OSISKO METALS INCORPORATED

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED
DECEMBER 31, 2022 AND 2021

Independent auditor's report

To the Shareholders of Osisko Metals Incorporated

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Osisko Metals Incorporated and its subsidiaries (together, the Company) as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited
The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2022 and 2021;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

We draw attention to note 1 to the consolidated financial statements, which describes events or conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of exploration and evaluation assets *Refer to note 3 – Summary of significant accounting policies, note 4 – Critical accounting estimates, assumptions and judgments and note 7 – Exploration and evaluation assets to the consolidated financial statements.* The carrying value of exploration and evaluation assets amounted to $97,986,603 as at December 31, 2022. Exploration and evaluation assets are reviewed for an indication of impairment at each consolidated statement of financial position date or when a triggering event is identified. Assessment of impairment of exploration and evaluation assets requires the use of judgment by management when assessing whether there are any indicators that could give rise to the requirement to conduct a formal impairment test. In the event that an impairment test is required, the recoverable amount of the exploration and evaluation assets is determined. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.	Our approach to addressing the matter included the following procedures, among others: • Evaluated the reasonableness of management's assessment of indicators of impairment related to exploration and evaluation assets, which included the following: – Obtained claims, by reference to government registries or other relevant agreements, to evidence of (i) the right to explore the area and (ii) claims' expiration dates. – Read the Board of Directors' minutes and obtained budget approvals of evidence of continued and planned substantive exploration and evaluation expenditures in a specific area and considered which claims were not expected to be renewed.

Key audit matter	How our audit addressed the key audit matter
Factors which could trigger an impairment test include, but are not limited to, an expiry of the right to explore in the specific area during the period or will expire in the near future, and is not expected to be renewed; substantive exploration and evaluation expenditures in a specific area are neither budgeted nor planned; exploration for and evaluation of mineral resources in a specific area have not led to the discovery of commercially viable quantities of mineral resources, and management has decided to discontinue such activities in the specific area and sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amount of the assets is unlikely to be recovered in full from successful development or by sale. During the year ended December 31, 2022, management identified indicators of impairment for certain properties of exploration and evaluation assets. Management therefore conducted impairment tests and recognized impairment losses of $10,968,038, as the carrying amounts of certain properties of exploration and evaluation assets exceeded the recoverable amounts. Management applied judgment in determining the recoverable amounts which were based on the fair value less cost of disposal method using the market approach. We considered this a key audit matter due to the significance of the exploration and evaluation assets and the judgments made by management in their assessment of indicators of impairment related to exploration and evaluation assets and in determining the recoverable amounts of certain properties for which management identified indicators of impairment; which resulted in a high degree of subjectivity in performing procedures related to these judgments applied by management.	– Assessed whether the exploration for and evaluation of mineral resources in a specific area have not led to the discovery of commercially viable quantities of mineral resources and management has decided to discontinue such activities in the specific area and sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amount of the assets is unlikely to be recovered in full from successful development or by sale, based on discussions with management and evidence obtained in other areas of the audit. • Tested how management determined the recoverable amounts of exploration and evaluation assets of certain properties for which indicators of impairment were identified, which included the following: – Evaluated the appropriateness of the fair value less cost of disposal method using the market approach. – Tested the underlying data used to determine the recoverable amounts. – Evaluated the reasonableness of the recoverable amounts by assessing the comparable transaction and considering external market information.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Nochane Rousseau.

/s/PricewaterhouseCoopers LLP[1]

Montréal, Quebec
March 28, 2023

[1] FCPA auditor, public accountancy permit No. A122718

Osisko Metals Incorporated
Consolidated Statements of Financial Position
As at December 31, 2022 and 2021
(Expressed in Canadian Dollars)

	2022	2021
	$	$
ASSETS		
CURRENT		
Cash and cash equivalents	3,078,856	6,469,732
Accounts receivable (Note 5)	1,509,579	388,837
Prepaid expenses and deposits (Note 6)	1,378,235	85,213
	5,966,670	6,943,782
NON-CURRENT		
Exploration and evaluation assets (Note 7)	97,986,603	92,527,246
Deposits (Note 6)	710,315	489,511
Property and equipment	170,667	263,757
Investments	5,319	7,713
	98,872,904	93,288,227
Total assets	**104,839,574**	**100,232,009**
LIABILITIES		
CURRENT		
Trade and other payables	4,402,304	3,834,073
Secured Loan (Note 9)	6,057,700	-
Deferred premium on flow-through shares (Note 8)	188,705	1,088,653
	10,648,709	4,922,726
NON-CURRENT		
Deferred tax liability (Note 13)	8,752,288	2,225,688
Total liabilities	**19,400,997**	**7,148,414**
EQUITY		
Share capital (Note 10)	124,337,665	115,364,501
Warrants (Note 11)	2,330,377	1,004,240
Contributed surplus	18,693,448	18,069,139
Deficit	(59,922,913)	(41,354,285)
Total equity	**85,438,577**	**93,083,595**
Total liabilities and equity	**104,839,574**	**100,232,009**

Going concern (Note 1)
Commitments and contingencies (Note 19)
Subsequent events (Note 20)

Approved on behalf of the Board of Directors:

"Robert Wares" Director *"Donald Siemens"* Director

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

Osisko Metals Incorporated

Consolidated Statements of Loss and Comprehensive Loss
For the years ended December 31, 2022 and 2021
(Expressed in Canadian Dollars)

	2022	2021
	$	$
Expenses		
Employee benefits expenses	1,305,232	1,039,381
Consulting and professional fees	584,938	464,467
Investor and shareholder relations	404,222	408,163
Share-based compensation (Note 12)	320,628	506,315
Office expenses	274,596	215,663
Travel expenses	177,597	36,664
Depreciation	12,023	23,815
Derecognition of provision for indemnities in relation to flow-through placements (Note 19 (b))	-	(580,000)
Impairment loss on exploration and evaluation expenses (Note 7)	10,968,038	3,861,223
Operating loss	**14,047,274**	**5,975,691**
Financial revenues	121,053	34,093
Interest on Secured Loan (Note 9)	(57,700)	-
Change in fair value of investments	(2,394)	(15,159)
Loss on foreign exchange	(37,176)	(15,552)
Loss before income taxes	**14,023,491**	**5,972,309**
Income tax (expense) recovery (Note 13)	(4,545,137)	718,810
Net loss and comprehensive loss for the year	**18,568,628**	**5,253,499**
Net loss per common share (Note 16)		
Basic and diluted	**($0.09)**	**($0.03)**
Weighted average number of common shares outstanding (Note 16)		
Basic and diluted	**214,807,782**	**187,527,492**

The loss and the comprehensive loss are solely attributable to Osisko Metals Incorporated shareholders.

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

Osisko Metals Incorporated

Consolidated Statements of Changes in Equity
For the years ended December 31, 2022 and 2021
(Expressed in Canadian Dollars)

	Number of common shares	Share capital	Warrants	Contributed surplus	Deficit	Total
		$	$	$	$	$
Balance – January 1, 2022	**201,833,440**	**115,364,501**	**1,004,240**	**18,069,139**	**(41,354,285)**	**93,083,595**
Issuance of flow-through shares and flow-through share units (Note 10)	23,766,667	11,010,998	1,639,002	-	-	12,650,000
Deferred premium on flow-through shares	-	(1,381,284)	-	-	-	(1,381,284)
Cost of share issuance	-	(892,135)	(134,063)	-	-	(1,026,198)
Issuance of Compensation Warrants	-	(105,000)	105,000	-	-	-
Acquisition of mining properties (Note 7)	34,998	13,649	-	-	-	13,649
Tax recoveries on share issue costs	-	299,769	-	-	-	299,769
Expiration of warrants (Note 11)	-	-	(283,802)	283,802	-	-
Exercise of stock options (Note 12)	36,666	27,167	-	(8,717)	-	18,450
Share-based compensation (Note 12)	-	-	-	349,224	-	349,224
Net loss and comprehensive loss for the year	-	-	-	-	(18,568,628)	(18,568,628)
Balance – December 31, 2022	**225,671,771**	**124,337,665**	**2,330,377**	**18,693,448**	**(59,922,913)**	**85,438,577**
Balance – January 1, 2021	**178,798,993**	**106,535,152**	**1,004,240**	**17,642,517**	**(36,100,786)**	**89,081,123**
Issuance of flow-through shares (Note 10)	12,000,000	6,000,000	-	-	-	6,000,000
Deferred premium on flow- through shares	-	(711,708)	-	-	-	(711,708)
Cost of share issuance	-	(525,315)	-	-	-	(525,315)
Issuance of flow-through shares (Note 10)	10,432,783	5,007,736	-	-	-	5,007,736
Deferred premium on flow- through shares	-	(1,029,344)	-	-	-	(1,029,344)
Cost of share issuance	-	(514,655)	-	-	-	(514,655)
Acquisition of mining properties (Note 7)	101,664	40,699	-	-	-	40,699
Tax recoveries on share issue costs	-	275,592	-	-	-	275,592
Exercise of stock options (Note 12)	500,000	286,344	-	(136,344)	-	150,000
Share-based compensation (Note 12)	-	-	-	562,966	-	562,966
Net loss and comprehensive loss for the year	-	-	-	-	(5,253,499)	(5,253,499)
Balance – December 31, 2021	**201,833,440**	**115,364,501**	**1,004,240**	**18,069,139**	**(41,354,285)**	**93,083,595**

The accompanying notes are an integral part of these consolidated financial statements

Osisko Metals Incorporated

Consolidated Statements of Cash Flows
For the years ended December 31, 2022 and 2021
(expressed in Canadian Dollars)

	2022	2021
	$	$
Operating activities		
Net loss for the year	(18,568,628)	(5,253,499)
Adjustments for:		
Share-based compensation (Note 12)	320,628	506,315
Depreciation	12,023	23,815
Change in fair value of investments (Note 6)	2,394	15,159
Interest on Secured Loan (Note 9)	57,700	-
Derecognition of provision for indemnities in relation to flow-through placements (Note 19 (b))	-	(580,000)
Impairment loss of exploration and evaluation expenses (Note 7)	10,968,038	3,861,223
Income tax expense (recovery) (Note 13)	4,545,137	(718,810)
Changes in non-cash working capital items (Note 18)	(717,865)	(440,295)
Net cash flows used in operating activities	**(3,380,573)**	**(2,586,092)**
Investing activities		
Sale of royalty, net of transaction costs (Note 7)	6,500,000	-
Investments in property and equipment	-	(293,420)
Investments in exploration and evaluation assets	(24,061,153)	(8,415,150)
Proceeds on the sale of exploration and evaluation assets	-	100,000
Refundable tax credits received	-	22,300
Proceeds from the sale of investments	-	117,317
Net cash flows used in investing activities	**(17,561,153)**	**(8,468,953)**
Financing activities		
Proceeds from the issuance of flow-through shares (Note 10)	12,650,000	11,007,736
Proceeds from the Secured Loan (Note 9)	6,000,000	-
Proceeds from the exercise of options	18,450	150,000
Payment of share issue costs	(1,117,600)	(948,568)
Net cash flows provided by financing activities	**17,550,850**	**10,209,168**
Decrease in cash and cash equivalents	**(3,390,876)**	**(845,877)**
Cash and cash equivalents, beginning of year	**6,469,732**	**7,315,609**
Cash and cash equivalents, end of year	**3,078,856**	**6,469,732**

Supplemental disclosure (Note 18)

The accompanying notes are an integral part of these consolidated 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 consolidated 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 December 31, 2022, the Company had a negative working capital of $4,682,039 (including a cash and cash equivalents balance of $3,078,856), an accumulated deficit of $59,922,913 and had incurred a loss of $18,568,628 for the year ended December 31, 2022. 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 December 31, 2022 will not be sufficient to meet the Company’s obligations, commitments and budgeted expenditures through December 31, 2023. 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 consolidated 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 7), the issuance of debt or equity instruments (see Notes 9 and 10) and the completion of joint venture arrangements (Note 20). 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 consolidated financial statements.

2. Basis of presentation

The accompanying consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). The accounting policies, methods of computation and presentation applied in these consolidated financial statements are consistent with those of the previous financial year.

The Board of Directors (the "Board") approved the audited consolidated financial statements on March 28, 2023.

The consolidated financial statements include the accounts of Osisko Metals and its wholly-owned subsidiaries listed below:

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

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.

3. Summary of significant accounting policies

The significant accounting policies used in the preparation of these consolidated financial statements are as follows:

(a) Basis of measurement

The consolidated financial statements are prepared under the historical cost convention using the accrual basis of accounting, except for cash flow information and for certain financial instruments which are recorded at fair value.

(b) Foreign currency translation

(i) Functional and presentation currency

The consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency at the rate of exchange prevailing on the date of each transaction or valuation when items are re-measured. Monetary assets and liabilities denominated in currencies other than the operation's functional currencies are translated into the functional currency at exchange rates in effect at the consolidated statement of financial position date. Foreign exchange gains and losses resulting from the settlement of those transactions and from period-end translations are recognized in the consolidated statement of loss and comprehensive loss.

Non-monetary assets and liabilities are translated at historical rates, unless such assets and liabilities are carried at market value, in which case, they are translated at the exchange rate in effect at the date of the consolidated statement of financial position.

(c) Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. A financial liability is derecognized when extinguished, discharged, terminated, cancelled or expired.

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is an unconditional and legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

3. Summary of significant accounting policies *(continued)*

(c) Financial instruments (continued)

All financial instruments are required to be measured at fair value on initial recognition. The fair value is based on quoted market prices, unless the financial instruments are not traded in an active market. In this case, the fair value is determined by using valuation techniques like the Black-Scholes option pricing model or other valuation techniques.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Measurement after initial recognition depends on the classification of the financial instrument. The Company has classified its financial instruments in the following categories depending on the purpose for which the instruments were acquired and their characteristics.

(i) Financial assets

Debt instruments
For the subsequent measurement, there are two measurement categories into which the Company classifies its debt instruments:

i. Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of loss and comprehensive loss.

ii. Fair value through profit or loss (“FVPL”): Assets that do not meet the criteria for amortized cost (or fair value through other comprehensive income, which is not currently used by the Company) are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in the consolidated statement of loss and comprehensive loss and presented net within other gains/(losses) in the period in which it arises.

(ii) Financial liabilities

Financial liabilities are initially recognized at the amount required to be paid, less, when material, a discount to reduce to fair value. These liabilities are measured at amortized cost using the effective interest method.

(iii) Derivative financial instruments

Derivative financial instruments are financial assets or financial liabilities classified as fair value through profit or loss unless designated in a qualifying hedging relationship. Derivative financial instruments are carried in the consolidated statement of financial position at fair value with changes in fair value recognized in the consolidated statement of loss and comprehensive loss.

The Company’s financial instruments consist of the following:

Category	**Financial instrument**
Financial assets at amortized cost	Cash and cash equivalents Other assets
Financial liabilities at amortized cost	Trade and other payables Secured Loan
Fair value through profit and loss	Investments in equity investments

3. Summary of significant accounting policies *(continued)*

(d) Impairment of financial assets carried at amortized costs

At each reporting date, the Company assesses, on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables. The Company assumes that there is no significant increase in credit risk for instruments that have a low credit risk.

(e) Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits held with banks that can be redeemed at any time without penalties.

(f) Short-term investments

The Company considers short-term investments to include amounts held with remaining maturities at the date of purchase of more than 90 days and less than one year.

(g) Refundable tax credits for mining exploration and evaluation expenditures

The Company is entitled to a refundable tax credit on qualified mining exploration and evaluation expenditures incurred in the province of Québec. The credit is accounted for against the exploration and evaluation expenditures incurred.

(h) Property and equipment

Property and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition, the development and construction of the assets and that have been incurred up until the time that the assets are in the condition necessary to be used or operated in the manner intended by Management. Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. The carrying amount of a replaced asset is derecognized when replaced. Repairs and maintenance costs are charged to the consolidated statement of loss and comprehensive loss during the period in which they are incurred.

Depreciation is calculated to amortize the cost of the property and equipment less their residual values over their estimated useful lives using the following methods and rates per annum:

Category	**Method**	**Rate**
Furniture and office equipment	Declining balance	20%
Computer equipment	Declining balance	30%
Exploration equipment	Straight-line	3 years

The Company allocates the amount initially recognized in respect of an item of property and equipment to its significant parts (major components) and depreciates separately each such part. Residual values, method of depreciation and useful lives of the assets are reviewed annually and adjusted if appropriate.

Gains and losses on disposals of property and equipment are determined by comparing the proceeds with the carrying amount of the asset and are included in the consolidated statement of loss and comprehensive loss.

3. Summary of significant accounting policies *(continued)*

(i) Exploration and evaluation assets

Exploration and evaluation assets are comprised of exploration and evaluation expenditures and mining properties acquisition costs. Expenditures incurred on activities that precede exploration and evaluation, being all expenditures incurred prior to securing the legal rights to explore an area, are expensed immediately. Exploration and evaluation assets includes rights in mining properties, paid or acquired through a business combination or an acquisition of assets, and costs related to the initial search for mineral deposits with economic potential or to obtain more information about existing mineral deposits. Mining rights are recorded at acquisition cost less accumulated impairment losses.

Exploration and evaluation expenditures for each separate area of interest are capitalized and include costs associated with prospecting, sampling, trenching, drilling and other work involved in searching for ore like topographical, geological, geochemical and geophysical studies. They also reflect costs related to establishing the technical and commercial viability of extracting a mineral resource identified through exploration and evaluation or acquired through a business combination or asset acquisition.

Exploration and evaluation expenditures include the cost of:

(i) establishing the volume and grade of deposits through drilling of core samples, trenching and sampling activities in an ore body that is classified as either resource or reserve;
(ii) determining the optimal methods of extraction and metallurgical and treatment processes;
(iii) studies related to surveying, transportation and infrastructure requirements;
(iv) permitting activities; and
(v) economic evaluations to determine whether development of the mineralized material is commercially justified, including scoping, prefeasibility and final feasibility studies.

Exploration and evaluation expenditures include overhead expenses directly attributable to the related activities.

Cash flows attributable to capitalized exploration and evaluation costs are classified as investing activities in the consolidated statement of cash flows under the heading investments in exploration and evaluation assets.

If the technical feasibility and commercial viability of extracting a mineral resource are demonstrated, mineral rights and exploration and evaluation costs relating to the mining property is then transferred to the category mining assets under construction within property and equipment. Before the reclassification, exploration and evaluation assets are tested for impairment, and any impairment loss is recognized in profit or loss before reclassification.

Once the development phase is completed, all assets included in mining assets under construction are transferred to the mining assets category within property and equipment are transferred to producing assets category within property and equipment and amortized over the useful lives of these assets.

Any option payments received by the Company from third parties, proceeds received by the Company from the sales of royalties on its properties from third parties or tax credits refunded to the Company are credited to the capitalized cost of the exploration and evaluation assets. If payments received exceed the capitalized cost of the exploration and evaluation assets, the excess is recognized as income in the period received. The amounts shown for exploration and evaluation assets do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

Exploration and evaluation assets under a farm-out arrangement (where a farmee incurs certain expenditures in a property to earn an interest in that property) are accounted as follows:

- the Company uses the carrying value of the interest before the farm-out arrangement as the carrying value for the portion of the interest retained;
- the Company credits any cash consideration received against the carrying amount of the portion of the interest retained, with an excess included as a gain in profit or loss;
- in the situation where a royalty interest is retained by the Company as a result of an interest earned by the farmee, the Company records the royalty interest received at an amount corresponding to the carrying value of the exploration and evaluation property at the time of the transfer in ownership; and
- the Company does not record exploration expenditures made by the farmee on the property.

3. Summary of significant accounting policies *(continued)*

(i) Exploration and evaluation assets (continued)

The Company may acquire all, or a portion of, an exploration and evaluation asset under a farm-in agreement. Farm-in agreements typically call for the payment of cash, issue of shares and/or incurrence of exploration and evaluation costs over a period of time, often several years, entirely at the discretion of the party farming-in.

All option costs to acquire such mineral rights (farm-in or option agreement), including expenditures related to the exploration and evaluation of mining properties are capitalized as exploration and evaluation assets.

(j) Impairment of non-financial assets

The carrying value of non-financial assets is reviewed regularly and whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. In the event that an impairment test is required, the recoverable amount of the exploration and evaluation assets are determined. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows ("cash-generating units" or "CGUs"). The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use (being the present value of the expected future cash flows of the relevant asset or CGU). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The Company evaluates impairment losses at each reporting date for potential reversals when events or circumstances warrant such consideration.

(k) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the consolidated statement of loss and comprehensive loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Mining taxes represent Canadian provincial tax levied on mining operations and are classified as income tax since such taxes are based on a percentage of mining profits.

Current income taxes

The current income tax charge is the expected tax payable on the taxable income for the year, using the tax laws enacted or substantively enacted at the consolidated statement of financial position date in the jurisdictions where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. Tax on income in interim periods is accrued using the tax rate that would be applicable to expected total annual earnings.

Deferred income taxes

The Company uses the asset and liability method of accounting for income taxes. Under this method, deferred income tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax assets and liabilities are measured using enacted or substantively enacted tax rates (and laws) that apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax assets and liabilities are presented as non-current and are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3. Summary of significant accounting policies *(continued)*

(l) Provisions, contingent liabilities and contingent assets

A provision is recognized when the Company has a present legal obligation or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting expected future cash flow at a pre-tax rate that reflects the current market assessments of the time value of money and, if applicable, risks specific to the liability.

(m) Share capital and warrants

Common shares and warrants are classified as equity. Incremental costs directly attributable to the issuance of shares or warrants are recognized as a deduction from the proceeds in equity in the period where the transaction occurs. Proceeds from the issuance of units are allocated between shares and warrants issued using the relative fair value method. Proceeds are charged in proportion to the fair value of shares based on the stock prices and the fair value of the warrants determined using the Black-Scholes option pricing model.

(n) Share-based payments

The Company offers a share option plan (the "Option Plan") for its directors, officers, employees and consultants. The Option Plan does not feature any options for a cash settlement. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. Fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model. Compensation expense is recognized over the tranche's vesting period by increasing contributed surplus based on the number of awards expected to vest. The number of awards expected to vest is reviewed at least annually, with any impact being recognized immediately.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

Any consideration paid on exercise of share options is credited to share capital. The contributed surplus resulting from share-based compensation is transferred to share capital when the options are exercised.

For equity-settled share-based payment transactions, the Company measures the goods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably. If the Company cannot estimate reliably the fair value of the goods or services received, the Company shall measure their value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted.

(o) Flow-through shares

The Company finances some exploration and evaluation expenditures through the issuance of flow-through shares. The resource expenditure deductions for income tax purposes are renounced to investors in accordance with the appropriate income tax legislation. The difference between the quoted price of the common shares or the amount recognized in common shares and the amount the investors pay for the shares (the "premium") is recorded as a deferred premium on flow-through shares liability, which is reversed to the consolidated statement of loss and comprehensive loss, under deferred income tax recovery when eligible expenditures have been made.

Pursuant to the related subscription agreements, the Company has committed to use the proceeds received from the issuance of flow-through shares for Canadian resource property exploration expenditures.

(p) Earnings (loss) per share

The calculation of earnings (loss) per share ("EPS") is based on the weighted average number of common shares outstanding for each period. The basic EPS is calculated by dividing the profit or loss attributable to the equity owners of the Company by the weighted average number of common shares outstanding during the period.

The computation of diluted EPS assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on the income per share. It also includes shares issued and held in escrow. The treasury stock method is used to determine the dilutive effect of the warrants and share options. When the Company reports a loss, the diluted net loss per common share is equal to the basic net loss per common share due to the anti-dilutive effect of the outstanding warrants and share options.

3. Summary of significant accounting policies *(continued)*

(q) Segment reporting

The operating segments are reported in a manner consistent with the internal reporting provided to the Chief Executive Officer ("CEO") who fulfills the role of the chief operating decision-maker. The CEO is responsible for allocating resources and assessing performance of the Company's operating segments. The Company currently operates in a single segment: the acquisition, exploration and evaluation of mining properties. All of the Company's activities are conducted in Canada.

4. Critical accounting estimates, assumptions and judgments

The preparation of consolidated financial statements in conformity with IFRS requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The Company also makes estimates and assumptions concerning the future. The determination of estimates requires the exercise of judgment based on various assumptions and other factors such as historical experience and current and expected economic conditions. Actual results could differ from those estimates.

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

Going concern

The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances (Note 1).

Impairment of non-financial assets

Asset groups are reviewed for an indication of impairment at each consolidated statement of financial position date or when a triggering event is identified.

For exploration and evaluation assets, factors which could trigger an impairment review include, but are not limited to, an expiry of the right to explore in the specific area during the period or will expire in the near future, and is not expected to be renewed; substantive exploration and evaluation expenditures in a specific area is neither budgeted nor planned; exploration for and evaluation of mineral resources in a specific area have not led to the discovery of commercially viable quantities of mineral resources and the Company has decided to discontinue such activities in the specific area; sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amount of the assets is unlikely to be recovered in full from successful development or by sale; significant negative industry or economic trends; interruptions in exploration and evaluation activities; and a significant drop in current or forecast commodity prices.

Assessment of impairment of non-financial assets requires the use of judgments when assessing whether there are any indicators that could give rise to the requirement to conduct a formal impairment test on the Company's non-financial assets and in determining the recoverable amounts of certain properties for which Management identified indicators of impairment.

During the year ended December 31, 2022, Management identified indicators of impairment for certain properties of exploration and evaluation assets. Management therefore conducted impairment tests and recognized impairment losses of $10,968,038 (Note 7), as the carrying amounts of certain properties of exploration and evaluation assets exceeded the recoverable amounts. Management applied judgment in determining the recoverable amounts which were based on the fair value less cost of disposal method using the market approach.

Critical judgments in applying the Company's accounting policies

Income taxes

The Company is subject to income taxes in some jurisdictions in Canada. Significant judgment is required in determining the total provision for income taxes. The Company is also subject to regular tax audits. Where the final tax outcome of tax audits is different from the amounts that were initially recorded, such differences could impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

(expressed in Canadian Dollars)

5. Accounts receivable

Accounts receivable include tax credits related to refundable tax credits on qualified mining exploration and evaluation (“E&E”) expenditures incurred in the province of Québec during the year ended December 31, 2022. This credit is accounted for against the E&E expenditures incurred and totaled $1,196,518 as at December 31, 2022 ($ nil as at December 31, 2021).

6. Prepaid expenses and deposits

	December 31, 2022	December 31, 2021
	$	$
Exploration and water permit security deposits	1,143,394	489,511
Supplier deposits	886,388	14,900
Prepaid expenses	58,768	70,313
	2,088,550	574,724
Classified as short-term	1,378,235	85,213
Classified as long-term	710,315	489,511

7. Exploration and evaluation assets

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

Property	Balance as at January 1, 2022	Additions	Sale of Royalty/ Income Tax Credit	Impairment loss	Balance as at December 31, 2022
	$	$	$		$
Quebec					
Gaspé Copper (j)					
Mining rights	-	6,729	-	-	6,729
Exploration expenses	-	11,784,315	(1,196,518)	-	10,587,797
	-	11,791,044	(1,196,518)	-	10,594,526
New Brunswick					
Gilmour South (b)(h)(i)					
Mining rights	187,828	58,885	-	-	246,713
Exploration expenses	4,446,414	-	-	(4,446,414)	-
	4,634,242	58,885	-	(4,446,414)-	246,713
Key Anacon (c)(h)(i)					
Mining rights	1,811,842	-	-	(4,436)	1,807,406
Exploration expenses	4,939,937	-	-	(4,939,937)	-
	6,751,779	-	-	(4,944,373)	1,807,406
Canadian Continental (d)(h)					
Mining rights	134,968	-	-	(4,250)	130,718
Exploration expenses	-	-	-	-	-
	134,968	-	-	(4,250)	130,718
Mount Fronsac (e)(h)					
Mining rights	511,464	-	-	-	511,464
Exploration expenses	1,564,291	-	-	(1,564,291)	-
	2,075,755	-	-	(1,564,291)	511,464
Other New Brunswick properties (f)(h)					
Mining rights	92,607	-	-	(8,710)	83,897
Exploration expenses	-	-	-	-	-
	92,607	-	-	(8,710)	83,897
Northwest Territories					
Pine Point (g)					
Mining rights	33,423,044	55,695	(6,500,000)	-	26,978,739
Exploration expenses	45,414,851	12,218,289	-	-	57,633,140
	78,837,895	12,273,984	(6,500,000)	-	84,611,879
Summary					
Mining rights	36,161,753	121,309	(6,500,000)	(17,396)-	29,765,666
Exploration expenses	56,365,493	24,002,604	(1,196,518)	(10,950,642)	68,220,937
	92,527,246	**24,123,913**	**(7,696,518)**	**(10,968,038)**	**97,986,603**

(expressed in Canadian Dollars)

7. Exploration and evaluation assets *(continued)*

Property	Balance as at January 1, 2021	Additions	Credits/Sale of property	Impairment loss	Balance as at December 31, 2021
	$	$	$	$	$
Quebec					
Quebec Genex (a)					
Mining rights	242,974	18,403	-	(261,377)	-
Exploration expenses	1,879,366	2,162	-	(1,881,528)	-
	2,122,340	20,565	-	(2,142,905)	-
Other Quebec properties (a)					
Exploration expenses	428,174	-	-	(428,174)	-
	428,174	-	-	(428,174)	-
New Brunswick					
Gilmour South (b)(h)(i)					
Mining rights	136,779	59,699	(8,650)	-	187,828
Exploration expenses	4,389,763	56,651	-	-	4,446,414
	4,526,542	116,350	(8,650)	-	4,634,242
Key Anacon (c)(h)(i)					
Mining rights	1,811,842	-	-	-	1,811,842
Exploration expenses	4,939,246	691	-	-	4,939,937
	6,751,088	691	-	-	6,751,779
Canadian Continental (d)(h)					
Mining rights	466,270	-	-	(331,302)	134,968
Exploration expenses	631,716	-	(100,000)	(531,716)	-
	1,097,986	-	(100,000)	(863,018)	134,968
Mount Fronsac (e)(h)					
Mining rights	380,464	131,000	-	-	511,464
Exploration expenses	1,564,291	-	-	-	1,564,291
	1,944,755	131,000	-	-	2,075,755
Other New Brunswick Properties (f)(h)					
Mining rights	95,258	-	-	(2,651)	92,607
Exploration expenses	438,125	-	(13,650)	(424,475)	-
	533,383	-	(13,650)	(427,126)	92,607
Northwest Territories					
Pine Point (g)					
Mining rights	33,358,060	64,984	-	-	33,423,044
Exploration expenses	35,723,180	9,691,671	-	-	45,414,851
	69,081,240	9,756,655	-	-	78,837,895
Summary					
Mining rights	36,491,647	274,086	(8,650)	(595,330)	36,161,753
Exploration expenses	49,993,861	9,751,175	(113,650)	(3,265,893)	56,365,493
	86,485,508	**10,025,261**	**(122,300)**	**(3,861,223)**	**92,527,246**

7. Exploration and evaluation assets *(continued)*

(a) Quebec properties: The Company's Quebec Genex Project includes, among others, its claims at Ascension, Wallace, Kempt and Montauban. During the year ended December 31, 2021, the Company impaired $2,571,079 of exploration and evaluation assets incurred on these properties, related to specific areas where claims are not expected to be renewed, where the Company has decided to discontinue exploration and evaluation activities or the assets carrying amount exceeds its recoverable amount.

(b) Gilmour South, New-Brunswick: This property is located 20 km south-southeast of the Brunswick No. 12 Mine and is subject to a net smelter return ("NSR") royalty (the "OGR Royalty") with Osisko Gold Royalties Ltd ("OGR''), a related party (see Note 14), which is described in note (h). This property is subject to an option agreement with Brunswick Exploration Inc. ("Brunswick Exploration") (the "Option Agreement"), which is described in note (i).

In accordance with an option agreement signed on March 7, 2017, the Company may acquire a 100% interest in this property in exchange for:

- Cash payments totaling $216,000 over a period of 5 years following the signing of this agreement. $45,000 was paid during the year ended December 31, 2022 ($171,000 was paid as at December 31, 2021); and
- Issuance of 189,992 common shares of the Company (each a "Common Share") over a period of 5 years following the signing of this agreement. During the year ended December 31, 2022, 34,998 Common Shares ($13,649) were issued (154,994 Common Shares were issued as at December 31, 2021, with a value of $73,023).
- As at December 31, 2022, the Company had completed its obligations related to this agreement.

During the year ended December 31, 2022, the Company impaired $4,446,414 of E&E assets incurred on these properties, related to specific areas where claims are not expected to be renewed, where the Company has decided to discontinue E&E activities or the assets carrying amount exceeds its recoverable amount.

(c) Key Anacon, New-Brunswick: This project is located 20 km south of Bathurst, New Brunswick and is partially subject to the OGR Royalty (h). This property is subject to the Option Agreement with Brunswick Exploration (i). During the year ended December 31, 2022, the Company impaired $4,944,373 of E&E assets incurred on these properties, related to specific areas where claims are not expected to be renewed, where the Company has decided to discontinue E&E activities or the assets carrying amount exceeds its recoverable amount.

(d) Canadian Continental, New-Brunswick: This project is partially subject to the OGR Royalty (h). During the year ended December 31, 2022, the Company impaired $4,250 ($863,018 during the year ended December 31, 2021) of E&E assets incurred on this project, related to specific areas where claims are not expected to be renewed, where the Company has decided to discontinue E&E activities or the assets carrying amount exceeds its recoverable amount. In addition, during the year ended December 31, 2021, the Company sold certain of these claims for $100,000.

(e) Mount Fronsac, New-Brunswick: This property is subject to the OGR Royalty (h). In addition to existing claims owned by the Company, the acquisition in this project is composed of the following transaction:

In accordance with an option agreement signed on June 28, 2017, the Company acquired a 100% interest in additional claim units of this project in exchange for:

- Cash payments totaling $300,000 over a period of 4 years following the signing of this agreement; and
- Issuance of 200,000 Common Shares over a period of 4 years following the signing of this agreement.
- As at December 31, 2021, the Company had completed its obligations related to this agreement.

During the year ended December 31, 2022, the Company impaired $1,564,291 of E&E assets incurred on these properties, related to specific areas where claims are not expected to be renewed, where the Company has decided to discontinue E&E activities or the assets carrying amount exceeds its recoverable amount.

(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 (h). During the year ended December 31, 2022, the Company impaired $8,710 ($427,126 during the year ended December 31, 2021) of E&E assets incurred on these properties, related to specific areas where claims are not expected to be renewed, where the Company has decided to discontinue E&E activities or the assets carrying amount exceeds its recoverable amount.

7. Exploration and evaluation assets *(continued)*

(g) On January 23, 2020, the Company concluded an agreement 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, the Company granted to OGR 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, the Company granted an additional 0.5% NSR royalty to OGR on 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, the Company finalized an additional amendment to the Sales Agreement with OGR, 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% 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.

(h) 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 will also apply 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.

(i) In August 2020, the Company signed the Option Agreement, which was amended in April 2021 and approved by the TSX-V on August 3, 2021 (the "Effective Date"), whereby Brunswick Exploration can acquire a majority interest in Osisko Metals' Brunswick Belt exploration property in the eastern portion of the BMC (the "Brunswick Belt Project").

The Option Agreement allows Brunswick Exploration to earn up to 51% interest by spending an aggregate of $10,000,000 in two stages over a five-year period. The Option Agreement has two distinct earn-in requirements:

- The First Option: by funding an aggregate of $2,000,000 on or before the second-year anniversary of the Effective Date and completing a cash payment of $100,000, Brunswick Exploration can earn an initial 15% interest in the Brunswick Belt Project.
- The Second Option: by funding an aggregate of $10,000,000 (inclusive of First Option expenditures) according to the schedule below, Brunswick Exploration can earn an additional 36% interest in the Brunswick Belt Project for a total interest of 51%:
  - An aggregate of $4,000,000, on or before the 3rd year anniversary of the Effective Date;
  - An aggregate of $6,500,000, on or before the 4th year anniversary of the Effective Date; and
  - An aggregate of $10,000,000, on or before the 5th year anniversary of the Effective Date.

Once any one of the two earn-in requirements are met (as per Brunswick Exploration's discretion), a joint venture can be formed between Brunswick Exploration and Osisko Metals. Brunswick Exploration is considered a related party due to common officers and directors.

(expressed in Canadian Dollars)

7. Exploration and evaluation assets *(continued)*

(j) On March 28, 2022, the Company signed a binding term sheet with Glencore Canada Corporation (“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 former Gaspé Copper Mine (the “Gaspé Copper Project”) located near Murdochville, Québec for consideration comprising: (i) a US$25,000,000 convertible note (the “Note”) issued to Glencore at successful closing of this transaction, (ii) a cash payment of US$20,000,000 payable to Glencore upon the start of commercial production at the Gaspé Copper Project, and (iii) certain offtake right and royalties in favour of Glencore as outlined below.

The Note will bear interest at a rate equal to the Secured Overnight Financing Rate (“SOFR”) + 4%, payable annually, subject to a right by Osisko Metals to defer the payment of interest until the maturity date, and unless converted before then and subject to events of default and certain acceleration rights, the principal shall be repaid in totality at a date that is 36 months from the closing of the transaction.

The Note will be convertible by Glencore into units of Osisko Metals (each, a “Unit”) at a price of $0.40 per Unit. Each Unit will consist of one common share and a one-half common share purchase warrant of Osisko Metals. Each whole warrant will entitle Glencore to acquire one common share at a price of $0.46 per common share for a period of three years following the closing of the Gaspé Option transaction. In addition, Glencore will retain a 1% NSR on the historical Mount Copper open pit (“Mount Copper”) and a 3% NSR on all other mineral products extracted from this property.

The Gaspé Option grants 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 (the “Acquisition Election Notice”); and
- Completing all necessary due diligence inquiries and negotiating any outstanding matters by the Parties.

Effective June 30, 2022, the Parties agreed to extend to July 8, 2022, the time for exercise of the Gaspé Option.

As part of the transaction terms, Osisko Metals will also be required to incur a total of $55,000,000 in exploration and development expenditures, including permitting expenditures, over a period of four years from March 25, 2022, with a minimum of $20,000,000 to be incurred within the first two years from March 25, 2022. Glencore will retain a commercially reasonable offtake for 100% of concentrates produced during the renewed life of mine at the Gaspé Copper Project.

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.

The Gaspé Option and acquisition by Osisko Metals of a 100% interest in the Gaspé Copper Project remain subject to, among other things, the satisfaction or waiver of certain closing conditions, including approval of the TSX-V.

8. Deferred premium on flow-through shares

	2022	2021
	$	$
Balance – beginning of year	1,088,653	-
Deferred premium on flow-through shares issued (Note 10)	1,381,284	1,741,052
Recognition of deferred premium on flow-through shares	(2,281,232)	(652,399)
Balance – end of year	188,705	1,088,653

9. Secured Loan

On December 5, 2022, the Company closed a secured senior loan agreement (the “Secured Loan”) with Osisko Mining Inc. (“OSK”), a related party (see Note 14), for $6,000,000 (the “Principal Amount”) with a maturity date of March 31, 2023. Under the terms of the Secured Loan, interest was 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 year ended December 31, 2022, the Company incurred $57,700 of interest expense that is recorded in the consolidated statements of loss and comprehensive loss.

(expressed in Canadian Dollars)

10. Share capital

Transactions impacting the year ended December 31, 2022, not already disclosed:

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 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 of the Company (a "Common Share") and one-half of one Common Share purchase warrant of the Company (each whole warrant, a "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 $1,131,198, including $1,026,198 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 $105,000, determined by the Black-Scholes option pricing model based on the following weighted average assumptions:

Warrant exercise price	$0.54
Share price at date of grant	$0.40
Risk-free interest rate	3.28%
Expected life of Warrants	2 years
Annualized expected volatility	48%
Dividend rate	-
Fair value per Compensation Warrant	$0.07

Gross proceeds from the 2022 Offering were allocated between share capital ($11,010,998) and the Warrants ($1,639,002) using the relative fair value method. Share issue costs were also allocated between share capital ($874,086), deferred premium on flow-through shares ($123,049) and the Warrants ($134,063) using the relative fair value method. The relative fair value of these warrants were determined by the Black-Scholes option pricing model based on the following weighted average assumptions:

Warrant exercise price	$0.57
Share price at date of grant	$0.40
Risk-free interest rate	3.38%
Expected life of Warrants	5 years
Annualized expected volatility	57%
Dividend rate	-
Fair value per Warrant	$0.17

An amount of $1,381,284 (net of share issue costs of $123,049) was allocated to the deferred premium on flow-through shares (Note 8).

Transactions impacting the year ended December 31, 2021, not already disclosed:

On April 29, 2021, the Company completed a brokered private placement of 12,000,000 common flow-through shares for aggregate gross proceeds of $6,000,000 (the "2021 Offering"). Under the 2021 Offering, the common flow-through shares were issued at a price of $0.50 per share. In connection with the 2021 Offering, the Company paid the underwriters a cash commission equal to 6% of the gross proceeds of this offering on eligible issuances and share issue costs totaled $525,315. The fair value of the 12,000,000 common shares was estimated to be $5,220,000. An amount of $711,708 (net of share issue costs of $68,292) was allocated to the deferred premium on flow-through shares (Note 8).

On December 22, 2021, the Company completed a brokered private placement of 10,432,783 common flow-through shares for aggregate gross proceeds of $5,007,736 (the "2021 Placement"). Under the 2021 Placement, the common flow-through shares were issued at a price of $0.48 per share. In connection with the 2021 Placement, the Company paid the underwriters a cash commission of $221,470 and total share issue costs were $514,655. The fair value of the 10,432,783 common shares was estimated to be $3,860,130. An amount of $1,029,344 (net of share issue costs of $118,262) was allocated to the deferred premium on flow-through shares (Note 8).

(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, 2021	9,315,125	0.53
Balance – December 31, 2021	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

The Warrants outstanding at December 31, 2022, are as follows:

Exercise price ($)	Number of Warrants	Expiry date	Weighted average remaining contractual life (years)
0.54	1,416,458	June 16, 2024	1.46
0.57	9,583,333	June 16, 2027	4.46

12. Share-based compensation

The Company's Option Plan was adopted in accordance with the policies of the TSX-V. The shareholders of the Company approved the Option Plan whereby the Board may grant to employees, officers, directors and consultants of the Company, share purchase options (each an "Option") to acquire Common Shares. Terms and exercise prices of each Option are determined by the Board. The maximum duration of an Option is five years. The total number of Common Shares reserved for the exercise of Options in favour of the same person must not exceed 10% of the Common Shares issued and outstanding of the Company. The following table summarizes information about the movement of the Options:

	Number of Options	Weighted average exercise price ($)
Balance – January 1, 2021	11,992,566	0.86
Granted	2,250,000	0.44
Exercised	(500,000)	0.30
Forfeited	(1,173,100)	1.09
Expired	(666,666)	0.30
Balance – December 31, 2021	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
Options exercisable – December 31, 2022	7,291,127	0.55

Options outstanding at December 31, 2022 are as follows:

Exercise price ($)	Number of Options outstanding	Number of Options exercisable	Weighted average remaining life (years)
0.70	1,407,800	1,407,800	0.8
0.55	2,290,000	2,290,000	1.1
0.57	100,000	100,000	1.6
0.49	2,751,667	2,751,667	1.9
0.44	2,241,667	741,660	3.0
0.37	685,000	-	4.1
0.32	2,680,000	-	4.8
	12,156,134	7,291,127	

(expressed in Canadian Dollars)

12. Share-based compensation (*continued*)

On January 18, 2021, the Company approved the grant of incentive stock options to directors, officers, key employees and key consultants to purchase up to an aggregate of 2,250,000 common shares in the capital stock of the Company. This grant is subject to a three-year vesting period and a five-year term at an exercise price of $0.44 per share.

On February 4, 2022, the Company approved the grant of incentive stock options to certain directors, officers, key employees and key consultants to purchase up to an aggregate of 685,000 common shares in the capital stock of the Company. This grant is subject to a three-year vesting period and a five-year term at an exercise price of $0.37 per share.

On October 7, 2022, the Company approved the grant of Options to certain directors, officers, key employees and key consultants to purchase up to an aggregate of 2,680,000 Common Shares. This grant is subject to a three-year vesting period and a five-year term at an exercise price of $0.32 per 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 years ended December 31, 2022 and 2021:

	2022	**2021**
Share price at date of grant	$0.33	$0.44
Exercise price at date of grant	$0.33	$0.44
Risk-free interest rate	3.11%	0.41%
Expected life of options	4.8 years	4.9 years
Annualized expected volatility	55%	60%
Dividend rate	0%	0%
Weighted average fair value per option	$0.16	$0.22

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.

For the year ended December 31, 2022, the share-based compensation costs amounted to $349,224 ($562,966 for the year ended December 31, 2021) of which $320,628 was charged to the consolidated statement of loss and comprehensive loss ($506,315 for the year ended December 31, 2021) and $28,596 was capitalized to exploration and evaluation assets ($56,651 for the year ended December 31, 2021). The offsetting credit has been recorded in contributed surplus.

13. Income taxes

Income tax expense (recovery) is broken down as follows:

	2022	**2021**
	$	**$**
Current income taxes expense (recovery)	-	-
Variation in deferred tax liabilities balance	6,826,369	(66,411)
Performance of obligations related to flow-through financing	(2,281,232)	(652,399)
Total	4,545,137	(718,810)

(expressed in Canadian Dollars)

13. Income taxes (*continued*)

A reconciliation of income taxes at statutory rates (26.5%) with the taxes reported in the consolidated statement of loss and comprehensive loss for the year ended December 31, 2022 (26.5% for the year ended December 31, 2021), is as follows:

	2022	2021
	$	$
Loss before income taxes	(14,023,493)	(5,972,309)
Expected income tax recovery	(3,716,225)	(1,582,662)
Share-based compensation	84,986	134,174
Tax effect of renounced flow-through share expenditures	4,353,829	1,457,500
Performance of obligations related to flow-through financing	(2,281,232)	(652,399)
Non-taxable income	-	(153,700)
Change in allocation between provinces	62,115	52,486
Non-deductible expenses	2,704	4,494
Non-deductible portion of unrealized capital loss	317	2,009
Adjustments in respect of prior years	117,141	21,722
Unrecognized tax benefits outside of Canada	15,062	8,865
Derecognition of previously recognized deferred income tax assets	5,875,136	2,009
Other	31,304	(13,308)
Net income tax expense (recovery)	4,545,137	(718,810)

The significant components of deferred income tax assets and liabilities as at December 31, 2022 and 2021, respectively, are as follows:

	Balance as at January 1, 2022	Recognized in net loss	Recognized in equity	Balance as at December 31, 2022
	$	$	$	$
Deferred tax assets				
Unused loss carry-overs	7,874,308	1,255,449	-	9,129,757
Unused capital losses	65,361	-	-	65,361
Unrealized capital losses	128,397	317	-	128,714
Issuance cost of shares	373,715	(214,782)	299,769	458,702
Donation carry-over	28,638	7,950	-	36,588
Property and equipment	81,768	24,669	-	106,437
	8,552,187	1,073,603	299,769	9,925,559
Unrecognized tax benefits	(193,757)	(5,875,136)	-	(6,068,893)
	8,358,430	(4,801,533)	299,769	3,856,666
Deferred tax liabilities				
Exploration and evaluation assets	(10,584,118)	(2,024,836)	-	(12,608,954)
	(2,225,688)	**(6,826,369)**	**299,769**	**(8,752,288)**

(expressed in Canadian Dollars)

13. Income taxes (*continued*)

The non-capital losses of the Company that are available to reduce the taxable income of future fiscal years, and consequently reduce current income tax, are as follows:

Expiry year	Federal	Provincial
	$	$
2025	171,777	171,777
2026	293,517	293,517
2027	458,265	458,265
2028	816,086	816,086
2029	1,485,351	1,469,569
2030	1,628,185	1,620,638
2031	1,065,559	1,060,788
2032	1,189,828	1,232,315
2033	685,834	682,207
2034	860,699	853,563
2035	965,283	964,814
2036	2,795,879	2,794,414
2038	4,106,375	4,074,311
2039	3,976,397	3,975,238
2040	6,125,022	6,118,871
2041	3,099,527	3,093,004
2042	4,739,648	4,739,648
	34,463,232	**34,419,025**

The unrecognized tax benefits are related to the unrealized capital losses.

14. 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 is presented below for the years ended December 31, 2022 and 2021:

	2022	2021
	$	$
Salaries and short-term employee benefits	870,400	925,930
Share-based compensation	273,766	516,409
	1,144,166	1,442,339

During the years ended December 31, 2022 and 2021, the Company undertook transactions with certain related companies. OGR is a related party as they have a significant influence on the Company due to the number of shares held and common officers and directors. OSK and Falco Resources Ltd. ("FPC") are related parties because of common officers and directors.

During the year ended December 31, 2022, OSK invoiced an amount of $12,000 ($11,000 for the year ended December 31, 2021) in relation to professional services rendered. As at December 31, 2022, $ nil is included in trade and other payables ($2,000 as at December 31, 2021).

During the year ended December 31, 2022, an amount of $130,000 ($210,000 for the year ended December 31, 2021) was invoiced by OGR for professional services and rental of offices, of which $35,000 is included in trade and other payables as at December 31, 2022 ($80,000 as at December 31, 2021).

During the year ended December 31, 2022, an amount of $148,000 ($110,000 for the year ended December 31, 2021) was invoiced by FPC for professional services, of which $70,000 is included in trade and other payables as at December 31, 2022 ($10,000 as at December 31, 2021).

The Company has change of control and termination commitments under certain management contracts and minimum commitments under those contracts are $475,000.

15. Capital management

The capital structure of the Company as at December 31, 2022, consists of equity attributable to common shareholders comprising issued capital and equity reserves.

The Company's capital management objectives are:

- To ensure the Company's ability to continue as a going concern;
- To increase the value of the assets of the business; and
- To provide an adequate return to the shareholders of the Company.

The Company manages and adjusts its capital structure based on available funds in order to support the acquisition, exploration and evaluation of mineral properties. The Board does not establish quantitative return on capital criteria for Management, but rather relies on the expertise of Management to sustain future development of the business. The Company is not subject to any externally imposed capital requirements.

The properties in which the Company currently has interests are in the exploration and evaluation stage; as such, the Company is dependent on external financing to fund its activities. In order to carry out planned exploration and evaluation activities, and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as required. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels they have sufficient geological and economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There have been no significant changes in the capital management objectives, policies and proceedings during the years ended December 31, 2022 and 2021. Changes in capital are described in the consolidated statement of changes in equity.

16. Net loss per share

As a result of the net loss for the years ended December 31, 2022 and 2021, all potentially dilutive common shares (Notes 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.

17. Financial instruments and management of risks

The Company is exposed to various financial risks resulting from its operations, which is managed by the Company's management. The Company does not enter into financial instrument agreements, including derivative financial instruments for speculative purposes. The main financial risks to which the Company is exposed as well as its policies for managing such risk are detailed below:

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company manages its liquidity risk by using budgets that enable it to determine the amounts required to fund its exploration and evaluation expenditure programs. The Company also ensures that it has sufficient working capital available to meet its day-to-day commitments.

As at December 31, 2022, all of the Company's short-term financial liabilities in the amount of $10,460,004 ($3,834,073 as at December 31, 2021) have contractual maturities of less than one year and are subject to normal trade terms. The Company considers expected cash flows from financial assets in assessing and managing liquidity. As at December 31, 2022, cash and cash equivalents is comprised of bank balances and deposits held with banks that can be redeemed at any time without penalties. As described in Note 1, the Company's liquidity position as at December 31, 2022, will not be sufficient to meet the Company's obligations, commitments and budgeted expenditures through December 31, 2023 (see Note 20).

Credit risk

Credit risk results from the possibility that a loss may occur from the failure of another party to perform according to the terms of the contract. The Company's credit risk is primarily related to receivables, cash and cash equivalents and monetary investments. The receivables consist mainly of the refund of the goods and services tax receivable from the governments of Canada and Quebec. Management mitigates credit risk by maintaining its cash and cash equivalents and monetary investments with Canadian chartered banks.

(expressed in Canadian Dollars)

17. Financial instruments and management of risks (*continued*)

Financial instruments measured at fair value

The following presents financial assets and liabilities measured at fair value in the consolidated 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 December 31, 2022 and 2021 are classified in level 1.

The fair value of the Secured Loan as at December 31, 2022, is $6,057,700 (Level 3 measurement).

18. Supplemental disclosure – Consolidated statements of cash flows

	2022	2021
	$	$
Changes in non-cash working capital items:		
Accounts receivables	75,776	(221,965)
Prepaid expenses and deposits	(1,513,826)	(58,215)
Trade and other payables	720,185	(160,115)
Total	(717,865)	(440,295)
Exploration and evaluation asset expenditures included in trade and other payables		
Beginning of year	2,733,010	1,297,606
End of year	2,672,458	2,733,010
Share issue costs included in trade and other payables		
Beginning of year	91,402	-
End of the year	-	91,402
Depreciation capitalized to exploration and evaluation assets	81,067	77,357

19. Commitment and contingencies

(a) 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 December 22, 2021, the Company received $5,007,736 following the issuance of flow-through shares for which the Company renounced tax deductions as at December 31, 2021. As at December 31, 2022, this commitment is complete.

On June 16, 2022, the Company received $12,650,000 following the issuance of flow-through shares for which the Company will renounce tax deductions as at December 31, 2022. As at December 31, 2022, $1,750,000 remains to be incurred by December 31, 2023.

(b) During the year ended December 31, 2017, the Company identified certain adjustments associated with indemnities payable to subscribers with respect to the issuance of flow-through shares in 2011, 2012 and 2013, following a reassessment in 2016 by the Canada Revenue Agency. These adjustments were recorded in 2017 and resulted in a provision for indemnities in relation to the issuance of flow-through placements for $580,000 (the “Provision”), which was recorded in trade and other payables as at December 31, 2020 and in previous years, since December 31, 2017. At December 31, 2021, the Company reviewed the Provision and estimated that it was no longer probable that a cash outflow would be required and recorded a reversal of $580,000 in the consolidated statement of loss and comprehensive loss for the year ended December 31, 2021.

20. Subsequent events

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"), a fund advised by Appian Capital Advisory LLP, a London-based private equity group specializing in the acquisition and development of mining assets, pursuant to which Osisko Metals and Appian have agreed to form a joint venture for the advancement of the Pine Point Project (the "Transaction"), subject to satisfaction of certain terms and conditions, including shareholder and TSX-V approvals. The Transaction is an arm's length transaction within the policies of the TSX-V.

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, a wholly-owned subsidiary of Osisko Metals and owner of the Pine Point Project.
- The $100,000,000 investment includes an estimated $75,300,000 of funding ($19,800,000 of which will be provided 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 has agreed to make a $5,000,000 investment in the common shares of Osisko Metals on closing, priced at $0.2481 per share (being the 20-day VWAP calculated as of the date of this announcement).

Concurrent with the execution with the Investment Agreement, Osisko Metals and Appian entered into an agreement for the issuance of a convertible instrument to provide PPML with short-term interim funding of up to $11,500,000 to fund the current drilling program on the Pine Point Project, in accordance with the agreed initial program and budget.

If the Investment Agreement is terminated and the Transaction does not close, the principal amount then outstanding under the convertible instrument would then become repayable. Subject to the approval of the TSX-V at such a repayment event, the amount then outstanding under the convertible instrument would be repaid by the issuance of common shares of Osisko Metals, at the minimum permitted price under the policies of the TSX-V, for up to 19.95% of the pro forma number of issued and outstanding common shares of Osisko Metals, and the remaining amount (if any) will be converted into a senior secured term loan.

If the Transaction is completed, any outstanding amounts under the convertible instrument would be converted into an ownership interest in PPML and the Initial Subscription would be reduced for the amounts outstanding under the convertible instrument. Such a conversion is subject to the acceptance of the TSX-V in respect of the Transaction as a whole.

On March 17, 2023, the Company announced that it has received the requisite shareholder and TSX-V approvals to close the Transaction.