OSISKO MINING

Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

Presented in Canadian dollars

March 6, 2019

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

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

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

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

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

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

(Signed) “Blair Zaritsky”
Chief Financial Officer

Independent auditor's report

To the Shareholders of Osisko Mining Inc.

Our opinion

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

What we have audited
The Company's consolidated financial statements comprise:

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

Basis for opinion

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

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

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

Other information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(Signed) "PricewaterhouseCoopers LLP"

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
March 6, 2019

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

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

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

Commitments (note 21)
Subsequent events (note 22)

On behalf of the Board:

(Signed) "Keith McKay" (Signed) "Sean Roosen"

Keith McKay, Director Sean Roosen, Chairman

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

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

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

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

Attributable equity to owners of the Corporation

	Number of Shares	Share Capital	Warrants	Contributed Surplus	Accumulated other comprehensive income	Deficit and Accumulated Deficit	Total
Balance January 1, 2017	**161,990,656**	**$ 303,100**	**$ 11,091**	**$ 13,420**	**$ 608**	**$ (55,735)**	**$ 272,484**
Loss for the year	-	-	-	-	-	(18,036)	**(18,036)**
Foreign currency translation adjustment					(608)		**(608)**
Stock-based compensation (note 15(d))	-	-	-	16,776	-	-	**16,776**
Issuance of shares upon exercise of stock options (note 15(a))	1,346,335	3,228	-	(1,435)	-	-	**1,793**
Issuance of shares upon exercise of warrants (note 15(a))	5,629,449	17,472	(3,520)	-	-	-	**13,952**
Private Placement (note 15(a))	5,450,000	18,846	-	-	-	-	**18,846**
Private Placement (note 15(a))	15,327,000	39,552	9,633	-	-	-	**49,185**
Private Placement (note 15(a))	700,000	3,189	-	-	-	-	**3,189**
Private Placement (note 15(a))	8,487,800	35,008	-	-	-	-	**35,008**
Private Placement (note 15(a))	8,334,450	32,919	-	-	-	-	**32,919**
Private Placement (note 15(a))	479,550	1,405	-	-	-	-	**1,405**
Deferred tax asset on share issue cost (note 19)	-	1,021	-	-	-	-	**1,021**
Issuance of shares on acquisition of exploration and evaluation assets (note 15(a))	100,000	491	-	-	-	-	**491**
Balance December 31, 2017	**207,845,240**	**$ 456,231**	**$ 17,204**	**$ 28,761**	**$ -**	**$ (73,771)**	**$ 428,425**

Attributable equity to owners of the Corporation

	Number of Shares	Share Capital	Warrants	Contributed Surplus	Accumulated other comprehensive income	Deficit and Accumulated Deficit	Total
Balance January 1, 2018	**207,845,240**	**$ 456,231**	**$ 17,204**	**$ 28,761**	**$ -**	**$ (73,771)**	**$ 428,425**
Loss for the year	-	-	-	-	-	(33,996)	**(33,996)**
Stock-based compensation (note 15(d))	-	-	-	13,088	-	-	**13,088**
Issuance of shares upon exercise of stock options (note 15(a))	1,119,984	2,594	-	(894)	-	-	**1,700**
Issuance of shares upon exercise of warrants (note 15(a))	524,235	1,128	(368)	-	-	-	**760**
Expiry of warrants	-	-	(14,425)	14,425	-	-	**-**
Private Placement (note 15(a))	3,823,000	6,139	-	-	-	-	**6,139**
Private Placement (note 15(a))	27,046,031	62,147	-	-	-	-	**62,147**
Private Placement (note 15(a))	9,259,260	24,843	-	-	-	-	**24,843**
Issuance of shares on acqusition of Beaufield Resources Inc (note 5)	7,583,581	24,267	-	-	-	-	**24,267**
Issuance of warrants on acqusition of Beaufield Resources Inc (note 5)	-	-	157	-	-	-	**157**
Issuance of options on acqusition of Beaufield Resources Inc (note 5)	-	-	-	226	-	-	**226**
Deferred tax asset on share issue cost (note 20)	-	3,267	-	-	-	-	**3,267**
Balance December 31, 2018	**257,201,331**	**$ 580,616**	**$ 2,568**	**$ 55,606**	**$ -**	**$ (107,767)**	**$ 531,023**

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

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

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

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

1) Reporting entity

Osisko Mining Inc. ("**Osisko**" or the "**Corporation**") is a Canadian Corporation domiciled in Canada and was incorporated on February 26, 2010 under the Ontario Business Corporations Act. The address of the Corporation's registered office is 155 University Ave, Suite 1440, Toronto, Ontario, Canada. The consolidated financial statements of the Corporation at December 31, 2018 include the Corporation and its subsidiaries, Beaufield Resources Inc. ("Beaufield"), Eagle Hill Exploration Corporation, Ryan Gold Corp., Corona Gold Corporation, Northern Gold Mining Inc., Niogold Mining Corporation, O3 Investments Incorporated and O3 Markets Inc. (together the "Group" and individually as "Group entities"). Subsequent to the year ended December 31, 2018, Osisko amalgamated Beaufield, Eagle Hill Exploration Corporation, Ryan Gold Corp., Corona Gold Corporation, and O3 Investments Incorporated. The Corporation is primarily in the business of acquiring, exploring and developing precious mineral deposits in Canada.

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

2) Basis of preparation

a) Statement of compliance

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

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

b) Functional and presentation currency

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

c) Use of critical estimates and judgements

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

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

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

2) Basis of preparation (continued)

c) Use of critical estimates and judgements (continued)

i) Significant judgments in applying accounting policies

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

Income taxes:

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

Determination of significant influence over equity investments:

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

Impairment of investments in associates:

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

ii) Significant accounting estimates and assumptions

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

Impairment of non-financial assets:

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

2) Basis of preparation (continued)

c) Use of estimates and judgements (continued)

ii) Significant accounting estimates and assumptions (continued)

Fair value of stock options and warrants:

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

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

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

3) Significant accounting policies

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

a) Basis of consolidation

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

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

3) Significant accounting policies (continued)

b) Foreign currency

i) Foreign currency transactions

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

ii) Functional and presentational currency

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

c) Financial instruments

The Corporation adopted IFRS 9 effective January 1, 2018. The Corporation has applied IFRS 9 on a retrospective basis and was not required to restate prior periods. There was no difference between the previous carrying amount and the carrying amount at the date of initial application of IFRS 9.

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

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

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

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

3) Significant accounting policies (continued)

c) Financial instruments (continued)

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

i) Impairment of financial assets

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

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

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

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

d) Exploration and evaluation assets

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

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

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

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

3) Significant accounting policies (continued)

d) Exploration and evaluation assets (continued)

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

e) Equipment

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

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

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

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

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

f) Impairment of non-financial assets

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

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

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

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

3) Significant accounting policies (continued)

g) Financial liabilities and equity

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

h) Financial liabilities at amortized cost

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

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

i) Current and deferred income tax

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

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

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

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

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

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

3) Significant accounting policies (continued)

j) Share capital

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

k) Related party transactions

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

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

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

l) Basic and diluted loss per share

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

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

m) Provisions

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

n) Finance income and finance costs

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

o) Asset retirement obligation

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

3) Significant accounting policies (continued)

p) Asset retirement obligation (continued)

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

q) Flow-through shares

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

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

r) Stock based compensation

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

i) Share option plan

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

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

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

ii) Restricted Share Unit plan

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

3) Significant accounting policies (continued)

r) Stock based compensation (continued)

iii) Deferred Share Unit plan

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

s) Investment in associate

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

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

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

t) Refundable tax credits for mining exploration and evaluation assets

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

4) Changes in IFRS accounting policies and future accounting pronouncements

Certain pronouncements were issued by the IASB or the International Financial Reporting Interpretations Committee that are mandatory for accounting years ending after December 31, 2018. Many are not applicable or do not have a significant impact to the Corporation and have been excluded from the summary below.

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

a) Future Accounting Pronouncements

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

In January 2016, the IASB issued IFRS 16. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. This standard is effective for annual reporting periods on or after January 1, 2019. A lessee can choose to apply IFRS 16 using either a full retrospective or a modified retrospective approach. The Corporation plans to apply IFRS 16 at the date it becomes effective and has selected the modified retrospective transition approach which does not require restatement of comparative periods. The Corporation will recognize a lease liability on January 1, 2019 and measure the lease liability at the present value of the remaining lease payments, discounted using the Corporation's incremental borrowing rate. The Corporation will also elect to measure right-of-use assets at the same value as the lease liability. IFRS 16 includes recognition exemptions available for short-term leases and leases of low-value items. The Corporation will elect to apply the exemptions whereby the Corporation will recognize the lease payment as an expense over the lease term.

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

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

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

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

b) New Accounting Standards Issued and Effective

IFRS 2, "Share-based Payments" ("IFRS 2")

In June 2016, the IASB issued amendments to IFRS 2, clarifying how to account for certain types of share-based payment transactions, including the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, accounting for share-based payment transactions with a net settlement feature for withholding tax obligations, and accounting for modifications to the terms and conditions of a share-based payment that changes the classification of the share-based payment transaction from cash-settled to equity-settled. The IFRS 2 amendments are effective for fiscal year beginning on or after January 1, 2018. The adoption of the amendments did not have a material impact on the consolidated financial statements.

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

b) New Accounting Standards Issued and Effective (continued)

IFRS 15, "Revenue from Contracts with Customers" ("IFRS 15")

In May 2015, the IASB issued IFRS 15. The core principle of the new standard is for companies to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the company expects to be entitled in exchange for those goods or services. The new standard results in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements. This standard was adopted on January 1, 2018 using the modified retrospective approach. The adoption of IFRS 15 did not have a material impact on the consolidated financial statements and there was no transitional adjustment recorded on adoption.

IFRS 9, "Financial Instruments" ("IFRS 9")

In July 2015, the IASB issued IFRS 9 to replace IAS 39 'Financial Instruments: Recognition and Measurement' ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. A new hedge accounting model was introduced and represents a substantial overhaul of hedge accounting which allows entities to better reflect their risk management activities in the financial statements.

This standard was adopted on January 1, 2018 on a retrospective basis without restating comparatives so any cumulative adjustments would be recorded in the opening retained earnings on adoption. The adoption of IFRS 9 did not have a material impact on the consolidated financial statements and there was no transitional adjustment recorded on adoption.

5) Acquisition of Beaufield

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

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

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

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

5) Acquisition of Beaufield (continued)

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

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

6) Reclamation deposit

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

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

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

a) Windfall Lake

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

b) Garrison and Buffonta

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

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

7) Tax recoverable

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

8) Marketable securities

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

The shares in the various public companies are classified as FVTPL and are recorded at fair value using the quoted market price as at December 31, 2018 and are therefore classified as level 1 within the fair value hierarchy.

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

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

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

9) Long-term investment

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

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

10) Expenses

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

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

11) Investment in associates

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

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

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

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

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

11) Investment in associates (continued)

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

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

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

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

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

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

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

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

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

12) Plant and equipment

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

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

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

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

13) Exploration and evaluation assets

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

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

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

13) Exploration and evaluation assets (continued)

a) Windfall Lake Property

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

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

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

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

b) Quévillon Osborne Project

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

c) Urban Barry Property

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

i) Black Dog (formerly "Souart") Property

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

13) Exploration and evaluation assets (continued)

d) Urban Barry Base Metals

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

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

e) Quévillon Osborne Base Metals

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

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

f) James Bay Properties

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

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

13) Exploration and evaluation assets (continued)

f) James Bay Properties (continued)

i) Kan Project

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

ii) Élénore Project

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

iii) Élénore-JV Project

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

g) FCI – Corvette Lithium Project

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

Following the completion of the Exploration Earn-In, the Project will be transferred to a new joint venture entity to be owned 50% by Osisko and 50% by 92 Resources. Osisko and 92 Resources will then enter into a joint venture agreement in respect of the Property. In addition, 92 Resources may earn a further 25% interest in the joint venture entity (for a total interest of 75%) by electing to fund an additional $2,000,000 of project level expenditures (such as a preliminary economic assessment or pre-feasibility study).

13) Exploration and evaluation assets (continued)

h) Urban Duke Property

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

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

i) Élénore Opinaca Property

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

j) Tortigny Property

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

k) Launay Property

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

l) Marban Block Properties

i) Marban Project

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

13) Exploration and evaluation assets (continued)

l) Marban Block Properties (continued)

ii) Malarctic Project

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

iii) Siscoe East Project

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

iv) Héva Project

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

m) Garrison Block Properties

i) Garrcon Project

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

ii) Jonpol Project

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

iii) Buffonta Project

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

iv) Gold Pike Project

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

13) Exploration and evaluation assets (continued)

n) Hemlo Property

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

o) Ogima – Catharine Fault Project

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

p) DeSantis Property

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

q) Swayze Property

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

14) Asset retirement obligation

The Corporation’s asset retirement obligation is estimated based on the Corporation’s site remediation and restoration plan and the estimated timing of the costs to be paid in future years. The total undiscounted amount of cash flows required to settle the Company’s asset retirement obligation is approximately $4,533,000.

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

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

14) Asset retirement obligation (continued)

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

		Amount
Balance January 1, 2017	**$**	**839**
Accretion		11
Change in estimate		2,042
Balance December 31, 2017	**$**	**2,892**
Accretion		33
Change in estimate		703
Balance December 31, 2018	**$**	**3,628**

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

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

15) Capital and other components of equity

a) Share capital – authorized

	Number of Common Shares		Amount
Balance, January 1, 2017	**161,990,656**	**$**	**303,100**
Issuance of shares upon exercise of warrants	5,629,449		17,472
Issuance of shares upon exercise of stock options	1,346,335		3,228
Private placement (net of transaction costs $992,000)	5,450,000		18,846
Private placement (net of transaction costs $2,927,000)	15,327,000		39,552
Private placement (net of transaction costs $297,000)	700,000		3,189
Issuance of shares on acquisition of Quevillion property (net of transaction costs $7,000)	100,000		491
Private placement (net of transaction costs $2,084,000)	8,487,800		35,008
Private placement (net of transaction costs $2,086,000)	8,334,450		32,919
Private placement (net of transaction costs $192,000)	479,550		1,405
Deferred tax asset on share issue cost	-		1,021
Balance December 31, 2017	**207,845,240**	**$**	**456,231**
Issuance of shares upon exercise of warrants (note 15(e))	524,235		1,128
Issuance of shares upon exercise of stock options (note 15(d))	1,119,984		2,594
Deferred tax asset on share issue cost (note 20)	-		3,267
Private placement (net of transaction costs $360,000)	3,823,000		6,139
Private placement (net of transaction costs $3,707,000)	27,046,031		62,147
Private placement (net of transaction costs $157,000)	9,259,260		24,843
Issuance of shares on acquisition of Beaufield Resources Inc (note 5)	7,583,581		24,267
Balance December 31, 2018	**257,201,331**	**$**	**580,616**

15) Capital and other components of equity (continued)

a) Share capital – authorized (continued)

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

On February 28, 2017, the Corporation completed a private placement of 5,450,000 common shares of the Corporation at a price of $5.52 per common share issued as flow-through shares for aggregate gross proceeds of $30,084,000. The flow-through shares were issued at an average premium of $1.88 to the current market price of the Corporation's shares at the day of issue. The premium was recognized as a long-term liability for $10,246,000 with a subsequent pro-rata reduction of the liability recognized as flow-through premium income as the required expenditures are incurred. Flow-through premium income of $nil was recognized for the year ended December 31, 2018 relating to this transaction (2017 - $10,246,000). The transaction costs amounted to $992,000 and have been netted against the gross proceeds on closing.

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

On April 27, 2017, the Corporation completed a private placement of 700,000 common shares of the corporation at a price of $7.15 per common share issued as flow-through shares for gross proceeds of $5,005,000. The flow-through shares were issued at an average premium of $2.17 to the current market price of the Corporation's shares at the day of issue. The premium was recognized as a long-term liability for $1,519,000 with a subsequent pro-rata reduction of the liability recognized as flow-through premium income as the required expenditures are incurred. Flow-through premium income of $nil was recognized for the year ended December 31, 2018 relating to this transaction (2017 - $1,519,000). The transaction costs amounted to $297,000 and have been netted against the gross proceeds on closing.

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

On October 5, 2017, the Corporation completed a private placement of 8,487,000 common shares of the Corporation at an average price of $6.76 per common share issued as flow-through shares for aggregate gross proceeds of $57,360,000. The flow-through shares were issued at an average premium of $2.39 to the current market price of the Corporation's shares at the day of issue. The premium was recognized as a long-term liability for $20,268,000 with a subsequent pro-rata reduction of the liability recognized as flow-through premium income as the required expenditures are incurred. Flow-through premium income of $10,968,000 was recognized for the year ended December 31, 2018 relating to this transaction (2017 - $9,300,000). The transaction costs amounted to $2,084,000 and have been netted against the gross proceeds on closing.

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

15) Capital and other components of equity (continued)

a) Share capital – authorized (continued)

On December 12, 2017, the Corporation completed a private placement of 479,550 common shares of the Corporation at a price of $4.80 per common share issued as flow-through shares for aggregate gross proceeds of $2,302,000. The flow-through shares were issued at a premium of $1.47 to the current market price of the Corporation's shares at the day of issue. The premium was recognized as a long-term liability for $705,000 with a subsequent pro-rata reduction of the liability recognized as flow-through premium income as the required expenditures are incurred. Flow-through premium income of $597,000 was recognized for the year ended December 31, 2018 relating to this transaction (2017 - $108,000). The transaction costs amounted to $192,000 and have been netted against the gross proceeds on closing.

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

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

On September 18, 2018, the Corporation completed a private placement of 27,046,031 common shares of the Corporation at an average price of $2.59 per common share issued as flow-through shares for aggregate gross proceeds of $69,925,000. The private placement was completed in two Tranches. The Tranche One flow-through shares were issued at a premium of $0.29 to the current market price of the Corporation's shares at the day of issue. The premium was recognized as a long-term liability for $3,769,000 with a subsequent pro-rata reduction of the liability recognized as flow-through premium income as the required expenditures are incurred. Flow-through premium income of $1,511,000 was recognized for year ended December 31, 2018 relating to this transaction (2017 - $nil). The transaction costs amounted to $3,707,000 and have been netted against the gross proceeds on closing.

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

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

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

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

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

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

15) Capital and other components of equity (continued)

b) Basic loss per share

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

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

c) Diluted loss per share

The Corporation incurred net losses for each of the years ended December 31, 2018 and 2017, therefore all outstanding stock options and warrants have been excluded from the calculation of diluted loss per share since the effect would be anti-dilutive. These options and warrants could potentially dilute basic earnings per share in the future.

d) Contributed surplus

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

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

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

15) Capital and other components of equity (continued)

d) Contributed surplus (continued)

The following table summarizes the stock option transactions for the years ended December 31, 2018 and 2017:

	Number of stock options		Weighted-average exercise price
Oustanding at January 1, 2017	**12,196,623**	**$**	**1.51**
Granted	6,155,000		3.90
Exercised	(1,346,335)		1.33
Forfeited	(307,504)		3.10
Oustanding at December 31, 2017	**16,697,784**	**$**	**2.37**
Granted	4,911,000		3.27
Exercised	(874,332)		1.30
Forfeited	(720,004)		3.20
Oustanding at December 31, 2018	**20,014,448**	**$**	**2.61**

On January 27, 2017, 3,915,000 stock options were issued to directors, management and employees, at an exercise price of $3.41 for a period of 5 years. The options have been fair valued at $2.75 per option using the Black-Scholes option-pricing model. One third of these options vest immediately with the remaining thirds each vesting on the first and second anniversaries from the date of grant.

On February 3, 2017, 20,000 stock options were issued to an employee, at an exercise price of $3.57 for a period of 5 years. The options have been fair valued at $2.88 per option using the Black-Scholes option-pricing model. One third of these options vest immediately with the remaining thirds each vesting on the first and second anniversaries from the date of grant.

On March 28, 2017, 200,000 stock options were issued to a director, at an exercise price of $4.76 for a period of 5 years. The options have been fair valued at $3.86 per option using the Black-Scholes option-pricing model. One third of these options vest immediately with the remaining thirds each vesting on the first and second anniversaries from the date of grant.

On June 8, 2017, 1,920,000 stock options were issued to management and employees, at an exercise price of $4.79 for a period of 5 years. The options have been fair valued at $3.90 per option using the Black-Scholes option-pricing model. One third of these options vest immediately with the remaining thirds each vesting on the first and second anniversaries from the date of grant.

On August 10, 2017, 50,000 stock options were issued to employees, at an exercise price of $4.75 for a period of 5 years. The options have been fair valued at $3.87 per option using the Black-Scholes option-pricing model. One third of these options vest immediately with the remaining thirds each vesting on the first and second anniversaries from the date of grant.

On November 14, 2017, 50,000 stock options were issued to employees, at an exercise price of $3.78 for a period of 5 years. The options have been fair valued at $3.09 per option using the Black-Scholes option-pricing model. One third of these options vest immediately with the remaining thirds each vesting on the first and second anniversaries from the date of grant.

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

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

15) Capital and other components of equity (continued)

d) Contributed surplus (continued)

On January 11, 2018, 3,740,000 stock options were issued to directors, management and employees, at an exercise price of $3.46 for a period of 5 years. The options have been fair valued at $2.84 per option using the Black-Scholes option-pricing model. One third of these options vest immediately with the remaining thirds each vesting on the first and second anniversaries from the date of grant.

On June 22, 2018, the 500,000 options issued on January 11, 2018, awarded to Mr. John Burzynski, President and Chief Executive Officer of the Corporation, had been amended to vest in equal tranches over a five-year period. The amendment had no impact on the fair value of options granted and the Corporation continued to recognize the expense over the original 2-year vesting period.

On July 27, 2018, 700,000 stock options were issued to management and employees, at an exercise price of $2.56 for a period of 5 years. The options have been fair valued at $1.49 per option using the Black-Scholes option-pricing model. One third of these options vest immediately with the remaining thirds each vesting on the first and second anniversaries from the date of grant.

On October 15, 2018, 200,000 stock options were issued to a consultant, at an exercise price of $2.23 for a period of 5 years. The options have been fair valued at $1.68 per option using the Black-Scholes option-pricing model. One third of these options vest immediately with the remaining thirds each vesting on the first and second anniversaries from the date of grant.

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

On November 9, 2018, 30,000 stock options were issued to employees, at an exercise price of $2.73 for a period of 5 years. The options have been fair valued at $1.80 per option using the Black-Scholes option-pricing model. One third of these options vest immediately with the remaining thirds each vesting on the first and second anniversaries from the date of grant.

The total recognized expense for stock options for the year ended December 31, 2018 was $13,088,000 (2017 - $14,141,000) from which $2,294,000 (2017 - $2,611,000) was capitalized to the Canadian projects.

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

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

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

15) Capital and other components of equity (continued)

d) Contributed surplus (continued)

The following table summarizes information regarding the Corporation's outstanding and exercisable stock options as at December 31, 2018:

	Options outstanding			Options exercisable		
Range of exercise prices per share ($)	Weighted-average remaining years of contractual Life	Number of stock options outstanding	Weighted average exercise price ($)	Weighted-average remaining years of contractual life	Number of stock options exercisable	Weighted average exercise price ($)
0.60 to 1.12	2.1	4,266,993	$1.04	2.1	4,266,993	$1.04
1.13 to 1.71	1.7	3,551,823	$1.20	1.7	3,551,823	$1.20
1.72 to 3.21	3.5	2,372,121	$2.63	3.0	1,695,439	$2.75
3.22 to 3.45	3.1	3,731,666	$3.41	3.1	2,593,328	$3.41
3.45 to 4.79	3.6	5,976,165	$3.98	3.3	2,884,483	$4.23
4.80 to 6.23	1.8	115,680	$6.23	1.8	115,680	$6.23
0.48 to 6.23	**2.8**	**20,014,448**	**$2.61**	**2.5**	**15,107,746**	**$2.32**

e) Warrants

i. One-for-one warrants

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

	Number of warrants	Weighted-average exercise price
Outstanding as at January 1, 2017	**7,240,854**	**$ 1.62**
Granted	15,327,000	5.00
Exercised	(3,355,955)	1.53
Outstanding at December 31, 2017	**19,211,899**	**$ 4.33**
Issuance of warrants on acquisition of Beaufield Resources (note 5)	154,240	2.39
Exercised	(520,800)	1.44
Expired (note 15(a))	(15,197,540)	5.00
Outstanding at December 31, 2018	**3,647,799**	**$ 1.89**

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

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

15) Capital and other components of equity (continued)

e) Warrants (continued)

i. One-for-one warrants (continued)

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

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

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

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

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

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

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

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

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

15) Capital and other components of equity (continued)

e) Warrants (continued)

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

	Number of warrants	Weighted-average exercise price
Outstanding as at January 1, 2017	**130,631,300**	**$ 0.15**
Exercised	(5,469,880)	0.15
Outstanding at December 31, 2017	**125,161,420**	**$ 0.15**
Exercised	(68,700)	0.15
Expired	(125,092,720)	0.15
Outstanding at December 31, 2018	**-**	**$ -**

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

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

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

16) Deferred Share Unit and Restricted Share Unit Plans

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

The following table summarizes information regarding the Corporation’s outstanding and exercisable DSUs and RSUs as at December 31, 2018:

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

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

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

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

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

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

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

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

17) Related party transactions

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

During the year ended December 31, 2018, management fees, geological services, rent and administration fees of $1,849,000 (2017 - $1,487,000) were incurred with Osisko Gold Royalties Ltd ("Osisko GR"), a related company of the Corporation by virtue of Osisko GR owning or controlling, directly or indirectly, greater than 10% of the issued and outstanding common shares of the Corporation. Also, Mr. John Burzynski, President and Chief Executive Officer of the Corporation, as well as Mr. Sean Roosen, Chairman of the board of directors of the Corporation, serve as directors and/or senior officers of Osisko GR. Accounts payable to Osisko GR as at December 31, 2018 were $134,000 (2017 - $276,000). During the year ended December 31, 2018, management fees, geological services, rent and administration fees of $132,000 (2017 - $879,000) were charged to Osisko GR by the Corporation. Accounts receivable from Osisko GR as at December 31, 2018 were $79,000 (2017 - $195,000).

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

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

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

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

18) Capital risk factors

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

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

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

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

19) Financial instruments

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

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

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

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

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

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

Financial risk factors

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

19) Financial instruments (continued)

a) Credit risk

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

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

b) Liquidity risk

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

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

c) Commodity price risk

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

d) Market risk

i) Interest rate risk

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

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

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

20) Income taxes

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

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

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

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

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

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

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

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

20) Income taxes (continued)

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

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

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

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

21) Commitments

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

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

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

On October 5, 2016, the Corporation closed an earn-in agreement with Osisko GR whereby the Corporation may earn a 100% interest in 28 of in Osisko GR's exploration properties upon incurring exploration expenditures totaling $32,000,000 over a 7-year period, of which $5,000,000 must be completed within one year. The earn-in agreement was amended on February 16, 2017, to carve out the Kan Project (note 13(i)), and instead of $5,000,000, $4,062,000 must be completed prior to December 31, 2017. The earn-in agreement was amended again on December 15, 2017 to extend the deadline of spending $4,062,000 to December 31, 2018. As of December 31, 2018, the Corporation has completed all required spending.

As of December 31, 2018, the Corporation has the following flow-through funds to be spent by December 31, 2019:

Closing Date of Financing	Province	Remaining Flow-through Funds
September 18, 2018	Québec	55,084
Total		**$ 55,084**

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

22) Subsequent events

On January 17, 2019, 1,755,000 stock options were issued to management, at an exercise price of $2.76 for a period of 5 years. The options have been fair valued at $1.83 per option on average using the Black-Scholes option pricing model. One third of these options vest on the first anniversary from the date of grant, with the remaining thirds each vesting on the second and third anniversaries from the date of grant.

On January 17, 2019, 400,000 DSU were issued to directors. Each DSU has been fair valued at $2.76 at the Corporation's closing share price before the date of grant. The DSUs vest immediately on the date of grant.

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

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

OSISKO MINING INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2018

This discussion and analysis (this "MD&A") is management's assessment of the results and financial condition of Osisko Mining Inc. ("Osisko" or the "Corporation") and should be read in conjunction with the Corporation's audited financial statements for the years ended December 31, 2018 and 2017 and the notes thereto. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (the "IASB"). This MD&A and the related financial statements are available under Osisko's issuer profile on SEDAR (www.sedar.com) and on Osisko's website (www.osiskomining.com).

Management is responsible for the preparation of the financial statements and this MD&A. All dollar figures in this MD&A are expressed in Canadian dollars, unless stated otherwise.

This MD&A contains forward-looking statements and should be read in conjunction with the risk factors described in the "*Risks and Uncertainties*" and the "*Cautionary Note Regarding Forward-Looking Information*" sections at the end of this MD&A.

This MD&A has been prepared as of March 6, 2019.

Technical Information

Information relating to the updated mineral resource estimate for Lynx is supported by the press release titled "Osisko releases Mineral Resource Update for Lynx" dated of November 27, 2018 with an effective date of November 27, 2018 (the "Lynx Zone Resource Estimate"). The Lynx Zone Resource Estimate was (i) prepared by Judith St-Laurent, P.Geo (OGQ #1023)., B.Sc., of Osisko Mining and (ii) reviewed and approved by Charley Murahwi, M.Sc, P.Geo., FAusIMM, each of whom is a "qualified person" within the meaning of National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101"). Mr. Murahwi is an employee of Micon International Limited and is considered to be "independent" of Osisko for purposes of section 1.5 of NI 43-101. The interim update used the same methodology (key assumptions, parameters and methods) as the Technical Report and Mineral Resource Estimate – Windfall Lake Project, Windfall Lake and Urban-Barry Properties, which is available on SEDAR (www.sedar.com) under Osisko's issuer profile.

Information relating to the preliminary economic assessment for the Windfall Project and the Quévillon Osborne-Bell Project is supported by the technical report titled "NI 43-101 Technical Report Preliminary Economic Assessment for the Windfall Project" dated of August 1, 2018 with an effective date of July 12, 2018 (the "Windfall PEA") prepared by BBA Inc., which included contributions from the geological and engineering teams at InnvoExplo Inc., Golder Asssociates Ltd, BBA Inc., WSP Canada Inc. and SNC-Lavalin Inc. Reference should be made to the full text of the Windfall PEA, which has been filed with Canadian securities regulatory authorities pursuant to NI 43-101 and is available for review on SEDAR (www.sedar.com) under Osisko's issuer profile.

Information relating to the Windfall Project mineral resource estimate is supported by the technical report titled "Technical Report and Mineral Resource Estimate – Windfall Lake Project, Windfall Lake and Urban-Barry Properties" dated of June 12, 2018 with an effective date of May 14, 2018 (the "Windfall Resource Estimate") prepared under the supervision of Judith St-Laurent, P.Geo. B.Sc., (OGQ No. 1023, APGO No. 1174), Stéphane Faure, P.Geo, PhD. (OGQ No. 306, APGO No. 2662, NAPEG No. L3536) from InnovExplo Inc. and Jorge Torrealba, P.Eng., Ph.D. (APEGNB No. M7957) from BBA Inc (the "Windfall Technical Report"). Reference should be made to the full text of the Windfall Lake Project Technical Report, which has been filed with Canadian securities regulatory authorities pursuant to NI 43-101 and is available for review on SEDAR (www.sedar.com) under Osisko's issuer profile.

Information relating to the Quévillon Osborne-Bell Project is supported by the technical report titled "Technical Report and Mineral Resource Estimate – Osborne-Bell Gold Deposit, Quévillon Property" dated of April 23, 2018 with an effective date of March 2, 2018 (the "Quévillon Resource Estimate") prepared under the supervision of Pierre-Luc Richard, M.Sc., P.Geo (OGQ No. 1119, APGO No. 1174) and Stéphane Faure, PhD, P.Geo (OGQ No. 306, APGO No. 2662, NAPEG No. L3536) from InnovExplo Inc. (the "Osborne-Bell Technical Report"). Reference should be made to the full text of the Osborne-Bell Technical Report, which has been filed with Canadian securities regulatory authorities pursuant to NI 43-101 and is available for review on SEDAR (www.sedar.com) under Osisko's issuer profile.

Information relating to the Garrison Project is supported by the Garrison mineral resource estimate with an effective date of February 19, 2019 (the "Garrison Resource Estimate"), which has been prepared by RockRidge, from Vancouver, British Columbia, and has been reviewed and audited by Micon International Limited, Toronto, Ontario. The Garrison Resource Estimate was prepared under the direction of B. Terrence Hennessey, P.Geo. (APGO No. 0038), who is a “qualified person” within the meaning of NI 43-101. Mr. Hennessey is an employee of Micon International Limited and is considered to be “independent” of Osisko for purposes of section 1.5 of NI 43-101. Reference should be made to the full text of the technical report, which is being prepared in accordance with NI 43-101 and will be available for review on SEDAR (www.sedar.com) under Osisko’s issuer profile within 45 days of the effective date.

This MD&A uses the terms measured, indicated and inferred resources as a relative measure of the level of confidence in the resource estimate. Readers are cautioned that mineral resources are not economic mineral reserves and that the economic viability of resources that are not mineral reserves has not been demonstrated. The estimate of mineral resources may be materially affected by geology, environmental, permitting, legal, title, socio-political, marketing or other relevant issues. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to an indicated or measured mineral resource category. The mineral resource estimate is classified in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum's "*CIM Definition Standards on Mineral Resources and Mineral Reserves*" incorporated by reference into NI 43-101. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or pre-feasibility studies or economic studies except for a preliminary economic assessment as defined under NI 43-101. Readers are cautioned not to assume that further work on the stated resources will lead to mineral reserves that can be mined economically.

Mr. Mathieu Savard, P.Geo. B.Sc., Vice President of Exploration Québec of Osisko, is a "qualified person" (as defined in NI 43-101) and has reviewed and approved the technical information in this MD&A with respect to all the Corporation's properties in Québec, including the Windfall Property, Quévillon Osborne-Bell Property, James Bay Properties and the Marban Block Project.

Ms. Alexandria Marcotte, P.Geo., Vice President of Project Co-ordination of Osisko, is a "qualified person" (as defined in NI 43-101) and has reviewed and approved the technical information in this MD&A with respect to all the Corporation's properties in Ontario, including the Garrison Project.

DESCRIPTION OF BUSINESS

The Corporation was incorporated on February 26, 2010, under the *Business Corporations Act* (Ontario). The Corporation's focus is the exploration and development of precious metals resource properties in Canada. Currently, the Corporation is exploring in Ontario and Québec, and looking for new opportunities to enhance shareholder value.

UPDATES DURING THE YEAR AND SUBSEQUENT TO THE YEAR

Corporate Development and Acquisitions:

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

- On February 19, Osisko announced the Garrision Resource Estimate for its 100% owned Garrison Project, located in the Abitibi greenstone belt, Garrison Township, Ontario. The technical report is being prepared in accordance with NI 43-101 and will be available for review on SEDAR (www.sedar.com) under Osisko’s issuer profile and on Osisko’s website (www.osiskomining.com) within 45 days of the effective date.

- On January 1, 2019, Osisko amalgamated the Corporation with five wholly owned subsidiaries of Osisko, which included Beaufield Resources Inc. ("Beaufield"), Eagle Hill Exploration Corporation, Ryan Gold Corp., Corona Gold Corporation, and O3 Investments Incorporated.

- On December 18, 2018, Osisko announced the preliminary results from its Zone 27 bulk sampling at its 100% owned Windfall Project located in the Abitibi greenstone belt, Urban Township, Eeyou Istchee James Bay, Québec.

- On November 27, 2018, Osisko announced the results from its mineral resource update on the Lynx Zone at its 100% owned Windfall Project located in the Abitibi greenstone belt, Urban Township, Eeyou Istchee James Bay, Québec. The updated Lynx Zone Resource Estimate was filed on November 27, 2018.

- On October 19, 2018, the Corporation completed its previously announced acquisition of Beaufield, pursuant to which Osisko acquired all the common shares of Beaufield that it did not already own by way of a court approved plan of arrangement under the provision of the *Canada Business Corporations Act* (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 immediate prior to the effective time of the Beaufield Arrangement. In addition, under the Beaufield Arrangement, 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, based on, and subject to, the terms of such options and warrants of Beaufield, as adjusted by the plan of arrangement.

- On October 10, 2018, Osisko announced, together with Osisko Gold Royalties Ltd. ("Osisko GR") and Osisko Metals Incorporated ("Osisko Metals"), the creation of the "*Osisko Field Education Fund"* in collaboration with the Earth Sciences Department at the University of New Brunswick. Together the three companies have committed to donate a total of $250,000 to the program over the next five years.

- On July 17, 2018, Osisko announced positive results from the Windfall PEA on its 100% owned Windfall Project located in the Abitibi greenstone belt, Urban Township, Eeyou Istchee James Bay, Québec, and its 100% owned Quévillon Osborne-Bell Project, located 17 kilometres northwest of the town of Lebel-sur-Quévillon, Québec. The Windfall PEA was filed on August 1, 2018.

- On May 14, 2018, Osisko announced a mineral resource estimate for its 100% owned Windfall gold deposit, located in the Abitibi greenstone belt, Urban Township, Eeyou Istchee James Bay, Québec. The related Windfall Resource Estimate was filed on June 12, 2018.

- On March 28, 2018, Osisko signed an option agreement with Osisko Metals pursuant to which Osisko Metals can earn a 50% interest in the Urban-Barry Base Metals Project by funding an aggregate of $5 million in exploration expenditures over a four-year period. Osisko would retain a 100% interest in all precious metals on the claims covered in the agreement.

- On March 15, 2018, Osisko provided the Quévillon Resource Estimate for its 100% owned Quévillon Osborne-Bell Gold Deposit, located 15 kilometres northwest of the town of Lebel-sur-Quévillon, Québec. This estimate is the result of 927 drill holes (279,925 metres of drilling) completed by previous operators of the project since 1994, including 50 drill holes that were completed after the last resource estimate published in 2012, and four new drill holes completed by Osisko in December 2017. The related Osborne-Bell Resource Estimate was filed on April 23, 2018.

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

- On February 8, 2018, Osisko provided an update on the progress of exploration at its 100% owned Windfall, Urban Barry and Quévillon Osborne-Bell projects located in the Abitibi greenstone belt, Eeyou Istchee James Bay, Québec.

Financings:

- On November 5, 2018, Osisko announced, further to its announcement on October 30, 2018, the completion of a private placement with la Caisse de dépôt et placement du Québec pursuant to which la Caisse de dépôt et placement du Québec acquired 9,259,260 common shares of the Corporation at a price of $2.70 per share for aggregate gross proceeds of approximately $25 million.

- On September 18, 2018, Osisko announced, further to its announcements on August 15, 2018 and August 16, 2018, the completion of a "bought deal" brokered private placement of (i) an aggregate of 27,046,031 common shares of the Corporation that will qualify as "flow-through shares" ("Flow-Through Shares") for aggregate gross proceeds of approximately $69.9 million, and (ii) an aggregate of 3,823,000 common shares of the Corporation at an issue price of $1.70 per common share for aggregate gross proceeds of approximately $6.5 million, including the exercise in full of the underwriters' option. The Flow-Through Shares were issued in two tranches, whereby the first tranche consisted of 14,035,088 Flow-Through Shares at an issue price of $2.85 per "tranche one" Flow-Through Share and the second tranche consisted of 13,010,943 "tranche two" Flow-Through Shares at an issue price of $2.30 per Flow-Through Share. The total proceeds of the offering were approximately $76.4 million.

Exploration Highlights:

Overall Performance

During the year ended December 31, 2018, the Corporation spent approximately $113 million on exploration and evaluation assets, mostly on the Windfall, Quévillon Osborne-Bell and Urban Barry properties and $13.8 million on general and administration expenses including salaries, benefits and severances. As at December 31, 2018, the Corporation had drilled approximately 179,870 metres on the Windfall Property, 7,302 metres on the Urban Barry Property and 33,976 metres on the Quévillon Osborne-Bell Property.

Based on current technical reports, the Corporation has four main deposits that contain an aggregate of 3.91 million ounces of global resources in the measured and indicated mineral resource categories and an aggregate of 3.50 million ounces of global resources in the inferred mineral resource category. On April 23, 2018, the Corporation filed the Osborne-Bell Resource Estimate, which added 510,000 ounces of gold to the inferred mineral resource category. On June 12, 2018, the Corporation filed the Windfall Resource Estimate, which added 601,000 ounces of gold to the indicated mineral resource category and 2,284,000 ounces of gold to the inferred mineral resource category on the Windfall Project. On August 1, 2018, the Corporation filed the Windfall PEA with an after-tax internal rate of return ("IRR") of 33% and after-tax net present value ("NPV") of $413 million, based only on the conservative grade estimates used in the preliminary mineral resource estimate at Windfall. According to the Windfall PEA, the project will commence with a 3,200 tonne per day long hole mining approach, focused on extracting large panels with minimum widths varying from 3.5 metres to 4.0 metres and minimum height of 20 metres. While this study focuses only on the larger zones of mineralization, further detailed modelling will be applied to subsequent studies to capture the bulk of the mineral resource contained in the Windfall Resource Estimate and Osborne-Bell Resource Estimate. The down plunge extensions of Underdog, Lynx Zone, Zone 27, Bobcat Zone, and Triple 8 discoveries were not included in this study, as resource definition drilling in these areas are still in progress. These areas are expected to be included in the feasibility work in 2019. On November 27, 2018, the Corporation released the Lynx Zone Resource Estimate which increased the Windfall indicated mineral resource category to 754,000 ounces of gold and the Windfall inferred mineral resource category to 2,366,000 ounces of gold. On December 18, 2018, the Corporation released preliminary results from its Zone 27 bulk sampling. 2,078 tonnes of the planned 5,000 tonnes have been mined and an average head grade of 9.7 g/t Au and 5.5 g/t Ag was obtained. On February 19, 2019, the Corporation released the Garrison Resource Estimate, which added approximately 370,000 ounces of gold to the measured and indicated mineral resource categories.

The Corporation has active ongoing drill programs, which began in 2015 and have continued and evolved in scope in 2017 and 2018, consisting of approximately 800,000 metres of drilling on the Windfall Property and 90,000 metres of drilling on the Garrison Properties for a combined total drilling campaign of 890,000 metres. In addition, 36,700 metres of drilling was completed on the Quévillon Osborne-Bell Project in 2018. The drilling campaign is expected to resume in 2019 with an additional 21,000 metres. Management believes these fundamental elements provide a solid base necessary to build a mining company that will provide growing value to its shareholders over time. See the table in Section 2 – "*Mineral Resources*" of this MD&A for the grade and quantity of each category of mineral resources included in the foregoing disclosure.

a) Windfall, Urban Barry and Quévillon Osborne-Bell Properties

The Windfall gold deposit is located between Val-d'Or and Chibougamau in the Abitibi greenstone belt, Urban Township, Eeyou Istchee James Bay, Québec. The Windfall gold deposit is currently one of the highest-grade resource-stage gold projects in Canada. The bulk of the mineralization occurs in several southwest/northeast trending zone measuring approximately 600 metres wide and at least 2,500 metres long. The deposit has been traced from surface to a depth of 1,200 metres and remains open along strike and at depth.

On October 11, 2018, Osisko announced that the Windfall exploration ramp achieved access to Zone 27, wireframe 115, selected for the initial 5,000 tonne bulk sample. The mineralized zone is strongly silicified with sulfides and contains local visible gold. The geology observed compares very well with the anticipated zone predicted by drilling and geological models. The exploration ramp also encountered a mineralized section containing local visible gold in wireframe 101 immediately prior to achieving the targeted 115 wireframe bulk sample area.

In May 2018, Osisko commenced two deep exploration drill holes ("Deep Underdog" and "Deep Lynx") to investigate the potential for depth extensions of the Lynx and Underdog mineralized zones, as well as to further test the intrusion-related geological model for the Windfall deposit at depths of approximately 2,000 metres to 2,500 metres from surface.

New drilling has confirmed and expanded management's understanding of the Triple 8 discovery. Wedge hole OSK-W-18-1603-W2 intersected a zone of sericite and silica alteration over 85 metres containing sulfides and zones of gold mineralization from approximately 1,485 metres to approximately 1,570 metres downhole. This alteration zone includes two significant gold bearing intervals located between approximately 1,510 to 1,554 metres downhole. The new wedge extends the Triple 8 Zone by 50 metres to the south from the discovery hole OSK-W18-1603. Triple 8 geometry is still being interpreted, however the zone appears to remain open in all directions. Previously drilled wedge OSK-W-18-1603-W1 intersected a fault zone and porphyritic intrusive in the anticipated Triple 8 area.

On January 16, 2019, Osisko announced new drill results which confirmed and expanded on the initial discovery of the Triple 8 Zone (see Osisko news releases dated July 11, 2018 and September 13, 2018). Drill hole OSK-W-18-1783 tested the continuity at the mid-point between OSK-W-18-1603 (Triple 8 discovery hole) and gold mineralization intersected in a similar setting in OSK-W-18-1616-W1 (see Osisko news release dated August 7, 2018).

OSK-W-18-1783 encountered three distinct altered intervals between 1,819 metres and 1,945 metres downhole, each averaging approximately 10 metres in width. Significant results from the three gold bearing intervals include 38.4 g/t Au over 2.0 metres and 16.0 g/t Au over 2.3 metres. Geometry is still being interpreted, although management believes that mineralization is open in all directions. Sericite and silica alteration are hosted within an andesite and gabbro package, surrounded by peripheral chlorite – biotite +/- garnet alteration (identical to that encountered in the Triple 8 discovery hole 350 metres to the north, and in hole OSK-W-1616-W1, 400 metres to the south). The mineralized intervals contain disseminated and stringer pyrite with local visible gold, and trace pyrrhotite and chalcopyrite.

On June 12, 2018, Osisko filed the Windfall Resource Estimate, which is a mineral resource estimate for its 100% owned Windfall gold deposit, located in the Abitibi greenstone belt, Urban Township, Eeyou Istchee James Bay, Québec. This mineral resource estimate is the result of 1,453 drill holes (596,733 metres) in the resource area completed by previous operators on the project since 1997 and includes 812 new drill holes (413,692 metres) completed by Osisko from October 2015 to March 5, 2018. Drilling continues at the Windfall gold deposit, and results disclosed by Osisko since March 5, 2018 (representing 131 drill holes and approximately 40,000 metres of infill and extension holes principally in the Lynx Zone and the Underdog Zone) were not incorporated in this mineral resource estimate. Mineral resource estimate for the Windfall Lake Project, Windfall Lake and Urban Barry Properties has been prepared by Ms. Judith St-Laurent, P.Geo, B.Sc., and Stéphane Faure, P.Geo, Ph.D. both from Innov-Explo Inc. from Val-d'Or, Québec and Jorge Torrealba, P.Eng., Ph.D. from BBA Inc. The technical report, filed in accordance with NI 43-101, is available on SEDAR (www.sedar.com) under Osisko's issuer profile.

On April 23, 2018, Osisko filed the Quévillon Resource Estimate, which is a mineral resource estimate for its 100% owned Osborne-Bell Gold Deposit, located 15 kilometres northwest of the town of Lebel-sur-Quévillon, Québec. This mineral resource estimate is the result of 927 drill holes (279,925 metres of drilling) completed by previous operators of the project since 1994, including 50 drill holes that were completed after the last resource estimate was published in 2012, and 4 new drill holes that were completed by Osisko in December 2017. The Osborne-Bell mineral resource estimates has been prepared by Mr. Pierre-Luc Richard, P.Geo., M.Sc, and the related technical reports were prepared in accordance with NI 43-101 and are available on SEDAR (www.sedar.com) under Osisko's issuer profile.

Following the release of the Windfall Resource Estimate and Osborne-Bell Resource Estimate, the Windfall PEA was summarized in a press release, which outlined the strong potential base-case for significant and profitable new gold production in Québec combining the Windfall Lake Gold Deposit and the Osborne-Bell Gold deposit all process in a facility located near Lebel-sur-Quévillon.

*Highlights of the Windfall PEA**

Base case: Gold price US$1,300/oz, Silver price US$17.00/oz, Exchange rate C$1.00 = US$0.78	
IRR after taxes and mining duties	32.7%
NPV after taxes and mining duties	C$413.2 million
Pre-Production Construction costs (including C$51.8 M contingency)	C$397.3 million
Peak-year payable production	248,000 oz
Average LOM payable production	218,000 oz
Net gold recovery	92.4%
Average diluted gold grade	6.7 g/t Au
Life of mine (LOM)	8.1 years
Total ore material mined	8,914,000 tonnes
Contained gold in mined resource	1,915,000 oz
Payable gold LOM	1,769,000 oz
Payable silver LOM	577,000 oz
All-in Sustaining Costs net of by-product credits and royalties over LOM	US$704.00/oz
Estimated All-in cost (CAPEX plus OPEX)	US$879.00/oz
Total unit operating cost	C$126.47/ tonne milled
Gross revenue	C$2.96 billion
Operating cash flow	C$1.12 billion
Mine start-up/Full production	Q2 2022/Q3 2022
NPV before taxes and mining duties	C$625.4 million
IRR before taxes and mining duties	39.7%

**Cautionary Statement: The reader is advised that the Windfall PEA highlights is intended to provide only an initial, high-level review of the project potential and design options. The Windfall PEA mine plan and economic model include numerous assumptions and the use of inferred mineral resources. Inferred mineral resources are considered to be too speculative to be used in an economic analysis except as allowed for by NI 43-101 in preliminary economic assessment studies. There is no guarantee that inferred mineral resources can be converted to indicated mineral resources or measured mineral resources, and as such, there is no guarantee the project economics described herein will be achieved.*

The realized project is expected to have a significant impact in the James Bay region, with the potential of generating over C$3 billion of gross revenue and contributing approximately 350 permanent jobs during the production phase and an additional 480 during the construction period.

On November 27, 2018, Osisko released the Lynx Zone Resource Estimate at its 100% owned Windfall gold deposit, located in the Abitibi greenstone belt, Urban Township, Eeyou Istchee James Bay, Québec. This updated mineral resource estimate includes 138 infill drill holes (107,366 metres) completed in the Lynx Zone between March 6, 2018 and October 27, 2018. Results from Lynx since October 28, 2018 are not incorporated in this updated mineral resource estimate. Drilling continues at the Windfall gold deposit with results continuing to be disclosed by Osisko.

The Lynx Zone Resource Estimate has been prepared by Ms. Judith St-Laurent, P.Geo, B.Sc., from Innov-Explo Inc. from Val-d'Or, Québec and Charley Murahwi, P.Geo, M. Sc, FAusIMM from Micon International Limited from Toronto, Ontario. No technical report was filed since it was not considered as a material change for the Windfall Resource Estimate in accordance with NI 43-101.

Mineral Resource Estimates

Windfall Resource Estimate and Lynx Zone Resource Estimate

On June 12, 2018, the Corporation filed the Windfall Resource Estimate which included results disclosed by Osisko up to March 5, 2018. On November 27, 2018, the Corporation filed the Lynx Zone Resource Estimate which included results disclosed by Osisko between March 6, 2018 and October 28, 2018. Both the original Windfall Resource Estimate as well as the Lynx Zone Resource Estimate are included in the table below.

	Indicated			Inferred		
Zone (2)	Tonnes (000 t) (12)	Grade (g/t)	Ounces Au (12) (000 oz)	Tonnes (12) (000 t)	Grade (g/t)	Ounces Au (12) (000 oz)
Lynx	1,746	8.13	456	2,005	9.70	625
Zone 27	628	8.69	175	852	7.28	199
Caribou	318	7.12	73	2,767	5.80	516
Underdog	147	9.00	43	4,381	6.77	955
Other	34	6.58	7	348	6.37	71
Total	**2,874**	**8.17**	**754**	**10,352**	**7.11**	**2,366**

Lynx Zone Resource Estimate notes:

1. *The independent "qualified person", as defined by NI 43 101, are Judith St-Laurent, P. Geo, of InnovExplo Inc. and Charley Murahwi, P.Geo, M. Sc, FAusIMM of Micon International Limited. The effective date of the Windfall Resource Estimate is May 14, 2018. The effective date of the updated Lynx Zone Estimate is November 27, 2018.*
2. *The Windfall Resource Estimate and the Lynx Zone Resource Estimate are compliant with CIM standards and guidelines for reporting mineral resources and reserves.*
3. *Resources are presented undiluted and in situ and are considered to have reasonable prospects for eventual economic extraction.*
4. *The mineral resource estimates encompass a total of 126 tabular, subvertical gold-bearing domains each defined by individual wireframes with a minimum true thickness of 2.0 m.*
5. *Samples were composited within the mineralization domains into 2.0 m length composites. A value of zero grade was applied in cases of core not assayed.*
6. *High grade capping was done on composite data, and established using a statistical analysis on a per-zone basis for gold. Capping varied from 15 g/t Au to 75 g/t Au and was applied using a four-step capping strategy where capping values decreased as interpolation distances increased.*
7. *Density values were applied on the following lithological basis (t/m^3): mafic volcanic host rocks varied from 2.78 to 2.86; felsic volcanic host rocks varied from 2.76 to 2.77; porphyries varied from 2.70 to 2.83.*
8. *Ordinary Kriging (OK) based interpolation was used for the estimation of all zones of the Windfall Lake gold deposit except for the Underdog zone where an Inverse Distance Squared (ID^2) interpolation was preferred due to the larger drill spacing and smaller density of drill holes informing the mineralization wireframes. All estimates are based on a block dimension of 5 m NE, 2 m NW and 5 m height and estimation parameters determined by variography.*
9. *Estimates use metric units (metres, tonnes and g/t). Metal contents are presented in troy ounces (metric tonne x grade / 31.10348).*
10. *Neither InnovExplo Inc. nor Micon International Limited are aware of any known environmental, permitting, legal, title-related, taxation, socio-political or marketing issues, or any other relevant issue not reported in the technical report that could materially affect the mineral resource estimate.*
11. *These mineral resources are not mineral reserves as they do not have demonstrated economic viability. The quantity and grade of reported Inferred resources in this mineral resource estimate are uncertain in nature and there has been insufficient exploration to define these Inferred resources as Indicated or Measured, and it is uncertain if further exploration will result in upgrading them to these categories.*
12. *The number of metric tonnes and ounces was rounded to the nearest thousand. Any discrepancies in the totals are due to rounding effects; rounding followed the recommendations in Form 43 101F1.*

Windfall Resource Estimate Note:

1. *The independent "qualified person" of the 2018 MRE, as defined by NI 43 101, is Judith St-Laurent, P. Geo, of InnovExplo Inc. The effective date of the estimate is May 14, 2018.*
2. *The Windfall Lake mineral resource estimate is compliant with CIM standards and guidelines for reporting mineral resources and reserves.*
3. *Resources are presented undiluted and in situ and are considered to have reasonable prospects for eventual economic extraction.*
4. *The mineral resource estimate encompasses a total of 124 tabular, subvertical gold-bearing domains each defined by individual wireframes with a minimum true thickness of 2.0 m.*

5. Samples were composited within the mineralization domains into 2.0 m length composites. A value of zero grade was applied in cases of core not assayed.
6. High grade capping was done on composite data, and established using a statistical analysis on a per-zone basis for gold. Capping varied from 15 g/t Au to 75 g/t Au and was applied using a four-step capping strategy where capping values decreased as interpolation distances increased.
7. Density values were applied on the following lithological basis (t/m^3): mafic volcanic host rocks varied from 2.78 to 2.86; felsic volcanic host rocks varied from 2.76 to 2.77; porphyries varied from 2.70 to 2.83.
8. Ordinary Kriging (OK) based interpolation was used for the estimation of all zones of the Windfall Lake gold deposit except for the Underdog Zone where an Inverse Distance Squared (ID^2) interpolation was preferred due to the larger drill spacing and smaller density of drill holes informing the mineralization wireframes. All estimates are based on a block dimension of 5 m NE, 2 m NW and 5 m height and estimation parameters determined by variography.
9. Estimates use metric units (metres, tonnes and g/t). Metal contents are presented in troy ounces (metric tonne x grade / 31.10348).
10. InnovExplo is not aware of any known environmental, permitting, legal, title-related, taxation, socio-political or marketing issues, or any other relevant issue not reported in the technical report,that could materially affect the mineral resource estimate.
11. These mineral resources are not mineral reserves as they do not have demonstrated economic viability. The quantity and grade of reported Inferred resources in this mineral resource estimate are uncertain in nature and there has been insufficient exploration to define these Inferred resources as Indicated or Measured, and it is uncertain if further exploration will result in upgrading them to these categories.
12. The number of metric tonnes and ounces was rounded to the nearest thousand. Any discrepancies in the totals are due to rounding effects; rounding followed the recommendations in Form 43 101F1.

Quévillon Resource Estimate

Cut-off grade	Tonnes (T)(9)	Grade (g/t)	Ounces Au(12)
> 6.00 g/t Au	883,000	9.77	277,000
> 5.00 g/t Au	1,273,000	8.44	346,000
> 4.00 g/t Au	1,816,000	7.26	424,000
> 3.50 g/t Au	2,156,000	6.70	465,000
> 3.00 g/t Au	2,587,000	6.13	510,000
> 2.50 g/t Au	3,166,000	5.51	560,000

Quévillon Resource Estimate notes:

1. Resources are presented undiluted and in situ and are considered to have reasonable prospects for economic extraction.
2. The estimate encompasses nine tabular gold-bearing zones each defined by individual wireframes with a minimum true thickness of 2 metres.
3. High grade capping was done on composite data and established on a per zone basis for gold. It varies from 25 g/t Au to 55 g/t Au.
4. Density values were applied on the following lithological basis (g/cm3): volcanic host rocks = 2.80; late barren dykes and Beehler stock = 2.78; Zebra felsic unit = 2.72.
5. Grade model resource estimation was evaluated from drill hole data using an Ordinary Kriging interpolation method on a block model using a block size of 2.5 metres x 2.5 metres x 2.5 metres.
6. The mineral resources presented herein are categorized as inferred. The inferred category is only defined within the areas where drill spacing is less than 100 metres and shows reasonable geological and grade continuity.
7. The resource was estimated using Geovia GEMS 6.8. The estimate is based on 931 surface diamond drill holes. A minimum true thickness of 2.0 metres was applied, using the grade of the adjacent material when assayed, or a value of zero when not assayed.
8. Estimates use metric units (metres, tonnes and g/t). Metal contents are presented in troy ounces (metric tonne x grade / 31.10348).
9. The number of metric tonnes was rounded to the nearest thousand. Any discrepancies in the totals are due to rounding errors.
10. InnovExplo is not aware of any known environmental, permitting, legal, title-related, taxation, socio-political or marketing issues, or any other relevant issue not reported in the Technical Report that could materially affect the Mineral Resource Estimate.
11. These mineral resources are not mineral reserves as they do not have demonstrated economic viability. The quantity and grade of reported Inferred resources in this Mineral Resource Estimate are uncertain in nature and there has been insufficient exploration to define these Inferred resources as Indicated or Measured, and it is uncertain if further exploration will result in upgrading them to these categories.
12. The number of ounces was rounded to the nearest thousand. Any discrepancies in the totals are due to rounding errors.

Garrison Resource Estimate

	Measured & Indicated			Inferred		
Cut-off grade	Tonnes (T)(15)	Grade (g/t)	Ounces Au(15)	Tonnes (T)(15)	Grade (g/t)	Ounces Au(15)
> 0.2 g/t Au	53,951,000	0.95	1,648,000	10,388,000	0.88	295,000
> 0.3 g/t Au	50,085,000	1.00	1,617,000	10,011,000	0.91	292,000
> 0.4 g/t Au	43,382,000	1.10	1,541,000	9,190,000	0.96	283,000
> 0.5 g/t Au	36,365,000	1.23	1,439,000	8,072,000	1.03	266,000
> 0.6 g/t Au	30,275,000	1.37	1,332,000	6,421,000	1.15	237,000

Garrison Resource Estimate notes:

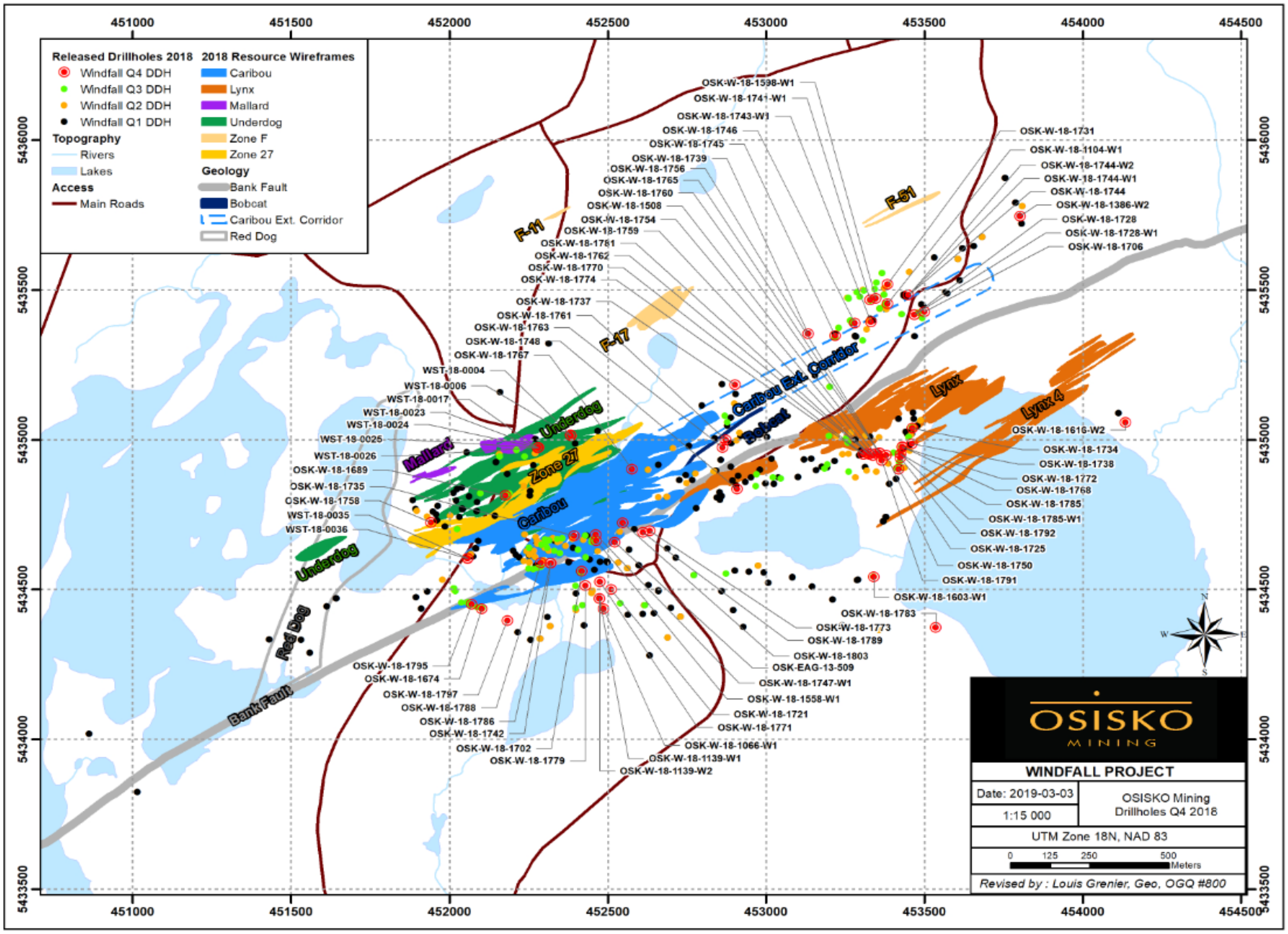
1. *The Garrison Resource Estimate has been prepared pursuant to CIM standards and guidelines for reporting mineral resources and reserves.*
2. *Resources are presented undiluted and in situ and are considered to have reasonable prospects for economic extraction.*
3. *The database comprised a total of 1,115 drill holes for 342,873.7 metres of drilling in the extent of the mineral resource, of which 197 drill holes (87,250.8 metres) were completed and assayed by Osisko as of July 31, 2018.*
4. *All NQ core assays reported by Osisko were obtained by analytical methods described below under "Quality Control and Reporting Protocols".*
5. *Geological interpretation of the deposits was based on the Garrison deposit (Garrcon, Jonpol, and 903) as lying at the confluence of the Destor Porcupine Fault and the Munro fault (a splay structure of the Destor Porcupine) and mineralization hosted in structurally controlled domains. Interpretation was initially made from cross-sections at 25 or 50 metre intervals, and then completed in Leapfrog Software, where selections of mineralization intervals were combined to generate mineralization wireframes.*
6. *The mineralized domains used for the mineral resource estimate were constructed in Leapfrog Software using 0.2 g/t Au interpolant grade shells with 0.5 ISO values limited by hard boundaries to modeled lithological and structural zones.*
7. *Samples were composited within the mineralization domains into 2.0 metre length composites for all areas except the Garrcon Main Metasedimentary zone, where 2.5 metre composites were more appropriate.*
8. *High grade capping was done on composite data and established using a statistical analysis on a per-zone basis for gold. Capping values of between 10 g/t to 40 g/t were used depending on mineralized domain.*
9. *Density values were applied on the following lithological basis (t/m3): 2.79 for all metasedimentary units and 2.82 for all igneous units.*
10. *OK based interpolation was used for the estimation of all zones of the Garrison gold deposit. Estimates are based on a block dimension of 10 metres North East,, 2 metres North West and 10 metres height for all zones except the Garrcon Main Metasedimentary unit where 5 metre x 5 metre x 5 metre blocks were used. Estimation parameters were based on variography. Strong anisotropies were observed in all cases, and variograms were rotated to reflect the best major, semi-major and minor ranges. Spherical models were fitted to pairwise relative semi-variograms. Search radii reflected the orientations of the variography. Search distances were used in three passes, where the first pass equaled two thirds of the variogram range, the second pass was equal to full variogram range and the third pass was double the respective range.*
11. *The Garrison Resource Estimate is categorized as measured, indicated and inferred mineral resource as follows:*
    - *The measured mineral resource category is generally based on a minimum number of six informing composites using a minimum of three drill holes located within the first estimation pass (two thirds variogram range)*
    - *The indicated mineral resource category is largely based on using a minimum of four composites from two drill holes located in the second estimation pass*
    - *The inferred mineral resource category is based on a minimum of four composites from two drill holes located in the third pass.*
    - *After initial coding of each pass, results were further refined in Leapfrog Software to establish continuous volumes for each resource category.*
12. *Estimates use metric units (metres, tonnes and g/t). Metal contents are presented in troy ounces (metric tonne x grade / 31.10348).*
13. *Micon International Limited is not aware of any known environmental, permitting, legal, title-related, taxation, socio-political or marketing issues, or any other relevant issue not reported in the technical report, that could materially affect the mineral resource estimate.*
14. *These mineral resources are not mineral reserves as they have not demonstrated economic viability. The quantity and grade of reported Inferred resources in this mineral resource estimate are uncertain in nature and there has been insufficient exploration to define these inferred resources as indicated or measured. It is reasonably expected that the majority of inferred mineral resources could be upgraded to indicated mineral resources with continued exploration though not guaranteed.*
15. *The number of metric tonnes and ounces was rounded to the nearest thousand. Any discrepancies in the totals are due to rounding effects.*

Exploration

Exploration Strategy

Osisko is a mineral exploration company focused on the acquisition, exploration, and development of precious metal resource properties in Canada. Osisko's flagship project is the high-grade Windfall gold deposit located between Val-d'Or and Chibougamau in Québec, Canada. Osisko also holds a 100% undivided interest in a large area of claims in the Urban Barry area (330,000 hectares) of Québec, a 100% interest in large claim package in the Quévillon area that includes the Quévillon Osborne-Bell Gold Deposit, a 100% interest in the Garrison Project east of Matheson, Ontario, as well as additional projects in the Timmins area of Ontario, the James Bay Labrador area of Québec and the Marban Block Properties, which are located 15 kilometres west of the town of Val-d'Or in the Abitibi region of Québec, Canada.

The Corporation announced the following results from the ongoing drill program at the Windfall Property located in the Urban Township, Québec in the map below:



Above is a map of the material drill holes that were completed during the year ended December 31, 2018, as well as the current holes to the date of this MD&A on the Windfall Property.

The Corporation began the year continuing its ongoing drill program at Windfall with 18 drill rigs focused on the main and Lynx deposits and two rigs working on regional targets. The current drill count is 20 rigs (15 at the Windfall Property, 3 at Urban Barry and 2 at the Quévillon Osborne-Bell Property). The main focus of the drilling activities is infill drilling in the upper portion of Lynx and Zone 27. Two drills are allocated to brownfield exploration (South West exploration program). One underground drill rig is focusing on Zone 27. At Quévillon Osborne-Bell Property, the main focus is infill drilling of Osborne-Bell Gold Deposit with one drill while the second rig is testing the regional targets.

Drill highlights have included the following:

- 38.4 g/t Au over 2 metres at Windfall announced January 16, 2019
- 2,223.0 g/t Au over 2 metres at Windfall announced January 7, 2019
- 38.9 g/t Au over 13.7 metres at Windfall announced December 5, 2018
- 83.9 g/t Au over 5.3 metres at Windfall announced November 21, 2018
- 1,026.0 g/t Au over 2.7 metres at Lynx announced October 23, 2018
- 49.1 g/t Au over 6.6 metres at Lynx announced October 2, 2018

- 37.0 g/t Au over 5.4 metres at Osborne-Bell announced September 28, 2018
- 17.4 g/t Au over 13.7 metres at Triple 8 announced September 13, 2018
- 510.0 g/t Au over 5.2 metres at Lynx and 742.0 g/t Au Over 2.2 Metres at Windfall announced August 22, 2018
- 34.8 g/t Au over 4.3 metres at Windfall announced August 8, 2018
- 22.4 g/t Au over 3.4 metres at Deep Lynx announced August 7, 2018
- 68.5 g/t Au over 9.8 metres at Windfall and 494 g/t Over 2.8 Metres at Lynx announced July 25, 2018
- 20.4 g/t Au over 28.3 metres at Windfall (Triple 8 Zone) announced July 11, 2018
- 20.0 g/t Au over 8.7 metres at Windfall announced June 12, 2018
- 97.6 g/t Au over 3.3 metres at Lynx announced June 7, 2018
- 34.3 g/t Au over 4.5 metres at Windfall announced May 1, 2018
- 115 g/t Au over 8.4 metres at Lynx announced April 26, 2018
- 41.2 g/t Au over 3.5 metres at Windfall announced April 19, 2018
- 68.5 g/t Au over 2.9 metres at Lynx announced April 17, 2018
- 40.8 g/t Au over 4.1 metres at Windfall announced April 10, 2018
- 403.0 g/t Au over 2.7 metres at Lynx announced April 4, 2018
- 265 g/t Au over 2.4 metres at Windfall announced March 2, 2018
- 71.9 g/t Au over 2.9 metres at Lynx announced February 27, 2018
- 56.1 g/t Au over 8.9 metres at Windfall announced January 25, 2018
- 415 g/t Au over 5.9 metres at Lynx announced January 23, 2018
- 86.7 g/t Au over 4.3 metres at Windfall announced January 18, 2018
- 76.5 g/t Au over 5.0 metres at Windfall announced January 16, 2018
- 140 g/t Au over 5.0 metres at Lynx announced January 9, 2018

True width determinations are estimated at 65-80 of the reported core length intervals for most of the zones. The full set of drill results are available under the Corporation's issuer profile on SEDAR (www.sedar.com) and on Osisko's website (www.osiskomining.com).

Exploration Ramp Advancement:

In 2007, construction of an underground exploration ramp was commenced at the Windfall Property by a previous operator, which attained a vertical depth of approximately 110 metres and length of approximately 1.2 kilometres, with an additional 230 metres of exploration drifts. The exploration ramp was terminated by the previous operator prior to completion of the bulk sample collection and was flooded with water. All permits required to dewater the ramp and proceed with collection of a bulk sample from Zone 27 and Caribou were granted to Osisko in 2017 and dewatering of the ramp was completed. Following exploration ramp rehabilitation, advancement continued at a rate of approximately 150 metres per month towards the mineralized zones. During the year ended December 31, 2018 the exploration ramp was advanced by 2,330 metres. In 2018, all permits required to obtain two additional bulk samples were requested and received. Underground work includes bulk sampling (for metallurgical testing and grade confirmation), underground mapping and underground exploration drilling.

1. SUMMARY OF MINERAL PROPERTIES

The Corporation's various gold mineral properties in Canada are summarized below:

Continuing Exploration Properties	Location	Status
Windfall Lake Project	Québec	Owned 100%
Quévillon Osborne-Bell	Québec	Owned 100%
Urban Barry Project	Québec	Owned 100%
Urban Barry Base Metals Project	Québec	Owned 100%(1)
Quévillon Osborne Base Metals	Québec	Owned 100%(1)
James Bay Properties	Québec	Earn-in (2)
Kan Project – James Bay	Québec	Earn-in (2)
Éléonore Regional – James Bay	Québec	Earn-in (2)
Éléonore JV – James Bay	Québec	Earn-in (2)(4)
FCI – Corvette Lithium Project	Québec	Earn-in (7)
Urban Duke Property	Québec	Earn-in (5)(6)
Éléonore-Opinaca	Québec	Owned 100%(5)
Tortigny Property	Québec	Owned 100%(5)
Launay Property	Québec	Owned 100%(5)
Marban Block Project	Québec	Owned 100%(8)
Garrison Block Properties	Ontario	Owned 100%(9)
Hemlo	Ontario	Owned 100%(5)

(1) Subject to a 50% earn-in in favour of Osisko Metals.
(2) Osisko holds an earn-in right in respect of these properties, which are currently owned by Osisko GR.
(3) Midland Exploration Inc. owns 50% of the project.
(4) All properties acquired upon the acquisition of Beaufield on October 19, 2018.
(5) Bonterra Resources Inc. has an earn-in right of up to 70% of the property.
(6) Subject to a 50% earn-in in favour of 92 Resources Inc. ("92 Resources").
(7) Owned 100% except for Siscoe East Project which is owned 50%.
(8) Owned 100% except for Gold Pike Project which is owned 60%.

2. MINERAL RESOURCES

The Corporation's global mineral resources are summarized below:

CATEGORY	TONNES (MT)	AU GRADE (G/T)	AU (M OZ)
MEASURED			
MARBAN(3)	7.7	1.48	0.37
GARRISON(5)	22.2	1.12	0.80
	29.9	**1.22**	**1.17**
INDICATED			
MARBAN(3)	30.5	1.25	1.22
WINDFALL(4)	2.9	8.17	0.75
GARRISON(5)	21.4	1.12	0.77
	54.8	**1.56**	**2.74**
TOTAL M&I			
MARBAN(3)	38.2	1.29	1.59
WINDFALL(4)	2.9	8.17	0.75
GARRISON(5)	43.6	1.12	1.57
	84.6	**1.44**	**3.91**
TOTAL INFERRED(2)			
MARBAN(3)	4.1	1.47	0.20
WINDFALL(4)	10.4	7.11	2.37
GARRISON(5)	10.3	1.27	0.42
OSBORNE-BELL(6)	2.6	6.13	0.51
	27.4	**3.98**	**3.50**

1. Global mineral inventories are not pit-constrained.
2. Inferred mineral resources have a great amount of uncertainty as to their existence and as to whether they can be mined legally or economically. It cannot be assumed that all or any part of the inferred resources will ever be upgraded to a higher category. Mineral resources are not mineral reserves and do not have demonstrated economic viability.
3. Information relating to the Marban Block Project is supported by the Updated Mineral Resource Technical Report, Marban Block Property, Québec, Canada dated August 15, 2013 with an effective date of June 1, 2013.
4. Information relating to the Windfall Lake Project is supported by the Windfall Resource Estimate and the Lynx Zone Resource Estimate.
5. Information relating to the Garrison Block Properties is supported by the Garrison Resource Estimate.
6. Information relating to the Quévillon Osborne-Bell Gold Deposit is supported by the Quévillon Resource Estimate.

3. MINERAL PROPERTY ACTIVITIES

a) Urban Barry District

As of December 31, 2018, the Corporation held a significant claims position in the Urban Barry area of Québec. The Windfall Project contains 285 claims covering 12,467 hectares and includes the Windfall deposit. Adjacent to the Windfall Property, the Urban Barry Project contains 1,760 claims, including the Black Dog Property (formerly Souart Property) and covers more than 97,964 hectares (980 square kilometres). Both projects are located within the Urban Barry volcano-sedimentary belt. The exploration expenditures on the properties were for drilling, prospecting, till surveys follow-up, IP geophysical surveys and for staking claims. During the year ended December 31, 2018, drilling at Windfall was performed using 8 rigs while regional surface exploration work was performed using one drill rig. As of December 31, 2018, a total of 680,074 metres have been realized on the 800,000 metres program at Windfall. As of December 31, 2018, a total of 7,302 metres have been completed on the ongoing 12,000 metres drill program at the Urban Barry Project.

i) Windfall Property

The Windfall Property is 100% owned by the Corporation and covers approximately 12,400 hectares located in the Abitibi greenstone belt, Urban Township, Eeyou Istchee James Bay, Québec, Canada. The property consists of 285 contiguous mining claims.

The majority of the Windfall Property is subject to the following residual net smelter returns ("NSR"):

Location	Approximate Area	NSR	Buyback Option
Centre of property, hosting the majority of the mineral resource	3,151 acres (1,275 ha)	2.5%(1)	Buyback 1% NSR for $1 million
North of the majority of the mineral resource, hosting small portion of the mineral resource	2,342 acres (948 ha)	1%(2)	
Northern part of property	19,531 acres (7,904 ha)	2%(2)	
Southeast of the mineral resource	706 acres (286 ha)	2%	Buyback 1% NSR for $500,000
Eastern edge of property	2,507 acres (1,015 ha)	2%	Buyback 1% NSR for $1 million right of first refusal for remaining 1% NSR

(1) In 2015, Osisko GR was granted a right to acquire a 1% NSR royalty on all properties held by the Corporation as of August 25, 2015. This right was exercised by Osisko GR in October 2016 for $5 million and includes a 1% NSR royalty on the Windfall Property. This exercise brings the total NSR royalty held by Osisko GR on the Windfall Property to 1.5%, including the 0.5% NSR royalty acquired in 2015.

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

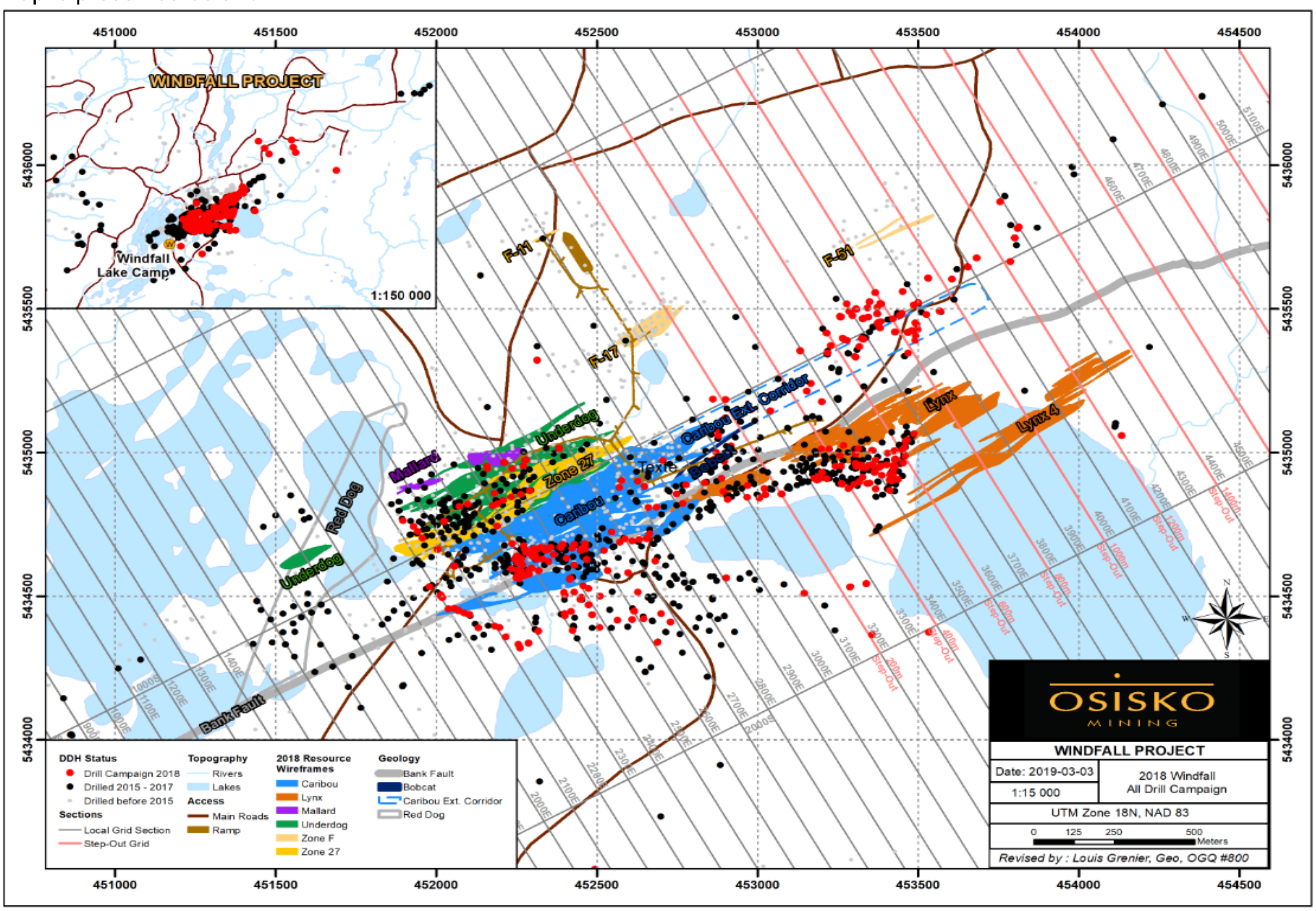
Exploration Activities

The current 800,000 metre drilling program has been designed to assist the Corporation in further exploring and defining the known mineralization within the main deposit area, the Lynx Zone, the North East Extension and the newly discovered Triple 8 Zone. Osisko continues to work towards extending the exploration ramp into the mineralized zones and continues with the underground drill program with one rig. The 5,000 tonne bulk sample excavation began on October 11, 2018 and was completed on January 30th, 2019. Ore was being transferred to the Mill site in Timmins, Ontario where it is expected to be processed during the first quarter of 2019. Preliminary results of 2,078 tonnes mined were released in the fourth quarter 2018. The results of the remaining 2,922 tonnes is expected to be released in the first quarter of 2019.

The Windfall Property camp is permitted for the capacity of 300 workers with accommodations, core logging areas and other facilities. Results to date have provided verification and correlation with historic drilling performed by previous operators on the property. The deposit remains open at depth below the Red Dog intrusion and down plunge to the northeast. In May 2018, Osisko commenced two deep exploration drill holes ("Deep Underdog" and "Deep Lynx") to investigate the potential for depth extensions of the Lynx and Underdog mineralized zones, as well as to further test the intrusion-related geological model for the Windfall deposit. The newly discovered Triple 8 Zone, open in all directions, was discovered in the Deep Underdog hole, DDH OSK-W-18-1603. Triple 8 is an unanticipated zone of mineralization intersected at approximately 1,500 metres downhole, in the planned 2,500 metre deep hole. Triple 8 does not correlate with any known zone and is approximately 660 metres east from the closest known mineralized intercept in the Underdog Zone. Maps and sections showing the location of the drill hole and the new mineralized zone are provided on Osisko's website (www.osiskomining.com). The new discovery zone falls outside the area of the recently announced mineral resource estimate for the Windfall gold deposit (see the Windfall Resource Estimate).

Drilling

The Corporation continues to obtain drill results from its 800,000 metre drill program at Windfall. The Corporation's drill plan map is presented below:



Quality Control

True width determinations are estimated at 65-80% of the reported core length intervals for most of the zones. Assays are uncut except where indicated. Intercepts occur within geological confines of major zones but have not been correlated to individual vein domains at this time. Reported intervals include minimum weighted averages of 3.0 g/t Au diluted over core lengths of at least 2.0 metres. All assays reported were obtained by either 1 kilogram screen fire assay or standard 50 gram fire-assaying-AA finish or gravimetric finish by (i) ALS Laboratories in Val d'Or, Québec, Thunder Bay and Sudbury, Ontario, and Vancouver, British Columbia; or (ii) by Bureau Veritas in Timmins, Ontario. The 1 kilogram screen assay method is selected by the geologist when samples contain coarse gold or present a higher percentage of pyrite than surrounding intervals. Selected samples are also analyzed for multi-elements, including silver, using an Aqua Regia-ICP-AES method at ALS Laboratories. Drill program design, Quality Assurance/Quality Control ("QA/QC") and interpretation of results is performed by a "qualified person" employing a QA/QC program consistent with NI 43-101 and industry best practices. Standards and blanks are included with every 20 samples for QA/QC purposes by the Corporation as well as the lab. Approximately 5% of sample pulps are sent to secondary laboratories for assay checks.

ii) Urban-Barry Property

The Urban-Barry Property is 100% owned by the Corporation. As of December 31, 2018, the property comprises 1,760 individual claims covering an aggregate area of approximately 97,964 ha. The actual property is mostly constituted by claims that were acquired at different periods from 2015 to 2017, and are subject to various NSRs.

Exploration Activity

During the year ended December 31, 2018, the Corporation decreased from two to zero drill rigs on the Urban-Barry Project and drilled approximately 7,302 metres out of the 12,000 metres planned drill program. Up to date, no significant results were obtained. A surface exploration program including prospecting, till sampling, lithogeochemistry and datation was initiated during the second quarter of 2018 and is expected to continue during the first quarter of 2019.

iii) Black Dog Property (formerly Souart Property)

The Corporation acquired 100% of the Black Dog Property on February 3, 2016. The property is located in the Urban Barry greenstone belt, in Souart and Barry Townships, Québec. Osisko issued 500,000 common shares of the Corporation and a cash payment of $200,000 in exchange for 100% of the property. The property consists of 34 claims comprising of 1,343 hectares. The Black Dog Property is subject to a 2% NSR which can be repurchased by the Corporation at any time for $2 million.

iv) Urban Barry Base Metals Project

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, 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 million 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.

Exploration Activity

During the year ended December 31, 2018, the Corporation allocated one drill rig to perform regional exploration program over base metals targets. A total of 1,742 metres of drilling was performed on the Urban-Barry Base Metals Project. No significant results were obtained from the drilling campaign.

v) 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 i) $4.5 million in work expenditures over a three-year period, subject to certain annual work expenditure thresholds, including a guaranteed expenditure threshold of $1.5 million in the first year; and ii) $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 million common shares of Bonterra to Beaufield.

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

b) Quévillon Osborne-Bell Project

On April 27, 2017, the Corporation acquired ownership over a property package in the Lebel-sur-Quévillon area of Québec in consideration of a cash payment of $1 million and the issuance of 100,000 common shares of the Corporation. The Quévillon Osborne-Bell Project includes approximately 30 known gold showings as well as the historical Quévillon Osborne-Bell Gold Deposit, which is located 17 kilometres northwest of the town of Lebel-sur-Quévillon and 112 kilometres west of the Windfall gold deposit. The Quévillon Osborne-Bell Gold Deposit has been the object of significant historical drilling over the past 30 years, and will be the focus of new drilling and resource re-evaluation by Osisko. In addition, the Corporation staked 2,942 claims of a large land package covering 157,000 hectares (157 square kilometres). The Corporation also acquired additional claims from different owners during the year ended December 31, 2018.

On February 26, 2018, Osisko purchased from Globex, the Certac Property at Le Tac township, Québec for $250,000 and gross metal royalty payable to Globex on all metal production. The gross metal royalty payable will be 2.5% at a gold price below USD $1,000 per ounce or 3% at a gold price equal to or greater than USD $1,000 per ounce. Osisko has retained a first right of refusal should Globex sell its gross metal royalty as well as a right to buy back 1.5% of the gross metal royalty for $1.5 million. The Certac Property has been included in the Quévillon Osborne-Bell Project.

The Quévillon Osborne-Bell Project now covers more than 227,188 hectares (2,272 square kilometres) and is constituted by 4,263 claims. The land position of the Quévillon area covers volcano-sedimentary Archean greenstones that host a number of known gold showings and porphyry igneous intrusions that are of strong exploration interest to the Corporation.

Exploration Activity

During the year ended December 31, 2018, a total of 22,594 metres were drilled on the Osborne-Bell, and 11,382 metres were drilled on different regional targets. This totals 33,976 metres for the 2018 campaign. Highlights from the new results provided by the infill drilling campaign on Osborne-Bell deposit include: 37.0 g/t Au over 5.4 metres (uncut) in OSK-OB-18-051; 38.6 g/t Au over 2.5 metres (uncut) in OSK-OB-18-011; 41.1 g/t Au over 2.4 metres (uncut) in OSK-OB-18-086 and 26.6 g/t Au over 4.6 metres in OSK-OB-18-010.

i) Quévillon Base Metals Project

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 will sets forth the terms of an exploration earn-in on the project. Under the terms of the option agreement, Osisko Metals shall incur $8 million 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 million 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.

Exploration Activity

During the year ended December 31, 2018, the Corporation allocated one drill rig to perform a regional exploration program over base metals targets. A total of 799 metres of drilling was performed on the Quévillon Base Metals Project. No significant results were obtained from the ongoing drilling campaign.

c) Garrison Block Properties

i) Garrcon Project

The Garrcon Project is 100% owned by the Corporation and covers approximately 788 hectares in the prolific Abitibi Greenstone Belt in Ontario, Canada. The property consists of 66 contiguous mining claims. Of the 66 claims, 35 patented mining claims are subject to a 2% NSR. In addition, 12 of the 35 patented claims acquired are subject to a prior NSR of 1.5% from mineralized material mined above 400 feet vertically, and a 2% NSR from mineralized material mined below that elevation. In addition, two of the unpatented mining claims are subject to a 1% NSR, which the Corporation shall have the right to for $250,000. A further single unpatented mining claim is subject to a 1% NSR, 0.5% of which the Corporation shall have the right to acquire for $250,000. An additional 20 patented claims to the south of the known resource are subject to a 2% NSR, 0.5% of which the Corporation shall have the right to repurchase for $1 million. The vendor retains a back-in right for up to 51% interest in the claims should a resource totaling 4 million ounces be identified on the claims. Such back-in right would trigger a cash reimbursement to the Corporation equal to double the exploration costs incurred since the date of the arrangement. Some of the claims are subject to an additional 1.5% NSR under previous option agreements entered into by the vendor. The remaining eight patented claims are subject to a 1% NSR.

ii) Jonpol Project

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

iii) Buffonta Project

The Buffonta Project is 87.5-100% owned by the Corporation and covers approximately 2,359 hectares in the prolific Abitibi Greenstone Belt in Ontario, Canada. The property consists of 120 contiguous mining claims. The Buffonta Project is subject to a 3% NSR, 0.5% of which the Corporate shall have the right to repurchase for $1 million.

iv) Gold Pike Project

The Gold Pike Project is 40-60% owned by the Corporation and covers approximately 468 hectares in the prolific Abitibi Greenstone Belt in Ontario, Canada. The property consists of 26 contiguous mining claims. The Gold Pike Project has 10 claims under two separate agreements in which each are subject to a 2% NSR, 1% of which the Corporation has the right to repurchase for $1 million. The property has an annual $25,000 advance royalty payment.

Exploration Activity

As of December 31, 2018, the Corporation continues with the data migration and reinterpretation of the geological plans for the Garrcon, Jonpol and 903 zones at the Garrison Property. On February 19, 2019, Osisko released the Garrison Resource Estimate, which added approximately 370,000 ounces of gold to the measured and indicated mineral resource categories and provided the first mineral resource estimate for the 903 Zone.

d) *Marban Block Properties*

i) Marban Project

The Marban Project is 100% owned by the Corporation and is the result of an amalgamation of the former Marban, First Canadian, Norlartic and Gold Hawk claims. The Marban Block Properties are located about 15 kilometres west of the town of Val-d'Or in the Abitibi region of Québec, Canada and consist of 30 mining claims and three mining concessions covering 1,023 hectares.

The Marban claims are subject to a 1% to 1.5% NSR. The First Canadian claims are subject to a 10% net profits interest. The vendor retained a 0.5% NSR on the Marban claims, a 1% NSR on the First Canadian claims and a 2% NSR on the Norlartic claims. The project also has two mining claims known as the Gold Hawk claims which are subject to a 2% NSR.

ii) Malartic Project

The Malartic Project includes the Camflo West, the Malartic Hygrade, the Malartic Hygrade-NSM and the Malartic H Properties. The properties are located to the northeast of the town of Malartic, in the Abitibi region of Québec, Canada. The Malartic Project consists of 139 mining claims and one mining concession covering 6,263 hectares. The Camflo West claims are subject to various NSR's ranging from 1.5% to 3.0%, certain of which, or portions thereof, can be repurchased by the Corporation for payments ranging from $200,000 to $1.5 million. The Malartic H claims are 85% owned by the Corporation and the remaining 15% of the Marlartic H claims can be purchased by the Corporation for $25,000.

iii) Siscoe East Project

The Siscoe East Property is located in the Vassan Township in the Abitibi region of Québec, Canada. The Corporation owns a 50% interest in the claims covering the Siscoe East Property, with the remaining 50% interest being held by another company. Some claims are subject to a 2% NSRs, 50% of which may be repurchased by the Corporation for a total of $2.8 million.

iv) Héva Project

The Héva Property, located 42 kilometres northwest of the city of Val-d'Or, and the Val-d'Or Property, located south of the limit of the town of Val-d'Or, in the Abitibi region of Québec, Canada. Some of the claims of the Héva Property are subject to a 1.5% NSR, 50% of which may be repurchased for $200,000. On August 7, 2018, Osisko entered into an agreement with Kintavar Exploration Inc. ("Kintavar") whereby Osisko sold its NSR interests in 21 claims in exchange for 131,578 common shares of Kintavar with a fair value of $50,000.

e) *James Bay Properties*

On October 5, 2016, Osisko announced that it had entered into an earn-in transaction with Osisko GR. Under the terms of the earn-in agreement ("Osisko GR Earn-In Agreement"), the Corporation may earn a 100% interest in 28 exploration properties held by Osisko GR, which are located in the James Bay area, Québec and the Labrador Trough area (the "Earn-In Properties") upon incurring exploration expenditures totaling $32 million over the seven-year term of the Osisko GR Earn-In Agreement; the Corporation will earn a 50% interest upon completing expenditures totaling $19.2 million. Osisko GR will retain an escalating NSR royalty ranging from 1.5% to a maximum of 3.5% on precious metals and a 2% NSR royalty on other metals and minerals produced from the Earn-In Properties. Additionally, any new properties acquired by the Corporation in the designated area during the seven-year term of the Osisko GR Earn-In Agreement may also be subject to a royalty agreement in favour of Osisko GR with similar terms and subject to certain conditions. On February 16, 2017, Osisko and Osisko GR amended and restated the initial Osisko GR Earn-In Agreement, pursuant to which the Kan Project was carved-out into a separate earn-in agreement (the "Kan Earn-In Agreement"). Under the terms of the Kan Earn-In Agreement, Osisko shall incur $6 million over the seven-year term of the Kan Earn-In Agreement; the Corporation will earn a 50% interest upon completing expenditures of $3.6 million over a four-year term. The entire commitment on the remainder of the Earn-In Properties has been reduced by the same amount and terms as the Kan Earn-In Agreement. On December 15, 2017, Osisko and Osisko GR entered into an amendment to the Osisko GR Earn-In Agreement to extend until December 31, 2018 the Corporation's firm commitment to spend $4.1 million of exploration expenditures on all the properties. As of December 31, 2018, all required amounts have been spent.

i) Kan Project

The Kan Project is located within the Labrador Trough, approximately 80 kilometres southwest of Kuujuuaq, Québec. It covers approximately 40 kilometres of favorable stratigraphy that includes silicate-carbonate iron formations, thick metal- rich black shales units, gabbros and turbidites. The Kan Project consists of 2,243 claims (104,078 hectares). 209 claims of the total claims are subject to a 2% NSR in favour of Les Ressources Tectonic Inc., 0.5% of which may be purchased for $750,000 at any time by Osisko GR and an additional, 0.5% of which may be purchased for $750,000 by Altius Resources Inc. In addition, Osisko GR holds a royalty over the total 2,276 claims on the production of precious metals for a minimum of a 1.5% NSR royalty and a maximum of a 3.5% NSR royalty and a 2.0% NSR royalty on all other metals provided. However, if there is an existing royalty applicable on any portion of the claims, the royalty percentages shall, as applicable, be adjusted so that the aggregate maximum royalty percentage on such portion shall not exceed a 3.5% NSR royalty at any time.

In 2017, Osisko entered into an earn-in agreement with Barrick, which sets forth the terms of an exploration earn-in on the Kan Project. Under the exploration earn-in with Barrick in relation to the Kan Project, Barrick must commit $15 million in work expenditures over a four year period to earn a 70% interest on the Kan Project, subject to certain annual work expenditure thresholds, including a guaranteed expenditure threshold of $6 million in the first two years.

Following the completion of the exploration earn-in with Barrick, the property will be transferred to a new joint venture entity to be owned 30% by Osisko and 70% by Barrick. Osisko and Barrick will then enter into a joint venture agreement in respect of the property. In addition, Barrick may earn a further 5% interest in the joint venture entity (for a total interest of 75%) by electing to fund an additional $5 million of project level expenditures (such as a preliminary economic assessment or pre-feasibility study). On November 13th, 2018, Osisko receive a writing notice where Barrick has elected to terminate the Earn-in Right and that Barrick has elected not to proceed with further exploration expenditures and therefore terminated the agreement.

Exploration Activity

A total of 5,639 metres of drilling were performed during the year ended December 31, 2018 on the Kan Project. The main objective was to test gold bearing carbonate and silicate-rich iron formation. Best results from the 2018 campaign were obtained from hole OSK-KAN-18-007 which yielded 3.90 g/t Au over 2 metres and from OSK-KAN-018-016 that yielded 3.05 g/t Au over 11.5 metres.

ii) Éléonore Regional Project

The Éléonore Regional Project consists of 460 claims (24,033 hectares) located 15 kilometres west of the Éléonore Gold Mine in the Opinaca Reservoir area of the James Bay territory. The Corporation does not have plans to explore this property further. Due to this triggering event, the Corporation determined that the carrying amount of the exploration assets of the Éléonore Project exceeded its recoverable amount and as such recorded an impairment of $585,000.

iii) Éléonore-JV Project

The Éléonore-JV Project was significantly reduced to 588 claims (30,802 hectares), which is 50%, owned by Midland Exploration Inc., and is located 25 kilometres southeast and 20 kilometres northwest of the Éléonore Gold Mine in the Opinaca Reservoir area of the James Bay territory. The project is subject to a 0.5% NSR royalty in favour of Osisko GR and to a 0.5% NSR royalty in favor of Midland Exploration Inc. No exploration work is planned on the project in 2019.

Exploration Activity

Ground induced polarization geophysics followed by a small trenching program were completed during 2018.

iv) Other – James Bay

a. Trieste Project

The Trieste Project consists of 304 claims (>15,688 hectares) and is located 60 kilometres north-north-west of the Renard Diamond Mine of the James Bay territory.

b. Escale Project

The Escale Project consists of 129 claims (6,497 hectares) and is located 75 kilometres southeast of the LG-4 Power Dam in the James Bay region. The project is subject to a 0.5% NSR royalty to Sirios Resources Inc., which may be repurchased by the Corporation for $500,000. 11 claims are subject to a 1% NSR royalty in favour of Newmont Mining Corp. without a buyback option.

c. Eastmain East Project

The Eastmain East Project consists of 66 claims (2,363 hectares) and is located 100 kilometres east of the Renard deposit in the James Bay region.

f) FCI – Corvette Lithium Project

The FCI – Corvette Lithium Project covers 28 claims covering 1,434 hectares and is located within the James Bay Greenstone Belt in Northern Québec, Canada. The FCI – Corvette Lithium Project is subject to a 1.5 to 3.5% NSR. On August 27, 2018, Osisko entered into a binding agreement with 92 Resources, which sets forth the terms of an exploration earn-in on the property. Under the Exploration Earn-In, 92 Resources must commit $2,250,000 in work expenditures over a three-year period to earn a 50% interest on the FCI-Corvette Lithium Project, subject to certain annual work expenditure thresholds, including a guaranteed expenditure threshold of $250,000 in the first year. Upon signing on August 27, 2018, and as further consideration for the granting of the Exploration Earn-In, 92 Resources issued 1 million common shares of 92 Resources to the Corporation at a fair value of $60,000. An additional 1 million common shares of 92 Resources will be issued to the Corporation on the first anniversary.

Following the completion of the Exploration Earn-In, the Project will be transferred to a new joint venture entity to be owned 50% by Osisko and 50% by 92 Resources. Osisko and 92 Resources will then enter into a joint venture agreement in respect of the project. In addition, 92 Resources may earn a further 25% interest in the joint venture entity (for a total interest of 75%) by electing to fund an additional $2 million of project level expenditures (such as a preliminary economic assessment or pre-feasibility study).

g) Élénore Opinaca Property

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

h) Tortigny Property

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

i) Launay Property

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

j) Hemlo Property

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

4. EXPLORATION AND EVALUATION ASSETS EXPENDITURES

4.1 Exploration and Evaluation Assets Expenditures

The Corporation's expenditures on exploration and evaluation assets for the year ended December 31, 2018, were as follows (in thousands of Canadian dollars):

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

Significant additions during the year ended December 31, 2018 are described by category in the following table (in thousands of Canadian dollars):

For the year ended December 31, 2018	Windfall Lake	Quévillon Osborne	Urban Barry	Urban Barry Base Metals	Quévillon Osborne Base Metals	Kan - James Bay	Éléonore – James Bay	Éléonore JV – James Bay	Other – James Bay
Property costs	$ 41	$ 835	$ 202	$ -	$ -	$ -	$ 49	$ 47	$ 297
Camp costs	17,402	49	2	-	1	6	-	-	8
Office costs	63	11	4	8	-	-	-	2	19
Project management	3,215	205	80	-	9	56	-	4	3
Drilling	38,483	7,219	1,738	22	-	-	-	-	59
Geochemical survey	7	52	228	-	-	-	-	2	-
Permitting	789	-	-	-	-	-	-	-	-
Geophysical survey	37	909	219	-	-	-	-	110	-
Geology	679	1,014	812	-	-	-	8	177	39
assessment	3,543	-	-	-	-	-	-	-	-
Ramp rehabilitation	23,067	-	-	-	-	-	-	-	-
Community relations	686	2	1	-	-	16	-	-	-
Environmental	2,163	74	-	-	-	-	-	-	-
Health and safety	1,840	15	6	-	-	-	-	-	6
Québec exploration mining duties	(20,218)	(1,223)	(507)	-	-	-	(4)	(10)	(16)
Total additions	**$ 71,797**	**$ 9,162**	**$ 2,785**	**$ 30**	**$ 10**	**$ 78**	**$ 53**	**$ 332**	**$ 415**

For the year ended December 31, 2018	FCI - Corvette Lithium	Urban Duke	Éléonore Opinaca	Tortigny	Luanay	Marban Block	Garrison Block	Hemlo	Total
Property costs	$ (60)	$ -	$ 4	$ -	$ -	$ (33)	$ 12	$ -	**$ 1,394**
Camp costs	-	-	-	-	-	8	214	-	**17,690**
Office costs	-	-	-	-	-	25	2	-	**134**
Project management	-	-	-	-	-	-	371	-	**3,943**
Drilling	-	-	-	-	-	49	1,439	-	**49,009**
Geochemical survey	-	-	-	-	-	-	2	-	**291**
Permitting	-	-	-	-	-	-	-	-	**789**
Geophysical survey	-	-	-	-	-	-	-	-	**1,275**
Geology	-	-	-	-	-	-	749	-	**3,478**
assessment	3	-	-	7	-	-	41	-	**3,594**
Ramp rehabilitation	-	-	-	-	-	-	-	-	**23,067**
Community relations	-	-	-	-	-	-	46	-	**751**
Environmental	-	-	-	-	-	18	124	-	**2,379**
Health and safety	-	-	-	-	-	-	4	-	**1,871**
Quebéc exploration mining duties	-	-	-	-	-	7	-	-	**(21,971)**
Total additions	**$ (57)**	**$ -**	**$ 4**	**$ 7**	**$ -**	**$ 74**	**$ 3,004**	**$ -**	**$ 87,694**

During the year ended December 31, 2018, the majority of spending took place on the Windfall Property which is the subject of an ongoing drill program of 800,000 metres. As of the date of this MD&A, the Corporation had drilled approximately 680,074 metres on the Windfall Property (including 179,565 meters in 2018), 35,868 metres on the Quévillon Osborne-Bell Property (including 33,976 in 2018), 38,771 metres on the Urban Barry area (including 7,302 metres in 2018), 1,742 metres on the Urban Barry Base Metals Project, 799 meters on the Quévillon Base Metals Project and 5,639 metres on the Kan Project. As well, the Corporation advanced 2,329 metres in the Windfall exploration ramp. Management expects the exploration ramp to be advanced at the rate of approximately 170 metres per month. Underground mapping continues on the ramp.

5. OUTLOOK

The operational outlook below and described herein reflects the Corporation's current operations.

The Corporation is planning to spend approximately $8 million per month on exploration activities on all of Osisko's properties, $418,000 per month on general and administration expenses and $366,000 a month on salaries and benefits, excluding non-cash items, for the remainder of 2019. The Corporation has raised approximately $283 million since January 1, 2017. The proceeds from these financings have been or will be used, directly or indirectly, to fund "Canadian exploration expenditures" on the Corporation's Québec and Ontario properties and general working capital. An 800,000-metre drill campaign continues with approximately 15 drill rigs on the Windfall Property, three at the Urban-Barry Property and two at the Quévillon Osborne-Bell Properties. The Corporation is planning to begin its pre-feasibility study work on the Windfall Property in 2019 and has begun advancement of the existing exploration ramp with a single heading towards the Lynx Zone in order to complete the second bulk sample and will continue to perform underground drilling through-out the 2019 year. The goal of the program is to increase the confidence in the existing resources as well as to expand all existing resources. Due to current market conditions the Corporation reduced its exploration spending and general and administrative costs in order to conserve cash and continue to advance the main deposits toward pre-feasibility. The Corporation has reduced general and administrative costs in 2018 by reducing head count at head office and reducing expenses relating to travel and marketing initiatives.

6. INVESTMENTS

The Corporation's assets include a portfolio of investments in public and private companies. The Corporation invests in various companies within the mining industry for investment purposes and strategic decisions. In addition to investment objectives, in some cases, the Corporation may decide to take a more active role in the investee, including providing management personnel, technical and/or administrative support, as well as nominating individuals to the investee's board of directors.

The Corporation's position in Barkerville Gold Mines Ltd. ("Barkerville") is reflected as "Investment in Associates" in the financial statements of the Corporation as of December 31, 2018. On August 8, 2016, the Corporation acquired 50 million common shares of Barkerville and immediately classified this investment as an Investment in Associate. Subsequent to this initial investment, Osisko has acquired a further 32,401,741 shares in Barkerville for $20,274,000 cash which now represents approximately 16% ownership in Barkerville. The Corporation's Chairman, Sean Roosen, acts as Chairman of the board of directors of Barkerville and Mr. John Burzynski acts as a member of board of directors of Barkerville.

On February 21, 2017, the Corporation acquired 31.7 million common shares of Beaufield and immediately classified this investment as an "Investment in Associate". Subsequent to its initial investment, Osisko acquired a further 24,420,800 shares in Beaufield for $4,154,000 increasing its ownership to approximately 26%. The Corporation's Executive Vice President of Exploration and Resource Development, Robert Wares, was a member of Beaufield's board of directors. On October 19, 2018, Osisko completed the Beaufield Arrangement, pursuant to which Osisko acquired all the outstanding common shares of Beaufield that it did not already hold. 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. The fair value of the newly acquired Osisko common shares was $8,656,000, which resulted in a gain on revaluation of $1,796,000. The newly acquired Osisko common shares were subsequently cancelled and the entire investment removed from Investment in Associates.

6.1 Marketable Securities

The following table summarizes information regarding the Corporation's marketable securities as at December 31, 2018 and December 31, 2017 (in thousands of Canadian dollars):

As at	December 31, 2018	December 31, 2017
Balance, beginning of year	**$ 22,076**	**$ 15,020**
Additions	5,364	32,610
Disposals	(7,768)	(26,203)
Realized (loss)/gain	(694)	2,686
Unrealized loss	(6,365)	(2,037)
Balance, end of year	**$ 12,613**	**$ 22,076**

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

6.2 Investments in Associates

The Corporation's investments relating to its interests in Beaufield and Barkerville are detailed as follows (in thousands of Canadian dollars):

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

The fair market value of the Barkerville investment as at December 31, 2018 was $32.9 million. If the Corporation were to have sold the Barkerville investment on December 31, 2018, the Corporation would have triggered a realized loss of $24 million.

6.3 Long-term Investments

During the year ended December 31, 2018, the Corporation held a $150,000 long-term investment in a non-publicly traded entity.

7. RESULTS OF OPERATIONS

The following table summarizes the Corporation's Statement of Loss and Comprehensive Loss for the years ended December 31, 2018 and 2017 (in thousands of Canadian dollars):

	Three months ended		Year ended	
	December 31, 2018	December 31, 2017	**December 31, 2018**	December 31, 2017
Expenses				
Compensation	**$ 3,909**	$ 3,825	$ 20,011	$ 20,486
General and administration expenses	**1,122**	1,424	5,414	5,935
General exploration	**-**	15	60	67
Exploration and evaluation assets written off	**6,763**	262	6,763	2,662
Flow-through premium income	**(1,209)**	(9,908)	(13,076)	(25,991)
Unrealized loss from marketable securities	**1,132**	4,129	6,365	2,037
Impairment on long-term investment	**30**	-	30	-
Realized loss/(gain) from marketable securities	**1,289**	(924)	694	(2,686)
Realized gain from sale of equipment	**-**	-	(6)	-
Foreign currency exchange gain	**-**	(1)	-	(638)
Other income	**(165)**	(38)	(760)	(330)
Operating loss	**12,871**	(1,216)	**25,495**	**1,542**
Finance income	**(512)**	(532)	(1,381)	(1,507)
Finance costs	**34**	24	135	166
Net finance income	**(478)**	(508)	**(1,246)**	**(1,341)**
Share of (gain)/loss of associate	**(1,192)**	**342**	(1,251)	(608)
Gain on revaluation of investment in associate	**(1,796)**	**-**	(1,796)	-
Loss/(income) before tax	**9,405**	(1,382)	**21,202**	**(407)**
Deferred income tax expense	**2,208**	**5,864**	**12,794**	**18,443**
Loss and comprehensive loss	**11,613**	4,482	**33,996**	**18,036**

7.1 Three Month Period Ended December 31, 2018 as Compared to Three Month Period Ended December 31, 2017

Loss and comprehensive loss increased by $7.1 million from $4.5 million for the three-month period ended December 31, 2017 to $11.6 million for the three-month period ended December 31, 2018, due to an increase in exploration and evaluation assets written off of $6.5 million (non-cash write off), a decrease in deferred income tax expense of $3.7 million (non-cash expense), a decrease in flow-through premium income of $8.7 million (non-cash expense), a change in realized gain/loss from marketable securities of $2.2 million. This was partially offset by, a decrease in unrealized loss from marketable securities of $3 million (non-cash expense), a change in share of gain/loss of associate of $1.5 million (non-cash gain/loss) and a gain on revaluation of investment in associate of $1.8 million.

General and administration expenses decreased by $302,000 to $1.1 million for the three-month period ended December 31, 2018, compared with $1.4 million for the same period in 2017. This decrease was mostly due to a decrease in office expenses of $460,000 due to cost-cutting measures implemented by management.

Flow-through premium income was $1.2 million during the three-month period ended December 31, 2018, compared to $9.9 million during the same period in 2017. This income was derived from the increased number of flow-through offerings that took place during 2017 compared to 2018, combined with the amount of "Canadian exploration expenditures" that were spent during such period. On the issuance of flow-through shares, a flow-through share premium liability is recognized. Upon the Corporation incurring flow-through eligible expenditures, the Corporation recognizes flow-through premium income and decreases the flow-through premium liability.

During the three-month period ended December 31, 2018, the Corporation maintained a portfolio of securities that were strategically invested in the marketable securities of exploration and development companies. As a result, the Corporation recognized a realized and unrealized loss in the period of $1.3 million and $1.1 million, respectively. The realized loss was from the sale of several investments and the unrealized loss was a result of the Corporation marking to market its investments at period end. The Corporation had a fair market value of $14.2 million in marketable securities as at December 31, 2018, compared to $22.1 million as at December 31, 2017.

Net finance income during the three-month period ended December 31, 2018 decreased by $30,000 to $478,000, compared with $508,000 for the same period in 2017. The main reason was the decreased cash balance of the Corporation compared to the prior period. The Corporation had $88.3 million of cash and cash equivalents as at December 31, 2018.

Share of gain of associates recognized during the three-month period ended December 31, 2018 was $1.1 million compared to a loss of $342,000 for the same period in 2017. Management determined that, for accounting purpose, the Corporation held significant influence over the decision-making process of Beaufield and Barkerville during the three-month period ended December 31, 2018, and as such recognized its share of these entities' net losses and net incomes. In October 2018, Osisko completed its previously announced business combination with Beaufield, pursuant to which Osisko acquired all the common shares of Beaufield by way of a statutory plan of arrangement, resulting in removing the investment from being accounted for as an associate, and commencing consolidating the entity.

7.2 Year Ended December 31, 2018 as Compared to Year Ended December 31, 2017

Loss and comprehensive loss increased by $15.9 million from a loss of $18 million for the year ended December 31, 2017 to a loss of $34 million for the year ended December 31, 2018, due to a decrease in flow-through premium income of $12.9 million (non-cash income), a decrease in deferred income tax expense of $5.6 million (non-cash expense), an increase in unrealized loss from marketable securities of $4.3 million (non-cash gain/loss), a change in realized gain/loss from marketable securities of $3.4 million, an increase in exploration and evaluation assets written off of $4.1 million (non-cash write off) and a decrease in foreign currency exchange gain of $638,000 (non-cash gain). This was partially offset by a decrease in deferred income tax expense of $7.9 million (non-cash expense), an increase in share of gain of associates of $643,000, a decrease in general and administrative expenses of $521,000 due to cost-cutting measures implemented by management, a decrease in compensation expense of $475,000 and a gain on revaluation of investment in associate of $1.8 million.

Compensation expenses decreased in the year ended December 31, 2018 by $475,000 to $20 million, compared with $20.5 million in 2017. This decrease was mainly due to the decrease in stock-based compensation of $2.5 million partially offset by an increase in salaries and benefits of $2 million due to severance payments.

General and administration expenses decreased by $521,000 to $5.4 million for the year ended December 31, 2018, compared with $5.9 million in 2017. This decrease was mostly due to a decrease in professional expenses of $210,000, travel expenses of $223,000 and administration services of $252,000 due to cost cutting measures implemented by management. This was partially offset by an increase in office expenses of $173,000.

Flow-through premium income was $13 million during the year ended December 31, 2018, compared to $26 million in 2017. This income was derived from the increased number of flow-through offerings that took place during 2017 compared to 2018, combined with the amount of "Canadian exploration expenditures" that were spent during such period. On the issuance of flow-through shares, a flow-through share premium liability is recognized. Upon the Corporation incurring flow-through eligible expenditures, the Corporation recognizes flow-through premium income and decreases the flow-through premium liability.

During the year ended December 31, 2018, the Corporation maintained a portfolio of securities that were strategically invested in the marketable securities of exploration and development companies. As a result, the Corporation recognized a realized and unrealized loss in the period of $694,000 and $6.4 million, respectively. The realized loss was from the sale of several investments and the unrealized loss was a result of the Corporation marking to market its investments at year end.

Net finance income during the year ended December 31, 2018 decreased by $95,000 to $1,246,000, compared with $1.3 million in 2017. The main reason was the decreased cash balance of the Corporation compared to the prior period.

Share of gain of associates recognized during the year ended December 31, 2018 was $1.3 million compared to $608,000 in 2017. Management determined that, for accounting purpose, the Corporation held significant influence over the decision-making process of Beaufield and Barkerville during the year ended December 31, 2018, and as such recognized its share of these entities' net losses and net incomes. In October 2018, Osisko completed its previously announced business combination with Beaufield, pursuant to which Osisko acquired all the common shares of Beaufield by way of a statutory plan of arrangement, resulting in removing the investment from being accounted for as an associate, and commencing consolidating the entity.

7.3 Cash Flow

The Corporation is dependent upon raising funds in order to fund future exploration programs. See "*Liquidity and Capital Resources*" and "*Risks and Uncertainties*".

Operating Activities

Cash used in operating activities for the year ended December 31, 2018 totaled $7.5 million, compared to $17.3 million in 2017. The decreased outflows were primarily attributable to the net loss of $34 million for the year ended December 31, 2018, with adjustments for flow-through premium income of $13.1 million, interest income of $1.4 million, stock-based compensation of $11.6 million, marketable securities loss of $7 million, deferred income tax expense of $12.8 million, exploration and evaluation assets written off of $6.8 million and changes in items of working capital of $5.5 million.

Financing Activities

Cash provided by financing activities was $99.7 million for the year ended December 31, 2018, compared with $189 million in 2017. In the year ended December 31, 2017, a total of $173.3 million was raised through private placements, net of transaction costs, and the exercise of stock options and warrants resulted in inflows of $1.8 million and $13.9 million, respectively. For the year ended December 31, 2018, a total of $97.2 million was raised through private placements, net of transaction costs, and the exercise of stock options and warrants resulted in inflows of $1.7 million and $760,000, respectively.

Investing Activities

Cash used by investing activities for the year ended December 31, 2018 totaled $115.4 million, compared with $141.5 million in 2017. In the year ended December 31, 2017, this outflow is primarily attributable to exploration and evaluation expenditures of $113 million, acquisition of plant and equipment of $6.3 million, acquisition of equity investments of $18.5 million, acquisition of marketable securities of $31.5 million and partially offset by proceeds on the disposition of marketable securities of $26.2 million. In the year ended December 31, 2018, this outflow is primarily attributable to exploration and evaluation expenditures of $113 million, acquisition of plant and equipment of $3.2 million, acquisition of equity investments of $6.2 million, acquisition of marketable securities of $5.4 million and partially offset by proceeds on the disposition of marketable securities of $7.8 million and cash received form the Beaufield Arrangement of $2.7 million.

In management's view, the Corporation has sufficient financial resources to fund current planned exploration programs and ongoing operating expenses. As at December 31, 2018, the Corporation had cash of $88.3 million, compared to $111.5 million as at December 31, 2017. The Corporation will continue to be dependent on raising equity or other capital as required unless and until it reaches the production stage and generates cash flow from operations. See "*Cautionary Note Regarding Forward-Looking Information*" and "*Risks and Uncertainties*".

8. SUMMARY OF QUARTERLY RESULTS

(in thousands of Canadian dollars)

For the period ended	**December 31, 2018**	**September 30, 2018**	**June 30, 2018**	**March 31, 2018**
Financial results:				
Interest income	$ (512)	$ (199)	$ (278)	$ (392)
Loss	$ 11,613	$ 4,822	$ 6,334	$ 11,227
Loss per share*:				
Basic and diluted	$ 0.05	$ 0.02	$ 0.03	$ 0.05
Financial position:				
Working capital (non-IFRS measurement)**	$ 128,182	$ 107,884	$ 63,601	$ 91,802
Exploration and evaluation assets	$ 368,902	$ 344,032	$ 317,877	$ 294,733
Total assets	$ 572,868	$ 532,972	$ 463,862	$ 471,735
Share capital	$ 580,616	$ 530,204	$ 460,615	$ 458,611
Deficit	$ (107,767)	$ (96,154)	$ (91,332)	$ (84,998)
Number of shares issued and outstanding	257,201,331	239,867,438	208,887,322	207,920,322

** Basic and diluted loss per share is calculated based on the weighted-average number of common shares of the Corporation outstanding.*
*** Working Capital is a non-IFRS measurement with no standardized meaning under IFRS. For further information and a detailed reconciliation, please see section 18.*

(in thousands of Canadian dollars)

For the period ended	**December 31, 2017**	**September 30, 2017**	**June 30, 2017**	**March 31, 2017**
Financial results:				
Interest income	$ (532)	$ (359)	$ (347)	$ (269)
Loss	$ 4,482	$ 12,575	$ 401	$ 578
Loss per share*:				
Basic and diluted	$ 0.02	$ 0.07	$ -	$ -
Financial position:				
Working capital (non-IFRS measurement)**	$ 134,224	$ 84,782	$ 129,108	$ 154,078
Exploration and evaluation assets	$ 261,920	$ 228,560	$ 188,016	$ 163,807
Total assets	$ 481,389	$ 398,771	$ 378,599	$ 369,016
Share capital	$ 456,231	$ 384,771	$ 375,754	$ 365,258
Deficit	$ (73,771)	$ (69,289)	$ (56,714)	$ (56,313)
Number of shares issued and outstanding	207,845,240	190,032,897	187,667,158	184,476,725

** Basic and diluted loss/(earnings) per share is calculated based on the weighted-average number of common shares of the Corporation outstanding.*
*** Working Capital is a non-IFRS measurement with no standardized meaning under IFRS. For further information and a detailed reconciliation, please see section 18.*

9. LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2018, the Corporation had a cash balance of $88.3 million (December 31, 2017 - $111.5 million) and working capital of $128.2 million (December 31, 2017 - $134.2 million). Cash and working capital decreased from December 31, 2017, due to spending on the Windfall Property and the expenditures incurred in connection with other exploration activities in Canada. 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 no history of revenues from its operating activities. The Corporation is not in commercial production on any of its mineral properties and accordingly does not generate cash from operations. During the year ended December 31, 2018, the Corporation had negative cash flow from operating activities, and the Corporation anticipates it will have negative cash flow from operating activities in future periods.

The Corporation has, in the past, financed its activities by raising capital through equity issuances. Until Osisko can generate a positive cash flow position, in order to finance its exploration programs, the Corporation will remain reliant on the equity markets for raising capital, in addition to adjusting spending, disposing of assets and obtaining other non-equity sources of financing.

The Corporation believes it has sufficient cash resources and the ability to raise funds to meet its exploration and administrative overhead expenses and maintain its planned exploration activities for the next 12 months. However, there is no guarantee that the Corporation will be able to maintain sufficient working capital in the future due to market, economic and commodity price fluctuations. See "*Risks and Uncertainties*".

10. CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The Corporation has the following commitments as at December 31, 2018 (in thousands of Canadian dollars):

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

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

On October 5, 2016, the Corporation entered into the Osisko GR Earn-In Agreement pursuant to which the Corporation may earn a 100% interest in 28 exploration properties held by Osisko GR upon incurring exploration expenditures totaling $32 million over the seven-year terms of the Osisko GR Earn-In Agreement, of which $5 million must be completed within one year. The Osisko GR Earn-In Agreement was amended on February 16, 2017 to carve out the Kan Project, and instead of $5 million, $4.1 million must be completed prior to December 31, 2017. The earn-in agreement was amended again on December 15, 2017 to extend the deadline of spending $4.1 million to December 31, 2018. As of December 31, 2018, all required amounts have been spent.

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

As of December 31, 2018, the Corporation has the following flow-through funds to be spent by December 31, 2019 (in thousands of Canadian dollars):

Closing Date of Financing	Province	Remaining Flow-through Funds
September 18, 2018	Québec	55,084
Total		**$ 55,084**

11. OFF-BALANCE SHEET ARRANGEMENTS

The Corporation does not have any off-balance sheet arrangements.

12. TRANSACTIONS WITH RELATED PARTIES

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

During the year ended December 31, 2018, management fees, geological services, rent and administration fees of $1,849,000 (2017 - $1,487,000) were incurred with Osisko GR, a related company of the Corporation by virtue of Osisko GR owning or controlling, directly or indirectly, greater than 10% of the issued and outstanding common shares of the Corporation. Also, Mr. John Burzynski, President and Chief Executive Officer of the Corporation, as well as Mr. Sean Roosen, Chairman of the board of directors of the Corporation, serve as directors and/or senior officers of Osisko GR. Accounts payable to Osisko GR as at December 31, 2018 were $134,000 (2017 - $276,000). During the year ended December 31, 2018, management fees, geological services, rent and administration fees of $132,000 (2017 - $879,000) were charged to Osisko GR by the Corporation. Accounts receivable from Osisko GR as at December 31, 2018 were $79,000 (2017 - $195,000).

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

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

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

13 OUTSTANDING SHARE DATA

As at March 6, 2019 the Corporation had the following securities outstanding: (i) 260,916,588 common shares of the Corporation; (ii) 21,156,087 stock options to purchase common shares of the Corporation at a weighted average exercise price of $2.64 per option; (iii) 360,724 common share purchase warrants outstanding at a weighted average exercise price of $3.94 per warrant, on a one-for-one basis; (iv) 1,575,000 restricted share units (the "RSU") and (v) 650,000 deferred share units (the "DSU"). On a fully diluted basis, the Corporation would have 284,658,399 common shares of the Corporation issued and outstanding, after giving effect to the exercise of the options, warrants, RSUs and DSUs of the Corporation that are outstanding.

The following table summarizes the options outstanding and exercisable as at December 31, 2018:

	Options outstanding			Options exercisable		
Range of exercise prices per share ($)	**Weighted-average remaining years of contractual Life**	**Number of stock options outstanding**	**Weighted average exercise price ($)**	**Weighted-average remaining years of contractual life**	**Number of stock options exercisable**	**Weighted average exercise price ($)**
0.60 to 1.12	2.1	4,266,993	$1.04	2.1	4,266,993	$1.04
1.13 to 1.71	1.7	3,551,823	$1.20	1.7	3,551,823	$1.20
1.72 to 3.21	3.5	2,372,121	$2.63	3.0	1,695,439	$2.75
3.22 to 3.45	3.1	3,731,666	$3.41	3.1	2,593,328	$3.41
3.45 to 4.79	3.6	5,976,165	$3.98	3.3	2,884,483	$4.23
4.80 to 6.23	1.8	115,680	$6.23	1.8	115,680	$6.23
0.48 to 6.23	**2.8**	**20,014,448**	**$2.61**	**2.5**	**15,107,746**	**$2.32**

The following table summarizes the DSU and RSU outstanding and exercisable as at December 31, 2018:

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

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

The following tables summarize the warrants issued and outstanding as at December 31, 2018:

13.1 Publicly Traded Warrants

	Number of warrants		Weighted-average exercise price
Outstanding as at January 1, 2017	**130,631,300**	**$**	**0.15**
Exercised	(5,469,880)		0.15
Outstanding at December 31, 2017	**125,161,420**	**$**	**0.15**
Exercised	(68,700)		0.15
Expired	(125,092,720)		0.15
Outstanding at December 31, 2018	**-**	**$**	**-**

On August 25, 2015, 130,636,320 common share purchase warrants of the Corporation (the "EH Consideration Warrants") were issued to Eagle Hill shareholders in connection with the acquisition by the Corporation of Eagle Hill. The EH Consideration Warrants were governed by the terms of a warrant indenture dated August 24, 2015 between Osisko and Equity Financial Trust Company, as warrant agent, which warrant indenture is available under Osisko's issuer profile on SEDAR (www.sedar.com). The EH Consideration Warrants were listed and posted for trading on the Toronto Stock Exchange under the symbol "OSK.WT". As a result of a share consolidation by Osisko, which was affected on August 25, 2015 after the effective time of the acquisition of Eagle Hill, each EH Consideration Warrants was exercisable until August 25, 2018 and, upon exercise of 20 EH Consideration Warrants at $0.15 per warrant for a total payment of $3.00, a holder of such warrant was entitled to receive one common share of the Corporation. As of December 31, 2018, all unexercised EH Consideration Warrants have expired.

13.2 One-for-one Warrants

	Number of warrants		Weighted-average exercise price
Outstanding as at January 1, 2017	7,240,854	$	1.62
Granted	15,327,000		5.00
Exercised	(3,355,955)		1.53
Outstanding at December 31, 2017	**19,211,899**	**$**	**4.33**
Issuance of warrants on acquisition of Beaufield Resources	154,240		2.39
Exercised	(520,800)		1.44
Expired	(15,197,540)		5.00
Outstanding at December 31, 2018	**3,647,799**	**$**	**1.89**

On February 3, 2016, the Corporation completed a private placement offering of subscription receipts pursuant to which it issued and sold 10,521,700 subscription receipts of the Corporation. In conjunction with the completion of an arrangement with Niogold on March 11, 2016, each subscription receipt was converted into one common share of the Corporation and one common share purchase warrant. All of common share purchase warrants issued on February 3, 2016 expired on February 3, 2019.

On February 28, 2017, the Corporation completed a private placement offering pursuant to which it issued and sold 15,327,000 units of the Corporation. Each unit is comprised of one common share and one common share purchase warrant of the Corporation. As of December 31, 2018, all unexercised common share purchase warrants issued on February 28, 2017 have expired.

14. CRITICAL ACCOUNTING ESTIMATES

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

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

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

i) Significant judgments in applying accounting policies

The areas that require management to make significant judgments in applying the Corporation's accounting policies in determining carrying values include, but are not limited to:

Income taxes:

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

Determination of significant influence over equity investments:

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

Impairment of investments in associates:

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

ii) Significant accounting estimates and assumptions

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

Impairment of non-financial assets:

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

Fair value of stock options and warrants:

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

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

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

15. CHANGES IN IFRS ACCOUNTING POLICIES AND FUTURE ACCOUNTING PRONOUNCEMENTS

Certain pronouncements were issued by the IASB or the International Financial Reporting Interpretations Committee that are mandatory for accounting years ended after December 31, 2018. Many are not applicable or do not have a significant impact to the Corporation and have been excluded from the summary below.

a) Future Accounting Pronouncements

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. Early adoption is permitted if IFRS 15 has also been adopted. A lessee can choose to apply IFRS 16 using either a full retrospective or a modified retrospective approach. The Corporation plans to apply IFRS 16 at the date it becomes effective and has selected the modified retrospective transition approach which does not require restatement of comparative periods. The Corporation will recognize a lease liability on January 1, 2019 and measure the lease liability at the present value of the remaining lease payments, discounted using the Corporation's incremental borrowing rate. The Corporation will also elect to measure right-of-use assets at the same value as the lease liability. IFRS 16 includes recognition exemptions available for short-term leases and leases of low-value items. The Corporation will elect to apply the exemptions whereby the Corporation will recognize the lease payment as an expense over the lease term.

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

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

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

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

b) New Accounting Standards Issued and Effective

IFRS 2, "Share-based Payments" ("IFRS 2")

In June 2016, the IASB issued amendments to IFRS 2, clarifying how to account for certain types of share-based payment transactions, including the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, accounting for share-based payment transactions with a net settlement feature for withholding tax obligations, and accounting for modifications to the terms and conditions of a share-based payment that changes the classification of the share-based payment transaction from cash-settled to equity-settled. The IFRS 2 amendments are effective for fiscal year beginning on or after January 1, 2018. The adoption of the amendments did not have a material impact on the consolidated financial statements.

IFRS 15, "Revenue from Contracts with Customers" ("IFRS 15")

In May 2015, the IASB issued IFRS 15. The core principle of the new standard is for companies to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the company expects to be entitled in exchange for those goods or services. The new standard results in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements. This standard was adopted on January 1, 2018 using the modified retrospective approach. The adoption of IFRS 15 did not have a material impact on the consolidated financial statements and there was no transitional adjustment recorded on adoption.

IFRS 9, "Financial Instruments" ("IFRS 9")

In July 2015, the IASB issued IFRS 9 to replace IAS 39 'Financial Instruments: Recognition and Measurement' ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. A new hedge accounting model was introduced and represents a substantial overhaul of hedge accounting which allows entities to better reflect their risk management activities in the financial statements.

This standard was adopted on January 1, 2018 on a retrospective basis without restating comparatives so any cumulative adjustments would be recorded in the opening retained earnings on adoption. The adoption of IFRS 9 did not have a material impact on the consolidated financial statements and there was no transitional adjustment recorded on adoption.

16. CORPORATE GOVERNANCE

Management and the Board recognizes the value of good corporate governance and the need to adopt best practices. The Corporation is committed to continuing to improve its corporate governance practices in light of its stage of development and evolving best practices and regulatory guidance.

The Board has adopted a board mandate outlining its responsibilities and defining its duties. The Board has four committees: the Audit Committee, the Compensation Committee, the Corporate Governance and Nominating Committee, and the Sustainable Development Committee. Each Committee has a committee charter, which outlines the committee's mandate, procedures for calling a meeting, and provides access to outside resources.

The Board has also adopted a code of ethics, which governs the ethical behavior of all employees, management and directors. Separate trading blackout and disclosure policies are also in place. For more details on the Corporation's corporate governance practices, please refer to Osisko's website (www.osiskomining.com) and the statement of Corporate Governance contained in Osisko's Management Information Circular dated May 8, 2018.

The Corporation's directors have expertise in exploration, metallurgy, mining, accounting, legal, banking, financing and the securities industry. The Board and each Committee meets at least four times per year.

17. INTERNAL CONTROL OVER FINANCIAL REPORTING

Disclosure controls and procedures

Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by the Corporation in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation and include controls and procedures designed to ensure that information required to be disclosed by the Corporation in its annual filings, interim filings or other reports filed or submitted under securities legislation is accumulated and communicated to the Corporation's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Internal controls over financial reporting

Internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. Management is also responsible for the design of the Corporation's internal control over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The Corporation's internal controls over financial reporting include policies and procedures that: pertain to the maintenance of records that, in reasonable detail accurately and fairly reflect the transactions and disposition of assets; provide reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements in accordance with IFRS and that receipts and expenditures are being made only in accordance with authorization of management and directors of the Corporation; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets that could have a material effect on the financial statements.

As at December 31, 2018 there has not been any material change to internal controls over financial reporting for the year. Management, including the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of the Corporation's internal controls over financial reporting. As of December 31, 2018, the Chief Executive Officer and Chief Financial Officer have each concluded that the Corporation's internal controls over financial reporting, as defined in National Instrument 52-109 - *Certification of Disclosure in Issuer's Annual and Interim Filings*, are effective to achieve the purpose for which they have been designed. Because of their inherent limitations, internal controls over financial reporting can provide only reasonable assurance and may not prevent or detect misstatements. Furthermore, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

18. Non-IFRS MEASURES

The Corporation has included a non-IFRS measure for "working capital" in this MD&A to supplement its financial statements, which are presented in accordance with IFRS. The Corporation believes that this measure provides investors with an improved ability to evaluate the performance of the Corporation. Non-IFRS measures do not have any standardized meaning prescribed under IFRS. Therefore, such measures may not be comparable to similar measures employed by other companies. The data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

The Corporation determines working capital as follows (in thousands of Canadian dollars):

Reconciliation for the period ended	**December 31, 2018**	**September 30, 2018**	**June 30, 2018**	**March 31, 2018**
Current assets	138,442	121,424	78,374	110,292
Less current liabilities	10,260	21,084	14,773	18,490
Working capital	**128,182**	**107,884**	**63,601**	**91,802**

Reconciliation for the period ended	**December 31, 2017**	**September 30, 2017**	**June 30, 2017**	**March 31, 2017**
Current assets	155,308	108,439	138,965	162,250
Less current liabilities	21,084	23,657	9,857	8,172
Working capital	**134,224**	**84,782**	**129,108**	**154,078**

19. RISKS AND UNCERTAINTIES

The Corporation's business, being the acquisition, exploration, and development of mineral properties in Canada, is speculative and involves a high degree of risk. Certain factors, including but not limited to the ones below, could materially affect the Corporation's financial condition and/or future operating results, and could cause actual events to differ materially from those described in forward-looking statements made by or relating to the Corporation. See "*Cautionary Note Regarding Forward-Looking Information*". The reader should carefully consider these risks as well as the information disclosed in the Corporation's financial statements, the Corporation's annual information form dated March 6, 2019, and other publicly filed disclosure regarding the Corporation, available under Osisko's issuer profile on SEDAR (www.sedar.com).

Nature of Mineral Exploration and Mining

The Corporation's future is dependent on its exploration and development programs. The exploration and development of mineral deposits involves significant financial risks over a prolonged period of time, which may not be eliminated even through a combination of careful evaluation, experience and knowledge. Few properties that are explored are ultimately developed into economically viable operating mines. Major expenditures on the Corporation's exploration properties may be required to construct mining and processing facilities at a site, and it is possible that even preliminary due diligence will show adverse results, leading to the abandonment of projects. It is impossible to ensure that preliminary or full feasibility studies on the Corporation's projects, or the current or proposed exploration programs on any of the properties in which the Corporation has exploration rights, will result in any profitable commercial mining operations. The Corporation cannot give any assurance that its current and future exploration activities will result in a discovery of mineral deposits containing mineral reserves.

Estimates of mineral resources and any potential determination as to whether a mineral deposit will be commercially viable can also be affected by such factors as: the particular attributes of the deposit, such as its size and grade; unusual or unexpected geological formations and metallurgy; proximity to infrastructure; financing costs; precious metal prices, which are highly volatile; and governmental regulations, including those relating to prices, taxes, royalties, infrastructure, land use, importing and exporting of metal concentrates, exchange controls and environmental protection. The effect of these factors cannot be accurately predicted, but the combination of any or all of these factors may result in the Corporation not receiving an adequate return on its invested capital or suffering material adverse effects to its business and financial condition. Exploration and development projects also face significant operational risks including but not limited to an inability to obtain access rights to properties, accidents, equipment breakdowns, labour disputes (including work stoppages and strikes), and other unanticipated interruptions.

Exploration, Development and Operations

The long term profitability of the Corporation's operations will be in part directly related to the cost and success of its exploration programs, which may be affected by a number of factors, including the Corporation's ability to extend the permitted term of exploration granted by the underlying concession contracts. Substantial expenditures are required to establish reserves through drilling, to develop processes to extract the resources and, in the case of new properties, to develop the extraction and processing facilities and infrastructure at any site chosen for extraction. Although substantial benefits may be derived from the discovery of a major deposit, no assurance can be given that any such deposit will be commercially viable or that the funds required for development can be obtained on a timely basis.

Liquidity and Additional Financing

The Corporation's ability to continue its business operations is dependent on management's ability to secure additional financing. The Corporation's only source of liquidity is its cash and cash equivalent balances. Liquidity requirements are managed based upon forecasted cash flows to ensure that there is sufficient working capital to meet the Corporation's obligations.

The advancement, exploration and development of the Corporation's properties, including continuing exploration and development projects, and, if warranted, construction of mining facilities and the commencement of mining operations, will require substantial additional financing. As a result, the Corporation may be required to seek additional sources of equity financing in the near future. While the Corporation has been successful in raising such financing in the past, its ability to raise additional equity financing may be affected by numerous factors beyond its control including, but not limited to, adverse market conditions, commodity price changes and economic downturns. There can be no assurance that the Corporation will be successful in obtaining any additional financing required to continue its business operations and/or to maintain its property interests, or that such financing will be sufficient to meet the Corporation's objectives or obtained on terms favourable to the Corporation. Failure to obtain sufficient financing as and when required may result in the delay or indefinite postponement of exploration and/or development on any or all of the Corporation's properties, or even a loss of property interest, which would have a material adverse effect on the Corporation's business, financial condition and results of operations.

No Earnings and History of Losses

The business of developing and exploring resource properties involves a high degree of risk and, therefore, there is no assurance that current exploration programs will result in profitable operations. The Corporation has not determined whether any of its properties contains economically recoverable reserves of mineralized material and currently has not earned any revenue from its projects; therefore, the Corporation does not generate cash flow from its operations. There can be no assurance that significant additional losses will not occur in the future. The Corporation's operating expenses and capital expenditures may increase in future years with advancing exploration, development and/or production from the Corporation's properties. The Corporation does not expect to receive revenues from operations in the foreseeable future and expects to incur losses until such time as one or more of its properties enters into commercial production and generates sufficient revenue to fund continuing operations. There is no assurance that any of the Corporation's properties will eventually enter commercial operation. There is also no assurance that new capital will become available, and if it is not, the Corporation may be forced to substantially curtail or cease operations.

Market Price of the Common Shares

The common shares trade on the TSX under the symbol "OSK". The market price of securities of many companies, particularly exploration and development stage mining companies, experience wide fluctuations that are not necessarily related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that an active market for the common shares will be sustained, or that fluctuations in the price of the common shares will not occur. The market price of the common shares at any given point in time may not accurately reflect the Corporation's long-term value. Securities class action litigation has often been brought against companies following periods of volatility in the market price of their securities. The Corporation may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

Volatility of Commodity Prices

The development of the Corporation's properties is dependent on the future prices of minerals and metals. As well, should any of the Corporation's properties eventually enter commercial production, the Corporation's profitability will be significantly affected by changes in the market prices of minerals and metals.

Precious metals prices are subject to volatile price movements, which can be material and occur over short periods of time and which are affected by numerous factors, all of which are beyond the Corporation's control. Such factors include, but are not limited to, interest and exchange rates, inflation or deflation, fluctuations in the value of the U.S. dollar and foreign currencies, global and regional supply and demand, speculative trading, the costs of and levels of precious metals production, and political and economic conditions. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems, the strength of and confidence in the U.S. dollar (the currency in which the prices of precious metals are generally quoted), and political developments.

The effect of these factors on the prices of precious metals, and therefore the economic viability of any of the Corporation's exploration projects, cannot be accurately determined. The prices of commodities have historically fluctuated widely, and future price declines could cause the development of (and any future commercial production from) the Corporation's properties to be impracticable or uneconomical. As such, the Corporation may determine that it is not economically feasible to commence commercial production at some or all of its properties, which could have a material adverse impact on the Corporation's financial performance and results of operations. In such a circumstance, the Corporation may also curtail or suspend some or all of its exploration activities.

Acquiring Title

The acquisition of title to mineral properties is a very detailed and time-consuming process. The Corporation may not be the registered holder of some or all of the claims and concessions comprising the Windfall Lake Project, the Marban Block Project or any of the mineral projects of the Corporation. These claims or concessions may currently be registered in the names of other individuals or entities, which may make it difficult for the Corporation to enforce its rights with respect to such claims or concessions. There can be no assurance that proposed or pending transfers will be effected as contemplated. Failure to acquire title to any of the claims or concessions at one or more of the Corporation's projects may have a material adverse impact on the financial condition and results of operation of the Corporation.

Title Matters

Once acquired, title to, and the area of, mineral properties may be disputed. There is no guarantee that title to one or more claims or concessions at the Corporation's projects will not be challenged or impugned. There may be challenges to any of the Corporation's titles which, if successful, could result in the loss or reduction of the Corporation's interest in such titles. The Corporation's properties may be subject to prior unregistered liens, agreements, transfers or claims, and title may be affected by, among other things, undetected defects. In addition, the Corporation may be unable to operate its properties as permitted or to enforce its rights with respect to its properties. The failure to comply with all applicable laws and regulations, including a failure to pay taxes or to carry out and file assessment work, can lead to the unilateral termination of concessions by mining authorities or other governmental entities.

Uncertainty and Inherent Sample Variability

Although the Corporation believes that the estimated mineral resources and mineral reserves at the Windfall Lake Project and the Marban Block Project have been delineated with appropriately spaced drilling, there exists inherent variability between duplicate samples taken adjacent to each other and between sampling points that cannot be reasonably eliminated. There also may be unknown geologic details that have not been identified or correctly appreciated at the current level of delineation. This results in uncertainties that cannot be reasonably eliminated from the estimation process. Some of the resulting variances can have a positive effect and others can have a negative effect on mining and processing operations.

Reliability of Mineral Resources Estimates

Mineral resources are estimates only, and no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized. Mineral resource estimates may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing and other relevant issues. There are numerous uncertainties inherent in estimating mineral resources, including many factors beyond the Corporation's control. Such estimation is a subjective process, and the accuracy of any mineral resource estimate is a function of the quantity and quality of available data, the nature of the mineralized body and of the assumptions made and judgments used in engineering and geological interpretation. These estimates may require adjustments or downward revisions based upon further exploration or development work or actual production experience.

Fluctuations in gold or silver prices, results of drilling, metallurgical testing and production, the evaluation of mine plans after the date of any estimate, permitting requirements or unforeseen technical or operational difficulties, may require revision of mineral resource estimates. Should reductions in mineral resources occur, the Corporation may be required to take a material write-down of its investment in mining properties, reduce the carrying value of one or more of its assets or delay or discontinue production or the development of new projects, resulting in increased net losses and reduced cash flow. Mineral resources should not be interpreted as assurances of mine life or of the profitability of current or future operations. Any material reductions in estimates of mineral resources could have a material adverse effect on the Corporation's results of operations and financial condition.

Mineral resources are not mineral reserves and have a greater degree of uncertainty as to their existence and feasibility. There is no assurance that mineral resources will be upgraded to proven or probable mineral reserves.

Uncertainty Relating to Inferred Mineral Resources

Inferred mineral resources are not mineral reserves and do not have demonstrated economic viability. Due to the uncertainty which may attach to inferred mineral resources, there is no assurance that inferred mineral resources will be upgraded to proven and probable mineral reserves as a result of continued exploration.

Term and Extension of Concession Contracts

Non-compliance with concession contracts may lead to their early termination by the relevant mining authorities or other governmental entities. A company whose concession contracts were subject to termination could be prevented from being issued new concessions or from keeping the concessions that it already held. The Corporation is not aware of any cause for termination or any investigation or procedure aimed at the termination of any of its concession contracts.

Governmental Regulation

The mineral exploration and development activities of the Corporation are subject to various laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use, land claims of local people and other matters in local areas of operation. Although the Corporation's exploration and development activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail exploration, development or production. Amendments to current laws and regulations governing the Corporation's operations, or more stringent implementation thereof, could have an adverse impact on the Corporation's business and financial condition.

The Corporation's operations may be subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner that means standards are stricter, and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and their directors, officers and employees. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of the Corporation's future operations.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities that could cause operations to cease or be curtailed. Other enforcement actions may include corrective measures requiring capital expenditures, the installation of additional equipment or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of such mining activities and may have civil or criminal fines or penalties imposed upon them for violations of applicable laws or regulations.

Permitting

The operations of the Corporation require licenses and permits from various governmental authorities. The Corporation will use its best efforts to obtain all necessary licenses and permits to carry on the activities which it intends to conduct, and it intends to comply in all material respects with the terms of such licenses and permits. However, there can be no guarantee that the Corporation will be able to obtain and maintain, at all times, all necessary licenses and permits required to undertake its proposed exploration and development, or to place its properties into commercial production and to operate mining facilities thereon. In the event of commercial production, the cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations or preclude the economic development of the Corporation's properties.

With respect to environmental permitting, the development, construction, exploitation and operation of mines at the Corporation's projects may require the granting of environmental licenses and other environmental permits or concessions by the competent environmental authorities. Required environmental permits, licenses or concessions may take time and/or be difficult to obtain, and may not be issued on the terms required by the Corporation. Operating without the required environmental permits may result in the imposition of fines or penalties as well as criminal charges against the Corporation for violations of applicable laws or regulations.

Surface Rights

The Corporation does not own all of the surface rights at its properties and there is no assurance that surface rights owned by the government or third parties will be granted, nor that they will be on reasonable terms if granted. Failure to acquire surface rights may impact the Corporation's ability to access its properties, as well as its ability to commence and/or complete construction or production, any of which would have a material adverse effect on the profitability of the Corporation's future operations.

Dependence on Key Personnel

The Corporation's future growth and its ability to develop depend, to a significant extent, on its ability to attract and retain highly qualified personnel. The Corporation relies on a limited number of key employees, consultants and members of senior management, and there is no assurance that the Corporation will be able to retain such personnel. The loss of one or more key employees, consultants or members of senior management, if such persons are not replaced, could have a material adverse effect on the Corporation's business, financial condition and prospects.

To operate successfully and manage its potential future growth, the Corporation must attract and retain highly qualified engineering, managerial and financial personnel. The Corporation faces intense competition for qualified personnel in these areas, and there can be no certainty that the Corporation will be able to attract and retain qualified personnel. If the Corporation is unable to hire and retain additional qualified personnel in the future to develop its properties, its business, financial condition and operating results could be adversely affected.

Uninsurable Risks

Mining operations generally involve a high degree of risk. Exploration, development and production operations on mineral properties involve numerous risks, including but not limited to unexpected or unusual geological operating conditions, seismic activity, rock bursts, cave-ins, fires, floods, landslides, earthquakes and other environmental occurrences, risks relating to the shipment of precious metal concentrates or ore bars, and political and social instability, any of which could result in damage to, or destruction of, the mine and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although the Corporation believes that appropriate precautions to mitigate these risks are being taken, operations are subject to hazards such as equipment failure or failure of structures, which may result in environmental pollution and consequent liability. It is not always possible to obtain insurance against all such risks and the Corporation may decide not to insure against certain risks because of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate the Corporation's future profitability and result in increasing costs and a decline in the value of the Common Shares. The Corporation does not maintain insurance against title, political or environmental risks.

While the Corporation may obtain insurance against certain risks in such amounts as it considers adequate, the nature of these risks is such that liabilities could exceed policy limits or be excluded from coverage. The potential costs that could be associated with any liabilities not covered by insurance or in excess of insurance coverage may cause substantial delays and require significant capital outlays, thereby adversely affecting the Corporation's business and financial condition.

Global Financial Conditions

Current global financial conditions have been subject to increased volatility, and access to public financing, particularly for junior resource companies, has been negatively impacted. These factors may impact the ability of the Corporation to obtain equity or debt financing in the future and, if obtained, such financing may not be on terms favourable to the Corporation. If increased levels of volatility and market turmoil continue, the Corporation's operations could be adversely impacted and the value and price of the Common Shares could be adversely affected.

Information Systems Security Threats

The Corporation's operations depend upon information technology systems which may be subject to disruption, damage or failure from different sources, including, without limitation, installation of malicious software, computer viruses, security breaches, cyber-attacks and defects in design.

Although to date the Corporation has not experienced any material losses relating to cyber attacks or other information security breaches, there can be no assurance that the Corporation will not incur such losses in the future. The Corporation's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attach, damage or unauthorized access remain a priority. As cyber threats continue to evolve, the Corporation may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

Competition

The mineral exploration and mining business is competitive in all of its phases. In the search for and acquisition of attractive mineral properties, the Corporation competes with numerous other companies and individuals, including competitors with greater financial, technical and other resources. The Corporation's ability to acquire properties in the future will depend on its ability to select and acquire suitable producing properties or prospects for mineral exploration. There is no assurance that the Corporation will continue to be able to compete successfully with its competitors in acquiring such properties or prospects, nor that it will be able to develop any market for the raw materials that may be produced from its properties. Any such inability could have a material adverse effect on the Corporation's business and financial condition.

Option and Joint Venture Agreements

The Corporation has and may continue to enter into option agreements and/or joint ventures as a means of gaining property interests and raising funds. Any failure of any partner to meet its obligations to the Corporation or other third parties, or any disputes with respect to third parties' respective rights and obligations, could have a negative impact on the Corporation. Pursuant to the terms of certain of the Corporation's existing option agreements, the Corporation is required to comply with exploration and community relations obligations, among others, any of which may adversely affect the Corporation's business, financial results and condition.

Under the terms of such option agreements the Corporation may be required to comply with applicable laws, which may require the payment of maintenance fees and corresponding royalties in the event of exploitation/production. The costs of complying with option agreements are difficult to predict with any degree of certainty; however, were the Corporation forced to suspend operations on any of its concessions or pay any material fees, royalties or taxes, it could result in a material adverse effect to the Corporation's business, financial results and condition.

The Corporation may be unable to exert direct influence over strategic decisions made in respect of properties that are subject to the terms of these agreements, and the result may be a materially adverse impact on the strategic value of the underlying concessions.

Mergers and Amalgamations

The ability to realize the benefits of any merger or amalgamation completed by the Corporation will depend in part on successfully consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner. This integration will require the dedication of substantial management effort, time and resources which may divert management's focus and resources from other strategic opportunities of the Corporation following completion of any such arrangement, and from operational matters during such a process.

Community Relationships

The Corporation's relationships with the communities in which it operates are critical to ensure the future success of its existing operations and the construction and development of its projects.

Osisko understands that First Nations people have protected constitutional rights and can offer a unique understanding of the environment based on their special connection to the land. The Windfall Lake Project is located on Category III lands as described in the James Bay and Northern Québec Agreement (JBNQA). The Windfall Project site falls within the Traditional Territory of the Waswanipi Cree First Nation. The Corporation is honouring the existing Advanced Exploration Agreement in place with the Cree First Nation of Waswanipi, the Grand Council of the Crees Eeyou Istchee, and the Cree Regional Authority. Upon receipt of the Windfall Lake Project description, the Crown identified two other Aboriginal communities that may have an interest in the project: the Algonquin Anishinabeg Nation of Lac Simon and the Obedjiwan community of the Atikamekw Nation. Numerous information sessions have been held throughout 2018 and 2017 to inform and consult the three First Nation communities and the public on the Windfall Lake Project activities and to address their concerns and to collect their comments. As the Windfall Project progresses, agreements may have to be negotiated with the First Nations.

While the Corporation is committed to operating in a socially responsible manner and working towards entering into agreements in satisfaction of such requirements, there is no guarantee that its efforts will be successful, in which case interventions by third parties could have a material adverse effect on the Corporation's business, financial position and operations.

Conflicts of Interest

Certain of the directors and officers of the Corporation also serve as directors and/or officers of other companies involved in natural resource exploration, development and mining operations. Consequently, there exists the possibility for such directors and officers to be in a position of conflict. The directors of the Corporation are required by law to act honestly and in good faith with a view to the best interests of the Corporation, and to disclose any interest they may have in any project or opportunity of the Corporation. In addition, each of the directors is required by law to declare his or her interest in and refrain from voting on any matter in which he or she may have a conflict of interest, in accordance with applicable laws.

Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supplies, as well as the location of population centres and pools of labour, are important determinants which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could impact the Corporation's ability to explore its properties, thereby adversely affecting its business and financial condition.

The Outstanding Common Shares Could be Subject to Dilution

The exercise of stock options, warrants, the DSUs and the RSUs already issued by the Corporation and the issuance of additional equity securities in the future could result in dilution in the equity interests of holders of common shares.

No Dividends Policy

The Corporation has not declared a dividend since incorporation and does not anticipate doing so in the foreseeable future. Any future determination as to the payment of dividends will be at the discretion of the Board and will depend on the availability of profit, operating results, the financial position of the Corporation, future capital requirements and general business and other factors considered relevant by the directors of the Corporation. No assurances in relation to the payment of dividends can be given.

20. CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This MD&A may contain forward-looking statements and forward-looking information within the meaning of applicable Canadian securities legislation (collectively, "forward-looking information"), including, but not limited to, statements relating to the future financial or operating performance of the Corporation, the Corporation's mineral projects, the future price of metals, the estimation of mineral resources, the realization of mineral resource estimates, the timing and amount of estimated future production (if any), capital, operating and exploration expenditures, costs and timing of the development of new deposits, costs and timing of future exploration, use of proceeds from financings, requirements for additional capital, government regulation of mining operations and mineral exploration activities, environmental risks, reclamation expenses, title disputes or claims, limitations of insurance coverage, development of the Windfall Project, timing (if at all) to complete a pre-feasibility study on the Windfall Project, advancement of the exploration ramp, underground drilling, timing (if at all) to complete a resource update on the Urban Barry Property and the Windfall Property, progress towards a feasibility study in 2019 (if at all), areas to be included in a feasibility study (if any), as well as exploration activities with drill rigs being reduced. Often, but not always, forward-looking information can be identified by the use of words and phrases such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

Forward-looking information reflects the Corporation's beliefs and assumptions based on information available at the time such statements were made. Actual results or events may differ from those predicted in forward-looking information. All of the Corporation's forward-looking information is qualified by (i) the assumptions that are stated or inherent in such forward-looking information, including the assumptions listed below, and (ii) the risks described in the section entitled "Risks and Uncertainties" in this MD&A, the financial statements of the Corporation, and the sections entitled "Risk Factors" and "Cautionary Statement Regarding Forward-Looking Information" in the annual information form of the Corporation for the fiscal year ended December 31, 2018, dated March 6, 2019, which are available on SEDAR (www.sedar.com) under the Osisko's issuer profile.

Although the Corporation believes that the assumptions underlying the forward-looking information contained in this MD&A are reasonable, this list is not exhaustive of the factors that may affect any forward-looking information. The key assumptions that have been made in connection with forward-looking information include the following: the significance of drill results and ongoing exploration activities; timing to obtain assay results from labs; ability of exploration activities (including drill results) to accurately predict mineralization; the predictability of geological modelling; the accuracy of the Corporation's records of its property interests; the global economic climate; metal prices; environmental risks; community and non- governmental actions; that permits required for the Corporation's operations will be obtained on a timely basis in order to permit the Corporation to proceed on schedule with its planned drilling programs; that skilled personnel and contractors will be available as the Corporation's operations continue to grow; that the price of gold will exceed levels that will render the project of the Corporation economical; the relevance of the assumptions, estimates and projections in the Windfall PEA; the timing and results of a feasibility study on the Windfall Project; and that the Corporation will be able to continue raising the necessary capital to finance its operations and realize on its mineral resource estimates.

Forward-looking information involves known and unknown risks, future events, conditions, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by forward-looking information. Such factors include, among others, general business, economic, competitive, political and social uncertainties; the actual results of current exploration activities; errors in geological modelling; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of metals; possible variations of grade or recovery rates; failure of plant and equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; political instability; and delays in obtaining governmental approvals or financing or in the completion of development or construction activities.

Although the Corporation has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking information contained herein is given as of the date of this MD&A and the Corporation disclaims any obligation to update any forward-looking information, whether as a result of new information, future events or results, except as may be required by applicable securities laws. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward- looking information.

21. ADDITIONAL INFORMATION

Additional information regarding the Corporation can be found in the annual information form of the Corporation dated March 6, 2019 for the financial year ended December 31, 2018, which is available under Osisko's issuer profile on SEDAR (www.sedar.com).