OSISKO METALS INCORPORATED

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)

FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED
SEPTEMBER 30, 2023 AND 2022

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of Osisko Metals Incorporated have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

Osisko Metals Incorporated
Consolidated Interim Statements of Financial Position
(Expressed in Canadian Dollars)

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
	$	$
ASSETS		
CURRENT		
Cash and cash equivalents	3,000,690	3,078,856
Accounts receivable	2,120,976	1,509,579
Prepaid expenses (Note 5)	111,052	1,378,235
	5,232,718	5,966,670
NON-CURRENT		
Exploration and evaluation assets (Note 4)	53,942,657	97,986,603
Investment in associates (Note 16)	82,691,104	-
Deposits (Note 5)	2,358,024	710,315
Property and equipment	-	170,667
Investments	6,117	5,319
	138,997,902	98,872,904
Total assets	**144,230,620**	**104,839,574**
LIABILITIES		
CURRENT		
Trade and other payables	2,265,527	4,402,304
Short-term portion of environmental rehabilitation provision (Note 8)	371,490	-
Secured Loan (Note 6)	-	6,057,700
Deferred premium on flow-through shares (Note 9)	1,131,721	188,705
	3,768,738	10,648,709
NON-CURRENT		
Convertible Note (Note 7)	26,015,181	-
Derivative Liability (Note 7)	5,600,813	-
Long-term portion of Environmental rehabilitation provision (Note 8)	4,321,965	-
Deferred tax liability	-	8,752,288
	35,937,959	8,752,288
Total liabilities	**39,706,697**	**19,400,997**
EQUITY		
Share capital	131,618,765	124,337,665
Warrants	2,369,377	2,330,377
Contributed surplus	19,000,615	18,693,448
Deficit	(48,524,834)	(59,922,913)
Total equity	**104,463,923**	**85,438,577**
Total liabilities and equity	**144,170,620**	**104,839,574**

Going concern (Note 1)
Commitments and contingencies (Note 18)

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

Osisko Metals Incorporated

Consolidated Statement of Loss and Comprehensive Loss
For the three-month and nine-month periods ended September 30, 2023 and 2022
(Unaudited, Expressed in Canadian Dollars)

	Three-months ended September 30,		Nine-months ended September 30,	
	2023	**2022**	**2023**	**2022**
	$	**$**	**$**	**$**
Expenses				
Employee benefits expenses	544,876	223,599	1,169,760	901,640
Consulting and professional fees	461,968	187,924	2,978,199	389,808
Investor and shareholder relations	198,659	104,154	536,994	280,162
Office expenses	31,980	40,429	159,243	216,523
Share-based compensation (Note 12)	109,113	69,687	283,189	214,490
Travel expenses	13,815	48,811	79,421	112,506
Depreciation	-	3,037	35,671	9,209
Operating Loss	**(1,360,411)**	**(677,641)**	**(5,242,477)**	**(2,124,338)**
Net Financial Income (Note 14)	1,412,280	33,245	1,251,151	44,170
Gain on sale of controlling interest in Pine Point Mining Limited (Note 19)	-	-	15,144,972	-
Share of loss in Associates (Note 19)	(110,000)	-	(308,896)	-
Loss before income taxes	**(58,131)**	**(644,396)**	**10,844,750**	**(2,080,168)**
Income (expense) tax recovery	312,168	(719,107)	613,329	(734,816)
Net income (loss) and comprehensive income (loss) for the period	**254,037**	**(1,363,503)**	**11,458,079**	**(2,814,984)**
Net income (loss) per common share (Note 13)				
Basic and diluted	**0.001**	**(0.006)**	**0.047**	**(0.013)**
Weighted average number of common shares outstanding (Note 13)				
Basic and diluted	**255,528,739**	**225,671,771**	**242,190,067**	**211,160,020**

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

Osisko Metals Incorporated
Consolidated Statements of Changes in Equity
For the three-month and nine-month periods ended September 30, 2023 and 2022
(Unaudited, Expressed in Canadian Dollars)

	Number of common shares	Share capital	Warrants	Contributed surplus	Deficit	Total
		$	$	$	$	$
Balance – December 31, 2022	**225,671,771**	**124,337,665**	**2,330,377**	**18,693,448**	**(59,922,913)**	**85,438,577**
Common shares issued pursuant to a private placement (Note 4)	20,153,164	5,000,000	-	-	-	5,000,000
Common shares issued for services (Note 10)	2,000,000	625,000	-	-	-	625,000
Issuance of flow-through shares (Note 10)	8,750,000	3,500,000	-	-	-	3,500,000
Deferred premium on flow- through shares	-	(1,309,953)				(1,309,953)
Cost of share issuances	-	(533,947)	39,000	-	-	(494,947)
Share-based compensation (Note 12)	-	-	-	307,167	-	307,167
Net income and comprehensive income for the period	-	-	-	-	11,458,079	11,458,079
Balance – September 30, 2023	**256,574,935**	**131,618,765**	**2,369,377**	**19,000,615**	**(48,464,834)**	**104,523,923**
Balance – December 31, 2021	**201,833,440**	**115,364,501**	**1,004,240**	**18,069,139**	**(41,354,285)**	**93,083,595**
Acquisition of mining properties	34,998	13,649	-	-	-	13,649
Issuance of flow-through shares (Note 10)	23,766,667	11,010,999	1,639,001	-	-	12,650,000
Deferred premium on flow- through shares	-	(1,381,284)	-	-	-	(1,381,284)
Cost of share issuance	-	(997,135)	(29,062)	-	-	(1,026,197)
Tax recoveries on share issue costs	-	272,919	-	-	-	272,919
Expiration of warrants	-	-	(283,802)	283,802	-	-
Share-based compensation (Note 12)	-	-	-	225,036	-	225,036
Exercise of stock options	36,666	27,167	-	(8,717)	-	18,450
Net loss and comprehensive loss for the period	-	-	-	-	(2,814,984)	(2,814,984)
Balance – September 30, 2022	**225,671,771**	**124,310,816**	**2,330,377**	**18,569,260**	**(44,169,269)**	**101,041,184**

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

Osisko Metals Incorporated
Consolidated Statements of Cash Flows
For the nine-month periods ended September 30, 2023 and 2022
(Unaudited, Expressed in Canadian Dollars)

	Nine-months ended September 30, 2023	2022
	$	$
Operating activities		
Profit (loss) for the period	11,458,079	(2,814,984)
Adjustments for:		
Share-based compensation (Note 12)	283,189	214,490
Interest on Secured Loan (Note 6)	213,040	-
Depreciation	35,671	9,209
Change in fair value of investments	(798)	2,483
Gain on sale of interest in Pine Point Mining Limited (Note 19)	(15,144,972)	-
Interest accretion on Convertible Note (Note 7)	1,042,772	-
Unrealized gain on Derivative liability (Note 7)	(3,012,946)	-
Deposits related to the environmental rehabilitation provision (Note 8)	(2,358,024)	-
Income tax (recovery) expense	(613,329)	734,816
Accretion on environmental rehabilitation provision (Note 8)	18,500	-
Environmental rehabilitation obligations paid (Note 8)	(30,067)	-
Changes in non-cash working capital items (Note 14)	2,865,444	(2,406,847)
Net cash flows used in operating activities	**(5,243,441)**	**(4,260,833)**
Investing activities		
Sale of royalty, net of transaction costs (Note 4)	-	6,500,000
Proceeds on sale of interest in Pine Point Mining Limited (Note 4)	8,300,000	-
Cash balance of Pine Point Mining Limited at the time of deconsolidation	(1,812,002)	-
Investments in exploration and evaluation assets	(9,757,036)	(16,532,245)
Net change in investments	-	-
Net cash flows used in investing activities	**(3,269,038)**	**(10,032,245)**
Financing activities		
Proceeds from the issuance of flow-through shares (Note 10)	3,500,000	12,650,000
Proceeds from Private Placements (Note 4)	5,000,000	-
Issuance of a Convertible Loan (Note 4)	6,700,000	-
Reimbursement Secured Loan, including interest (Note 6)	(6,270,740)	-
Payment of share issue costs	(494,947)	(1,117,599)
Proceeds from the exercise of options	-	18,450
Net cash flows provided by financing activities	**8,434,313**	**11,550,851**
Decrease in cash and cash equivalents	**(78,166)**	**(2,742,227)**
Cash and cash equivalents, beginning of period	**3,078,856**	**6,469,732**
Cash and cash equivalents, end of period	**3,000,690**	**3,727,505**
Supplemental disclosure (Note 17)		

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

1. Nature of activities and going concern

Osisko Metals Incorporated and its subsidiaries (collectively, "Osisko Metals" or the "Company") specialize in the exploration and evaluation of base metals properties located in Canada. The address of the Company's registered office and its principal place of business is 1100, avenue des Canadiens-de-Montréal, Suite 300, Montréal, Québec, Canada.

The Company was incorporated under the provisions of the *Business Corporations Act* (Alberta) on May 10, 2000. Since May 2017, the Company is registered under the *Business Corporation Act* (British Columbia).

The Company's shares are listed under the symbol "OM" on the TSX Venture Exchange ("TSX-V"), under the symbol "OB5" on the Frankfurt Stock Exchange and under the symbol "OMZNF" on the OTCQX Best Market (the "OTCQX").

Until it is determined that properties contain mineral reserves or resources that can be economically mined, they are classified as exploration and evaluation properties. The recoverability of deferred exploration and evaluation expenses is dependent on the discovery of economically recoverable reserves and resources; securing and maintaining title and beneficial interest in the properties; the ability to obtain necessary financing to continue the exploration, evaluation and development of its properties; and obtaining certain government approvals or proceeds from the disposal of properties. Changes in future conditions could require material impairment of the carrying value of the deferred exploration and evaluation expenses. Although the Company has taken steps to verify title to its mining properties on which it is currently conducting exploration and evaluation work, in accordance with industry standards for the current stage of exploration and evaluation of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

These condensed consolidated interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. In assessing whether the going concern assumption is appropriate, Management of the Company ("Management") takes into account all available information about the future, which is at least, but not limited to twelve months from the end of the reporting period. As at September 30, 2023, the Company had a working capital of $1,463,980 (including a cash and cash equivalent balance of $3,000,690), an accumulated deficit of $48,464,834 and had a net income of $11,458,079 for the nine-month period ended September 30, 2023. As the Company is in the exploration and evaluation stage for its projects, it has not recorded any revenues from operations and has no source of operating cash flow.

The working capital as at September 30, 2023 will not be sufficient to meet the Company's obligations, commitments and budgeted expenditures through September 30, 2024. Management is aware, in making its assessment, of material uncertainties related to events and conditions that may cast a significant doubt upon the Company's ability to continue as a going concern as described in the preceding paragraph, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern. These condensed consolidated interim financial statements do not reflect the adjustments to the carrying values of assets and liabilities, expenses and balance sheet classifications that would be necessary if the going concern assumption was not appropriate. These adjustments could be material.

The Company's ability to continue future operations and fund its planned exploration activities at its projects is dependent on Management's ability to secure additional financing in the future. Any funding shortfall may be met in the future in a number of ways, including, but not limited to, selling a royalty on its projects (Note 4), the issuance of debt (Notes 4, 6 and 7) or equity instruments (Notes 4 and 10) or the completion of joint venture arrangements (Notes 4 and 19). While Management has been successful in securing financing in the past, there can be no assurance that it will be able to do so in the future or that these sources of funding or initiatives will be available to the Company or that they will be available on terms that are acceptable to the Company. If Management is unable to obtain new funding, the Company may be unable to continue its operations, and amounts realized for assets might be less than the amounts reflected in these condensed consolidated interim financial statements.

(Unaudited, expressed in Canadian Dollars)

2. Basis of presentation

These unaudited condensed consolidated interim financial statements have been prepared on a historical cost basis except for the revaluation of certain financial instruments to fair value. In addition, these unaudited condensed consolidated interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

These unaudited condensed consolidated interim financial statements have been prepared in accordance with *International Financial Reporting Standards* as issued by the *International Accounting Standards Board* ("IFRS") applicable to the preparation of interim financial statements, including International Accounting Standard 34, *Interim Financial Reporting*. The unaudited condensed consolidated interim financial statements should be read in conjunction with the audited annual consolidated financial statements of the Company for the year ended December 31, 2022, which have been prepared in accordance with IFRS.

These unaudited condensed consolidated interim financial statements were approved by the Company's Board of Directors on November 23, 2023. These unaudited condensed consolidated interim financial statements include the accounts of Osisko Metals and its wholly-owned subsidiaries listed below:

As at September 30, 2023:

Name of subsidiary	Activity	Country of Incorporation
Bowmore Exploracion de Mexico S.A. de C.V.	Inactive	Mexico
Bowmore O & G Inc.	Inactive	Canada

As at December 31, 2022:

Name of subsidiary	Activity	Country of Incorporation
Bowmore Exploracion de Mexico S.A. de C.V.	Inactive	Mexico
*Pine Point Mining Limited ("PPML")	Mineral exploration in Northwest Territories	Canada
Bowmore O & G Inc.	Inactive	Canada

* PPML ceased to be consolidated as of April 6, 2023 (Note 19)

Osisko Metals controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All intercompany balances and transactions are eliminated on consolidation. Osisko Metals and its subsidiaries have a year end of December 31.

The policies applied in these unaudited condensed consolidated interim financial statements are the same accounting policies and methods as those in Osisko Metals' most recent audited annual consolidated financial statements, except for the following:

Investments in associates

Associates are entities over which the Company has significant influence, but no control. The financial results of the Company's investments in its associates are included in the Company's results according to the equity method. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the Company's share of profits or losses of associates after the date of acquisition. The Company's share of profits or losses is recognized in the consolidated statement of income or loss and its share of other comprehensive income or loss of associates is included in other comprehensive income or loss.

Unrealized gains on transactions between the Company and an associate are eliminated to the extent of the Company's interest in the associate. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Dilution gains and losses arising from changes in interests in investments in associates are recognized in the consolidated statement of income or loss.

The Company assesses at each reporting date whether there is any objective evidence that its investments in associates are impaired. If impaired, the carrying value of the Company's share of the underlying assets of associates is written down to its estimated recoverable amount (being the higher of fair value less costs of disposal and value-in-use) and charged to the consolidated statement of income or loss.

2. Basis of presentation (*continued*)

Financial Instruments

Convertible Note

The conversion feature into units which includes one common share of the Company (a "Common Share") and one-half of a Common Share purchase warrant (a "Warrant") of the Convertible Note issued to Glencore Canada Corporation ("Glencore") (see Note 7) is an embedded derivative as it does not qualify as an equity instrument due to not meeting the "fixed for fixed" criteria of IAS 32 Financial instruments: Presentation. Therefore, the Company separates the embedded derivative from the host contract and accounts for each element separately.

The conversion feature is classified as a derivative financial liability as the loan is denominated in a currency other than the Company's functional currency (and therefore its exercise price is not fixed in the Company's functional currency) and is convertible into a variable number of both Common Shares and Warrants. The embedded derivative is initially recognized at its fair value at the date of issuance and is subsequently remeasured at fair value with changes recognized in net loss. The host contract is initially recognized as the difference between total consideration received for the convertible loans less the fair value of the embedded derivative and will be subsequently measured at amortized cost.

3. Judgments, estimates and assumptions

The preparation of financial statements requires Management to make judgments, estimates and assumptions on reported amounts of assets and liabilities, and reported amounts of expenses. The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may be substantially different.

The critical accounting, judgments, estimates and assumptions are the same as those in Osisko Metals' most recent audited annual financial statements, except for the following:

Investee – control and significant influence
The assessment of whether the Company has control or significant influence over an investee requires the use of judgements when assessing factors that could give rise to control or significant influence. Factors which could lead to the conclusion of having control or significant influence over an investee include, but are not limited to, ownership percentage; representation on the board of directors; investment agreements between the investor and the investee; participation in the policy-making process; material transactions between the investor and the investee; interchange of managerial personnel; provision of essential technical information; and potential voting rights.

Changes in the judgements used in determining if the Company has control or significant influence over an investee would impact the accounting treatment of the investment in the investee.

Provision for environmental rehabilitation
Provision for environmental rehabilitation is based on management best estimates and assumptions, which management believes are a reasonable basis upon which to estimate the future liability, based on the current economic environment. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management and are based on current regulatory requirements. Significant changes in estimates of discount rate, contamination, rehabilitation standards and techniques will result in changes to the provision from period to period. Actual reclamation and closure costs will ultimately depend on future market prices for the costs which will reflect the market condition at the time the costs are actually incurred. The final cost of the rehabilitation provision may be higher or lower than currently provided for.

Fair value of derivative liability
The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses its judgment to select a valuation model and makes assumptions that are based to the extent possible on observable market data at the end of each reporting period. Details of the valuation model used for determining the fair value of the embedded derivatives in the Convertible Note and the assumptions used by Management are disclosed in Note 7.

(Unaudited, expressed in Canadian Dollars)

4. Exploration and evaluation assets

The Company has incurred the following costs on its exploration and evaluation assets:

Property	Balance as at January 1, 2023	Additions (*)	Deconsolidation of PPML	Balance as at September 30, 2023
	$	$	$	$
Quebec				
Gaspé Copper (a)				
Mining rights	6,729	293	-	7,022
Cost of Convertible Debt (Note 7)	-	32,957,500	-	32,957,500
Cost of environmental rehabilitation provision (Note 8)	-	4,705,022	-	4,705,022
Exploration expenses	10,587,797	2,884,608	-	13,472,405
	10,594,526	40,547,423	-	51,141,949
New Brunswick				
Gilmour South (b)				
Mining rights	246,713	17,960	-	264,673
Exploration expenses	-	-	-	-
	246,713	17,960	-	264,673
Key Anacon (c)				
Mining rights	1,807,406	2,550	-	1,809,956
Exploration expenses	-	-	-	-
	1,807,406	2,550	-	1,809,956
Canadian Continental (d)				
Mining rights	130,718	-	-	130,718
Exploration expenses	-	-	-	-
	130,718	-	-	130,718
Mount Fronsac (e)				
Mining rights	511,464	-	-	511,464
Exploration expenses	-	-	-	-
	511,464	-	-	511,464
Other New Brunswick properties (f)				
Mining rights	83,897	-	-	83,897
Exploration expenses	-	-	-	-
	83,897	-	-	83,897
Northwest Territories				
Pine Point (h)(i)				
Mining rights	26,978,739	-	(26,978,739)	-
Exploration expenses	57,633,140	11,186,713	(68,819,853)	-
	84,611,879	11,186,713	(95,798,592)	-
Summary				
Mining rights	29,765,666	20,803	(26,978,739)	2,807,730
Cost of Convertible Debt (Note 7)	-	32,957,500	-	32,957,500
Cost of environmental rehabilitation provision (Note 8)	-	4,705,022	-	4,705,022
Exploration expenses	68,220,937	14,071,321	(68,819,853)	13,472,405
	97,986,603	**51,754,646**	**(95,798,592)**	**53,942,657**

* Additions include changes in estimates related to the environmental rehabilitation provision (see Note 8)

4. Exploration and evaluation assets *(continued)*

(a) On March 25, 2022, the Company signed a binding term sheet with Glencore (together, with the Company, the “Parties”), with respect to a purchase agreement (the “Purchase Agreement”), which, if entered into, would provide Osisko Metals with an option (the “Gaspé Option”) to acquire a 100% interest in the Gaspé Copper Project located near Murdochville, Québec.

The Gaspé Option granted to Osisko Metals the exclusive right to acquire a 100% interest in the Gaspé Copper Project, subject to the following terms:

- Incurring drilling costs of $5,000,000 to test oxidation levels within the mineralization that surrounds Mount Copper and providing a letter indicating its intent to exercise the Gaspé Option by June 30, 2022; and
- Completing all necessary due diligence inquiries and negotiating any outstanding matters by the Parties.

Effective June 30, 2022, the Parties agreed to extend the time for exercise of the Gaspé Option. On July 11, 2022, Osisko Metals announced it entered into definitive documentation with Glencore for the Gaspé Option granted to the Company to acquire the Gaspé Copper Project. In addition, the Company has given notice of its exercise of the Gaspé Option to Glencore.

On July 14, 2023, Osisko Metals closed the Gaspé Transaction. In connection with this transaction:

- Glencore was issued a US$25,000,000 senior secured convertible note (the “Convertible Note”) (see Note 7) of the Company which is convertible into units of Osisko Metals at a price of $0.40 per unit (each, a “Unit”), comprised of one Common Share and one-half Warrant. Each Warrant is exercisable by Glencore at an exercise price of $0.46 per Common Share until July 14, 2026.
- Glencore retained a 1% net smelter return (“NSR”) royalty on the historical Mount Copper open pit and a 3% NSR royalty on all other minerals extracted from the Gaspé Copper Project.
- Osisko Metals will make a cash payment of US$20,000,000 to Glencore upon the commencement of commercial production at the Gaspé Copper Project, which will be included in the cost of the Mine once it becomes payable.
- The Company is required to incur a total of $55,000,000 in exploration, development and environmental expenditures, including permitting expenditures, over a period of four years, which commenced on March 25, 2022, with a minimum of $20,000,000 to be incurred by March 25, 2024. A penalty will be payable to Glencore as a percentage of the expenditure deficit as compared to this commitment.
- Osisko Metals entered into an offtake agreement with Glencore to purchase 100% of the concentrates produced at the Gaspé Copper Project.
- These parties entered into an investor rights agreement (the “Investor Rights Agreement”), pursuant to which Glencore has been granted certain investor rights, provided that it maintains certain ownership thresholds in the Company. Among other things, the Investor Rights Agreement provides Glencore with the right to designate one director for appointment to the board of directors of the Company, participation rights in future equity issuances, piggyback registration rights and the right to maintain its pro-rata position in Osisko Metals.

(b) Gilmour South, New-Brunswick: This property is located 20 km south-southeast of the Brunswick No. 12 Mine and is subject to a NSR royalty (the “OGR Royalty”) with Osisko Gold Royalties Ltd (“OGR’’), a related party (see Note 15), which is described in note (g).

(c) Key Anacon, New-Brunswick: This project is located 20 km south of Bathurst, New Brunswick and is partially subject to the OGR Royalty (g).

(d) Canadian Continental, New-Brunswick: This project is partially subject to the OGR Royalty (g).

(e) Mount Fronsac, New-Brunswick: This property is subject to the OGR Royalty (g).

(f) Other properties in the Bathurst Mining Camp (“BMC”): The other New Brunswick properties are located in the BMC and are subject to the OGR Royalty (g).

4. Exploration and evaluation assets *(continued)*

(g) On October 12, 2017, the Company concluded an agreement with OGR whereby OGR acquired a 1% NSR royalty on nearly all of Osisko Metals' portfolio of projects within both the BMC and Quebec, as at the date of this agreement, for a cash consideration of $5,000,000. The OGR Royalty also applies to areas that the Company may acquire in the future that fall within a one-kilometer distance from the property holdings at the time of this agreement. OGR has rights of first refusal on future royalty or metal stream sales from existing or newly acquired properties by Osisko Metals.

(h) On January 23, 2020, an agreement was concluded with OGR (the "Sales Agreement") to sell a 1.5% NSR royalty on the Pine Point Property, for cash consideration of $6,500,000 (the "NSR Sale"). Pursuant to the terms of the Sales Agreement, in connection with the NSR Sale, OGR was granted a right of first offer on any future sales by the Company of any additional royalties, streams or similar interests on the Pine Point Project. The Sale Agreement was amended on December 30, 2020 (the "NSR Amendment"). Pursuant to the NSR Amendment, OGR was granted an additional 0.5% NSR royalty the Pine Point Project for $6,500,000, which resulted in OGR holding a combined 2% NSR royalty on the Pine Point Project.

On February 25, 2022, an additional amendment to the Sales Agreement with OGR was finalized, pursuant to which OGR was granted a further 1.0% NSR royalty on the Pine Point Project in exchange for cash consideration of $6,500,000. OGR holds a combined 3.0% NSR royalty on the Pine Point Project.

The proceeds from these transactions were recorded as a reduction to the exploration and evaluation assets in the consolidated statement of financial position at the time of the transactions.

(i) On February 21, 2023, the Company entered into an investment agreement (the "Investment Agreement") with a subsidiary of Appian Natural Resources Fund III LP ("Appian") to which Osisko Metals and Appian have agreed to form a joint venture for the advancement of the Pine Point Project (the "Transaction"). The Transaction closed on April 6, 2023.

Some highlights of the Transaction include:

- Commitment by Appian to invest up to $100,000,000 over an estimated four-year period, to acquire an undivided 60% interest in PPML, owner of the Pine Point Project.
- The $100,000,000 investment includes an estimated $75,300,000 of funding ($19,800,000 of which was provided to PPML upon establishment of the joint venture, the "Initial Subscription") to advance the Pine Point Project to a Final Investment Decision ("FID"), or construction approval, and approximately $24,700,000 in cash payments, comprised of:
    - An $8,300,000 initial payment on closing of the Transaction to acquire an initial 9% interest in PPML; and
    - A milestone payment upon positive FID to bring Appian's ownership in PPML to 60%, expected to be approximately $16,400,000. The final milestone payment will increase or decrease should the actual amount spent to FID differ from the estimated budget of $75,300,000.
- In addition, Appian invested $5,000,000, for 20,153,164 in the Common Shares on closing of the Transaction, priced at $0.2481 per share (being the 20-day volume weighted average price calculated as of the date of the Investment Agreement).

Concurrent with the execution of the Investment Agreement, Osisko Metals and Appian entered into an agreement for the issuance of a convertible instrument (the "Convertible Loan") to provide PPML with short-term interim funding of up to $11,500,000 to fund the drilling program on the Pine Point Project. When the Transaction closed on April 6, 2023, the $6,700,000 advanced by Appian and outstanding under the convertible instrument was converted into an ownership interest in PPML and the Initial Subscription was reduced by $6,700,000 outstanding under the Convertible Loan. At September 30, 2023 no amounts are outstanding to Appian by Osisko Metals.

5. Prepaid expenses and deposits

	September 30, 2023	December 31, 2022
	$	$
Deposits related to the environmental rehabilitation provision (Note 8)	2,358,024	-
Exploration and water permit security deposits	-	1,143,394
Supplier deposits	62,500	886,388
Prepaid expenses	48,552	58,768
	2,469,076	2,088,550
Classified as short-term	111,052	1,378,235
Classified as long-term	2,358,024	710,315

Deposits related to the environmental rehabilitation provision are deposits and a surety bond which are used as collateral for possible rehabilitation activities at the Gaspé Copper Project. Reclamation deposits are released once this property is restored to satisfactory condition, or as released under the surety bond agreement. As they are restricted from general use, they are included under Deposits on the consolidated statements of financial position.

6. Secured Loan

On December 5, 2022, the Company closed a secured senior loan agreement (the “Secured Loan”) with Osisko Mining Inc. for $6,000,000 (the “Principal Amount”) with a maturity date of March 31, 2023. On March 31, 2023, this maturity date was extended to April 30, 2023. Under the terms of the Secured Loan, interest is payable on the Principal Amount at a rate per annum that is equal to 13.5%, compounded quarterly and accrued interest was payable upon repayment of the Principal Amount. During the three-month and nine-month periods ended September 30, 2023, the Company incurred $nil and $213,040, respectively, of interest expense ($57,700 incurred during the year ended December 31, 2022) which is recorded in the consolidated statements of income and comprehensive income. The Secured Loan was repaid on April 6, 2023.

7. Convertible Note

On July 14, 2023, the Company acquired the Gaspé Copper Project and in connection with this transaction issued a $32,957,500 (US$25,000,000) Convertible Note. The Convertible Note is denominated in US Dollars with a term of 36 months and carries a semestrial coupon interest payment of 4% plus the greater between the 6-month Term SOFR and 2.5%. The Convertible Note includes the following material conversion and settlement options available to the holder:

- General conversion option: The holder of the Convertible Note, at any time before maturity, can convert the outstanding principal amount into Units for $0.40 per Unit based on the spot exchange rate at the time of a conversion. Each Unit comprises one Common Share and one-half Warrant. The Warrant can be used to subscribe one Common Share at an exercise price of $0.46 per Common Share until July 14, 2026.
- Interest repayment option: Annually, the Company has an option to pay the interest in (i) cash; or (ii) subject to TSX-V approval, by capitalizing interest and adding it to the principal, which would then be converted into Units at the Company’s share price determined at the anniversary on which such interest become payable.
- The Convertible Note also includes redemption mechanisms at the option of the holder in the event of a change of control or an event of default.

The Convertible Note is secured against all of the present and after acquired property of the Company in an aggregate principal amount of $50,000,000.

The Convertible Note represents a hybrid financial instruments with an embedded derivative requiring separation. The debt host portion (the “Host”) of the instrument is classified at amortized cost, whereas the conversion option (the “Embedded Derivative”) is classified as fair value through profit and loss (“FVTPL”).

(Unaudited, expressed in Canadian Dollars)

7. Convertible Note (*continued*)

	Host (amortized cost)	Embedded Derivative (FVTPL)	Total
	$	$	$
Balance, January 1, 2023	-	-	-
Issuance	24,343,741	8,613,759	32,957,500
Interest accretion	1,042,772	-	1,042,772
Fair value adjustment	-	(3,012,946)	(3,012,946)
Foreign exchange	628,668	-	628,668
Balance, September 30, 2023	**26,015,181**	**5,600,813**	**31,615,994**

The fair value of the Embedded Derivative, which is a Level 3 measurement was determined using a valuation model which required the use of significant unobservable inputs.

	July 14, 2023	Relative change	Sensitivity (*)	September 30, 2023	Relative change	Sensitivity (*)
Observable inputs:						
Share price	$0.235	+/- 10%	+ $2,000,000 - $1,700,000	$0.19	+/- 10%	+/- $1,300,000
Foreign exchange rate	1.3183	+/- 5%	+/- $400,000	1.3520	+/- 5%	+/- $300,000
Unobservable inputs:						
Expected volatility	60%	+/- 10%	+ $1,300,000 - $1,200,000	61%	+/- 10%	+ $1,150,000 - $1,400,000
Credit spread	15.7%	+/- 1%	+/- $100,000	16.1%	+/- 1%	+/- $100,000

(*) Holding all other variables constant

8. Environmental rehabilitation provision

	Total
	$
Balance, January 1, 2023	-
Gaspé Copper Project acquisition	4,728,372
Payments and change in estimates	(53,417)
Accretion expense	18,500
Balance, September 30, 2023	**4,693,455**
Current liabilities	371,490
Non-current liabilities	4,321,965
	4,693,455

The environmental rehabilitation obligation that arose during the nine-month period ended September 30, 2023 represents the present value of the estimated amount of undiscounted cash flows required to satisfy the environmental rehabilitation obligation in respect of the Gaspé Copper Project (Note 4). The estimation was made using the budgeted cost of rehabilitation, a discount rate of 3.37%, and assuming reclamation work would be completed from 2023 to 2043. The liabilities accrete to their future value until the obligations are due.

9. Deferred premium on flow-through shares

	September 30, 2023	December 31, 2022
	$	$
Balance – beginning of period	188,705	1,088,653
Deferred premium on flow-through shares issued	1,309,953	1,381,284
Recognition of deferred premium on flow-through shares	(366,937)	(2,281,232)
Balance – end of period	1,131,721	188,705

(Unaudited, expressed in Canadian Dollars)

10. Share capital

Transactions impacting the nine-month period ended September 30, 2023, not already disclosed:

On June 8, 2023, the Company agreed to issue 2,000,000 Common Shares at a deemed issue price of $0.3125 per Common Share in satisfaction of an aggregate of $625,000 in obligations due to Maxit Capital LP, who acted as the financial advisor to the Company in connection with the Transaction with Appian. The $625,000 has been recorded as consulting and professional fees in the consolidated statement of income and comprehensive income in the three-month and nine-month periods ended September 30, 2023.

On July 12, 2023, the Company completed a private placement offering, pursuant to which Osisko Metals issued an aggregate of 8,750,000 Common Shares (each, a “FT Share“) that qualify as “flow-through shares” within the meaning of the *Income Tax Act* (Canada) and the *Taxation Act* (Québec) at a price of $0.40 per FT Share for aggregate gross proceeds of $3,500,000 (the “Offering“).

In connection with the Offering, share issue costs totaled $504,822, including $465,822 in cash and the issuance of 612,500 non-transferable broker warrants of the Company (each, a “Broker Warrant“). Each Broker Warrant entitles the holder thereof to purchase one Common Share at a price of $0.25 per Common Share until January 12, 2025. The Broker Warrants were accounted for at their fair value of $39,000, determined by the Black-Scholes option pricing model based on the following weighted average assumptions:

Broker Warrant exercise price	$0.25
Share price at date of grant	$0.23
Risk-free interest rate	4.65%
Expected life of Broker Warrants	1.5 years
Annualized expected volatility	62%
Dividend rate	-
Fair value per Broker Warrant	$0.06

Gross proceeds from the Offering were allocated between share capital ($1,968,750) and deferred premium on flow-through shares ($1,531,250). Share issue costs were also allocated between share capital ($283,525) and deferred premium on flow-through shares ($221,297) using the relative fair value method.

Transactions impacting the year ended December 31, 2022:

On June 16, 2022, the Company completed a brokered private placement (the “2022 Offering”) of an aggregate of (i) 4,600,000 common flow-through shares at an issue price of $0.50 per Common Share, and (ii) 19,166,667 units of the Company (“Flow-Through Units”) at an issue price of $0.54 per Flow-Through Unit, for aggregate gross proceeds of $12,650,000. Each Flow-Through Unit is comprised of one Common Share and one-half Warrant. Each Warrant entitles the holder thereof to acquire one Common Share (each, a “Warrant Share”) at a price of $0.57 per Warrant Share for a period of 60 months following the closing date of the 2022 Offering.

In connection with the 2022 Offering, share issue costs totaled $1,034,713, including $929,713 in cash and the issuance of 1,416,458 compensation warrants (the “Compensation Warrants”). Each Compensation Warrant entitles the holder thereof to purchase one Common Share at a price of $0.54 per Common Share for a period of 24 months from the closing date of the 2022 Offering. The Compensation Warrants were accounted for at their fair value of $105,001, determined by the Black-Scholes option pricing model based on the following weighted average assumptions:

Compensation Warrant exercise price	$0.57
Share price at date of grant	$0.40
Risk-free interest rate	3.38%
Expected life of Compensation Warrants	2 years
Annualized expected volatility	57%
Dividend rate	-
Fair value per Compensation Warrant	$0.17

Gross proceeds from the 2022 Offering were allocated between share capital ($11,010,999) and the Warrants ($1,639,001) using the relative fair value method. Share issue costs were also allocated between share capital ($900,651) and the Warrants ($134,063) using the relative fair value method. An amount of $1,381,284 (net of share issue costs of $122,049) was allocated to the deferred premium on flow-through shares (Note 9).

(Unaudited, expressed in Canadian Dollars)

11. Warrants

The following table details the changes in Warrants issued to shareholders:

	Number of Warrants	Weighted average exercise price ($)
Balance – January 1, 2022	9,315,125	0.53
Issued	10,999,791	0.57
Expired	(9,315,125)	0.53
Balance – December 31, 2022	10,999,791	0.57
Issued	612,500	0.25
Balance – September 30, 2023	11,612,291	0.55

12. Share-based compensation

The following table summarizes information about the movement of the Company's incentive stock options ("Options"):

	Number of Options	Weighted average exercise price ($)
Balance – January 1, 2022	11,902,800	0.81
Granted	3,365,000	0.33
Exercised	(36,666)	0.50
Expired	(3,075,000)	1.64
Balance – December 31, 2022	12,156,134	0.47
Granted	2,105,000	0.24
Expired	(70,234)	0.44
Balance – September 30, 2023	14,190,900	0.44

On May 26, 2023, the Company granted Options to certain directors, officers, key employees and key consultants to purchase up to an aggregate of 1,705,000 Common Shares. This grant is subject to a three-year vesting period and a five-year term at an exercise price of $0.25 per Common Share.

On September 22, 2023, the Company granted Options to certain directors to purchase up to an aggregate of 400,000 Common Shares. This grant is subject to a three-year vesting period and a five-year term at an exercise price of $0.19 per Common Share.

The Options, when granted, are accounted for at their fair value determined by the Black-Scholes option pricing model based on the following weighted average assumptions for the nine-month period ended September 30, 2023:

Share price at date of grant	$0.24
Exercise price at date of grant	$0.24
Risk-free interest rate	3.70%
Expected life of Options	4.8 years
Annualized expected volatility	54%
Dividend rate	0%
Weighted average fair value per Option	$0.12

The expected volatility was determined by calculating the "historical" volatility of the Company's common share price back from the date of the grant and for a period corresponding to the expected life of the Options. When computing historical volatility, Management may disregard an identifiable period of time in which it considers that the share price was extraordinarily volatile because of a specific event that is not expected to recur during the expected life of the Option.

Share-based compensation for the three-month period ended September 30, 2023 amounted to $119,821 ($73,275 for the three-month period ended September 30, 2022) of which $10,708 were capitalized to exploration and evaluation assets ($3,588 for the three-month period ended September 30, 2022).

Share-based compensation for the nine-month period ended September 30, 2023 amounted to $307,167 ($225,036 for the nine-month period ended September 30, 2022) of which $23,978 were capitalized to exploration and evaluation assets ($10,546 for the nine-month period ended September 30, 2022).

(Unaudited, expressed in Canadian Dollars)

13. Net loss per share

As a result of the net loss for the three-month and nine-month periods ended September 30, 2023 and 2022, all potentially dilutive Common Shares (Notes 7, 11 and 12) are deemed to be antidilutive and thus diluted net loss per share is equal to the basic net loss per share for these periods.

14. Net financial income

	Three-months ended September 30,		Nine-months ended September 30,	
	2023	2022	2023	2022
	$	$	$	$
Financial revenues	93,012	55,625	177,416	79,866
Interest expense on the Secured Loan (Note 6)	-	-	(213,040)	-
Interest expense on Convertible Note (Note 7)	(1,042,772)	-	(1,042,772)	-
Unrealized gain on derivative liability (Note 7)	3,012,946	-	3,012,946	-
Accretion on environmental rehabilitation provision (Note 8)	(18,500)	-	(18,500)	-
Change in fair value of investments	-	(1,121)	798	(2,483)
Loss on foreign exchange	(632,406)	(21,259)	(665,697)	(33,213)
	1,412,280	33,245	1,251,151	44,170

15. Key management and related party transactions

Related party transactions and balances, not otherwise disclosed, are summarized below:

Key management includes directors (executive and non-executive) and officers of the Company. The compensation paid or payable to key management for employee services for the three-month and nine-month periods ended September 30, 2023 and 2022 are:

	Three-months ended September 30,		Nine-months ended September 30,	
	2023	2022	2023	2022
	$	$	$	$
Salaries and short-term employee benefits	75,000	172,750	312,500	518,250
Share-based compensation	98,046	55,847	226,312	172,549
	173,046	228,597	538,812	690,799

During the three-month and nine-month periods ended September 30, 2023 and 2022, the Company undertook transactions with certain related companies. OGR is a related party because it has a significant influence on the Company due to the number of shares held and common officers and directors. Falco Resources Ltd. ("FPC") is a related parties because of common officers and directors.

During the three-month period ended September 30, 2023, an amount of $11,000 was invoiced by OGR for professional services and rental of offices ($10,000 for the three-month period ended September 30, 2022). During the nine-month period ended September 30, 2023, an amount of $64,000 was invoiced by OGR for professional services and rental of offices ($122,000 for the nine-month period ended September 30, 2022). An amount of $5,000 is included in accounts payable and accrued liabilities as at September 30, 2023 ($35,000 as at December 31, 2022).

During the three-month period ended September 30, 2023, an amount of $39,000 was invoiced by FPC for professional corporate services rendered ($36,000 for the three-month period ended September 30, 2022). During the nine-month period ended September 30, 2023, an amount of $116,000 was invoiced by FPC for professional corporate services rendered ($110,000 for the nine-month period ended September 30, 2022). An amount of $28,000 is included in trade and other payables as at September 30, 2023 ($70,000 as at December 31, 2022).

(Unaudited, expressed in Canadian Dollars)

16. Fair value of financial instruments

The following presents financial assets and liabilities measured at fair value in the statement of financial position in accordance with the fair value hierarchy.

This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities at the reporting date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for assets or liabilities that are not based on observable data (unobservable inputs).

The fair value of the investments in shares have been estimated by reference to their quoted prices at the reporting date. Investments measured at fair value in the consolidated statement of financial position as at September 30, 2023 and 2022 are classified in level 1.

The fair value of the Derivative Liability are measured at fair value in the consolidated statement of financial position as at September 30, 2023 and are classified in level 3.

17. Supplemental disclosure – Statements of cash flows

	Nine-months ended September 30,	
	2023	**2022**
	$	**$**
Changes in non-cash working capital items:		
Receivables	843,339	(877,498)
Prepaid expenses	1,087,584	(1,436,222
Trade and other payables	934,521	(93,127)
Total	2,865,444	(2,406,847)
Exploration and evaluation asset expenditures included in trade and other payables		
Beginning of period	2,672,458	2,733,010
End of period	854,825	7,238,160
Share issue costs included in trade and other payables		
Beginning of period	-	91,402
End of period	-	-

18. Commitments and contingencies, not otherwise disclosed

The Company is partially financed through the issuance of flow-through shares, and accordingly, the Company is engaged to complete mining exploration activities. These tax rules also set deadlines for carrying out the exploration work no later than the first of the following dates:

a. Two years following the flow-through placements;
b. One year after the Company has renounced the tax deductions relating to the exploration work.

On June 16, 2022, the Company received $12,650,000 following the issuance of flow-through shares for which the Company renounced tax deductions as at December 31, 2022. As at September 30, 2023, this commitment is complete.

On July 12, 2023, the Company received $3,500,000 following the issuance of flow-through shares for which the Company will renounce tax deductions as at December 31, 2023. As at September 30, 2023, $3,025,000 remains to be incurred by December 31, 2024.

(Unaudited, expressed in Canadian Dollars)

19. Deconsolidation of Pine Point Mining Limited and investment in associates

Deconsolidation of Pine Point Mining Limited

On September 30, 2023, Osisko Metals held an interest of 67% (compared to 100% as at December 31, 2022) in PPML. Effective on April 6, 2023, following the Transaction with Appian (See Note 4 (i)), Osisko Metals ceased to consolidate PPML as Management determined that Osisko Metals was no longer in a position of control over PPML. Immediately after, Management determined it was able to exert significant influence on PPML and subsequently accounted for its investment as an associate under the equity method. Accordingly, Osisko Metals deconsolidated Pine Point on April 6, 2023, and started accounting for its investment in PPML using the equity method. On April 6, 2023, the Company derecognized the assets and liabilities of PPML from its consolidated balance sheet, recorded its interest in PPML at fair value as an investment in an associate for $83,000,000 and recognized a net non-cash gain on deconsolidation of $15,144,972. PPML's results of operations and cash flows were consolidated into the Company's financial statements up to April 6, 2023.

The following tables summarize the financial information related to PPML on April 6, 2023, which was immediately prior to deconsolidation. The amounts disclosed are before inter-company adjustments:

Summarized balance sheet:

	April 6, 2023
	$
Current assets	2,371,792
Current liabilities	(7,628,974)
Current net assets (liabilities)	(5,257,182)
Non-current assets	60,998,803
Non-current liabilities	(8,515,896)
Non-current net assets	52,482,907
Total net assets	47,225,725

Investment in associates

	2023
	$
Balance – January 1, 2023	-
Reclassification of interest held by the Company in PPML	83,000,000
Share of loss and comprehensive loss	(308,896)
Balance – September 30, 2023	82,691,104