

Osisko Gold Royalties Reports Fourth Quarter and Full Year 2017 Results

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MONTREAL, QUEBEC--(Marketwired - Feb 20, 2018) - [Osisko Gold Royalties Ltd.](#) (the "Company" or "Osisko") (TSX:OSK) today reported its fourth quarter and full year 2017 and provide 2018 guidance. Amounts are in Canadian dollars unless otherwise noted.

Sean Roosen, Chair of the Board and Chief Executive Officer, commenting on the 2017 performance: "2017 has been a year of significant growth and expansion for Osisko. We completed the acquisition of the Orion portfolio, which was a significant step forward for our company in terms of building a dominant, diversified streaming platform. At the same time, we have continued to mature our accelerator business and to create value for our shareholders. Today, not only does Osisko have the greatest growth profile amongst its peers, it has uniquely positioned itself to benefit from the current market environment and will derive benefits for Osisko's shareholders for years to come."

Highlights - Q4 2017

- Record quarterly gold equivalent ounces ("GEOs")¹ earned of 20,990 (134% increase compared to Q4 2016);
- Record quarterly revenues from royalties and streams of \$32.2 million (\$109.6 million including offtakes) (135% increase compared to Q4 2016, including offtakes);
- Net cash flows provided by operating activities of \$21.5 million (compared to \$12.8 million in Q4 2016);
- Net loss attributable to Osisko's shareholders of \$64.3 million, \$0.41 per basic share reflecting an impairment charge of \$65.4 million, net of income taxes (compared to net earnings of \$8.7 million, \$0.08 per basic share in Q4 2016);
- Adjusted earnings² of \$1.0 million, \$0.01 per basic share² (compared to \$6.9 million, \$0.07 per basic share in Q4 2016);

Highlights - 2017

- Record GEOs earned of 58,933 (54% increase compared to 2016);
- Record revenues from royalties and streams of \$93.8 million (\$213.2 million including offtakes) (50% increase compared to 2016);
- Net cash flows provided by operating activities of \$48.7 million (compared to \$53.4 million in 2016);
- Net loss attributable to Osisko's shareholders of \$42.5 million, \$0.33 per basic share (compared to net earnings of \$34.2 million, \$0.33 per basic share in 2016);
- Adjusted earnings² of \$22.7 million, \$0.18 per basic share² (compared to \$34.2 million, \$0.33 per basic share in 2016);
- Proceeds of \$71.1 million on sale of investments, generating a gain³ of \$35.8 million, based on the cash cost³ of the investments. Osisko made a gain of \$15.5 million from the delivery of the [AuRico Metals Inc.](#) shares to [Centerra Gold Inc.](#), bringing the total gain on sales of investments from 2015 to 2017 to \$70.1 million, based on the cash cost³ of the investments;
- Acquisition of a precious metals portfolio of assets from Orion Mine Finance Group ("Orion") for \$1.1 billion consisting of a 100% interest in the AuRico Metals Inc. shares, a 9.6% diamond stream on the Renard diamond mine and a 4% gold and silver stream on the Mantos Blancos copper and silver mine in Chile, as well as a 100% interest in the new mines in Canada, in addition to a 100% silver stream on the Mantos Blancos copper mine in Chile;
- Acquisition of royalty and stream interests for \$127.6 million (\$80.1 million paid in 2017);
- Completed a bought deal offering of convertible senior unsecured debentures of \$300.0 million;
- Increased the revolving credit facility to \$350.0 million (with a potential accordion of up to \$100.0 million); and
- Declaration of quarterly dividends totalling \$0.18 per common share for 2017.

¹ GEOs are calculated on a quarterly basis and include royalties, streams and offtakes. Silver earned from royalty and stream agreements was converted to gold equivalent ounces by multiplying the silver ounces by the average silver price for the period and dividing by the average gold price for the period. Diamonds, other metals and cash royalties were converted into gold equivalent ounces by dividing the associated revenue by the average gold price for the period. Oftake agreements were converted using the financial settlement amount divided by the average gold price for the period. Refer to the portfolio of royalty, stream and other interests section for average metal prices used.

² "Adjusted earnings" and "Adjusted earnings per basic share" are non-IFRS financial performance measures which have no standard definition under IFRS. Refer to the non-IFRS performance measures section of this press release.

³ The cash cost of an investment is a non-IFRS measure representing the cash paid on the acquisition of an investment. The gain or the loss is calculated by subtracting the cash acquisition cost from the cash proceeds on the sale of an investment.

Acquisition of Orion's Portfolio

On July 31, 2017, Osisko acquired a precious metals portfolio of assets from Orion consisting of 61 royalties, 6 streams and 12 offtake agreements. The final acquisition price was comprised of US\$504.8 million (\$630.1 million) in cash consideration, which includes a US\$40 million working capital, and 30,906,594 common shares of Osisko issued to Orion (the "Purchase Price") (the "Transaction"). A number of certain restrictions, including a 12-month hold period and a broad distribution requirement.

The combination of Osisko and Orion's portfolios resulted in Osisko holding a total of 131 royalties, streams and offtakes as of July 31, 2017. Through the Transaction, the Company acquired a 9.6% diamond stream on the Renard diamond mine and a 100% silver stream on the Sasa silver mine, both of which are new mines in Canada, in addition to a 100% silver stream on the Mantos Blancos copper mine in Chile, an international wholly-owned subsidiary which was renamed Osisko Bermuda Limited ("OBL"). The Brucejack stream was acquired from [Premium Resources Inc.](#), which could result in the stream being repurchased on December 31, 2018 and other specific dates.

As part of the Transaction, CDP Investissements Inc., an affiliate of Caisse de dépôt et placement du Québec ("Caisse de dépôt et placement du Québec (F.T.Q.)" ("Fonds F.T.Q.")) subscribed for \$200 million and \$75 million in common shares of Osisko, respectively (the "Private Placement") to fund a portion of the cash consideration and support the Transaction. A total of 18,887,363 common shares were issued under the Private Placement. The Private Placement was subject to a 7% capital commitment payment payable partially in kind (7% of the shares) and in cash (5% representing \$13.8 million).

Following the Transaction, Orion, Caisse and its affiliates and Fonds F.T.Q. held respectively approximately 19.7%, 12.2% and 5.1% of the common shares, based on the number of common shares of Osisko outstanding at the closing of the Transaction on July 31, 2017.

Osisko also drew US\$118 million (\$147.3 million) under its revolving credit facility with the National Bank of Canada and entered into forward contracts by disbursing \$275 million to acquire US\$204.0 million and paid US\$182.8 million (\$228.9 million) from the credit facility to settle the forward contracts, leaving a balance of \$109.2 million.

The transaction has been recorded as a business combination with Osisko as the acquirer. The assets acquired and the liabilities assumed have been measured at their estimated fair market values at the time of the closing of the acquisition, being July 31, 2017. The transaction costs related to the transaction were \$8.9 million, of which \$8.2 million was related to business development expenses and amounted to \$8.9 million.

The table below presents the purchase price allocation (in thousands of dollars):

Consideration paid	\$
Cash ⁽¹⁾	648,385
Issuance of 30,906,594 common shares ⁽²⁾	445,333
	1,093,718
Net assets acquired	\$
Cash and cash equivalents	8,707
Other current assets	1,217
Royalty, stream and other interests	1,116,115
Current liabilities	(435)
Deferred income tax liability	(31,886)
	1,093,718

(1) Including the net loss on settlement of derivative financial instruments (cash flow hedges) of \$18.2 million.

(2) The fair value of the consideration paid in common shares represents the fair value of the shares on July 31, 2017 minus an illiquidity discount to take into account the twelve-month restrictions on their sales.

Summary of Main Royalty, Stream and Other Interests Acquired

Asset	Operator	Interest	Commodity
Renard	Stornoway Diamonds Corporation	9.6% Stream	Diamonds
Mantos Blancos	Mantos Copper S.A.	100% Stream	Ag
Brucejack	Premium Resources Inc.	4% Stream / Offtake	Au, Ag
Sasa	Central Asia Metals plc	100% Stream	Ag
Matilda	Blackham Resources Ltd.	Offtake	Au
Parral	GoGold Resources Inc.	Offtake	Au

San Ramon	Red Eagle Mining Corp.	Offtake	Au
Seabee	SSR Mining Inc.	3% NSR ⁽¹⁾ Royalty	Au
Bald Mtn. Alligator Ridge	Kinross Gold Corp.	1% NSR Royalty	Au
Bald Mtn. Duke/ Trapper	Kinross Gold Corp.	4% NSR Royalty	Au
Brauna	Lipari Mineração	1% GRR ⁽²⁾ Royalty	Diam.
Kwale	Base Resources Ltd.	1.5% GRR Royalty	Rutile
Pan	Fiore Gold Ltd.	4% NSR Royalty	Au
Amulsar	Lydian International Ltd.	4.22% Au Stream, 62.5% Ag Stream / Offtake	Au, Ag
Back Forty	Aquila Resources Inc.	75% Stream	Ag
Casino	Western Copper & Gold Corporation	2.75% NSR Royalty	Au, Ag
Spring Valley	Waterton Global Resource Management	0.5% NSR Royalty	Au
Yenipazar	Aldridge Minerals Inc.	Offtake	Au

(1) Net Smelter Return ("NSR")

(2) Gross Revenue Royalty ("GRR")

Acquisition of Back-Forty Gold Stream

The Back Forty project is a zinc and gold volcanogenic massive sulfide deposit located in Michigan, United States, owned by Orion's Portfolio. The Back Forty project is in the development stage and advancing toward a feasibility study expected in 2018. Back Forty is expected to produce approximately 105,000 ounces of gold, 1.2 million pounds ("lbs") of zinc, 74 million lbs of copper, 4.6 million ounces of silver, and 21 million lbs of lead. The details of the Back Forty project are available on SEDAR at www.sedar.com. Through the acquisition of Orion's Portfolio, Osisko acquired the Back Forty silver and gold production over the mine's operating life and includes ongoing transfer payments by OBL to Aquila of US\$4.00 per ounce of refined gold.

In November 2017, OBL acquired an additional gold stream on the Back Forty project. OBL will make staged upfront cash payments to Aquila of US\$7.5 million, US\$7.5 million upon receipt of all material permits required for the development and operation study, US\$10 million following a positive construction decision for the property; and US\$30 million upon the first drawdown of an appropriate project debt finance facility, subject to the change in control of Aquila prior to the advancement of the fourth deposit, the person or entity acquiring control over the project in the case the stream will be reduced to 9.5% of the refined gold from the project until 105,000 ounces of gold have been delivered, and to 9.25% of the refined gold for the remaining life-of-mine. All other terms and conditions will remain unchanged.

The deposit will be paid in four installments, as follows:

1. US\$7.5 million was paid on closing of the gold stream transaction;
2. US\$7.5 million payable upon receipt by Aquila of all material permits required for the development and operation study;
3. US\$10 million payable following a positive construction decision for the property; and
4. US\$30 million payable upon the first drawdown of an appropriate project debt finance facility, subject to the change in control of Aquila prior to the advancement of the fourth deposit, the person or entity acquiring control over the project in the case the stream will be reduced to 9.5% of the refined gold from the project until 105,000 ounces of gold have been delivered, and to 9.25% of the refined gold for the remaining life-of-mine. All other terms and conditions will remain unchanged.

Gibraltar Stream ([Taseko Mines Ltd.](#))

On March 3, 2017, Osisko closed the acquisition of a silver stream with reference to silver produced at the Gibraltar copper-silver-gold mine in British Columbia, Canada from Gibraltar Mines Ltd. ("Gibco"), a wholly-owned subsidiary of Taseko having a 75% interest in Gibraltar. Osisko paid US\$30 million (\$44.3 million) to purchase a silver stream and 3.0 million warrants of Taseko. Each warrant allows Osisko to acquire 10,000 shares of Taseko common stock at a price of \$2.74 until April 1, 2020. The fair value of the warrants was evaluated at \$1,780,000 using the Black-Scholes option pricing model. The fair value of the silver stream was attributed to the silver stream (including \$175,000 of transaction fees). With regards to the silver stream, Osisko will receive 100% of the silver delivered.

Under the stream, Osisko will receive from Taseko an amount equal to 100% of Gibco's share of silver production until the end of the mine life of mine. Osisko will receive 100% of Gibco's share of silver production thereafter. Gibraltar is the second largest open pit copper mine in Canada. The mine life of mine yearly average production from Gibraltar is approximately 140 million lbs of copper and 2.6 million lbs of molybdenum, 1.2 million lbs of recoverable copper and 58 million lbs of molybdenum, the estimated mine life of the project is 23 years (proven and probable reserves as of December 31, 2016). The acquisition is expected to increase Osisko's production by approximately 200,000 ounces of silver for the next 23 years and 100,000 ounces of silver for the remainder of the 23-year mineral reserve life of Gibraltar. Any silver in respect of which a delivery is made will be paid for under the stream.

Revolving Credit Facility

In November 2017, the Company amended its revolving credit facility (the "Facility") increasing the amount from \$150 million to an uncommitted accordion of up to \$100 million, for a total availability of up to \$450 million. The accordion is subject to stand-by fees paid to the lenders. The Facility is to be used for general corporate purposes and investments in the mineral industry, including interests. The Facility is secured by the Company's assets (including the royalty, stream and other interests) and has a term of 5 years, extended by one year on each of the first two anniversary dates.

The Facility is subject to standby fees. Funds drawn will bear interest based on the base rate, prime rate or London Interbank Offered Rate margin depending on the Company's leverage ratio. On July 31, 2017, the Facility was drawn for US\$118.0 million (representing 25% of the total available capacity) to fund the acquisition of Orion's Portfolio. As at December 31, 2017, the interest rate was 2.96%, including the applicable fees. The Facility also requires the Company to maintain certain financial ratios and meet certain non-financial requirements. As at December 31, 2017, the Company was in compliance with all applicable covenants.

Bought Deal of Convertible Senior Unsecured Debentures

On November 3, 2017, Osisko closed a bought deal offering of convertible senior unsecured debentures (the "Debentures") through a syndicate of underwriters co-led by National Bank Financial Inc., BMO Capital Markets and Desjardins Capital Markets. The Debentures consist of a \$184.0 million public offering of Debentures (the "Public Offering") and a \$116.0 million private placement of Debentures (the "Private Offering"). The Public Offering was made to the Public Sector Pension Investment Board and Ressources Québec inc., a wholly-owned subsidiary of Investment Québec, for \$164.0 million and \$16.0 million of Debentures through the Private Offering on the same terms and conditions as the Public Offering. The Public Offering was completed on November 3, 2017, and the Private Offering was completed on November 10, 2017. The Debentures bear interest at a rate of 3.55% in relation to the Offering. Net proceeds amounted to \$288.5 million.

The Debentures bear interest at a rate of 4.0% per annum, payable semi-annually on June 30 and December 31 of each year. The Debentures are convertible at the holder's option into Osisko common shares at a conversion price of \$22.89 per common share, expiring on December 31, 2022 and may be redeemed by Osisko, in certain circumstances, on or after December 31, 2020. The Debentures are listed on the TSX Exchange under the symbol "OR.DB". The net proceeds from the Offering will be used to fund the acquisition of precious metals and for general corporate purposes.

Record Gold Equivalent Ounces Earned

The Company's portfolio of producing royalty, stream and offtake interests delivered a record 20,990 GEOs in the fourth quarter of 2017, up 10% from 19,090 GEOs in the fourth quarter of 2016. The assets acquired from Orion were the major contributors to the record quarterly GEOs earned. The Company's portfolio of producing royalty, stream and offtake interests continued to generate strong results.

Royalties Earned (in GEOs)

	Three months ended December 31, 2017		Years ended December 31, 2017	
	2017	2016	2017	2016
Gold				
Canadian Malartic royalty	10,177	6,749	33,136	28,748
Éléonore royalty	1,532	1,343	6,390	6,568
Seabee royalty ⁽¹⁾	619	-	1,310	-
Island Gold royalty	379	292	1,706	1,373
Brucejack offtake ⁽¹⁾	321	-	536	-
Vezza royalty	274	342	1,253	830
Other ⁽¹⁾	330	124	869	294
	13,632	8,850	45,200	37,813
Silver				
Mantos stream ⁽¹⁾	1,910	-	3,060	-
Sasa stream ⁽¹⁾	1,229	-	2,074	-
Gibraltar stream (3 and 11 months)	665	-	2,303	-
Canadian Malartic royalty	138	114	479	456
Other ⁽¹⁾	78	-	129	1
	4,020	114	8,045	457
Diamonds				

Renard stream ⁽¹⁾	2,839	-	4,686	-
Other ⁽¹⁾	88	-	201	-
	2,927	-	4,887	-
Other metals				
Kwale royalty ⁽¹⁾	411	-	801	-
Total GEOs	20,990	8,964	58,933	38,270

(1) The effective date of the acquisition of Orion's Portfolio was June 1, 2017. However, revenues of royalties, streams and offtakes acquired from Orion are only included in revenues from July 31, 2017 onward, the acquisition date for accounting purposes.

To view the GEOs by Product graphic, please click [here](#).

Revenues

	Three months ended December 31,			
	2017		2016	
	Average selling price per ounce / carats (\$)	Total revenues Ounces / Carats sold (\$000's)	Average selling price per ounce (\$)	Total revenues Ounces / Carats sold (\$000's)
Gold sold	1,623	56,708 92,043	1,549	8,605 13,328
Silver sold	21	483,192 10,411	21	8,353 179
Diamonds sold	106	43,550 4,603	-	- -
Other (paid in cash) -	-	2,495	-	- 202
		109,552		13,709

	Years ended December 31,			
	2017		2016	
	Average selling price per ounce / carats (\$)	Total revenues Ounces / Carats sold (\$000's)	Average selling price per ounce (\$)	Total revenues Ounces / Carats sold (\$000's)
Gold sold	1,627	111,501 181,390	1,643	37,402 61,444
Silver sold	22	887,760 19,216	23	32,836 747
Diamonds sold	106	71,150 7,560	-	- -
Other (paid in cash) -	-	5,050	-	- 486
		213,216		62,677

Gross Profit (\$000)

	Three months ended December 31,		Years ended December 31,	
	2017	2016	2017	2016
	\$	\$	\$	\$
Royalties				
Revenues	21,359	13,709	74,041	62,677
Cost of sales	(130	) (22	) (286	) (143
Depletion	(4,305	) (2,828	) (15,475	) (11,291
	16,924	10,859	58,280	51,243
Streams				
Revenues	10,855	-	19,751	-
Cost of sales	(4,378	) -	(7,385) -
Depletion	(7,452	) -	(11,283) -
	(975	) -	1,083	-
Offtakes				
Revenues	77,338	-	119,424	-
Cost of sales	(76,550	) -	(117,974) -
Depletion	(990	) -	(1,307) -

(202	)	-	143	-
Total - Gross profit 15,747		10,859	59,506	51,243

Overview of 2017 Financial Results

- Record revenues from royalties and streams of \$93.8 million (\$213.2 million including offtakes) compared to \$62.5 million in 2016;
- Gross profit of \$59.5 million compared to \$51.2 million in 2016;
- Impairment charge of \$89.0 million on the Éléonore NSR royalty interest (\$65.4 million, net of income taxes);
- Operating loss of \$70.4 million compared to an operating income of \$29.1 million in 2016;
- Net loss attributable to Osisko's shareholders of \$42.5 million or \$0.33 per basic and diluted share, compared to net loss of \$34.2 million or \$0.28 per basic share in 2016;
- Adjusted earnings⁴ of \$22.7 million or \$0.18 per basic share⁴ compared to \$34.2 million or \$0.33 per basic share in 2016;
- Net cash flows provided by operating activities of \$48.7 million compared to \$53.4 million in 2016.

⁴ "Adjusted earnings" and "Adjusted earnings per basic share" are non-IFRS financial performance measures which have no standard definition under IFRS. Refer to the non-IFRS performance measures section of this press release.

Revenues increased in 2017 mainly as a result of the acquisition of Orion's Portfolio.

Gross profit reached \$59.5 million in 2017 compared to \$51.2 million in 2016 as a result of higher revenues. Cost of sales decreased by \$1.7 million mainly as a result of the offtake agreements acquired through the acquisition of Orion's Portfolio. Under the offtake agreements, Osisko acquires the right to receive minerals from mineral producers at the lowest market price over a certain period of time (quotational period), and is subsequently sold by Osisko to third parties at a price between 0% and 5% of the sales proceeds.

In 2017, the Company incurred an operating loss as a result of an impairment charge of \$89.0 million on the Éléonore NSR royalty interest. The operating income would have amounted to \$18.6 million compared to \$29.1 million in 2016. The decrease in operating income, compared to 2016, is mainly the result of the transaction costs related to the acquisition of Orion's Portfolio, which amounted to \$8.6 million. The increase in G&A expenses ("G&A"), partially offset by higher gross profit. The increase in G&A expenses is mainly due to higher salary expenses related to the increased number of employees following the acquisition of Orion's Portfolio, higher share-based compensation expenses related to the deferral of compensation for 2017, increase in the number of restricted stock units outstanding and increase in the objectives achievements related to 2014 RSUs which vested and were paid in September 2017. The increase in G&A expenses is also due to the increased activities of the Company in 2017. The year 2017 is the first year where 3 years of stock options, RSUs and restricted stock units are granted. Business development expenses increased by \$10.4 million mainly as a result of the transaction costs related to the acquisition of Orion's Portfolio, higher bonuses payable to management, higher share-based compensation expenses related to the deferred compensation plan and higher professional fees due to increased activities in 2017.

The net loss attributable to Osisko's shareholders in 2017 is mainly the result of the impairment charge of \$89.0 million, partially offset by the exchange loss, higher finance costs, the absence of dividend income following the sale of the shares of [Labrador Iron Company](#) to third parties, partially offset by higher interest income.

Adjusted earnings decreased to \$22.7 million compared to \$34.2 million in 2016 as a result of higher G&A, lower dividends and partially offset by higher gross profit.

Net cash flows provided by operating activities decreased in 2017 as a result of the fees related to the acquisition of Orion's Portfolio, partially offset by higher gross profit.

Investment Portfolio Update

During the year ended December 31, 2017, Osisko acquired investments for \$226.8 million and sold investments for \$77.3 million.

The following table presents the carrying value and fair value of the investments in marketable securities as at December 31, 2017.

Marketable securities	Carrying value ⁽ⁱ⁾	Fair value ⁽ⁱⁱ⁾
	\$	\$
Associates	257,433	332,140
Other	106,841	106,841

364,274 438,981

- (i) The carrying value corresponds to the amount recorded on the balance sheet, which is the equity method for the investments in marketable securities of associates and the fair value for the other investments in marketable securities, as per IFRS 9, *Financial Instruments*.
- (ii) The fair value corresponds to the quoted price of the investments in a recognized stock exchange as at December 31, 2017.

Main Strategic Investments

The following table presents the main strategic investments of the Company (in thousands of dollars):

Company	Number of shares held ⁽ⁱ⁾	Ownership ⁽ⁱ⁾ %	Carrying value ^{(i),(ii)}	Fair value ^{(i),(ii)}
			\$	\$
Osisko Mining Inc.	32,302,034	15.5	73,635	109,504
Barkerville Gold Mines Ltd.	142,309,310	32.7	89,556	106,732
Dalradian Resources Inc.	31,717,687	8.9	40,122	42,026
Falco Resources Ltd.	23,927,005	12.7	15,652	20,817

(i) As at December 31, 2017.

(ii) See table above for definition of carrying value and fair value.

[Osisko Mining Inc.](#)

The Company owns a 1.5% NSR royalty on the Windfall Lake gold project ("Windfall Lake"). [Osisko Mining Inc.](#) ("Osisko") drill program at Windfall Lake, where the 400,000 meter milestone was reached in October 2017. A metallurgical program exploration ramp is progressing. Osisko Mining is planning a resource update in the first half of 2018.

[Barkerville Gold Mines Ltd.](#)⁵

[Barkerville Gold Mines Ltd.](#) ("Barkerville") is currently carrying out a 160,000 meter exploration drilling program in the Cariboo gold project and reported that it has received all permits to initiate production from its Bonanza Ledge underground project at an initial rate of 1.2 million oz per year. Barkerville announced a new discovery from its ongoing 160,000 metres Phase II Island Mountain and Valley Zone exploration program.

Osisko holds a 2.25% NSR royalty on the Cariboo gold project and has a right of first refusal relating to any gold stream or sale of the Cariboo gold project.

⁵ Refer to Barkerville's press release dated April 17, 2017, titled "BGM intersects 19.20 g/t AU over 54.40 meters and 11.42 g/t AU over 28.55 meters at shaft zone" and Barkerville's website at <http://www.barkervillegold.com/> and on SEDAR for additional information.

[Falco Resources Ltd.](#)

In October 2017, [Falco Resources Ltd.](#) ("Falco") released⁶ a positive feasibility on the Horne 5 project. The feasibility study was completed at a gold price of US\$1,200 per ounce, a silver price of US\$20 per ounce, and using an exchange rate of C\$1.00 = US\$0.78, the Horne 5 Project would generate an after-tax net present value, a payback period of 4.5 years, and an after-tax internal rate of return of 15.3%. As per Falco, in this scenario, the mine could become the next significant gold producer in the Cariboo region, averaging 219,000 payable ounces annually over the life of mine, with an all-in sustaining cash cost of US\$399 per ounce, including capital expenditures plus operating expenditures, estimated at US\$643 per ounce. The Environmental Impact Assessment study is currently awaiting review by the Canadian Environmental Assessment Agency.

⁶ Refer to Falco's press release dated October 16, 2017, titled: "Falco Announces Positive Feasibility Study Results on Horne 5 Gold Project".

[Dalradian Resources Inc.](#)

On October 10, 2017, Osisko entered into a subscription agreement with [Dalradian Resources Inc.](#) ("Dalradian") pursuant to which Osisko will subscribe for 1,000,000 common shares of Dalradian at a price of C\$1.00 per share, for a total of C\$1,000,000 in Dalradian by way of a non-brokered private placement. The subscription agreement entered into with Dalradian provides for, among other things, a standstill, participation rights to maintain Osisko's pro rata interest in Dalradian and rights to mate-

Other Significant Investments

[Arizona Mining Inc.](#)

Over the second half of 2017, Osisko sold its equity interest in [Arizona Mining Inc.](#), ("Arizona Mining") for proceeds of \$47.1 million, including from the sale of shares following the exercise of warrants in October 2017. Osisko realized a pre-tax accounting gain of \$30.2 million (including the change in fair value of the warrants) on the transaction and a gain of \$34.1 million based on the cash cost⁷ of the shares. Osisko still holds a 1% NSR royalty purchased for \$10.0 million in April 2016 on all sulfide ores of lead and zinc (and any copper, silver or gold recovered from the concentrate from such ores) mined from Arizona Mining's Hermosa project located in Santa Cruz County, Arizona.

⁷ The cash cost of an investment is a non-IFRS measure representing the cash paid on the acquisition of an investment. The gain or the loss is calculated by subtracting the cash acquisition cost from the cash proceeds on the sale of an investment.

Dividends

Osisko has declared dividends for the last 14 consecutive quarters for a total of \$55.1 million.

On November 7, 2017, Osisko declared a quarterly dividend of \$0.05 per common share paid on January 15, 2018 to shareholders of record as of the close of business on December 29, 2017.

On February 16, 2018, the Board of Directors declared a quarterly dividend of \$0.05 per common share payable on April 16, 2018 to shareholders of record as of the close of business on March 30, 2018.

2018 Guidance

Osisko's 2018 outlook on royalty, stream and precious metal offtake interests is based on publicly available forecasts, in particular the forecasts for the Canadian Malartic mine published by [Yamana Gold Inc.](#) and [Agnico Eagle Mines Ltd.](#), for the Éléonore mine published by [Goldcorp Inc.](#), for the Renard mine published by Stornoway Diamonds Corporation, for the Brucejack mine published by [Pretium Resources Inc.](#), and for the Island Gold mine published by [Alamos Gold Inc.](#). When publicly available forecasts on properties are not available, Osisko obtains internal forecasts from the operators, which is the case for the Sasa and Mantos Blancos mines, or uses management's best estimate.

Attributable gold equivalent ounces for 2018 are estimated between 77,500 and 82,500. For the 2018 guidance, silver and cash royalties have been converted to GEOS using commodity prices of US\$1,300 per ounce of gold, US\$18 per ounce of silver and US\$110 per carat for diamonds from the Renard mine and an exchange rate (US\$/C\$) of 1.25.

Éléonore NSR Royalty Interest

In February 2015, Osisko acquired all of the outstanding common shares of [Virginia Mines Inc.](#) ("Virginia"). The assets acquired included a 2.0-3.5% NSR royalty on the Éléonore mine discovered by Virginia and owned by [Goldcorp Inc.](#). Through the combination of the two companies, Osisko achieved its objective of creating a new intermediate royalty company with two world-class gold royalty assets in Québec. Operations started at the Éléonore mine in October 2014 and commercial production was declared in April 2015.

Gold production for the year ended December 31, 2017 was higher than the prior years at 305,000 ounces compared to 274,000 ounces in 2016 and 268,000 ounces in 2015 due to increase in grade and mined tonnes as Éléonore continued its ramp up to optimized production levels. For 2018, the operator's guidance is at 360,000 ounces.

Gold ounces earned from the Éléonore NSR royalty:

2015 ⁽¹⁾	2016	2017	2018	Guidance	2019+ Guidance ⁽²⁾
402	6,568	6,390	7,920		8,800

(1) Osisko started receiving royalties in December 2015 only due to the royalty advance payment to Virginia.

(2) Based on operator's guidance of 400,000 sustainable annual gold production. As per the sliding scale schedule of up to 3.5%, Osisko could potentially receive up to 14,000 ounces annually once 8 million ounces have been produced.

For accounting purposes, Osisko is required to monitor indicators of impairment, which can trigger an impairment review of its assets. The operator of the Éléonore gold mine announced a sustainable annual gold production level at 400,000 ounces of gold compared to its design capacity of 600,000 ounces annually. This announcement was considered as an indicator of impairment and, accordingly, management performed an impairment assessment as at December 31, 2017. The Company recorded an impairment charge of \$89.0 million (\$65.4 million net of income taxes) on the Éléonore NSR royalty during the fourth quarter of 2017. This impairment charge may be reversed subsequently if there is a sustainable increase in annual production levels.

2017 Year-End Results Conference Call

Osisko will host a conference call on Tuesday, February 20, 2018 at 11:00 EST to review and discuss its 2017 results.

Those interested in participating in the conference call should dial in at 1-(647) 788-4922 (international), or 1-(877) 223-4471 (North American toll free). An operator will direct participants to the call.

The conference call replay will be available from 2:00pm EST on February 20, 2018 until 11:59 pm EST on February 27, 2018 with the following dial in numbers: 1-(800) 585-8367 (North American toll free) or 1-(416) 621-4642, access code 2868047.

Non-IFRS Financial Performance Measures

The Company has included certain non-IFRS measures including "*Adjusted Earnings*" and "*Adjusted Earnings per basic 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.

To determine its method of calculation, the Company has reviewed, during the first quarter of 2016, similar adjusted earnings calculations by its peers. Following this review, the Company has decided to exclude the gains and losses on foreign exchange from its adjusted earnings and adjusted earnings per basic share as they do not reflect the operating performance of the Company.

Adjusted Earnings and Adjusted Earnings per Basic Share

"Adjusted earnings" is defined as "Net earnings (loss) attributable to Osisko's shareholders" less certain items: "Foreign exchange gain (loss)", "Impairment charges", "Gains (losses) on disposal of evaluation and evaluation assets", "Write-off of property and equipment", "Unrealized gain (loss) on investments", "Impairment on financial assets and investments in associates", "Share of income (loss) of associates", "Deferred income tax expense" and other unusual items such as transaction costs.

Adjusted earnings per basic share is obtained from the "adjusted earnings" divided by the "Weighted

average number of common shares outstanding" for the period.

	Three months ended December 31,		Years ended December 31,	
	2017	2016	2017	2016
(in thousands of dollars, except per share amounts)	\$	\$	\$	\$
Net earnings (loss) attributable to Osisko's shareholders	(64,348	) 8,679	(42,501	) 42,113
Adjustments:				
Foreign exchange loss (gain)	763	(5,319	) 16,211	5,851
Unrealized loss (gain) on investments	507	(660	) (30,829	) (30,202
Share of loss of associates	3,482	2,893	6,114	6,623
Impairment of royalty, stream and other interests	89,000	-	89,000	-
Impairment of exploration and evaluation assets	-	668	-	668
Loss (gain) on disposal of exploration and evaluation assets	-	-	(20	) 312
Write-off of property and equipment	-	456	-	456
Deferred income tax expense	(28,453	) 216	(24,150	) 8,372
Transaction costs - acquisition of Orion's Portfolio	-	-	8,870	-
Adjusted earnings	951	6,934	22,695	34,194
Weighted average number of common shares outstanding (000's)	157,256	106,612	127,939	104,671
Adjusted earnings per basic share	0.01	0.07	0.18	0.33

About Osisko Gold Royalties Ltd

[Osisko Gold Royalties Ltd.](#) is an intermediate precious metal royalty company focused on the Americas that commenced activities in June 2014. Following the acquisition of the Orion portfolio, it now holds a North American focused portfolio of over 130 royalties, streams and precious metal offtakes. Osisko's portfolio is anchored by five cornerstone assets, including a 5% NSR royalty on the Canadian Malartic Mine, which is the largest gold mine in Canada. Osisko also owns a portfolio of investments in publicly held resource companies, including a 15.5% interest in [Osisko Mining Inc.](#), a 32.7% in [Barkerville Gold Mines Ltd.](#) and a 12.7% interest in [Falco Resources Ltd.](#)

Osisko's head office is located at 1100 Avenue des Canadiens-de-Montréal, Suite 300, Montréal, Québec, H3B 2S2.

Forward-looking Statements

Certain statements contained in this press release may be deemed "forward-looking information" and "forward-looking statements" within the meaning of applicable Canadian Securities Laws and the United States Private Securities Litigation Reform Act of 1995 (collectively, the "forward-looking statements"). All statements in this release, other than statements of historical fact, that address future events, developments or performance that Osisko expects to occur including management's expectations regarding Osisko's growth, results of operations, estimated future revenues, requirements for additional capital, mineral reserve and mineral resource estimates, production estimates, production costs and revenue, future demand for and prices of commodities, business prospects and opportunities are forward-looking statements. In addition, statements (including data in tables) relating to mineral reserves and mineral resources and gold equivalent ounces are forward-looking statements, as they involve implied assessment, based on certain estimates and assumptions, and no assurance can be given that the estimates will be realized. 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 variations (including negative variations), or that events or conditions "will", "would", "may", "could" or "should" occur including, without limitation, the performance of the assets of Osisko, the realization of the anticipated benefits deriving from Osisko's investments and transactions and the estimate of gold equivalent ounces to be received in 2018.

Although Osisko believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements involve known and unknown risks, uncertainties and other factors and are not guarantees of future performance and actual results may accordingly 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, without limitation: fluctuations in the prices of the commodities that drive

royalties, streams and other interests (the "Interests") held by Osisko (gold, silver and diamonds); fluctuations in the value of the Canadian dollar, and any other currency in which revenue is generated, relative to the U.S. dollar; regulatory changes in national and local government, including permitting and licensing regimes and taxation policies; regulations and political or economic developments in any of the countries where properties in which Osisko holds an Interest are located or through which they are held; risks related to the operators of the properties in which Osisko holds an Interest, influence of macroeconomic developments; business opportunities that become available to, or are pursued by Osisko; continued availability of capital and financing and general economic, market or business conditions; litigation; title, permit or license disputes related to interests on any of the properties in which Osisko holds an Interest; whether or not Osisko is determined to have "passive foreign investment company" ("PFIC") status as defined in Section 1297 of the United States Internal Revenue Code of 1986, as amended; potential changes in Canadian tax treatments of offshore streams or other interests; development, permitting, infrastructure, operating or technical difficulties on any of the properties in which Osisko holds an Interest; rate and timing of production differences from mineral resource estimates or production forecasts by operators of properties in which Osisko holds an Interest; risks and hazards associated with the business of exploring, development and mining on any of the properties in which Osisko holds an Interest, including, but not limited to unusual or unexpected geological and metallurgical conditions, slope failures or cave-ins, flooding and other natural disasters, terrorism, or civil unrest or other uninsured risks and the integration of acquired assets.

The forward-looking statements contained in this press release are based upon assumptions management believes to be reasonable, including, without limitation: the ongoing operation of the properties in which Osisko holds an Interest by the owners or operators of such properties in a manner consistent with past practice; the accuracy of public statements and disclosures made by the owners or operators of such underlying properties; no material adverse change in the market price of the commodities that underlie the asset portfolio; Osisko's ongoing income and assets relating to the determination of its PFIC status, no material changes to existing tax treatments, no adverse development in respect of any significant property in which Osisko holds an Interest; the accuracy of publicly disclosed expectations for the development of underlying properties that are not yet in production; and the absence of any other factors that could cause actions, events or results to differ from those anticipated, estimated or intended.

For additional information with respect to these and other factors and assumptions underlying the forward-looking statements made in this press release, see the section entitled "Risk Factors" in the most recent Annual Information Form of Osisko which is filed with the Canadian securities commissions and available electronically under Osisko's issuer profile on SEDAR at www.sedar.com and with the U.S. Securities and Exchange Commission on EDGAR at www.sec.gov. The forward-looking statements set forth herein reflects Osisko's expectations as at the date of this press release and is subject to change after such date. Osisko disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by law.

Osisko Gold Royalties Ltd
 Consolidated Balance Sheets
 As at December 31, 2017 and 2016
 (tabular amounts expressed in thousands of Canadian dollars)

	December 31, 2017	December 31, 2016
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	333,705	499,249
Short-term investments	-	2,100
Accounts receivable	8,385	8,416
Inventories	9,859	-
Other assets	984	974
	352,933	510,739
Non-current assets		
Investments in associates	257,433	82,902
Other investments	115,133	108,409
Royalty, stream and other interests	1,575,772	494,768
Exploration and evaluation	102,182	100,038
Goodwill	111,204	111,204

Deferred income taxes	-	7,978
Other assets	1,686	266
	2,516,343	1,416,304
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	15,310	7,438
Dividends payable	7,890	4,266
Provisions and other liabilities	5,632	4,153
	28,832	15,857
Non-current liabilities		
Long-term debt	464,308	45,780
Provisions and other liabilities	2,036	12,433
Deferred income taxes	126,762	127,930
	621,938	202,000
Equity		
Share capital	1,633,013	908,890
Warrants	30,901	30,901
Contributed surplus	13,265	11,411
Equity component of convertible debentures	17,601	3,091
Accumulated other comprehensive income (loss)	(2,878	) 7,838
Retained earnings	202,503	250,306
Equity attributable to Osisko Gold Royalties Ltd. shareholders	1,894,405	1,212,437
Non-controlling interests	-	1,867
Total equity	1,894,405	1,214,304
	2,516,343	1,416,304

Osisko Gold Royalties Ltd**Consolidated Statements of Income (Loss)**

For the three months and the years ended December 31, 2017 and 2016

(tabular amounts expressed in thousands of Canadian dollars, except per share amounts)

	Three months ended December 31, (unaudited)	Years e Decemb	
	2017	2016	2017
	\$	\$	\$
Revenues	109,552	13,709	213,216
Cost of sales	(81,058)	(22)	(125,644)
Depletion of royalty, stream and other interests	(12,747)	(2,828)	(28,065)
Gross profit	15,747	10,859	59,506
Other operating expenses			
General and administrative	(7,342)	(4,105)	(26,176)
Business development	(4,009)	(1,863)	(18,706)
Impairment of royalty, stream and other interests			(89,000)
	(89,000)	-	(89,000)
Exploration and evaluation, net of tax credits	(63)	2,176	(204)
Other gains (expenses), net	-	(1,124)	20
Cost recoveries from associates	1,215	873	4,125
Operating income (loss)	(83,452)	6,816	(70,435)
Interest income	1,098	1,011	4,255
Dividend income	-	215	-
Finance costs	(4,825)	(919)	(8,384)
Foreign exchange gain (loss)	(635)	5,331	(16,086)
Share of loss of associates	(3,482)	(2,893)	(6,114)

Other gains (losses), net	(507)	660	30,829
Earnings (loss) before income taxes	(91,803)	10,221	(65,935
Income tax recovery (expense)	27,450	(1,568)	23,147
Net earnings (loss)	(64,353)	8,653	(42,788
Net earnings (loss) attributable to:			
Osisko Gold Royalties Ltd.'s shareholders	(64,348)	8,679	(42,501
Non-controlling interests	(5)	(26)	(287
Net earnings (loss) per share attributable to <u>Osisko Gold Royalties Ltd.</u> 's shareholders			
Basic	(0.41)	0.08	(0.33
Diluted	(0.41)	0.08	(0.33
Osisko Gold Royalties Ltd			
Consolidated Statements of Cash Flows			
For the three months and the years ended December 31, 2017 and 2016			
(tabular amounts expressed in thousands of Canadian dollars)			
		Three months December 31 (unaudited)	
		2017	2016
		\$	\$
Operating activities			
Net earnings (loss)	(64,353)	8,	
Adjustments for:			
Share-based compensation	1,267	1,	
Depletion and amortization	12,787	2,	
Impairment of royalty, stream and other interests	89,000	-	
Share of loss of associates	3,482	2,	
Net loss (gain) on acquisition of investments	(36)	53	
Net gain on dilution of investments in associates	(241)	(5	
Net gain on disposal of investments	-	-	
Change in fair value of financial assets at fair value through profit and loss	784	3,	
Deferred income tax expense (recovery)	(28,453)	27	
Settlement of restricted share units	-	-	
Foreign exchange loss (gain)	763	(5	
Other	1,225	1,	
Net cash flows provided by operating activities before changes in non-cash working capital items	16,225	11	
Changes in non-cash working capital items	5,298	1,	
Net cash flows provided by operating activities	21,523	12	
Investing activities			
Net increase (decrease) in short-term investments	1,447	(1	
Business combination, net of cash acquired	990	-	
Settlement of derivative financial instruments	-	-	
Acquisition of investments	(76,678)	(1	
Proceeds on disposal of investments	21,613	11	
Acquisition of royalty and stream interests	(23,455)	(5	
Proceeds on sale of royalty interests	-	-	
Property and equipment	(48)	(1	
Exploration and evaluation, net of tax credits	(247)	(7	
Net cash flows provided by (used in) investing activities	(76,378)	9	
Financing activities			
Issuance of long-term debt	300,000	-	
Issuance of common shares and warrants	77	32	

Issue expenses	-	-
Financing fees	(12,619)	(6
Investment from non-controlling interests	-	88
Normal course issuer bid purchase of common shares	-	-
Dividends paid	(7,566)	(4
Net cash flows provided by (used in) financing activities	279,892	(2
Increase (decrease) in cash and cash equivalents before effects of exchange rate changes on cash and cash equivalents	225,037	10
Effects of exchange rate changes on cash and cash equivalents	(234)	5,
Increase (decrease) in cash and cash equivalents	224,803	10
Cash and cash equivalents - beginning of period	108,902	39
Cash and cash equivalents - end of period	333,705	49

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