OSISKO MINING

Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

Presented in Canadian dollars

March 11, 2021

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

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

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

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

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

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

Independent auditor's report

To the Shareholders of Osisko Mining Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Osisko Mining Inc. (the Company) as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

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

- the consolidated statements of financial position as at December 31, 2020 and 2019;
- 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 and other explanatory information.

Basis for opinion

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

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

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers LLP
PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2
T: +1 416 863 1133, F: +1 416 365 8215

Key audit matter	How our audit addressed the key audit matter
Assessment of impairment indicators of exploration and evaluation assets *Refer to note 3(h) – Significant accounting policies - Exploration and evaluation assets, note 3(e) – Significant accounting policies – Impairment of non-financial assets and note 10 – Exploration and evaluation assets to the consolidated financial statements.* The net book value of exploration and evaluation assets amounted to $449.6 million as at December 31, 2020. At each reporting period, management assesses exploration and evaluation assets to determine whether there are any indicators of impairment. If any such indicators exist, the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset or its cash generating unit exceeds its estimated recoverable amount. Management assesses exploration and evaluation assets for impairment based on the following indicators: (i) the period for which the entity has the right to explore in the specific area has expired during the year or will expire in the near future; (ii) substantive expenditure on further exploration for an evaluation of mineral resources in the specific area is neither budgeted nor planned; (iii) sufficient data exists to determine that extracting the resources will not be technically feasible or commercially viable; and (iv) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. No impairment indicators were identified by management as at December 31, 2020. We considered this a key audit matter due to the significance of the exploration and evaluation assets and the judgments made by management in their assessment of indicators of impairment related to exploration and evaluation assets, and these have resulted in a high degree of subjectivity in performing audit procedures related to these judgments applied by management.	Our approach to addressing the matter included the following procedures, among others: • Assessed the judgment made by management in determining the impairment indicators, which included the following: – Obtained, for a sample of claims, by reference to government registries, evidence to support (i) the right to explore the area; and (ii) claim expiration dates. – Read board minutes and obtained budget approvals to evidence continued and planned exploration expenditures, which included evaluating results of current year work programs. – Assessed whether extracting the resources will not be technically feasible or commercially viable, or if other facts and circumstances suggest that the carrying amount may exceed the recoverable amount, based on evidence obtained in other areas of the audit.

Other information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
March 11, 2021

Table of Contents

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

As at		December 31, 2020		December 31, 2019
Assets				
Current assets				
Cash and cash equivalents	$	180,027	$	102,302
Restricted cash (note 7 and note 21)		12,613		-
Other receivables		1,725		1,938
Advances and prepaid expenses		637		831
Tax recoverable (note 6)		51,627		52,291
Marketable securities (note 7)		74,938		55,256
Inventories		224		6,167
Total current assets		**321,791**		**218,785**
Non-current assets				
Long-term receivables		800		412
Investment in associate (note 8)		42,175		-
Property, plant and equipment (note 9)		14,779		12,674
Exploration and evaluation assets (note 10)		449,566		487,298
Total non-current assets		**507,320**		**500,384**
Total assets	**$**	**829,111**	**$**	**719,169**
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	$	21,796	$	24,956
Current lease liabilities (note 11)		1,301		2,630
Financial liabilities (note 7)		21,888		-
Total current liabilities		**44,985**		**27,586**
Non-current liabilities				
Flow-through premium liability (note 15(a))		3,017		19,758
Share-based payment liability (note 12)		12,685		5,159
Asset retirement obligation (note 13)		6,385		4,181
Non-current lease liabilities (note 11)		221		1,413
Deferred tax liability (note 14)		64,986		52,252
Total non-current liabilities		**87,294**		**82,763**
Total liabilities		**132,279**		**110,349**
Equity				
Share capital (note 15(a))		850,579		673,163
Contributed surplus (note 15(d))		55,611		55,389
Warrants (note 15(e))		15,909		-
Accumulated deficit		(225,267)		(194,405)
Total equity attributed to equity owners of the Corporation		**696,832**		**534,147**
Non-controlling interest (note 16)		-		74,673
Total equity		**696,832**		**608,820**
Total liabilities and equity	**$**	**829,111**	**$**	**719,169**

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

Commitments (note 21)
Subsequent events (note 22)

On behalf of the Board:

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

(Signed) "John Burzynski" — John Burzynski, Executive Chairman

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

For the year ended		**December 31, 2020**		**December 31, 2019**
Expenses/(income)				
Compensation expenses (note 17 and 18)	$	22,309	$	16,358
General and administration expenses (note 17 and 18)		4,583		5,610
General exploration expenses		44		92
Exploration and evaluation assets impairment loss (note 10(e))		-		24,635
Loss from deconsolidation (note 16)		15,195		-
Gain from disposition of exploration and evaluation assets (note 10(e))		(1,739)		-
Flow-through premium income (note 15(a))		(19,400)		(14,531)
Gain from marketable securities (note 7 and note 17)		(26,598)		(808)
Loss from disposition of property, plant and equipment		25		8
Other income		(34)		(254)
Operating (income)/loss		**(5,615)**		**31,110**
Finance income		(2,660)		(1,863)
Finance costs		1,881		639
Net finance income		**(779)**		**(1,224)**
Share of loss/(gain) of associates (note 8)		1,875		(805)
Impairment loss on investment in associate (note 8)		-		22,406
(Income)/loss for before tax		**(4,519)**		**51,487**
Deferred income tax expense (note 14)		17,506		27,356
Loss and comprehensive loss	**$**	**12,987**	**$**	**78,843**
Attributable to:				
Owners of the Corporation	$	19,773	$	76,930
Non-controlling interests (note 16)		(6,786)		1,913
Loss and comprehensive loss	**$**	**12,987**	**$**	**78,843**
Basic and diluted loss per share (note 15(b) and (c))	**$**	**0.06**	**$**	**0.29**
Weighted average number of shares (note 15(b) and (c))		**317,726,809**		**268,103,866**

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

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

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

	Number of Shares	Share Capital	Warrants	Contributed Surplus	Deficit and Accumulated Deficit	Equity attributed to equity owners of the Corporation	Non-controlling interest	Total
Balance January 1, 2019	**257,201,331**	**$ 580,616**	**$ 2,568**	**$ 55,606**	**$ (107,767)**	**$ 531,023**	**$ -**	**$ 531,023**
Loss for the year	-	-	-	-	(76,930)	**(76,930)**	(1,913)	**(78,843)**
Stock-based compensation (note 15(d))	-	-	-	5,086	-	**5,086**	485	**5,571**
Issuance of shares upon exercise of stock options (note 15(a) and (d))	5,538,770	12,800	-	(5,598)	-	**7,202**	-	**7,202**
Issuance of shares upon exercise of warrants (note 15(a) and (e))	3,172,123	6,987	(2,273)	-	-	**4,714**	-	**4,714**
Expiry of warrants	-	-	(295)	295	-	**-**	-	**-**
Transactions with non-controlling interests (note 16)	-	-	-	-	-	**-**	66,393	**66,393**
Private Placement (note 15(a))	9,264,250	28,999	-	-	-	**28,999**	-	**28,999**
Private Placement (note 15(a))	14,848,800	42,329	-	-	-	**42,329**	-	**42,329**
Changes in Osisko's interest in O3 Mining Inc. (note 16)	-	-	-	-	(9,708)	**(9,708)**	9,708	**-**
Deferred tax asset on share issue cost (note 14)	-	1,432	-	-	-	**1,432**	-	**1,432**
Balance December 31, 2019	**290,025,274**	**$ 673,163**	**$ -**	**$ 55,389**	**$ (194,405)**	**$ 534,147**	**$ 74,673**	**$ 608,820**

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

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

For the year ended	December 31, 2020	December 31, 2019
Cash flows provided by/(used in) operating activities		
Loss for the year	$ (12,987)	$ (78,843)
Adjustments for:		
Gain from marketable securities (note 7)	(26,598)	(808)
Loss from deconsolidation (note 16)	15,195	-
Share of loss/(gain) of associates (note 8)	1,875	(805)
Impairment on investment in associate (note 8)	-	22,406
Exploration and evaluation assets impairment loss (note 10)	-	24,635
Depreciation (note 9)	393	408
Accretion on asset retirement obligation (note 13)	26	52
Loss from disposition of property, plant and equipment (note 9)	25	-
(Gain)/loss from disposition of exploration and evaluation assets (note 10)	(1,739)	7
Flow-through premium income (note 15(a))	(19,400)	(14,531)
Stock-based compensation (note 12 and 15(d))	13,597	9,576
Deferred income tax expense (note 14)	17,506	27,356
Interest expense on lease liabilities (note 11)	284	-
Interest expense on financial liabilities (note 7)	906	-
Finance income	(2,660)	(1,863)
	(13,577)	**(12,410)**
Change in items of working capital:		
Change in other receivables	67	(990)
Change in advances and prepaid expenses	(114)	(288)
Change in taxes recoverable	25,881	8,759
Change in inventory	5,943	-
Change in accounts payable and accrued liabilities	(3,387)	1,327
Net cash provided by/(used in) operating activities	**14,813**	**(3,602)**
Cash flows provided by/(used in) investing activities		
Interest received	2,660	1,863
Increase on long-term receivables	-	(8)
Acquisition of marketable securities (note 7)	(87,785)	(7,333)
Proceeds on disposition of marketable securities (note 7)	76,782	6,107
Proceeds on disposition of common shares of O3 Mining Inc. (note 16)	15,720	-
Net cash outflow from deconsolidation of O3 Mining Inc. (note 16)	(47,088)	-
Proceeds on disposition of property, plant and equipment (note 9)	71	25
Acquisition of Barkerville Gold Mines Ltd. equity investment (note 8)	-	(3,253)
Acquisition of property, plant and equipment (note 9)	(7,645)	(2,806)
Addition to exploration and evaluation assets (note 10)	(121,717)	(110,723)
Net cash (received)/paid on disposition of exploration and evaluation assets (note 10)	(33)	300
Net cash paid on asset acquisitions (note 5)	(148)	(2,636)
Net cash used in investing activities	**(169,183)**	**(118,464)**
Cash flows provided by/(used in) financing activities		
Repayment of lease liabilities (note 11)	(2,621)	(1,884)
Interest expense on financial liabilities (note 7)	(906)	-
Cash received from entering into total return equity swap (note 7)	21,888	-
Increase on restricted cash (note 7 and 21)	(12,613)	-
Net cash received from private placements (note 15(a))	181,855	126,056
Net cash received from private placement completed by O3 Mining Inc. (note 16)	37,845	-
Cash received from exercise of warrants (note 15(e))	-	4,714
Cash received from exercise of stock options (note 15(d))	7,528	7,202
Net cash used in repurchasing shares under normal course issuer bid (note 15(a))	(881)	-
Net cash provided by financing activities	**232,095**	**136,088**
Increase in cash and cash equivalents	**77,725**	**14,022**
Cash and cash equivalents, beginning of year	**102,302**	**88,280**
Cash and cash equivalents, end of year	**$ 180,027**	**$ 102,302**

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 Corporation is primarily in the business of acquiring, exploring, and developing precious mineral deposits in Canada. The consolidated financial statements of the Corporation for the years ended December 31, 2020 and 2019 include the Corporation and its subsidiary, O3 Mining Inc. ("O3 Mining"), formerly Chantrell Ventures Corp. ("Chantrell"). As of August 21, 2020, the Corporation no longer controlled O3 Mining as the Corporation decreased its ownership of O3 Mining to 30% (note 16). Accordingly, the Corporation deconsolidated O3 Mining on August 21, 2020 and started accounting for its investment in O3 Mining using equity method on the same date (note 8).

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 11, 2021.

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:

Novel coronavirus ("COVID-19"):

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

On July 7, 2020, the Department of Finance proposed to extend the flow-through funds spend period and the look-back rule by one year for financing completed in 2019 and 2020, including suspending the Part XII.6 tax for one year. On December 16, 2020, the Department of Finance released draft legislative proposals to implement the proposals announced in July 2020. Based on the draft legislation as of December 31, 2020, the Corporation is required to spend $12.0 million of flow-through funds by December 31, 2022. If the extension is not enacted by the Department of Finance, the dates for the flow-through spend requirements will remain at December 31, 2021.

Income taxes:

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

Determination of significant influence over equity investments:

Judgment is needed to assess whether the Corporation's interest in a marketable security meets the definition of significant influence and therefore would be accounted for under the equity method as opposed to fair value through profit and loss. Management makes this determination based on its legal ownership interest, board representation and through an analysis of the Corporation's participation in entities' policy making process.

Management determined it was able to exert significant influence over Barkerville Gold Mines Ltd. ("Barkerville") up to November 21, 2019 and accounted for this investment as associates under the equity method. On November 21, 2019, Osisko Gold Royalties Ltd ("Osisko GR"), acquired 100% of the outstanding common shares of Barkerville which it did not already own, pursuant to which the Corporation lost significant influence and no longer account for the investment as an investment in associate. The position held in Osisko GR by the Corporation was classified as a marketable security as at December 31, 2020 and 2019.

Immediately after the Corporation lost control of O3 Mining on August 21, 2020 (note 16), management determined it was able to exert significant influence over O3 Mining and accounted for this investment as an associate under the equity method.

2) Basis of preparation (continued)

c) Use of estimates and judgements (continued)

i) Significant judgments in applying accounting policies (continued)

Impairment of investments in associate:

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

ii) Significant accounting estimates and assumptions

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

Impairment of non-financial assets:

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

Fair value of stock options and warrants:

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

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

- **Risk-free interest rate:** The Corporation uses the interest rate available for government securities of an equivalent expected term as at the date of the grant of the stock options and warrants. The risk-free interest rate will vary depending on the date of the grant of the stock options and warrants and their expected term.
- **Expected life:** The Corporation uses historical lifespan information of similar stock-based compensation instruments granted by the Corporation to determine expected life.
- **Forfeiture rate:** The Corporation has applied a forfeiture rate in arriving at the fair value of stock-based compensation to be recognized, reflecting historical experience. Historical experience may not be representative of actual forfeiture rates incurred.
- **Volatility:** The Corporation uses historical information on the market price of peer companies to determine the degree of volatility at the date when the stock options are granted. Therefore, depending on when the stock options and warrants were granted and the year of historical information examined, the degree of volatility can be different when calculating the value of different stock options and warrants.

3) Significant accounting policies

The accounting policies set out below are in accordance with IFRS and have been applied consistently to the consolidated financial statements for the years ended December 31, 2020 and 2019.

a) Basis of consolidation

The consolidated financial statements consolidate the accounts of the Corporation and its subsidiary O3 Mining up to August 21, 2020. A subsidiary is an entity controlled by the Corporation. O3 Mining was deconsolidated on August 21,2020 when control ceased to exist (note 16).

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

When control of a subsidiary is lost, the Corporation:

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

b) Foreign currency

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

c) Financial instruments

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

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

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

3) Significant accounting policies (continued)

c) Financial instruments (continued)

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

Financial Liabilities at Amortized Cost – Financial liabilities are measured at amortized cost using the effective interest method, unless they are required to be measured at FVTPL, or the Corporation has opted to measure them at FVTPL. Accounts payable, accrued liabilities, financial liabilities, and lease liabilities are recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost, using the effective interest method. The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expenses over the corresponding year. The effective interest rate is the rate that exactly discounts estimated future cash payments over the expected life of the financial liability, or, where appropriate, a shorter year, to the net carrying amount on initial recognition.

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

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

d) Impairment of financial assets

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

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

e) Impairment of non-financial assets

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

3) Significant accounting policies (continued)

e) Impairment of non-financial assets (continued)

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

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

f) Inventories

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

g) Investment in associate

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

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

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

h) Exploration and evaluation assets

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

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.

3) Significant accounting policies (continued)

h) Exploration and evaluation assets (continued)

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

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

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

i) Refundable tax credits for mining exploration and evaluation assets

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

j) Property, plant and equipment

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

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

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

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

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

3) Significant accounting policies (continued)

k) Leases and right-of-use assets

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

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

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

- fixed payments, less any lease incentives receivable;
- variable lease 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.

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

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

l) Current and deferred income tax

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

3) Significant accounting policies (continued)

l) Current and deferred income tax (continued)

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.

m) Asset retirement obligation

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

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

n) Provisions

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

o) Share capital

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

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

p) Flow-through shares

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

Proceeds received from the issuance of flow-through shares must be expended on Canadian resource property exploration within a period of two years. Department of Finance proposed to extend the flow-through funds spend period and the look-back rule by one year (note 21).

3) Significant accounting policies (continued)

q) Stock based compensation

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

i) Share option plan

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

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

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

ii) RSU plan

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

iii) DSU plan

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

r) Basic loss per share

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

s) Finance income and finance costs

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

3) Significant accounting policies (continued)

t) Related party transactions

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

An entity is related to 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.

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, 2020. 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

IFRS 3, "Business Combinations" ("IFRS 3")

In October 2018, the IASB issued amendments to the guidance in IFRS 3, that revises the definition of a business. The revised guidance introduces an optional concentration test that, if met, eliminates the need for further assessment. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs. The new guidance provides a framework to evaluate when an input and a substantive process are present. It is also no longer necessary to assess whether market participants are capable of replacing missing elements or integrating the acquired activities and assets. These amendments are effective and shall be applied to business combinations for which the acquisition date is on or after the beginning of the first annual reporting periods beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

The corporation applied the revised definition of a business to determine accounting for all asset acquisitions during the year ended December 31, 2020 (note 5).

b) Future Accounting Pronouncements

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

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

The Company is currently evaluating the impact that these amendments will have on its financial statements.

5) Asset acquisitions

The following tables summarize the asset acquisitions during the years ended December 31, 2020 and 2019. All of the assets were acquired by the Corporation's former subsidiary, O3 Mining, prior to August 21, 2020, with exception of the Blondeau Guillet and Chivrier properties, which were acquired directly by the Corporation. O3 Mining ceased to be a subsidiary of the Corporation and was deconsolidated on August 21, 2020 (note 16).

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

5) Asset acquisitions (continued)

December 31, 2020

Consideration paid	Regcourt Property	Louvem Property	Blondeau Guillet and Chivrier Properties	Total
Share consideration - O3 Mining	$ 128	$ 5	$ -	**$ 133**
Cash consideration	-	10	125	**135**
Transaction costs	13	-	-	**13**
	$ 141	**$ 15**	**$ 125**	**$ 281**

Net assets acquired	Regcourt Property	Louvem Property	Blondeau Guillet and Chivrier Properties	Total
Exploration and evaluation assets	$ 141	$ 15	$ 125	**$ 281**
Total net assets acquired	**$ 141**	**$ 15**	**$ 125**	**$ 281**

December 31, 2019

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

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

a) Reverse take-over of Chantrell

On July 5, 2019, the Corporation and Chantrell completed the spin-out transaction pursuant to which, certain assets of the Corporation were transferred to Chantrell in exchange for common shares of Chantrell, with the issuance of such shares, resulting in a reverse take-over of Chantrell by the Corporation (the "Reverse Take-Over"). The assets of the Corporation transferred to Chantrell pursuant to the Reverse Take-Over include: (i) the Malartic Block Properties; (ii) the Garrison Block Properties; (iii) certain other exploration properties and earn-in rights; and (iv) a portfolio of selected marketable securities (collectively, the "Transferred Assets"). The Transferred Assets were transferred to Chantrell in exchange for an aggregate of 24,977,898 common shares of Chantrell after giving effect to a 40:1 share consolidation. Each common share of Chantrell being issued in exchange for the Transferred Assets transferred was valued at $3.88 per share. In connection with the Reverse Take-Over, Chantrell changed its name to "O3 Mining Inc.".

5) Asset acquisitions (continued)

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

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

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

c) Acquisition of Alexandria Minerals Corporation

On August 1, 2019, O3 Mining completed the acquisition of Alexandria Minerals Corporation (“Alexandria”), pursuant to which O3 Mining acquired all of the common shares of Alexandria. Under the terms of the arrangement, each former shareholder of Alexandria received 0.018041 common shares of O3 Mining in exchange for each common share of Alexandria held. In addition, holders of options and warrants to acquire common shares of Alexandria received replacement options and warrants, respectively, entitling the holders thereof to acquire common shares of O3 Mining.

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

d) Acquisition of Harricana River Mining Corporation Inc.

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

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

e) Acquisition of Garrison claims

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

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

5) Asset acquisitions (continued)

f) Acquisition of Simkar Property

On December 13, 2019, O3 Mining completed the acquisition of the Simkar property from Monarch Gold Corporation ("Monarch"). The Simkar property is located 20 kilometres east of Val-d'Or. O3 Mining acquired the property from Monarch in exchange for $140,000 in cash, 435,000 common shares of O3 Mining, and 435,000 common share purchase warrants of O3 Mining, with each warrant entitling Monarch to purchase one additional common share of O3 Mining at a price of $4.20 per share for a three-year period.

The acquisition has been accounted for as an acquisition of assets as the Simkar Property does not meet the definition of a business under IFRS 3. The transaction was recorded at the fair value of the consideration transferred of $1,528,000.

g) Acquisition of Bourlamaque claims

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

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

h) Acquisition of Regcourt Property

On March 16, 2020, O3 Mining completed the acquisition of the Regcourt Property from Monarch. O3 Mining acquired the property from Monarch in exchange for 113,637 common shares of O3 Mining.

The acquisition has been accounted for as an acquisition of assets as the Regcourt Property does not meet the definition of a business under IFRS 3. The transaction was recorded at the fair value of the consideration transferred of $141,000.

i) Acquisition of Louvem Property

On March 16, 2020, O3 Mining completed the acquisition of the Louvem Property from Monarch. O3 Mining acquired 50% of the property from Monarch in exchange for 4,546 common shares of O3 Mining, subject to a 1% NSR granted to Monarch on the Louvem Property with a 0.5% NSR buy-back for $300,000.

The acquisition has been accounted for as an acquisition of assets as the Louvem Property does not meet the definition of a business under IFRS 3. The transaction was recorded at the fair value of the consideration transferred of $15,000.

j) Acquisition of Blondeau Guillet and Chevrier properties

On December 21, 2020, the Corporation completed the acquisition of properties located in Belleterre in Temiscamingue from Pershimex Resources Corporation (“Pershimex”). The Corporation acquired 50% of the Blondeau Guillet Property and 100% of the Chevrier Property in exchange for $125,000 in cash.

The acquisition has been accounted for as an acquisition of assets as these properties do not meet the definition of a business under IFRS 3. The transaction was recorded at the fair value of the consideration transferred of $125,000.

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

6) Tax recoverable

As at December 31, 2020 and 2019, tax recoverable consists of sales tax recoverable and refundable tax credits. Sales tax recoverable consist of harmonized sales taxes, goods and services tax, and Québec sales tax receivable from Canadian taxation authorities. The refundable tax credits relate to eligible exploration and evaluation expenditures (note 10) incurred in the Province of Québec.

7) Marketable securities

The Corporation holds shares and warrants in various public and private companies. During the year ended December 31, 2020, these shares and warrants were fair valued, and this resulted in an unrealized gain of $21,168,000 (2019 – $4,060,000). The Corporation sold shares during the year ended December 31, 2020, which resulted in a realized gain of $5,430,000 (2019 – loss of $3,252,000).

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, 2020 and 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.

On February 11, 2020, Osisko entered into a total return equity swap (the “TRES”) with National Bank of Canada (“National Bank”). Under the TRES, Osisko sold 1,600,000 common shares of Osisko Gold Royalties Ltd (“Osisko GR”) to National Bank in exchange for $21.9 million in cash. The TRES matures in one year from date of entering the agreement. Prior to maturity, National Bank receives interest payment at the rate of Canadian Dollar Offered Rate plus 3.75% from Osisko, and Osisko is entitled to cash payments equal to quarterly dividends from the common shares of Osisko GR sold. On maturity (note 22), Osisko will either receive from or pay to National Bank the difference between National Bank’s proceeds of disposition on the common shares of Osisko GR and $21.9 million, dependent on whether the share price of Osisko GR appreciates or depreciates. In addition, Osisko has the right to acquire the common shares of Osisko GR back for $21.9 million in cash at any time during the period of the TRES. The TRES is secured by the Corporation’s restricted cash. The Corporation expects to retain the investment in Osisko GR shares on the balance sheet through the period of the agreement and in addition has recorded a financial liability for the cash received. The carrying value of financial liability is based on the price of the common shares of Osisko GR on February 11, 2020.

During the year ended December 31, 2020, after Osisko entered into the TRES, the fair value of the common shares of Osisko GR under the TRES has increased by $3,920,000.

The following table summarizes information regarding the Corporation’s marketable securities as at December 31, 2020 and 2019:

As at	December 31, 2020	December 31, 2019
Balance, beginning of year	**$ 55,256**	**$ 14,200**
Additions	87,785	7,693
Common shares of Osisko GR from disposal of investment in associate (note 8)	-	38,650
Share considerations from disposition of exploration and evaluation assets (note 10(e))	2,146	-
Acquisitions	-	12
Disposals	(76,782)	(6,107)
Deconsolidation of O3 Mining (note 16)	(20,065)	-
Realized gain/(loss)	5,430	(3,252)
Unrealized gain	21,168	4,060
Balance, end of year	**$ 74,938**	**$ 55,256**

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

8) Investment in associate

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

On November 21, 2019, Osisko GR completed the definitive agreement with Barkerville, pursuant to which Osisko GR acquired all of the issued and outstanding common shares of Barkerville that it did not already own. The closing price of common share of Osisko GR on November 20, 2019 was $11.84 per share, which corresponded to a quoted market value of $38,650,000 for the common shares of Osisko GR received in exchange of the common shares of Barkerville. As the result, an impairment on the investment in associate of $22,406,000 was recognized in the year ended December 31, 2019. Under the terms of this agreement, each former shareholder of Barkerville received 0.0357 of a common share of Osisko GR, resulting in the Corporation acquiring 3,264,373 shares in Osisko GR. As the result, Osisko lost significant influence over the investment. The common shares of Osisko GR received by the Corporation was classified as a marketable security as at December 31, 2020 and 2019 (Note 7).

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

O3 Mining is a mineral resource company focused on the exploration and development of its gold properties located in Québec and Ontario. O3 Mining's head office is located in Canada and it is a public company listed on the TSX Venture Exchange. The trading price of O3 Mining's common shares on December 31, 2020 was $3.17 per share which corresponds to a quoted market value of $57,941,000 for the Corporation's investment in O3 Mining. The equity accounting for O3 Mining is based on the results to December 31, 2020.

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

As at		**December 31, 2020**
Total current assets	**$**	**80,637**
Total non-current assets		**74,872**
Total current liabilities		**(4,721)**
Total non-current liabilities		**(11,597)**
Total net assets	**$**	**139,191**

For the year ended December 31,		**2020**
Revenue	**$**	**-**
Loss and comprehensive loss		**6,185**

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

8) Investment in associate (continued)

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

As at		**December 31, 2020**
Net assets of O3 Mining	**$**	**139,191**
Osisko Mining ownership interest		**30.30%**
Osisko's share of O3 Mining's net assets		**42,175**
Carrying value of investment in O3 Mining		**42,175**

The Corporation's investment relating to its associates as of December 31, 2020 and 2019 are detailed as follows:

	Barkerville	O3 Mining Inc.	Total
Balance, January 1, 2019	**$ 56,998**	**$ -**	**$ 56,998**
Cash investment in associates	3,253	-	3,253
Share of gain for the year	805	-	805
Impairment on investment in associate	(22,406)	-	(22,406)
Disposal of investment in associate	(38,650)	-	(38,650)
Balance, December 31, 2019	**$ -**	**$ -**	**$ -**
Deconsolidation of O3 Mining (note 16)	-	44,050	44,050
Share of loss for the year	-	(1,875)	(1,875)
Balance, December 31, 2020	**$ -**	**$ 42,175**	**$ 42,175**

9) Property, plant and equipment

The following table summarizes information regarding the Corporation's property, plant and equipment as at December 31, 2020 and 2019:

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

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

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

10) Exploration and evaluation assets

The following table summarizes information regarding the Corporation's exploration and evaluation assets as at December 31, 2020 and 2019:

	December 31, 2019	Acquisitions (note 5)	Disposals	Additions	Deferred income tax asset on investment tax credits (note 14)	Impairment losses	Deconsolidation of O3 Mining (note 16)	December 31, 2020
Windfall Lake	$ 308,437	$ -	$ -	$ 94,840	$ -	$ -	$ -	$ 403,277
Quévillon Osborne	18,518	-	-	554	-	-	-	19,072
Urban-Barry	23,293	-	-	2,153	-	-	-	25,446
Urban Duke	1,896	-	-	(250)	-	-	-	1,646
Other	-	125	-	-	-	-	-	125
O3 Mining	135,154	156	(1,174)	8,885	-	-	(143,021)	-
Total exploration and evaluation assets	**$ 487,298**	**$ 281**	**$ (1,174)**	**$ 106,182**	**$ -**	**$ -**	**$ (143,021)**	**$ 449,566**

	December 31, 2018	Acquisitions (note 5)	Disposal	Additions	Deferred income tax asset on investment tax credits (note 14)	Impairment losses	Deconsolidation of O3 Mining (note 16)	December 31, 2019
Windfall Lake	$ 222,237	$ -	$ -	$ 86,200	$ -	$ -	$ -	$ 308,437
Quévillon Osborne	13,698	-	-	4,820	-	-	-	18,518
Urban-Barry	20,483	-	-	2,810	-	-	-	23,293
Urban Duke	2,142	-	-	(246)	-	-	-	1,896
O3 Mining	110,342	45,754	(510)	2,399	1,804	(24,635)	-	135,154
Total exploration and evaluation assets	**$ 368,902**	**$ 45,754**	**$ (510)**	**$ 95,983**	**$ 1,804**	**$ (24,635)**	**$ -**	**$ 487,298**

a) Windfall Lake Property

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

b) Quévillon Osborne Project

The Quévillon Osborne Project is 100% owned by the Corporation and is located in in the Lebel-sur-Quévillon area of Québec, west of the Windfall Lake Property. There is no existing royalty covering the Osborne-Bell Gold Deposit while a few claims are subject to different NSR varying from 1-3%.

c) Urban-Barry Property

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

d) Urban Duke Property

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

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

10) Exploration and evaluation assets (continued)

e) O3 Mining Properties

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

O3 Mining ceased to be a subsidiary of the Corporation and was deconsolidated on August 21, 2020 (note 16). O3 Mining completed a series of asset acquisitions (note 5) and the following five dispositions prior to August 21, 2020.

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

On April 29, 2020, O3 Mining completed a transaction with Kenorland Minerals Ltd. (“Kenorland”), under which the O3 Mining disposed of a package of 24 claims forming part of the Tortigny Property in exchange for cash consideration of $900,000, and (ii) a 2% NSR royalty over the 24 claims sold to Kenorland (subject to a 1% buy-back in favour of Kenorland for $1 million). Consideration for the claims was $868,000 (less transaction costs of $32,000). Book value of the properties on the date of disposition was $34,000, resulting in a gain on sale of exploration and evaluation assets of $834,000.

On May 1, 2020, O3 Mining completed a transaction with Blue Thunder Mining Inc. ("Blue Thunder"), under which O3 Mining disposed of its Fancamp and Embry properties located in the Chibougamau mining district of Québec in exchange for (i) 4,514,436 common shares of Blue Thunder, and (ii) a 2% NSR royalty over the Fancamp and Embry properties (subject to a 1% buy-back in favour of Blue Thunder for $750,000). Consideration for the properties was fair valued at $345,000 (less transaction costs of $84,000). Book value of the properties on the date of disposition was $nil, resulting in a gain on sale of exploration and evaluation assets of $345,000.

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

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

f) Other Properties

On December 21, 2020, the Corporation completed the acquisition of properties located in Belleterre in Temiscamingue from Pershimex (note 5(j)). The Corporation acquired 50% of the Blondeau Guillet Property and 100% of the Chevrier Property in exchange for $125,000 in cash.

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

11) Leases

On adoption of IFRS 16 on January 1, 2019, 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.

As at		**December 31, 2020**		**December 31, 2019**		**January 1, 2019**
Offices	$	420	$	815	$	809
Equipment		883		3,073		2,121
Total	**$**	**1,303**	**$**	**3,888**	**$**	**2,930**

Total additions to exploration and evaluation assets relating to short-term leases for the year ended December 31, 2020 was $898,000 (2019 – $336,000).

The following table summarizes the Corporation's lease liabilities:

As at		**December 31, 2020**		**December 31, 2019**
Balance, beginning of year	**$**	**4,043**	**$**	**2,985**
Additions		1,019		2,789
Accretion of interest		284		273
Payments		(2,621)		(1,884)
Disposal		(45)		(120)
Deconsolidation of O3 Mining (note 16)		(1,158)		-
Balance, end of year	**$**	**1,522**	**$**	**4,043**
Current	$	1,301	$	2,630
Non-current		221		1,413
Total lease liabilities	**$**	**1,522**	**$**	**4,043**

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

12) Deferred share unit and restricted share unit plans

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

The following table summarizes information regarding the Corporation's outstanding and exercisable DSUs and RSUs as at December 31, 2020 and 2019:

	Number of DSUs	Number of RSUs
Oustanding at January 1, 2019	**250,000**	**450,000**
Granted	445,809	1,125,000
Oustanding at December 31, 2019	**695,809**	**1,575,000**
Granted	1,223,060	1,700,000
Oustanding at December 31, 2020	**1,918,869**	**3,275,000**

During the year ended December 31, 2020, 1,223,060 DSUs were issued to the directors (2019 – 445,809), 98,060 of which were issued in lieu of directors' fees (2019 – 45,809). The weighted average fair value of the DSU granted was $2.53 per DSU initially at the closing price of the common shares of the Corporation on the date of grant (2019 – $2.75). The DSUs vest immediately on the date of grant.

During the year ended December 31, 2019, 1,700,000 RSUs were issued to management (2019 – 1,125,000). The weighted average fair value of the RSU granted was $2.57 per RSU initially at the closing price of the common shares of the Corporation on the date of grant (2019 – $2.71). The RSUs vest on the third anniversary date from the date of grant.

On December 31, 2020, the share-based payment liability related to each DSU and RSU of the Corporation was re-measured to fair value at the Corporation's closing share price of $3.70 (2019 – $4.05).

In August 2019, O3 Mining, a former subsidiary (note 16), established an RSU plan. Under this plan, the RSUs can be granted to executive officers and key employees, as part of their long-term compensation package, entitling them to receive payout in cash or shares, or a combination of both. Should the payout be in cash, the cash value of the payout would be determined by multiplying the number of RSUs vested at the payout date by the five-day volume weighted average price from closing price of O3 Mining's shares on the day prior to the payout date. Should the payout be in shares, each RSU represents an entitlement to one common share of O3 Mining.

The following table summarizes information regarding the outstanding and exercisable RSUs and DSUs of O3 Mining, which was deconsolidated on August 21, 2020. On August 21, 2020, the share-based payment liability related to RSUs and DSUs of O3 Mining, which totalled to $423,000, was derecognized from Osisko's consolidated statements of financial position. On December 31, 2019, the share-based payment liability related to each RSU of O3 Mining was re-measured to fair value at O3 Mining's closing share price of $2.85.

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

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

	Number of DSUs	Number of RSUs
Outstanding at January 1, 2019	**-**	**-**
Granted	-	390,000
Oustanding at December 31, 2019	**-**	**390,000**
Granted	31,348	150,000
Forfeited	-	(50,000)
Oustanding at August 21, 2020	**31,348**	**490,000**

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

During the year ended December 31, 2019, 150,000 RSUs were issued to management (2019 – 390,000). The weighted average fair value of the RSU granted was $2.46 per RSU initially at the closing price of the common shares of O3 Mining on the date of grant (2019 – $3.07). 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, 2020 was $7,949,000 (2019 – $4,285,000) from which $890,000 were capitalized to the Canadian projects (2019 – $579,000).

13) Asset retirement obligation

The Corporation's asset retirement obligation is estimated based on the Corporation's site remediation and restoration plan and the estimated timing of the costs to be paid in future years.

During the year ended December 31, 2019, an updated rehabilitation plan was completed for O3 Mining's properties and, as such, a change in estimate of $501,000 has been recognized to O3 Mining's exploration and evaluation assets.

During the year ended December 31, 2020, an updated rehabilitation plan was completed for the Windfall Lake Property and, as such, a change in estimate of $2,782,000 has been recognized to the Windfall Lake Property.

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

		Amount
Balance January 1, 2019	**$**	**3,628**
Accretion		52
Change in estimate		501
Balance December 31, 2019	**$**	**4,181**
Accretion		26
Change in estimate		2,782
Deconsolidation of O3 Mining (note 16)		(604)
Balance December 31, 2020	**$**	**6,385**

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

For the year ended December 31,		**2020**		**2019**
Total undiscounted value of payments	$	6,827	$	4,969
Weighted average discount rate		0.67%		1.70%
Weighted average expected life		10 years		10 years
Inflation rate		2.00%		2.00%

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

14) Income taxes

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

For the years ended		**December 31, 2020**		**December 31, 2019**
Deferred income tax expense		**7,094**	$	14,648
Deferred mining taxes		**10,412**		12,708
Deferred tax expense	**$**	**17,506**	**$**	**27,356**

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

For the years ended		**December 31, 2020**		**December 31, 2019**
Income/(loss) before income taxes	**$**	**4,519**	**$**	**(51,485)**
Income tax expense/(recovery) computed at Canadian statutory tax rate		1,198		(13,644)
Permanent items		9,408		(1,312)
Change in unrecognized deferred tax assets		(753)		32,996
Deferred mining taxes		7,653		9,316
Deferred tax expense	**$**	**17,506**	**$**	**27,356**

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:

As at		**December 31, 2020**		**December 31, 2019**
Deferred tax assets				
Losses	$	27,567	$	23,524
Mining tax deductible for income tax purposes		12,184		9,599
Share issue costs		9,214		7,306
Investment tax credits		622		622
Other net deductible temporary differences		1,419		-
Total deferred tax assets	**$**	**51,006**	**$**	**41,051**
Deferred tax liability				
Exploration and evaluation assets	$	(70,015)	$	(55,155)
Deferred mining tax liability		(45,977)		(37,230)
Other net taxable temporary differences		-		(918)
Total deferred tax liability	**$**	**(115,992)**	**$**	**(93,303)**
Net deferred tax liability	**$**	**(64,986)**	**$**	**(52,252)**

During the year ended December 31, 2020, the Corporation recognized a deferred tax asset of $1,908,000 (2019 – $1,432,000) in relation to share issue costs with the associated deferred tax recovery recorded on share capital. As of December 31, 2020, the deferred tax asset recognized with respect to investment tax credits is $622,000 (2019 – $622,000). The deferred tax recovery associated with the deferred tax recorded in relation to investment tax credits is recorded as a reduction of exploration and evaluation assets.

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

15) Capital and other components of equity

a) Share capital – authorized

	Number of Common Shares		Amount
Balance, January 1, 2019	**257,201,331**	**$**	**580,616**
Issuance of shares upon exercise of warrants (note 15(e))	3,172,123		6,987
Issuance of shares upon exercise of stock options (note 15(d))	5,538,770		12,800
Private placement (net of transaction costs ($2,619,000))	9,264,250		28,999
Private placement (net of transaction costs ($3,405,000))	14,848,800		42,329
Deferred tax asset on share issue cost (note 14)	-		1,432
Balance December 31, 2019	**290,025,274**	**$**	**673,163**
Private placement (net of transaction costs ($7,070,000))	48,500,000		154,046
Private placement (net of transaction costs ($100,000))	2,447,576		8,882
Issuance of shares upon exercise of stock options (note 15(d))	3,663,456		13,461
Shares repurchased under normal-course issuer bid	(428,500)		(881)
Deferred tax asset on share issue cost (note 14)	-		1,908
Balance December 31, 2020	**344,207,806**	**$**	**850,579**

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

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

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

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

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

15) Capital and other components of equity (continued)

a) Share capital – authorized (continued)

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

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

During the year ended December 31, 2020, flow-through premium income of $19,400,000 (2019 – $14,531,000) was recognized relating to the flow-through shares issued by the Corporation and O3 Mining, a former subsidiary (note 16).

b) Basic loss per share

The calculation of basic loss per share for the year ended December 31, 2020 and 2019 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, 2020	December 31, 2019
Common shares outstanding, at beginning of the year	290,025,274	257,201,331
Common shares issued during the year	27,701,535	10,902,535
Basic weighted average number of common shares	**317,726,809**	**268,103,866**
Loss attributable to owners of the Corporation	**$ 19,773**	**$ 76,930**
Basic loss per share	**$ 0.06**	**$ 0.29**

c) Diluted loss per share

The Corporation incurred net losses for each of the years ended December 31, 2020 and 2019, therefore all outstanding stock options, warrants, RSUs and DSUs have been excluded from the calculation of diluted loss per share since the effect would be anti-dilutive. They could potentially dilute basic earnings per share in the future.

d) Contributed surplus

In June 2017, the Corporation established an employee share purchase plan. Under the terms of the plan, the Corporation contributes an amount equal to 60% of the eligible employee's contribution towards the acquisition of common shares from treasury on a quarterly basis. A maximum of 5,000,000 of the issued and outstanding common shares are reserved for issuance under the current plan. As of December 31, 2020, no issuances have occurred under this plan.

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

The following table summarizes the stock option transactions for the years ended December 31, 2020 and 2019:

	Number of stock options		Weighted-average exercise price
Outstanding at January 1, 2019	**20,014,448**	**$**	**2.61**
Granted	6,230,000		2.66
Exercised	(5,538,770)		1.30
Forfeited	(291,172)		4.14
Expired	(402,340)		4.66
Outstanding at December 31, 2019	**20,012,166**	**$**	**2.92**
Granted	5,225,000		3.56
Exercised	(3,663,456)		2.05
Forfeited	(165,001)		3.09
Outstanding at December 31, 2020	**21,408,709**	**$**	**3.22**

During the year ended December 31, 2020, 5,225,000 stock options (2019 – 6,230,000) were issued to directors, management, and employees of the Corporation for a period of 5 years. The options have been fair valued using the Black-Scholes option-pricing model.

During the year ended December 31, 2020, a total of 3,663,456 stock options (2019 – 5,538,770) were exercised for gross proceeds of $7,528,000 (2019 – $7,202,000) in exchange for the issuance of 3,663,456 common shares (2019 – 5,538,770) of the Corporation.

The total recognized expense for stock options for the year ended December 31, 2020 was $7,913,000 (2019 – $7,339,000) from which $1,375,000 (2019 – $1,469,000) was capitalized to the Canadian projects.

The following table summarizes the weighted average assumptions used for the valuation of the stock options issued during the years ended December 31, 2020 and 2019:

For the year ended		December 31, 2020		December 31, 2019
Fair value at grant date	$	2.22	$	1.76
Forfeiture rate		5.3%		8.6%
Share price at grant date	$	3.56	$	2.66
Exercise price	$	3.56	$	2.66
Expected volatility		90%		98%
Dividend yield		0.0%		0.0%
Option life (weighted average life)		3.9 years		3.7 years
Risk-free interest rate (based on government bonds)		0.36%		1.66%

(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, 2020:

	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 ($)**
1.00 to 2.00	0.2	1,083,435	$1.08	0.2	1,083,435	$1.08
2.01 to 3.00	3.6	6,656,106	$2.64	3.5	2,249,433	$2.60
3.01 to 4.00	3.0	11,644,168	$3.49	1.5	6,329,168	$3.41
4.01 to 5.00	1.4	2,025,000	$4.79	1.4	2,025,000	$4.79
1.00 to 5.00	**2.9**	**21,408,709**	**$3.22**	**1.7**	**11,687,036**	**$3.28**

e) Warrants

The following table summarizes the transactions pertaining to the Corporation's outstanding standard warrants for the years ended December 31, 2020 and 2019. These warrants were exercisable at one warrant for one common share of the Corporation.

	Number of warrants		Weighted-average exercise price
Outstanding at January 1, 2019	**3,647,799**	**$**	**1.89**
Exercised	(3,172,123)		1.49
Expired	(475,676)		4.57
Outstanding at December 31, 2019	**-**	**$**	**-**
Issued (note 15(a))	24,250,000		5.25
Outstanding at December 31, 2020	**24,250,000**	**$**	**5.25**

There were no warrant exercises during the year ended December 31, 2020. During the year ended December 31, 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 Osisko.

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

For the year ended		**December 31, 2020**
Fair value at grant date	$	0.66
Forfeiture rate		0.0%
Share price at grant date	$	3.49
Exercise price	$	5.25
Expected volatility		66%
Dividend yield		0.0%
Warrant life (weighted average life)		1.5 years
Risk-free interest rate (based on government bonds)		0.3%

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

16) Principal subsidiary

The consolidated financial statements for the year ended December 31, 2020 and 2019 included the accounts of the Corporation and all of its subsidiaries. The principal operating subsidiary is O3 Mining, in which the Corporation had a 54% ownership as at December 31, 2019. During the year ended December 31, 2020, the ownership decreased to 30% through the following transactions. As the result, O3 Mining stopped being a subsidiary of Osisko on August 21, 2020.

On February 7, 2020, Osisko disposed of 6,200,000 of its 24,977,898 common shares of O3 Mining. The selling price was $2.35 per share and the gross proceeds of disposition were $14.6 million.

On March 16, 2020, O3 Mining acquired the Regcourt Property and Louvem Property. In consideration for the acquisition of the properties, O3 Mining issued an aggregate of 118,183 common shares for total share consideration of $133,000 (note 5(h) and (i)).

On June 19, 2020, O3 Mining completed a private placement of 4,651,200 flow-through units of O3 Mining at a price of $4.30 per flow-through unit for gross proceeds of $20.0 million, and 8,599,810 units of O3 Mining at a price of $2.35 per unit for gross proceeds of $20.2 million. Each flow-through unit and each unit of O3 Mining both are comprised of one common share of O3 Mining and one-half of one common shares purchase warrant of O3 Mining. Each common share purchase warrant of O3 Mining is exercisable into one common share of O3 Mining until June 19, 2020, at an exercise price of $3.25. Osisko did not participate in this financing.

On August 21, 2020, Osisko disposed of 500,000 of its 18,777,898 common shares of O3 Mining. The selling price was $2.30 per share and the gross proceeds of disposition were $1,150,000. Immediately following the disposition, the Corporation determined that it no longer controlled O3 Mining due to the dilution of its interest in O3 Mining to 30%. On August 21, 2020, the Corporation derecognized the assets and liabilities of O3 Mining from its consolidated statement of financial position, recorded its interest retained in O3 Mining at fair value as an investment in associate (note 8) at $44,050,000, and recognized a loss from deconsolidation of $15,195,000 associated with the loss of control. Osisko consolidated O3 Mining's profit or loss up to August 21, 2020.

The following tables summarize the financial information of O3 Mining on August 21, 2020, which was immediately prior to deconsolidation, and December 31, 2020. The amounts disclosed are before inter-company eliminations:

Summarized statements of financial position

As at		**August 21, 2020**		**December 31, 2019**
Current assets	$	69,934	$	30,688
Current liabilities		(2,526)		(3,311)
Current net assets		**67,408**		**27,377**
Non-current assets		146,597		137,356
Non-current liabilities		(13,497)		(5,086)
Non-current net assets		**133,100**		**132,270**
Total net assets		**200,508**		**159,647**
Non-controlling interest	**$**	**139,727**	**$**	**74,673**

Summarized statements of income and comprehensive income

For the period/year ended		**August 21, 2020**		**December 31, 2019**
Income and comprehensive (income)/loss	$	(9,399)	$	4,140
Allocated to Non-controlling interests	**$**	**(6,786)**	**$**	**1,913**

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

16) Principal subsidiary (continued)

Summarized statements of cash flows

For the period/year ended		September 30, 2020		December 31, 2019
Net cash used in operating activities	$	(3,011)	$	(5,178)
Net cash used in investing activities		(6,302)		(4,775)
Net cash provided by financing activities		37,737		26,562
Increase in cash and cash equivalents	**$**	**28,424**	**$**	**16,609**

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

As at		December 31, 2020		December 31, 2019
Balance, beginning of year	**$**	**74,673**	**$**	**-**
Acquisitions by O3 Mining (note 5)		133		42,742
Private placements by O3 Mining		29,568		23,122
Issuance of common shares of O3 Mining on settlement of debt		-		529
Disposition of O3 Mining shares		15,720		-
Changes in Osisko's interest in O3 Mining		11,089		9,708
Stock-based compensation of O3 Mining		1,758		485
Income for the period attributable to non-controlling interests		6,786		(1,913)
Deconsolidation of O3 Mining		(139,727)		-
Balance, end of year	**$**	**-**	**$**	**74,673**

17) Expenses

The following table summarizes information regarding the Corporation's expenses for the year ended December 31, 2020 and 2019:

For the year ended		December 31, 2020		December 31, 2019
Compensation expenses				
Stock-based compensation (note 12 and 15(d))	$	13,597	$	9,576
Salaries and benefits		8,712		6,782
Total compensation expenses	**$**	**22,309**	**$**	**16,358**
General and administration expenses				
Shareholder and regulatory expense	$	394	$	830
Travel expense		206		571
Professional fees		1,512		1,293
Office expense		2,471		2,916
Total general and administration expenses	**$**	**4,583**	**$**	**5,610**
Marketable securities				
Realized (gain)/loss from marketable securities (note 7)	$	(5,430)	$	3,252
Unrealized gain from marketable securities (note 7)		(21,168)		(4,060)
Total marketable securities gain	**$**	**(26,598)**	**$**	**(808)**

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

18) Related party transactions

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

During the year ended December 31, 2020, management fees, geological services, rent and administration fees of $336,000 (2019 – $800,000) were incurred with Osisko GR, a related company of the Corporation by virtue of Osisko GR owning or controlling, directly or indirectly, greater than 10% of the issued and outstanding common shares of the Corporation. Also, Mr. John Burzynski, the Chief Executive Officer and Chairman of the Board of Director of the Corporation, as well as Mr. Sean Roosen, Director of the Corporation, serve as directors of Osisko GR. Accounts payable to Osisko GR as at December 31, 2020 were $94,000 (2019 – $106,000).

During the year ended December 31, 2020, management fees, geological services, rent and administration fees of $107,000 (2019 – $23,000) were charged to Osisko GR by the Corporation. Accounts receivable from Osisko GR as at December 31, 2020 was $13,000 (2019 – $66,000).

During the year ended December 31, 2020, management fees, geological services, rent and administration fees of $431,000 (2019 – $nil) were charged to the Corporation's associate, O3 Mining, by the Corporation, after the deconsolidation of O3 Mining on August 21, 2020 (note 16). Accounts receivable from O3 Mining as at December 31, 2020 was $262,000 (2019 – $nil).

During the year ended December 31, 2020, management fees, geological services, rent and administration fees of $nil (2019 – $136,000) were charged to the Corporation's former associate, Barkerville, by the Corporation, prior to Osisko GR's acquisition of Barkerville (note 8).

The following table summarizes remuneration attributable to key management personnel for the years ended December 31, 2020 and 2019:

For the year ended		**December 31, 2020**		**December 31, 2019**
Salaries expense of key management	$	3,384	$	2,073
Directors' fees		427		329
Stock-based compensation		10,133		5,761
Total	**$**	**13,944**	**$**	**8,163**

19) Capital risk factors

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

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

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

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

19) Capital risk factors (continued)

As at December 31, 2020, the Corporation has cash, cash equivalents and marketable securities totaling $254,965,000 (2019 – $157,558,000), which were available for growing the Corporation.

20) 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, 2020 and 2019 the Corporation classified cash and cash equivalents, restricted cash, and publicly traded securities included in marketable securities as Level 1, and warrants included in marketable securities as Level 2.

	December 31, 2020			December 31, 2019		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 180,027	$ -	$ -	$ 102,302	$ -	$ -
Restricted cash	$ 12,613	$ -	$ -	$ -	$ -	$ -
Marketable securities	$ 72,765	$ 2,173	$ -	$ 54,522	$ 734	$ -

As at December 31, 2020 and 2019, 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 2020.

Financial risk factors

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

a) Credit risk

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

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

b) Liquidity risk

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

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

20) Financial instruments (continued)

b) Liquidity risk (continued)

The Corporation ensures that there are sufficient funds to meet its short-term requirements, taking into account its anticipated cash flows from operations and its holdings of cash. As at December 31, 2020, the Corporation had a cash balance of $180,027,000 (2019 – $102,302,000) to settle current liabilities of $44,985,000 (2019 – $27,586,000). The majority of the Corporation's accounts payable and accrued liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Corporation has financial commitments outstanding as at December 31, 2020 (note 21).

c) Commodity price risk

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

d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation monitors its exposure to interest rate and has not entered into any derivative financial instruments to manage this risk. The Corporation has a cash balance and no 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, 2020, had increased or decreased by 0.1%, with all variables held constant, the loss for the year ended December 31, 2020, would have been approximately $180,000 lower/higher, as a result of higher/lower interest income from cash and cash equivalents. Similarly, as at December 31, 2019, shareholders' equity would have been approximately $102,000 lower/higher because of higher/lower interest income from cash and cash equivalents due to a 0.1% increase/decrease in interest rates.

21) Commitments

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

	Total	2021	2022	2023	2024	2025	2026
Office equipment leases	$ 75	$ 16	$ 16	$ 16	$ 16	$ 11	$ -
Camp trailers and equipment leases	221	221	-	-	-	-	-
Total	**$ 296**	**$ 237**	**$ 16**	**$ 16**	**$ 16**	**$ 11**	**$ -**

On June 5, 2020, a one-year letter credit for $2 million was arranged with National Bank. The letter of credit is secured by the Corporation's restricted cash.

On July 7, 2020, the Department of Finance proposed to extend the flow-through funds spend period and the look-back rule by one year for financing completed in 2019 and 2020, including suspending the Part XII.6 tax for one year. On December 16, 2020, the draft legislation to implement the proposals was published. Based on the draft legislation, as of December 31, 2020, the Corporation would be required to spend $12.0 million of flow-through funds by December 31, 2022. If the extension is not enacted by the Department of Finance, the date for the flow-through spend requirements will remain at December 31, 2021:

Closing Date of Financing	Province	Deadline for spending	Remaining Flow-through Funds
December 16, 2020	Québec	December 31, 2022	$ 12,000
Total			**$ 12,000**

21) Commitments (continued)

The Corporation is subject to Part XII.6 taxes on any unspent flow-through expenditures after February 1, 2022 for flow-through funds raised in 2020. If the extension is not enacted by the Department of Finance, the dates to incur Part XII.6 taxes will be moved up by one year and the Corporation would currently owe $453,000 in Part XII.6 taxes.

22) Subsequent events

On January 13, 2021, 725,000 RSUs of the Corporation were issued to management. Each RSU has been fair valued at $3.31 initially at the Corporation's closing share price on the date of grant. The RSUs vest on the third anniversary date from the date of grant.

On January 13, 2021, 475,000 DSUs of the Corporation were issued to directors. Each DSU has been fair valued at $3.31 initially at the Corporation's closing share price on the date of grant. The DSUs vest immediately on the date of grant.

On February 11, 2021, the TRES matured (note 7) and Osisko received $1,000,000 from National Bank for the difference between National Bank's proceeds of disposition from the 1,600,000 common shares of Osisko GR and $21.9 million, after paying remaining unpaid interest on the TRES. As the result, Osisko derecognized the financial liability and the 1,600,000 common shares of Osisko GR from its consolidated statements of financial position.

On February 12, 2021, the Corporation completed a private placement of 13,085,000 common shares of the Corporation at a price of $5.35 per common share issued as flow-through shares for gross proceeds of $70,005,000.