,772	$ -	$ -	$ 71,797	$ (332)	$ -	$ 222,237
Quévillon Osborne	4,526	-	-	9,162	-	-	$ 13,688
Urban Barry	11,881	5,787	-	2,785	-	-	$ 20,453
Urban Barry Base Metals	-	-	-	30	-	-	$ 30
Quévillon Osborne Base Metals	-	-	-	10	-	-	$ 10
Urban Duke	-	2,142	-	-	-	-	$ 2,142
O3 Mining	94,741	20,549	(57)	3,967	(2,095)	(6,763)	$ 110,342
Total exploration and evaluation assets	**$ 261,920**	**$ 28,478**	**$ (57)**	**$ 87,751**	**$ (2,427)**	**$ (6,763)**	**$ 368,902**

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

12) Exploration and evaluation assets (continued)

a) Windfall Lake Property

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

Location	NSR	Buyback option
Centre of property, hosting the majority of the mineral resource	2 % (note 22)	Subject to a 0.5% NSR royalty buy-back for $1,000,000.
Southwest of the majority of the of mineral resource	1.5%	N/A
North of the majority of the mineral resource, hosting small portion of the mineral resource	2%	N/A
Northern part of property	3%	N/A
Southeast of the mineral resource	3%	Subject to a 1% NSR royalty buy-back for $500,000.
Eastern edge of property	3%	Subject to a 1% NSR royalty buy-back for $1 million and a right of first refusal for another 1% NSR royalty.

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

b) Quévillon Osborne Project

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

c) Urban Barry Property

The Urban Barry Property is 100% owned by the Corporation. The exploration expenditures on the property were for prospecting, till surveys follow-up and for staking claims. In order to maintain the claims, the Corporation was required to spend $1,505,000 within two years from the date of staking which has been spent as of December 31, 2019.

i) Black Dog (formerly “Souart”) Property

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

12) Exploration and evaluation assets (continued)

d) Urban Barry Base Metals

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

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

e) Quévillon Osborne Base Metals

The Quévillon Osborne Base Metals Project is a select package of claims located within the Quévillon Osborne Project. On November 12, 2018, Osisko entered into an option agreement with Osisko Metals, which sets forth the terms of an exploration earn-in on the project. Under the terms of the option agreement, Osisko Metals shall incur $8,000,000 of exploration expenditures over the four-year term of the option agreement in order to earn a 50% interest on the project. This commitment is subject to certain annual work expenditure thresholds, including a guaranteed expenditure threshold of $2,000,000 in the first year from the date of signing the agreement.

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

f) Urban Duke Property

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

Following the completion of the exploration earn-in, Osisko and Bonterra will enter into a joint venture agreement in respect of the property with Bonterra maintaining a 70% interest and Osisko maintaining a 30% interest.

g) O3 Mining Properties

On July 5, 2019, the Corporation transferred the Éléonore Opinaca, Tortigny, Luannay, Malartic Block, Garrison Block, Hemlo and James Bay projects to O3 Mining in exchange for common shares of O3 Mining (note 5). The transaction sales prices of the individual assets, when compared to their respective carrying amounts, determined that the full carrying value of these assets will not be recovered through sale or further development. Due to this triggering event, an impairment loss totaling $24,635,000 was recognized for these properties to write it down to their recoverable amounts. As part of the write down, the Corporation reversed a portion of impairment previously recognized on the Éléonore, Hemlo, and Éléonore Opinaca projects.

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

12) Exploration and evaluation assets (continued)

g) O3 Mining Properties (continued)

On July 25, 2019, Osisko through its majority owned subsidiary, O3 Mining, completed the acquisition of Chalice, a wholly owned subsidiary of CGM, which holds the Kinebik Gold Project and the East Cadillac Project (note 5).

On August 1, 2019, Osisko through its majority owned subsidiary, O3 Mining, completed the business combination with Alexandria, which holds the Cadillac Break Group Properties (note 5).

On August 23, 2019, Osisko through its majority owned subsidiary, O3 Mining, completed the acquisition of Harricana, which holds the Harricana Property (note 5).

On November 21, 2019, Osisko through its majority owned subsidiary, O3 Mining, completed the purchase of an option to acquire 10 patented mineral claims in the Garrison township pursuant to an asset purchase agreement with Metals Creek (note 5).

On December 13, 2019, Osisko through its majority owned subsidiary, O3 Mining, completed the purchase of the Simkar property from Monarch. The Simkar property includes two mining concessions and 15 claims (note 5).

On December 18, 2019, Osisko through its majority owned subsidiary, O3 Mining, completed the purchase of four mining claims located in the township of Bourlamaque in the Province of Quebec, Canada from Kinross Gold (note 5).

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, 2018, an updated rehabilitation plan was completed for the Windfall Project and, as such, a change in estimate of $703,000 has been recognized to the Windfall Property. These increased estimates were due to the Corporation's advancement of the underground exploration ramp.

During the year ended December 31, 2019, an updated rehabilitation plan was completed for the Garrison Block Properties and, as such, a change in estimate of $501,000 has been recognized to the Garrison Block Properties.

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

		Amount
Balance January 1, 2018	**$**	**2,892**
Accretion		33
Change in estimate		703
Balance December 31, 2018	**$**	**3,628**
Accretion		52
Change in estimate		501
Balance December 31, 2019	**$**	**4,181**

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

13) Asset retirement obligation (continued)

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

For the year ended December 31,		**2019**
Total undiscounted value of payments	$	4,969
Weighted average discount rate		1.70%
Weighted average expected life		10 years
Inflation rate		2.00%

14) Capital and other components of equity

a) Share capital – authorized

	Number of Common Shares		**Amount**
Balance, January 1, 2018	**207,845,240**	**$**	**456,231**
Issuance of shares upon exercise of warrants (note 14(e))	524,235		1,128
Issuance of shares upon exercise of stock options (note 14(d))	1,119,984		2,594
Deferred tax asset on share issue cost (note 20)	-		3,267
Private placement (net of transaction costs ($360,000))	3,823,000		6,139
Private placement (net of transaction costs ($3,707,000))	27,046,031		62,147
Private placement (net of transaction costs ($157,000))	9,259,260		24,843
Issuance of shares on acqusition of Beaufield Resources Inc	7,583,581		24,267
Balance December 31, 2018	**257,201,331**	**$**	**580,616**
Issuance of shares upon exercise of warrants (note 14(e))	3,172,123		6,987
Issuance of shares upon exercise of stock options (note 14(d))	5,538,770		12,800
Private placement (net of transaction costs ($2,619,000))	9,264,250		28,999
Private placement (net of transaction costs ($3,405,000))	14,848,800		42,329
Deferred tax asset on share issue cost (note 20)	-		1,432
Balance December 31, 2019	**290,025,274**	**$**	**673,163**

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

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

On September 18, 2018, the Corporation completed a private placement of 27,046,031 common shares of the Corporation at an average price of $2.59 per common share issued as flow-through shares for aggregate gross proceeds of $69,925,000. The private placement was completed in two Tranches. The tranche one flow-through shares were issued at a premium of $0.29 to the current market price of the Corporation's common shares at the day of issue. The premium was recognized as a long-term liability for $4,070,000 with a subsequent pro-rata reduction of the liability recognized as flow-through premium income as the required expenditures are incurred. Flow-through premium income of $2,559,000 was recognized for year ended December 31, 2019 relating to this transaction (2018 - $1,511,000). The transaction costs amounted to $3,707,000 and have been netted against the gross proceeds on closing.

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

14) Capital and other components of equity (continued)

a) Share capital – authorized (continued)

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

On October 23, 2018, 245,652 common shares of the Corporation were issued to a vendor at a price of $2.30 in an agreed upon share-based payment for expenses of $565,000.

On November 5, 2018, the Corporation completed a private placement of 9,259,260 common shares of the Corporation at a price of $2.70 per common share for gross proceeds of $25,000,000. The transaction costs amounted to $157,000 and were netted against the gross proceeds on closing.

On August 8, 2019, the Corporation completed a private placement of 6,089,250 common shares of the Corporation at an average price of $5.67 per common share issued as flow-through shares for aggregate gross proceeds of $34,526,000. The flow-through shares were issued at a premium of $2.12 to the current market price of the Corporation's common shares at the day of issue. The premium was recognized as a long-term liability for $12,909,000 with a subsequent pro-rata reduction of the liability recognized as flow-through premium income as the required expenditures are incurred. Flow-through premium income of $11,149,000 was recognized for year ended December 31, 2019 relating to this transaction (2018 - $nil). The transaction costs amounted to $2,048,000 and have been netted against the gross proceeds on closing.

On August 8, 2019, the Corporation completed a private placement of 3,175,000 common shares of the Corporation at a price of $3.15 per share for gross proceeds of $10,001,000. The transaction costs amounted to $571,000 and were netted against the gross proceeds on closing.

On December 5, 2019, the Corporation completed a private placement of 14,848,800 common shares of the Corporation at an average price of $4.10 per common share issued as flow-through shares for aggregate gross proceeds of $60,951,000. The private placement was completed in two tranches. The tranche one flow-through shares were issued at a premium of $1.62 to the current market price of the Corporation's common shares at the day of issue. The premium was recognized as a long-term liability for $13,041,000. The tranche two flow-through shares were issued at a premium of $0.32 to the current market price of the Corporation's common shares at the day of issue. The premium was recognized as a long-term liability for $2,176,000 The transaction costs amounted to $3,405,000 and have been netted against the gross proceeds on closing.

b) Basic loss per share

The calculation of basic loss per share for the year ended December 31, 2019 and 2018 was based on the loss attributable to common shareholders and a basic weighted average number of common shares outstanding, calculated as follows:

For the year ended	December 31, 2019	December 31, 2018
Common shares outstanding, at beginning of the year	257,201,331	207,845,240
Common shares issued during the year	10,902,535	12,603,725
Basic weighted average number of common shares	**268,103,866**	**220,448,965**
Loss	**$ 78,841**	**$ 33,996**
Basic loss per share	**$ 0.29**	**$ 0.15**

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

14) 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, 2019 and 2018, therefore all outstanding stock options and warrants have been excluded from the calculation of diluted loss per share since the effect would be anti-dilutive. These options and warrants could potentially dilute basic earnings per share in the future.

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, 2019, no issuances have occurred under this plan.

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

The following table summarizes the stock option transactions for the years ended December 31, 2019 and 2018:

	Number of stock options		Weighted-average exercise price
Outstanding at January 1, 2018	**16,697,784**	**$**	**2.37**
Granted	4,911,000		3.27
Exercised	(874,332)		1.30
Forfeited	(720,004)		3.20
Outstanding at December 31, 2018	**20,014,448**	**$**	**2.61**
Granted	6,230,000		2.66
Exercised	(5,538,770)		1.30
Forfeited	(289,505)		4.15
Expired	(402,340)		4.66
Outstanding at December 31, 2019	**20,013,833**	**$**	**2.92**

On January 11, 2018, 3,740,000 stock options were issued to directors, management and employees, at an exercise price of $3.46 for a period of five years. The options have been fair valued at $2.84 per option using the Black-Scholes option-pricing model.

On June 22, 2018, the 500,000 options issued on January 11, 2018, awarded to Mr. John Burzynski, President and Chief Executive Officer of the Corporation, had been amended to vest in equal tranches over a five-year period. The amendment had no impact on the fair value of options granted and the Corporation continued to recognize the expense over the original two-year vesting period.

On July 27, 2018, 700,000 stock options were issued to management and employees, at an exercise price of $2.56 for a period of five years. The options have been fair valued at $1.49 per option using the Black-Scholes option-pricing model.

On October 15, 2018, 200,000 stock options were issued to a consultant, at an exercise price of $2.23 for a period of five years. The options have been fair valued at $1.68 per option using the Black-Scholes option-pricing model.

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

14) Capital and other components of equity (continued)

d) Contributed surplus (continued)

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

On November 9, 2018, 30,000 stock options were issued to employees, at an exercise price of $2.73 for a period of five years. The options have been fair valued at $1.80 per option using the Black-Scholes option-pricing model.

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

On January 17, 2019, 1,755,000 stock options were issued to management and employees, at an exercise price of $2.76 for a period of five years. The options have been fair valued at $1.83 per option using the Black-Scholes option-pricing model.

On November 11, 2019, 4,475,000 stock options were issued to management and employees, at an exercise price of $2.62 for a period of five years. The options have been fair valued at $1.73 per option using the Black-Scholes option-pricing model.

During the year ended December 31, 2019, a total of 5,538,770 stock options were exercised for gross proceeds of $7,202,000 in exchange for the issuance of 5,538,770 common shares of Osisko.

The total recognized expense for stock options for the year ended December 31, 2019 was $7,339,000 (2018 - $13,088,000) from which $1,469,000 (2018 - $2,294,000) was capitalized to the Canadian projects.

The following table summarizes the weighted average assumptions used for the valuation of the stock options issued during the years ended December 31, 2019 and 2018:

For the year ended	**December 31, 2019**	**December 31, 2018**
Fair value at grant date	$ 1.76	$ 2.50
Forfeiture rate	8.6%	1.0%
Share price at grant date	$ 2.66	$ 3.27
Exercise price	$ 2.66	$ 3.27
Expected volatility	98%	113%
Dividend yield	0.0%	0.0%
Option life (weighted average life)	3.7 years	4.5 years
Risk-free interest rate (based on government bonds)	1.66%	2.00%

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

14) Capital and other components of equity (continued)

d) Contributed surplus (continued)

The following table summarizes information regarding the Corporation's outstanding and exercisable stock options as at December 31, 2019:

	Options outstanding			Options exercisable		
Range of exercise prices per share ($)	Weighted-average remaining years of contractual Life	Number of stock options outstanding	Weighted average exercise price ($)	Weighted-average remaining years of contractual life	Number of stock options exercisable	Weighted average exercise price ($)
0.60 to 1.12	1.1	2,194,160	$1.01	1.1	2,194,160	$1.01
1.13 to 2.60	2.1	1,443,004	$1.76	1.6	1,112,985	$1.58
2.61 to 3.29	4.3	7,211,669	$2.71	1.8	961,669	$3.01
3.30 to 3.45	2.1	3,665,000	$3.41	2.1	3,665,000	$3.41
3.46 to 3.64	3.0	3,423,333	$3.46	3.0	2,084,995	$3.46
3.65 to 4.79	2.4	2,075,000	$4.76	2.4	2,075,000	$4.76
0.60 to 4.79	**2.9**	**20,012,166**	**$2.92**	**2.1**	**12,093,809**	**$3.02**

e) Warrants

i. One-for-one warrants

The following table summarizes the transactions pertaining to the Corporation's outstanding standard warrants for the years ended December 31, 2019 and 2018. These warrants were exercisable at one warrant for one common share of the Corporation (the "one-for-one warrants").

	Number of warrants	Weighted-average exercise price
Outstanding as at January 1, 2018	**19,211,899**	**$ 4.33**
Issuance of warrants on acquisition of Beaufield Resources	154,240	2.39
Exercised	(520,800)	1.44
Expired	(15,197,540)	5.00
Outstanding at December 31, 2018	**3,647,799**	**$ 1.89**
Exercised	(3,172,123)	1.49
Expired	(475,676)	4.57
Outstanding at December 31, 2019	**-**	**$ -**

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

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

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

14) Capital and other components of equity (continued)

e) Warrants (continued)

i. One-for-one warrants (continued)

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

During the year ended December 31, 2019, a total of 3,172,123 one-for-one warrants were exercised for gross proceeds of $ 4,714,000 in exchange for the issuance of 3,172,123 common shares of Osisko.

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

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

	Number of warrants		Weighted-average exercise price
Outstanding as at January 1, 2018	**125,161,420**	**$**	**0.15**
Exercised	(68,700)		0.15
Expired	(125,092,720)		0.15
Outstanding at December 31, 2018	**-**	**$**	**-**

130,636,320 publicly traded warrants were issued to Eagle Hill shareholders pursuant to acquisition of Eagle Hill by Osisko on August 25, 2015. As a result of a share consolidation by Osisko after the effective time of the acquisition, upon exercise of 20 publicly traded warrants and the payment of $3.00, a holder of publicly traded warrants is entitled to receive one common share of Osisko. The publicly traded warrants expired on August 25, 2018.

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

15) Deferred share unit and restricted share unit plans

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 payout in cash or shares, or a combination of both. Should the payout be in cash, the cash value of the payout would be determined by multiplying the number of DSUs and the RSUs vested at the payout date by the five-day volume weighted average price from closing price of the Corporation's shares on the day prior to the payout date. Should the payout be in shares, each RSU and each DSU represents an entitlement to one common share of the Corporation.

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

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

The following table summarizes information regarding the Corporation's outstanding and exercisable DSUs and RSUs as at December 31, 2019:

	Number of DSUs	Number of RSUs
Oustanding at January 1, 2018	**-**	**-**
Granted	250,000	450,000
Oustanding at December 31, 2018	**250,000**	**450,000**
Granted	445,809	1,125,000
Oustanding at December 31, 2019	**695,809**	**1,575,000**

On June 22, 2018, 25,000 RSUs of the Corporation were issued to management. Each RSU has been fair valued at $1.94 initially at the Corporation's closing share price on the date of grant. The RSUs vest on the third anniversary date from the date of grant.

On October 15, 2018, 250,000 DSUs of the Corporation were issued to directors. Each DSU has been fair valued at $2.63 initially at the Corporation's closing share price on the date of grant. The DSUs vest immediately on the date of grant.

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

On January 17, 2019, 1,125,000 RSUs of the Corporation were issued to management. Each RSU has been fair valued at $2.71 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 17, 2019, 400,000 DSUs of the Corporation were issued to directors. Each DSU has been fair valued at $2.71 initially at the Corporation's closing share price on the date of grant. The DSUs vest immediately on the date of grant.

On March 31, 2019, 16,020 DSUs of the Corporation were issued to directors. Each DSU has been fair valued at $2.92 initially at the Corporation's closing share price on the date of grant. The DSUs vest immediately on the date of grant.

On June 30, 2019, 15,157 DSUs of the Corporation were issued to directors. Each DSU has been fair valued at $3.30 initially at the Corporation's closing share price on the date of grant. The DSUs vest immediately on the date of grant.

On September 30, 2019, 14,632 DSUs of the Corporation were issued to directors. Each DSU has been fair valued at $3.13 initially at the Corporation's closing share price on the date of grant. The DSUs vest immediately on the date of grant.

As at December 31, 2019, 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 $4.05.

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

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

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

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

	Number of RSUs
Oustanding at December 31, 2018	**-**
Granted	390,000
Oustanding at December 31, 2019	**390,000**

On August 13, 2019, 390,000 RSUs of O3 Mining were issued to management. Each RSU has been fair valued at $3.07 initially at O3 Mining's closing share price on the date of grant. The RSUs vest on the third anniversary date from the date of grant.

As at December 31, 2019, the share-based payment liability related to each RSU of O3 Mining was re-measured to fair value at O3 Mining's closing share price of $2.85.

The total recognized expense for RSUs and DSUs of the Corporation and O3 Mining for the year ended December 31, 2019 was $4,285,000 (2018 - $842,000) from which $579,000 were capitalized to the Canadian projects (2018 - $38,000).

16) Principal subsidiary

The consolidated financial statements include the accounts of the Corporation and all of its subsidiaries at December 31, 2019. The principal operating subsidiary is O3 Mining, in which the Corporation has a 54% ownership at year end.

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

Summarized statements of financial position

As at		**December 31, 2019**
Current assets	$	30,688
Current liabilities		(3,311)
Current net assets		**27,377**
Non-current assets		137,356
Non-current liabilities		(5,086)
Non-current net assets		**132,270**
Total net assets		**159,647**
Non-controlling interest	**$**	**74,673**

Summarized statements of loss and comprehensive loss

For the year ended		**December 31, 2019**
Loss and comprehensive loss	$	4,140
Allocated to Non-controlling interests	**$**	**1,913**

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

16) Principal subsidiary (continued)

Summarized statements of cash flows

For the year ended		**December 31, 2019**
Net cash used in operating activities	$	(5,178)
Net cash used in investing activities		(4,775)
Net cash provided by financing activities		26,562
Increase in cash and cash equivalents	**$**	**16,609**

a) Transactions with non-controlling interests

During the year, O3 Mining, completed private placements of common shares and acquisition of assets (note 5).

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

As at		**December 31, 2019**		**December 31, 2018**
Balance, beginning of year	**$**	**-**	**$**	**-**
Reverse Take-Over (note 5)		1,898		-
Private placements by O3 Mining		23,122		-
Acquisition of Chalice (note 5)		9,278		-
Acquisition of Alexandria (note 5)		27,909		-
Acquisition of Harricana (note 5)		2,003		-
Issuance of common shares of O3 Mining on settlement of debt		529		-
Acquisition of Garrison claims (note 5)		158		-
Acquisition of Simkar Property (note 5)		1,387		-
Acquisition of Bourlamaque claims (note 5)		109		-
Changes in Osisko's interest in O3 Mining		9,708		-
Stock-based compensation		485		-
Loss for the year attributable to non-controlling interests		(1,913)		-
Balance, end of year	**$**	**74,673**	**$**	**-**

17) Related party transactions

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

During the year ended December 31, 2019, management fees, geological services, rent and administration fees of $595,000 (2018 - $1,849,000) were incurred with Osisko GR, a related company of the Corporation by virtue of Osisko GR owning or controlling, directly or indirectly, greater than 10% of the issued and outstanding common shares of the Corporation. Also, Mr. John Burzynski, President and Chief Executive Officer of the Corporation, as well as Mr. Sean Roosen, Chairman of the board of directors of the Corporation, serve as directors and/or senior officers of Osisko GR. Accounts payable to Osisko GR as at December 31, 2019 were $55,000 (2018 - $134,000). During the year ended December 31, 2019, management fees, geological services, rent and administration fees of $23,000 (2017 - $132,000) were charged to Osisko GR by the Corporation. Accounts receivable from Osisko GR as at December 31, 2019 were $4,000 (2018 - $79,000).

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

17) Related party transactions (continued)

The following table summarizes remuneration attributable to key management personnel for the years ended December 31, 2019 and 2018:

For the year ended	December 31, 2019	December 31, 2018
Salaries expense of key management	$ 1,039	$ 1,915
Directors' fees	329	349
Stock-based compensation	5,761	7,904
Total	**$ 7,129**	**$ 10,168**

18) Capital risk factors

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

As at December 31, 2019, the Corporation has cash, cash equivalents and marketable securities totaling $157,558,000 (December 31, 2018 - $102,480,000) which were available for growing the Corporation.

19) Financial instruments

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

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

As at December 31, 2019 and 2018 the Corporation classified cash and cash equivalents and publicly traded securities included in marketable securities as Level 1, and warrants included in marketable securities, other receivables and reclamation deposit as Level 2.

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

19) Financial instruments (continued)

	December 31, 2019			December 31, 2018		
	Level 1	**Level 2**	**Level 3**	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 102,302	$ -	$ -	$ 88,280	$ -	$ -
Marketable securities	54,522	734	-	13,598	602	-
Other receivables	-	1,938	-	-	582	-
Reclamation deposit	-	412	-	-	404	-

As at December 31, 2019 and 2018, there were no non-recurring financial assets or liabilities that were valued at fair value.

There were no transfers between levels 1 and 2 and there were no changes in valuation techniques during 2019.

Financial risk factors

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

a) Credit risk

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

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

b) Liquidity risk

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

The Corporation ensures that there are sufficient funds to meet its short-term requirements, taking into account its anticipated cash flows from operations and its holdings of cash. As at December 31, 2019, the Corporation had a cash balance of $102,302,000 (2018 - $88,280,000) to settle current liabilities of $27,588,000 (2018 - $10,260,000). The majority of the Corporation's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Corporation has financial commitments outstanding as at December 31, 2019 (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.

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

19) Financial instruments (continued)

d) Market risk

i) Interest rate risk

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

If market interest rates for the year ended December 31, 2019, had increased or decreased by 0.1%, with all variables held constant, the loss for the year ended December 31, 2019, would have been approximately $102,000 lower/higher, as a result of higher/lower interest income from cash and cash equivalents. Similarly, as at December 31, 2018, shareholders' equity would have been approximately $88,000 lower/higher because of higher/lower interest income from cash and cash equivalents due to a 0.1% increase/decrease in interest rates.

20) Income taxes

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

For the year ended	**December 31, 2019**	**December 31, 2018**
Loss from continuing operations before income taxes	**$ (51,485)**	**$ (21,202)**
Income tax recovery computed at Canadian statutory tax rate	(13,644)	(5,619)
Permanent items	(1,312)	(403)
Change in unrecognized deferred tax assets	32,996	11,717
Deferred mining taxes	9,316	7,100
Total deferred income and mining tax expense	**$ 27,356**	**$ 12,795**

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

For the year ended	**December 31, 2019**	**December 31, 2018**
Deferred income tax expense	$ 14,648	$ 5,695
Deferred mining tax expense	12,708	7,100
Total deferred income and mining tax expense	**$ 27,356**	**$ 12,795**

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

20) Income taxes (continued)

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

As at	December 31, 2019	December 31, 2018
Deferred tax assets		
Deferred income tax asset on share issue costs	$ 7,306	$ 5,874
Deferred income tax asset on investment tax credits	622	2,427
Total deferred tax assets	**$ 7,928**	**$ 8,301**
Deferred tax liability		
Deferred income tax liability on net taxable temporary differences	$ (22,950)	$ (8,302)
Deferred mining tax liability on net taxable temporary differences	(37,230)	(24,522)
Total deferred tax liability	**$ (60,180)**	**$ (32,824)**
Net deferred tax liability	**$ (52,252)**	**$ (24,523)**

During 2019, the Corporation recognized a deferred tax asset of $1,431,000 (2018 - $3,268,000) in relation to share issue costs with the associated deferred tax recovery recorded on share capital. As of December 31, 2019, the deferred tax asset recognized with respect to investment tax credits is $622,000 (2018 - $2,426,000). 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.

Deferred tax assets have not been recognized in respect of the following gross net deductible temporary differences:

For the year ended	December 31, 2019	December 31, 2018
Non-capital losses	$ 49,992	$ 6,997
Capital losses	34,360	241
Exploration and evaluation	16,773	26,248
Marketable securities	-	4,487
Equity investments	-	(8,090)
Share issue costs	2,341	-
Investment tax credits	2,151	217
Deferred mining taxes	999	146
Unrecognized gross net deductible temporary differences	**$ 106,616**	**$ 30,246**

As of December 31, 2019, the company has total non-capital losses of $152,138,000 (2018 - $113,857,000).

Deferred tax asset was not recognized with respect to non-capital losses of $49,992,000, which if not utilized will expire between the years of 2024 to 2039. The corporation has also not recognized net deductible temporary differences with respect to investment tax credits of $2,151,000, which, if not utilized, will expire between the years of 2029 and 2034.

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

21) Commitments

The Corporation has the following exploration commitments as at December 31, 2019:

	Total	2020	2021	2022	2023	2024	2025
Camp trailers and equipment leases	83	83	-	-	-	-	-
Total	**$ 83**	**$ 83**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

As of December 31, 2019, the Corporation has the following flow-through funds to be spent by December 31, 2020:

Closing Date of Financing	Province	Remaining Flow-through Funds
August 8, 2019	Québec	$ 4,709
December 5, 2019	Québec	60,951
Total		**$ 65,660**

22) Subsequent events

On January 16, 2020, Osisko GR acquired the 0.5% NSR on the centre of the Windfall property which was previously held by Fury Exploration Ltd.

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

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 GR to National Bank in exchange for $22.9 million in cash. The TRES matures in one year. Prior to maturity, National Bank receives interest payment at the rate of Canadian Dollar Offered Rate (the “CDOR”) plus 3.75% from Osisko, and Osisko is entitled to a cash payment equal to dividends of Osisko GR which is $0.05 per common share. On maturity, Osisko will either receive the difference between proceeds of disposition National Bank realizes on the common shares of Osisko GR and $22.9 million if share price of Osisko GR appreciates, or pay National Bank for the difference if share price of Osisko GR depreciates. In addition, Osisko has the right to acquire the common shares of Osisko GR back for $22.9 million in cash at any time during the period of the TRES.

Subsequent to the year ended December 31, 2019, Osisko collected $29.5 million of the $52.3 million tax recoverable balance as at December 31, 2019.