



Condensed Interim Consolidated Financial Statements
For the three and six month periods ended June 30, 2019 and June 30, 2018
Presented in Canadian dollars
(Unaudited)



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

<i>As at</i>	June 30, 2019	December 31, 2018
Assets		
Current assets		
Cash and cash equivalents	\$ 31,959	\$ 88,280
Other receivables	1,808	582
Advances and prepaid expenses	690	507
Tax recoverable	44,885	34,873
Marketable securities (note 4)	14,332	14,200
Inventories	159	-
Total current assets	93,833	138,442
Non-current assets		
Reclamation deposit	404	404
Long-term investment	150	150
Investment in associate (note 6)	61,405	56,998
Right-of-use assets (note 3(a))	2,220	-
Plant and equipment (note 7)	8,585	7,972
Exploration and evaluation assets (note 8)	396,281	368,902
Total non-current assets	469,045	434,426
Total assets	\$ 562,878	\$ 572,868
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 15,333	\$ 10,260
Current lease liabilities (note 3(b))	1,519	-
Total current liabilities	16,852	10,260
Non-current liabilities		
Flow-through premium liability (note 9(a))	-	2,560
Share-based payment liability (note 10)	3,166	874
Asset retirement obligation (note 11)	3,965	3,628
Non-current lease liabilities (note 3(b))	744	-
Deferred tax liability (note 13)	40,006	24,523
Total non-current liabilities	47,881	31,585
Total liabilities	64,733	41,845
Equity		
Share capital (note 9(a))	595,301	580,616
Contributed surplus (note 9(d))	55,028	55,606
Warrants (note 9(e))	-	2,568
Accumulated deficit	(152,184)	(107,767)
Total equity attributed to equity holders of the Corporation	498,145	531,023
Total liabilities and equity	\$ 562,878	\$ 572,868

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

Commitments (note 14)
Subsequent events (note 15)



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

<i>For the period ended</i>	Three months ended		Six months ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Expenses				
Compensation expenses (note 5)	\$ 3,145	\$ 4,352	\$ 7,324	\$ 13,131
General and administration expenses (note 5)	1,115	1,235	2,501	2,376
General exploration expenses	13	51	40	60
Exploration and evaluation assets impairment (loss reversal)/loss (note 8)	(2,155)	-	24,935	-
Flow-through premium income (note 9(a))	(755)	(3,912)	(2,560)	(11,437)
(Gain)/Loss from marketable securities (note 4)	(559)	2,357	324	4,925
Other income	(84)	(95)	(126)	(159)
Operating loss	720	3,988	32,438	8,896
Finance income	(286)	(278)	(741)	(670)
Finance costs	147	31	359	75
Net finance income	(139)	(247)	(382)	(595)
Share of gain of associates (note 6)	(386)	(990)	(1,154)	(642)
Loss for before tax	195	2,751	30,902	7,659
Deferred income tax expense (note 13)	6,746	3,583	13,515	9,902
Loss and comprehensive loss	\$ 6,941	\$ 6,334	\$ 44,417	\$ 17,561
Basic and diluted loss per share (note 9(b) and (c))	\$ 0.03	\$ 0.03	\$ 0.17	\$ 0.08
Weighted average number of shares (note 9(b) and (c))	263,061,597	208,193,289	261,563,991	208,039,738

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



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

Attributable equity to owners of the Corporation

	Number of Shares	Share Capital	Warrants	Contributed Surplus	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 period	-	-	-	-	(17,561)	(17,561)
Stock-based compensation (note 9(d))	-	-	-	8,545	-	8,545
Issuance of shares upon exercise of stock options (note 9(a))	624,332	1,507	-	(664)	-	843
Issuance of shares upon exercise of warrants (note 9(a))	417,750	896	(293)	-	-	603
Deferred tax asset on share issue cost (note 13)	-	1,981	-	-	-	1,981
Balance June 30, 2018	208,887,322	\$ 460,615	\$ 16,911	\$ 36,642	\$ (91,332)	422,836

Attributable equity to owners of the Corporation

	Number of Shares	Share Capital	Warrants	Contributed Surplus	Deficit and Accumulated Deficit	Total
Balance January 1, 2019	257,201,331	\$ 580,616	\$ 2,568	\$ 55,606	\$ (107,767)	531,023
Loss for the period	-	-	-	-	(44,417)	(44,417)
Stock-based compensation (note 9(d))	-	-	-	2,586	-	2,586
Issuance of shares upon exercise of stock options (note 9(a))	3,557,635	7,862	-	(3,459)	-	4,403
Issuance of shares upon exercise of warrants (note 9(a))	3,172,123	6,987	(2,273)	-	-	4,714
Expiry of warrants	-	-	(295)	295	-	-
Deferred tax asset on share issue cost (note 13)	-	(164)	-	-	-	(164)
Balance June 30, 2019	263,931,089	\$ 595,301	\$ -	\$ 55,028	\$ (152,184)	498,145

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



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

<i>For the period ended</i>	June 30, 2019	June 30, 2018
Cash flows used in operating activities		
Loss for the period	\$ (44,417)	\$ (17,561)
Adjustments for:		
Marketable securities loss (note 4)	324	4,925
Share of gain of associates (note 6)	(1,154)	(642)
Exploration and evaluation assets impairment loss (note 8)	24,935	-
Depreciation	191	72
Accretion on asset retirement obligation (note 11)	21	17
Flow-through premium income (note 9(a))	(2,560)	(11,437)
Stock-based compensation (note 9(d))	4,167	7,374
Deferred income tax expense (note 13)	13,515	9,902
Interest income	(741)	(670)
	(5,719)	(8,020)
Change in items of working capital:		
Change in other receivables	(1,226)	88
Change in advances and prepaid expenses	(183)	125
Change in accounts payable and accrued liabilities	(214)	(2,407)
Change in taxes recoverable	(2,951)	6,206
Net cash used in operating activities	(10,293)	(4,008)
Cash flows used in investing activities		
Interest received	741	670
Acquisition of marketable securities (note 4)	(3,993)	-
Proceeds on disposition of marketable securities (note 4)	3,537	4,394
Acquisition of Beaufield equity investment	-	(2,369)
Acquisition of Barkerville equity investment	(3,253)	-
Acquisition of plant and equipment (note 7)	(1,529)	(1,823)
Addition to exploration and evaluation assets (note 8)	(49,926)	(63,753)
Net cash used in investing activities	(54,423)	(62,881)
Cash flows provided by financing activities		
Repayment of lease liabilities	(722)	-
Cash received from exercise of warrants (note 9(e))	4,714	603
Cash received from exercise of stock options (note 9(d))	4,403	843
Net cash provided by financing activities	8,395	1,446
Decrease in cash and cash equivalents	(56,321)	(65,443)
Cash and cash equivalents, beginning of period	88,280	111,504
Cash and cash equivalents, end of period	\$ 31,959	\$ 46,061

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



Notes to Condensed Interim Consolidated Financial Statements

For the period ended June 30, 2019 and 2018

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

(Unaudited)

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 unaudited condensed interim consolidated financial statements of the Corporation at June 30, 2019 include the Corporation and its subsidiaries, Northern Gold Mining Inc., Niogold Mining Corporation and O3 Markets Inc. (together the “Group” and individually as “Group entities”). The Corporation is primarily in the business of acquiring, exploring and developing precious mineral deposits in Canada.

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

2) Basis of preparation

a) Statement of compliance

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

These unaudited condensed interim consolidated financial statements do not include all of the disclosures required for annual financial statements and therefore should be read in conjunction with the Corporation’s audited annual consolidated financial statements and notes thereto for the year ended December 31, 2018.

These consolidated financial statements were authorized for issuance by the Corporation’s board of directors (the “Board of Directors”) on August 13, 2019.

b) Significant accounting policies

The significant accounting policies followed in these unaudited condensed interim consolidated financial statements are consistent with those applied in the Corporation’s audited annual consolidated financial statements for the year ended December 31, 2018, except in relation to policies adopted in the six-month period ended June 30, 2019. The accounting policies set out below are in accordance with IFRS and have been applied to these unaudited condensed interim consolidated financial statements.

Leases

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



Notes to Condensed Interim Consolidated Financial Statements

For the period ended June 30, 2019 and 2018

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

(Unaudited)

2) Basis of preparation (continued)

b) Significant accounting policies (continued)

Leases (continued)

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

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

Assets and liabilities arising from leases are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

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

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

c) Use of critical estimates and judgements

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

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

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

In preparing these unaudited condensed interim consolidated financial statements, the significant judgements and estimates made by management in applying the Corporation's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements as at and for the year ended December 31, 2018.



Notes to Condensed Interim Consolidated Financial Statements
For the period ended June 30, 2019 and 2018
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3) 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, 2019. Many are not applicable or do not have a significant impact to the Corporation and have been excluded from the summary below.

a) New Accounting Standards Issued and Effective

IFRIC 23, Uncertainty over Income Tax Treatments (“IFRIC 23”)

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

IFRS 16, “Leases” (“IFRS 16”)

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

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

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

The associated right-of-use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized on the balance sheet as at December 31, 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.



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

a) New Accounting Standards Issued and Effective (continued)

IFRS 16, “Leases” (“IFRS 16”) (continued)

The recognized right-of-use assets relate to the following types of assets:

<i>As at</i>	June 30, 2019	January 1, 2019
Offices	\$ 680	\$ 809
Equipment	1,540	2,121
Total	\$ 2,220	\$ 2,930

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

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

4) Marketable securities

The Corporation holds shares and warrants in various public and private companies. During the three and six-month period ended June 30, 2019, these shares and warrants were fair valued and this resulted in an unrealized gain of \$1,507,000 and \$1,635,000 respectively (2018 – loss of \$2,449,000 and \$5,582,000, respectively). The Corporation sold shares during the three and six-month period ended June 30, 2019 which resulted in a realized loss of \$948,000 and \$1,959,000 respectively (2018 – gain of \$92,000 and \$657,000, respectively).

The shares in the various public companies are classified as FVTPL and are recorded at fair value using the quoted market price as at June 30, 2019 and are therefore classified as level 1 within the fair value hierarchy.

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

The following table summarizes information regarding the Corporation’s marketable securities as at June 30, 2019 and December 31, 2018:

<i>As at</i>	June 30, 2019	December 31, 2018
Balance, beginning of period	\$ 14,200	\$ 22,076
Additions	3,993	5,364
Acquisitions	-	1,587
Disposals	(3,537)	(7,768)
Realized loss	(1,959)	(694)
Unrealized gain/(loss)	1,635	(6,365)
Balance, end of period	\$ 14,332	\$ 14,200



Notes to Condensed Interim Consolidated Financial Statements
For the period ended June 30, 2019 and 2018
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(Unaudited)

5) Expenses

The following table summarizes information regarding the Corporation's expenses from continuing operations for the period ended June 30, 2019 and 2018:

<i>For the period ended</i>	Three months ended		Six months ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Compensation expenses				
Stock-based compensation (note 9(d) and note 10)	\$ 1,635	\$ 2,040	\$ 4,167	\$ 7,374
Salaries and benefits	1,510	2,312	3,157	5,757
Total compensation expenses	\$ 3,145	\$ 4,352	\$ 7,324	\$ 13,131
General and administration expenses				
Shareholder and regulatory expense	\$ 192	\$ 218	\$ 404	\$ 347
Travel expense	73	81	223	211
Professional fees	143	259	575	545
Office expense	707	677	1,299	1,273
Total general and administration expenses	\$ 1,115	\$ 1,235	\$ 2,501	\$ 2,376
Marketable securities				
Realized loss/(gain) from marketable securities (note 4)	\$ 948	\$ (92)	\$ 1,959	\$ (657)
Unrealized (gain)/loss from marketable securities (note 4)	(1,507)	2,449	(1,635)	5,582
Total marketable securities loss	\$ (559)	\$ 2,357	\$ 324	\$ 4,925

6) Investment in associate

During the six month period ended June 30, 2019, Osisko has acquired a further 91,439,028 shares in Barkerville Gold Mines Ltd ("Barkerville") for 3,253,000. The trading price of Barkerville on June 30, 2019 was \$0.35 per share which corresponds to a quoted market value of \$32,004,000 for the Corporation's investment in Barkerville.

The equity accounting for Barkerville is based on the results up to March 31, 2019 adjusted for any significant transactions between March 31, 2019 and June 30, 2019.

The Corporation's investments in associates are detailed as follows:

<i>As at</i>	June 30, 2019
Balance, beginning of period	\$ 56,998
Cash investment in associates	3,253
Share of gain for the period	1,154
Balance, end of period	\$ 61,405

7) Plant and equipment

The following table summarizes information regarding the Corporation's plant and equipment as at June 30, 2019:

Class	Cost			Accumulated depreciation			Net book value
	Opening balance	Additions/transfers	Closing balance	Opening balance	Depreciation	Closing balance	
Computer Equipment	\$ 1,537	\$ 243	\$ 1,780	\$ 574	\$ 163	\$ 737	\$ 1,043
Office Equipment	207	-	207	60	15	75	132
Exploration Equipment	8,680	1,278	9,958	1,901	721	2,622	7,336
Automobiles	175	8	183	92	17	109	74
Total	\$ 10,599	\$ 1,529	\$ 12,128	\$ 2,627	\$ 916	\$ 3,543	\$ 8,585



Notes to Condensed Interim Consolidated Financial Statements

For the period ended June 30, 2019 and 2018

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

(Unaudited)

8) Exploration and evaluation assets

	December 31, 2018	Additions in the period	Deferred income tax asset on investment tax credits (note 14)	Impairment (losses)/loss reversals in the period	June 30, 2019
Windfall Lake	\$ 222,237	\$ 46,387	\$ -	\$ -	\$ 268,624
Quévillon Osborne	13,688	3,662	-	-	17,350
Urban Barry	20,453	2,227	-	-	22,680
Urban Barry Base Metals	30	(4)	-	-	26
Quévillon Osborne Base Metals	10	4	-	-	14
Kan - James Bay	501	(301)	-	-	200
Éléonore – James Bay	-	-	-	200	200
Éléonore JV – James Bay	546	(104)	-	(242)	200
Other – James Bay	2,503	(1,891)	-	(462)	150
FCI - Corvette Lithium	(57)	-	-	-	(57)
Urban Duke	2,142	2	-	-	2,144
Éléonore Opinaca	-	-	-	1,000	1,000
Tortigny	11,818	(30)	-	(10,788)	1,000
Luanay	2,273	-	-	(1,273)	1,000
Marban Block	65,139	3	227	(5,869)	59,500
Garrison Block	27,619	555	1,577	(7,751)	22,000
Hemlo	-	-	-	250	250
Total exploration and evaluation assets	\$ 368,902	\$ 50,510	\$ 1,804	\$ (24,935)	\$ 396,281

a) Impairments in the period

On July 5, 2019, the Corporation transferred the Éléonore Opinaca, Tortigny, Luannay, Marban Block, Garrison Block, Hemlo and James Bay projects to Chantrell Venture Corp. ("Chantrell") in exchange for common shares of Chantrell (Note 15). The transaction stipulated the sales prices of the individual assets and when compared to their respective carrying amounts it was determined that the full carrying value of these assets will not be recovered through sale or further development. Due to this triggering event, an impairment loss totaling \$24,935,000 was recognized for these properties to write it down to their recoverable amounts. As part of the write down, the Corporation reversed a portion of impairment previously recognized on the Éléonore, Hemlo, and Éléonore Opinaca projects.

9) Capital and other components of equity

a) Share capital – authorized

	Number of Common Shares	Amount
Balance, January 1, 2018	207,845,240	\$ 456,231
Issuance of shares upon exercise of warrants (note 9(e))	524,235	1,128
Issuance of shares upon exercise of stock options (note 9(d))	1,119,984	2,594
Deferred tax asset on share issue cost (note 13)	-	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	7,583,581	24,267
Balance December 31, 2018	257,201,331	\$ 580,616
Issuance of shares upon exercise of warrants (note 9(e))	3,172,123	6,987
Issuance of shares upon exercise of stock options (note 9(d))	3,557,635	7,862
Deferred tax asset on share issue cost (note 13)	-	(164)
Balance June 30, 2019	263,931,089	\$ 595,301



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9) 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 of the Corporation are entitled to one vote per share at shareholder meetings of the Corporation. All shares rank equally with regard to the Corporation's residual assets.

On September 18, 2018, the Corporation completed a private placement of 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 \$4,070,000 with a subsequent pro-rata reduction of the liability recognized as flow-through premium income as the required expenditures are incurred. Flow-through premium income of \$755,000 and \$2,560,000 respectively was recognized for the three and six-month period ended June 30, 2019 relating to this transaction (2018 - \$nil). The transaction costs amounted to \$3,646,000 and have been netted against the gross proceeds on closing.

During the period ended June 30, 2019, a total of 3,172,123 warrants were exercised for gross proceeds of \$4,714,000 in exchange for the issuance of 3,172,123 common shares of the Corporation.

During the period ended June 30, 2019, a total of 3,557,635 stock options were exercised for gross proceeds of \$4,403,000 in exchange for the issuance of 3,557,635 common shares of the Corporation.

b) Basic loss per share

<i>For the period ended</i>	Three months ended		Six months ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Common shares outstanding, at beginning of the period	262,712,888	207,920,322	257,201,331	207,845,240
Common shares issued during the period	348,709	272,967	4,362,660	194,498
Basic weighted average number of Common Shares	263,061,597	208,193,289	261,563,991	208,039,738
Loss	\$ 6,941	\$ 6,334	\$ 44,417	\$ 17,561
Basic loss per share	\$ 0.03	\$ 0.03	\$ 0.17	\$ 0.08

c) Diluted loss per share

The Corporation incurred losses for the period ended June 30, 2019 and 2018, therefore all outstanding stock options and warrants have been excluded from the calculation of diluted loss per share since the effect would be anti-dilutive. These options, warrants, deferred share units, and restricted share units could potentially dilute basic earnings per share in the future.

d) Contributed surplus

On 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 and all other security-based compensation arrangement of the Corporation 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.



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9) Capital and other components of equity (continued)

d) Contributed surplus (continued)

The following table summarizes the stock option transactions for the period ended June 30, 2019 and the year ended, December 31, 2018:

	Number of stock options		Weighted-average exercise price
Outstanding at January 1, 2018	16,697,784	\$	2.37
Granted	4,911,000		3.27
Exercised	(874,332)		1.30
Forfeited	(720,004)		3.20
Outstanding at December 31, 2018	20,014,448	\$	2.61
Granted	1,755,000		2.76
Exercised	(3,557,635)		1.24
Forfeited	(588,059)		3.89
Outstanding at June 30, 2019	17,623,754	\$	2.85

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

The total recognized expense for stock options for the three and six-month period ended June 30, 2019 was \$1,188,000 and \$2,586,000 respectively (2018 - \$2,350,000 and \$8,545,000, respectively) from which \$206,000 and \$479,000 respectively were capitalized to the Canadian projects (2018 - \$310,000 and \$1,171,000, respectively).

The following table summarizes the weighted average assumptions used for the valuation of the stock options issued during the period ended June 30, 2019 and the year ended December 31, 2018:

<i>For the period/year ended</i>		June 30, 2019		December 31, 2018
Fair value at grant date	\$	1.83	\$	2.50
Forfeiture rate		8.6%		1.0%
Share price at grant date	\$	2.76	\$	3.27
Exercise price	\$	2.76	\$	3.27
Expected volatility		98%		113%
Dividend yield		0.0%		0.0%
Option life (weighted average life)		3.7 years		4.5 years
Risk-free interest rate (based on government bonds)		1.90%		2.00%



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9) Capital and other components of equity (continued)

b) Contributed surplus (continued)

The following table summarizes information regarding the Corporation's outstanding and exercisable stock options as at June 30, 2019:

Range of exercise prices per share (\$)	Options outstanding			Options exercisable		
	Weighted-average remaining years of contractual Life	Number of stock options outstanding	Weighted average exercise price (\$)	Weighted-average remaining years of contractual life	Number of stock options exercisable	Weighted average exercise price (\$)
0.60 to 1.12	1.6	2,548,759	\$1.02	1.6	2,548,759	\$1.02
1.13 to 1.71	1.2	1,941,700	\$1.20	1.2	1,941,700	\$1.20
1.72 to 3.29	3.7	3,846,176	\$2.69	2.4	1,464,495	\$2.74
3.30 to 3.45	2.6	3,665,000	\$3.41	2.6	3,665,000	\$3.41
3.46 to 3.64	3.5	3,443,333	\$3.46	3.5	2,104,995	\$3.46
3.65 to 6.23	2.9	2,178,786	\$4.81	2.9	2,153,785	\$4.82
0.60 to 6.23	2.7	17,623,754	\$2.85	2.4	13,878,734	\$2.82

e) Warrants

The following table summarizes the transactions pertaining to the Corporation's outstanding standard warrants for the period ended June 30, 2019 and year ended December 31, 2018. These warrants were exercisable at one warrant for one common share of the Corporation.

	Number of warrants	Weighted-average exercise price
Outstanding as at January 1, 2018	19,211,899	\$ 4.33
Issuance of warrants on acquisition of Beaufield Resources (note 5)	154,240	2.39
Exercised	(520,800)	1.44
Expired (note 9(a))	(15,197,540)	5.00
Outstanding at December 31, 2018	3,647,799	\$ 1.89
Exercised	(3,172,123)	1.49
Expired (note 9(a))	(475,676)	4.57
Outstanding at June 30, 2019	-	\$ -

10) Deferred share unit and restricted share unit plans

In April 2017, Osisko established a deferred share unit plan and a restricted share unit plan. Under these plans, the deferred share units ("DSUs") can be granted to non-executive directors and the restricted share units ("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



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

by multiplying the number of DSUs and 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 for the period ended June 30, 2019 and the year ended December 31, 2018:

	Number of DSUs	Number of RSUs
Outstanding at January 1, 2018	-	-
Granted	250,000	450,000
Outstanding at December 31, 2018	250,000	450,000
Granted	431,177	1,125,000
Outstanding at June 30, 2019	681,177	1,575,000

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

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

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

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

The total recognized expense for RSUs and DSUs for the three and six-month period ended June 30, 2019 was \$791,000 and \$2,292,000 respectively (2018 - \$nil) from which \$138,000 and \$233,000 respectively were capitalized to the Canadian projects (2018 - \$nil).

As at June 30, 2019, 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 \$3.30.

11) 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 Corporation's asset retirement obligation is approximately \$4,647,000.

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

		Amount
Balance January 1, 2018	\$	2,892
Accretion		33
Change in estimate		703
Balance December 31, 2018	\$	3,628
Accretion		21
Change in estimate		316
Balance June 30, 2019	\$	3,965



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11) Asset Retirement Obligation (continued)

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

<i>For the period ended June 30,</i>	2019
Total undiscounted value of payments	\$ 4,647
Weighted average discount rate	1.46%
Weighted average expected life	11 years
Inflation rate	2.00%

12) Related party transactions

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

During the three and six-month period ended June 30, 2019, management fees, geological services, rent and administration fees of \$177,000 and \$460,000 respectively (2018 - \$513,000 and \$1,048,000, respectively) 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 June 30, 2019 were \$27,000 (2018 - \$383,000). During the three and six-month period ended June 30, 2019, management fees, geological services, rent and administration fees of \$14,000 and \$18,000 respectively (2018 - \$54,000 and \$111,000, respectively) were charged to Osisko GR by the Corporation. Accounts receivable from Osisko GR as at June 30, 2019 were \$15,000 (2018 - \$74,000).

The following table summarizes remuneration attributable to key management personnel for the three and six-month period ended June 30, 2019 and 2018:

<i>For the period ended</i>	Three months ended		Six months ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Salaries expense of key management	\$ 240	\$ 255	\$ 474	\$ 503
Directors' fees	73	108	145	203
Stock-based compensation	1,061	1,211	3,015	4,968
Total	\$ 1,374	\$ 1,574	\$ 3,634	\$ 5,674

During the three and six-month period ended June 30, 2019, geological services, and administration fees of \$nil and \$160,000 respectively (2018 - \$98,000 and \$98,000, respectively) were incurred with Barkerville. Accounts payable from Barkerville as at June 30, 2019 was \$nil (2018 - \$nil). During the three and six-month period ended June 30, 2019, management fees, geological services, rent and administration fees of \$48,000 and \$63,000 respectively (2018 - \$40,000 and \$90,000, respectively) were charged to the Corporation's associate, Barkerville (note 6), by the Corporation. Accounts receivable from Barkerville as at June 30, 2019 was \$14,000 (2018 - \$30,000).



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13) Deferred income taxes

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

<i>For the period ended</i>	June 30, 2019	June 30, 2018
Deferred income tax expense	\$ 8,191	\$ 5,024
Deferred mining tax expense	5,324	4,878
Total deferred income and mining tax expense	\$ 13,515	\$ 9,902

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

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

<i>As at</i>	June 30, 2019	December 31, 2018
Deferred tax assets		
Deferred income tax asset on share issue costs	\$ 5,710	\$ 5,874
Deferred income tax asset on investment tax credits	623	2,427
Total deferred tax assets	\$ 6,333	\$ 8,301
Deferred tax liability		
Deferred income tax liability on net taxable temporary differences	\$ (16,493)	\$ (8,302)
Deferred mining tax liability on net taxable temporary differences	(29,846)	(24,522)
Total deferred tax liability	\$ (46,339)	\$ (32,824)
Net deferred tax liability	\$ (40,006)	\$ (24,523)

14) Commitments

The Corporation has the following commitments as at June 30, 2019:

	Total	2019	2020	2021	2022	2023	2024
Office leases	339	93	49	54	49	54	40
Camp trailers and equipment leases	3,167	760	1,468	939	-	-	-
Total	\$ 3,506	\$ 853	\$ 1,517	\$ 993	\$ 49	\$ 54	\$ 40

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



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14) Commitments (continued)

As of June 30, 2019, 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	15,792
Total		\$ 15,792

15) Subsequent events

On July 5, 2019, O3 Mining Inc. ("O3 Mining") formerly Chantrell and the Corporation completed the previously announced spinout transaction pursuant to which, among other things, certain non-core assets of the Corporation was transferred to Chantrell, resulting in the reverse take-over of Chantrell by the Corporation, by way of a statutory plan of arrangement under the Ontario Business Corporations Act. The assets transferred included the Marban Block Project, the Garrison Block Project, certain other exploration properties and earn-in rights, and a portfolio of selected marketable securities (collectively, the "Transferred Assets"). Pursuant to the reverse take-over, the Corporation will transfer the Transferred Assets to Chantrell in exchange for an aggregate of 24,977,898 common shares of Chantrell after giving effect to the Consolidation as defined below. Each common share of Chantrell issued in exchange for the Transferred Assets has a deemed value of \$3.88 per share, as determined by the board of directors of Chantrell. In connection with the reverse take-over, Chantrell changed its name to "O3 Mining Inc." and consolidated the common shares of the Chantrell on a 40:1 basis, subject to adjustment (the "Consolidation"). In addition, the aggregate gross proceeds of approximately \$18,516,000 on Chantrell's previously completed "bought deal" private placement financing was released from escrow on this date following closing of the spinout transaction.

On July 25, 2019, O3 Mining completed its previously announced acquisition of Chalice Gold Mines (Quebec) Inc ("CGMQ"), a wholly-owned subsidiary of Chalice Gold Mines Limited ("Chalice"), pursuant to which O3 Mining acquired all the common shares of CGMQ. Under the terms of the share purchase agreement, Chalice received 3,092,784 common share of O3 Mining, which were issued at a deemed value of \$3.88 per common share, for total share consideration of \$12 million, and a 1% net smelter returns royalty on all of the acquired claims that were not subject to a pre-existing royalty. In addition, cash consideration will be paid to Chalice by O3 Mining for existing tax credits upon receipt from Canadian tax authorities totalling \$1.3 million.

On August 1, 2019, O3 Mining completed its previously announced business combination with Alexandria Mineral Corporation ("Alexandria"), pursuant to which O3 Mining acquired all the common shares of Alexandria by way of a statutory plan of arrangement under the Canada Business Corporations Act. Under the terms of the arrangement, each former shareholder of Alexandria received 0.018041 common share of O3 Mining on a post-Consolidation basis in exchange for each common share of Alexandria held. The deemed purchase price was \$0.07 per common share of Alexandria, which was based on the \$3.88 subscription receipt financing completed by Chantrell.

On August 8, 2019, the Corporation completed a private placement of 3,175,000 common shares at a price of \$3.15 per common share for gross proceeds of \$10,001,000.

On August 8, 2019, the Corporation completed a private placement of 6,089,250 common shares at an average price of \$5.67 per common share issued as flow-through shares for gross proceeds of \$34,526,000.