OSISKO MINING CORPORATION

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Unaudited Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2013

Osisko Mining Corporation
Consolidated Balance Sheets
(Unaudited)
(tabular amounts expressed in thousands of Canadian dollars)

	Notes	June 30, 2013	December 31, 2012 (restated - note 3)
		$	$
Assets			
Current assets			
Cash and cash equivalents		115,486	93,229
Short-term investments		-	19,357
Restricted cash		558	4,563
Accounts receivable		29,255	32,266
Note receivable		-	30,000
Inventories	6	79,851	70,481
Prepaid expenses and other assets		25,303	21,274
		250,453	271,170
Non-current assets			
Restricted cash		37,651	38,362
Investments in associates		8,190	8,933
Other investments		7,403	16,894
Property, plant and equipment	7	1,865,159	2,352,546
		2,168,856	2,687,905
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		80,069	100,931
Current portion of long-term debt	8	85,497	76,883
Provisions and other liabilities	9	1,292	1,405
		166,858	179,219
Non-current liabilities			
Long-term debt	8	245,962	260,529
Provisions and other liabilities	9	17,011	18,618
Deferred income and mining taxes		48,887	67,521
		478,718	525,887
Equity attributable to Osisko Mining Corporation shareholders			
Share capital		2,051,069	2,048,843
Warrants		19,311	19,311
Contributed surplus		70,673	65,868
Equity component of convertible debentures		8,005	8,005
Accumulated other comprehensive loss		(4,713)	(1,148)
Retained earnings (deficit)		(454,207)	21,139
		1,690,138	2,162,018
		2,168,856	2,687,905

Osisko Mining Corporation

Consolidated Statements of Income (Loss)
For the three and six months ended June 30, 2013 and 2012
(Unaudited)

(tabular amounts expressed in thousands of Canadian dollars, except per share amounts)

	Notes	Three months ended June 30,		Six months ended June 30,	
		2013	2012	2013	2012
			(restated - note 3)		(restated - note 3)
		$	$	$	$
Revenues		159,195	157,134	318,576	315,792
Mine operating costs					
Production costs		(90,619)	(89,494)	(172,041)	(159,426)
Royalties		(2,274)	(2,021)	(4,266)	(4,380)
Depreciation		(23,683)	(15,635)	(44,665)	(29,544)
Earnings from mine operations		42,619	49,984	97,604	122,442
General and administrative expenses		(5,787)	(5,943)	(13,174)	(13,349)
Exploration and evaluation expenses		(15,935)	(1,963)	(21,038)	(5,253)
Impairment of property, plant and equipment	5	(530,878)	-	(530,878)	-
Earnings (loss) from operations		(509,981)	42,078	(467,486)	103,840
Interest income		425	379	883	912
Finance costs		(8,398)	(7,444)	(16,289)	(14,842)
Foreign exchange loss		(3,095)	(1,858)	(5,376)	(271)
Share of loss of associates		(623)	(141)	(744)	(275)
Other losses		(2,989)	(1,246)	(4,968)	(3,064)
Earnings (loss) before income and mining taxes		(524,661)	31,768	(493,980)	86,300
Income and mining tax recovery (expense)	11	31,899	(12,784)	18,634	(36,721)
Net earnings (loss)		(492,762)	18,984	(475,346)	49,579
Net earnings (loss) per share					
Basic		(1.13)	0.05	(1.09)	0.13
Diluted		(1.13)	0.05	(1.09)	0.13
Weighted average number of common shares outstanding (in thousands)					
Basic		436,695	387,279	436,599	386,528
Diluted		436,695	389,024	436,599	389,312

Osisko Mining Corporation

Consolidated Statements of Comprehensive Income (Loss)
For the three and six months ended June 30, 2013 and 2012
(Unaudited)

(tabular amounts expressed in thousands of Canadian dollars)

	Three months ended June 30,		Six months ended June 30,	
	2013	2012 (restated - note 3)	2013	2012 (restated - note 3)
	$	$	$	$
Net earnings (loss)	(492,762)	18,984	(475,346)	49,579
Other comprehensive loss:				
Changes in fair value of available-for-sale financial assets				
Unrealized loss	(3,839)	(4,260)	(6,427)	(4,045)
Impairment on available-for-sale financial assets				
Reclassification to the statement of income (loss)	3,284	-	3,284	1,094
Disposal of available-for-sale financial assets				
Reclassification to the statement of income (loss) of the realized gain	(422)	-	(422)	(87)
Other comprehensive loss, net of income taxes	(977)	(4,260)	(3,565)	(3,038)
Comprehensive income (loss)	(493,739)	14,724	(478,911)	46,541

Other comprehensive loss is composed solely of items that may be reclassified subsequently to net earnings or loss.
Comprehensive income (loss) is solely attributable to Osisko Mining Corporation shareholders.

Osisko Mining Corporation

Consolidated Statements of Cash Flows

For the three and six months ended June 30, 2013 and 2012

(Unaudited)

(tabular amounts expressed in thousands of Canadian dollars)

	Notes	Three months ended June 30, 2013	Three months ended June 30, 2012 (restated - note 3)	Six months ended June 30, 2013	Six months ended June 30, 2012 (restated - note 3)
		$	$	$	$
Operating activities					
Net earnings (loss)		(492,762)	18,984	(475,346)	49,579
Adjustments for:					
Interest income		(425)	(379)	(883)	(912)
Share-based compensation		2,225	2,708	4,021	5,339
Depreciation		23,903	15,794	45,102	29,861
Finance costs		8,398	7,444	16,289	14,842
Write-off of property, plant and equipment		13,050	-	15,074	617
Impairment of property, plant and equipment	5	530,878	-	530,878	-
Gain on disposal of property, plant and equipment		(218)	(319)	(173)	(319)
Unrealized foreign exchange loss		3,193	1,952	5,155	175
Share of loss of associates		623	141	744	275
Net loss (gain) on available-for-sale financial assets		(140)	155	851	68
Net loss on financial assets at fair value through profit and loss		32	1,158	1,105	1,857
Impairment on available-for-sale financial assets		3,284	-	3,284	1,094
Provisions and other liabilities		(796)	(558)	(910)	82
Income and mining tax expense (recovery)		(31,899)	12,784	(18,634)	36,721
Other non-cash gain		-	-	(139)	-
		59,346	59,864	126,418	139,279
Change in non-cash working capital items	12	(3,399)	8,348	(7,993)	11,812
Net cash flows provided by operating activities		55,947	68,212	118,425	151,091
Investing activities					
Net decrease in short-term investments		-	-	19,357	-
Net decrease in restricted cash		711	453	4,716	511
Proceeds from note receivable		30,000	-	30,000	-
Acquisition of investments		-	(1,100)	-	(7,546)
Proceeds on disposal of investments		1,045	21	1,045	474
Property, plant and equipment, net of government credits		(59,906)	(76,440)	(125,604)	(148,305)
Proceeds on disposal of property, plant and equipment		353	-	368	-
Interest received		1,205	387	1,593	795
Net cash flows used in investing activities		(26,592)	(76,679)	(68,525)	(154,071)
Financing activities					
Long-term debt transaction costs		-	(105)	-	(110)
Long-term debt repayments		(3,081)	(1,250)	(5,552)	(2,500)
Finance lease payments		(6,550)	(5,608)	(12,692)	(10,966)
Issuance of common shares, net of expenses		775	1,095	1,383	9,487
Interest paid		(5,371)	(5,602)	(10,782)	(11,077)
Net cash flows used in financing activities		(14,227)	(11,470)	(27,643)	(15,166)
Increase (decrease) in cash and cash equivalents		15,128	(19,937)	22,257	(18,146)
Cash and cash equivalents - beginning of period		100,358	102,461	93,229	100,670
Cash and cash equivalents - end of period		115,486	82,524	115,486	82,524

Osisko Mining Corporation

Consolidated Statements of Changes in Equity
For the six months ended June 30, 2013 and 2012
(Unaudited)

(tabular amounts expressed in thousands of Canadian dollars)

		Equity attributed to Osisko Mining Corporation shareholders							
	Notes	Number of common shares outstanding	Share capital	Warrants	Contributed surplus	Equity component of convertible debentures	Accumulated other comprehensive loss[(i)]	Retained earnings (deficit)	Total equity
			$	$	$	$	$	$	$
Balance - January 1, 2013 (restated)	**3**	436,394,662	2,048,843	19,311	65,868	8,005	(1,148)	21,139	2,162,018
Net loss for the period		-	-	-	-	-	-	(475,346)	(475,346)
Other comprehensive loss, net of taxes		-	-	-	-	-	(3,565)	-	(3,565)
Comprehensive loss for the period		-	-	-	-	-	(3,565)	(475,346)	(478,911)
Share options:									
Share-based compensation		-	-	-	4,924	-	-	-	4,924
Fair value of options exercised		-	119	-	(119)	-	-	-	-
Proceeds from exercise of options		91,000	281	-	-	-	-	-	281
Employee share purchase plan		269,047	1,836	-	-	-	-	-	1,836
Property payments		6,000	35	-	-	-	-	-	35
Share issue costs		-	(45)	-	-	-	-	-	(45)
Balance - June 30, 2013		436,760,709	2,051,069	19,311	70,673	8,005	(4,713)	(454,207)	1,690,138
Balance - January 1, 2012		385,486,473	1,656,034	13,166	55,909	8,005	(9,397)	(69,649)	1,654,068
Net earnings for the period		-	-	-	-	-	-	49,579	49,579
Other comprehensive loss, net of taxes		-	-	-	-	-	(3,038)	-	(3,038)
Comprehensive income (loss) for the period		-	-	-	-	-	(3,038)	49,579	46,541
Share options:									
Share-based compensation		-	-	-	6,390	-	-	-	6,390
Fair value of options exercised		-	4,544	-	(4,544)	-	-	-	-
Proceeds from exercise of options		1,664,667	8,480	-	-	-	-	-	8,480
Employee share purchase plan		153,390	1,606	-	-	-	-	-	1,606
Property payments		32,750	335	-	-	-	-	-	335
Warrants - modifications to the terms		-	-	5,095	-	-	-	-	5,095
Balance - June 30, 2012 (restated)	**3**	387,337,280	1,670,999	18,261	57,755	8,005	(12,435)	(20,070)	1,722,515

(i) Accumulated other comprehensive loss relates solely to available-for-sale investments.

1. Nature of activities

Osisko Mining Corporation and its subsidiaries (together "Osisko" or the "Company") are engaged in the business of acquiring, exploring, developing and operating gold properties, with interests substantially in Canada. Osisko is a public company traded on the TSX and on the Deutsche Börse and is incorporated and domiciled in Canada. The address of its registered office is 1100, avenue des Canadiens-de-Montréal, Suite 300, Montréal, Québec.

The Company's operations, development projects and exploration activities are concentrated mostly on its wholly owned Canadian Malartic gold property in the Abitibi Gold Belt, immediately south of the Town of Malartic, Québec, on its wholly owned Hammond Reef gold property located near the town of Atikokan and approximately 170 kilometres west of the City of Thunder Bay, in Western Ontario and on its wholly owned Kirkland Lake gold properties located in the Timiskaming District in Northeastern Ontario. The Company also conducts exploration activities in other regions in the Americas.

2. Basis of presentation

These condensed interim consolidated financial statements have been prepared in accordance with the *International Financial Reporting Standards* ("IFRS") as issued by the *International Accounting Standards Board* ("IASB") applicable to the preparation of interim financial statements, including *International Accounting Standard* ("IAS") 34, *Interim Financial Reporting*. The condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2012, which have been prepared in accordance with IFRS as issued by the IASB. The accounting policies, methods of computation and presentation applied in these condensed interim consolidated financial statements are consistent with those of the previous financial year, except for the changes in accounting policies presented in Note 3. The Board of Directors has approved the consolidated financial statements on August 1, 2013.

3. Changes in accounting policies

The Company has adopted the following new and revised standards, along with any consequential amendments, effective January 1, 2013. These changes were made in accordance with the applicable transitional provisions.

IAS 1, *Presentation of Financial Statements,* ("IAS 1")

The Company has adopted the amendments to IAS 1 effective January 1, 2013. These amendments required the Company to group other comprehensive income items based on whether or not they may be reclassified to net earnings or loss in the future. The Company has reclassified comprehensive income items of the comparative period. These changes did not result in any adjustments to other comprehensive income or comprehensive income.

IFRS 10, *Consolidated Financial Statements*, ("IFRS 10")

IFRS 10 replaces the guidance on control and consolidation in IAS 27, *Consolidated and Separate Financial Statements* and SIC-12, *Consolidation – Special Purpose Entities*. IFRS 10 requires consolidation of an investee only if the investor possesses power over the investee, has exposure to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect its returns. Detailed guidance is provided on applying the definition of control. The accounting requirements for consolidation have remained largely consistent with IAS 27. The Company assessed its consolidation conclusions on January 1, 2013 and determined that the adoption of IFRS 10 did not result in any change in the consolidation status of any of its subsidiaries and investees.

IFRS 11, *Joint Arrangements*, ("IFRS 11")

IFRS 11 supersedes IAS 31, *Interests in Joint Ventures* and requires joint arrangements to be classified either as joint operations or joint ventures depending on the contractual rights and obligations of each investor that jointly controls the arrangement. For joint operations, a company recognizes its share of assets, liabilities, revenues and expenses of the joint operation. An investment in a joint venture is accounted for using the equity method as set out in IAS 28, *Investments in Associates and Joint Ventures* ("IAS 28"). The adoption of IFRS 11 did not affect the Company.

3. Changes in accounting policies *(continued)*

IFRS 12, *Disclosure of Interest in Other Entities*, ("IFRS 12")

IFRS 12 establishes disclosure requirements for interests in other entities, such as subsidiaries, joint arrangements, associates, and unconsolidated structured entities. The standard carries forward existing disclosures and also introduces significant additional disclosure that address the nature of, and risks associated with, an entity's interests in other entities. The standard includes disclosure requirements for entities covered under IFRS 10 and IFRS 11. The adoption of IFRS 12 will result in incremental disclosures in the annual consolidated financial statements.

IFRS 13, *Fair Value Measurement*, ("IFRS 13")

IFRS 13 provides a single framework for measuring fair value. The measurement of the fair value of an asset or liability is based on assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. The Company adopted IFRS 13 on January 1, 2013 on a prospective basis. The adoption of IFRS 13 did not require any adjustments to the valuation techniques used by the Company to measure fair value and did not result in any measurement adjustments as at January 1, 2013.

The Company's finance department is responsible for performing the valuation of financial instruments at each reporting date, including Level 3 fair values. The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. The Company added additional disclosures on fair value in Note 13.

IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine*, ("IFRIC 20")

IFRIC 20 provides guidance on the accounting for the costs of stripping activities during the production phase of surface mining when two benefits accrue to the entity as a result of the stripping: useable ore that can be used to produce inventory and improved access to further quantities of material that will be mined in the future periods. The Company adopted IFRIC 20 effective January 1, 2013. Upon adoption of IFRIC 20, the Company assessed the stripping asset on the balance sheet as at January 1, 2012 and determined that there are identifiable components of the ore body with which this stripping asset can be associated, and therefore no balance sheet adjustment was recorded at that date. The adoption of IFRIC 20 has resulted in increased capitalization of waste stripping costs and a reduction in mine operating costs in 2012. If the Company had not adopted IFRIC 20, the net loss for the current periods would have increased, the net earnings for the comparative periods would have decreased and capitalized waste stripping costs for the current and comparative periods would have decreased.

The impact of adopting IFRIC 20 in the prior year consolidated financial statements is presented below:

(a) Adjustments to the consolidated balance sheets:

	As at December 31, 2012 (previously stated) $	Impact of IFRIC 20 $	As at December 31, 2012 (restated) $
Inventories	73,795	(3,314)	70,481
Property, plant and equipment	2,329,773	22,773	2,352,546
Deferred income and mining taxes	(60,426)	(7,095)	(67,521)
Increase in retained earnings		12,364	

3. Changes in accounting policies *(continued)*

IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine*, ("IFRIC 20") *(continued)*

(b) Adjustments to the consolidated statements of income:

	Three months ended June 30, 2012 (previously stated) $	Impact of IFRIC 20 $	Three months ended June 30, 2012 (restated) $
Mine operating costs			
Production costs	(98,837)	9,343	(89,494)
Depreciation	(15,289)	(346)	(15,635)
Income and mining tax expense	(9,500)	(3,284)	(12,784)
Increase in net earnings		5,713	
Increase in net earnings per share and diluted net earnings per share		0.02	

	Six months ended June 30, 2012 (previously stated) $	Impact of IFRIC 20 $	Six months ended June 30, 2012 (restated) $
Mine operating costs			
Production costs	(170,747)	11,321	(159,426)
Depreciation	(29,166)	(378)	(29,544)
Income and mining tax expense	(32,727)	(3,994)	(36,721)
Increase in net earnings		6,949	
Increase in net earnings per share and diluted net earnings per share		0.02	

	Year ended December 31, 2012 (previously stated) $	Impact of IFRIC 20 $	Year ended December 31, 2012 (restated) $
Mine operating costs			
Production costs	(353,827)	21,410	(332,417)
Depreciation	(62,969)	(1,951)	(64,920)
Income and mining tax expense	(72,300)	(7,095)	(79,395)
Increase in net earnings		12,364	
Increase in net earnings per share and diluted net earnings per share		0.03	

3. Changes in accounting policies *(continued)*

IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine*, ("IFRIC 20") *(continued)*

(c) Adjustments to the consolidated statements of cash flows:

	Three months ended June 30, 2012 (previously stated) $	Impact of IFRIC 20 $	Three months ended June 30, 2012 (restated) $
Net earnings	13,271	5,713	18,984
Adjusted for the following items:			
Depreciation	15,448	346	15,794
Income and mining tax expense	9,500	3,284	12,784
Change in non-cash working capital items:			
Decrease in inventories	1,693	3,171	4,864
Net cash flows provided by operating activities		12,514	
Property, plant and equipment	(63,926)	(12,514)	(76,440)
Net cash flows used in investing activities		(12,514)	
Net change in cash and cash equivalents		-	

	Six months ended June 30, 2012 (previously stated) $	Impact of IFRIC 20 $	Six months ended June 30, 2012 (restated) $
Net earnings	42,630	6,949	49,579
Adjusted for the following items:			
Depreciation	29,483	378	29,861
Income and mining tax expense	32,727	3,994	36,721
Change in non-cash working capital items:			
Increase in inventories	(13,715)	5,356	(8,359)
Net cash flows provided by operating activities		16,677	
Property, plant and equipment	(131,628)	(16,677)	(148,305)
Net cash flows used in investing activities		(16,677)	
Net change in cash and cash equivalents		-	

3. Changes in accounting policies *(continued)*

IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine*, ("IFRIC 20") *(continued)*

(c) Adjustments to the consolidated statements of cash flows *(continued)*:

	Year ended December 31, 2012 (previously stated) $	Impact of IFRIC 20 $	Year ended December 31, 2012 (restated) $
Net earnings	78,424	12,364	90,788
Adjusted for the following items:			
Depreciation	63,603	1,951	65,554
Income and mining tax expense	72,300	7,095	79,395
Change in non-cash working capital item:			
Increase in inventories	(24,780)	3,314	(21,466)
Net cash flows provided by operating activities		24,724	
Property, plant and equipment	(228,840)	(24,724)	(253,564)
Net cash flows used in investing activities		(24,724)	
Net change in cash and cash equivalents		-	

4. Critical accounting estimates and judgements

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

In preparing these condensed interim consolidated interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements for the year ended December 31, 2012.

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

As at June 30, 2013, the carrying amount of the Company's net assets exceeded its market capitalization, which is considered an indicator of a potential impairment of the carrying amount of producing cash generating units ("CGU"). Consequently, and as a result of recent significant decline in gold prices, the Company conducted impairment testing of its producing CGU as at June 30, 2013: the Canadian Malartic mine. The recoverable amount of the Canadian Malartic mine was assessed using value in use and it was determined that the value in use is greater than the carrying amount. Therefore no impairment was recorded.

Exploration and evaluation assets need to be tested for impairment only when there are indicators that impairment exists. Accordingly, the Hammond Reef gold project was tested for impairment as at June 30, 2013. For the result of the impairment testing conducted for the Hammond Reef gold project, refer to Note 5.

5. Impairment of property, plant and equipment

Assets are tested for impairment when events or changes in circumstance indicate that the carrying amount may not be recoverable. As at June 30, 2013, the Company determined that the review of economical parameters at the Hammond Reef gold project triggered an impairment testing. The testing takes into consideration an increase in estimated mine development costs and a decrease in gold prices. The Company used a discounted cash flow approach to estimate the fair value less cost to sell of the Hammond Reef gold project. The inflation-adjusted post-tax discount rate used in the calculation is 7.55%.

The result of the impairment test indicates that the carrying value of the Hammond Reef gold project cannot be recovered. Accordingly, for the three months ended June 30, 2013, the Company recorded an impairment charge in the Consolidated Statement of Income (Loss) of $530,878,000, representing 100% of the property, plant and equipment related to the Hammond Reef gold project.

As a result of the impairment charge, a tax recovery of $43,100,000 was recorded within income and mining tax expense (Note 11).

6. Inventories

	June 30, 2013	December 31, 2012 (restated - note 3)
	$	$
Finished products	20,601	13,900
Work-in-process	9,828	6,858
Stockpiles	10,973	15,459
Mine supplies	38,449	34,264
	79,851	70,481

7. Property, plant and equipment

	Exploration and evaluation	Producing assets	Total
	$	$	$
Balance - January 1, 2012			
Cost	499,258	1,345,132	1,844,390
Accumulated depreciation	(1,868)	(41,197)	(43,065)
Net book value	497,390	1,303,935	1,801,325
Year ended December 31, 2012			
Opening net book value	497,390	1,303,935	1,801,325
Additions, net of government credits (restated - note 3)	72,928	205,860	278,788
Acquisition of Queenston	330,094	-	330,094
Asset retirement obligations	-	8,407	8,407
Share-based compensation capitalized	1,536	920	2,456
Depreciation (restated - note 3)	(1,286)	(66,935)	(68,221)
Depreciation capitalized	1,286	-	1,286
Dispositions	(120)	(852)	(972)
Write-offs	(617)	-	(617)
Closing net book value	901,211	1,451,335	2,352,546
Balance - December 31, 2012 (restated - note 3)			
Cost	904,367	1,559,465	2,463,832
Accumulated depreciation	(3,156)	(108,130)	(111,286)
Net book value	901,211	1,451,335	2,352,546

7. Property, plant and equipment *(continued)*

	Exploration and evaluation	Producing assets	Total
	$	$	$
Six months ended June 30, 2013			
Opening net book value (restated - note 3)	901,211	1,451,335	2,352,546
Additions, net of government credits	32,256	79,618	111,874
Asset retirement obligations	(186)	(992)	(1,178)
Share-based compensation capitalized	634	185	819
Depreciation	(597)	(52,741)	(53,338)
Depreciation capitalized	583	-	583
Dispositions	(135)	(60)	(195)
Transfers	(125)	125	-
Impairment (note 5)	(530,878)	-	(530,878)
Write-offs[(i)]	(15,074)	-	(15,074)
Closing net book value	387,689	1,477,470	1,865,159
Balance - June 30, 2013			
Cost	921,864	1,633,247	2,555,111
Accumulated depreciation	(3,297)	(155,777)	(159,074)
Accumulated impairment	(530,878)	-	(530,878)
Net book value	387,689	1,477,470	1,865,159

(i) Write-offs are mainly related to grassroots exploration projects and are recorded under exploration and evaluation expenses in the Consolidated Statements of Income (Loss).

8. Long-term debt

	Six months ended June 30, 2013	Year ended December 31, 2012
	$	$
Balance - January 1	337,412	331,624
New debt - loan	-	14,011
Transaction costs - loans	-	(3,609)
New debt - obligations under finance lease	3,267	18,548
Transaction costs - obligations under finance lease	-	(111)
Repayment of debt - loans	(5,552)	(5,000)
Repayment of debt - obligations under finance lease	(12,692)	(22,790)
Accretion expense	1,472	2,317
Amortization of transaction costs	2,354	4,785
Foreign exchange revaluation impact	5,198	(2,363)
Balance - end of period	331,459	337,412

8. Long-term debt *(continued)*

The summary of the long-term debt is as follows:

	June 30, 2013	December 31, 2012
	$	$
Loans	170,764	176,318
Convertible debentures	75,000	75,000
Obligations under finance lease	94,777	99,002
Long-term debt	340,541	350,320
Debt issuance costs	(5,010)	(7,364)
Unamortized accretion on loan and convertible debentures	(4,072)	(5,544)
Long-term debt, net of issuance costs	331,459	337,412
Current portion	85,497	76,883
Non-current portion	245,962	260,529
	331,459	337,412

As at June 30, 2013, the repayment schedule of the long-term debt is as follows:

	Loans	Convertible debentures	Obligations under finance lease	Total
	$	$	$	$
2013 (6 months)	23,313	-	16,262	39,575
2014	145,175	75,000	30,175	250,350
2015	2,276	-	35,344	37,620
2016	-	-	16,377	16,377
2017	-	-	3,002	3,002
2018	-	-	193	193
	170,764	75,000	101,353	347,117
Less: imputed interest	-	-	(6,576)	(6,576)
	170,764	75,000	94,777	340,541

9. Provisions and other liabilities

	Six months ended June 30, 2013			Year ended December 31, 2012		
	Asset retirement obligations[(i)]	DSU and RSU[(ii)]	Total	Asset retirement obligations[(i)]	DSU and RSU[(ii)]	Total
	$	$	$	$	$	$
Balance - January 1	15,898	4,125	20,023	5,490	1,372	6,862
Acquisition of Queenston	-	-	-	1,323	-	1,323
Accretion expense	520	-	520	678	-	678
New liabilities	-	2,960	2,960	8,694	4,008	12,702
Revision of estimates	(1,218)	(3,982)	(5,200)	(287)	(1,034)	(1,321)
Liabilities settlement	-	-	-	-	(221)	(221)
Balance - end of period	15,200	3,103	18,303	15,898	4,125	20,023
Current portion	249	1,043	1,292	-	1,405	1,405
Non-current portion	14,951	2,060	17,011	15,898	2,720	18,618
	15,200	3,103	18,303	15,898	4,125	20,023

(i) The asset retirement obligations represent the legal and contractual obligations associated with the eventual closure of the Company's mining assets. As at June 30, 2013, the estimated inflation-adjusted undiscounted cash flows required to settle the asset retirement obligations amounts to $30,784,000. The disbursements are expected to be made between 2013 and 2026 as per the closure plan.

(ii) During the three months ended March 31, 2013, the Company granted to a director 23,544 deferred share units ("DSU") that vested the day prior to the 2013 annual general meeting. During the three months ended June 30, 2013, the Company granted to directors 266,100 DSU vesting one day prior to the next annual general meeting in 2014. The vested DSU are payable at the end of the employment period of each director.

In addition, 1,535,700 RSU were granted to officers and employees during the three months ended June 30, 2013, vesting and payable three years after the grant date based on the achievement on gold production targets for 2/3 of the grant, and 22,200 RSU were forfeited.

10. Share-based compensation

Share options

The following table summarizes information about the Company's share options outstanding:

	Six months ended June 30, 2013		Year ended December 31, 2012	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		$		$
Balance - January 1	19,061,259	9.37	15,090,475	8.88
Granted	5,470,000	4.53	4,062,100	8.31
Queenston replacement options issued	-	-	4,246,450	7.82
Exercised	(91,000)	3.09	(3,862,067)	4.44
Forfeited	(127,000)	11.06	(475,699)	11.00
Expired	(18,330)	5.73	-	-
Balance - end of period	24,294,929	8.29	19,061,259	9.37
Options exercisable - end of period	14,743,953	9.19	13,402,801	9.21

11. Income and mining taxes

The Company estimates the effective income tax rate expected to be applicable for the full fiscal year and uses that rate to calculate the income tax expense for interim reporting periods. The Company recognizes the tax impact of changes in the non-recognition of losses, enacted tax rates and other items as discrete items in the interim period in which they occur.

The effective income tax rate varies from the combined Canadian federal and provincial statutory income tax rate. The differences between the effective income tax rate and combined statutory rate are mainly due to the non-recognition of tax benefits relating to losses with regards to impairment on available-for-sale financial assets and impairment of the Hammond Reef gold project, the non-recognition of tax benefits for losses and other deductible amounts generated in foreign jurisdiction where the probable criteria for the recognition of deferred tax assets has not been met and other discrete items.

12. Cash flow information

	Three months ended June 30,		Six months ended June 30,	
	2013	**2012**	**2013**	**2012**
	$	**$**	**$**	**$**
Changes in non-cash working capital items				
Decrease in accounts receivable	2,537	1,390	2,081	13,780
Decrease (increase) in inventories	6,312	4,864	(1,745)	(8,359)
Decrease (increase) in prepaid expenses and other current assets	(2,832)	1,284	(7,668)	2,555
Increase (decrease) in accounts payable and accrued liabilities	(9,416)	810	(661)	3,836
	(3,399)	8,348	(7,993)	11,812

13. Fair value of financial instruments

The following table provides information about financial assets and liabilities measured at fair value in the balance sheet and categorized by level according to the significance of the inputs used in making the measurements.

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
Level 3 – Inputs for the asset or liability that are not based on observable market data.

	June 30, 2013			
	Level 1	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
Recurring measurements				
Financial assets				
Equity securities[(i)]				
Gold mining exploration companies				
Shares	7,373	-	-	7,373
Warrants	-	-	30	30
	7,373	-	30	7,403

(i) On the basis of its analysis of the nature, characteristics and risks of equity securities, the Company has determined that presenting them by industry and type of investment is appropriate.

13. Fair value of financial instruments *(continued)*

The Company uses the Black-Scholes option pricing model when measuring the fair value of its warrants not quoted on an active market (Level 3). The following assumptions were used in the Black-Scholes option pricing model:

Dividend per share	0%
Expected volatility	Based on historical volatility of the underlying shares for the expected life of the warrants
Risk-free interest rate	Based on the average interest yield of the Government of Canada marketable bonds of 1 to 3 years
Expected life	Remaining term of the warrants

The following table presents the changes in the Level 3 investments for the six months ended June 30, 2013:

	Warrants
	$
Balance - January 1, 2013	1,135
Unrealized investment loss included in net loss	(1,105)
Balance - June 30, 2013	30

During the six months ended June 30, 2013, there were no transfers between Level 1, Level 2 and Level 3.

Financial instruments that are not measured at fair value on the balance sheet are represented by cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities and long-term debt. The fair values of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities approximate their carrying values due to their short-term nature.

The following table presents the carrying amount and the fair value of the long-term debt:

	June 30, 2013		December 31, 2012	
	Carrying amount	Fair value	Carrying amount	Fair value
	$	$	$	$
Long-term debt	331,459	351,165	337,412	359,073

14. Commitments

As at June 30, 2013, the total purchase commitments for capital expenditures at the Canadian Malartic mine, at the Upper Beaver project and for additional mining equipment amount to approximately $16,666,000.

15. Subsequent events

Deposit of financial guarantee

On July 5, 2013, the Company deposited a Government of Québec bond having a nominal value of $11,610,000, representing the last tranche of the guarantee required to cover the entire future costs of rehabilitating the Canadian Malartic mine site. Thereby, the aggregate deposit by Osisko with the Government of Québec amounts to $46,440,000 and covers 100% of the expected future costs of rehabilitating the Canadian Malartic mine site.

15. Subsequent events *(continued)*

Modifications to long-term debt terms

On July 30, 2013, the Company entered into agreements with CPPIB Credit Investments Inc. ("CPPIB"), the Caisse de dépôt et placement du Québec ("CDPQ") and Ressources Québec ("RQ") to modify certain terms of its long-term debt facilities.

(a) CPPIB loan ($150,000,000)

The loan repayments that were previously based on cash flow availability will now be based on pre-determined fixed amounts. The first repayment will be postponed to 2014.

The fixed interest rate will be revised to 6.875% (from 7.5% previously).

The maturity date of the 12.5 million warrants held by CPPIB will be extended to September 30, 2017 and the exercise price will be modified to $6.25 per warrant. The exercise of the warrants may be accelerated at the Company's option if the Osisko shares trade at a price above $8.15 for 20 consecutive days.

The delayed drawdown facility ($100,000,000) established in May 2012 will be cancelled.

(b) Convertible debentures ($75,000,000)

The maturity date of the convertible debentures will be postponed to November 2017.

The fixed interest rate will be revised to 6.875% (from 7.5% previously).

The debentures will be convertible into Osisko shares at any time prior to the due date at the price of $6.25 per share (previously $9.18 per share).

The following table presents the new repayment schedules of the CPPIB loan and the convertible debentures per calendar year:

	CPPIB	CDPQ	RQ	Total
	$	$	$	$
2014	30,000	-	-	30,000
2015	40,000	-	-	40,000
2016	40,000	-	-	40,000
2017	40,000	37,500	37,500	115,000
	150,000	37,500	37,500	225,000

The agreements are conditional on finalization of documentation to the satisfaction of all parties, obtaining the necessary regulatory authorizations and on payment of transaction fees, which are expected to be all completed by the end of the month of August 2013. On the closing date, the Company will assess the financial impact of these amendments on its consolidated financial statements.