OSISKO METALS INCORPORATED

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED
DECEMBER 31, 2023 AND 2022

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, 2023 and 2022, 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 Accounting Standards).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2023 and 2022;
- the consolidated statements of profit (loss) and comprehensive income (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 material accounting policy information 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.

PricewaterhouseCoopers LLP
1250 René-Lévesque Boulevard West, Suite 2500, Montréal, Quebec, Canada H3B 4Y1
T.: +1 514 205 5000, F.: +1 514 876 1502, Fax to mail: ca_montreal_main_fax@pwc.com

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.

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, 2023. 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
Assessment of impairment indicators of exploration and evaluation assets, including assessment of these indicators when applying the equity method to the participation in Pine Point Mining Ltd. ("Pine Point") *Refer to note 3 – Material accounting policies, note 5 – Critical accounting estimates, assumptions and judgments, note 8 – Exploration and evaluation assets, and note 9 – Deconsolidation of Pine Point Mining Limited and investment in the joint venture to the consolidated financial statements.* The carrying value of exploration and evaluation assets amounted to $55,642,086 as at December 31, 2023. On February 21, 2023, the Company entered into an investment agreement with a subsidiary of Appian Natural Resources Fund III LP (Appian) under which the Company and Appian agreed to form a joint venture for the advancement of the Pine Point exploration and evaluation assets (the Transaction) by selling an interest in Pine Point to Appian.	Our approach to addressing the matter included the following procedures, among others: • Assessed the judgment by management in determining the impairment indicators related to exploration and evaluation assets of the Company (including the exploration and evaluation assets related to the investment in the joint venture), which included the following: – Obtained, for all claims, by reference to government registries or other relevant agreements, evidence to support (i) the right to explore the area and (ii) claims' expiration dates. – Read the Board of Directors' minutes and obtained budget approvals as evidence of continued and planned substantive exploration and evaluation expenditures and considered which claims were not expected to be renewed.

Key audit matter	How our audit addressed the key audit matter
The Transaction closed on April 6, 2023. Accordingly, the Company deconsolidated Pine Point on April 6, 2023, and started accounting for its investment in Pine Point using the equity method. The carrying value of the investment in the joint venture, which fully relates to Pine Point, amounted to $82,631,104 as at December 31, 2023. In order to apply the equity method, management has to align Pine Point's accounting policies with those of the Company, which requires, among other things, management to assess whether indicators of impairment related to the Pine Point exploration and evaluation assets are present. Exploration and evaluation assets (including the exploration and evaluation assets related to the investment in the joint venture) 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.	– Assessed (i) 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 whether management has decided to discontinue such activities in the specific area and (ii) whether 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 evidence obtained in other areas of the audit.

Key audit matter	How our audit addressed the key audit matter
Factors which could trigger an impairment test include, but are not limited to, (i) 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; (ii) substantive exploration and evaluation expenditures in a specific area are neither budgeted nor planned; (iii) 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 (iv) 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. No impairment indicators were identified by management as at December 31, 2023. We considered this a key audit matter due to the significance of the exploration and evaluation assets (including the exploration and evaluation assets included in the investment in the joint venture) and the judgments made by management in their assessment of impairment indicators related to exploration and evaluation assets, which resulted in a high degree of subjectivity in performing procedures related to these judgments applied by management.	

Key audit matter	How our audit addressed the key audit matter
Valuation of derivative liability *Refer to note 3 – Material accounting policies, note 5 – Critical accounting estimates, assumptions and judgments and note 13 – Convertible note to the consolidated financial statements.* During the year ended December 31, 2023, the Company issued a convertible note that allows the holder to convert the outstanding principal amount into units. Each unit comprises one common share of the Company and one-half warrant. The convertible note represents a hybrid financial instrument with the conversion option being an embedded derivative that was classified as fair value through profit and loss. The embedded derivative was initially recognized as a derivative liability at its fair value of $8,613,759. As at December 31, 2023, the derivative liability was valued at $4,723,256 and management recorded a fair value adjustment on derivative liability of $3,890,503 in the consolidated statement of profit (loss) and comprehensive income (loss). Management exercised judgment in selecting a valuation model and developing unobservable inputs to determine the fair values of the derivative liability. Determining the fair values of the derivative liability required management to use significant unobservable inputs related to the expected volatility and the credit spread. We considered this a key audit matter due to (i) the judgment and estimates made by management when selecting the valuation model and developing the significant unobservable inputs used in the valuations of the derivative liability; (ii) a high degree of subjectivity and effort in performing procedures related to the selection of the valuation model and the significant unobservable inputs by management; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.	Our approach to addressing the matter included the following procedures, among others: • With the assistance of professionals with specialized skill and knowledge in the field of financial instrument valuation, developed independent point estimates of the fair value of the derivative liability at initial recognition and at year-end. • Compared the independent point estimates to management’s estimates to evaluate the reasonableness of management’s estimates. • Tested the disclosures, including the sensitivity analysis, made in the consolidated financial statements with regards to the valuation of the embedded derivative.

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 Accounting Standards, 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.

PricewaterhouseCoopers LLP[1]

Montréal, Quebec, Canada
March 27, 2024

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

Osisko Metals Incorporated
Consolidated Statements of Financial Position
As at December 31, 2023 and 2022
(Expressed in Canadian Dollars)

	2023	2022
	$	$
ASSETS		
CURRENT		
Cash	1,670,610	3,078,856
Accounts receivable (Note 6)	1,064,091	1,509,579
Prepaid expenses and deposits (Note 7)	88,448	1,378,235
	2,823,149	5,966,670
NON-CURRENT		
Exploration and evaluation assets (Note 8)	55,672,086	97,986,603
Investment in joint venture (Note 10)	82,665,055	-
Deposits (Note 7)	2,358,024	710,315
Property and equipment	-	170,667
Investments	11,702	5,319
	140,706,867	98,872,904
Total assets	**143,530,016**	**104,839,574**
LIABILITIES		
CURRENT		
Trade and other payables	1,965,074	4,402,304
Short-term portion of environmental rehabilitation provision (Note 11)	320,107	-
Deferred premium on flow-through shares (Note 12)	832,057	188,705
Secured Loan (Note 13)	-	6,057,700
	3,117,238	10,648,709
NON-CURRENT		
Convertible Note (Note 14)	31,449,512	-
Long-term portion of environmental rehabilitation provision (Note 11)	4,402,133	-
Deferred tax liability (Note 18)	-	8,752,288
	35,851,645	8,752,288
Total liabilities	**38,968,883**	**19,400,997**
EQUITY		
Share capital (Note 15)	131,750,405	124,337,665
Warrants (Note 16)	2,369,377	2,330,377
Contributed surplus	19,092,408	18,693,448
Deficit	(48,651,057)	(59,922,913)
Total equity	**104,561,133**	**85,438,577**
Total liabilities and equity	**143,530,016**	**104,839,574**

Going concern (Note 1)
Commitments and contingencies (Note 25)
Subsequent events (Note 26)

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 Profit (Loss) and Comprehensive Income (Loss)
For the years ended December 31, 2023 and 2022
(Expressed in Canadian Dollars)

	2023	2022
	$	$
Expenses		
Consulting and professional fees	1,369,310	584,938
Employee benefits expenses	830,297	1,305,232
Investor and shareholder relations	704,023	404,222
Share-based compensation (Note 17)	366,490	320,628
Office expenses	195,301	274,596
Travel expenses	137,771	177,597
Depreciation	35,671	12,023
Impairment loss on exploration and evaluation expenses (Note 8)	-	10,968,038
Operating loss	**(3,638,863)**	**(14,047,274)**
Net Financial Income (Note 19)	1,251,158	23,783
Gain on sale of controlling interest in Pine Point Mining Limited (Note 9)	13,185,859	-
Share of loss in joint venture (Note 10)	(304,743)	-
Profit (loss) before income taxes	**10,493,411**	**(14,023,491)**
Income tax recovery (expense) (Note 18)	778,445	(4,545,137)
Net profit (loss) and comprehensive income (loss) for the year	**11,271,856**	**(18,568,628)**
Net profit (loss) per common share (Note 22)		
Basic	**$0.05**	**($0.09)**
Diluted	**$0.04**	**($0.09)**
Weighted average number of common shares outstanding (Note 22)		
Basic	**245,805,936**	**214,807,782**
Diluted	**284,181,107**	**214,807,782**

The profit (loss) and the comprehensive income (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, 2023 and 2022

(Expressed in Canadian Dollars)

	Number of common shares	Share capital	Warrants	Contributed surplus	Deficit	Total
		$	$	$	$	$
Balance – January 1, 2023	**225,671,771**	**124,337,665**	**2,330,377**	**18,693,448**	**(59,922,913)**	**85,438,577**
Common shares issued pursuant to a private placement (Note 8)	20,153,164	5,000,000	-	-	-	5,000,000
Common shares issued for services (Note 15)	2,000,000	625,000	-	-	-	625,000
Issuance of flow-through shares (Note 15)	8,750,000	3,500,000	-	-	-	3,500,000
Deferred premium on flow-through shares	-	(1,309,953)				(1,309,953)
Tax recoveries on share issue costs	-	134,548	-	-	-	134,548
Cost of share issuances	-	(536,855)	39,000	-	-	(497,855)
Share-based compensation (Note 17)	-	-	-	398,960	-	398,960
Net profit and comprehensive income for the year	-	-	-	-	11,271,856	11,271,856
Balance – December 31, 2023	**256,574,935**	**131,750,405**	**2,369,377**	**19,092,408**	**(48,651,057)**	**104,561,133**
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 15)	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 8)	34,998	13,649	-	-	-	13,649
Tax recoveries on share issue costs	-	299,769	-	-	-	299,769
Expiration of Warrants (Note 16)	-	-	(283,802)	283,802	-	-
Exercise of Stock Options (Note 17)	36,666	27,167	-	(8,717)	-	18,450
Share-based compensation (Note 17)	-	-	-	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**

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, 2023 and 2022
(expressed in Canadian Dollars)

	2023	2022
	$	$
Operating activities		
Net profit (loss) for the year	11,271,856	(18,568,628)
Adjustments for:		
Share-based compensation (Note 17)	366,490	320,628
Interest on Secured Loan (Note 13)	213,040	57,700
Depreciation	35,671	12,023
Change in fair value of investments	(6,383)	2,394
Gain on sale of controlling interest in Pine Point Mining Limited (Note 9)	(15,144,972)	-
Common shares issued for financial advisor services (Note 15)	625,000	-
Interest accretion on Convertible Note (Note 14)	2,357,790	-
Unrealized foreign exchange loss on Convertible Note (Note 14)	24,725	-
Change in fair value of Derivative liability (Note 14)	(3,890,503)	-
Impairment loss of exploration and evaluation expenses (Note 8)	-	10,968,038
Share of loss in joint venture (Note 10)	304,743	
Income tax (recovery) expense (Note 18)	(778,445)	4,545,137
Accretion on environmental rehabilitation provision (Note 11)	71,536	-
Environmental rehabilitation obligations paid (Note 11)	(138,030)	-
Changes in non-cash working capital items (Note 24)	1,256,941	(717,865)
Net cash flows used in operating activities	**(3,430,541)**	**(3,380,573)**
Investing activities		
Sale of royalty, net of transaction costs (Note 8)	-	6,500,000
Proceeds on sale of controlling interest in Pine Point Mining Limited (Note 8)	8,300,000	-
Cash balance of Pine Point Mining Limited at the time of deconsolidation (Note 9)	(1,812,002)	-
Deposits related to the environmental rehabilitation provision (Note 11)	(2,358,024)	-
Investments in exploration and evaluation assets	(10,539,084)	(24,061,153)
Net cash flows used in investing activities	**(6,409,110)**	**(17,561,153)**
Financing activities		
Proceeds from the issuance of flow-through shares (Note 15)	3,500,000	12,650,000
Proceeds from Private Placements (Note 8)	5,000,000	-
Issuance of a Convertible Loan (Note 8)	6,700,000	-
Reimbursement Secured Loan, including interest (Note 13)	(6,270,740)	-
Proceeds from the Secured Loan (Note 13)	-	6,000,000
Proceeds from the exercise of Stock Options	-	18,450
Payment of share issue costs	(497,855)	(1,117,600)
Net cash flows provided by financing activities	**8,431,405**	**17,550,850**
Decrease in cash	**(1,408,246)**	**(3,390,876)**
Cash, beginning of year	**3,078,856**	**6,469,732**
Cash, end of year	**1,670,610**	**3,078,856**

Supplemental disclosure (Note 24)

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, 2023, the Company had a negative working capital of $294,089 (including a cash balance of $1,670,610) and had an accumulated deficit of $48,651,057. 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, 2023 will not be sufficient to meet the Company's obligations, commitments and budgeted expenditures through December 31, 2024. Management is aware, in making its assessment, of material uncertainties related to events and conditions that may cast a significant doubt upon the Company's ability to continue as a going concern as described in the preceding paragraph, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern. These 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 8), the issuance of debt or equity instruments (see Notes 8, 13 and 14) and the completion of joint venture arrangements (Notes 8 and 26). 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 Accounting Standard"). The accounting policies, methods of computation and presentation applied in these consolidated financial statements are consistent with those of the previous financial year.

The Company's board of directors (the "Board") approved the audited consolidated financial statements on March 26, 2024.

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

Name of subsidiary	Activity	Country of Incorporation
Pine Point Mining Limited ("PPML")	Mineral exploration in Northwest Territories	Canada

* PPML ceased to be consolidated as of April 6, 2023 (Note 9)

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 subsidiary have a year end of December 31.

3. Material accounting policies

The material 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 profit (loss) and comprehensive income (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. Material 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

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 profit (loss) and comprehensive income (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 (loss), 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 profit (loss) and comprehensive income (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.

<u>Convertible Note</u>
The conversion feature into units which includes one common share of the Company (a “Common Share”) and one-half of a Common Share purchase warrant (a “Warrant”) of the Convertible Note issued to Glencore Canada Corporation (“Glencore”) (see Note 14) is an embedded derivative as it does not qualify as an equity instrument due to not meeting the “fixed for fixed” criteria of IAS 32 Financial instruments: Presentation. Therefore, the Company separates the embedded derivative from the host contract and accounts for each element separately.

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

(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 profit (loss) and comprehensive income (loss).

3. Material accounting policies *(continued)*

(c) Financial instruments (continued)

The Company's financial instruments consist of the following:

Category	Financial instrument
Financial assets at amortized cost	Cash
	Accounts receivable
	Other assets
Financial liabilities at amortized cost	Trade and other payables
	Secured Loan
	Convertible Note
Fair value through profit and loss	Investments in equity investments
	Derivative Liability

(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

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

(f) 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.

3. Material accounting policies *(continued)*

(f) Exploration and evaluation assets (continued)

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.

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.

(g) 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.

3. Material accounting policies *(continued)*

(h) Current and deferred income tax

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

(i) 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.

3. Material accounting policies *(continued)*

(j) 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.

(k) 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 profit (loss) and comprehensive income (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.

(l) 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. Material accounting policies *(continued)*

(m) Investment in joint venture

A joint arrangement is an arrangement in which two or more parties have joint control over an entity. The classification as a joint arrangement requires the application of judgement through the analysis of various indicators, such as the percentage of ownership interest held in the entity, the representation on the entity's board of directors, strategic and operational decisions requiring the approval of all stockholders and various other factors.

A joint arrangement is classified as either a joint operation or joint venture depending on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Corporation classifies its arrangement with PPML as a joint venture accounted for using the equity method since, under the terms of the agreement, among the Company and Appian, certain specified strategic and operational decisions are subject to the approval of all stockholders.

Under the equity method, the investment is initially recorded at the amount of consideration paid at cost and adjusted thereafter to recognise the Company's share of the net loss and other comprehensive loss of the investee in the consolidated statements of net profit (loss) and comprehensive income (loss). In order to apply the equity method, management has to align Pine Point's accounting policies with those of the Company, which requires among other things management to assess whether indicators of impairment related to the Pine Point exploration and evaluation assets are present.

4. New accounting standards and amendments

Material accounting standards and amendments

Amendments – IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

In 2021, the IASB issued narrow-scope amendments to IFRS Accounting Standards, including to IAS 1 and IAS 8.

The amendments were made to help companies:
- improve accounting policy disclosures so that they provide more useful information to investors and other primary users of the financial statements; and
- distinguish changes in accounting estimates from changes in accounting policies

The amendments to IAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements. The amendments to IAS 8 clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. That distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events. The amendments to IAS 1 and IAS 8 are effective for annual reporting periods beginning on or after January 1, 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the consolidated financial statements. Management reviewed the accounting policies and made updates to the information disclosed in Note 3, in certain instances, in line with the amendments.

Accounting standards issued but not yet effective

The Company has not yet adopted certain standards, interpretations to existing standards and amendments which have been issued but have an effective date of later than December 31, 2023. These standards, interpretations to existing standards and amendments, other than for the Convertible Note which will become current as of January 1, 2024, are not expected to have any significant impact on the Company or are not considered material and are therefore not discussed herein.

5. Critical accounting estimates, assumptions and judgments

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards 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).

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

Fair value of derivative liability
The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses its judgment to select a valuation model and makes assumptions that are based to the extent possible on observable market data at the end of each reporting period. Details of the valuation model used for determining the fair value of the embedded derivatives in the Convertible Note and the assumptions used by Management are disclosed in Note 14.

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. In order to apply the equity method, Management has to align Pine Point's accounting policies with those of the Company, which requires among other things management to assess whether indicators of impairment related to the Pine Point exploration and evaluation asset are present.

For exploration and evaluation assets (including the exploration and evaluation assets related to the Investment in joint venture), 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 (see also Note 8), as the carrying amounts of certain properties of exploration and evaluation assets exceeded the recoverable amounts. No indicators were identified for the year ended December 31, 2023. Management applied judgment in determining the recoverable amounts that were based on the fair value less cost of disposal method using the market approach.

(expressed in Canadian Dollars)

5. Critical accounting estimates, assumptions and judgments (*continued*)

Critical judgments in applying the Company's accounting policies

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

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

Impairment of investments in joint ventures
The Company follows the guidance of IAS 28 Investments in Associates and Joint Ventures to assess whether there are impairment indicators that may lead to the recognition of an impairment loss with respect to its net investment in a joint venture. This determination requires significant judgement in evaluating if a decline in fair value is significant or prolonged, which triggers a formal impairment test. In making this judgement, Management evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its carrying amount, the volatility of the investment and the financial health and business outlook for the investee, including factors such as the current and expected status of the investee's exploration projects and changes in financing cash flows.

6. 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 years ended December 31, 2023 and 2022. This credit is accounted for against the E&E expenditures incurred and totaled $ nil as at December 31, 2023 ($1,196,518 as at December 31, 2022).

7. Prepaid expenses and deposits

	December 31, 2023	**December 31, 2022**
	$	**$**
Deposits related to the environmental rehabilitation provision (Note 9)	2,358,024	-
Exploration and water permit security deposits	-	1,143,394
Supplier deposits	72,350	886,388
Prepaid expenses	16,098	58,768
	2,446,472	2,088,550
Classified as short-term	88,448	1,378,235
Classified as long-term	2,358,024	710,315

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

(expressed in Canadian Dollars)

8. Exploration and evaluation assets

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

Property	Balance as at January 1, 2023	Additions (*)	Deconsolidation of PPML	Tax credit	Balance as at December 31, 2023
	$	$	$		$
Québec					
Gaspé Copper (a)					
Mining rights	6,729	37,746,234	-	-	37,752,963
Exploration expenses	10,587,797	4,571,253	-	(51,125)	15,107,925
	10,594,526	42,317,487	-	(51,125)	52,860,888
New Brunswick					
Gilmour South (b)(g)					
Mining rights	246,713	19,510	-	-	266,223
Exploration expenses	-	-	-	-	-
	246,713	19,510	-	-	266,223
Key Anacon (c)(g)					
Mining rights	1,807,406	2,550	-	-	1,809,956
Exploration expenses	-	-	-	-	-
	1,807,406	2,550	-	-	1,809,956
Canadian Continental (d)(g)					
Mining rights	130,718	-	-	-	130,718
Exploration expenses	-	-	-	-	-
	130,718	-	-	-	130,718
Mount Fronsac (e)(g)					
Mining rights	511,464	-	-	-	511,464
Exploration expenses	-	-	-	-	-
	511,464	-	-	-	511,464
Other New Brunswick properties (f)(g)					
Mining rights	83,897	8,940	-	-	92,837
Exploration expenses	-	-	-	-	-
	83,897	8,940	-	-	92,837
Northwest Territories					
Pine Point (h)(i)					
Mining rights	26,978,739	-	(26,978,739)	-	-
Exploration expenses	57,633,140	11,186,713	(68,819,853)	-	-
	84,611,879	11,186,713	(95,798,592)	-	-
Summary					
Mining rights	29,765,666	37,777,234	(26,978,739)	-	40,564,161
Exploration expenses	68,220,937	15,757,966	(68,819,853)	(51,125)	15,107,925
	97,986,603	**53,535,200**	**(95,798,592)**	**(51,125)**	**55,672,086**

* Additions include changes in estimates related to the environmental rehabilitation provision (see Note 11)

(expressed in Canadian Dollars)

8. Exploration and evaluation assets *(continued)*

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 (a)					
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)(g)					
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)(g)					
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)(g)					
Mining rights	134,968	-	-	(4,250)	130,718
Exploration expenses	-	-	-	-	-
	134,968	-	-	(4,250)	130,718
Mount Fronsac (e)(g)					
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)(g)					
Mining rights	92,607	-	-	(8,710)	83,897
Exploration expenses	-	-	-	-	-
	92,607	-	-	(8,710)	83,897
Northwest Territories					
Pine Point (h)(i)					
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**

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

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

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

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

8. Exploration and evaluation assets *(continued)*

(a) Gaspé Copper (*continued*):

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

- Glencore was issued a US$25,000,000 senior secured convertible note (the "Convertible Note") (see Note 14) of the Company which is convertible into units of Osisko Metals at a price of $0.40 per unit (each, a "Unit"), comprised of one Common Share and one-half Warrant. Each Warrant is exercisable by Glencore at an exercise price of $0.46 per Common Share until July 14, 2026.
- Glencore retained a 1% net smelter return ("NSR") royalty on the historical Mount Copper open pit and a 3% NSR royalty on all other minerals extracted from the Gaspé Copper Project.
- Osisko Metals will make a cash payment of US$20,000,000 to Glencore upon the commencement of commercial production at the Gaspé Copper Project, which will be included in the cost of the Mine once it becomes payable.
- The Company is required to incur a total of $55,000,000 in exploration, development and environmental expenditures, including permitting expenditures, over a period of four years, which commenced on March 25, 2022, with a minimum of $20,000,000 to be incurred by March 25, 2024. A penalty will be payable to Glencore as a percentage of the expenditure deficit as compared to this commitment.
- Osisko Metals entered into an offtake agreement with Glencore to purchase 100% of the concentrates produced at the Gaspé Copper Project.
- The Parties entered into an investor rights agreement (the "Investor Rights Agreement"), pursuant to which Glencore has been granted certain investor rights, provided that it maintains certain ownership thresholds in the Company. Among other things, the Investor Rights Agreement provides Glencore with the right to designate one director for appointment to the Board, participation rights in future equity issuances, piggyback registration rights and the right to maintain its pro-rata position in Osisko Metals.
- Assumption of environmental rehabilitation obligations in favor of the Minister of Natural Resources and Forests ("MNRF") for $5,300,000 and a deposit in guarantee to the Town of Murdochville for $766,737.

(b) Gilmour South, New-Brunswick: This property is located 20 km south-southeast of the Brunswick No. 12 Mine and is subject to a NSR royalty (the "OGR Royalty") with Osisko Gold Royalties Ltd ("OGR''), which is described in Note (g). As at December 31, 2022, the Company had completed its obligations related to an option agreement signed on March 7, 2017, and as such, the Company acquired a 100% interest in this property.

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 likely 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 (g). 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 likely exceeds its recoverable amount.

(d) Canadian Continental, New-Brunswick: This project is partially subject to the OGR Royalty (g). During the year ended December 31, 2022, the Company impaired $4,250 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 likely exceeds its recoverable amount.

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

(f) Other New Brunswick properties: These properties are subject to the OGR Royalty (g). During the year ended December 31, 2022, the Company impaired $8,710 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 likely exceeds its recoverable amount.

(g) On October 12, 2017, the Company concluded an agreement with OGR whereby OGR acquired a 1% NSR royalty on nearly all of Osisko Metals' portfolio of projects within both New Brunswick 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.

8. Exploration and evaluation assets *(continued)*

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

On February 25, 2022, an additional amendment to the Sales Agreement with OGR was finalized, pursuant to which OGR was granted a further 1.0% NSR royalty on the Pine Point Project in exchange for cash consideration of $6,500,000. At December 31, 2023, OGR holds a combined 3.0% NSR royalty on the Pine Point Project.

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

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

Some highlights of the Transaction include:

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

Concurrent with the execution of the Investment Agreement, Osisko Metals and Appian entered into an agreement for the issuance of a convertible instrument (the "Convertible Loan") to provide PPML with short-term interim funding of up to $11,500,000 to fund the drilling program on the Pine Point Project. When the Transaction closed on April 6, 2023, the $6,700,000 advanced by Appian and outstanding under the convertible instrument was converted into an ownership interest in PPML and the Initial Subscription was reduced by $6,700,000 outstanding under the Convertible Loan. At December 31, 2023, no amounts are outstanding to Appian by Osisko Metals. Consequently, total proceeds on sale of interest was $15,000,000.

9. Deconsolidation of Pine Point Mining Limited

On December 31, 2023, Osisko Metals held an interest of 67% (compared to 100% as at December 31, 2022) in PPML. Effective on April 6, 2023, following the Transaction with Appian (See Note 7 (i)), Osisko Metals ceased to consolidate PPML as Management determined that Osisko Metals was no longer in a position of control over PPML given the unilateral decision rights held by Appian over PPML' significant operating, inventing and financing decisions. Immediately after, Management determined it was able to exert joint control on PPML and subsequently accounted for its investment as a joint venture under the equity method. Accordingly, Osisko Metals deconsolidated Pine Point on April 6, 2023, and started accounting for its investment in PPML using the equity method. On April 6, 2023, the Company derecognized the assets and liabilities of PPML from its consolidated balance sheet, recorded its interest in PPML at fair value as an investment in a joint venture (see also Note 10) for $82,969,798 and recognized a net non-cash gain on deconsolidation of $13,185,859 ($15,144,972, net of $1,959,113 in transaction costs). PPML's results of operations and cash flows were consolidated into the Company's financial statements up to April 6, 2023.

(expressed in Canadian Dollars)

9. Deconsolidation of Pine Point Mining Limited (*continued*)

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

Summarized balance sheet:

	April 6, 2023
	$
Current assets	2,371,792
Current liabilities	(7,628,974)
Current net assets (liabilities)	(5,257,182)
Non-current assets	96,618,106
Non-current liabilities	(8,505,896)
Non-current net assets	88,112,210
Total net assets	82,855,028

Gain on deconsolidation:

	April 6, 2023
	$
Fair value of PPML (Note 8(i))	98,000,000
Total net assets	(82,855,028)
Gain	15,144,972
Transaction costs	(1,959,113)
Net gain	13,185,859

10. Investment in joint venture

The financial information of PPML, the Company's material joint venture, on a 100% basis is as follows and includes adjustments, where applicable, to the accounting policies of PPML to conform to those of the Company and taking into account fair value adjustments made by the Company for equity accounting purpose:

	December 31, 2023
	$
Current assets	6,090,693
Current liabilities	(5,438,795)
Current net assets (liabilities)	651,898
Non-current assets	130,673,511
Non-current liabilities	(8,648,548)
Non-current net assets	122,024,963

	Period from April 6 to December 31, 2023
	$
Net loss and comprehensive loss	(312,516)

PPML was deconsolidated and became a material joint venture on April 6, 2023.

The following tables summarizes the Company's evolution of the investment:

	2023
	$
Balance – January 1, 2023	-
Reclassification of interest held by the Company in PPML	82,969,798
Share of loss and comprehensive loss	(304,743)
Balance – December 31, 2023	82,665,055

(expressed in Canadian Dollars)

11. Environmental rehabilitation provision

	Total
	$
Balance, January 1, 2023	-
Gaspé Copper Project acquisition	4,728,372
Payments	(138,030)
Change in estimates	60,362
Accretion expense	71,536
Balance, December 31, 2023	**4,722,240**
Current liabilities	320,107
Non-current liabilities	4,402,133
	4,722,240

The environmental rehabilitation obligation that arose during the year ended December 31, 2023 represents the present value of the estimated amount of undiscounted cash flows required to satisfy the environmental rehabilitation obligation in respect of the Gaspé Copper Project (Note 8).

On July 14, 2023, the Company assumed the environmental rehabilitation obligation subsequent to the closing the Gaspé Transaction. On this date the future value of the environmental rehabilitation obligation was estimated to be $5,300,000 and was discounted using a rate of 3.40%. As of December 31, 2023, the future value of the environmental rehabilitation obligation was estimated to be $5,160,000 and has been discounted using a rate of 3.10%.

The Company expects to complete reclamation work from 2023 to 2043 and the liabilities accrete to their future value until the expected underlying work is expected to be performed.

As of December 31, 2023, the Company has a surety bond for collateral for these rehabilitation activities in favor of the MNRF.

12. Deferred premium on flow-through shares

	2023	2022
	$	$
Balance – beginning of year	188,705	1,088,653
Deferred premium on flow-through shares issued (Note 14)	1,309,953	1,381,284
Recognition of deferred premium on flow-through shares	(666,601)	(2,281,232)
Balance – end of year	832,057	188,705

13. Secured Loan

On December 5, 2022, the Company closed a secured senior loan agreement (the "Secured Loan") with Osisko Mining Inc. ("OSK") for $6,000,000 (the "Principal Amount") with a maturity date of March 31, 2023. On March 31, 2023, this maturity date was extended to April 30, 2023. Under the terms of the Secured Loan, interest 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, 2023, the Company incurred $213,040 of interest expense ($57,700 incurred during the year ended December 31, 2022) which is recorded in the consolidated statements of profit (loss) and comprehensive income (loss). The Secured Loan was repaid on April 6, 2023.

14. Convertible Note

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

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

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

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

	Host (amortized cost)	Embedded Derivative (FVTPL)	Total
	$	$	$
Balance, January 1, 2023	-	-	-
Issuance	24,343,741	8,613,759	32,957,500
Interest accretion	2,357,790	-	2,357,790
Fair value adjustment	-	(3,890,503)	(3,890,503)
Foreign exchange	24,725	-	24,725
Balance, December 31, 2023	**26,726,256**	**4,723,256**	**31,449,512**

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

	July 14, 2023	Relative change	Sensitivity (*)	December 31, 2023	Relative change	Sensitivity (*)
Observable inputs:						
Share price	$0.235	+/- 10%	+ $2,000,000 - $1,700,000	$0.185	+/- 10%	+/- $1,000,000
Foreign exchange rate	1.3183	+/- 5%	+/- $400,000	1.3226	+/- 5%	+/- $240,000
Unobservable inputs:						
Expected volatility	60%	+/- 10%	+ $1,300,000 - $1,200,000	63.6%	+/- 10%	+ $1,040,000 - $1,060,000
Credit spread	15.7%	+/- 1%	+/- $100,000	15.3%	+/- 1%	+/- $55,000

(*) Holding all other variables constant

(expressed in Canadian Dollars)

15. Share capital

Transactions impacting the year ended December 31, 2023:

On June 8, 2023, the Company agreed to issue 2,000,000 Common Shares at a deemed issue price of $0.3125 per Common Share in satisfaction of an aggregate of $625,000 in obligations due to Maxit Capital LP, who acted as the financial advisor to the Company in connection with the Transaction with Appian. The $625,000 has been recorded against the gain on sale of controlling interest in Pine Point Mining Limited in the consolidated statement of profit (loss) and comprehensive income (loss) in the year ended December 31, 2023.

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

In connection with the Offering, share issue costs totaled $507,730, including $468,730 in cash and the issuance of 612,500 non-transferable broker warrants of the Company (each, a “Broker Warrant“). Each Broker Warrant entitles the holder thereof to purchase one Common Share at a price of $0.25 per Common Share until January 12, 2025. The Broker Warrants were accounted for at their fair value of $39,000, determined by the Black-Scholes option pricing model based on the following weighted average assumptions:

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

Gross proceeds from the Offering were allocated between share capital ($1,968,750) and deferred premium on flow-through shares ($1,531,250). Share issue costs were also allocated between share capital ($286,433) and deferred premium on flow-through shares ($221,297) pro rata to the allocation of the proceeds (see Note 11).

Transactions impacting the year ended December 31, 2022:

On June 16, 2022, the Company completed a brokered private placement (the “2022 Offering”) of an aggregate of (i) 4,600,000 common flow-through shares at an issue price of $0.50 per 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

(expressed in Canadian Dollars)

15. Share capital (*continued*)

Transactions impacting the year ended December 31, 2022 (continued):

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) pro rata to the allocation of the proceeds. 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 12) using the relative fair value method.

16. Warrants

The following table details the changes in Warrants issued:

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

The Warrants outstanding at December 31, 2023, are as follows:

Exercise price ($)	Number of Warrants	Expiry date	Weighted average remaining contractual life (years)
0.54	1,416,458	June 16, 2024	0.46
0.57	9,583,333	June 16, 2027	3.46
0.25	612,500	January 12, 2025	1.05

17. 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, 2022	11,902,800	0.81
Granted	3,365,000	0.33
Exercised	(36,666)	0.50
Expired	(3,075,000)	1.64
Balance – December 31, 2022	12,156,134	0.47
Granted	2,105,000	0.24
Forfeited	(70,234)	0.44
Expired	(1,400,900)	0.70
Balance – December 31, 2023	12,790,000	0.41

(expressed in Canadian Dollars)

17. Share-based compensation (*continued*)

Options outstanding at December 31, 2023 are as follows:

Exercise price ($)	Number of Options outstanding	Number of Options exercisable	Weighted average remaining life (years)
0.55	2,290,000	2,290,000	0.1
0.57	100,000	100,000	0.6
0.49	2,745,000	2,745,000	0.9
0.44	2,225,000	1,483,327	2.0
0.37	660,000	219,997	3.1
0.32	2,680,000	893,331	3.8
0.25	1,690,000	-	4.4
0.19	400,000	-	4.7
	12,790,000	7,731,655	

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 Common 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 Common Share.

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

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

The Options, when granted, are accounted for at their fair value determined by the Black-Scholes option pricing model based on the following weighted average assumptions for the years ended December 31, 2023 and 2022:

	2023	2022
Share price at date of grant	$0.24	$0.33
Exercise price at date of grant	$0.24	$0.33
Risk-free interest rate	3.70%	3.11%
Expected life of Options	4.8 years	4.8 years
Annualized expected volatility	54%	55%
Dividend rate	0%	0%
Weighted average fair value per Option	$0.12	$0.16

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, 2023, the share-based compensation costs amounted to $398,960 ($349,224 for the year ended December 31, 2022) of which $366,490 was charged to the consolidated statement of profit (loss) and comprehensive income (loss) ($320,628 for the year ended December 31, 2022) and $32,470 was capitalized to exploration and evaluation assets ($28,596 for the year ended December 31, 2022). The offsetting credit has been recorded in contributed surplus.

(expressed in Canadian Dollars)

18. Income taxes

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

	2023	2022
	$	$
Current income taxes recovery (expense)	-	-
Variation in deferred tax liabilities balance	111,844	(6,826,369)
Performance of obligations related to flow-through financing	666,601	2,281,232
Total	778,445	(4,545,137)

A reconciliation of income taxes at statutory rates (26.5%) with the taxes reported in the consolidated statement of profit (loss) and comprehensive income (loss) for the year ended December 31, 2023 (26.5% for the year ended December 31, 2022), is as follows:

	2023	2022
	$	$
Profit (loss) before income taxes	10,493,411	(14,023,493)
Expected income tax expense (recovery)	2,780,754	(3,716,225)
Share-based compensation	97,120	84,986
Tax effect of renounced flow-through share expenditures	338,370	4,353,829
Performance of obligations related to flow-through financing	(666,601)	(2,281,232)
Gain on sale of PPML interest	538,885	-
Gain on deconsolidation of PPML	(4,121,514)	-
Non-realized loss on Convertible Note	(481,660)	-
Change in allocation between provinces	85	62,115
Non-deductible expenses	5,839	2,704
Non-deductible portion of unrealized capital loss	(846)	317
Adjustments in respect of prior years	(48,411)	117,141
Unrecognized tax benefits outside of Canada	-	15,062
Derecognition of unrecognized deferred income tax assets	779,534	5,875,136
Other	-	31,304
Net income tax recovery (expense)	778,445	(4,545,137)

(expressed in Canadian Dollars)

18. Income taxes (*continued*)

The significant components of deferred income tax assets and liabilities as at December 31, 2023 and 2022, respectively, are as follows:

	Balance as at January 1, 2023	Recognized in net loss	Recognized in equity	Balance as at December 31, 2023
	$	$	$	$
Deferred tax assets				
Unused loss carry-overs	9,129,757	(2,733,717)	-	6,396,040
Unused capital losses	65,361	-	-	65,361
Unrealized capital losses	128,714	(846)	-	127,868
Issuance cost of shares	458,702	(184,838)	134,548	408,412
Donation carry-over	36,588	(16,430)	-	20,158
Property and equipment	106,437	(53,207)	-	53,230
Convertible Note (Accretion)	-	563,704	-	563,704
	9,925,559	(2,425,334)	134,548	7,634,773
Unrecognized tax benefits	(6,068,893)	(779,534)	-	(6,848,427)
	3,856,666	(3,204,868)	134,548	786,346
Deferred tax liabilities				
Exploration and evaluation assets	(12,608,954)	12,305,893	-	(303,061)
Convertible Note (Principal)	-	(481,660)	-	(481,660)
Environmental rehabilitation provision	-	(1,625)	-	(1,625)
	(12,608,954)	11,822,608	-	(786,346)
	(8,752,288)	**8,617,740**	**134,548**	**-**

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
	$	$
2029	618,616	602,834
2030	640,536	632,989
2031	282,122	277,351
2032	525,538	568,025
2033	261,231	257,604
2034	434,037	426,901
2035	412,385	411,916
2036	341,809	238,770
2038	3,697,434	3,673,713
2039	3,498,103	3,498,104
2040	3,059,191	3,053,395
2041	2,874,834	2,868,444
2042	3,389,544	3,380,147
2043	4,130,261	4,130,261
	24,165,641	**24,020,454**

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

(expressed in Canadian Dollars)

19. Net financial income

	2023	2022
	$	$
Financial revenues	225,226	121,053
Interest expense on the Secured Loan (Note 13)	(213,040)	(57,700)
Interest accretion on Convertible Note (Note 14)	(2,357,790)	-
Other financial expenses	(164,594)	-
Change in fair value of derivative liability (Note 14)	3,890,503	-
Accretion on environmental rehabilitation provision (Note 11)	(71,536)	-
Change in fair value of investments	6,383	(2,394)
Loss on foreign exchange	(63,994)	(37,176)
	1,251,158	23,783

20. 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, 2023 and 2022:

	2023	2022
	$	$
Salaries and short-term employee benefits	387,500	870,400
Share-based compensation	291,318	273,766
	678,818	1,144,166

During the years ended December 31, 2023 and 2022, the Company undertook transactions with certain related companies. OSK and Falco Resources Ltd. ("FPC") are related parties because of common officers and directors. PPML is a related party because Osisko Metals has joint control of PPML.

During the year ended December 31, 2023, OSK invoiced an amount of $7,300 ($12,000 for the year ended December 31, 2022) in relation to professional services rendered. As at December 31, 2023, $1,000 is included in trade and other payables ($ nil as at December 31, 2022).

During the year ended December 31, 2023, an amount of $152,000 ($148,000 for the year ended December 31, 2022) was invoiced by FPC for professional services, of which $28,000 is included in trade and other payables as at December 31, 2023 ($70,000 as at December 31, 2022).

During the period from April 6, 2023 to December 31, 2023, an amount of $823,000 was invoiced to PPML for Management, geological and professional services ($ nil during the year ended December 31, 2022). As at December 31, 2023, $770,000 is included in accounts receivable ($ nil as at December 31, 2022).

21. Capital management

The capital structure of the Company as at December 31, 2023, 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.

(expressed in Canadian Dollars)

21. Capital management (*continued*)

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, 2023 and 2022. Changes in capital are described in the consolidated statement of changes in equity.

22. Net profit (loss) per share

	2023	2022
	$	$
Net profit (loss) from attributable to Osisko Metals' shareholders	11,271,856	(18,568,628)
Effect of Convertible Note on net profit (loss)	(1,102,500)	-
	10,169,356	(18,568,628)
Basic weighted average number of Common Shares outstanding	245,805,936	214,807,782
Dilutive effect of Convertible Note	38,375,171	-
Diluted weighted average number of Common Shares	284,181,107	214,807,782
Net profit (loss) per Common Share		
Basic	$0.05	($0.09)
Diluted	$0.04	($0.09)

For the year ended December 31, 2023, 7.7 million Options and 11.6 million Warrants were excluded from the computation of diluted earnings per share as their effect was anti-dilutive.

As a result of the net loss for the year ended December 31, 2022, all potentially dilutive common shares (Notes 16 and 17) are deemed to be antidilutive and thus diluted net loss per share is equal to the basic net loss per share for this period.

23. 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, 2023, all of the Company's short-term financial liabilities in the amount of $2,285,181 ($10,460,004 as at December 31, 2022) 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, 2023, cash 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, 2023, will not be sufficient to meet the Company's obligations, commitments and budgeted expenditures through December 31, 2024 (see also Note 26).

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 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 monetary investments with Canadian chartered banks.

(expressed in Canadian Dollars)

23. 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 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, 2023 and 2022 are classified in level 1.

The Derivative Liability is measured at fair value in the consolidated statement of financial position as at December 31, 2023 and is classified in level 3 (see Note 14).

24. Supplemental disclosure – Consolidated statements of cash flows

	2023	2022
	$	$
Changes in non-cash working capital items:		
Accounts receivable	413,196	75,776
Prepaid expenses and deposits	1,110,188	(1,513,826)
Trade and other payables	(266,443)	720,185
Total	1,256,941	(717,865)
Exploration and evaluation asset expenditures included in trade and other payables		
Beginning of year	2,672,458	2,733,010
End of year	501,668	2,672,458
Share issue costs included in trade and other payables		
Beginning of year	-	91,402
End of the year	-	-
Depreciation capitalized to exploration and evaluation assets	-	81,067

25. 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. The related tax rules also set deadlines for carrying out the exploration work no later than the first of the following dates:

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

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

On July 12, 2023, the Company received $3,500,000 following the issuance of flow-through shares for which the Company renounced tax deductions as at December 31, 2023. As at December 31, 2023, $2,250,000 remains to be incurred by December 31, 2024.

26. Subsequent events

Transaction with Appian

On February 22, 2024, the Company announced the sale of an additional 5% ownership interest in PPML (see also Note 8) to a subsidiary of Appian. The increase in Appian's target ownership interest in PPML from 60% to 65% is expected to result in additional proceeds to Osisko Metals of $8,330,000, of which (i) $6,664,000 in cash was paid to Osisko Metals in connection with the closing of this transaction, and (ii) the remaining amount, estimated to be approximately $1,666,000, based on certain budget assumptions and estimates of Management required to advance the Pine Point Project to a positive FID, to be paid as a milestone payment to Osisko Metals upon a positive FID (the "Additional Interest Disposition"). This amount represents the estimated increase in the milestone payment on account of the Additional Interest Disposition relative to the initial joint venture target ownership structure, based on the estimated budget of $75,300,000 to take the Pine Point Project to FID since the commencement of the joint venture.

After giving effect to the Additional Interest Disposition and based on the estimated budget of $75,300,000 to take the Pine Point Project to FID (and related assumptions therein), the milestone payment upon positive FID to bring Appian's ownership in PPML to 65% is expected to be approximately $18,000,000. The final milestone payment will increase or decrease should the actual amount spent to FID differ from the estimated budget of $75,300,000. There can be no certainty that the actual costs will be aligned with the estimated budget or that any milestone payment will be made to Osisko Metals at all or that positive FID or a construction decision on Pine Point Project will be achieved as budgeted or at all.

The Additional Interest Disposition is a non-arm's length transaction within the policies of the TSX-V as Appian is a non-arm's length party of PPML, an affiliate of the Company.

Grant of Options

On March 26, 2024, the Company granted Options to certain directors, officers, key employees and key consultants to purchase up to an aggregate of 1,935,000 Common Shares. This grant is subject to a three-year vesting period and a five-year term at an exercise price of $0.155 per Common Share.