

Acquires Osisko James Bay Exploration Team

MONTREAL, QUEBEC--(Marketwired - Aug 16, 2016) - [Osisko Mining Inc.](#) (TSX:OSK) ("Osisko Mining" or the "Corporation") is pleased to announce that it has entered into a letter of agreement with [Osisko Gold Royalties Ltd.](#) ("Osisko Royalties") to earn 100% of its interest in its portfolio of exploration properties held in the James Bay and Labrador Trough areas of Québec. Under terms of the agreement (the "Agreement"), the highly regarded Québec based exploration portfolio will be optioned to Osisko Mining in return for time-based exploration expenditures. Osisko Mining will benefit from the years of expertise brought to bear on these projects by the former [Virginia Mines Inc.](#) exploration team (acquired by Osisko Royalties in 2015), and will continue to advance significant exploration programs by integrating this team into Osisko Mining.

Osisko Mining may earn 50% interest of Osisko Royalties interest upon incurring expenditures totaling \$19.2 million, and a 100% of its interest upon completing the total investment of \$32 million over a 7 year period. Osisko Royalties will maintain an escalating royalty ranging from 1% to a maximum of 3.5% on the properties subject to certain conditions in the Agreement to be negotiated between the parties prior to completion of the transaction. New properties acquired by Osisko Mining in the designated area of interest during a 7 year term will also be subject to the Agreement. Osisko Royalties will undertake not to participate in any exploration activities and will be required not to compete with Osisko Mining in areas covered by the Agreement, except for the continuation of activities on its Coulon copper-zinc project held by Osisko Royalties and other Québec institutional shareholders.

John Burzynski, Chief Executive Officer and President of Osisko Mining commented: "We are very pleased to be able to announce today's agreement with Osisko Gold Royalties. Under the Agreement, Osisko Mining has the option to acquire 100% of Osisko Royalties interests in its James Bay portfolio, a group of 32 projects covering over 447,000 hectares in Quebec's prolific James Bay area, in return for a seven year exploration commitment. This property portfolio was developed over years of work conducted by the Osisko James Bay exploration group (formerly the Virginia Mines exploration group), and as part of the agreement Osisko Mining will be bringing the Osisko James Bay Exploration team into our company. The transaction involves no share dilution or cash payments from Osisko Mining, and provides a vast territory of exploration ground to compliment Osisko Mining's ongoing drilling programs at our major deposits in Québec and Ontario. Significantly, Osisko Mining will also acquire the historic Virginia Mines database that was built up over more than 20 years with highly successful exploration in the James Bay and Labrador Trough areas. The Osisko group, through the former [Osisko Mining Corp.](#) and former Virginia Mines teams, has had a great history of discovering gold at the drill bit, including two significant discoveries that are now both Quebec's newest and largest gold mines - Canadian Malartic and Eleonore. It is our hope and expectation that today's announced transaction will provide further opportunities for Osisko Mining to make significant new discoveries in Québec."

Completion of this transaction is subject to the negotiation and execution of definitive documentation, and obtaining any regulatory approvals, including TSX approval. The transaction is expected to have an effective date of October 1, 2016.

Due to the fact that Osisko Royalties is an insider of and a related party of Osisko Mining, this transaction is considered a "related party transaction" as set out in Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* ("MI 61-101"). Osisko Mining intends to rely on the exemption from the valuation requirements of MI 61-101 contained in section 5.5(a) and from minority approval requirements pursuant to section 5.7(a), due to the fact that the fair market value of the subject matter of, and the consideration for, the transaction, does not exceed 25% of the market capitalization of Osisko Mining. The entry into of the transaction has been approved by the directors of Osisko Mining, other than those with an interest in Osisko Royalties.

Exercise of Option

In connection with completion of the transactions described here, Osisko Mining understands that Osisko Royalties intends to exercise its option (negotiated on June 30, 2015) on properties held by Osisko Mining as of August 25, 2015, by paying \$5 million. Under terms of this agreement, Osisko Royalties will receive a 1% royalty on Osisko Mining's Windfall property and Urban Barry property package in return for a cash payment of \$5 million, in addition to its original equity investment of \$17.8 million in August 2015.

About Osisko Mining Inc.

Osisko is a mineral exploration company focused on the acquisition, exploration, and development of precious metal resource properties in Canada. Osisko holds a 100% in the high-grade Windfall Lake gold deposit located between Val-d'Or and Chibougamau in Québec and holds a 100% undivided interest in a large area of claims in the surrounding Urban Barry area (82,400 hectares), a 100% interest in the Marban project located in the heart of Québec's prolific Abitibi gold mining district, and properties in the Larder Lake Mining Division in northeast Ontario, including the Jonpol and Garrcon deposits on the Garrison property, the Buffonta past producing mine and the Gold Pike mine property. The Corporation also holds interests and options in a number of additional properties in northern Ontario. Osisko continues to be well financed and has approximately \$50 million in cash and cash equivalents as well as marketable securities of approximately \$60 million.

This news release contains "forward-looking information" within the meaning of the applicable Canadian securities legislation that is based on expectations, estimates and projections as at the date of this news release. The information in this news release about pending transactions, potential mineralization, the ability to realize upon any mineralization in a manner that is economic, the ability to complete any proposed exploration activities and the results of such activities; the continuity or extension of any mineralization; and any other information herein that is not a historical fact may be "forward-looking information". Any statement that involves discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions, future events or performance (often but not always using phrases such as "expects", or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "budget", "scheduled", "forecasts", "estimates", "believes" or "intends" or variations of such words and phrases or stating that certain actions, events or results "may" or "could", "would", "might" or "will" be taken to occur or be achieved) are not statements of historical fact and may be forward-looking information and are intended to identify forward-looking information. This forward-looking information is based on reasonable assumptions and estimates of management of Osisko, at the time it was made, involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Osisko to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information. Such factors include, among others, risks relating to property interests; ability to obtain required approvals, complete definitive documentation and complete transactions on the terms announced, ability of Osisko to complete further exploration activities, including drilling; the results of exploration activities; risks relating to mining activities; the global economic climate; metal prices; dilution; environmental risks; and community and non-governmental actions. Although the forward-looking information contained in this news release is based upon what management believes, or believed at the time, to be reasonable assumptions, Osisko cannot assure shareholders and prospective purchasers that actual results will be consistent with such forward-looking information, as there may be other factors that cause results not to be as anticipated, estimated or intended, and neither Osisko nor any other person assumes responsibility for the accuracy and completeness of any such forward-looking information. Osisko does not undertake, and assumes no obligation, to update or revise any such forward-looking statements or forward-looking information contained herein to reflect new events or circumstances, except as may be required by law.

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