

Osisko Reports Second Quarter 2013 Results

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Earnings from Mine Operations of \$42.6 Million, Adjusted net earnings(1) of \$25.1 million

MONTREAL, QUEBEC -- (Marketwired - Aug 1, 2013) - [Osisko Mining Corp.](#) (the "Company" or "Osisko") (TSX:OSK) (FRANKFURT:EWX) today reported adjusted net earnings¹ of \$25.1 million (\$0.06 per share) for the second quarter of 2013 compared to 35.6 million (\$0.09 per share) for the second quarter of 2012. The net loss for the quarter amounted to \$492.8 million (\$1.13 per share) mainly as a result of an after-tax impairment charge on the Hammond Reef gold project of \$487.8 million, compared to net earnings of \$19.0 million in the second quarter of 2012 (\$0.05 per share).

Q2 Highlights

- Gold production of 111,701 ounces;
- Earnings from Canadian Malartic of \$42.6 million;
- Operating cash flows of \$55.9 million;
- Free cash flows² of \$15.1 million;
- Impairment charge of \$487.8 million on the Hammond Reef gold project, net of tax;
- Net loss of \$492.8 million or \$1.13 per share;
- Adjusted net earnings¹ of \$25.1 million;
- Investment of \$59.9 million in mining assets and projects;
- Reduction of over \$80.0 million in capital budget for 2013;
- Record tonnage processed at 4.4 million tonnes;
- Record monthly gold production of 45,062 ounces in June 2013;
- Record one-month average daily throughput of 53,138 tonnes in May 2013;
- Collection of the \$30.0 million note receivable from [Kirkland Lake Gold Inc.](#);
- Final deposit of \$11.6 million to cover the future rehabilitation costs of the Canadian Malartic mine, for a total deposit to date of \$46.4 million, representing 100% of the required guarantee;
- Company is maintaining annual gold production estimate of 485,000-510,000 ounces;
- Agreements to reschedule payments of \$225.0 million on the long-term debt.

Sean Roosen, President and Chief Executive Officer commenting on the second quarter results: "We continue our progress at Canadian Malartic with improved mill throughput and strong gold production. Despite challenging gold markets, we were able to generate operating cash flows of \$55.9 million and free cash flows² of \$15.1 million during the period. Our team is focused on further improving these results."

¹ Reconciliation of non-IFRS measures is provided under *Non-IFRS Measures of Performance* of this press release.

² Free cash flows represent the increase (decrease) in cash and cash equivalents in the Consolidated Statements of Cash Flows.

The mine operating statement for the production period is as follows:

	2013		2012 (Restated) ³			
	Q2	Q1	Q4	Q3	Q2	Q1
Gold sales (ounces)	109,503	95,511	111,104	95,424	95,675	92,400
Silver sales (ounces)	95,205	73,683	74,100	49,751	48,880	52,800
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Revenues	159,195	159,381	191,080	158,503	157,134	158,658
Production costs	(90,619)	(81,422)	(95,307)	(77,684)	(89,494)	(69,932)
Royalties	(2,274)	(1,992)	(2,546)	(1,998)	(2,021)	(2,359)
Depreciation	(23,683)	(20,982)	(20,058)	(15,318)	(15,635)	(13,909)
Total	(116,576)	(104,396)	(117,911)	(95,000)	(107,150)	(86,200)

Earnings from mine operations	42,619	54,985	73,169	63,503	49,984	72,458
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Key operating results

(in thousands of Canadian dollars, unless otherwise noted)

	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012
Gold production (oz)	111,701	106,047	101,544	103,753	92,003	91,178
Gold sales (oz)	109,503	95,511	111,104	95,424	95,675	92,400
Average sale price (US\$/oz)	1,396	1,627	1,709	1,659	1,605	1,698
Average market price (US\$/oz)	1,415	1,632	1,722	1,652	1,609	1,691
Cash costs per ounce ^{3,4} (C\$/oz)	781	804	833	851	892	821
Cash costs per ounce ^{3,4,5} (US\$/oz)	765	798	840	855	883	820
Cash margin per ounce (US\$/oz) ^{3,4}	631	829	869	804	722	878
Revenues	159,195	159,381	191,080	158,503	157,134	158,658
Earnings from mine operations ³	42,619	54,985	73,169	63,503	49,984	72,458
Net earnings (loss) ³	(492,762)	17,416	12,866	28,343	18,984	30,595
Net earnings (loss) per share ³	(1.13)	0.04	0.03	0.07	0.05	0.08
Operating cash flows ³	55,947	62,478	64,608	55,806	68,212	82,879

³ Balances related to 2012 have been restated to reflect the impact of the adoption of IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine*

⁴ Reconciliation of non-IFRS measures is provided under *Non-IFRS Measures of Performance* of this press release.

⁵ Using the average exchange rate.

Following continued improvement in mill availability and throughput rates, the mine established a quarterly gold production record of 111,701 ounces. Average daily throughput reached 48,836 tonnes, a 4% increase over the first quarter of 2013 and a 37% increase over the corresponding period in 2012. Throughput rate continues to progress favorably with the past quarter being the sixth consecutive quarterly increase. Cash cost per ounce⁶ for the period amounted to \$781. The mine generated second quarter operating earnings of \$42.6 million, compared to \$50.0 million in the second quarter of 2012. The decrease in profit from mine operations is mainly due to a 12% decline in price realized on the sale of gold and higher depreciation charges.

During the quarter, approximately 4,470 equipment hours (5.9% of available hours) were lost due to noise and weather constraints, compared to 1,510 equipment hours (1.7% of available hours) in the first quarter of 2013 and 4,510 (5.2% of available hours) equipment hours in the second quarter of 2012.

The production statistics are as follows:

	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012
Tonnes Mined (000's)						
- Ore	3,604	4,091	3,553	4,853	3,234	4,037
- Waste ⁷	10,010	10,158	7,847	9,215	9,545	8,458
Total Mined	13,614	14,249	11,400	14,068	12,779	12,495
Overburden	871	1,783	627	1,409	1,740	1,954
Tonnes Milled (000's)	4,444	4,234	4,088	3,757	3,236	2,965
Grade (g Au/t)	0.87	0.88	0.87	0.97	0.99	1.05
Recovery (%)	89.7	88.0	88.8	88.7	89.2	91.2
Gold production (oz)	111,701	106,047	101,544	103,753	92,003	91,178

Production in the second quarter of 2013 improved to an average 52,592 tonnes per operating day compared to 48,667 tonnes per operating day in the previous quarter and 38,074 tonnes per operating day in the second quarter of 2012. Continued optimization of operations at the mill, the two cone crushers and the additional pebble crusher installed in 2012 allowed the mill to reach new records in the second quarter. In coordination with the technical advisors, the Canadian Malartic team continues to work on improving the mill throughput and enhancing operating efficiencies.

⁶ Reconciliation of non-IFRS measures is provided under *Non-IFRS Measures of Performance* of this press release.

⁷ Including topographic drilling of 3.4 million tonnes in 2013 and 2.5 million tonnes for the year 2012.

Mill operating statistics continue to show progress in all categories.

	Total Available Hours	Operating Hours	(%)	Tonnage Produced (t)	Tonnes per Operating Hour	Tonnes per Operating Day
Q2 2013	2,184	2,014	92	4,444,042	2,207	52,592
Q1 2013	2,160	2,082	96	4,234,001	2,033	48,667
Q4 2012	2,208	2,052	93	4,088,021	1,992	47,535
Q3 2012	2,208	2,071	94	3,756,768	1,814	43,181
Q2 2012	2,184	1,960	90	3,236,281	1,651	38,074
Q1 2012	2,184	1,890	87	2,965,456	1,569	35,728

Operating Costs

Cash costs per ounce⁸ for the second quarter and the first six months of 2013 stood at \$781 and \$792 respectively, compared to \$892⁹ and \$857⁹ in the corresponding periods of 2012. The improvement over the comparative periods in 2012 is mainly the result of increased throughput and gold production, improved efficiencies and reduction in contractors' costs.

It is anticipated that as the operations at Canadian Malartic stabilize and the operations are further optimized, the operating costs will continue their downward trend. In June 2013, a month with no maintenance shut down and record gold production, cash costs per ounce⁸ fell to \$602.

⁸ Reconciliation of non-IFRS measures is provided under *Note Regarding Certain Non-IFRS Measures of Performance* of this press release.

⁹ Restated to reflect the adoption of IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine*.

Adjusted Net Earnings¹⁰

Excluding specific non-cash items, adjusted net earnings¹⁰ amounted to \$25.1 million (\$0.06 per share) during the second quarter of 2013 compared to \$35.6 million (\$0.09 per share) in the second quarter of 2012.

	Three Months Ended		Six Months Ended	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
(In thousands of dollars, except for amounts per share)				
Net earnings (loss)	(492,762)	18,984	(475,346)	49,579
Impairment of Hammond Reef gold project	530,878	-	530,878	-
Write-off of grassroots exploration projects	13,050	-	15,074	617
Share-based compensation	2,225	2,708	4,021	5,339
Unrealized loss on investments	314	1,158	2,239	1,705
Impairment on available-for-sale assets	3,284	-	3,284	1,094
Deferred income and mining tax expense (recovery)	(31,899)	12,784	(18,634)	36,721
Adjusted net earnings ¹⁰	25,090	35,634	61,516	95,055
Adjusted net earnings per share ¹⁰	0.06	0.09	0.14	0.25

The decrease in adjusted net earnings¹⁰ is mainly the result of lower average selling prices of gold during the second quarter of 2013 and higher depreciation charges.

¹⁰ Reconciliation of non-IFRS measures is provided under *Non-IFRS Measures of Performance* of this press release.

Investments

The Company invested \$59.9 million in property, plant and equipment during the second quarter. These investments were mainly focused on the Canadian Malartic mine (stripping costs, geotechnical work, sustaining capital and expansion) and the Kirkland Lake and Upper Beaver exploration projects.

Recent volatility in the gold price and financial markets has led Osisko to review in April its rate of discretionary spending in exploration and advancing new projects. As previously announced, the Company is decreasing discretionary spending for 2013 by over \$80 million.

Upper Beaver Project and Kirkland Lake - Larder Camp

On December 28, 2012, Osisko completed the acquisition of [Queenston Mining Inc.](#) As part of the transaction, the Company acquired the Upper Beaver Project and a package of lands covering 230 km² in the rich Kirkland Lake Gold Camp, which has produced over 40 million ounces in past years. [Queenston Mining Inc.](#) changed its name to Osisko Mining Ltd. on January 16, 2013.

The Queenston transaction also provides the Company with a major foothold in a prolific gold camp that has produced in excess of 40 million ounces. Queenston had consolidated the land package over the past 20 years. To date, there have been several satellite deposits identified that could feed a regional mill.

The work at Upper Beaver is focused on drilling deep holes to test extensions of known zones. The Company has completed approximately 34,795 meters of drilling since January 1, 2013. Work is currently limited to completion of current holes and compiling information generated during the drilling phase to date.

The shaft collar work was completed. Construction of the head frame and surface facilities has been delayed, as well as the shaft sinking. The pause in the project execution plan allows for the review of the construction and development approach with the aim of reducing the capital outlays. This reassessment period will result in a deferral of approximately \$50 million of the planned Upper Beaver outlays of \$70 million for 2013.

The Company has completed 68,076 meters on various regional targets in the Kirkland Lake - Larder camp, including 15,912 meters in the second quarter of 2013. Drilling activities have been reduced to focus on compilation and assessment of the results. The exploration expenditures at Kirkland Lake for 2013 are estimated at the original budget of \$20 million.

Hammond Reef Gold Project

Osisko acquired the Hammond Reef gold project located near Atikokan in Northwestern Ontario, through the acquisition of publicly traded [Brett Resources Inc.](#) in mid 2010 for \$375.0 million. Hammond Reef is a large and growing development project with potential to become a substantial open-pit mine. During the second quarter of 2013, Osisko invested \$2.2 million (including working capital) for a total of \$155.9 million since its acquisition in 2010. In the second quarter of 2013, efforts were focused on the preparation of the feasibility study and the publication of the environmental assessment report.

A new resource estimate for Hammond Reef was released on January 28, 2013. As per the estimate, global measured and indicated resources currently stand at 5.43 million ounces gold at an average grade of 0.86 g/t Au and the global inferred resource stands at 1.75 million ounces gold at an average grade of 0.72 g/t (based on 0.50 g/t Au lower cut-off).

Hammond Reef Global Resource Estimates

Category	Grade (g/t)	Tonnes (M)	Cut-off (g/t)	Oz (M)
Measured	0.90	123.5	0.5	3.59
Indicated	0.78	72.9	0.5	1.83
M+I	0.86	196.4	0.5	5.43
Inferred	0.72	75.7	0.5	1.75

Further, a whittle pit optimized undiluted resource was calculated (US\$1,400 whittle pit shell), totaling 5.31 million ounces of gold at an average grade of 0.72 g/t in the measured and indicated category, and 0.28 million ounces of gold at an average grade of 0.65 g/t in the remaining inferred category.

Hammond Reef Undiluted Resource Estimates within US\$1,400 Whittle pit shell

Category	Grade (g/t)	Tonnes (M)	Cut-off (g/t)	Oz (M)
Measured	0.75	175.3	0.32	4.25
Indicated	0.61	54.1	0.32	1.06
M+I	0.72	229.5	0.32	5.31
Inferred	0.65	13.3	0.32	0.28

Osisko's technical team is progressing on the feasibility study of the project. Due to significant inflation in the mineral industry over the past few years, the preliminary estimate of capital cost for a 60,000 tonnes per day operation ranges between \$1.5 and \$1.8 billion. Gold output is estimated to average 400,000 ounces per annum at a production cost of \$800 to \$850 per ounce. The group is continuing to review alternatives to optimize capital costs and improve the returns. Under the current scenario, the Hammond Reef gold project requires higher gold prices to justify the investment.

Based on preliminary feasibility results and current market conditions in the gold sector, the Company undertook a review of its project. The Company conducted impairment testing of Hammond Reef in conformity with IFRS practices and determined that an impairment charge of \$487.8 million, net of a deferred tax recovery of \$43.1 million, was necessary. Accordingly, the project value recorded on the Company's books was reduced to nil.

The Company will continue to pursue low-cost permitting activities in the near-term and will continue to monitor market conditions.

Exploration

Prior to mid 2009, the Company's efforts were focused solely on the development of its flagship asset, the Canadian Malartic mine. Following the securing of the financing, the necessary authorizations and the construction release, the Company began to seek other opportunities to complement the Canadian Malartic mine. The overall objective is for Osisko to achieve the status of a leading intermediate gold producer with annual production of 1 million ounces. The principle strategy is to create value through the identification and development of gold reserves and resources.

To build on its gold mining asset base, the Company has acquired advanced exploration projects, has entered into exploration agreements, has staked ground, and has invested in various public and private exploration companies with promising gold projects. Osisko continues to focus its efforts on its new Kirkland Lake area properties and in Mexico.

Osisko enjoys flexibility on its major projects, a benefit of being the sole owner, and thus can select the rate of execution of its investment programs without concern for compromising ownership rights.

Liquidity and Capital Resources

As at June 30, 2013, the Company's cash and cash equivalents, short-term investments and restricted cash amounted to \$153.7 million compared to \$155.5 million as at December 31, 2012, as summarized below:

(In thousands of dollars)	June 30, 2013	December 31, 2012
Cash and cash equivalents	115,486	93,229
Short-term investments	-	19,357
Restricted cash		
Current	558	4,563
Non-current	37,651	38,362
	<u>153,695</u>	<u>155,511</u>

Short-term investments were acquired following the acquisition of Queenston as at December 28, 2012 and were converted into cash and cash equivalents during the first quarter of 2013 to increase the flexibility of available liquidities. The Company has also collected in June the \$30.0 million note receivable from [Kirkland Lake Gold Inc.](#) related to the sale of properties by Queenston prior to its acquisition by Osisko.

On July 5, 2013, Osisko deposited a Government of Québec bond of \$11.6 million with the Québec Government, representing the balance of the total guarantee required to cover the entire future costs of rehabilitating the Canadian Malartic mine site. The aggregate deposits with the Government of Québec amount to \$46.4 million.

Modifications to long-term debt terms

On July 30, 2013, the Company entered into agreements with CPPIB Credit Investments Inc. ("CPPIB"), the Caisse de dépôt et placement du Québec ("CDPQ") and Ressources Québec ("RQ") to modify certain terms of its long-term debt facilities.

- CPPIB loan (\$150.0 million)
 - The loan repayments that were previously based on cash flow availability will now be based on pre-determined fixed amounts. The first repayment is postponed to 2014.
 - The fixed interest rate will be revised to 6.875% (from 7.5% previously).
 - The maturity date of the 12.5 million warrants held by CPPIB will be extended to September 30, 2017 and the exercise price will be modified to \$6.25 per warrant. The exercise of the warrants may be accelerated at the Company's option if the Osisko shares trade at a price above \$8.15 for 20 consecutive days.
 - The delayed drawdown facility (\$100.0 million) established in May 2012 will be cancelled.
- Convertible debentures (\$75.0 million)
 - The maturity date of the convertible debentures will be postponed to November 2017.
 - The fixed interest rate will be revised to 6.875% (from 7.5% previously).
 - The convertible debentures will be convertible into Osisko shares at any time prior to the due date at the price of \$6.25 per share (previously \$9.18 per share).

The following table presents the new repayment schedules of the CPPIB loan and the convertible debentures per calendar year (in millions of dollars):

	CPPIB	CDPQ	RQ	Total
2014	30.0	-	-	30.0
2015	40.0	-	-	40.0
2016	40.0	-	-	40.0
2017	40.0	37.5	37.5	115.0
	150.0	37.5	37.5	225.0

The agreements are conditional on finalization of documentation to the satisfaction of all parties, obtaining the necessary regulatory authorizations and on payment of transaction fees, which are expected to be all completed by the end of the month of August 2013. On the closing date, the Company will assess the financial impact of these amendments on its consolidated financial statements.

Outlook for 2013

Following the modifications and commissioning of the pre-crushing circuit and the second pebble crushing unit, it is anticipated that mill throughput should be stabilized in 2013. Gold production is estimated between 485,000 - 510,000 ounces for the year. As a result of gaining access to higher grade material in the second half of the year, it is anticipated that gold output will be higher in the second semester. Cash costs per ounce¹¹ are estimated between \$780 and \$825 per ounce, a 9% to 14% reduction in costs from 2012.

Following the issuance of a new IFRS accounting pronouncement with respect to stripping costs in the production phase of a surface mine, the Company expects to capitalize stripping costs in 2013. Capitalized stripping costs are not reflected in the table below. The change in policy has no impact on cash and cash

equivalents, however, cash costs per ounce¹¹ are expected to decrease by approximately \$50 and capital expenditures are expected to increase by the same amount.

¹¹ Reconciliation of non-IFRS measures is provided under *Non-IFRS Measures of Performance* of this press release.

Recent volatility in the gold price and financial markets has led Osisko to review its rate of discretionary spending in exploration and advancing new projects. As a result, the Company is decreasing discretionary spending for 2013 by over \$80 million.

Capital expenditures for 2013 are now estimated at \$138 million as follows:

(in millions of dollars)	Revised budget ^(b)	Original budget	Reduction
Canadian Malartic mine	80.8	98.0	17.2
Upper Beaver project	18.5	70.0	51.5
Hammond Reef	7.0	10.0	3.0
Exploration - capitalized	31.6	42.0	10.4
Capital expenditures	137.9	220.0	82.1
Exploration - expensed through income statement ^{(a)(c)}	9.3	8.0	(1.3)
Total	147.2	228.0	80.8

(a) Excludes write-off of projects.

(b) Excluding variation in accounts payable related to the Canadian Malartic expansion, Hammond Reef, Upper Beaver and Kirkland Lake projects.

(c) Exploration - expensed through income statement is higher in revised budget compared to original budget, due to some investments in Mexico being expensed whereas for budget purposes the total investments were capitalized.

Outstanding Share Data

As of August 1, 2013, 437,068,524 common shares were issued and outstanding. A total of 24,016,096 common share options were outstanding to purchase common shares under the Company's share option plan and 14,517,453 common share purchase warrants were outstanding.

New Nomination

Mr. Ruben Wallin has joined Osisko as Vice President Environment and Sustainable Development effective August 1, 2013 as a replacement of Ms. Hélène Cartier who left the Company in late June 2013.

Q2 Conference Call Information

Osisko will host a conference call on Friday, August 2, 2013 at 10:00am EDT, where senior management will discuss the financial results and provide an update of the Company's activities. Those interested in participating in the conference call should dial in at 1 416 981 9000 (Toronto local and international), or 800 757 9216 (North American toll free). An operator will direct participants to the call.

The conference call replay will be available from 12:00 p.m. EDT on August 2, 2013 until 11:59 p.m. EDT on August 16, 2013 with the following dial in number: 1 416 626 4100 or Toll-free 800 558 5253, access code 21668329.

Non-IFRS Measures of Performance

The Company has included certain non-IFRS measures including "cash costs per ounce", "cash margin per ounce", "adjusted net earnings" and "adjusted net earnings per share" to supplement its consolidated financial statements, which are presented in accordance with IFRS.

The Company believes that these measures, together with measures determined in accordance with IFRS, provide investors with an improved ability to evaluate the underlying performance of the Company. Non-IFRS measures do not have any standardized meaning prescribed under IFRS, and therefore they may not be comparable to similar measures employed by other companies. The data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

Cash costs per ounce

"Cash costs per ounce" is defined as the production costs of one ounce of gold excluding non-cash costs for a certain period. "Cash costs per ounce" is obtained from "Production costs" and "Royalties" less non-cash "Share-based compensation" and "By-product credits (silver sales)", adjusted for "Production inventory variation" for the period, divided by the "Number of ounces of gold produced" for the period.

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
Gold ounces produced	111,701	92,003	217,748	183,181
<i>(in thousands of dollars, except per ounce)</i>				
Production costs	90,619	89,494	172,041	159,426
Royalties	2,274	2,021	4,266	4,380
Share-based compensation	(662)	(790)	(1,261)	(1,534)
By-product credit (silver sales)	(2,219)	(1,442)	(4,446)	(3,155)
Inventory variation	(2,730)	(7,187)	1,956	(2,129)
Total cash costs for the period	87,282	82,096	172,556	156,988
Cash costs per ounce	781	892	792	857

Cash margin per ounce

"Cash margin per ounce" is defined as the "Average selling price of gold per ounce sold" less "Cash costs per ounce produced" for the period.

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
Average selling price of gold (per ounce sold)	1,434	1,627	1,532	1,662
Cash costs (per ounce produced)	781	892	792	857
Cash margin per ounce	653	735	740	805

Adjusted net earnings and adjusted net earnings per share

"Adjusted net earnings" is defined as "Net earnings" less certain non-cash items: "Write-off of property, plant and equipment", "Share-based compensation", "Unrealized gain (loss) on investments", "Impairment on available-for-sale assets", and "Deferred income and mining tax expense (recovery)".

"Adjusted net earnings per share" is obtained from the "Adjusted net earnings" divided by the "Weighted average number of common shares outstanding" for the period.

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
<i>(in thousands of dollars, except per share amounts)</i>				
Net earnings (loss) for the period	(492,762)	18,984	(475,346)	49,579
Adjustments:				
Impairment of property, plant and equipment	530,878	-	530,878	-
Write-off of property, plant and equipment	13,050	-	15,074	617
Share-based compensation	2,225	2,708	4,021	5,339
Unrealized loss on investments	314	1,158	2,239	1,705

Impairment on available-for-sale assets	3,284	-	3,284	1,094
Deferred income and mining tax expense (recovery)				
Related to the impairment of property, plant and equipment	(43,100)	-	(43,100)	-
Other	11,201	12,784	24,466	36,721
Adjusted net earnings	25,090	35,634	61,516	95,055
Weighted average number of common shares outstanding (000's)	436,695	387,279	436,599	386,528
Adjusted net earnings per share	0.06	0.09	0.14	0.25

About Osisko Mining Corporation

[Osisko Mining Corp.](#) operates the Canadian Malartic Gold mine in Malartic, Quebec and is carrying out exploration and project development elsewhere in Canada and Latin America.

Mr. Luc Lessard, Eng., Senior Vice-President and Chief Operating Officer of Osisko, is the Qualified Person who has reviewed this news release and is responsible for the technical information reported herein, including verification of the data disclosed.

Cautionary Notes Concerning Estimates of Mineral Resources

This news release uses the terms measured, indicated and inferred resources as a relative measure of the level of confidence in the resource estimate. Readers are cautioned that mineral resources are not economic mineral reserves and that the economic viability of resources that are not mineral reserves has not been demonstrated. In addition, inferred resources are considered too geologically speculative to have any economic considerations applied to them. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or pre-feasibility studies or economic studies except for Preliminary Assessment as defined under NI 43-101. Readers are cautioned not to assume that that further work will lead to mineral reserves that can be mined economically.

For further information in relation to the Hammond Reef project, please refer to the "Technical Report on the Hammond Reef Gold Property Atikokan area, Ontario" dated December 20, 2011. For further information in relation to the Canadian Malartic project, please refer to the "Feasibility Study - Canadian Malartic Project (Malartic, Quebec)", dated December 2008. Both of these reports are available under the Osisko profile at www.sedar.com.

For further information in relation to the Upper Beaver project, please refer to the "Technical Report on the Upper-Beaver Gold-Copper Project, Ontario, Canada" dated November 9, 2012, which is available under the Queenston profile at www.sedar.com.

Forward-Looking Statements

Certain statements contained in this press release may be deemed "forward-looking statements". All statements in this release, other than statements of historical fact, that address events or developments that Osisko expects to occur, are forward looking statements. Forward looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential", "scheduled" and similar expressions, or that events or conditions "will", "would", "may", "could" or "should" occur including, without limitation, further improvement of operating cash flows and free cash flows⁽²⁾, continued improvement of the mill throughput and enhancement of operating efficiencies, further reduction of the operating costs as the operations at Canadian Malartic stabilize and are further optimized, that exploration work would lead to commercial production of several satellite deposits identified in the Kirkland Lake gold camp which could feed a regional mill, further development of its Hammond Reef project including timely completion of the project's feasibility study and permitting activities, positive outcome of any exploration work conducted on Osisko's Kirkland Lake area properties and in Mexico, that all conditions will be met to finalize the amendment to the CPPIB loan and to the convertible debentures with CDPQ and RQ, that higher grade material will be accessible in the second half of the year which would increase the gold output in the second semester, and the impact of the new IFRS accounting pronouncement with respect to stripping costs in the production phase of a surface mine on the Company's cash costs per ounce⁽¹¹⁾ and capital expenditures.

Although Osisko believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, including, without limitation, that all technical, economical and financial conditions will be met in order to achieve such events qualified by the foregoing cautionary note regarding forward looking statements, such statements are not guarantees of future performance and actual results may differ materially from those in forward looking statements.

Factors that could cause the actual results to differ materially from those in forward-looking statements include gold prices, access to skilled consultants, mining development and construction personnel, results of exploration and development activities, Osisko's limited experience with production and mining operations, uninsured risks, regulatory framework and changes, defects in title, availability of personnel, materials and equipment, timeliness of government approvals, actual performance of facilities, equipment and processes relative to specifications and expectations, unanticipated environmental impacts on operations market prices, continued availability of capital and financing and general economic, market or business conditions. These factors are discussed in greater detail in Osisko's most recent Annual Information Form and in the most recent Management Discussion and Analysis filed on SEDAR, which also provide additional general assumptions in connection with these statements. Osisko cautions that the foregoing list of important factors is not exhaustive. Investors and others who base themselves on forward-looking statements should carefully consider the above factors as well as the uncertainties they represent and the risk they entail. Osisko believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this press release should not be unduly relied upon. These statements speak only as of the date of this press release.

[Osisko Mining Corp.](#) oration

Consolidated Balance Sheets

(Unaudited)

(tabular amounts expressed in thousands of Canadian dollars)

	June 30, 2013	December 31, 2012
		(restated - see note)
	(\$)	(\$)
Assets		
Current assets		
Cash and cash equivalents	115,486	93,229
Short-term investments	-	19,357
Restricted cash	558	4,563
Accounts receivable	29,255	32,266
Note receivable	-	30,000
Inventories	79,851	70,481
Prepaid expenses and other assets	25,303	21,274
	<u>250,453</u>	<u>271,170</u>
Non-current assets		
Restricted cash	37,651	38,362
Investments in associates	8,190	8,933
Other investments	7,403	16,894
Property, plant and equipment	1,865,159	2,352,546
	<u>2,168,856</u>	<u>2,687,905</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	80,069	100,931
Current portion of long-term debt	85,497	76,883
Provisions and other liabilities	1,292	1,405
	<u>166,858</u>	<u>179,219</u>
Non-current liabilities		
Long-term debt	245,962	260,529
Provisions and other liabilities	17,011	18,618
Deferred income and mining taxes	48,887	67,521
	<u>478,718</u>	<u>525,887</u>
Equity attributable to Osisko Mining Corp. shareholders		
Share capital	2,051,069	2,048,843
Warrants	19,311	19,311
Contributed surplus	70,673	65,868

Equity component of convertible debentures	8,005	8,005
Accumulated other comprehensive loss	(4,713)	(1,148)
Retained earnings (deficit)	(454,207)	21,139
	<u>1,690,138</u>	<u>2,162,018</u>
	<u>2,168,856</u>	<u>2,687,905</u>

[Osisko Mining Corp.](#) oration

Consolidated Statements of Income (Loss)

For the three and six months ended June 30, 2013 and 2012

(Unaudited)

(tabular amounts expressed in thousands of Canadian dollars)

	Three months ended		Six months ended	
	June 30,		June 30,	
	2013	2012	2013	2012
		(restated - see note)		(restated - see note)
	(\$)	(\$)	(\$)	(\$)
Revenues	159,195	157,134	318,576	315,792
Mine operating costs				
Production costs	(90,619)	(89,494)	(172,041)	(159,426)
Royalties	(2,274)	(2,021)	(4,266)	(4,380)
Depreciation	(23,683)	(15,635)	(44,665)	(29,544)
Earnings from mine operations	42,619	49,984	97,604	122,442
General and administrative expenses	(5,787)	(5,943)	(13,174)	(13,349)
Exploration and evaluation expenses	(15,935)	(1,963)	(21,038)	(5,253)
Impairment of property, plant and equipment	(530,878)	-	(530,878)	-
Earnings (loss) from operations	(509,981)	42,078	(467,486)	103,840
Interest income	425	379	883	912
Finance costs	(8,398)	(7,444)	(16,289)	(14,842)
Foreign exchange loss	(3,095)	(1,858)	(5,376)	(271)
Share of loss of associates	(623)	(141)	(744)	(275)
Other losses	(2,989)	(1,246)	(4,968)	(3,064)
Earnings (loss) before income and mining taxes	(524,661)	31,768	(493,980)	86,300
Income and mining tax recovery (expense)	31,899	(12,784)	18,634	(36,721)
Net earnings (loss)	<u>(492,762)</u>	<u>18,984</u>	<u>(475,346)</u>	<u>49,579</u>
Net earnings (loss) per share				
Basic	(1.13)	0.05	(1.09)	0.13
Diluted	(1.13)	0.05	(1.09)	0.13
Weighted average number of common shares outstanding (in thousands)				
Basic	436,695	387,279	436,599	386,528
Diluted	436,695	389,024	436,599	389,312

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Consolidated Statements of Cash Flows

For the three and six months ended June 30, 2013 and 2012

(Unaudited)

(tabular amounts expressed in thousands of Canadian dollars)

	Three months ended		Six months ended	
	June 30,		June 30,	
	2013	2012	2013	2012
		(restated - see note)		(restated - see note)
	(\$)	(\$)	(\$)	(\$)
Operating activities				
Net earnings (loss)	(492,762)	18,984	(475,346)	49,579

Adjustments for:				
Interest income	(425)	(379)	(883)	(912)
Share-based compensation	2,225	2,708	4,021	5,339
Depreciation	23,903	15,794	45,102	29,861
Finance costs	8,398	7,444	16,289	14,842
Write-off of property, plant and equipment	13,050	-	15,074	617
Impairment of property, plant and equipment	530,878	-	530,878	-
Gain on disposal of property, plant and equipment	(218)	(319)	(173)	(319)
Unrealized foreign exchange loss	3,193	1,952	5,155	175
Share of loss of associates	623	141	744	275
Net loss (gain) on available-for-sale financial assets	(140)	155	851	68
Net loss on financial assets at fair value through profit and loss	32	1,158	1,105	1,857
Impairment on available-for-sale financial assets	3,284	-	3,284	1,094
Provisions and other liabilities	(796)	(558)	(910)	82
Income and mining tax expense (recovery)	(31,899)	12,784	(18,634)	36,721
Other non-cash gain	-	-	(139)	-
	59,346	59,864	126,418	139,279
Change in non-cash working capital items				
	(3,399)	8,348	(7,993)	11,812
Net cash flows provided by operating activities				
	55,947	68,212	118,425	151,091
Investing activities				
Net decrease in short-term investments				
	-	-	19,357	-
Net decrease in restricted cash				
	711	453	4,716	511
Proceeds from note receivable				
	30,000	-	30,000	-
Acquisition of investments				
	-	(1,100)	-	(7,546)
Proceeds on disposal of investments				
	1,045	21	1,045	474
Property, plant and equipment, net of government credits				
	(59,906)	(76,440)	(125,604)	(148,305)
Proceeds on disposal of property, plant and equipment				
	353	-	368	-
Interest received				
	1,205	387	1,593	795
Net cash flows used in investing activities				
	(26,592)	(76,679)	(68,525)	(154,071)
Financing activities				
Long-term debt transaction costs				
	-	(105)	-	(110)
Long-term debt repayments				
	(3,081)	(1,250)	(5,552)	(2,500)

Finance lease payments				
	(6,550)	(5,608)	(12,692)	(10,966)
Issuance of common shares, net of expenses				
	775	1,095	1,383	9,487
Interest paid	(5,371)	(5,602)	(10,782)	(11,077)
Net cash flows used in financing activities				
	(14,227)	(11,470)	(27,643)	(15,166)
Increase (decrease) in cash and cash equivalents				
	15,128	(19,937)	22,257	(18,146)
Cash and cash equivalents - beginning of period				
	100,358	102,461	93,229	100,670
Cash and cash equivalents - end of period				
	115,486	82,524	115,486	82,524

Note on restatement of 2012 balances

Balances related to 2012 have been restated to reflect the impact of the adoption of IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine*. IFRIC 20 provides guidance on the accounting for the costs of stripping activities during the production phase of surface mining when two benefits accrue to the entity as a result of the stripping: useable ore that can be used to produce inventory and improved access to further quantities of material that will be mined in the future periods. The Company adopted IFRIC 20 effective January 1, 2013. Upon adoption of IFRIC 20, the Company assessed the stripping asset on the balance sheet as at January 1, 2012 and determined that there are identifiable components of the ore body with which this stripping asset can be associated, and therefore no balance sheet adjustment was recorded at that date. The adoption of IFRIC 20 has resulted in increased capitalization of waste stripping costs and a reduction in mine operating costs in 2012. If the Company had not adopted IFRIC 20, the net loss for the current periods would have increased, the net earnings for the comparative periods would have decreased and capitalized waste stripping costs for the current and comparative periods would have decreased.

The impact of adopting IFRIC 20 in the prior year consolidated financial statements is presented below:

(a) Adjustments to the consolidated balance sheets:

	As at December 31, 2012 (previously stated)	Impact of IFRIC 20	As at December 31, 2012 (restated)
	\$	\$	\$
Inventories	73,795	(3,314)	70,481
Property, plant and equipment	2,329,773	22,773	2,352,546
Deferred income and mining taxes	(60,426)	(7,095)	(67,521)
Increase in retained earnings		12,364	

(b) Adjustments to the consolidated statements of income:

	Three months ended June 30, 2012 (previously stated)	Impact of IFRIC 20	Three months ended June 30, 2012 (restated)
	\$	\$	\$
Mine operating costs			
Production costs	(98,837)	9,343	(89,494)
Depreciation	(15,289)	(346)	(15,635)
Income and mining tax expense	(9,500)	(3,284)	(12,784)
Increase in net earnings		5,713	
Increase in net earnings per share and diluted net earnings per share		0.02	

	Six months ended June 30, 2012 (previously stated)	Impact of IFRIC 20	Six months ended June 30, 2012 (restated)
	\$	\$	\$
Mine operating costs			
Production costs	(170,747)	11,321	(159,426)
Depreciation	(29,166)	(378)	(29,544)
Income and mining tax expense	(32,727)	(3,994)	(36,721)
Increase in net earnings		6,949	
Increase in net earnings per share and diluted net earnings per share		0.02	

(c) Adjustments to the consolidated statements of cash flows:

	Three months ended June 30, 2012 (previously stated)	Impact of IFRIC 20	Three months ended June 30, 2012 (restated)
	\$	\$	\$
Net earnings	13,271	5,713	18,984
Adjusted for the following items:			
Depreciation	15,448	346	15,794
Income and mining tax expense	9,500	3,284	12,784
Change in non-cash working capital items:			
Decrease in inventories	1,693	3,171	4,864
Net cash flows provided by operating activities		12,514	
Property, plant and equipment	(63,926)	(12,514)	(76,440)
Net cash flows used in investing activities		(12,514)	
Net change in cash and cash equivalents		-	

	Six months ended June 30, 2012 (previously stated)	Impact of IFRIC 20	Six months ended June 30, 2012 (restated)
	\$	\$	\$
Net earnings	42,630	6,949	49,579
Adjusted for the following items:			
Depreciation	29,483	378	29,861
Income and mining tax expense	32,727	3,994	36,721
Change in non-cash working capital items:			
Increase in inventories	(13,715)	5,356	(8,359)
Net cash flows provided by operating activities		16,677	
Property, plant and equipment	(131,628)	(16,677)	(148,305)
Net cash flows used in investing activities		(16,677)	
Net change in cash and cash equivalents		-	

Contact

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