



*Management's Discussion and Analysis*

*For the nine-month period ended  
September 30, 2010*

# OSISKO MINING CORPORATION

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Introduction

The following management discussion and analysis ("MD&A") of the consolidated operations and financial position of Osisko Mining Corporation ("Osisko" or the "Company") for the period ended September 30, 2010, should be read in conjunction with the Company's unaudited interim consolidated financial statements for the period ended September 30, 2010 and the Company's audited consolidated financial statements for the year ended December 31, 2009. The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). The reporting currency for the Company is in Canadian dollars. The information included in this MD&A is as of November 4, 2010.

### Highlights

- Announced in February 2010, a 42.8% increase in reserves to 8.97 million ounces of gold (245.8 million tonnes @ 1.13 g/t Au) with the definition drilling of the Barnat deposit and the extension of the Canadian Malartic Project.
- Continued progress on the construction and development of the Canadian Malartic Project with outlays of \$134 million in third quarter and \$349 million year-to-date. Project is at 75% completion rate.
- Acquired Brett Resources Inc. and the Hammond Reef gold project.
- Ongoing exploration activities on nine projects with approximately 312,800 meters drilled, including 107,800 meters in the third quarter to grow gold reserve and resource base.
- Extension received for the drawdown of the second tranche of \$75 million under CPPIB credit facility to December 31, 2010.
- Net loss of \$11.2 million for the third quarter and \$18.3 million for year-to-date.
- Implementation of a Shareholder Rights Plan.

### Business and Summary of Activities

Osisko, incorporated under the Canada Business Corporations Act, is focused on acquiring, exploring and developing gold properties, with the aim of becoming a leading mid-tier gold producer. The Company's activities are currently focused in Northern Québec, Canada, at its flagship Canadian Malartic property. The Company holds 230 km<sup>2</sup> of prospective land in the prolific gold area located within the Malartic-Cadillac area. Québec is recognized as one of the most advantageous places in the world to conduct mineral activity based on government's support for the industry, tax regime, political stability, electrical power infrastructure and availability of skilled workforce. The Canadian Malartic Project (the "Project") is easily accessible by road, being located near highway 117, and is also serviced by a railway. The greater Malartic area produced some 8.7 million ounces of gold during the period from 1935 to 1983.

The Company recently acquired the Hammond Reef Gold Project, located near Atikokan in Northwestern Ontario, through the acquisition of Brett Resources Inc. ("Brett"). Brett was renamed Osisko Hammond Reef Gold Ltd. on October 6, 2010

## Canadian Malartic Project

On November 25, 2008, the Company tabled a positive Feasibility Study (the “Study”) for its 100% owned Canadian Malartic Project located in Malartic, Québec. The Study was compiled based on the proven and probable ore reserves known at the time of 183.3 million tonnes at 1.07 g/t Au (based on 0.36 g/t Au cut-off), for an estimated 6.3 million ounces of gold contained. The study included modeling of an optimized engineered pit using a base case gold price of US\$775 per ounce.

Summary highlights of the Study are shown in the table below (dollar amounts in US):

Proven and Probable Gold reserves (oz)	6,283,000
Estimated Net Recoverable Gold (oz)	5,397,000
Average Annual Gold Production (oz)	591,000
Average Annual Silver Production (oz)	754,000
Cash Cost per ounce	
- before royalties	\$320
- with royalties, net of silver revenues	\$319
Total Investment (CAPEX)	\$789 M
CAPEX per recoverable oz	\$146
Sustaining Capital	\$95 M
Closure Costs	\$45 M
Mine Life	10 years

The initial capital investment program amounts to US\$789 million (Canadian dollar equivalent based on \$1.18 exchange rate) and is summarized below:

	US\$M	CA\$M
Mining - Equipment	100.1	118.1
- Pre-production	36.6	43.2
- Total	136.7	161.3
Mineral Processing Plant	348.0	410.6
Tailings and Water Management	15.3	18.0
Electrical and Communication	19.5	23.0
Administration Buildings and Infrastructure	29.7	35.0
Community Development and Relocation Program	87.0	102.6
Indirects	72.7	85.8
Owner's Costs	14.5	17.1
<b>Sub-total</b>	<b>723.4</b>	<b>853.4</b>
Contingency	65.6	77.4
<b>Total</b>	<b>789.0</b>	<b>930.8</b>

The plant design is a conventional cyanidation and carbon-in-pulp plant with a nominal throughput capacity of 55,000 tonnes per day (20 million tonnes per annum) based on 92% plant availability. Commercial production is estimated to be achieved in the second quarter of 2011.

The entire NI-43-101 Technical Report on the feasibility study is available on [www.sedar.com](http://www.sedar.com) and on the Company's corporate website [www.osisko.com](http://www.osisko.com).

Subsequent to issuing the Study, Osisko has continued its drilling program which has led to the discovery of the South Barnat deposit and the discovery of additional reserves at the main Canadian Malartic deposit. On February 10, 2010, the Company issued a new updated ore reserve based on the additional drilling information and an increase in base case gold price to US\$825, reflecting the improved gold market conditions. The new reserve results in an increase of 2.69 million ounces or 42.8% increase relative to the previously published study. Mine life has also been extended by 25% to over 12 years. The operating cost profile will be reviewed in late 2010.

The table below shows the new reserve and resource statement for the Canadian Malartic Project:

**Reserve and resource estimates using base case US\$825 engineered pit shell  
with 0.34 g/t Au lower cut-off grade**

Category	Tonnes (M)	Grade (g/t Au)	Au (M oz)
Proven Reserves	28.4	0.92	0.84
Probable Reserves	217.4	1.16	8.13
<b>Proven &amp; Probable Reserves</b>	<b>245.8</b>	<b>1.13</b>	<b>8.97</b>
Indicated Resources	70.4	0.99	2.23
Inferred Resources	20.0	0.73	0.47

The updated summary of the annual mine production plan at the previously-established milling rate of 55,000 tonnes per day is as follows:

**New Annual Mine Production Estimates based on 55,000 TPD Mill Rate**

Period	Ore Mined (000 t)	Waste Mined (000 t)	Strip Ratio	Mill Feed* (000 t)	Grade (g/t Au)	Processed Gold (oz)	Recovery (%)	Recovered Gold (oz)
Pre-prod.	2,244	11,568	5.16	-	-	-	-	-
2011	17,011	40,533	2.38	15,056	1.18	568,965	86.5	492,394
2012	20,258	57,152	2.82	20,075	1.22	788,857	87.2	687,506
2013	22,967	54,441	2.37	20,075	1.26	814,023	87.4	711,812
2014	20,473	56,879	2.78	20,075	1.24	798,723	87.0	694,606
2015	20,155	57,354	2.85	20,075	1.13	732,352	85.7	627,503
2016	23,154	53,876	2.33	20,075	1.10	709,148	85.0	602,822
2017	20,625	49,433	2.40	20,075	0.97	625,547	83.6	522,970
2018	21,115	48,628	2.30	20,075	1.06	686,467	85.5	586,651
2019	20,809	33,848	1.63	20,075	1.14	738,660	87.2	643,886
2020	22,316	30,226	1.35	20,075	1.26	813,303	87.3	709,715
2021	25,029	16,817	0.67	20,075	1.29	833,849	87.0	725,056
2022	9,689	5,617	0.58	20,073	1.04	672,359	84.4	567,586
2023	-	-	-	9,966	0.57	183,582	80.9	148,428
<b>Total/avg.</b>	<b>245,845</b>	<b>516,372</b>	<b>2.10</b>	<b>245,845</b>	<b>1.13</b>	<b>8,965,835</b>	<b>86.1</b>	<b>7,720,935</b>

\*Mill feed in a given year may include stockpiled ore.

The expansion of the pit will require the relocation of a highway. The Company has been in discussions with representatives of the Town of Malartic and the Québec Government to confirm the routing and the design of the road. As part of its community outreach practices, Osisko will be presenting the proposed new routing of the highway to the residents of Malartic in mid-November 2010. The detailed mining plan and project costs will be finalized thereafter. To ensure the availability of mining equipment for the commencement of stripping activities, the Company has placed orders for an additional six Caterpillar 227 tonne trucks.

### **Project Advancement – Canadian Malartic**

The Osisko Construction and Development Team is aggressively pursuing the advancement of the Canadian Malartic Project, with more than 1,000 contractors and Osisko employees being involved on the Project. At the end of September 2010, the advancement rate stood at 75%. Benefiting from excellent project execution, strong contractor and supplier support, as well as good weather conditions, the construction has been accelerated which has resulted in a recapture of at least two months on the construction schedule. The revised plan calls for a start in mid-April to early May 2011, which is in line with the original feasibility study despite a three-month delay in the start of construction due to the delays in the receipt of the necessary permits. The Project is still expected to come below the \$1 billion mark. The early start up would have significant benefit to the Company by capturing the benefits of a strong gold market.

Key activities during the third quarter include:

- Advancement of mechanical, electrical and piping installation in the mill to a 65% completion rate;
- Completion of the 120kV electrical line and sub-station work;
- Receipt of all key processing equipment at site;
- Ongoing construction of the “green wall” to mitigate the impact of the mining activities on the community;
- Commissioning of additional mobile equipment, including second electrical shovel;
- Recruitment and training of workforce for the operational phase.

To date, some 7.3 M tonnes of material have been excavated from various mining areas, including 0.3 M tonnes of ore which has been stockpiled.

At quarter end, \$753.2 million had been directly spent on the Project, with an additional \$126.5 million committed.

The Company has received 2 notices of violation (year-to-date: 7 notices) from the Ministry of Environment, Parks and Sustainability. These violations relate mainly to noise levels exceeding the government’s authorizations in the construction of the green wall. The Company has modified its approach in constructing the wall and implemented several initiatives to mitigate the effect of dust and noise on the residents living adjacent to the wall. The Malartic residents were advised of the infractions and the mitigation measures at a public meeting held in late September.

### **Community Relations – Canadian Malartic**

Since the commencement of its exploration activities, the Company has maintained an active community relation program. The program includes:

- Extensive consultation with respect to relocation program and the Project;

- Maximization of the economic benefit from the Project to Malartic, the Abitibi-Témiscamingue region and Québec based enterprises;
- Support of local and regional activities through Fonds Essor Malartic Osisko;
- Maintaining a community outreach office downtown Malartic.

As part of its ongoing community relations program at the Canadian Malartic Project, more than 2,400 individuals from Malartic and the Abitibi-Témiscamingue visited the construction site during an open house held on September 26, 2010.

## **Corporate Development**

Osisko acquired the Hammond Reef Gold Project (“Hammond Reef”) located near Atikokan in Northwestern Ontario, through the acquisition of publicly traded Brett Resources Inc. in two transactions. On May 19, 2010, the Company acquired 77% interest following a friendly takeover announced on March 22, 2010. Under the terms of the offer, Osisko issued 0.34 common shares of Osisko and \$0.0001 in cash in return for each share of Brett. On August 11, 2010, 94% of the Brett’s shareholders approved a Plan of Arrangement under the same terms of the takeover offer and Brett became a wholly-owned subsidiary of Osisko. Brett was renamed as Osisko Hammond Reef Gold Ltd.

The acquisition of Hammond Reef held 100% by Brett enhances Osisko’s reserve and resource base and provides the opportunity to see Osisko become a million ounces per year gold producer by 2015-2016.

The Hammond Reef advanced gold project is located near Atikokan, Ontario. Hammond Reef is a large and growing development project with potential to become a substantial open-pit mine. Hammond Reef currently hosts a National Instrument 43-101 – *Standards for Disclosure for Mineral Projects* (“NI 43-101”) compliant inferred resource of 6.70 million ounces of gold (259.4 million tonnes at a grade of 0.8 grams per tonne, using 0.3 grams per tonne cut-off), of which 97% lies within 300 metres of surface.

A Preliminary Assessment Study (the “Study”) was completed in November 2009 outlining an initial 14 year mine life operating at 50,000 tonnes per day. Over the first six years, on average, Hammond Reef is expected to produce 463,000 ounces of gold per year at cash costs of US\$382 per ounce (including royalties, net of silver credits). Over the life of mine, Hammond Reef is expected to produce a total of 5.13 million ounces of gold at an average rate of 369,000 ounces per year and average cash costs of US\$442 per ounce (including royalties, net of silver credits). Using a gold price of US\$990 per ounce the Study shows that Hammond Reef has an after-tax net present value of US\$811 million (using a 5% discount rate) and an internal rate of return of 22.9%.

In addition to the current resource, Hammond Reef offers exciting exploration potential as recent drilling confirmed continuity of mineralization along strike two kilometers northeast of the existing resource. Brett has also identified several parallel structures in the project area that host mineralization similar to the main body.

The acquisition of Brett has been accounted for as an asset and the cost of \$373.6 million is summarized as follows:

<b>Assets acquired and liabilities assumed</b>	<b>(\$000's)</b>
Current assets	3,157
Mineral property	485,085
Property and equipment	1,408
Current liabilities	(4,798)
Future income tax liability	(111,294)
	<hr/> <b>373,558</b> <hr/>
 <b>Consideration paid</b>	 <b>(\$000's)</b>
Issuance of 8,899,820 common shares	114,865
Initial investment <sup>(1)</sup>	296,003
Cash	1
Less: Cash and cash equivalents acquired	(37,311)
	<hr/> <b>373,558</b> <hr/>

(1) The initial investment included in the total consideration paid is equal to the initial purchase price of \$252,308,000 net of cash and cash equivalents acquired for \$43,695,000. Transaction costs paid in cash for \$3,831,000 have been accrued for as a part of the initial investment.

The Company is continuing to seek and evaluate other opportunities to build on its reserve and resource base throughout the Americas. As part of these activities, Osisko has acquired certain investments in publicly traded emerging exploration companies, which are subject to variation in market value.

## Exploration Summary

The Company continues to pursue the discovery of additional ounces to add to its current reserve and resource base, thereby creating value for its shareholders.

In addition to its flagship Canadian Malartic Project and Hammond Reef, the Company is active on several projects located in Eastern Canada.

Property	Metal	No. of Claims/ Permits	Interest	Property Status	Activity in 2010
Canadian Malartic*	Au	122	100%	Active	Drilling/ Development
Cadillac	Au	241	100%	Active	Sampling
East Amphi**	Au	85	100%	Active	Drilling
Malartic CHL	Au	10	Option 70%	Active	Drilling Geophysics/ Drilling
Dunn	Au	51	Option 50%***	Active	Drilling
Goldboro	Au	5,741	Option 50%***	Active	Drilling
Mountjoy	Au	105	Option 50%***	Active	Geophysics
Duparquet	Au	138	Option 50%	Active	Drilling
Hammond Reef	Au	293	100%	Active	Drilling

\* Includes Gouldie and South Barnat deposits

\*\* Includes Western Porphyry Deposit

\*\*\* Options can be increased to 60% for Goldboro, 65% for Dunn and 70% for Mountjoy.

The Company is very active in earning a 50% interest in the Duparquet Project held by Clifton Star Resources Inc. Under the terms of the agreement, Osisko must spend \$70 million over the next four years, including a firm commitment of \$15 million in 2010.

During the third quarter, 107,843 metres were drilled and are summarized as follows:

	Third Quarter 2010		Year-to-Date	
	No. Holes	Metres	No. Holes	Metres
Canadian Malartic	4	669	88	13,919
South Barnat	40	6,723	122	24,907
Malartic Condemnation	-	-	10	2,590
Malartic CHL	9	1,733	141	27,216
Gouldie Zone	-	-	30	4,838
Western Porphyry	-	-	68	16,805
<b>Total Malartic</b>	<b>53</b>	<b>9,125</b>	<b>459</b>	<b>90,275</b>
Dunn	-	-	9	1,253
Goldboro	-	-	59	12,989
Hammond Reef	160	54,727	259	85,440
Duparquet	142	43,991	385	122,806
<b>Total Osisko</b>	<b>355</b>	<b>107,843</b>	<b>1,171</b>	<b>312,763</b>

Drilling during the period has been concentrated on evaluating the potential for an open pit bulk tonnage operation at Duparquet, the delineation of the Hammond Reef deposit and the search for new deposits adjacent to identified deposits, and extensions to the Canadian Malartic reserves and resources.

The following table outlines the total expenditures during the past years and cumulative investments.

(In thousands of dollars)	Canadian Malartic	East Amphi	Malartic CHL	Cadillac	Dunn	Goldboro	Castelo dos Sonhos	Du-parquet	Claim Post	Hammond Reef
<b>Balance 31/12/05</b>	<b>1,354</b>	-	-	-	-	-	<b>405</b>	-	-	
Expenditures	13,739	-	40	244	-	-	242	-	-	
Tax Rebate	(3,748)	-	(2)	(100)	-	-	-	-	-	
Net Expenditures 2006	9,991	-	38	144	-	-	242	-	-	
<b>Balance 31/12/06</b>	<b><u>11,345</u></b>	<b>≡</b>	<b><u>38</u></b>	<b><u>144</u></b>	<b>≡</b>	<b>≡</b>	<b><u>647</u></b>	<b>≡</b>	<b>≡</b>	
Expenditures	50,416	8,542	927	318	-	-	218	-	-	
Tax Rebate	(8,388)	(84)	(323)	(76)	-	-	-	-	-	
Net Expenditures 2007	42,028	8,458	604	242	-	-	218	-	-	
<b>Balance 31/12/07</b>	<b><u>53,373</u></b>	<b><u>8,458</u></b>	<b><u>642</u></b>	<b><u>386</u></b>	<b>≡</b>	<b>≡</b>	<b><u>865</u></b>	<b>≡</b>	<b>≡</b>	
Expenditures	143,369	330	1,820	14	-	-	276	-	-	
Tax Rebate	(12,333)	(75)	(602)	(5)	-	-	-	-	-	
Write-off	-	-	-	-	-	-	(1,141)	-	-	
Net Expenditures 2008	131,036	255	1,218	9	-	-	(865)	-	-	
<b>Balance 31/12/08</b>	<b><u>184,409</u></b>	<b><u>8,713</u></b>	<b><u>1,860</u></b>	<b><u>395</u></b>	<b>≡</b>	<b>≡</b>	<b>≡</b>	<b>≡</b>	<b>≡</b>	
Expenditures	314,641	1,320	1,394	293	316	23	-	-	-	
Tax Rebate	(10,972)	(515)	(621)	(2)	(43)	-	-	-	-	
Net Expenditures 2009	303,669	805	773	291	273	23	-	-	-	
<b>Balance 31/12/09</b>	<b><u>488,078</u></b>	<b><u>9,518</u></b>	<b><u>2,633</u></b>	<b><u>686</u></b>	<b><u>273</u></b>	<b><u>23</u></b>	<b>≡</b>	<b>≡</b>	<b>≡</b>	<b>≡</b>
Expenditures	382,971	1,590	2,567	-	305	3,171	-	11,955	200	495,485
Tax Rebate	(899)	(561)	(898)	1	-	-	-	(4,350)	-	-
Net Expenditures 2010	382,072	1,029	1,669	-	305	3,171	-	7,605	200	495,485
<b>Balance 30/09/10</b>	<b><u>870,150</u></b>	<b><u>10,547</u></b>	<b><u>4,302</u></b>	<b><u>687</u></b>	<b><u>578</u></b>	<b><u>3,194</u></b>	<b>≡</b>	<b><u>7,605</u></b>	<b><u>200</u></b>	<b><u>495,485</u></b>

The Company benefits from incentives of the Québec Government which provides cash reimbursements for outlays on eligible expenditures up to 35% of the outlay. During 2010, the Company recorded a benefit of \$6.7 million.

The details of the direct exploration outlays to date on various projects are as follows:  
(in thousands of dollars)

<b>Property</b>	<b>As at December 31, 2009</b>	<b>3<sup>rd</sup> Quarter Exploration expenditures</b>	<b>3<sup>rd</sup> Quarter Tax credits</b>	<b>Year-to- Date Exploration expenditures</b>	<b>Year- to-Date Tax credits</b>	<b>As at September 30, 2010</b>
	\$	\$	\$	\$	\$	\$
<b>CANADIAN MALARTIC</b>	<b>57,168</b>	<b>3,401</b>	<b>739</b>	<b>7,642</b>	<b>(899)</b>	<b>63,911</b>
<i>Drilling</i>		1,231		3,309		
<i>Geology &amp; Geophysics</i>		407		965		
<i>Assaying</i>		162		443		
<i>Sampling</i>		519		1,204		
<i>Line cutting/Drill pad prep.</i>		-		79		
<i>Surveying</i>		20		159		
<i>Resources calculation</i>		-		40		
<i>Logistics</i>		42		172		
<i>Stock-based compensation</i>		1,020		1,253		
<i>Management fees</i>		-		18		
<b>MALARTIC CHL</b>	<b>2,464</b>	<b>45</b>	<b>(409)</b>	<b>2,569</b>	<b>(899)</b>	<b>4,134</b>
<i>Drilling</i>		-		2,109		
<i>Assaying</i>		45		203		
<i>Sampling</i>		-		115		
<i>Surveying</i>		-		21		
<i>Management fees</i>		-		66		
<i>Geology &amp; Geophysics</i>		-		42		
<i>Line cutting/Drill pad prep</i>		-		13		
<b>EAST AMPHI</b>	<b>1,224</b>	<b>-</b>	<b>(106)</b>	<b>1,601</b>	<b>(560)</b>	<b>2,265</b>
<i>Drilling</i>		-		1,398		
<i>Assaying</i>		-		101		
<i>Management fees</i>		-		56		
<i>Sampling</i>		-		39		
<i>Line cutting/Drill pad prep.</i>		-		4		
<i>Geology &amp; Geophysics</i>		-		3		
<b>CADILLAC</b>	<b>270</b>	<b>-</b>	<b>(2)</b>	<b>-</b>	<b>-</b>	<b>270</b>

Direct exploration outlays (cont'd)

Property	As at December 31, 2009	3 <sup>rd</sup> Quarter Exploration expenditures	3 <sup>rd</sup> Quarter Tax credits	Year-to- Date Exploration expenditures	Year- to-Date Tax credits	As at September 30, 2010
	\$	\$	\$	\$	\$	\$
<b>DUNN</b>	<b>78</b>	<b>-</b>	<b>(9)</b>	<b>364</b>	<b>-</b>	<b>442</b>
<i>Drilling</i>				146		
<i>Geology &amp; Geophysics</i>				175		
<i>Logistics</i>				2		
<i>Line cutting/Drill pad prep.</i>				8		
<i>Management fees</i>				33		
<b>GOLDBORO</b>	<b>23</b>	<b>298</b>	<b>-</b>	<b>3,120</b>	<b>-</b>	<b>3,143</b>
<i>Drilling</i>		(1,044)		1,778		
<i>Geology &amp; Geophysics</i>		618		618		
<i>Assaying</i>		287		287		
<i>Logistics</i>		106		106		
<i>Sampling</i>		166		166		
<i>Management fees</i>		165		165		
<b>DUPARQUET</b>	<b>-</b>	<b>5,860</b>	<b>(2,237)</b>	<b>11,918</b>	<b>(4,350)</b>	<b>7,568</b>
<i>Drilling</i>		3,032		5,808		
<i>Sampling</i>		362		1,017		
<i>Geology &amp; Geophysics</i>		858		1,929		
<i>Surveying</i>		36		136		
<i>Assaying</i>		887		1,699		
<i>Logistics</i>		658		1,251		
<i>Resources calculation</i>		17		32		
<i>Line cutting/Drill pad prep.</i>		10		32		
<i>Trenching</i>		-		4		
<i>Management fees</i>		-		11		
<b>HAMMOND REEF</b>	<b>-</b>	<b>9,880</b>	<b>-</b>	<b>12,867</b>	<b>-</b>	<b>12,867</b>
<i>Drilling</i>		6,306		8,258		
<i>Logistics</i>		1,415		1,775		
<i>Sampling</i>		1,381		1,712		
<i>Geology &amp; Geophysics</i>		291		482		
<i>Assaying</i>		463		598		
<i>Line cutting/Drill pad prep</i>		24		42		
	<b>61,227</b>	<b>19,484</b>	<b>(2,024)</b>	<b>40,081</b>	<b>(6,708)</b>	<b>94,600</b>

Some \$12.9 million of exploration expenditures were spent on Hammond Reef since May 19, 2010, date of the acquisition of majority interest in Brett Resources Inc.

## Quarterly Information

The selected quarterly financial information for the past eight financial quarters is outlined below (in thousands of dollars, except for amounts per share):

	2010			2009			2008	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
	\$	\$	\$	\$	\$	\$	\$	\$
Cash <sup>(1)</sup>	449,215	580,893	670,593	790,187	454,136	399,438	449,163	95,655
Working Capital	385,047	560,946	638,032	760,400	427,515	369,612	443,336	92,689
Total Assets	1,919,514	1,755,366	1,357,606	1,338,773	878,803	740,232	704,955	318,192
Shareholders' Equity	1,539,562	1,410,915	1,117,369	1,112,302	809,734	665,456	649,155	267,269
Net Income (Loss)	(11,164)	(8,428)	1,310	(8,384)	(5,747)	(5,816)	(807)	(2,081)
Net Income (Loss) per Share	(0.03)	(0.02)	0.00	(0.03)	(0.02)	(0.02)	0.00	(0.01)
Weighted Average Shares Outstanding (000's)								
- Basic	374,851	348,278	336,372	309,989	269,216	259,149	201,072	165,889
- Diluted	374,851	348,278	343,258	309,989	269,216	259,149	201,072	165,889
Share Price (\$/Share)								
- High	15.13	12.45	9.23	9.06	9.24	7.55	6.05	3.70
- Low	10.47	8.81	7.80	6.90	6.14	4.91	2.66	1.40
- Close	14.65	11.48	8.85	8.46	7.96	6.55	5.75	3.64
Price of Gold (average US\$)	1,227	1,197	1,109	1,102	960	922	908	795
Closing Exchange Rate <sup>(2)</sup> (US\$/Can\$)	1.0298	1.0606	1.0156	1.0466	1.0722	1.1625	1.2602	1.2246

(1) Includes cash and cash equivalents, restricted cash, short-term investments and cash collateral investments.

(2) Bank of Canada Noon Rate

The increase in total assets in 2010 is due to the acquisition of Brett in exchange for shares of the Company and the ongoing construction of the Canadian Malartic Project. Prior 2010, quarterly growth in total assets is due to debt and equity financings to mainly fund the construction and development of the Canadian Malartic Project.

## Statement of Operations

The Company is currently in the exploration and development stages and thus does not generate any revenue except for interest income on cash resources. During the quarter, Osisko incurred a loss of \$11.2 million (\$0.03 per share) compared to a loss of \$5.7 million (\$0.02 per share) in the corresponding period of 2009. For the year-to-date, the Company incurred a loss of \$18.3 million (\$0.05 per share) compared to a loss of \$12.4 million (\$0.05 per share) in the previous year.

(In thousands of dollars)	Three-Month Ended September 30, 2010	Three-Month Ended September 30, 2009	Nine-Month Ended September 30, 2010	Nine-Month Ended September 30, 2009
Salary & fringe benefits	1,745	1,057	4,653	3,811
General & administrative	2,137	1,046	5,522	2,910
Stock-based compensation	6,792	741	9,607	2,001
Investor relations & corporate development	628	626	1,897	2,273
Amortization of property, plant & equipment	134	60	320	204
Loss before the following items	(11,436)	(3,530)	(21,999)	(11,199)
Interest Income	981	338	2,282	1,168
Foreign exchange loss	(191)	(2,295)	(99)	(4,095)
Share equity investee loss	(412)	(260)	(610)	(260)
Loss on investments	(36)	-	(432)	-
	(11,094)	(5,747)	(20,858)	(14,386)
Non-controlling interest	(65)	-	-	-
Loss before income taxes	(11,159)	(5,747)	(20,858)	(14,386)
Future income tax recovery	(5)	-	2,576	2,016
<b>Net loss for the period</b>	<b><u>(11,164)</u></b>	<b><u>(5,747)</u></b>	<b><u>(18,282)</u></b>	<b><u>(12,370)</u></b>

The variation in net loss from the corresponding period is attributable to:

- i. Higher level of activities as the Company transitions from an exploration company to a leading intermediate gold producer;
- ii. Increase in stock based compensation due to November 2009 and July 2010 grant of options to employees and higher cost per option granted calculated under Black Scholes model;
- iii. Higher future income recovery derived from a greater renunciation of exploration expenses under the flow-through share issues of 2009;
- iv. Lower foreign exchange loss due to lower cash accounts held in US funds and less variation in the value of the Canadian dollar against the US dollar compared to 2009.

## Liquidity and Capital Resources

As the Company has no operating cash flows, Osisko relies on raising capital through equity and debt to fund the exploration, development and corporate administrative activities. The Company maintains an active investor relations program to gain access to capital markets through:

- Presentations to current and prospective shareholders;
- Participation in institutional and retail mining investment conferences
- Corporate advertising in print and electronic media; and
- Maintenance of a corporate website.

The Company believes that a strong investor relations program, positive exploration results and favourable general market conditions reduce its cost of capital.

On December 18, 2009, Osisko completed a private placement of 335,290 flow-through shares at a price of \$11.30 per share for gross proceeds of \$3.8 million.

On September 1, 2009, Osisko concluded a \$149.5 million equity financing with a syndicate of underwriters. The Company issued 21,361,250 common shares at a price of \$7.00 per share.

On June 26, 2009, the Company completed a private placement of 1,216,000 flow-through shares at a price of \$8.75 per share for gross proceeds of \$10.6 million.

On February 25, 2009, Osisko concluded financing with a syndicate of underwriters. The Company issued a total of 88,550,000 units of the Company at a price of \$4.55 per Unit, for aggregate gross proceeds of \$402.9 million. Each Unit consisted of one common share and one-half of one common share purchase warrant. Each whole warrant entitled the holder thereof to purchase one additional common share upon payment of the exercise price of \$5.45 until November 17, 2009. Some 44,266,256 warrants were exercised for proceeds of \$241.3 million

In November 2007, the Company completed a private placement of 19,250,000 special warrants for gross proceeds of \$125 million. Subsequently, the Company completed a prospectus to qualify the distribution of 19,250,000 common shares and 9,625,000 common shares purchase warrants upon the automatic exercise of the special warrants on December 28, 2007. Some 9,419,240 warrants were exercised for proceeds of \$48.4 million in November 2009.

During the quarter, the Company received \$5.7 million (year-to-date \$11.4 million) from the exercise of options issued under its stock option plan and replacement options issued as part of the Brett acquisition.

On May 27, 2010, the Company also received \$8.2 million following the exercise of 1.1 million share purchase warrants issued to the Fonds de solidarité des Travailleurs FTQ under the \$20 million credit facility issued in May 2008. The exercise date of the warrants was accelerated following the strong performance of the Company's shares.

In early October, the Company completed two flow-through financings to fund Canadian exploration activities, by issuing 980,027 shares for gross proceeds of \$17.2 million. Certain directors, officers and employees participated in these financing by subscribing to 104,800 shares at same conditions as non-related parties. The shares have a four-month holding period.

In accordance with the disclosures in the prospectus of the above mentioned equity financings, the table below outlines the use of net proceeds against the plan outlined:

(In thousands of dollars)	Proposed use of net proceeds				Outlays to Date <sup>(2)</sup>
	Nov 2007	Feb 2009 <sup>(1)</sup>	Aug 2009 <sup>(1)</sup>	Total	Total
Community resettlement	40,000	67,500	-	107,500	140,652
Equipment	40,000	-	20,000	60,000	31,414
Feasibility & engineering studies	5,000	-	-	5,000	11,266
Mine site preparation	10,000	-	-	10,000	14,824
Mining	-	13,500	-	13,500	15,802
Electrical and communication	-	21,500	-	21,500	16,132
Infrastructure	-	28,500	-	28,500	28,451
Processing	-	197,425	80,000	277,425	310,494
Tailings and water management	8,000	3,500	-	11,500	22,491
Indirects (detailed engineering, construction management, ocean and other freight, temporary facilities, equipment, tools and maintenance)	8,000	38,000	20,000	66,000	50,789
Sub-total	111,000	369,925	120,000	600,925	642,315
General corporate purposes	7,031	11,933	22,426	41,390	-
<b>Net proceeds</b>	<b>118,031</b>	<b>381,858</b>	<b>142,426</b>	<b>642,315</b>	<b>642,315</b>

<sup>(1)</sup> Includes the over-allotment option

<sup>(2)</sup> Includes restricted cash to guarantee orders

The Company has also negotiated credit facilities during the past two years to fund the development of the Canadian Malartic Project. The table below summarizes the debt:

	Total Facility Amount (\$M)	Balance as at September 30, 2010 (\$M)	Interest Rate
CPPIB	150.0	75.0	7.5%
SGF	75.0	75.0	7.5%
CAT Financial Services Limited ("CAT")	US83.0	US54.6	Tranche A: 1-month-LIBOR + 2.75% Tranche B: 3-month-LIBOR + 2.75% + Credit spread
Fonds de Solidarité FTQ ("Fonds")	20.0	20.0	9.5%

The debt financing with CPPIB is secured against the Company's assets. The second tranche of \$75 million may be drawn for general corporate purposes at the discretion of the Company until December 31, 2010. In the event that the Company draws on the facility, it will issue an additional 5.5 million warrants expiring on December 31, 2015 at an exercise price based on the 15-day volume weighted average price prior to drawdown plus a 30% premium. The principal is payable on or before maturity date based on cash flow availability, the maturity date being on October 31, 2014.

The SGF debenture is convertible in Company's shares at \$9.18 per share prior to November 9, 2014. In accordance with the accounting pronouncements, the facility has been recorded with a liability component of \$64.0 million and an equity component of \$11.0 million as at December 31, 2009. The debenture has a five-year term maturing on November 9, 2014.

The obligation under capital lease with CAT is available to finance the acquisition of the mobile mining fleet. The equipment secures the lease obligation. The Company intends to exercise the purchase option at the end of the five-year lease term.

The debt financing with Fonds for \$20 million is unsecured and is payable in a minimum of 48 equal monthly instalments commencing at the earlier of commercial production of the Project or May 9, 2011.

The amount of principal of long-term debt payments per year is as follows:

(In millions of dollars)	<b>CPPIB</b>	<b>SGF<sup>(1)</sup></b>	<b>Fonds</b>	<b>CAT</b>
2010	-	-	-	0.9
2011	30.0	-	3.3	6.0
2012	30.0	-	5.0	11.1
2013	15.0	-	5.0	12.2
2014	-	75.0	5.0	11.1
2015	-	-	1.7	14.9
	<b>75.0</b>	<b>75.0</b>	<b>20.0</b>	<b>56.2</b>

<sup>(1)</sup> If SGF does not exercise its option to convert the debenture into shares

As at September 30, 2010, the Company's cash resources, short-term investments, restricted cash and cash collateral investments amount to \$449.2 million (2009 - \$790.2 million) and are summarized below:

(In thousands of dollars)	<b>September 30, 2010</b>	<b>December 31, 2009</b>
Cash and cash equivalents	395,964	673,777
Short-term investments	31,506	84,064
Cash collateral investments	2,002	5,452
Restricted cash		
Current	3,375	10,760
Non-current	16,368	16,134
	<b>449,215</b>	<b>790,187</b>

The decrease in cash resources is due to the funding of the construction and development activities of the Canadian Malartic Project, the investment in exploration to grow the reserve and resource base and corporate expenses.

The cash collateral investments are held in US dollars denominated guaranteed certificates and are pledged against the letters of credit guaranteeing the purchase of long-lead delivery equipment.

The majority of the current restricted cash is given as guarantee for the completion of the relocation program and the portion held in US dollars is pledged as security against letters of credit issued as a deposit for the mobile equipment purchase.

Furthermore, the majority of the non-current restricted cash is pledged as a security against a letter of credit issued to Hydro-Québec for the installation of a new electrical transmission line for the Project.

The short-term investments are liquidities held at major Canadian banks or Ontario and Québec provinces' treasury bills with an original term of greater than 90 days until maturity. The Company does not hold any investments in asset-backed commercial paper with any financial institution.

### **Operating Cash Flow**

The cash flow shortfall from operating activities during the nine-month ended September 30, 2010, amounted to \$23.1 million compared to \$11.5 million in the corresponding period of 2009.

## Investing Activities

The investments of the Company are summarized as follows:

(In thousands of dollars)	Third Quarter 2010	Year-to-Date 2010
Addition to mining assets	121,500	341,279
Acquisition of assets	5,976	(33,885)
Acquisition of investments	-	24,447
Net changes in short-term investments	(22,229)	(52,558)
Net changes in restricted cash accounts	(5,576)	(7,151)
Net changes in cash collateral accounts	(599)	(3,450)
Proceeds on disposal of investments	-	(3,891)
<b>Net cash utilized in investing</b>	<b>99,072</b>	<b>264,791</b>

The Company's investments in mining assets are concentrated on the development of the Canadian Malartic Project and on exploration costs on various prospective properties.

The investments are held in publicly traded companies.

### Shareholder Rights Plan

On May 17, 2010, the Company adopted a Shareholder Rights Plan ("Plan"). The Plan is designed to ensure that Osisko's shareholders are treated fairly in the event of a takeover bid for Osisko's common shares and that Osisko's Board of Directors and shareholders will have adequate time to evaluate any unsolicited takeover bid and, if appropriate, to evaluate and pursue other alternatives to maximize shareholder value.

The Plan was not adopted in response to any actual or threatened takeover bid or other proposal from a third party to acquire control of Osisko.

In accordance with regulatory requirements, the Plan was approved by 94.1% of the shareholders present and who were entitled to vote at the Company's Annual and Special Shareholders Meeting held on June 30, 2010 at the Canadian Malartic Site.

## **Critical Accounting Estimates**

The Company's annual consolidated financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since inception, and the ability of the Company to continue as a going concern depends upon its ability to develop profitable mining operations. The Company has financed its capital requirements by issuing common stock and contracting various debt instruments.

The preparation of financial statements in conformity with Canadian GAAP requires management 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas where management judgment is applied are assumptions and estimates relating to determining defined ore bodies, reserves value beyond proven and probable mine life, the useful life of assets for amortization purposes and for evaluation of their net recoverable amount, fair values for purpose of impairment analysis, initial measurement of the components of convertible debenture, asset retirement obligations, stock-based compensation and warrants and valuation allowances for future income taxes. Actual results could differ from those estimates.

The Company's recoverability of its recorded value of its mining properties and associated deferred expenditures 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 follows the practice of capitalizing all costs related to acquisition, exploration and development of mineral properties until such time as mineral properties are put into commercial production, sold or abandoned. If commercial production commences, these capitalized costs will be amortized on a unit-of-production basis. If the mineral properties or projects are abandoned, the related capitalized costs are written-off. On an ongoing basis, the Company evaluates each property and project on results to date to determine the nature of exploration, other assessment and development work that is warranted in the future. If there is little prospect of future work on a property or project being carried out within a three year period from completion of previous activities, the deferred expenditures related to that property or project are written off or written down to the estimated amount recoverable unless there is persuasive evidence that an impairment allowance is not required. The amounts shown for mineral properties and for mineral property evaluation costs represent costs incurred to date net of mining duties and tax credits less write-downs, if appropriate, and are not intended to reflect present or future values.

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.

## **Conversion to International Financial Reporting Standards**

In February 2008, the Accounting Standards Board announced that the accounting framework under which the financial statements are prepared for all publicly accountable companies will be replaced by International Financial Reporting Standards starting January 2011. The first set of yearly financial statements under IFRS will be for the year ending December 31, 2011, including comparative information for the year ending December 31, 2010.

The conversion requirement from GAAP to IFRS raises both financial and non-financial issues with potential implications of risk, financial reporting, internal controls and stakeholder relations, however the fact that Osisko is a development stage company limits such impact. We expect the Canadian Malartic Project to commence production in 2011 at which point all the policy and procedures will be established in conformity with the IFRS.

The Company formed a team and initiated the conversion project in the last quarter of 2008.

The Company is using a five step roadmap to convert to IFRS:

#### Diagnostic

The initial diagnostic stage has been completed with a preliminary gap analysis of the accounting and business processes and the highlights are:

#### Design and planning

The Company is currently examining the transition options and policy choices presented under IFRS and evaluating the material impact on the future financial statements of the Company. Detailed policy analysis has been initiated based on the conclusions of the gap analysis. Many of the differences identified between IFRS and Canadian GAAP are not expected to have material impact on our reported results and financial position unless noted otherwise below. However, there may be significant changes as a result of IFRS' accounting principles and provisions for first time adoptions. The Company has not yet determined the full accounting effects of adopting IFRS, since some key accounting policy alternatives and implementation decisions are still being evaluated.

- First-time adoption of IFRS

IFRS 1, "First-Time Adoption of International Financial Reporting Standards" ("IFRS 1"), provides entities adopting IFRS for the first time with a number of optional exemptions and mandatory exceptions, in certain areas, to the general requirement for full retrospective application of IFRS. The Company will need to analyze the various accounting policy choices available and will implement those determined to be most appropriate in the circumstances. The Company expects that key IFRS 1 exemption decisions will be approved by senior management during the fourth quarter of 2010.

- Accounting policies

Below some of the significant areas are discussed in detail. For other areas, the Company will adopt policies in conformity with IFRS as it will complete its transition from being a developing company to a producing company in 2011.

#### *Property, plant and equipment*

Although the design stage is not completed yet, the Company is not expecting to apply the fair value method to determine the deemed opening cost under IFRS which is one of the significant IFRS1 exemptions. The Company also intends to use the historical cost model after initial recognition of property, plant and equipment.

The accounting policy of the Company will be amended to:

- Review useful life, residual value and method of depreciation on an annual basis.
- Identify all significant components and their respective useful lives.
- Capitalize major maintenance and replacement of significant parts and derecognize the carrying value of the replaced parts.
- Include constructive obligations for significant dismantling and removal costs.

#### *Financial instruments*

The accounting policy of the Company will be amended to:

- Include changes to impairments of financial assets and their possible reversal.
- Detail the conditions that need to be met for the designation of a financial instrument as “fair value through profit and loss”.

#### *Asset retirement obligations*

The accounting policy of the Company will be amended to:

- Include constructive obligations to the estimated cost of dismantling and removing the asset and restoring the site.
- Include changes to the discount rate. According to IFRS, liability is adjusted even if there is no other change to the liability.

#### *Impairment of assets*

The accounting policy of the Company will be amended to:

- Change the assessment method of whether impairment exists. The two step approach allowed under Canadian GAAP is not acceptable under IFRS. Therefore, the discounted cash flows are taken as an indication to determine impairment.
- Document conditions requiring the reversal of previous impairments, which was not allowed under Canadian GAAP.

#### *Acquisition of Hammond Reef Gold Project*

As the acquisition of Hammond Reef Gold Project was completed in the third quarter of 2010, we have not finalized the impact the transaction will have as a result of the conversion to IFRS. However, the major changes we expect to our accounting policy are:

- i. Shares issued as consideration will be measured based on the fair value at the acquisition date as opposed to an estimated value.
- ii. The future tax liability arising from the difference between the tax cost basis and the cost of the assets acquired will not be recognized, which will reduce the value of the mineral property by the same amount.

This list should not be regarded as a complete list of changes that will result from transition to IFRS. It is intended to highlight those areas we believe to be most significant; however, our analysis of possible changes is still in process and not all decisions have been made where choices of accounting policies are available. Until our adoption date is finalized, the Company is

not able to reliably quantify the impacts expected on our consolidated financial statements for these differences.

- Presentation and disclosure

IFRS will require more in depth disclosure. The Company is already taking the necessary steps to adjust the systems requirements to ensure appropriate data collection for disclosure purposes. The Company will complete the preparation of its IFRS financial statements model in the last quarter of 2010.

- Information technology, data systems and internal controls over financial reporting

The Company expects minimal impact on its data systems and is constantly working on improving its internal controls over financial reporting. As noted, the transition to IFRS for the Company mainly affects the presentation and disclosure of its financial statements. This may lead to significant presentation and process changes to report more detailed information in the notes of the financial statements. Financial reporting controls will change due to the transition to IFRS, but the impact will be minimal. The majority of the expected changes will implicate the modification or addition of processes due to the fact that IFRS requires more judgment with respect to various accounting treatments. Processes and controls will be put in place to ensure the Company is making the appropriate judgements and is following the selected IFRS accounting policies.

- Training and communication

The Company has also started training of the key internal resources. IFRS training will continue as IFRS accounting policies are developed and the implementation process begins. The Company's communications and investor relations team will be involved in the conversion project to ensure that the stakeholder queries during the time leading up to the conversion are addressed. The Company will continue to provide updates on the project progress throughout the conversion period to allow stakeholders to assess the impact of the conversion on the Company's financial performance.

- Business activities

The Company is currently assessing impacts on all areas of the Company, including contractual arrangements and debt covenant calculations.

The conversion team will be reporting regularly throughout the project to the Audit Committee and is implicating the external auditors into the conversion process throughout each stage of the project.

### Solution development

In this stage the Company will develop solutions to enable the implementation of IFRS. This stage will include the development of training programs, revision of the IFRS consolidated financial statements, preparation of the comparative information and identification of the impacts on non-financial areas. The Company is expecting to complete this stage by the end of the fourth quarter of 2010.

### Implementation

In this stage the Company will implement the changes that have been developed and will obtain sign off and testing. The tasks to be accomplished within this stage are to produce an opening balance sheet, complete systems testing and end user testing.

### Post implementation

During this stage the Company will perform a review of the IFRS transition and ensure the preparation of financial statements in compliance with IFRS without external support.

The Company will stay informed on the upcoming changes to the IFRS based on the projects in place or to be initiated by the International Accounting Standards Board and will adjust its plan along the way to include all key elements to ensure its compliance by 2011.

## Share Data

### Capital structure as at November 4, 2010

Common shares issued and outstanding: 380,944,926

Common share purchase warrants outstanding: 7,000,000

<b>Expiry Date</b>	<b>Number of Warrants</b>	<b>Exercise Price</b>
		\$
September 24, 2014	7,000,000	10.75

Options outstanding: 13,785,664

Replacement options: 214,444

<b>Expiry Date</b>	<b>Number of Options</b>	<b>Exercise Price</b>
		\$
May 2012	1,000,000	5.325
September 2012	1,475,000	5.46
November 2012	5,001	3.98
May 2013	110,000	4.18
September 2013	2,307,499	2.20
November 2013	17,000	1.77
November 2013	10,000	1.97
March 2014	30,000	5.61
April 2014	170,000	5.20
May 2014	160,000	5.88
June 2014	51,001	2.06
June 2014	375,000	6.72
November 2014	2,722,332	7.80
January 2015	141,442	6.59
February 2015	155,000	8.70
May 2015	30,000	10.56
June 2015	150,000	11.87
July 2015	5,090,833	11.12
	<hr/>	
	14,000,108	
	<hr/>	

## **Risks and Uncertainties**

The Company is an exploration and development company that operates 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. An investment in the Company's common shares is highly speculative and subject to a number of risks and uncertainties. An investor should carefully consider the risks described below and the other information filed with the Canadian securities regulators before investing in the Company's common shares. If any of the following risks occur, or if others occur, the Company's business, operating results and financial condition could be seriously harmed and investors may lose a significant proportion of their investment.

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 is in its exploration and development stage and has no history of profitability. The Company completed a positive feasibility for its Canadian Malartic Project. The Company has raised and secured the necessary funding for the Project. If additional funds are required, the source of funds available to the Company is through the sale of additional equity capital or borrowings. There is no assurance that such funding will be available to the Company. Furthermore, even if such financing is available, there can be no assurance that it will be successfully 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.

### *Currency fluctuations may affect the costs of doing business*

The Company's main activities and offices are currently located in Canada. However, some of the costs associated with the Company's activities in Canada are denominated in currencies other than the Canadian dollar. Any depreciation of the Canadian dollar vis-à-vis these currencies could increase the Company's cost of doing business. In addition, the U.S. dollar is subject to fluctuation in value in relation to the Canadian dollar. For the period ending September 30, 2010, Osisko did not utilize any hedging programs to mitigate the effect of currency movement.

### *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 and financial resources. It involves many risks which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Most exploration programs do not result in the discovery of significant 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, commodity prices, energy costs, inflation, interest rates, financial market conditions, potential litigation, availability of qualified labour and governmental regulations, in particular those in relation to price, taxes, royalties, land use, governmental involvement in the project, importation and exportation duties. 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.

#### *Risks related to mineral reserve and resource estimates*

Mineral reserve and resource estimates are based on assumptions such as metal prices and drilling information. Material and prolonged changes in metal prices can have an impact on the recoverability of the reserves and resources. Mineral resource evaluations may also be affected due to variances in geological conditions of a property due to erroneous geological data. Therefore, mineral reserve and resource estimates should be viewed as estimates only with no assurance of achieving the expected tonnages, grades and recovery levels.

#### *Risk of project delay*

The Company plans to: (i) complete the permitting application process in respect of the Canadian Malartic Project and (ii) commence commercial production in 2011. However, there are significant risks that the completion of construction of a mine on the Project could be delayed due to circumstances beyond the Company's control. Such risks include delays in acquiring all of the necessary surface rights, delays in obtaining mining and surface leases, environmental and construction authorizations and permits, delays in finalizing all necessary detailed engineering and a definitive construction contract, as well as unforeseen difficulties encountered during the construction process.

#### *Risk linked to the community of Malartic*

The Company's principal asset, the Canadian Malartic gold deposit, is located adjacent to the community of Malartic. Commercial open-pit production of the deposit will require not only the collaboration and support of the town council and residents of Malartic, but will also require relocation of a portion of the town, which is largely completed and the relocation of a portion of Highway 117, for which permits have not yet been obtained. Although the Company has taken all possible measures to ensure majority community support for the project, there is no guarantee that the Company will continue to retain the social contract necessary for commercial production of the deposit.

#### *Risk linked with government regulation*

The Company's activities entail compliance with the applicable legislation or review processes and the obtaining of land use and all other permits, and similar authorizations of future 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, however, have an adverse effect on the Company.

#### *Environmental risk*

All phases of the Company's operations are and will be subject to federal, provincial and local environmental regulation in the various jurisdictions in which the Company operates. These regulations mandate, among other things, the maintenance of air and water quality standards, land use standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid, liquid and hazardous waste. Environmental legislation is evolving in a manner which will require, in certain jurisdictions, stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent

environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. No certainty exists that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on the Company's properties which are unknown to management at present and which have been caused by previous owners or operators of the properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

#### *Insurance risk*

The Company's insurance will not cover all the potential risks associated with a mining company's operations. Moreover, insurance against risks such as environmental pollution or other hazards as a result of production is not generally available to the Company or to other companies in the mining industry on acceptable terms. The Company might also become subject to liability for pollution or other hazards which may not be insured against or which we may elect not to insure against because of high premium costs. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial condition and results of operations.

#### *Risk on the uncertainty of title*

Although the Company has obtained title opinions with respect to its properties and has taken all possible measures to ensure proper title to its properties, including filing of necessary documents and payment of rents to local regulatory authorities, there is no guarantee that the title to any of its properties will not be challenged. Third parties may, unbeknownst to the Company, have valid claims underlying portions of the Company's interests.

#### *Risk linked to conflict of interest*

Certain directors and officers of the Company may also serve as directors and/or officers of other public and private companies and devote a portion of their time to manage other business interests. Furthermore, certain directors and officers of the Company may also serve as directors of other companies involved in mineral exploration and development. Consequently, the possibility of conflict of interest exists at several levels.

To the extent that such other companies may participate in ventures in which the Company is also participating, or participate in business transactions with the Company, such directors and officers may have a conflict of interest in negotiating and reaching an agreement with respect to the extent of each company's participation. Canadian law and Company policy require the directors and officers of the Company to act honestly, in good faith, and in the best interests of the Company and its shareholders. However, in conflict of interest situations, our directors and officers may owe the same duty to another company and will need to balance the competing obligations and liabilities of their actions, or declare and refrain from voting on any matters in which such directors have a conflict of interest. There is, however, no guarantee that the Company's interests will receive priority in all cases.

## **Disclosure Controls and Internal Controls over Financial Reporting**

The Chief Executive Officer (the “CEO”), and the Chief Financial Officer (the “CFO”) of the Company are responsible for establishing and maintaining the Company’s disclosure controls and procedures (“CDP”) including adherence to the Disclosure Policy adopted by the Company. The Disclosure Policy requires all staff to keep senior management fully apprised of all material information affecting the Company so that they may evaluate and discuss this information and determine the appropriateness and timing for public release.

The CEO and the CFO are also responsible for the design of internal controls over financial reporting (“ICFR”). The fundamental issue is ensuring all transactions are properly authorized and identified and entered into a well designed, robust and clearly understood accounting system on a timely basis to minimize risk of inaccuracy, failure to fairly reflect transactions, failure to fairly record transactions necessary to present financial statements in accordance with GAAP, unauthorized receipts and expenditures, or the inability to provide assurance that unauthorized acquisitions or dispositions of assets can be detected. The relatively small size of the company makes the identification and authorization process relatively efficient and a process for reviewing ICFR has been developed. To the extent possible given the Company’s small size, the internal control procedures provide for separation of duties for receiving, approving, coding and handling of invoices, entering transactions into the accounts, writing checks and wire requests and also require two signers on all payments.

The CEO and CFO evaluated the effectiveness of the Company’s CDP and ICFR as required by National Instrument 52-109 issued by the Canadian Securities Administrators. They concluded that as of September 30, 2010, the Company’s design and operation of its CDP and ICFR were effective in providing reasonable assurance that material information regarding this report, and the annual consolidated financial statements and other disclosures was made known to them on a timely basis and reported as required and that the financial statements present fairly, in all material aspects, the financial condition, results of operations and cash flows of the Company as of September 30, 2010. The CEO and CFO also concluded that no material weaknesses existed in the design of the ICFR.

## Caution Regarding Forward Looking Statements

Certain statements contained in this report constitute forward-looking statements. These statements relate to future events or the Company's future performance, business prospects or opportunities. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These forward-looking statements include statements regarding the future price of gold and silver, the timing and amount of estimated future production, costs of production, currency fluctuations, capital expenditures, permitting timelines, the requirements of future capital, drill results and the estimation of mineral resources and reserves. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements contained into this report should not be unduly relied upon. These statements speak only as of the date of this report. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this report. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about:

- general business and economic conditions;
- the supply and demand for, deliveries of, and the level and volatility of prices of gold and silver as well as petroleum products;
- impact of change in foreign currency exchange rates and interest rates;
- the timing of the receipt of regulatory and governmental approvals for the Company's development project and other operations;
- the availability of financing for the Company's development for future projects;
- the Company's estimation of its costs of production, its expected production and its productivity levels;
- power prices;
- the ability to procure equipment and operating supplies in sufficient quantities and on a timely basis;
- the ability to attract and retain skilled staff;
- engineering and construction timetables and capital costs for the Company's development Project;
- market competition;
- the accuracy of the Company's resource estimate (including, with respect to size, grade and recoverability) and the geological, operational and price assumptions on which it is based;
- change in governments regulations, policies and change in tax benefits and tax rates;
- environmental risks including increased regulatory constraints;
- the ability to complete the relocation program of the southern neighborhood of the Town of Malartic;
- the ability to deviate highway 117 to allow for the mining of the Barnat deposit;
- the Company's ongoing relations with its employees, its business partners and the community of the Town of Malartic.

Additional risk factors are described in more detail in the Company's Annual Information Form filed with the securities commissions or similar authorities in certain of the provinces of Canada. Investors should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based might not occur. The Company cautions that the foregoing list of important factors is not exhaustive. Investors and others who base themselves on the Company's forward-looking statements should carefully consider the above factors as well as the uncertainties they represent and the risk they entail. The forward-looking statements contained in this report are expressly qualified by this cautionary statement.

**(Signed) Sean Roosen**

Sean Roosen  
President and Chief Executive Officer

**(Signed) Bryan A. Coates**

Bryan A. Coates  
Vice President Finance and Chief Financial Officer

**November 4, 2010**

# Corporate Information

## Osisko Mining Corporation

### Head Office

1100 De La Gauchetière West  
Suite 300  
Montreal, Québec, Canada H3B 2S2  
Tel.: (514) 735-7131  
Fax: (514) 933-3290  
Email: [info@osisko.com](mailto:info@osisko.com)

Web site: [www.osisko.com](http://www.osisko.com)

### Directors and Officers

Victor H. Bradley, Chairman of the Board  
Sean Roosen, President, CEO and Director  
Robert Wares, Executive Vice President, COO and Director  
Staph Leavenworth Bakali, Director  
Marcel Côté, Director  
André J. Douchane, Director  
William A. MacKinnon, Director  
Norman Storm, Director  
Serge Vézina, Director  
John Burzynski, Vice President Corporate Development  
Sergio Cattalani, Vice President Exploration  
Bryan A. Coates, Vice President Finance, CFO  
Jean-Sébastien David, Vice President Sustainable Development  
André Le Bel, Vice President Legal Affairs and Corporate Secretary  
Luc Lessard, Vice President Engineering and Construction  
Robert Mailhot, Vice President Human Resources  
Elif Lévesque, Controller

### Legal Counsel

Lavery, de Billy, Montreal  
Fraser Milner Casgrain, Toronto

### Auditors

PricewaterhouseCoopers, LLP, Montreal

### Transfer Agent

Trust CIBC Mellon, Montreal

### Exchange listings

TSX Exchange - OSK  
Deutsche Boerse - EWX