

Osisko Reports Fourth Quarter 2013 Results

18.02.2014 | [Marketwired](#)

Record Gold Production of 137,321 ounces

Cash Costs⁽¹⁾ of C\$713 per ounce - US\$679 per ounce

Strong Cash Flow from Operations of \$72.5 million

MONTREAL, QUEBEC--(Marketwired - Feb 18, 2014) - [Osisko Mining Corp.](#) (the "Company" or "Osisko") (TSX:OSK)(FRANKFURT:EWX) today reported net earnings of \$10.5 million (\$0.02 per share) for the fourth quarter of 2013 compared to \$12.9 million (\$0.03 per share) for the corresponding period of 2012. The Company generated cash flows from operating activities of \$72.5 million during the fourth quarter of 2013 compared to \$64.6 million in the fourth quarter of 2012. The Company increased its cash resources⁽²⁾ by \$38.9 million during the quarter to \$210.5 million. All figures in the press release are in Canadian dollars unless otherwise noted.

Q4 Highlights

- Record gold production of 137,321 ounces at cash costs⁽¹⁾ of \$713 per ounce (US\$679 per ounce);
- Earnings from Canadian Malartic of \$53.7 million;
- Operating cash flows of \$72.5 million;
- Net earnings of \$10.5 million or \$0.02 per share;
- Investment of \$25.2 million in mining assets and projects;
- Tonnage processed at 4.6 million tonnes (average of 54,043 tonnes per operating day).

2013 Highlights

- Record annual gold production of 475,277 ounces;
- Delivered on capital expenditure reduction program over \$96 million less than 2013 budget;
- Enhanced flexibility as a result of amendments concluded with lenders;
- Cash resources⁽²⁾ now stand at \$210.5⁽²⁾ million;
- Net debt position⁽³⁾ of \$118.7 million at December 31, 2013.

January 2014 update

- Record monthly gold production in January 2014 of 50,111 ounces.

Sean Roosen, President and Chief Executive Officer commenting on the fourth quarter results: "Our team continued to deliver record achievements throughout 2013. The strong second half results at Canadian Malartic clearly demonstrated the value of this world class gold mine. Following Q4, in January 2014, Canadian Malartic achieved record monthly production of 50,111 ounces at cash costs⁽¹⁾ of \$670 per ounce (US\$613 per ounce). The record gold production was achieved despite mill downtime and unusually cold weather conditions. We would like to extend our appreciation to our employees, our suppliers, our financial

partners, the Malartic community and the Government of Québec, who contributed to the realization of our success in 2013."

- (1) Reconciliation of non-IFRS measures is provided under *Non-IFRS Measures of Performance* of this press release.
 (2) Includes cash and cash equivalents and restricted cash.
 (3) Gross long-term debt (long-term debt excluding unamortized debt issuance costs and accretion) less cash and cash equivalents and restricted cash.

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

	2013				2012 (Adjusted)(4)			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Gold sales (oz)	136,826	123,151	109,503	95,511	111,104	95,424	95,675	92,400
Silver sales (oz)	106,907	117,750	95,205	73,683	74,100	49,751	48,880	52,800
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Revenues	185,774	171,298	159,195	159,381	191,080	158,503	157,134	158,658
Production costs	(94,876)	(92,265)	(90,619)	(81,422)	(95,307)	(77,684)	(89,494)	(69,932)
Royalties	(2,422)	(2,144)	(2,274)	(1,992)	(2,546)	(1,998)	(2,021)	(2,359)
Depreciation	(34,791)	(37,902)	(23,683)	(20,982)	(20,058)	(15,318)	(15,635)	(13,909)
Total	(132,089)	(132,311)	(116,576)	(104,396)	(117,911)	(95,000)	(107,150)	(86,200)
Earnings from mine operations	53,685	38,987	42,619	54,985	73,169	63,503	49,984	72,458

Key operating results

(in thousands of Canadian dollars, unless otherwise noted)

	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012(4)	Q3 2012(4)	Q2 2012(4)	Q1 2012(4)
Gold production (oz)	137,321	120,208	111,701	106,047	101,544	103,753	92,003	91,178
Gold sales (oz)	136,826	123,151	109,503	95,511	111,104	95,424	95,675	92,400
Average sale price (US\$/oz)	1,275	1,321	1,396	1,627	1,709	1,659	1,605	1,698
Average market price (US\$/oz)	1,276	1,326	1,415	1,632	1,722	1,652	1,609	1,691
Cash costs per ounce ⁽⁵⁾ (C\$/oz)	713	754	781	804	833	851	892	821
Cash costs per ounce ^(5,6) (US\$/oz)	679	726	765	798	840	855	883	820
Cash margin per ounce ^(5,6) (US\$/oz)	596	595	631	829	869	804	722	878
Revenues	185,774	171,298	159,195	159,381	191,080	158,503	157,134	158,658
Earnings from mine operations	53,685	38,987	42,619	54,985	73,169	63,503	49,984	72,458
Net earnings (loss)	10,488	9,755	(492,762)	17,416	12,866	28,343	18,984	30,595
Net earnings (loss) per share	0.02	0.02	(1.13)	0.04	0.03	0.07	0.05	0.08
Operating cash flows	72,476	70,665	55,947	62,478	64,608	55,806	68,212	82,879

- (4) Balances related to 2012 have been adjusted to reflect the impact of the adoption of IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine*
 (5) Reconciliation of non-IFRS measures is provided under *Non-IFRS Measures of Performance* of this press release.
 (6) Using the weighted average exchange rate based on monthly sales and costs.

The ramp up of the mill was completed in the second half of the year, and optimization work is continuing to seek throughput efficiencies. The mine generated earnings of \$53.7 million during the quarter (YTD: \$190.3 million), compared to \$73.2 million in the corresponding period in 2012 (YTD 2012: \$259.1 million). The decrease in profitability is due to a 25% (YTD: 17%) decline in the US\$ price realized on the sale of gold and higher depreciation charges due to increased gold output.

During the quarter, approximately 7,670 equipment hours (6.3% of available hours) were lost due to noise and weather constraints, compared to 5,180 equipment hours (4.3% of available hours) in the third quarter of 2013 and 2,840 (2.5% of available hours) equipment hours in the fourth quarter of 2012.

The production statistics are as follows:

	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012
Tonnes Mined (000's)								
- Ore	4,906	4,423	3,604	4,091	3,553	4,853	3,234	4,037
- Waste ⁽⁷⁾	9,907	11,335	10,010	10,158	7,847	9,215	9,545	8,458
Total Mined	14,813	15,758	13,614	14,249	11,400	14,068	12,779	12,495

Overburden	160	305	871	1,783	627	1,409	1,740	1,954
Tonnes Milled (000's)	4,648	4,683	4,444	4,234	4,088	3,757	3,236	2,965
Grade (g Au/t)	1.04	0.90	0.87	0.88	0.87	0.97	0.99	1.05
Recovery (%)	88.6	89.2	89.7	88.0	88.8	88.7	89.2	91.2
Gold production (oz)	137,321	120,208	111,701	106,047	101,544	103,753	92,003	91,178

During the fourth quarter, the mine successfully finished its program of near surface blasts over old working areas that required special procedures. The end of these special procedures and the mine operating at greater depths will increase the mining rate, operating efficiencies and will reduce costs.

Production in the fourth quarter of 2013 averaged at 54,043 tonnes per operating day compared to 54,133 tonnes per operating day in the previous quarter and 47,535 tonnes per operating day in the fourth quarter of 2012. A scheduled mill maintenance shutdown of six days occurred in December 2013. 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 during the year. In coordination with the technical advisors, the Canadian Malartic team continues to work on improving the mill throughput and enhancing operating efficiencies.

(7) Including topographic drilling of 4.9 million tonnes in 2013 and 2.5 million tonnes for the year 2012.

Mill operating statistics demonstrate the progress in all categories made over the past two years.

	Total Available Hours	Operating Hours	(%)	Tonnage Processed (t)	Tonnes per Operating Hour	Tonnes per Operating Day
Q4 2013	2,208	2,054	93	4,647,677	2,263	54,043
Q3 2013	2,208	2,061	93	4,682,530	2,272	54,133
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 ounce⁽⁸⁾ for the fourth quarter and the year 2013 stood at \$713 and \$760 (US\$679 and US\$738) respectively, compared to \$833⁽⁹⁾ and \$849⁽⁹⁾ (US\$840 and US\$849) 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.

The Company continues to pursue operating efficiencies, and has intensified its cost optimization program as the operations are now at near name plate capacity. Management expects that operating costs will continue to decline over the current year as it reaps the benefits of its optimization and cost reduction efforts.

In January 2014, Canadian Malartic achieved record monthly production of 50,111 ounces at a cash costs per ounce⁽⁸⁾ of \$670 (US\$613). The mill throughput averaged 49,070 tonnes per operating day, with the head grade of 1.16 g/t Au being processed, and recoveries were 88.6%. The record gold production was achieved despite mill downtime (one secondary ball mill required an unscheduled bearing change and was out of commission for seven days) and unusually cold weather conditions.

Hammond Reef - Impairment Charge

Following a significant decrease in gold price and preliminary results from the feasibility study, the Company undertook a review of the valuation of the Hammond Reef Project in the second quarter of 2013. Osisko conducted impairment testing in conformity with IFRS practices and determined that an impairment charge of \$487.8 million, net of deferred tax recovery of \$43.1 million, was necessary. Accordingly, the project value recorded on the Company's books was reduced to nil and all subsequent costs incurred have been expensed.

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

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

Adjusted Net Earnings⁽¹⁰⁾

Excluding specific non-cash items, adjusted net earnings⁽¹⁰⁾ amounted to \$32.9 million (\$0.08 per share) during the fourth quarter of 2013 compared to \$53.8 million (\$0.14 per share) in the fourth quarter of 2012.

(In thousands of dollars, except for amounts per share)	Three Months Ended		Year Ended	
	Dec. 31, 2013	Dec. 31, 2012 ^(a)	Dec. 31, 2013	Dec. 31, 2012 ^(a)
Net earnings (loss)	10,488	12,866	(455,103)	90,788
Impairment of Hammond Reef gold project	-	-	530,878	-
Write-off of property, plant and equipment	950	-	17,950	617
Share-based compensation	1,956	2,017	8,015	9,629
Unrealized loss on investments	(168)	5,424	1,973	6,969
Impairment on investments	6,013	10,912	10,645	12,434
Gain on premium of flow-through shares	(445)	-	(445)	-
Deferred income and mining tax expense (recovery)	14,116	22,557	2,082	79,395
Adjusted net earnings ¹⁰	32,910	53,776	115,995	199,832
Adjusted net earnings per share ¹⁰	0.08	0.14	0.27	0.51

(a) Comparative figures have been adjusted to reflect the adoption of IFRIC 20.

The decrease in adjusted net earnings⁽¹⁰⁾ is mainly the result of lower average selling prices of gold during the fourth quarter of 2013 and higher depreciation charges.

Investments

The Company invested \$25.2 million in property, plant and equipment during the fourth quarter. These investments were mainly focused on the Canadian Malartic mine (stripping costs, sustaining capital and expansion) and the Kirkland Lake and Upper Beaver exploration projects.

Volatility in the gold price and financial markets earlier this year has led Osisko to review in April its rate of discretionary spending in exploration and advancing new projects. The Company had previously announced to decrease discretionary spending for 2013 by over \$80 million, and in actual achieved a total reduction of \$96.3 million.

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

(in millions of dollars)	Actual	Revised budget ^(a)	Original budget
Canadian Malartic mine	82.5	80.8	98.0
Upper Beaver project	8.5	18.5	70.0
Hammond Reef	5.5	7.0	10.0
Exploration - capitalized	27.2	31.6	42.0
Capital expenditures ^(b)	123.7	137.9	220.0

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

(b) The difference between \$123.7 million from the table above and \$182.5 million presented on the Statement of Cash Flows is explained by \$40.0 million capitalized stripping activity and \$18.8 million variation in accounts payable and accrued liabilities related to 2012 capital expenditures which are not a part of the original budget of \$220.0 million.

Liquidity and Capital Resources

As at December 31, 2013, the Company's cash and cash equivalents, short-term investments and restricted cash amounted to \$210.5 million compared to \$155.5 million as at December 31, 2012, as summarized below:

(In thousands of dollars)	December 31, 2013	December 31, 2012
Cash and cash equivalents	161,405	93,229
Short-term investments	-	19,357

Restricted cash		
Current	560	4,563
Non-current	48,490	38,362
	<u>210,455</u>	<u>155,511</u>

Short-term investments were acquired as part of 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. In June the Company also collected 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 \$11.6 million with the Government of Québec, 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. Osisko is the first mining company in Quebec to deposit its full financial guarantee at commencement of operations, exceeding the legislation currently in force at that moment in Québec.

Debt reduction

During 2013, Osisko reduced its debt by \$39.2 million, including \$10.1 million in the fourth quarter.

Modifications to long-term debt terms

In July 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. The documentation of these modifications have been finalized in the fourth quarter of 2013, effective October 1, 2013, and were accounted for as a modification of debt in the consolidated financial statements of the Company.

- 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 is revised to 6.875% (from 7.5% previously).
- The maturity date of the 12.5 million warrants held by CPPIB is extended to September 30, 2017 and the exercise price is 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 has been cancelled;
- The maturity date of the loan is postponed to June 30, 2017.

- Convertible debentures (\$75.0 million)

- The maturity date of the convertible debentures is postponed to November 2017.
- The fixed interest rate is 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 as a result of the modifications (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
	<u>150.0</u>	<u>37.5</u>	<u>37.5</u>	<u>225.0</u>

Hostile takeover bid by Goldcorp

On January 14, 2014, the Company received an unsolicited bid from [Goldcorp Inc.](#) ("Goldcorp") to acquire all

of Osisko outstanding shares for consideration of \$2.26 in cash and 0.146 share of Goldcorp.

On January 20, 2014 the Board of Directors of [Osisko Mining Corp.](#), on the recommendation of its Special Committee, unanimously recommended that shareholders **reject** the unsolicited hostile offer from [Goldcorp Inc.](#) The Osisko Board determined that the Goldcorp offer fails to adequately compensate the shareholders for the strategic value of Osisko's world-class asset base, the significant upside potential of Osisko's Canadian Malartic Mine, or the increased risk inherent in Goldcorp shares, which represent more than half of the consideration on offer.

On January 29, 2014, Osisko commenced litigation against Goldcorp in the Quebec Superior Court. Osisko alleges that Goldcorp misused confidential information, breached a confidentiality agreement and failed to honour a standstill agreement in launching its hostile bid for Osisko. The judge presiding over the matter agreed to hear the case on its merits beginning on March 3, 2014. Consequently, Goldcorp will not be able to act on its offer until the court rules on the merits of Osisko's complaints and has said it will extend its bid deadline to March 10, 2014.

The basis for the Board of Directors' recommendation was outlined in a Director's Circular that was filed with Canadian regulators and mailed to Osisko Shareholders on January 29, 2014.

In response to the Goldcorp hostile bid, the Board of Directors has been working, together with Osisko's management and financial and legal advisors, to develop, review and evaluate a range of alternatives consistent with the Board of Director's focus on maximizing value to Osisko Shareholders. These alternatives include building upon existing value-enhancing initiatives, as well as engaging in discussions with third parties regarding strategic alternatives.

Tendering Osisko shares to the Goldcorp hostile bid before the Board of Directors and its advisors have had an opportunity to fully explore all available strategic alternatives to the Goldcorp Offer may preclude the possibility of a superior alternative transaction emerging.

Outstanding Share Data

As of February 18, 2013, 439,547,793 common shares were issued and outstanding. A total of 20,568,425 common share options were outstanding to purchase common shares under the Company's share option plan and 12,500,000 common share purchase warrants were outstanding.

Q4 Conference Call Information

Osisko will host a conference call on Wednesday, February 19, 2014 at 10:00 EST, 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 approximately five to ten minutes before the start of the conference to allow ample time to access at 1-416-981-9000 (Toronto local and international), or 1-800-908-8402 (North American toll free). An operator will direct participants to the call.

The conference call replay will be available from 12:00 EST on February 19, 2014 until 23:59 EST on March 5, 2014 with the following dial in number: 1 416 626 4100 or toll-free 800 558 5253, access code 21708937.

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.

Comparative figures have been adjusted to reflect the adoption of IFRIC 20.

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 December 31,		Year ended December 31,	
	2013	2012	2013	2012
Gold ounces produced	137,321	101,544	475,277	388,478
<i>(in thousands of dollars, except per ounce)</i>				
Production costs	94,876	95,307	359,182	332,417
Royalties	2,422	2,546	8,832	8,924
Share-based compensation	(316)	(579)	(1,838)	(2,809)
By-product credit (silver sales)	(2,322)	(2,386)	(9,388)	(7,020)
Inventory variation	3,211	(10,302)	4,297	(1,694)
Total cash costs for the period	97,871	84,586	361,085	329,818
Cash costs per ounce	713	833	760	849

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 December 31,		Year ended December 31,	
	2013	2012	2013	2012
Average selling price of gold (per ounce sold)	1,341	1,698	1,433	1,668
Cash costs (per ounce produced)	713	833	760	849
Cash margin per ounce	628	865	673	819

Adjusted net earnings and adjusted net earnings per share

"Adjusted net earnings" is defined as "Net earnings" less certain non-cash items: "Impairment of property, plant and equipment" "Write-off of property, plant and equipment", "Share-based compensation", "Unrealized gain (loss) on investments", "Impairment on investments", "Gain on premium of flow-through shares" 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 December 31,		Year ended December 31,	
	2013	2012	2013	2012
<i>(in thousands of dollars, except per share amounts)</i>				
Net earnings (loss) for the period	10,488	12,866	(455,103)	90,788
Adjustments:				
Impairment of property, plant and equipment	-	-	530,878	-
Write-off of property, plant and equipment	950	-	17,950	617

Share-based compensation	1,956	2,017	8,015	9,629
Unrealized loss (gain) on investments	(168)	5,424	1,973	6,969
Impairment on investments	6,013	10,912	10,645	12,434
Gain on premium of flow-through shares	(445)	-	(445)	-
Deferred income and mining tax expense (recovery)				
Related to the impairment of property, plant and equipment	-	-	(43,100)	-
Other	14,116	22,557	45,182	79,395
Adjusted net earnings	32,910	53,776	115,995	199,832
Weighted average number of common shares outstanding (000's)	438,370	391,538	437,193	388,577
Adjusted net earnings per share	0.08	0.14	0.27	0.51

About Osisko Mining Corporation

[Osisko Mining Corp.](#) operates the Canadian Malartic Gold Mine in Malartic, Québec and is pursuing exploration on a number of properties in Ontario and Mexico.

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, that optimization will improve mill throughput and operating efficiencies and reduce operating costs; that the end of near surface blasts special procedures and the mine operating at greater depths will increase the operating efficiencies and reduce costs; the value of the assets of Osisko (including Canadian Malartic Mine) and Goldcorp; the future financial performance of Osisko and Goldcorp and whether or not Osisko's Québec proceeding against Goldcorp will be successful; risks relating to properties, development projects and producing mines of Osisko and Goldcorp. 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 uncertainty in the outcome of legal proceedings, 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 Corporation
Consolidated Balance Sheets
As at December 31, 2013 and 2012
(Unaudited)

(tabular amounts expressed in thousands of Canadian dollars)

	December 31, 2013	December 31, 2012
		(adjusted - see note)
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	161,405	93,229
Short-term investments	-	19,357
Restricted cash	560	4,563
Accounts receivable	24,552	32,266
Note receivable	-	30,000
Inventories	79,247	70,481
Prepaid expenses and other assets	24,260	21,274
	<u>290,024</u>	<u>271,170</u>
Non-current assets		
Restricted cash	48,490	38,362
Investments in associates	3,557	8,933
Other investments	8,998	16,894
Property, plant and equipment	1,870,932	2,352,546
	<u>2,222,001</u>	<u>2,687,905</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	78,967	100,931
Current portion of long-term debt	71,794	76,883
Provisions and other liabilities	6,913	1,405
	<u>157,674</u>	<u>179,219</u>
Non-current liabilities		
Long-term debt	245,157	260,529
Provisions and other liabilities	18,499	18,618
Deferred income and mining taxes	69,603	67,521
	<u>490,933</u>	<u>525,887</u>
Equity attributable to Osisko Mining Corp. shareholders		
Share capital	2,060,810	2,048,843
Warrants	20,575	19,311
Contributed surplus	75,626	65,868
Equity component of convertible debentures	8,005	8,005
Accumulated other comprehensive income (loss)	16	(1,148)

Retained earnings (deficit)	(433,964)	21,139
	1,731,068	2,162,018
	2,222,001	2,687,905

Osisko Mining Corporation

Consolidated Statements of Income (Loss)

For the three months and the years ended December 31, 2013 and 2012

(Unaudited)

(tabular amounts expressed in thousands of Canadian dollars)

	Three months ended December 31,		Years ended December 31,	
	2013	2012	2013	2012
		(adjusted - see note)		(adjusted - see note)
	\$	\$	\$	\$
Revenues	185,774	191,080	675,648	665,375
Mine operating costs				
Production costs	(94,876)	(95,307)	(359,182)	(332,417)
Royalties	(2,422)	(2,546)	(8,832)	(8,924)
Depreciation	(34,791)	(20,058)	(117,358)	(64,920)
Earnings from mine operations	53,685	73,169	190,276	259,114
General and administrative expenses	(10,149)	(8,411)	(32,371)	(29,361)
Exploration and corporate development expenses	(2,847)	(3,345)	(12,966)	(10,833)
Write-off of property, plant and equipment	(950)	-	(17,950)	(617)
Impairment of property, plant and equipment	-	-	(530,878)	-
Earnings (loss) from operations	39,739	61,413	(403,889)	218,303
Interest income	519	402	1,789	1,547
Finance costs	(6,753)	(8,006)	(31,219)	(30,831)
Foreign exchange gain (loss)	(2,859)	(1,237)	(6,317)	1,923
Share of loss of associates	(353)	(85)	(1,149)	(713)
Other losses	(5,689)	(17,064)	(12,236)	(20,046)
Earnings (loss) before income and mining taxes	24,604	35,423	(453,021)	170,183
Income and mining tax expense	(14,116)	(22,557)	(2,082)	(79,395)
Net earnings (loss)	10,488	12,866	(455,103)	90,788
Net earnings (loss) per share				
Basic	0.02	0.03	(1.04)	0.23
Diluted	0.02	0.03	(1.04)	0.23
Weighted average number of common shares outstanding (in thousands)				
Basic	438,370	391,538	437,193	388,577
Diluted	438,666	392,719	437,193	390,874

Osisko Mining Corporation

Consolidated Statements of Cash Flows

For the three months and the years ended December 31, 2013 and 2012

(Unaudited)

(tabular amounts expressed in thousands of Canadian dollars)

	Three months ended December 31,		Years ended December 31,	
	2013	2012	2013	2012
		(adjusted - see note)		(adjusted - see note)
	\$	\$	\$	\$
Operating activities				
Net earnings (loss)	10,488	12,866	(455,103)	90,788

Adjustments for:				
Interest income	(519)	(402)	(1,789)	(1,547)
Share-based compensation	1,956	2,017	8,015	9,629
Depreciation	35,041	20,215	118,321	65,554
Write-off of property, plant and equipment	950	-	17,950	617
Impairment of property, plant and equipment	-	-	530,878	-
Finance costs	6,753	8,006	31,219	30,831
Unrealized foreign exchange loss (gain)	2,956	1,106	6,196	(2,363)
Impairment on investments	6,013	10,912	10,645	12,434
Provisions and other liabilities	3,731	462	5,498	2,341
Income and mining tax expense	14,116	22,557	2,082	79,395
Other non-cash items	(83)	5,918	2,476	7,424
	81,402	83,657	276,388	295,103
Change in non-cash working capital items				
	(8,926)	(19,049)	(14,822)	(23,597)
Net cash flows provided by operating activities				
	72,476	64,608	261,566	271,506
Investing activities				
Net decrease in short-term investments	-	-	19,357	-
Net decrease (increase) in restricted cash				
	770	(4,301)	(6,125)	448
Proceeds from note receivable	-	-	30,000	-
Acquisition of investments	(19)	(42,329)	(19)	(53,279)
Proceeds on disposal of investments	-	-	1,045	1,838
Property, plant and equipment included in accounts payable at the date of acquisition of Queenston				
	-	-	(6,574)	-
Property, plant and equipment, net of government credits				
	(25,167)	(46,929)	(182,510)	(253,564)
Proceeds on disposal of property, plant and equipment				
	340	324	1,035	324
Cash received from the acquisition of assets				
	-	40,513	-	40,513
Interest received	593	366	2,420	1,393
Net cash flows used in investing activities				
	(23,483)	(52,356)	(141,371)	(262,327)
Financing activities				
Long-term debt	-	14,651	-	14,651
Long-term debt transaction costs				
	(3,596)	(146)	(3,709)	(262)
Long-term debt repayments				
	(3,081)	(1,250)	(11,715)	(5,000)

Finance lease payments				
	(7,098)	(6,088)	(27,448)	(22,790)
Issuance of common shares, net of expenses				
	9,727	1,199	12,823	19,095
Interest paid	(5,310)	(5,649)	(21,970)	(22,314)
Net cash flows used in financing activities	(9,358)	2,717	(52,019)	(16,620)
Increase (decrease) in cash and cash equivalents				
	39,635	14,969	68,176	(7,441)
Cash and cash equivalents - beginning of period	121,770	78,260	93,229	100,670
Cash and cash equivalents - end of period	161,405	93,229	161,405	93,229

Note on adjustment of 2012 balances

Balances related to 2012 have been adjusted to reflect the impact of the adoption of IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine* ("IFRIC 20"). 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 earnings for the three months ended December 31, 2013 would have decreased, the net loss for year ended December 31, 2013 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 (adjusted)
	\$	\$	\$
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 December 31, 2012 (previously stated)	Impact of IFRIC 20	Three months ended December 31, 2012 (adjusted)
	\$	\$	\$
Mine operating costs			
Production costs	(101,239)	5,932	(95,307)
Depreciation	(19,198)	(860)	(20,058)

Income and mining tax expense	(20,713)	(1,844)	(22,557)
Increase in net earnings		3,228	
Increase in net earnings per share and diluted net earnings per share		0.01	

	Year ended December 31, 2012 (previously stated)	Impact of IFRIC 20	Year ended December 31, 2012 (adjusted)
	\$	\$	\$
Mine operating costs			
Production costs	(353,827)	21,410	(332,417)
Depreciation	(62,969)	(1,951)	(64,920)
Income and mining tax expense	(72,300)	(7,095)	(79,395)
Increase in net earnings		12,364	
Increase in net earnings per share and diluted net earnings per share		0.03	

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

	Three months ended December 31, 2012 (previously stated)	Impact of IFRIC 20	Three months ended December 31, 2012 (adjusted)
	\$	\$	\$
Net earnings	9,638	3,228	12,866
Adjusted for the following items:			
Depreciation	19,355	860	20,215
Income and mining tax expense	20,713	1,844	22,557
Change in non-cash working capital items:			
Decrease in inventories	7,394	1,661	9,055
Net cash flows provided by operating activities		7,593	
Property, plant and equipment	(39,336)	(7,593)	(46,929)
Net cash flows used in investing activities		(7,593)	
Net change in cash and cash equivalents		-	

	Year ended December 31, 2012 (previously stated)	Impact of IFRIC 20	Year ended December 31, 2012 (adjusted)
	\$	\$	\$
Net earnings	78,424	12,364	90,788
Adjusted for the following items:			
Depreciation	63,603	1,951	65,554
Income and mining tax expense	72,300	7,095	79,395
Change in non-cash working capital item:			
Increase in inventories	(24,780)	3,314	(21,466)
Net cash flows provided by operating activities		24,724	
Property, plant and equipment	(228,840)	(24,724)	(253,564)
Net cash flows used in investing activities		(24,724)	
Net change in cash and cash equivalents		-	

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