

## CORPORATE PARTICIPANTS

**Sean Roosen**

*Chairman & Chief Executive Officer*

**Bryan Coates**

*President*

**Elif Lévesque**

*Chief Financial Officer & Vice President, Finance*

**Joseph de la Plante**

*Vice President, Corporate Development*

## CONFERENCE CALL PARTICIPANTS

**Cosmos Chiu**

*CIBC World Markets*

**Kerry Smith**

*Haywood Securities*

## PRESENTATION

### Operator

Good morning ladies and gentlemen and welcome to the Osisko Gold Royalties Q2 2019 Results Conference Call. After the presentation, we will conduct question-and-answer session. If you would like to ask a question, please pick up your receiver and press star followed by the number one on your telephone keypad. Please note that this conference is being recorded today, August 1, 2019 at 10:00 a.m. eastern time. Today on the call we have Mr. Sean Roosen, Chair of the Board of Directors and CEO of Osisko Gold Royalties; Mr. Bryan Coates, President; and Ms. Elif Lévesque, Chief Financial Officer and VP Finance. I would now like to turn the meeting over to our host for today's call, Mr. Sean Roosen.

Bonjour mesdames et messieurs et bienvenue à l'appel conférence des résultats du deuxième trimestre de l'année 2019 de Redevances Aurifères Osisko Ltée. Après la présentation, nous procéderons à une séance de questions et réponses. Si vous désirez poser une question, veuillez décrocher le combiné du téléphone et appuyez sur la touche étoile suivi du numéro un. Veuillez prendre note que cet appel est enregistré, aujourd'hui le premier août 2019 à 10:00 heure de l'est. Nous avons sur l'appel d'aujourd'hui M. Sean Roosen, Président du conseil d'administration et Chef de la direction de Redevances Aurifères Osisko; M. Bryan Coates, Président; et Mme Elif Lévesque, chef de la direction financière et vice-présidente aux finances. J'aimerais maintenant céder la parole à votre hôte, M. Sean Roosen.

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### Sean Roosen, Chairman & Chief Executive Officer

Merci, operator. Bienvenue à l'appel conférence du deuxième trimestre de Osisko pour 2019.

(French)

Welcome to the second quarter results presentation for Osisko Gold Royalties today. We have a presentation on our website marked Q2 2019 in the investor section under presentations that we'll be following this morning. Within that presentation we have a forward-looking statement disclaimer. Please be advised we will be making a few statements.

I'm attending the Sprott natural resource investment conference here in Vancouver this morning, so I'll be handing it over to the Montréal team with Bryan Coates, Elif Lévesque, Joseph de la Plante and André Le Bel to go through the deck with you; however, I wanted to thank our friends from Orion Capital of New York. We most recently repurchased some of the positions within the Orion portfolio of Osisko stock and our friend, Oskar Lewnowski, who has been a board member with the company since 2017 has resigned. I wanted to thank Oskar and the Orion team for their great support with the company. Throughout that period, during the transaction in 2017, we acquired their royalty and stream portfolio at the time and they continue to be strong supporters of the company with over 6% of the stock and we thank the Orion team for getting this done in the quarter and the team in Montréal is going to take you through the deck and talk a little bit more about that as we get into it. Thank you very much and I'll be on for all the questions at the end as well. Thank you.

Bryan, over to you.

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### Bryan Coates, President

Thanks, Sean. Good morning, everyone.

The key event for us in our second quarter was obviously the reduction of the Orion shareholding to 6.2%. On June 25<sup>th</sup> we announced a secondary offering by Orion of nine million shares and also a transaction where we swapped portions of our equity book in return for 12.4 million shares that were acquired by Osisko and cancelled. So, overall, we've reduced the basic common shares outstanding by 8% without affecting our cash flow generating assets. We also will be realizing savings of \$2.5 million in dividends per annum as we maintain our dividend payout under the current dividend payout. To date, we've returned \$320 million to our shareholders

through dividends of \$101.2 million and share buybacks totalling \$219.6 million. So our buyback cost was \$13.67.

The other aspect in the quarter that's very interesting for us is the rise in the gold market. We're very pleased to see the increase, both in the US and Canadian dollar account. We believe that we're just getting into a very good gold market. Gold closed the quarter at above \$1,400 and we believe that we're very well positioned to capture value through our royalty, our growing royalty portfolio as well as our investment in our associates. So this gold price, we believe, will continue to be strong given that we believe the US dollar will weaken and the high debt levels, and if you add a little bit of geopolitical tension it has all good ingredients to reach record highs again.

For the second quarter, our highlights were we produced or we received 19,651 GEOs. Our revenues from royalties and streams were \$33.8 million, \$131 million if we include the off-takes. Our net cash flow from operating activity was at \$21.4 million. We incurred a net loss of \$6.5 million or \$0.04 per share, and Elif will go through, but many of that net loss was basically generated from non-cash costs and she'll go through that. Our adjusted earnings were \$8.2 million or \$0.05 per share.

During the quarter we closed the first tranche of the share repurchase with Orion for \$103.2 million and subsequent to the quarter end we sold, we completed the sale or the exchange of Victoria shares and cancelled another five million common shares. Our Board yesterday declared a \$0.05 dividend. It will be our 21<sup>st</sup> dividend. For shareholders of record September 30<sup>th</sup> and the dividend will be paid on October 15. During the quarter we also participated in the Renard restructuring and we continue to be focused on that.

So, again, if we look at our comparisons, 19,651 GEOs compared to 20,506 GEOs last year. Our cash margin was 90% versus the 87% last year. We maintain our guidance based on the operators' forecasts, so our guidance is maintained at between 85,000 to 95,000 GEOs for 2019.

On slide eight you have our portfolio of royalties by asset that generated our GEOs. Again, Canadian Malartic, flagship asset, basically had one of their best quarters, I think it's the second best quarter they've had, and we continue to benefit from that outstanding asset.

When we look at our growth, again, we continue, we feel that we have one of the best growth profiles within the royalty sector, looking at a growth to 85,000 to 95,000 ounces for 2019 with an 88% cash margin. We're very excited that we're going to get a new royalty, but we

should be receiving gold from a new royalty asset that we did in 2018, which is the Eagle Project. We have a 5% NSR on the project. The construction is 95% completed. Roughly 1.3 million tonnes were mined and basically the team up there is going through the commissioning and the start-up. Ore has been going to the leach pad and we certainly hope to see the first gold. We estimate, they estimate I should say, that they will be pouring gold in September 2019. So, overall, we're very excited about this. It has been a good construction and we congratulate the Eagle project team and encourage them to have a very successful ramp-up.

Unfortunately, during the quarter, we've been busy on working on some of our portfolio of assets that have some issues. At Renard, we're working with various financial partners to support the company in pursuing a restructuring transaction and at Amulsar we continued to maintain positive dialogue with the government around the eventual restart of the project and the financial stakeholders, partners in the project, continue to provide their ongoing support to the company.

With the rising gold price, we really feel that, as some of our portfolio of royalties and streams will be coming on stream as there's new mine development and on page 12 of the presentation we highlight a number of opportunities which we think will be coming forward over 2020 and 2021 and up to 2025. We're very excited about Eagle coming in. We've had great things happening on Windfall, very encouraged there, and we believe that the Odyssey project will also be generating some great royalties for our company in the near term.

A quick word on our accelerator companies. At Osisko Mining, the team there has been very successful, undergoing a million metre drilling program, probably one of the largest in the country, certainly one of largest in the country. They had identified some new discoveries. We expect to see a feasibility study in 2020 and they just raised over \$40 million, of which \$30 million was flow-through. So, very exciting there and as we continue to monitor the drill results and seeing that resource base increasing.

At Barkerville, where we own 32%, we got an updated underground resource and we continue to carry out exploration work to delineate further reserves and try to discover new deposits.

At Falco, where we own just under 20%, we've got a feasibility study on one of the most exciting deposits. It's advanced. We've got ongoing dialogue with the stakeholders, including government and Glencore, and certainly we're working very hard at advancing this project so we can deliver the EIA as well as going to public hearings.

Osisko Metals, where we have a 10.6% ownership, is doing some exciting things and has very positive results in our base metals, particularly at the Pine Point Project in Canada's north. Recently they've raised \$10 million, so they're well funded.

Overall, our accelerator company has a combined market cap of \$1.3 billion, \$1.4 billion.

I'll turn it over to Elif.

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**Elif Lévesque, Chief Financial Officer & Vice President, Finance**

Thank you, Bryan.

So we had a strong quarter in terms of our operating metrics. The GEOs were slightly lower compared to the same period last year, but the 4% shortfall was more than compensated with higher cash margins, mainly from a strong gold price. So we had 21% higher gross profit and 39% higher operating income. We're continuing to review our G&A and business development expenses and efforts to reduce them further, including the conversion of our deferred and restricted share units, settlement in equity instead of cash, which will reduce the volatility considerably, and reduction of our board size as well. The higher cash margins have also had a positive impact of the operating cash flow, generating \$21.4 million compared to \$19.7 million.

Our earnings were impacted by some non-cash items during the quarter, mainly related to the disposition of Highland Copper as part of the share repurchase transaction with Orion and also some non-cash share of loss of associates of \$8.8 million during the quarter. As a reminder, we report our associates under the equity method, which are mainly exploration companies, and report our percentage of their losses, which was affected by some impairment for this quarter.

So if you look at the next two pages, the first one gives kind of a breakdown of the different types of instruments that we have, royalty streams and off-take, and you will see that we had a strong quarter representing 89.8% cash margin compared to an 87.3% cash margin the same period last year, mainly a result of a higher, I guess, revenues from royalties.

And if you look at page 17, in terms of our per-share metrics, as the Orion transaction was closed at the end of June, we're not really seeing the positive impact just yet, but we will be starting the third quarter of 2019 seeing the positive impacts of that. So we should hopefully see

some increase in terms of our per-share net earnings and per share cash flow.

Page 18, our financial position. Currently, we still stand pretty strong with the firing power of over \$800 million if you look at our cash, our investments, and our available credit facility of \$450 million.

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**Bryan Coates, President**

Thanks, Elif.

We'd just like to take a moment here to just reflect on five years of operation, that we started our business in June 2014 with four royalties and a market cap of \$500 million. Today, we have over 135 royalties, streams, and metal off-take agreements. Our market cap is at \$2.2 billion. We've done two major acquisitions, acquiring acquiring Virginia mine and the Éléonore royalty and also the Orion portfolio of streams, royalties, and off-take agreements. We've distributed over \$100 million in dividends and we've bought back \$219 million of shares. We've raised \$1 billion in permanent and temporary capital while creating also the accelerator business and we highlighted that that business today has a market cap of approximately \$1.3 billion, \$1.4 billion. So, in doing that, we really established ourselves as one of the largest explorer and developers in Canada and being well positioned to capture the rising gold price that we have.

So, in summary, we believe that we're the peer-leading, that by investing in Osisko you're getting a peer-leading exposure to Canadian assets. During the quarter we, again, received 19,651 ounces of GEOs. Our guidance is being maintained, 85,000 to 95,000 GEOs for 2019. We continue to deliver our quarterly dividend, so the dividend yield is about 1.3%. We've got a strong balance sheet, as Elif outlined, ready to fund our continued growth program and we've been returning value to our shareholders through buybacks as well as dividends. So, \$320 million has been delivered back to our shareholders. As of June 30<sup>th</sup> we have investments of \$282 million and we have cash resources of \$84 million, so well positioned to continue growing the business.

With that, Sean, I'd like to pass it back to you.

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**Sean Roosen, Chairman & Chief Executive Officer**

Thank you very much, Bryan, and at this point in time we'll open up the call for questions.

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**QUESTION AND ANSWER SESSION**

**Operator**

J'aimerais maintenant vous rappeler pour poser une question appuyer sur l'étoile suivit numéro un sur votre clavier téléphonique.

To ask a question, please press star followed by the number one on your telephone keypad.

Your first question comes from Cosmos Chiu from CIBC. Your line is open.

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**Cosmos Chiu, CIBC World Markets**

Bonjour, Sean, Bryan, and Elif. Merci beaucoup for a very good presentation today. Maybe my first question is on the guidance here. Your guidance, you've kept it at 85,000 to 95,000 ounces. You've done about 39,000 ounces in the first half. Clearly, your second half has to be stronger. What is that dependent on? Is that Eagle? Lamaque? Are there any other ones that I might be missing?

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**Bryan Coates, President**

So, Cosmos—

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**Bryan Coates, President**

So, Cosmos, thanks for the question. Cosmos, we're counting on Canadian Malartic, Éléonore having a strong second semester, as well Eagle coming on stream. We believe that that will be the driving force for our growth.

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**Cosmos Chiu, CIBC World Markets**

And then on Eagle, any concerns about, you know, it is Indiana heap leach and so, based on leach kinetics and delivery and, you know, any concerns that if there's any setbacks at Eagle that could impact your ability to get to even your 85,000 ounces?

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**Sean Roosen, Chairman & Chief Executive Officer**

Well, Cosmos, as you know, we are in the mining business. I think we're in pretty good shape at Eagle but, as you said, we are going to start to run the leach circuit here pretty soon. We're starting out in the near-surface oxide zone, which is the easiest zone, and the material that's going on the pad right now looks very good, so

we're quite hopeful that the wind is behind us on this project and we continue to build forward on that. I don't know if you've had a chance to get up there but things are in extremely good shape at Eagle right now. It's been one of the better mine builds we've seen.

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**Cosmos Chiu, CIBC World Markets**

Great. And maybe switching gears a little bit here, based on the histogram that you put in your presentation, Renard, the diamond asset, is a significant part of your income, of your cash flow. And clearly in Q2 diamond prices were not great, at least the realized price at the mine, US\$76 per carat. I'm just wondering about your point of view in terms of diamond prices. And I don't know if you could share with us, like, internally, how do you look at it? What kind of diamond price do you put in your models?

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**Sean Roosen, Chairman & Chief Executive Officer**

I'll let Bryan and the guys answer that one. They've been on the Stornoway file significantly. But I'll just add a general comment that we all expected that the diamond prices would have some pressure on them in 2019 and 2020 and then you should start to see a supply/demand market developing as projects come off-line like Argyle and some of the other De Beers assets. So, Bryan, over to you.

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**Bryan Coates, President**

Sure. Thanks, Sean. I mean the whole, Sean just highlighted the whole diamond market has been suffering from very tough conditions. And in return, Stornoway has its challenge. So we're working with them from an internal planning process where we're currently reviewing the diamond prices and trying to see how that affects our plan going forward. We were into the \$90, \$95 per carat as part of our planning process, so we certainly hope that we can have some improvements into the operations of the mine as well as the market recovers.

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**Cosmos Chiu, CIBC World Markets**

Yeah, I guess, as you said, with Renard, based on the quality of the diamonds coming out, based on the size and everything else, it's really twofold. The general market could come up and as the quality of the diamonds coming out of the mine itself improves as well, that could be an improvement on two fronts.

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**Bryan Coates, President**

Yes, exactly.

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**Cosmos Chiu, CIBC World Markets**

And then the, you know, certainly the big deal in Q2 was Osisko Gold Royalties monetizing some of the portfolio investments or divesting some of the portfolio investments. With what happened in Q2 and the monetization of Victoria Gold shares and some of the other ones here, looking ahead, should we look at your incubator accelerator model any differently? How should we look at it?

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**Sean Roosen, Chairman & Chief Executive Officer**

I think, Cosmos, we've talked about the accelerator model now for five years. It was conceptual in nature when we brought it to the market. Both Orion and Arizona would have, you know, will be an example of the accelerator equity model having gone full circle where the equity was monetized and we've continued on as holders of the royalties. In this case, rather than an open market monetization, it was with our partners at Orion, and I think that when we clearly stated what we wanted to do with this incubation and accelerator process in the beginning, this was part of it.

So I think it goes to a proof-of-concept that we've been successful, both at holding equity, royalties, and streams, and then the occasional situation, more complicated project finance structures. I think that as we see project financing evolve and stream evolve, our accelerator model will become a fairly standard part of the industry that was conceptual five years ago.

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**Cosmos Chiu, CIBC World Markets**

Yeah, for sure. Maybe one last question here focusing on Canadian Malartic. As you mentioned, while the growth areas is Odyssey and the NSR you have on Odyssey, my understanding is that it's actually a few separate parts to it. There's your Odyssey South, there's a different part for Odyssey North, and I also believe that you have the royalty on East Malartic. Could you maybe piece it together for me in terms of, you know, based on your understanding, when those ones are coming in, which ones are going to come in first, and which one could potentially benefit OR first?

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**Sean Roosen, Chairman & Chief Executive Officer**

I think, Cosmo, it's not appropriate for us to get too far into the detail of that structure, as we're not the authors of the Odyssey development program. It's being run by the joint venture. We're quite keen to see the Odyssey project go forward.

It's a very significant underground resource. We drilled into it in the spring of 2014. It's evolved significantly since then and represents a significant increase in the resource at the Canadian Malartic site and property. We have two pieces to Odyssey, North and South, and maybe, Joe, do you want to step in and provide a little more colour?

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**Joseph de la Plante, Vice President, Corporate Development**

Yeah. Hi, Cosmos.

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**Cosmos Chiu, CIBC World Markets**

Hi, Joseph.

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**Joseph de la Plante, Vice President, Corporate Development**

Essentially, there's, as Sean mentioned, there's three zones. There's East Malartic, Odyssey North, and Odyssey South. The interesting thing is that a lot of the mineralization falls under our existing 5% NSR royalty, mostly within the East Malartic area.

I don't think there's a current finalized plan in terms of how they want to develop all of it but there seems to be the potential for an operation from zero to, call it, 600 metres that could perhaps run down into both Odyssey and East Malartic with a lot of that material being on our ground where we have a higher royalty. So that can give you some guidance there in terms of how we're thinking about it, but we won't know until the operator's make a final determination in terms of the plan.

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**Cosmos Chiu, CIBC World Markets**

Yeah, of course. Great. Those are all the questions I have. Thanks, Sean, Bryan, Joseph, and Elif. Thanks again.

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**Operator**

Your next question comes from Kerry Smith from Haywood Securities. Your line is open.

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**Kerry Smith, Haywood Securities**

Thanks, operator. Sean, do you have an internal expectation for ounces of production on Eagle this year?

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**Sean Roosen, Chairman & Chief Executive Officer**

Well, I think we've been pretty conservative. We've looked for a minimum amount of ounces and I'm not going to put a big number out there at this point in time and we'll let the company come to guidance once they get the pad loaded and start the process. But they should be, you know, sort of the initial gold production this year and then, as pad gets more stabilized into next year, but it is a ramp-up. The next 18 months is ramp-up for this project. And obviously the leach kinetics will stabilize better and temperature management will be easier once we have more rock on the pad, but I think we'll get some initial production going this year. And, as I said, the material that's going on the pad right now looks very good as in terms of leachability and hopefully that carries through into gold production.

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**Kerry Smith, Haywood Securities**

Okay. And maybe Bryan can answer this question. Do you have a sense for the timing on the Renard restructuring?

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**Bryan Coates, President**

Well, it's an ongoing process. I would expect we will get something through in the third quarter.

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**Kerry Smith, Haywood Securities**

Okay. So, completed this year then at worst case, Bryan. Is that fair?

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**Bryan Coates, President**

Absolutely. That would be what I've been hearing from the company.

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**Kerry Smith, Haywood Securities**

Okay. And one last question. Do you know if the Mantos Blancos expansion has been approved by the board? I'm just trying to—it's hard to find information. But do you know what the status is of that?

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**Joseph de la Plante, Vice President, Corporate Development**

Kerry, this is Joseph here. They have finished the studies. They are currently putting together the financing cash and we understand that's going well. And once that is in place, would likely get the go-ahead from the company and the board to proceed with expansion.

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**Kerry Smith, Haywood Securities**

Okay. So, again, maybe by year end that might be formally approved then. Would that be reasonable?

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**Joseph de la Plante, Vice President, Corporate Development**

Yes.

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**Kerry Smith, Haywood Securities**

Okay. And do you know how long the construction is for that expansion?

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**Joseph de la Plante, Vice President, Corporate Development**

I think we're looking roughly 18 months.

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**Kerry Smith, Haywood Securities**

18 months. Okay. Okay, that's great. Thanks very much.

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**Operator**

We have no further questions. I turn the call back over to the presenters.

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**Sean Roosen, Chairman & Chief Executive Officer**

Thanks, everybody, and I appreciate the support throughout the quarter. We had a quite a bit of a busy quarter with the balance sheet and the treasury and we're set the course to take advantage of these rising gold markets. And just by way of tone from the conference here in Vancouver being run by Rick Rule and the Sprott group, it's very good to see quite a bit of energy coming back into the space as we're here. So I wish everybody a good summer and hopefully make some money as we head for Denver in September. Thanks very much, everybody. Merci beaucoup.

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**Operator**

This concludes today's conference call. You may now disconnect. Ceci met fin l'appel conférence d'aujourd'hui. Vous pouvez maintenant raccrocher.

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