

Osisko Metals Announces Friendly Acquisition of Pine Point Mining

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MONTREAL, QUEBEC and TORONTO, Dec. 18, 2017 - [Osisko Metals Inc.](#) ("Osisko Metals") (TSX VENTURE:OM) (FRANKFURT:OB5) and [Pine Point Mining Ltd.](#) ("Pine Point") (TSX VENTURE:ZINC) are pleased to announce that they have entered into a definitive arrangement agreement dated December 15, 2017 (the "Agreement") pursuant to which, among other things, (i) Osisko Metals has agreed to acquire all of the issued and outstanding common shares of Pine Point, and (ii) a newly formed company ("[Spinco](#)") will be created to hold all of the assets and liabilities of Pine Point, with the exception of the Pine Point project located in the Northwest Territories (the "Pine Point Project"), all of which is to be completed by way of a statutory plan of arrangement under the *Business Corporations Act* (Ontario) (the "Arrangement"). The Arrangement will result in Osisko Metals acquiring the Pine Point Project in furtherance of Osisko Metals' stated strategy of consolidating and developing base metal assets at the mining district scale.

Under the terms of the Agreement, holders of common shares of Pine Point (each, a "Pine Point Share") will be entitled to receive, for each Pine Point Share held immediately prior to the effective time of the Arrangement:

1. 0.271 (the "Exchange Ratio") of a common share of Osisko Metals (each whole common share, an "Osisko Metals Share");
2. 0.0677 of a common share purchase warrant of Osisko Metals (each whole common share purchase warrant, an "Osisko Metals Consideration Warrant"), with each Osisko Metals Consideration Warrant entitling the holder thereof to acquire one Osisko Metals Share at an exercise price of C\$1.50 per Osisko Metals Share for a period of 12 months from the closing of the Arrangement, and
3. one (1) common share of Spinco (a "Spinco Share"), which will be consolidated on a 10:1 basis under the Arrangement.

The Exchange Ratio implies consideration of approximately C\$0.21 per Pine Point Share, based on the closing price of the common shares of Osisko Metals on the TSX Venture Exchange ("TSX-V") on December 15, 2017 (which, for greater certainty, attributes no value to the Osisko Metals Consideration Warrants or Spinco Shares). Further, the Exchange Ratio represents a premium of (i) approximately 23% based on the respective closing prices, and (ii) approximately 27% based on the respective 30-day volume-weighted average prices, in each case, of Osisko Metals Shares and Pine Point Shares on the TSX-V as of the close of business on December 15, 2017. This implies a total equity value of approximately C\$34 million on a fully diluted in-the-money basis. Shareholders of Pine Point will also benefit from the equity interest in Spinco and the optionality inherent in the Osisko Metals Consideration Warrants that they are entitled to received under the Arrangement. Upon completion of the Arrangement, existing shareholders of Osisko Metals and Pine Point will own approximately 62% and 38%, respectively, of *pro-forma* Osisko Metals (on a fully diluted in-the-money basis).

Pro-forma

Osisko Metals Highlights

- **Leading Base Metal Explorer:** Solidifies Osisko Metals' position as one of the most aggressive base metal exploration and development companies at a time when base metal supply and demand fundamentals are exceptional.
- **Consolidation of Canada's Two Premier Zinc Producing Camps:** The Pine Point Project adds another cornerstone asset to the Osisko Metals portfolio. Combined with the Bathurst Mining Camp, Osisko Metals now controls a strong development project pipeline within two world class past-producing base metal camps.
- **Maintains Strong Balance Sheet:** *Pro-forma* Osisko Metals will continue to have a strong balance sheet, with approximately C\$38 million of cash that is available to aggressively advance both of its brownfield assets.

- **Strong Shareholder Support:** Osisko Metals has entered into voting and support agreements with each director and senior officer of Pine Point and certain significant shareholders of Pine Point (being Global Resource Fund and Zebra Holdings and Investments S.à.r.l.) representing approximately 39.2% of the outstanding Pine Point Shares. These supporting shareholders of Pine Point have, among other things, agreed to vote their Pine Point Shares in favour of the Arrangement.

Pine Point Project Highlights

- **Leveraging Substantial Infrastructure:** The Pine Point Project is located near Hay River in the Northwest Territories. Unique among mining projects in the Northwest Territories, the Pine Point Project benefits from substantial infrastructure including paved road access, rail head in Hay River and hydro-electric power available on site.
- **Ready for Development:** The Pine Point Project has had a positive Preliminary Economic Assessment study that was filed on May 2017, which focused on a restricted subset of open-pit deposits, totaling 25.8 million tonnes of Indicated Resources grading 2.9% zinc and 1.1% lead and 3.7 million tonnes of Inferred Resources grading 2.9% zinc and 0.8% lead, within a larger historical resource portfolio, which has not been prepared in accordance with National Instrument 43-101 - *Standards of Disclosure for Mineral Projects* ("NI 43-101"). With multiple advanced exploration targets, Osisko Metals believes the Pine Point Project is one of the most promising undeveloped zinc assets in Canada.
- **Positive Economics:** Pre-Tax Net Present Value of C\$340.8 million at a discount rate of 8%, and Internal Rate of Return of 47.8%, with a payback period of 1.4 years. After-Tax Net Present Value of C\$210.5 million and Internal Rate of Return of 34.5%, with a payback of 1.8 years. Pre-production capital costs of C\$153.8 million, including a 15% contingency, with sustaining capex of C\$117.5 million over the life of the mine.
- **Significant Exploration Potential at Pine Point:** Osisko Metals expects to leverage an exceptional exploration upside potential to significantly enhance the resource of the Pine Point Project before advancing further economic studies, which is supported by a technical report entitled "*NI 43-101 Preliminary Economic Assessment Technical Report on the Pine Point Zinc Project, Northwest Territories, Canada*", dated June 1, 2017 (with an effective date of April 18, 2017), prepared by Garrett Macdonald, P.Eng. (JDS Energy & Mining Inc.), Kelly McLeod, P.Eng. (JDS Energy & Mining Inc.), Dino Pilotto, P.Eng. (JDS Energy & Mining Inc.), Ken Embree, P.Eng. (Knight Piésold Ltd.), Albert Daniel Siega, P.Eng. (Independent Consultant) and Paul Gann, P.Geo. (Independent Consultant) for Darnley Bay Resources Limited (now, Pine Point) (the "Pine Point Technical Report"). During its 23-year production history, over 98 deposits were identified of which 52 were mined, producing nearly 64 million tonnes of ore at a time when it was Canada's most profitable zinc-lead mine. Osisko Metals will work to selectively convert and upgrade the 46 undeveloped historical deposits to conform to the disclosure requirements of NI 43-101, as well as deploy modern exploration tools with innovative strategies across the property to better enable the discovery of new deposits.
- **Exceptional Metallurgy:** Osisko Metals expects to benefit from simple and proven conventional metallurgy at the Pine Point Project. Prior metallurgical testing highlighted the potential to produce very high concentrate grades, up to 59.5% zinc and 76.7% lead, with negligible deleterious elements.

Jeff Hussey, President and CEO of Osisko Metals, stated: "We are extremely pleased to be announcing today's transaction with Pine Point. The addition of the Pine Point Project to our exploration and development portfolio is exactly in keeping with our strategy of consolidating world class base metal mining districts. We look forward to applying an aggressive and innovative exploration strategy to unlock the full potential of both former producing mining districts."

Jamie Levy, President and CEO of Pine Point, stated: "We are delighted to have unlocked significant value for our shareholders since acquiring the Pine Point Project in late 2016. We are confident the Osisko Metals team will be able to further create meaningful value to the benefit of our collective shareholders while we focus on developing our other assets."

Benefits to Pine Point Shareholders

- Immediate and significant premium of approximately 27% based on the 30-day volume-weighted average prices of both companies (attributing no value to the Osisko Metals Consideration Warrants or Spinco Shares).
- Meaningful ownership in Osisko Metals' high-quality, well-funded portfolio of assets, including the highly prospective Bathurst Mining Camp.
- Continued exposure to the Pine Point Project, as shareholders of Pine Point are entitled to receive Osisko Metals Shares as consideration under the Arrangement.

- *Pro-forma* Osisko Metals provides significant re-valuation potential as a diversified explorer in the base metals space.
- Continued exposure to those Pine Point assets other than the Pine Point Project through interest in Spinco Shares, as shareholders of Pine Point are entitled to receive Spinco Shares as consideration under the Arrangement. Based on the number of Pine Point Shares currently outstanding, Spinco is expected to have approximately 15.5 million shares outstanding upon completion of the Arrangement.
- Optionality inherent in the Osisko Metals Consideration Warrants shareholders of Pine Point will receive as consideration under the Arrangement.

Benefits to Osisko Metals Shareholders

- Accretive acquisition of another high-quality zinc asset in Canada with significant shallow exploration potential upside.
- Osisko Metals' team is well suited to unlock further value through systematic exploration and development of the Pine Point Project.
- One of the few zinc projects with simple metallurgy potentially producing high quality concentrates during a period of constrained concentrate supply.
- *Pro-forma* Osisko Metals provides significant re-valuation potential as a diversified explorer in the base metals space.

Transaction Summary

The Arrangement will be completed by way of a statutory plan of arrangement under the *Business Corporations Act* (Ontario), and will require, among other things, the approval of at least 66 2/3 percent of the votes cast by shareholders of Pine Point at a special meeting expected to be held in February 2018 (the "Pine Point Meeting"). The Arrangement will also require approval by a "majority of the minority" of the shareholders of Pine Point, being a majority of the votes cast by shareholders of Pine Point whose votes may be included in determining if minority approval is obtained pursuant to Multilateral Instrument 61-101 - *Protection of Minority Securityholders in Special Transactions*. Shareholders of Pine Point representing approximately 39.2% of the issued and outstanding Pine Point Shares, including all of the directors and senior officers and certain significant shareholders of Pine Point, have entered into voting and support agreements with Osisko Metals in support of the Arrangement.

In addition to the approvals required from shareholders of Pine Point and the Ontario Superior Court of Justice (Commercial List), the Arrangement is also subject to applicable regulatory approvals and the satisfaction of certain other closing conditions customary for a transaction of this nature. The Agreement includes customary deal protections, including fiduciary-out provisions, non-solicitation covenants, and the right to match any superior proposals. Additionally, a break fee of C\$1.435 million is payable by Pine Point to Osisko Metals in certain circumstances, if the Arrangement is not completed.

Full details of the Arrangement will be included in the management information circular of Pine Point describing the matters to be considered at the Pine Point Meeting, which is expected to be mailed to the shareholders of Pine Point in January 2018, and made available on SEDAR under Pine Point's issuer profile at www.sedar.com. A copy of the Agreement will also be made available on the SEDAR profile of Pine Point at www.sedar.com.

The distribution of the Osisko Metals Shares, Osisko Metals Consideration Warrants and Spinco Shares under the Arrangement will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") and such securities may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws. This news release shall not constitute an offer to sell or the solicitation of an offer to buy Osisko Metals Shares, Osisko Metals Consideration Warrants or Spinco Shares, nor shall there be any offer or sale of such securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

Board Recommendations

The Board of Directors of Pine Point, on the recommendation of the Special Committee of the Board of Directors of Pine Point, composed entirely of independent directors, has unanimously approved the Arrangement and will recommend that shareholders of Pine Point vote in favour of the Arrangement. The Special Committee of the Board of Directors of Pine Point has received an opinion from Cormark Securities

Inc. that, based upon and subject to the assumptions, limitations, and qualifications stated in such opinion, the consideration to be received by the shareholders of Pine Point pursuant to the Arrangement is fair, from a financial point of view, to the shareholders of Pine Point. Copies of the Cormark Securities Inc. fairness opinion, which should be read carefully and in its entirety, and other relevant background information will be included in the management information circular that will be mailed to shareholders of Pine Point in connection with the Pine Point Meeting.

In addition, the Board of Directors of Osisko Metals has unanimously approved the Arrangement. The Board of Directors of Osisko Metals has received an opinion from Maxit Capital LP that, based upon and subject to the assumptions, limitations, and qualifications stated in such opinion, the consideration to be paid by Osisko Metals pursuant to the Arrangement is fair, from a financial point of view, to Osisko Metals.

Advisors and Counsel

Maxit Capital LP is acting as financial advisor to Osisko Metals and its Board of Directors. Bennett Jones LLP is acting as Osisko Metals' legal advisor.

Cormark Securities Inc. is acting as financial advisor to the Special Committee of the Board of Directors of Pine Point. Irwin Lowy LLP is acting as Pine Point's legal advisor. Cassels Brock & Blackwell LLP is acting as legal advisor to the Special Committee of the Board of Directors of Pine Point.

About Osisko Metals Incorporated

Osisko Metals is a Canadian exploration and development company creating value in the base metal markets with an emphasis on zinc. In 2017, Osisko Metals acquired over 50,000 hectares in the Bathurst Mining Camp. The objective is to develop a multi-deposit asset base that would feed a central concentrator. In parallel, Osisko Metals is monitoring several base metal oriented peers for acquisition opportunities. In Québec, Osisko Metals acquired 42,000 hectares that cover 12 grass-root zinc targets that will be selectively advanced through exploration. [Osisko Gold Royalties Ltd.](#) (TSX/NYSE:OR) and [Osisko Mining Inc.](#) (TSX:OSK) are significant shareholders of the company.

For further information about Osisko Metals, visit www.osiskometals.com.

About Pine Point Mining Limited

Pine Point acquired a 100% interest in the Pine Point lead-zinc project in December 2016. Since that time, a positive Preliminary Economic Assessment (PEA) on the project showing a robust mining operation which, over a 13-year mine life, would have an after-tax net present value of C\$210.5 million and internal rate of return of 34.5%, with a payback of 1.8 years. The study assumed a zinc price of US\$1.10 per pound and a lead price of US\$1.00 per pound, and used an exchange rate C\$:US\$ of 0.75. The Pine Point Technical Report is based on a mineral resource estimate for the Pine Point Project, which was prepared in accordance with NI 43-101 with an effective date of April 18, 2017.

Stanley Clemmer, Chief Geologist of Pine Point, is a "qualified person" under NI 43-101, and has reviewed and approved the scientific and technical information relating to Pine Point presented in this press release.

For further information about Pine Point, visit www.pinepointmining.com.

Cautionary Statement Regarding Forward-Looking Information

This news release contains "forward-looking information" within the meaning of applicable Canadian securities legislation based on expectations, estimates and projections as at the date of this news release. Forward-looking information involves risks, uncertainties and other factors that could cause actual events, results, performance, prospects and opportunities to differ materially from those expressed or implied by such forward-looking information. Forward-looking information in this news release includes, but is not limited to: the anticipated benefits of the Arrangement to Osisko Metals and Osisko Metals shareholders; the anticipated benefits of the Arrangement to Pine Point and Pine Point shareholders; the value of the Osisko Metals Shares, Osisko Metals Consideration Warrants and Spinco Shares being delivered as arrangement consideration; the market capitalization of Osisko Metals following the completion of the Arrangement; the timing and receipt of the required shareholder, court, stock exchange and regulatory approvals for the Arrangement; the timing and ability of Osisko Metals and Pine Point to satisfy the conditions precedent to completing the Arrangement; the anticipated timing for the Pine Point Meeting to consider the Arrangement;

the closing of the Arrangement; the length of the current market cycle and requirements for an issuer to survive in the current market cycle; future growth potential of Osisko Metals and Spinco and their respective businesses; and future mine development plans.

These forward-looking statements are based on reasonable assumptions and estimates of management of Osisko Metals and Pine Point, as the case may be, at the time such statements were made. Actual future results may differ materially as forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Osisko Metals or Pine Point, as the case may be, to materially differ from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors, among other things, include: satisfaction or waiver of all applicable conditions to closing of the Arrangement (including receipt of all necessary shareholder, court, stock exchange and regulatory approvals or consents and the absence of material changes with respect to the parties and their respective businesses, all as more particularly set forth in the Agreement); the synergies expected from the Arrangement not being realized; business integration risks; fluctuations in general macroeconomic conditions; fluctuations in securities markets and the market price of Osisko Metals Shares and Pine Point Shares; fluctuations in spot and forward prices of zinc, gold, silver, base metals or certain other commodities; fluctuations in currency markets (such as the Canadian dollar to United States dollar exchange rate); change in national and local government, legislation, taxation, controls, regulations and political or economic developments; risks and hazards associated with the business of mineral exploration, development and mining (including environmental hazards, industrial accidents, unusual or unexpected formations, pressures, cave-ins and flooding); inability to obtain adequate insurance to cover risks and hazards; the presence of laws and regulations that may impose restrictions on mining; employee relations; relationships with and claims by local communities and indigenous populations; availability of and increasing costs associated with mining inputs and labour; the speculative nature of mineral exploration and development (including the risks of obtaining necessary licenses, permits and approvals from government authorities); title to properties; and those risks set out in each of Osisko Metals' and Pine Point's public documents filed on SEDAR at www.sedar.com. In addition, the failure of Pine Point to comply with the terms of the Agreement may result in Pine Point being required to pay a break-fee to Osisko Metals, the result of which could have a material adverse effect on Pine Point's financial position and results of operations and its ability to fund growth prospects and current operations. Although the forward-looking statements contained in this news release are based upon what management of Osisko Metals and/or Pine Point, as the case may be, believes, or believed at the time, to be reasonable assumptions, Osisko Metals and/or Pine Point, as the case may be, cannot assure shareholders that actual results will be consistent with such forward-looking statements, as there may be other factors that cause results not to be as anticipated, estimated or intended. Both Osisko Metals and Pine Point disclaim any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, other than as required by law.

Neither the TSX-V nor its Regulation Services Provider (as that term is defined in the policies of the TSX-V) accepts responsibility for the adequacy or accuracy of this news release. No stock exchange, securities commission or other regulatory authority has approved or disapproved the information contained herein.

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