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Form 51-102F1

*Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2005*

OSISKO EXPLORATION LTÉE

MANAGEMENT'S DISCUSSION AND ANALYSIS

1. MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

This report, prepared by the officers of Osisko Exploration Ltée (the "Company"), presents an analysis of results of operations and of the financial condition of the Company for the fiscal year ended December 31, 2005 with comparative notes and comments to the previous year. This report, dated April 26, 2006, should be read in conjunction with the audited financial statements of the Company for the years ended December 31, 2004 and 2005 and notes therein.

Management is responsible for the preparation of the financial statements and other financial information relating to the Company included in this report. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and necessarily include amounts based on estimates and the judgment of management. All monetary amounts included in this report are expressed in Canadian dollars.

Villeneuve & Venne, our independent auditors, were mandated to express a professional opinion on the financial statements. Their examination was conducted in accordance with Canadian generally accepted auditing standards, and includes tests and other procedures which allow the auditors to report whether the financial statements prepared by management are presented fairly in accordance with Canadian generally accepted accounting principles.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting. In furtherance of the foregoing, the Board has appointed an Audit Committee composed of three directors, one of whom is not a member of management. The Committee meets with the independent auditors to discuss the results of their audit report prior to submitting the financial statements to the Board of Directors for its consideration and approval for issuance to shareholders. On the recommendation of the Audit Committee, the Board of Directors has approved the Company's financial statements.

2. CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Statements contained in this document that are not historical facts are regarded as forward-looking statements. These statements may involve risk, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements. Factors that could cause such differences, without being limited to the following, include: volatility and sensitivity to market metal prices; impact of change in foreign currency exchange rates and interest rates; unexpected variations in geological conditions of a property or erroneous geological data; environmental risks including increased regulatory constraints; unexpected adverse mining conditions; adverse political conditions and changes in government regulations and policies. Although the Company believes that the assumptions inherent in the forward-looking statements are reasonable, undue reliance should not be placed on these statements, which only apply as of the date of this document. The Company disclaims any intention or obligation to update or revise any forward-looking statement, whether or not it should be revised as a result of new information, future events or otherwise.

3. OVERVIEW OF EXPLORATION ACTIVITIES

3.1. BUSINESS OF THE COMPANY AND SUMMARY OF ACTIVITIES

The Company, incorporated under the Canada Business Company's Act, is in the business of acquiring and exploring mineral properties with the objective of discovering and defining economic ore deposits. The Company's corporate objectives are currently focused on acquiring and developing gold properties in Quebec and Brazil, with the medium-term objective of defining gold resources that could be mined by open-pit methods.

During the year ended December 31, 2005, the Company carried out exploration work on three properties in Quebec (Canadian Malartic, Launay and Watts Lake). One property in Brazil (Castelo dos Sonhos) was maintained in good standing but was not subject to exploration work. Following exploration results obtained on the Barry and Launay properties, the Company elected to abandon these properties. The results indicated that the properties did not offer potential for gold resources that could be economically mined by open-pit methods.

The Company acquired, in November 2004, the Canadian Malartic property located in the Abitibi region of Quebec. This core project constitutes the major asset of the Company since it includes the past-producing Canadian Malartic mine as well as a very significant gold deposit that the Company is actively drill-defining.

At the end of the 2005 fiscal year, the Company therefore had three active properties in its portfolio (Canadian Malartic and Watts Lake in Quebec and Castelo dos Sonhos in Brazil).

Summary of Osisko Exploration's mineral exploration properties in 2005

	Metal	Number of claims/permits	Interest	Property Status	Book Status	Planned work 2006
Canadian Malartic	Au	105	100%	Active	Mining property	Drilling and compilation
Watts Lake	Ni-Au-PGM	198	100%	Active	Mining property	Geophysical surveys
Castelo dos Sonhos	Au	13	Option	Active	Mining property	Joint-venture
Payne Bay	Ni-Cu	3	46%	Inactive	Written-off	Joint-venture
Barry	Au	6	Option	Abandoned	Written-off	-
Launay	Au	41	100%	Abandoned	Written-off	-

Deferred Exploration Costs 2005

Property	Balance at 31-12-2004	Exploration expenditures	Write-off	Mining rights	Tax Credits	Balance at 31-12-2005
	\$	\$	\$	\$	\$	\$
QUEBEC						
CANADIAN MALARTIC	0	1,728,899	0	(87,646)	(393,925)	1,247,328
Compilation/Geomatics		13,351				
Drilling		945,321				
Geology		305,892				
Analyses		116,182				
Logistics		159,615				
Surveying		32,789				
Administration		155,749				
LAUNAY	0	5,934	(5,934)	0	0	0
Prospecting/sampling		5,934				
WATTS LAKE	0	35,866	0	(1,818)	(8,172)	25,876
Prospecting/sampling		7,866				
Logistics		28,000				
BARRY	352,051	110,385	(462,436)	0	0	0
Drilling		110,385				
BRAZIL						
CASTELLO	134,785	0	0	0	0	134,785
	<u>486,836</u>	<u>1,881,084</u>	<u>(468,370)</u>	<u>(89,464)</u>	<u>(402,097)</u>	<u>1,407,989</u>

Deferred Exploration Costs 2004

Property	Balance at 31-12-2003 \$	Exploration expenditures \$	Write-off \$	Mining rights \$	Tax Credits \$	Balance at 31-12-2004 \$
QUEBEC						
HÉBÉCOURT	23,148	0	(23,148)	0	0	0
CAMERON/ESTHER	0	0	0	0	0	0
BELLECHASSE Drilling	538,122	334,299	(645,176)	(64,927)	(162,318)	0
ETCHEMIN Compilation/Geomatics	2,896	2,476	(5,372)	0	0	0
MONTAGNE	0	0	0	0	0	0
BARRY Drilling	0	352,051	0	0	0	352,051
MALARTIC	0	0	0	0	0	0
BRAZIL						
BARRO ALTO	0	0	0	0	0	0
SANTA CATARINA Compilation/Geomatics Geochemistry/Geophysics	0	34,280 127,943	(162,223)			
PALMA Compilation/Geomatics Geochemistry/Geophysics Drilling	0	9,856 12,435 65,501	(87,792)	0	0	0
CASTELLO Compilation/Geomatics Geochemistry/Geophysics	0	82,305 52,480	0	0	0	134,785
	564,166	1,073,626	(923,711)	(64,927)	(162,318)	486,836

3.2. CANADIAN MALARTIC

INTRODUCTION

Osisko's flagship property is the 100% owned Canadian Malartic gold property, located in the heart of Quebec's prolific Abitibi Gold Belt, immediately south of the town of Malartic, approximately 20 kilometres west of the town Val d'Or. The property (104 claims and one mining concession with a total surface area of 4618 hectares) includes the former underground Canadian Malartic Mine, which poured over 1 million ounces of gold between the years 1935 – 1965 from 9.9 million tonnes of ore grading 3 to 6 grams/tonne Au. Between 1935 and 1983, production in the Malartic camp totalled over 5 million ounces (Canadian Malartic, Barnat-Sladen and East Malartic Mines).

Osisko acquired a 100% interest in the Canadian Malartic property in November 2004 and initiated, in January 2005, a detailed compilation of the extensive geotechnical database on the property, including data from over 5,000 surface and underground drill holes. Osisko commenced its drilling program on the western portion of the deposit in March 2005.

The deposit is an Archean porphyry gold system, consisting of a widespread shell of disseminated gold and pyrite mineralization hosted by diorite porphyry and altered metasediments. Drilling and compilation work has thus far outlined a gold mineralized system measuring 1400 metres x 350 metres, with a variable true thickness ranging from 40 to 270 metres to a vertical depth of 320 metres from surface. Average grade of the deposit is estimated to lie between 1.00 g/t and 1.35 g/t Au, and the geological model indicates a tonnage of 100 million metric tonnes, yielding a potential resource of approximately 3.2 to 4.3 million ounces¹.

HISTORY

The Canadian Malartic deposit was discovered in 1926. Underground development began in 1928 following a 26 hole surface drill program and production started in 1935. The mine closed in 1965 after producing 1,080,000 ounces of gold from 9.93 million tonnes of ore grading 3 to 6 g/t Au. Gold is finely disseminated and occurs in the native state, and was recovered in a mill by standard cyanide leaching (90% average recovery over the mine life). Following closure of the mine, the property remained idle until purchased by Lac Minerals in 1979.

From 1980 to 1988, Lac Minerals explored the property and completed over 55,000 meters of surface drilling. The objective was to define a near-surface (<100 metres deep) economic deposit amenable to open pit mining. The exploration program led to the definition of 5 near-surface gold zones forming an aggregate historical resource (pre 43-101) of approximately 8,160,000 metric tonnes @ 1.98 grams/tonne Au (about 520,000 oz Au)².

LAC MINERALS HISTORICAL RESOURCE ESTIMATE²

WOLFE ZONE	3,929,250 tonnes @ 2.00 g/t Au	(252,510 ounces Au)
F ZONE	2,039,018 tonnes @ 1.78 g/t Au	(116,875 ounces Au)
P ZONE	826,933 tonnes @ 1.78 g/t Au	(47,400 ounces Au)
GILBERT ZONE	863,046 tonnes @ 2.33 g/t Au	(64,690 ounces Au)
A ZONE	503,289 tonnes @ 2.43 g/t Au	(39,390 ounces Au)
TOTAL	8,161,536 tonnes @ 1.98 g/t Au	(520,865 oz Au)

The project was shelved when Barrick Gold Corp. acquired Lac Minerals in the early nineties. Barrick Gold sold the property to McWatters Mining in 2003. McWatters went bankrupt in 2004, and in November 2004, Osisko purchased a 100% interest in the property (initially 6 claims and one mining concession) through the McWatters liquidating trustee. A 3 % net smelter royalty is payable to Barrick, half of which can be purchased back by the Company for \$1,500,000.

1- The above-quoted figures are reported as a geological model, based on reasonable assumptions made from compiled data. Geological modeling of the deposit was made along 20 vertical cross-sections spaced 60 metres apart. Grade range estimate of the mineralized body is based on a weighted average of 1.17 g/t Au from analyses of holes drilled by Osisko and applying a 15% margin of error. The tonnage of approximately 100 million metric tonnes has been calculated assuming an average true thickness of 90 metres and an average rock density of 2.65 tonnes per cubic metre. These figures should not be construed to reflect a calculated resource (inferred, indicated or measured) under standards of National Instrument 43-101. The potential quantities and grades reported above are conceptual in nature and there has been insufficient work to date to define a NI 43-101 compliant resource. Furthermore, it is uncertain if additional exploration will result in discovery of an economic mineral resource on the property.

2- Osisko Exploration Ltd. has not verified the classification of these resources under National Instrument 43-101 and therefore the above-quoted figures should be interpreted as unclassified historical resource estimates. Resource estimates prepared under reporting codes other than National Instrument 43-101 should not be relied upon to conform to current

standards and definitions. Osisko believes, however, that the resource estimates reported by Lac Minerals are relevant and reliable.

A 3000-tpd mill with modern cyanide and floatation circuits (East Malartic mill) is located on the property, which was last operated in 2002 to treat ore from the Barrick's Bousquet Mine. The inactive mill is now the property of the Quebec government and the Company will endeavour to acquire this mill and surrounding infrastructure in 2006.

CURRENT PROJECT STATUS

Since the initial property acquisition, Osisko has successfully acquired additional claims and the property now comprises 104 claims and one mining concession with a total surface area of 4618 hectares. Furthermore, as of the time of writing of this report, Osisko had signed agreements for the acquisition of claims to the east covering the past-producing Sladen Malartic, Barnat and East Malartic Mines (see section 8).

As of December 31, 2005, forty-four drill holes, mostly vertical holes, had been completed by Osisko on the Canadian Malartic deposit for a total of 11,360 metres. All but three intersected significant gold mineralization, generally over lengths of 50 to 100 m with average grades around 1.25 g/t Au. This drilling, spread along sections separated by 30 to 60 metres, included Phases I and II (total of 7,390 m) which was designed to test the deposit along its entire strike length. The 2005 drilling also included a portion (3,970 m) of the Phase III definition drill program, initiated in November 2005. This was the first of a series of programs designed to systematically grid drill the deposit along 60 m sections. The currently outlined Phase III and Phase IV drill programs include approximately 27,000 metres of grid drilling. An additional 10,000 metre Phase V program over the central part of the grid is planned for 2006.

Several portions of the deposit have not been adequately drilled and the system is open to the south, to the east, to the west and at depth. Gold mineralization has been reported outside of the known gold deposit on the southern and eastern portions of the property, including the Alpha, Bravo and Gouldie showings. There has been little follow-up exploration in these areas, and Osisko will investigate these anomalies in 2006.

The property offers excellent potential for a substantial gold deposit that is located near existing infrastructure and, if proven economic, would be amenable to bulk tonnage, low cost, open-pit mining. This property represents a significant asset for the Company and will be the focus of exploration and development efforts over the short to medium term. Osisko will maintain the current drill program on the property to the end of 2006 with the objective of calculating and releasing a NI 43-101 compliant, inferred gold resource in 2006 and an indicated resource in early 2007.

The reader is invited to consult the Company's web site (www.osisko.com) in order to visualize the geological maps and sections of the property.

3.3. WATTS LAKE

The Watts Lake property, acquired during the third quarter 2005, is located in northern Quebec, north of the Raglan nickel belt. It comprises 198 claims acquired by staking and covers a total surface area of approximately 8,300 hectares. This grass-roots property covers a large layered, partly sheared mafic-ultramafic complex that was acquired for its gold and platinum-group metal (PGM) potential. There is no public record of previous exploration work on this property. Reconnaissance sampling and geological evaluation was completed on this property during the third quarter 2005. Showings of disseminated to brecciated sulfide mineralization were observed and sampled in a number of outcrops and/or angular boulders representing local lithologies, mostly coarse-grained pyroxenites. Two samples out of a total of 22 samples returned values of 1.10% Ni and 1.16% Ni, and several other samples returned anomalous copper values (maximum of 0.14% Cu). No significant gold or PGM values were obtained. The nickel showing is the first to be reported in the Watts Lake Group and suggests potential in the ultramafic complex for magmatic nickel-copper mineralization. A joint-venture partner focused on nickel exploration in the Raglan belt will be sought to advance exploration on this property in 2006.

3.4. CASTELO DOS SONHOS

The Company signed an agreement in March 2004 with Amazonia Mineração Ltda., giving Osisko the right to acquire a 70% interest in 13 permits (72,000 hectares) of the Castelo dos Sonhos property, located in Para state, northern Brazil. The Company can acquire its interest in consideration for paying \$470,000 cash in staged payments over a two-year period.

The property includes a large zone of hydrothermal alteration (10 km by 10 km) that hosts Au-Cu mineralization. The property was held under option by Barrick Gold Corp. in the mid-1990's, and was subject to over US\$1.5M in exploration work that included soil geochemistry, stream sediment sampling, surveying, geophysical surveying, trenching and approximately 2,027 metres of diamond drilling. This work defined two significant gold-bearing zones: the 5-kilometre long "Esperança Sul" zone and the 2-kilometre long "Esperança Centro" zone. Trenching and drilling on Esperança Sul intersected gold mineralization that assayed up to 2.8 g/t over 20 metres.

The Company completed due diligence and sampling work on the property in 2004 in order to confirm the extent of mineralization. During the second and third quarters of 2005, the Company reached an agreement in principle with Amazonia Mineração Ltda to acquire a 100% interest in the property. Final written agreements with Amazonia and the property vendor are pending. A joint-venture partner is currently being sought in order to further advance exploration on this property. The reader is invited to consult the Company's web site (www.osisko.com) in order to visualize the geological maps of the property and obtain details on historical drill results.

3.5. OUTLOOK FOR 2006

The Company will focus on its exploration and development program on the Canadian Malartic property in 2006. A grass-roots exploration program targeting other potential porphyry gold targets in the Abitibi will also be implemented in 2006. Available funds will allow for the following exploration work to be completed within the first three quarters of 2006:

- 1) A 33,000-metre definition drill program on the Canadian Malartic property (\$4,400,000 budget) that will include the remainder of the Phase III program (10,000 metres), a 13,000 metre Phase IV program on the western end of the grid, and a 10,000 metre Phase V program over the central part of the grid (approximate plan, not currently outlined);
- 2) Calculation and production of a NI 43-101 compliant, inferred resource estimate by a qualified independent firm(\$100,000 budget)by Q3 2006;
- 3) Reconnaissance sampling of other potential porphyry gold targets in the Abitibi (\$50,000 budget).

The Company will have to raise new funds via private placements or through the exercise of warrants in order to further advance the Canadian Malartic project beyond the third quarter of 2006, especially in light of the recent acquisition of past-producing mines to the east (see sections 5 and 8 of this report).

4. RESULTS OF OPERATIONS

4.1 SELECTED ANNUAL INFORMATION

The following table summarizes selected financial data of the Company for its three most recently completed fiscal years, in accordance with Canadian generally accepted accounting principles.

Years ended December 31	2005 \$	2004 \$	2003 \$
			Restated
Revenues	8,007	12,615	11,212
Net Loss	1,501,568	2,172,463	759,806
Basic and Diluted Loss per Share	0.04	0.08	0.06
Total Assets	6,962,803	1,544,408	1,372,641
Total Long-Term Financial Liabilities	-	-	-

During the year ended December 31, 2005, the Company reported a net loss of \$1,501,568 (\$0.04 per share) compared to a net loss of \$2,172,463 (\$0.08 per share) for the year ended December 31, 2004. The decrease in the net loss is principally attributable to the fact that, in 2005, only two properties were written-off for a charge of \$303,690, compared to \$1,321,976 in 2004 when nine properties were written-off after evaluation. Also, the focus of the Company being on its flagship property, Canadian Malartic, the amount of \$107 dedicated for research for mining properties in 2005 was negligible compared to the reported amount of \$365,537 in 2004.

These decreases were partly offset by increases in other expenses related to the development of the Canadian Malartic property in 2005. As the project is undergoing resource definition and calculation and is moving toward feasibility, the higher level of activities is reflected in other expenses, such as promotional expenditures (\$392,247 in 2005 in comparison with \$167,861 in 2004), professional fees, which are comprised of administrative, legal and auditor's fees, (\$327,508 in 2005 in comparison with \$218,094 in 2004) and stock-based compensation (\$367,450 in 2005 in comparison with \$23,500 in 2004).

4.2 SUMMARY OF QUARTERLY RESULTS

	Year ended December 31, 2005				Year ended December 31, 2004			
	Q4 \$	Q3 \$	Q2 \$	Q1 \$	Q4 \$	Q3 \$	Q2 \$	Q1 \$
Revenues	2,112	2,057	2,646	1,192	297	2,587	4,548	5,183
Net Loss	714,284	219,259	401,328	166,697	1,452,256	103,904	317,951	298,352
Basic and Diluted Loss per Share	0.017	0.006	0.012	0.005	0.053	0.004	0.012	0.011

5. LIQUIDITY AND CAPITAL RESOURCES

The following summarizes financial data listed in the tables under note 6 (pages 15 and 16) of the financial statements. During the fiscal year ended December 31, 2005, the Company issued 12,418,390 common shares (11,981,495 in 2004) for a total cash consideration, net of share issue costs, of \$5,045,759 (\$2,779,698 in 2004) for property acquisitions, private placements and the exercise of

warrants and options. These issues include the closing, in December 2005, of two private placements with the issuance of 7,336,190 shares for total proceeds, net of issuance fees, of \$3,523,605 (6,272,500 shares for total proceeds, net of issuance fees, of \$1,601,661 in 2004). On this amount \$0 (net consideration of \$440,702 in 2004) represents flow-through exploration funds.

During the fiscal year ended December 31, 2005, the Company issued 5,000,000 shares to Eurasia Holding AG, principal shareholder of the Company, for the conversion of warrants for net proceeds of \$1,500,000 (3,125,000 shares for net proceeds of \$750,000 in 2004). The Company also issued 5,000 shares in 2005 for the conversion of other warrants for net proceeds of \$1,500 (666,670 shares for net proceeds of \$130,000 in 2004)

During the fiscal year ended December 31, 2005, the Company issued nil common shares for the payments of interest on debentures and/or reimbursement of debentures (1,387,325 common shares in 2004 for a net cash consideration of \$214,037).

During the fiscal year ended December 31, 2005, the Company issued 27,200 common shares to directors and consultants for the exercise of options for a net cash consideration of \$6,154 (430,000 common shares in 2004 for a net cash consideration of \$52,000).

Finally, during the year ended December 31, 2005, 50,000 common shares were issued for the acquisition of mining exploration properties for a cash consideration of \$14,500 (100,000 shares for a cash consideration of \$32,000 in 2004).

During the year ending December 31, 2005, the Company incurred \$1,881,084 in exploration expenses, (\$1,073,626 in 2004) and \$251,451 for mining property acquisitions and payments (\$717,034 in 2004). The Company is entitled to a reimbursement of Quebec's tax credits on resources for an amount of \$491,561 and credits on mining rights for an amount of \$109,548 following the exploration work carried out on the Barry, Canadian Malartic, Launay and Watts Lake properties in 2005, net of \$476,625 in flow-through funds raised in 2004 and spent in 2005 (\$323,750 following the exploration work on the Bellechasse, Barry and Etchemin properties in 2004).

As at December 31, 2005, the Company's cash or cash equivalents was of \$4,268,639 (\$23,692 in 2004) and its working capital was \$4,853,426 (compared to -\$331,291 as at December 31, 2004).

These funds will allow the Company to meet all its obligations into the third quarter of 2006, including all projected exploration/development costs (see section 3.5 above) and corporate expenses. The Company will have to raise additional funds, through private placements or warrant exercises, in order to carry on its exploration projects and meet its corporate expenditures beyond the fourth quarter of 2006.

As of the date of this report, the Company had announced the arrangement, subject to regulatory approval, of a private placement financing consisting of 4,925,000 units for total gross proceeds of approximately \$16,000,000 (see section 8 of this report). These funds should be sufficient to complete definition drilling and a NI43-101 compliant, measured/indicated resource definition on the Canadian Malartic deposit, complete exploration programs on other known mineralized zones on the property, and complete pre-feasibility studies on the project.

6. RELATED PARTY TRANSACTIONS

During the last fiscal year ended December 31, 2005, the Company carried out transactions with either/or:

- 1) a management company in which one of the Company's officer is an employee and general manager, but not a director nor a shareholder;
- 2) companies in which two other officers / directors are directors and shareholders.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

The transactions between the Company and related parties are summarized under note 11 in the financial statements. Since the Company does not have any employee, the three officers/directors of the Company are paid through professional fees charged to the Company by the related companies. The Company incurred professional fees for an amount of \$246,650 (\$152,700 in 2004) with the Company's officers and directors for services rendered such as management, consulting, promotion, and others.

The Company incurred expenditures with related companies for promotional expenses for an amount of \$54,047 (\$22,251 in 2004), and for services rendered such as rent, office administrative services and office expenses for an amount of \$37,873 (\$39,034 in 2004). The Company did not incur, in 2005, expenditures with a related company for services rendered for research and acquisition of mining properties (\$45,151 in 2004).

Finally, the Company transacted, for acquisition of mining properties and exploration expenses with associated management fees, an amount of \$1,946,945 (\$738,383 in 2004) with a related company which manages the Company's exploration programs.

7. FOURTH QUARTER

During the last quarter of the year ended December 31, 2005, the Company:

- 1) wrote-off mining assets related to the Barry and Launay properties, resulting in an additional loss of \$303,690 at the end of the fiscal year (\$1,321,976 in 2004);
- 2) completed two equity financings by issuing 7,067,500 Units (one share plus one-half of a warrant) at a gross value of \$0.65 per Unit for gross proceeds of \$4,593,875 (exclusive of issuance costs);
- 3) benefited from the exercise of 1,600,000 warrants held by Eurasia Holding AG, at a price of \$0.30, for total proceeds of \$480,000.

8. SUBSEQUENT EVENTS

On February 3, 2006, the Company announced that it has signed a letter of intent (LOI) with Golden Valley Mines Ltd. (GZZ:TSX-V) giving Osisko the exclusive right to acquire a 70% interest in 10 claims covering the north block of the Malartic CHL Prospect, located 2 kilometres east of the Canadian Malartic property. The LOI also gives Osisko the right to purchase a 100% interest in one additional claim located adjacent to Osisko's Canadian Malartic property for \$100,000, subject to a 2% NSR royalty in favor of Golden Valley. Osisko has the right to acquire a 70% interest in the north block of the Malartic CHL Prospect in consideration for (i) paying \$150,000 cash over a four year period (\$35,000 is payable on signing of a formal Agreement); (ii) completing a minimum of \$2,000,000 in exploration work over a four year period from signing of the Agreement (minimum \$200,000 in the first year). Upon earning its 70% interest in the north block, Golden Valley will maintain a free-carried interest of 30% to production.

On March 2, 2006, the Company announced that it has signed letters of intent (LOI) with four independent prospectors giving Osisko the exclusive right to purchase a 100% interest in 14 contiguous claims covering the past producing Sladen Malartic, Barnat and East Malartic mines, contiguous to and immediately east of Osisko's Canadian Malartic property. Two additional claims were acquired by Osisko through staking, bringing the total acquisition to 16 claims comprising approximately 1165 hectares. The total acquisition cost was \$1,210,000, which was paid in cash at the time of signing of final sales agreements. Two prospectors retained a 2.5% Gross Overriding Metal Royalty on seven claims, for which Osisko retains a first right of refusal on the sale of the royalty. The other nine claims were acquired free of royalties. The bulk of the acquisition cost was financed through a non-brokered private placement with Eurasia Holding AG of Germany, principal shareholder of Osisko. Eurasia agreed to subscribe to 600,000 units (the "Units") at \$1.80 per Unit, for gross proceeds of \$1,080,000. Each Unit consisted of one common share and a half common share purchase warrant. Each whole warrant will be exercisable into one additional common share of the Company at \$2.36 for a period of two years from the closing date. This private placement closed on April 5, 2006.

On March 20, 2006, the Company announced that Dr. Titus Gebel had resigned from the Board of Directors of Osisko and on March 30, 2006, the Company announced the appointment of Mr. Staph Leavenworth Bakali to the Board of Directors. The Board granted Mr. Leavenworth Bakali incentive stock options to purchase 275,000 common shares of Osisko at a price of \$3.20 per share for a period of three years ending March 30, 2009.

On March 30, 2006, the Company also announced changes to its executive management structure. Mr. Sean Roosen assumed the position of President and Chief Executive Officer of Osisko and Mr. Robert Wares assumed the position of Executive Vice-President and Chief Operating Officer. Mr. Wares will continue to serve as Chairman of the Board. Mr. John Burzynski, previously Vice-President Exploration, was appointed Vice-President, Corporate Development and Investor Relations.

On April 17, 2006, the Company announced a brokered private placement with Canaccord Adams, which has agreed to purchase, on a bought deal private placement basis, 3,100,000 Units of the Company at a price of \$3.25 per Unit, for aggregate gross proceeds of \$10,075,000. Each Unit will consist of one common share and one-half of one common share purchase warrant. Each whole warrant, expiring 36 months from closing, will entitle the holder to subscribe for one additional common share at a price of \$4.00. Canaccord also has the option to purchase up to an additional 1,825,000 Units at the issue price for a period of up to 48 hours prior to closing for additional gross proceeds of up to \$5,931,250. Osisko plans to use the net proceeds of this financing to fund advancement of the Company's Canadian Malartic project and for general corporate purposes.

As of the date of writing of this report, Canaccord had agreed to exercise its full option and purchase 4,925,000 Units for gross proceeds of \$16,006,250. This private placement is expected to close on May 8, 2006.

9. SIGNIFICANT ACCOUNTING ESTIMATES

Significant accounting estimates used in the preparation of the financial statements include the Company's estimate of the recoverable value of its mining properties and related deferred exploration costs as well as the value of stock-based compensation.

Both of these estimates involve considerable judgement and are, or could be, affected by significant factors that are out of the Company's control. The factors affecting stock-based compensation include estimates of when stock options and compensation warrants might be exercised and the stock price volatility. The timing for exercise of options is out of the Company's control and will depend upon a variety of factors including the market value of the Company's shares and financial objectives of the stock-based instrument holders. The Company used historical data to determine volatility in accordance with the Black-Scholes model; however, the future volatility is uncertain and the model has its limitations.

The Company's recoverability of its recorded value of its mining properties and associated deferred explorations costs is based on market conditions for metals, underlying mineral resources associated with the properties and future costs that may be required for ultimate realization through mining operations or by sale. The Company is in an industry that is dependent on a number of factors that include environmental, legal and political risks, the existence of economically recoverable reserves, and the ability of the Company to obtain necessary financing to complete development and future profitable production or the proceeds of disposition thereof.

10. CHANGES IN ACCOUNTING POLICIES

The CICA revised, in May 2005, Emerging Issue Committee Abstract No. 146 (EIC-146), *Flow-through shares*, which clarifies the date of recognition of the future income tax liability related to renounced income tax deductions. The company adopted prospectively the recommendations and now records the tax effect related to renounced deductions on the date that the renunciation forms have been filed to the tax authorities. The Company, however, does not account for future income tax liability since it cannot predict,

within reason, when or if it will pay income tax. This policy has therefore no impact, for the purposes of income tax, on the condition of the Company.

Section 3870 of the CICA Handbook entitled "Stock-Based Compensation and Other Stock-Based Payments" was amended to require all stock-based compensation transactions be recognized as an expense in earnings at fair value. It eliminates the option whereby a company is permitted to disclose the pro forma expense of awarding stock options to employees and directors. The Company implemented retroactively with a restatement for 2003 those amendments, which had the effect of increasing the deficit at the beginning of 2004 by \$134,045 and to increase the net loss for the year ended December 31, 2003 by \$122,128. These adjustments had no impact on the financial condition of the Company.

The CICA issued a new standard, Section 3110, entitled "Asset Retirement Obligations ". It focuses on the recognition and measurement of liabilities for obligations associated with the retirement of property, plant and equipment when those obligations result from the acquisition, construction, development or normal operation of the assets. The company adopted this standard effective January 1st, 2004. The new standard, however, has no impact on the financial condition of the Company.

In February 2003, the CICA issued Accounting Guideline no 14 (ACG-14), Disclosure of Guarantees, which clarifies disclosures requirements for certain guarantees. The Company adopted the new recommendations effective January 1st, 2003. The Company has determined, however, that it has issued no guarantees requiring disclosure under the new accounting standard.

11. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, cash held for exploration work, marketable securities, accounts receivable, accounts payable and accrued liabilities, and related party payables. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. Due to their short-term nature, the fair value of these financial instruments approximates their carrying value.

12. OUTSTANDING SHARE DATA

CAPITAL STRUCTURE AS AT APRIL 25, 2006 (OUTSTANDING)

COMMON SHARES	49 549 535
OPTIONS	2 789 800
WARRANTS	4 374 145
FULLY DILUTED	56 713 480

The Company is listed on the TSX Venture Exchange (symbol OSK) and on the Frankfurt Deutsche Boerse in Germany (symbol EWX). Eurasia Holding AG, a German private company, is the principal shareholder of the Company. It holds 23,680,500 shares of the Company and controls 47.8% of the issued shares. Eurasia also holds 1,025,000 of the issued warrants, which can be exercised at a price between \$0.80 and \$2.36.

13. RISKS AND UNCERTAINTIES

The following discussion reviews a number of important risks which management believes could impact the Company's business. There are other risks, not identified below, which currently, or may in the future, exist in the Company's operating environment.

Financial risk

The Company has not yet determined whether its properties contain ore reserves that are economically recoverable. If the current exploration and development programs are successful, additional funds will be required for further exploration and development work in order to define an economic ore body or to bring any such ore body to production. The only source of future funds available to the Company is through the sale of additional equity capital or by borrowing the funds. There is no assurance that such funding will be available to the Company. Furthermore, even if such financing is successfully completed, there can be no assurance that it will be obtained on terms favourable to the Company or provide the Company with sufficient funds to meet its objectives, which may adversely affect the Company's business and financial condition.

Risk on the uncertainty of title

Although the Company has obtained title opinions with respect to certain of its properties and has taken reasonable measures to ensure proper title to its properties, there is no guarantee that the title to any of its properties will not be challenged or impugned. Third parties may have valid claims underlying portions of the Company's interests.

Risk linked with industry conditions

Mineral exploration and development is extremely competitive and involves a high degree of risk. The Company must compete with a number of other companies that have greater technical financial resources. It involves many risks which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Many exploration programmes do not result in the discovery of mineralization and any mineralization discovered may not be of sufficient quantity or quality to be profitably mined. Commercial viability of exploiting any deposits encountered depends on a number of factors including infrastructure, governmental regulations, in particular those in relation to price, taxes, royalties, governmental involvement in the project in some cases by way of a carried right, importation and exportation. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered of sufficient quantity, quality, size and grade on any of the Company's exploration properties to justify commercial operations nor that any exploration property will be brought into production.

Risk linked with government regulation

The Company's activities entail compliance with the applicable environmental legislation or review processes and the obtaining of land use and other permits, and similar authorizations of overall mining operations are subject to the constraints contained in such legislation. The Company believes that it is in compliance in all material respects with such existing laws. Changing government regulations may have an adverse effect on the Company

14. ADDITIONAL INFORMATION AND CONTINUOUS DISCLOSURE

Additional information relating to the Company is available through regular filings of press releases and quarterly financial statements that can be found on SEDAR website at www.sedar.com and on the Company's website at www.osisko.com.

April 26, 2005

April 26, 2005

(Signed) Sean Roosen

Sean Roosen
President and CEO

(Signed) Robert Wares

Robert Wares, P. Geo.
Executive Vice-President and COO

CORPORATE INFORMATION

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Robert Wares, P. Geo., Vice President, COO, Chairman of the Board*

Lorne Woods, Director*

Norman Storm, Director

Staph Leavenworth Bakali, Director*

John Burzinski, Vice-President Corporate Development

* Member of the audit committee

Legal Counsel

Lavery DeBilly, Montreal

Auditors

Villeneuve & Venne, g.p., Montreal

Transfer Agent

Trust CIBC Mellon, Montreal

Exchange listings

TSX Venture Exchange - OSK

Deutsche Boerse - EWX

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