Management's Discussion and Analysis

Second Quarter ended June 30, 2013

The following management discussion and analysis ("MD&A") of the consolidated operations and financial position of Osisko Mining Corporation ("Osisko" or the "Company") and its wholly owned subsidiaries for the three and six months ended June 30, 2013 should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements and related notes for the three and six months ended June 30, 2013 and the audited consolidated financial statements for the year ended December 31, 2012. The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the Accounting Standards Board. Management is responsible for the preparation of the consolidated financial statements and other financial information relating to the Company included in this report. The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting. In furtherance of the foregoing, the Board of Directors has appointed an Audit Committee composed of independent directors and not members of management. The Audit Committee meets with management and the auditors in order to discuss results of operations and the financial condition of the Company prior to making recommendations and submitting the financial statements to the Board of Directors for its consideration and approval for issuance to shareholders. The information included in this MD&A is as of August 1, 2013, the date where the Board of Directors has approved the Company's unaudited condensed interim consolidated financial statements for the three and six months ended June 30, 2013 following the recommendation of the Audit Committee. All monetary amounts included in this report are expressed in Canadian dollars, the Company's reporting currency, unless otherwise noted. This MD&A contains forward-looking statements and should be read in conjunction with the risk factors described in the "Caution Regarding Forward-Looking Statements" section.

Mr. Luc Lessard, Eng., Senior Vice President and Chief Operating Officer of Osisko, is the Qualified Person who has reviewed this Management's Discussion and Analysis and is responsible for the technical information reported herein, including verification of the data disclosed.

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About Osisko

Osisko is incorporated under the Canada Business Corporations Act and is focused on acquiring, exploring, developing and mining gold properties, with the aim of becoming a leading mid-tier gold producer.

The Company's flagship asset is the Canadian Malartic mine located in Malartic, Québec. The Canadian Malartic deposit was acquired in late 2004, with drilling commencing in March 2005. Following an intensive drilling program, a $1 billion capital construction project was completed in early 2011 with the first gold poured in April 2011. Canadian Malartic reached commercial production on May 19, 2011.

Osisko acquired two advanced exploration projects, Hammond Reef (2010) and Upper Beaver (2012), both located in Ontario, Canada. The Company has several additional exploration projects located in the Americas.

Highlights of the Second Quarter of 2013

- Gold production of 111,701 ounces;
- Earnings from Canadian Malartic of $42.6 million;
- Operating cash flows of $55.9 million;
- Free cash flows[1] of $15.1 million;
- Impairment charge of $487.8 million on the Hammond Reef gold project, net of tax;
- Net loss of $492.8 million or $1.13 per share;
- Adjusted net earnings[2] of $25.1 million;
- Investment of $59.9 million in mining assets and projects;
- Reduction of over $80.0 million in capital budget for 2013;
- Record tonnage processed at 4.4 million tonnes;
- Record monthly gold production of 45,062 ounces in June 2013;
- Record one-month daily average throughput of 53,138 tonnes in May 2013;
- Collection of the $30.0 million note receivable from Kirkland Lake Gold Inc.;
- Final deposit of $11.6 million to cover the future rehabilitation costs of the Canadian Malartic mine, for a total deposit to date of $46.4 million, representing 100% of the required guarantee;
- Company is maintaining annual gold production estimate of 485,000-510,000 ounces;
- Agreements to reschedule payments of $225.0 million on the long-term debt.

Canadian Malartic Mine

The Canadian Malartic mine is a large open pit operation located within the Town of Malartic.

Similarly to many large new mining projects, Canadian Malartic has faced challenges since commencement of commercial production in May 2011, during an extended ramp up period as it progresses to its throughput nameplate design capacity of 55,000 tonnes per day at its milling plant. These challenges required modifications to the crushing circuit with the addition of two large cone crushing units, a second pebble crusher and modifications to the ore conveying system which were completed in 2012. Modifications and optimization work continue and the Company anticipates average production to be at name plate capacity during the second half of 2013.

Following continued improvement in mill availability and throughput rates, the mine established a quarterly gold production record of 111,701 ounces. Average daily throughput reached 48,836 tonnes, a 4% increase over the first quarter of 2013 and a 37% increase over the corresponding period in 2012. Throughput rate continues to progress favorably with the past quarter being the sixth consecutive quarterly increase. Cash cost per ounce[2] for the period amounted to $781. The mine generated second quarter operating earnings of $42.6 million, compared to $50.0 million in the second quarter of 2012. The decrease in profit from mine operations is mainly due to a 12% decline in price realized on the sale of gold and higher depreciation charges.

1 Free cash flows represent the increase (decrease) in cash and cash equivalents in the Consolidated Statements of Cash Flows.
2 Non-IFRS financial performance measures have no standard definition under IFRS. See "*Non-IFRS Financial Performance Measures*" section of this MD&A.

Quarterly mine statistics are as follows:

	2013		2012[1]				
(in $000's)	Q2	Q1	Q4	Q3	Q2	Q1	Total
Revenues	159,195	159,381	191,080	158,503	157,134	158,658	665,375
Mine operating costs							
Production costs[2]	(90,043)	(80,928)	(94,635)	(77,012)	(88,682)	(69,105)	(329,434)
Royalties	(2,274)	(1,992)	(2,546)	(1,998)	(2,021)	(2,359)	(8,924)
Cash generated from mine operations[3]	**66,878**	**76,461**	**93,899**	**79,493**	**66,431**	**87,194**	**327,017**
Depreciation	(23,683)	(20,982)	(20,058)	(15,318)	(15,635)	(13,909)	(64,920)
Share-based compensation	(576)	(494)	(672)	(672)	(812)	(827)	(2,983)
Earnings from mine operations	**42,619**	**54,985**	**73,169**	**63,503**	**49,984**	**72,458**	**259,114**

(1) Balances related to 2012 have been restated to reflect the impact of the adoption of IFRIC 20*, Stripping Costs in the Production Phase of a Surface Mine*, effective January 1, 2013, which had the impact of increasing mine operating earnings in prior quarters of 2012. See "Changes in accounting policies" section of the MD&A.
(2) Production costs net of non-cash share-based compensation presented separately.
(3) Cash generated from mine operations is a non-IFRS financial performance measure with no standard definition under IFRS. *See "Non-IFRS Financial Performance Measures" section of this MD&A.*

Cash flows and earnings generated from the Canadian Malartic mine were lower than the first quarter of 2013 due to the decrease in realized gold price. During the second quarter of 2013, 111,701 ounces of gold were produced and 109,503 ounces were sold.

Mining

Approximately 13.6 million tonnes of ore and waste and 2.0 million tonnes of re-handling from stockpiles were moved during the second quarter of 2013 (172,000 tonnes/day), compared to 12.8 million tonnes of ore and waste and 2.5 million tonnes of re-handling from stockpiles during the second quarter of 2012 (167,000 tonnes/day).

Mining operations were adversely affected in the second quarter due to poor equipment availability on the loading units and unfavorable weather conditions. As the mine is located in an urban area, the utilization of the mining fleet is occasionally reduced due to wind conditions to meet the noise-level restrictions. During May, more than 50% of the scheduled blasts were cancelled due to wind directions. Operating procedures restrict blasting activities when winds are from the southerly direction as a precautionary measure to protect the community. The operating constraints resulted in greater re-handling of stockpile materials to feed the mill. The mine staff continues to work at increasing productivity over the old mine workings and in the northern part of the deposit while ensuring worker safety. It is anticipated that higher grade materials will be accessible during the second half of 2013.

Quarterly mine production is as follows:

	Ore (t)	Waste[1] (t)	Total Mined (t)	Re-handling (t)	Total Moved (t)	Overburden (t)
Q2 2013	**3,604,314**	**10,009,579**	**13,613,893**	**2,036,802**	**15,650,695**	**870,567**
Q1 2013	4,090,870	10,157,993	14,248,863	1,626,651	15,875,514	1,783,318
YTD 2013	**7,695,184**	**20,167,572**	**27,862,756**	**3,663,453**	**31,526,209**	**2,653,885**
Q4 2012	3,553,080	7,846,981	11,400,061	2,121,248	13,521,309	627,476
Q3 2012	4,852,977	9,215,070	14,068,047	1,976,746	16,044,793	1,408,530
Q2 2012	3,234,013	9,545,522	12,779,535	2,460,224	15,239,759	1,739,705
Q1 2012	4,037,282	8,457,681	12,494,963	1,405,929	13,900,982	1,954,030
Total 2012	**15,677,352**	**35,065,254**	**50,742,606**	**7,964,147**	**58,706,753**	**5,729,741**

(1) Including topographic drilling of 3.4 million tonnes in 2013 and 2.5 million tonnes for the year 2012.

During the second quarter, approximately 4,470 equipment hours (5.9% of available hours) were lost due to noise and weather constraints. Quarterly statistics are as follows:

	Number of Hours	(%)
Q2 2013	**4,470**	**5.9**
Q1 2013	1,510	1.7
Q4 2012	2,840	2.9
Q3 2012	5,830	6.0
Q2 2012	4,510	5.2
Q1 2012	1,660	2.0

On February 13, 2013, the Québec Government approved a new decree which modified the operating parameters of the Canadian Malartic mine. Changes included extending the duration of blasts, increasing the time period during which blasts can be executed, and provided greater access to the northern part of the deposit. The modified parameters provide greater flexibility in day-to-day operations.

Milling

Production in the second quarter of 2013 improved to an average 52,592 tonnes per operating day compared to 48,667 tonnes per operating day in the previous quarter and 38,074 tonnes per operating day in the second quarter of 2012. Continued optimization of operations at the mill, the two cone crushers and the additional pebble crusher installed in 2012 allowed the mill to reach new records in the second quarter. In coordination with the technical advisors, the Canadian Malartic team continues to work on improving the mill throughput and enhancing operating efficiencies.

Mill feed for the second quarter of 2013 averaged 0.87g/t Au, 3% lower than anticipated due mainly to processing of lower grade stockpiled ore. Recoveries continued to exceed average feasibility forecasts by 4%, averaging 89.7%.

Operating statistics at the mill are as follows:

	Total Available Hours	Operating Hours	(%)	Tonnage Produced (t)	Tonnes per Operating Hour	Tonnes per Operating Day [(1)]
Q2 2013	**2,184**	**2,014**	**92**	**4,444,042**	**2,207**	**52,592**
Q1 2013	2,160	2,082	96	4,234,001	2,033	48,667
Q4 2012	2,208	2,052	93	4,088,021	1,992	47,535
Q3 2012	2,208	2,071	94	3,756,768	1,814	43,181
Q2 2012	2,184	1,960	90	3,236,281	1,651	38,074
Q1 2012	2,184	1,890	87	2,965,456	1,569	35,728

(1) 2013: In Q2 2013, the mill was shut down for 6.5 days, including 5.5 days for scheduled maintenance. In Q1 2013, the mill was shut down for 3 days for maintenance on the conveyor and for SAG mill liner change.

2012: In Q4 2012, the mill was shut down 6 days for scheduled maintenance and the second pebble installation. The throughput at the mill was reduced at 42,000 tonnes per day for a 15-day period during the installation of the second pebble crusher. In Q3 2012, the mill was shut down for a scheduled 5-day period for a liner change (secondary crushers, SAG and ball mills). In Q2 2012, the mill was shut down for a 6-day period following a fire at the mill. In Q1 2012, the mill was shut down for a 7-day period for the installation of the first unit of the secondary crusher and one day for maintenance.

Production statistics are as follows:

	2013			2012				
	Q2	**Q1**	**Total**	**Q4**	**Q3**	**Q2**	**Q1**	**Total**
Tonnes milled (t)	4,444,042	4,234,001	8,678,043	4,088,021	3,756,768	3,236,281	2,965,456	14,046,526
Grade (g/t Au)	0.87	0.88	0.88	0.87	0.97	0.99	1.05	0.96
Recovery Au (%)	89.7	88.0	88.9	88.8	88.7	89.2	91.2	89.4
Gold ounces produced (oz)	111,701	106,047	217,748	101,544	103,753	92,003	91,178	388,478
Gold ounces sold (oz)	109,503	95,511	205,014	111,104	95,424	95,675	92,400	394,603
Grade (g/t Ag)	1.12	0.86	0.99	0.78	0.74	0.75	0.77	0.76
Recovery Ag (%)	69.5	71.5	70.4	69.4	60.5	66.1	73.0	67.1
Silver ounces produced (oz)	110,823	83,597	194,420	71,227	54,011	51,193	53,842	230,273
Silver ounces sold (oz)	95,205	73,683	168,888	74,100	49,751	48,880	52,800	225,531

Focus for the remainder of 2013 will be to complete the final stage of the mill ramp up to steady state 55,000 tonnes per day operating level and to optimize the mining schedule to increase mill feed grade and mine production and to reduce operating costs.

Optimization program

Since the commencement of operations, Osisko has continued to work on various initiatives to optimize the operations. The initiatives include:

a) Increase throughput rate to name plate capacity of 55,000 tonnes per day
   - Add crushing capacity
   - Improve mill availability

b) Improve mining activities
   - Gain flexibility by developing additional working areas
   - Improve drilling and blasting procedures
   - Increase equipment availability
   - Improve productivity over old-mine working areas
   - Gain access to higher grade materials

c) Optimize costs
   - Reduce the use of contractors
   - Improve utilization of supplies and materials
   - Reduce cost of materials through better procurement and logistics

Several of these initiatives have been completed and are contributing to improve effectiveness. The Company is maintaining its continuous improvement efforts and anticipates that it will gain further benefits over the upcoming quarters, which should favorably impact production costs.

Operating Costs

Cash costs per ounce[3] for the second quarter and the first six months of 2013 stood at $781 and $792 respectively, compared to $892[4] and $857[4] in the corresponding periods of 2012. The improvement over the comparative periods in 2012 is mainly the result of increased throughput and gold production, improved efficiencies and reduction in contractors' costs.

It is anticipated that as the operations at Canadian Malartic stabilize and that the operations are further optimized, the operating costs will continue their downward trend. In June 2013, a month with no maintenance shutdown and record gold production, cash costs per ounce[3] fell to $602.

Reserves and Resources

As of January 1, 2013, the updated ore reserve estimates stood at 10.1 million ounces at the Canadian Malartic mine. The new reserve base is calculated at US$1,475 per ounce of gold and is presented in the table below:

Reserve and resource estimates
with a lower cut-off grade of 0.31 to 0.34 g/t Au

Category	Tonnes (M)	Grade (g/t Au)	Au (M oz)
Proven Reserves	48.8	0.89	1.4
Probable Reserves	261.8	1.04	8.7
Proven & Probable Reserves	**310.6**	**1.01**	**10.1**
Measured and Indicated Resources	347.3	1.05	11.7
Inferred Resources	49.6	0.75	1.2

The Company continues to work with Québec's Ministry of Transport and the Town of Malartic on the deviation of a highway to gain access to the higher grade Barnat deposit, included in the reserve and resource estimates table above. It is anticipated that the final layout and the environmental impact study will be completed by the fourth quarter of 2013 and a request for public hearings will be made. It is expected that the Barnat deposit will provide higher ore grade mill feed.

Legislative Modifications

The Québec Government announced modifications to its mining duties regime. Under the new regime, mining tax will be calculated on a mine-by-mine basis, and will be subject to a minimum tax representing the lesser of:

- 1% of up to $80 million and 4% thereafter on adjusted revenues (estimated value of ore prior to processing); and
- Mining tax calculated on mine profit.

The rate for mining taxes on profit has been modified from a fiscal rate of 16% to a progressive rate ranging from 16% to 28% (maximum effective rate of 22.9%) based on the profitability of the operations (% of margin on gross sales). As the regime has not yet been enacted, and as the government in place is a minority government, it cannot be considered as substantially enacted from an accounting perspective; therefore, the impact of these modifications has not been reflected in the Consolidated Financial Statements.

The Québec Government has also tabled modifications to its current mining legislation. Many of the proposed changes have already been implemented at Canadian Malartic.

3 Non-IFRS financial performance measures have no standard definition under IFRS. See "*Non-IFRS Financial Performance Measures*" section of this MD&A.
4 Restated to reflect the adoption of IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine.*

Exploration and Development

Prior to mid 2009, the Company's efforts were focused solely on the development of its flagship asset, the Canadian Malartic mine. Following the securing of the financing, the necessary authorizations and the construction release, the Company began to seek other opportunities to complement the Canadian Malartic mine. The overall objective is for Osisko to achieve the status of a leading intermediate gold producer with annual production of 1 million ounces. The principle strategy is to create value through the identification and development of gold reserves and resources.

To build on its gold mining asset base, the Company has acquired advanced exploration projects, has entered into exploration agreements, has staked ground, and has invested in various public and private exploration companies with promising gold projects. Osisko continues to focus its efforts on its new Kirkland Lake area properties and in Mexico.

Osisko enjoys flexibility on its major projects, a benefit of being the sole owner, and thus can select the rate of execution of its investment programs without concern for compromising ownership rights.

Upper Beaver Project and Kirkland Lake – Larder Camp

On December 28, 2012, Osisko acquired Queenston Mining Inc., a Canadian mineral exploration and development company with a primary focus on its holdings in the historic Kirkland Lake gold camp comprising 230km^2 of exploration lands and the Upper Beaver Project. Queenston Mining Inc. changed its name to Osisko Mining Ltd. on January 16, 2013.

The Queenston transaction provides the Company with a major foothold in a prolific gold camp that has produced in excess of 40 million ounces. Queenston had consolidated the land package over the past 20 years. To date, there have been several satellite deposits identified that could feed a regional mill.

The Upper Beaver Project has the following resources as calculated by SRK Consulting, as of November 5, 2012.

Category	Tonnes (000's)	Au (g/t)	Cu (%)	Contained Au (000's ounces)	Contained Cu (000's pounds)
Indicated	6,870	6.62	0.37	1,461	56,006
Inferred	4,570	4.85	0.32	712	32,218

The work at Upper Beaver is focused on drilling deep holes to test extensions of known zones. The Company has completed approximately 34,795 meters of drilling since January 1, 2013. Work is currently limited to completion of current holes and compiling information generated during the drilling phase to date.

The shaft collar work was completed. Construction of the head frame and surface facilities has been delayed, as well as the shaft sinking. The pause in the project execution plan allows for the review of the construction and development approach with the aim of reducing the capital outlays. This reassessment period will result in a deferral of approximately $50 million of the planned Upper Beaver outlays of $70 million for 2013.

The Company has completed 68,076 meters on various regional targets in the Kirkland Lake - Larder camp, including 15,912 meters in the second quarter of 2013. Drilling activities have been reduced to focus on compilation and assessment of the results. The exploration expenditures at Kirkland Lake for 2013 are estimated at the original budget of $20 million.

Hammond Reef Gold Project

Osisko acquired the Hammond Reef gold project located near Atikokan in Northwestern Ontario, through the acquisition of publicly traded Brett Resources Inc. in mid 2010 for $375.0 million. Hammond Reef is a large and growing development project with potential to become a substantial open-pit mine. During the second quarter of 2013, Osisko invested $2.2 million (including working capital) for a total of $155.9 million since its acquisition in 2010. In the second quarter of 2013, efforts were focused on the preparation of the feasibility study and the publication of the environmental assessment report.

A new resource estimate for Hammond Reef was released on January 28, 2013. As per the estimate, global measured and indicated resources currently stand at 5.43 million ounces gold at an average grade of 0.86 g/t Au and the global inferred resource stands at 1.75 million ounces gold at an average grade of 0.72 g/t (based on 0.50 g/t Au lower cut-off).

Hammond Reef Global Resource Estimates

Category	Grade (g/t)	Tonnes (M)	Cut-off (g/t)	Oz (M)
Measured	0.90	123.5	0.5	3.59
Indicated	0.78	72.9	0.5	1.83
M+I	0.86	196.4	0.5	5.43
Inferred	0.72	75.7	0.5	1.75

Further, a whittle pit optimized undiluted resource was calculated (US$1,400 whittle pit shell), totaling 5.31 million ounces of gold at an average grade of 0.72 g/t in the measured and indicated category, and 0.28 million ounces of gold at an average grade of 0.65 g/t in the remaining inferred category.

Hammond Reef Undiluted Resource Estimates
within US$1,400 Whittle pit shell

Category	Grade (g/t)	Tonnes (M)	Cut-off (g/t)	Oz (M)
Measured	0.75	175.3	0.32	4.25
Indicated	0.61	54.1	0.32	1.06
M+I	0.72	229.5	0.32	5.31
Inferred	0.65	13.3	0.32	0.28

Permitting

For the Hammond Reef gold project, permitting is subject to approvals from both Federal (Canadian Environmental Assessment Agency) and Provincial (Ministry of the Environment, Environmental Approvals Branch) authorities.

- The Ontario Minister of Environment provided approval to the Final Amended Terms of Reference for the environmental approval on July 4, 2012 while the Federal Agency had finalized the Environmental Impact Statement Guidelines for the preparation of the Environmental Impact Statement in October of 2011;
- One (single) report will be prepared to meet both federal & provincial requirements;
- A draft Environmental Assessment / Environmental Impact Statement report was submitted on February 15, 2013. The five week comment period ended on April 5, 2013. Comments were received from Aboriginal groups, the public and the government review team and the Company is preparing its responses to the matters raised. Osisko held different meetings and teleconferences during the second quarters with the governments, aboriginal groups and the public.

Impairment

Osisko's technical team is progressing on the feasibility study of the project. Due to significant inflation in the mineral industry over the past few years, the preliminary estimate of capital cost for a 60,000 tonnes per day operation ranges between $1.5 and $1.8 billion. Gold output is estimated to average 400,000 ounces per annum at a production cost of $800 to $850 per ounce. The group is continuing to review alternatives to optimize capital costs and improve the returns. Under the current scenario, the Hammond Reef gold project requires higher gold prices to justify the investment.

Based on preliminary feasibility results and current market conditions in the gold sector, the Company undertook a review of its project. The Company conducted impairment testing of Hammond Reef in conformity with IFRS practices and determined that an impairment charge of $487.8 million, net of a deferred tax recovery of $43.1 million, was necessary. Accordingly, the project value recorded on the Company's books was reduced to nil.

The Company will continue to pursue low-cost permitting activities in the near-term and will continue to monitor market conditions.

Guerrero (Mexico)

The Company has been active in Mexico in acquiring prospective ground to conduct grassroots activities. To date, the Company has acquired approximately one million hectares in the prolific Guerrero Gold Belt.

A systematic greenfields exploration program was initiated in late 2011, starting with a high-density stream sediment survey comprising more than 7,000 stream sediment samples, 3,000 rock samples and 3,500 soil samples. Airborne and ground geophysics cover two target areas. Detailed mapping, geochemistry and geophysics are continuing over 114 anomalous areas resulting from this systematic exploration program.

The follow up work to date has identified 5 large magmatic-hydrothermal systems with coincident anomalous gold, silver and copper values from rock and soil samples. These magmatic hydrothermal targets tend to range in size from a few square kilometers to more than 10 square kilometers in size. Wide spaced, first pass core drilling has been completed on one target to date. Full analytical results are pending.

As per the Company's announcement in April, the Mexico budget was reduced by approximately half through the rest of 2013. Work will concentrate on completing follow up of all major mineralized systems discovered to date and obtaining required permits in order to drill test these targets.

Erika property (Mexico)

In January 2013, Osisko executed an option agreement with Tarsis Resources Ltd. allowing Osisko to earn a 51% interest in the Erika property located in the Guerrero Gold Belt in exchange for option payments of US$1.0 million and exploration expenditures of US$4.0 million over 4 years. Upon acquiring a 51% interest, Osisko will have the additional option of earning an additional 24% interest in the property during a period of 2 years by funding and delivering a feasibility study.

Famatina (Argentina)

On August 31, 2011, the Company and Energía y Minerales Sociedad Del Estado ("EMSE"), the La Rioja provincial mining corporation, entered into an agreement regarding the development of the Famatina gold project in La Rioja Province, Argentina. The Famatina project area covers a 40 square kilometre zone hosting various gold-enriched epithermal and porphyry targets.

In early July 2013, the Company advised its Argentina partner, Energia y Minerales Sociedad Del Estado of the La Rioja State Mining Corporation that it was retiring from the project. The decision was made in view of the declining attractiveness of investment climate in Argentina, competitive opportunities within Osisko's own exploration portfolio, delays in securing a social license to operate and market conditions. As a result of this decision, the total capitalized costs of $3.0 million related to the Argentina property were written off as at June 30, 2013.

Black Hills property (USA)

In March, 2013, Osisko executed an option agreement with Goldfinders LLC to jointly work their property located in the Black Hills of South Dakota, approximately 25 kilometers south of Lead and the former Homestake mine (production between 1878 and 2000 is about 38 million ounces of gold). The property consists of approximately 200 standard lode mineral claims, although additional claims are being considered and will be included into the agreement. The agreement grants Osisko an option to earn a 100% interest in the property on total expenditures of $6.65 million over 6 years and cash payments of $3.0 million.

Investment in exploration companies

In its search for exploration opportunities within the Americas, the Company's strategy also includes investing in junior mining companies. As at June 30, 2013, Osisko has investments in several junior mining companies, including in Ryan Gold, Bowmore Exploration, Braeval Mining, Threegold Resources, Falco Pacific Resource Group, Nighthawk Gold, Pershimco Resources, Orex Exploration and Mistango River Resources.

Sustainability and Community Relations

Osisko maintains an active stakeholder program to secure and retain its social license to operate. The program includes maintaining active dialogue with the various parties including governments, participating in community social and economic development projects, as well as funding various initiatives in health, education and sport.

On July 5, 2013, Osisko deposited a Government of Québec bond of $11.6 million with the Québec Government, representing the balance of the total guarantee required to cover the entire future costs of rehabilitating the Canadian Malartic mine site. The aggregate deposits with the Government of Québec amount to $46.4 million. Osisko is the first mining company in Québec to deposit its full financial guarantee at commencement of operations, exceeding the legislation currently in force in Québec.

The Company has received 11 notices of non-compliance for its Canadian Malartic operations in the second quarter of 2013 for a total of 20 notices of non-compliance in 2013. These notices of non-compliance pertain mainly to exceeding noise level parameters and surpassing limits for pressure and vibrations and NOx emissions during blasting operations. The Company responds to all complaints received through a diligent investigation process and provides the information to the plaintiff, as applicable, and to Québec's Ministry of Environment.

The Company continues to deploy efforts to minimize noise impact of its Canadian Malartic mine with investments in mitigation measures totaling to-date approximately $6.0 million, and ongoing noise reduction research programs.

Mitigation measures have been or are being implemented and include the following items:

- Implementation of a research and development noise reduction plan for mobile equipment;
- Development of a sound prediction system correlating weather conditions and noise dispersion. Recording of data has started and modeling will require at least 6 months of data to establish correlation;
- Installation of insulated walls (containers) along ramp and transport roads.

During the second quarter of 2013, night time work was regularly suspended to comply with noise standards. Various initiatives are still being studied.

Since December 2012, the Company has been working with an independent consultant and various stakeholders to re-launch the Canadian Malartic Monitoring Committee (the "Monitoring Committee"). The Monitoring Committee is a key link between the residents and the management team of the Canadian Malartic mine to monitor compliance to commitments and to provide a formal vehicle for dialogue between the parties. Following a diagnostic of the situation, the consultant provided a plan to reactivate the Monitoring Committee, and participated in the selection of a new president and the appointment of six new members. In addition, new non-voting members were appointed from the Town of Malartic, various governmental agencies and the Canadian Malartic mine. The revitalized Monitoring Committee has held two meetings and one public forum in the second quarter of 2013.

The Canadian Malartic mine also hosted an open house for residents of Malartic on June 9, 2013. Some 170 residents participated and had the opportunity to visit the site and exchange with mine staff on various practices and mitigation measures.

The Company published in late July its fifth annual Sustainability Report. The report covers the 2012 activities and is available on Osisko's website at www.osisko.com.

Human Resources

The mining industry is faced with a highly competitive environment to attract and retain qualified human resources. Osisko has initiated several measures to recruit and retain employees. These include implementation of competitive remuneration programs, training and development opportunities, and providing a safe working environment. The Company has also implemented initiatives to promote the training and hiring of First Nations employees.

As at June 30, 2013, the Company employed 797 individuals at the following divisions:

	June 30, 2013	March 31, 2013	December 31, 2012	December 31, 2011
Canadian Malartic	675	650	642	558
Hammond Reef	2	24	25	103
Upper Beaver / Kirkland Lake	42	59	64	-
Exploration	20	27	26	43
Corporate office	58	56	55	56
	797	**816**	**812**	**760**

The Company's health and safety performance has improved during the past year. Osisko has maintained its efforts to enhance its performance in this area.

In order to align the interest of the employees with those of the shareholders, the Company has a number of equity remuneration programs. Approximately 64% of employees (68% based on admissibility) participate in the Company's share purchase plan. Directors and officers are also required to have minimum direct shareholdings in Osisko.

Gold Market, Energy and Currency

Gold Market

During the second quarter of 2013, the gold price has fallen 25%, heading for the biggest annual decline in more than three decades. Quarter over quarter, gold lost US$406 to close at US$1,192 per ounce. The average price was lower by 13% at US$1,415 when compared to the first quarter and lower by 12% on a year over year basis. The gold price seems to have entered into a bear market after 12 years of annual gains and plunged to a 33-month low as U.S. economic data beat estimates, strengthening the case for reduced stimulus from the Federal Reserve. The decrease in prices coincided with a shift in investor sentiment mostly driven by hedge funds and several institutions reducing their allocations in the SPDR gold shares (largest physically backed gold exchange traded fund (ETF) in the world) by 28% this year, influenced by a strong sell recommendation from investment advisors.

The gold price decrease resulted in global surge for physical gold. Asian demand in the second quarter is expected to reach record levels as consumers took advantage of weaker prices. As per the World Gold Council, India imports should reach 350-400 tonnes compared to 256 tonnes in the first quarter of 2013. Chinese demand also remains strong and is expected to be more than 880 tonnes for the year.

The 5-year historical price is as follows:

(US$/ounce)	High	Low	Average	Close
2013 (Q2)	1,584	1,192	1,415	1,192
2013 (Q1)	1,694	1,574	1,632	1,598
2012	1,792	1,540	1,669	1,658
2011	1,895	1,319	1,572	1,531
2010	1,421	1,058	1,225	1,406
2009	1,213	810	972	1,088

Osisko believes that despite the recent decrease in the gold price, the fundamentals of the gold market remains well in place, namely:

- Continued effects of the economic problems in developed countries with the European sovereign debt crisis and the expansionary monetary policies;
- High level of government indebtedness;
- Diversification of central bank currency holdings, particularly in emerging markets;
- Strong physical demand;
- Continued geo-political instability.

Global gold mine production continues to be relatively stable. The challenges of new production discoveries, high capital costs and permitting issues lead Osisko to believe that global production will remain stable or decline in the near term.

Energy

Osisko's Canadian Malartic operations benefit from Québec's low-cost reliable hydro-electric power. The utilization of this clean renewable energy source reduces the impact of volatile oil prices on the operations. However, as with other mining operations but to a lesser extent, oil prices have an impact on operating costs.

The oil price variation during the past three years is as follows (rounded to the nearest dollar):

(US$/barrel)	High	Low	Average
2013 (Q2)	98	87	94
2013 (Q1)	98	90	94
2012	109	78	94
2011	114	76	95
2010	92	68	80

Currency

The Company is subject to currency fluctuations for its Canadian Malartic operations as about 60% of its costs are denominated in Canadian dollars while the gold produced at Canadian Malartic is sold in US dollars.

The exchange rate for the Canadian/US is outlined below:

	High	Low	Average	Close
2013 (Q2)	1.0532	1.0023	1.0231	1.0512
2013 (Q1)	1.0314	0.9839	1.0083	1.0156
2012	1.0418	0.9710	0.9996	0.9949
2011	1.0604	0.9449	0.9891	1.0170
2010	1.0778	0.9946	1.0299	0.9946

Selected Quarterly Financial Information
(in thousands of dollars, except figures for ounces and amounts per ounce and per share)

	Three months ended June 30,		Six months ended June 30,	
	2013[4]	**2012[4,5]**	**2013[4]**	**2012[4,5]**
Gold ounces produced	111,701	92,003	217,748	183,181
Gold ounces sold	109,503	95,675	205,014	188,075
Revenues	159,195	157,134	318,576	315,792
Earnings from mine operations	42,619	49,984	97,604	122,442
Net earnings (loss)	(492,762)	18,984	(475,346)	49,579
Basic and diluted net earnings (loss) per share	(1.13)	0.05	(1.09)	0.13
Total assets	2,168,856	2,179,048	2,168,856	2,179,048
Total non-current liabilities	311,860	341,602	311,860	341,602
Capital expenditures	59,906	76,440	125,604	148,305
Operating cash flows	55,947	68,212	118,425	151,091
Operating cash flows per share [1]	0.13	0.18	0.27	0.39
Average selling price of gold (per ounce sold)				
In CAD	1,434	1,627	1,532	1,662
In USD [3]	1,396	1,605	1,503	1,651
Cash costs per ounce [1][2]				
In CAD	781	892	792	857
In USD [3]	765	883	781	852
Cash margin per ounce [1][2]				
In CAD	653	735	740	805
In USD [3]	631	722	722	799
Shares outstanding *(in thousands)*				
Basic weighted average	436,695	387,279	436,599	386,528
Diluted weighted average	436,695	389,024	436,599	389,312

(1) *"Operating cash flows per share", "cash costs per ounce"* and *"cash margin per ounce"* are non-IFRS financial performance measures with no standard definition under IFRS. See *"Non-IFRS Financial Performance Measures"* section of this MD&A.
(2) Using actual exchange rates at the date of the transactions.
(3) Using the average exchange rate for the period.
(4) Financial information in Canadian dollars and prepared in accordance with IFRS.
(5) Balances related to 2012 have been restated to reflect the impact of the adoption of IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine*. See *"Changes in accounting policies"* section of the MD&A.

The average prices of gold and silver in US$ are summarized below:

	Three months ended June 30, 2013		Six months ended June 30, 2013	
	Realized prices per ounce	**Market prices per ounce [i]**	**Realized prices per ounce**	**Market prices per ounce [i]**
Gold	1,396	1,415	1,503	1,523
Silver	23	23	26	27

(i) Market prices are based on the average London PM fixing for gold and average fixing for silver.

During the second quarter of 2013, earnings from mine operations amounted to $42.6 million, net loss was $492.8 million and operating cash flows were $55.9 million, compared to earnings from mine operations of $50.0 million, net earnings of $19.0 million and operating cash flows of $68.2 million during the second quarter of 2012. For the six months ended June 30, 2013, earnings from mine operations amounted to $97.6 million, net loss was $475.3 million and operating cash flows were $118.4 million, compared to earnings from mine operations of $122.4 million, net earnings of $49.6 million and operating cash flows of $151.1 million for the comparative periods of 2012.

The net loss for the three and six months ended June 30, 2013 is due to the impairment of the Hammond Reef gold project in the amount of $530.9 million, partially offset by a deferred tax recovery related to the impairment of $43.1 million.

Overview of Financial Results

Financial Summary – Second quarter of 2013 (compared to second quarter of 2012)

- Net loss of $492.8 million or $1.13 per basic and diluted share compared to net earnings of $19.0 million or $0.05 per basic and diluted share in 2012;
- Impairment of $487.8 million on the Hammond Reef gold project, net of tax;
- Revenues of $159.2 million in 2013 compared to $157.1 million in 2012;
- Mine operating earnings of $42.6 million in 2013 compared to $50.0 million in 2012;
- Operating cash flows of $55.9 million in 2013 compared to $68.2 million in 2012;
- 109,503 ounces of gold sold at an average price of US$1,396/oz compared to 95,675 ounces of gold sold at an average price of US$1,605/oz in 2012.

During the second quarter and the six months ended June 30, 2013, Osisko incurred net losses of $492.8 million and $475.3 million, respectively (net losses per share of $1.13 and $1.09) compared to net earnings of $19.0 million and $49.6 million in the corresponding periods of 2012 (net earnings per share of $0.05 and $0.13) respectively. The net loss is mainly the result of the impairment charge for the Hammond Reef gold project of $530.9 million, partially compensated by a related deferred tax recovery of $43.1 million. Exploration and evaluation expenses also increased due to write offs of exploration projects for $13.1 million.

Excluding specific non-cash items, adjusted net earnings[5] amounted to $25.1 million ($0.06 per share) for the second quarter of 2013 compared to $35.6 million ($0.09 per share) in 2012. For the six months ended June 30, 2013, adjusted net earnings[5] amounted to $61.5 million ($0.14 per share) compared to $95.1 million ($0.25 per share) in the comparative period of 2012.

Total precious metal sales amounted to $159.2 million for the second quarter of 2013, comprising of 109,503 ounces of gold and 95,205 ounces of silver, compared to precious metal sales of $157.1 million in the second quarter of 2012, comprising of 95,675 ounces of gold and 48,880 ounces of silver.

For the first six months of 2013, total precious metal sales amounted to $318.6 million, comprising of 205,014 ounces of gold and 168,888 ounces of silver, compared to precious metal sales of $315.8 million in the first six months of 2012, where 188,075 ounces of gold and 101,680 ounces of silver were sold.

The Canadian Malartic mine generated operating earnings of $42.6 million in the second quarter of 2013 for a total of $97.6 million in the first six months 2013 compared to $50.0 million in the second quarter of 2012 and $122.4 million for the first six months of 2012. The cash margin[5] reached $653 per ounce in the second quarter of 2013, a decrease of $82 per ounce when compared to $735 per ounce in the second quarter of 2012. The decrease is the result of a decrease of $193 in the average selling price of gold, partially compensated by a decrease of $111 per ounce in the cash costs per ounce[5]. When compared to the previous quarter, the cash margin[5] decreased by $188 per ounce as a result of a 13% decrease in the average selling price, partially compensated by a 3% decrease in the cash costs per ounce[5].

5 Non-IFRS financial performance measures have no standard definition under IFRS. See "*Non-IFRS Financial Performance Measures*" section of this MD&A.

Consolidated Statement of Income (Loss)

The following table presents a summarized Consolidated Statement of Income (Loss) for the Company's most recently completed and comparative three and six month periods (in thousands of dollars):

		Three months ended June 30, 2013	2012[1] (restated)	Six months ended June 30, 2013	2012[1] (restated)
Revenues	**(a)**	**159,195**	**157,134**	**318,576**	**315,792**
Mine operating costs					
Production costs	(b)	(90,619)	(89,494)	(172,041)	(159,426)
Royalties	(b)	(2,274)	(2,021)	(4,266)	(4,380)
Depreciation	(b)	(23,683)	(15,635)	(44,665)	(29,544)
Earnings from mine operations		**42,619**	**49,984**	**97,604**	**122,442**
General and administrative expenses	(c)	(5,787)	(5,943)	(13,174)	(13,349)
Exploration and evaluation expenses	(d)	(15,935)	(1,963)	(21,038)	(5,253)
Impairment of property, plant and equipment	(e)	(530,878)	-	(530,878)	-
Earnings (loss) from operations		**(509,981)**	**42,078**	**(467,486)**	**103,840**
Other expenses - net	(f)	(14,680)	(10,310)	(26,494)	(17,540)
Earnings (loss) before income and mining taxes		**(524,661)**	**31,768**	**(493,980)**	**86,300**
Income and mining tax recovery (expense)	(g)	31,899	(12,784)	18,634	(36,721)
Net earnings (loss)		**(492,762)**	**18,984**	**(475,346)**	**49,579**

(1) Balances related to 2012 have been restated to reflect the impact of the adoption of IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine*. See *"Changes in accounting policies"* section of the MD&A.

(a) Revenues are comprised of the following:

Second quarter:

	2013			2012		
	Average selling price per ounce ($)	Ounces Sold	Total revenues ($000's)	Average selling price per ounce ($)	Ounces Sold	Total revenues ($000's)
Gold	1,434	109,503	156,976	1,627	95,675	155,692
Silver	23	95,205	2,219	31	48,880	1,442
			159,195			157,134

Year to date:

	2013			2012		
	Average selling price per ounce ($)	Ounces Sold	Total revenues ($000's)	Average selling price per ounce ($)	Ounces Sold	Total revenues ($000's)
Gold	1,532	205,014	314,130	1,662	188,075	312,637
Silver	26	168,888	4,446	30	101,680	3,155
			318,576			315,792

(b) Production costs amounted to $90.6 million during the second quarter of 2013 and $172.0 million for the first six months of 2013, compared to $89.5 million and $159.4 million in the comparative periods in 2012. Higher production costs of ounces sold in 2013 are mainly the result of higher sales. During the quarter and first six months of 2013, depreciation expense amounted to $23.7 million and $44.7 million, compared respectively to $15.6 million and $29.5 million in the corresponding periods of 2012. The increase in depreciation expense is mainly due to higher property, plant and equipment and higher production. During the second quarter and first six months of 2013, earnings from mine operations represented 27% and 31% of sales (mine operating costs were 73% and 69% of sales), respectively, compared to 32% and 39% of sales (mine operating costs were 68% and 61% of sales), respectively in the corresponding periods of 2012. The difference is mainly the result of lower selling prices and higher depreciation.

(c) General and administrative expenses (G&A) are in line with 2012 amounts for the corresponding periods at $5.8 million in the second quarter and $13.2 million in the first six months of 2013. For the three and six months ended June 30, 2013, salaries were $1.5 million and $3.8 million, respectively compared to $2.0 million and $4.8 million in the corresponding periods in 2012, the decrease resulting mainly from lower restricted and deferred share units expense and higher benefits in 2012 from the exercise of share options. Share-based compensation from share options decreased by $0.1 million to $1.4 million and by $0.6 million to $2.6 million in the second quarter and first six months of 2013. The decrease is mainly due to lower weighted average fair values of options granted caused by lower common share prices. Other general and administrative expenses were relatively stable at $2.6 million during the second quarter of 2013. Additional research and development expenses in the first quarter of 2013 as well as additional G&A expenses following the acquisition of Queenston increased G&A expenses for the first six months of 2013 by $1.3 million to $6.4 million.

(d) In the second quarter and the first six months of 2013, exploration and evaluation expenses include write-offs of mining properties for projects terminated by Osisko of $13.1 million and $15.1 million, respectively, compared to $0.6 million in the first six months of 2012. The write-offs are related to abandoned grassroots projects.

Excluding these write-offs, exploration and evaluation expenses reached $2.9 million in the second quarter of 2013 and $6.0 million in the first six months on 2013, compared to $2.0 million and $4.6 million in corresponding periods in 2012 as a result of increased activities in Mexico.

(e) For the three months ended June 30, 2013, the Company recorded an impairment charge of $530.9 million, representing 100% of the property, plant and equipment related to the Hammond Reef gold project. For more details, refer to the *Impairment of Property, Plant and Equipment* section of this MD&A.

(f) Other net expenses in the second quarter of 2013 include finance costs of $8.4 million, a loss on foreign exchange of $3.1 million, a net loss on financial assets of $3.2 million and a share of loss of associates of $0.6 million, partially compensated by interest income of $0.4 million. For the six months ended June 30, 2013 other net expenses include finance costs of $16.3 million, a loss on foreign exchange of $5.4 million, a net loss on financial assets of $5.1 million and a share of loss of associates of 0.7 million, partially compensated by interest income of $0.9 million.

In the second quarter of 2012, other net expenses include finance costs of $7.4 million, a net loss on financial assets of $1.0 million, a loss on foreign exchange of $1.9 million, a share of loss of associates of $0.1 million and interest income of $0.4 million. For the six months ended June 30, 2012, other net expenses include finance costs of $14.8 million, a net loss on financial assets of $2.7 million, a loss on foreign exchange of $0.3 million and a share of loss of associates of $0.3 million, partly offset by interest income of $0.9 million.

(g) The effective income tax rate for the second quarter and first six months of 2013 is (6%) and (4%), respectively compared to 40% and 43%, respectively, in the corresponding periods of 2012. The variation in the effective tax rate is 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.

In 2013, the main element that affected the effective income tax rates is the impairment charge of $530.9 million on the Hammond Reef gold project that generated a deferred tax recovery of $43.1 million.

Liquidity and Capital Resources

As at June 30, 2013, the Company's cash and cash equivalents, short-term investments and restricted cash amounted to $153.7 million compared to $155.5 million as at December 31, 2012, as summarized below:

(In thousands of dollars)	**June 30, 2013**	**December 31, 2012**
Cash and cash equivalents	115,486	93,229
Short-term investments	-	19,357
Restricted cash		
Current	558	4,563
Non-current	37,651	38,362
	153,695	155,511

Short-term investments were acquired following the acquisition of Queenston as at December 28, 2012 and were converted into cash and cash equivalents during the first quarter of 2013 to increase the flexibility of available liquidities. The Company has also collected in June the $30.0 million note receivable from Kirkland Lake Gold Inc. related to the sale of properties by Queenston prior to its acquisition by Osisko.

On July 5, 2013, Osisko deposited a Government of Québec bond of $11.6 million with the Québec Government, representing the balance of the total guarantee required to cover the entire future costs of rehabilitating the Canadian Malartic mine site. The aggregate deposits with the Government of Québec amount to $46.4 million.

As at December 31, 2012, an amount of $4.0 million of restricted cash was pledged as security against a letter of credit issued to Hydro-Québec for the installation of a new electrical transmission line for the Canadian Malartic mine, which was completed in 2010. The letter of credit was released in the first quarter of 2013. An additional amount of $0.5 million was also given as a guarantee for the completion of the relocation program of the southern neighborhood of the Town of Malartic and is outstanding as at June 30, 2013 and December 31, 2012.

The following table summarizes the financings completed in the year 2012 and the first half of 2013:

	No of Shares/ Units	Price ($)	Gross Proceeds ($000's)	Net Cash Proceeds ($000's)
First six months of 2013				
Exercise of Options	91,000	3.09	281	281
Employee Share Purchase Plan – Employee Portion	168,134	6.82	1,147	1,147
Total	259,134		1,428	1,428
Year 2012				
Exercise of Options	3,862,067	4.44	17,145	17,145
Employee Share Purchase Plan – Employee Portion	234,040	9.02	2,113	2,113
Total	4,096,107		19,258	19,258

The amount of principal of long-term debt payments as at June 30, 2013, per calendar year, is as follows:
(in millions of dollars)

	CPPIB	RQ and CDPQ[1]	FSTQ	CAT Loan	CAT Finance lease	Total
2013 (6 months)	17.1	-	2.5	3.7	16.3	39.6
2014	132.9	75.0	5.0	7.2	30.2	250.3
2015	-	-	1.7	0.6	35.3	37.6
2016	-	-	-	-	16.4	16.4
2017	-	-	-	-	3.0	3.0
2018	-	-	-	-	0.2	0.2
Less: imputed interest	-	-	-	-	(6.6)	(6.6)
	150.0	75.0	9.2	11.5	94.8	340.5

[1] If Ressources Québec ("RQ") and Caisse de dépôt et placement du Québec ("CDPQ") do not exercise their option to convert the debentures into shares.

The principal repayments of the CPPIB Credit Investments Inc. ("CPPIB") loan are payable based on cash flow availability. The reduction in expected repayments in 2013 for the CPPIB loan is due to lower expected cash flows following the decrease in the gold prices. The Company also has an undrawn delay-draw term loan available from CPPIB in the amount of $100 million with a maturity date of December 31, 2013. The CPPIB loans are secured by the assets of the Company.

The following table details the outstanding warrants as at June 30, 2013:

Expiry date	Number of warrants	Exercise price	Potential proceeds
		$	$
September 24, 2014	7,000,000	10.00	70,000,000
December 31, 2015	5,500,000	10.00	55,000,000
November 2, 2013 (assumed from acquisition of Queenston)	2,017,453	10.56	21,304,304
	14,517,453		146,304,304

Modifications to long-term debt terms

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

- CPPIB loan ($150.0 million)
  - 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 ($100.0 million) established in May 2012 will be cancelled.

- Convertible debentures ($75.0 million)
  - 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 convertible 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 (in millions of dollars):

	CPPIB	CDPQ	RQ	Total
2014	30.0	-	-	30.0
2015	40.0	-	-	40.0
2016	40.0	-	-	40.0
2017	40.0	37.5	37.5	115.0
	150.0	37.5	37.5	225.0

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.

Cash Flows

The following table summarizes the cash flows activities (in thousands of dollars):

	Three months ended June 30,		Six months ended June 30,	
	2013	2012[1]	2013	2012[1]
Cash flows				
Operations	59,346	59,864	126,418	139,279
Working capital items	(3,399)	8,348	(7,993)	11,812
Operating activities	55,947	68,212	118,425	151,091
Investing activities	(26,592)	(76,679)	(68,525)	(154,071)
Financing activities	(14,227)	(11,470)	(27,643)	(15,166)
Change 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

(1) Balances related to 2012 have been restated to reflect the impact of the adoption of IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine.* See *"Changes in Accounting Policies"* section of the MD&A.

Operating Activities

Cash flows from operating activities reached $55.9 million for the second quarter of 2013 compared to $68.2 million in the second quarter of 2012. Excluding the non-cash working capital items, cash flows from operations in the second of 2013 amounted to $59.3 million compared to $59.9 million in the second quarter of 2012.

For the six months ended June 30, 2013, cash flows from operating activities reached $118.4 million compared to $151.1 million in the corresponding period in 2012. Excluding the non-cash working capital items, cash flows from operations in the same periods were $126.4 million and $139.3 million respectively.

Cash flows from operating activities, before non-cash working capital items, were stable for the second quarter of 2013 compared to 2012. The decrease of $12.9 million for the first six months of 2013 compared to 2012 is mainly the result of higher production costs by $12.6 million while revenues only increased by $2.8 million.

Investing Activities

Cash flows used in investing activities amounted to $26.6 million and $68.5 million for the three and six months ended June 30, 2013 compared to $76.7 million and $154.1 million in the corresponding periods of 2012, respectively.

Cash outflows related to investments in property, plant and equipment amounted to $59.9 million and $125.6 million for the three and six months ended June 30, 2013 compared to $76.4 million and $148.3 million in the comparative periods of 2012, respectively. Investments in 2013 are mainly related to Canadian Malartic (stripping costs, geotechnical work, sustaining capital and expansion), Kirkland Lake and Upper Beaver. Investments in 2012 are related to the expansion of the Canadian Malartic mine, the installation of the pre-crush circuit and investments on the Hammond Reef project.

Investing activities in the quarter and the six months ended June 30, 2013 provided cash inflows of $30.0 million from the collection of a note receivable from Kirkland Lake Gold (from the acquisition of Queenston). In the first quarter of 2013, sales of short-term investments generated cash inflows of $19.4 million and reduction in restricted cash generated $4.7 million.

During the first semester of 2013, Osisko received proceeds of $1.0 million from the sale of investments. For the corresponding periods of 2012, Osisko acquired $1.1 million and $7.5 million of investments, respectively and received proceeds from the sale of investments of $0.5 million during the first six months of 2012.

Following a drop in gold prices in April, the Company decided to reduce its planned investments of projects and exploration activities by over $80.0 million for 2013.

Interest received amounted to $1.2 million and $1.6 million respectively in the second quarter and the first six months of 2013 compared to $0.4 million and 0.8 million in the corresponding periods of 2012.

Financing Activities

Cash used by financing activities for the three and six months ended June 30, 2013 amounted to $14.2 million and $27.6 million respectively, compared to $11.5 million and $15.2 million in the corresponding periods of 2012.

Cash used in 2013 is mainly the result of payments on the finance lease and long-term debt of $9.6 million for the second quarter and $18.2 million for the first six months and interest paid of $5.4 million and $10.8 million, respectively, partially offset by the issuance of common shares from the exercise of share options and the employee share purchase plan that generated $0.8 million and $1.4 million, respectively. In 2012, payments on the finance lease and long-term debt amounted to $6.9 million for the second quarter and $13.5 million for the first six months, while interest paid amounted to $5.6 million and $11.1 million, respectively. Also in the second quarter and first six months of 2012, the Company received $1.1 million and $9.5 million, respectively, from the issuance of common shares from the exercise of share options and the employee share purchase plan.

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)

	2013[4]		2012[4,5]				2011[4,6]	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Cash [1]	153,695	139,278	155,511	114,874	123,376	143,766	142,033	173,493
Working capital	83,595	68,731	91,951	36,177	71,145	32,395	47,429	103,309
Total assets	2,168,856	2,716,288	2,687,905	2,246,923	2,179,048	2,145,945	2,069,242	2,000,776
Total long-term debt	331,459	335,949	337,412	327,916	330,178	333,467	331,624	306,784
Shareholders' equity	1,690,138	2,180,064	2,162,018	1,765,295	1,722,515	1,697,776	1,654,068	1,610,718
Revenues	159,195	159,381	191,080	158,503	157,134	158,658	128,100	122,879
Earnings from mine operations	42,619	54,985	73,169	63,503	49,984	72,458	39,526	38,292
Earnings (loss) attributable to Osisko shareholders	(492,762)	17,416	12,866	28,343	18,984	30,595	37,802	9,302
Earnings (loss) per share	(1.13)	0.04	0.03	0.07	0.05	0. 08	0.10	0.02
Gold production (oz)	111,701	106,047	101,544	103,753	92,003	91,178	79,718	73,814
Gold sales (oz)	109,503	95,511	111,104	95,424	95,675	92,400	75,100	72,100
Cash margin per ounce[2] ($/oz)	653	841	865	795	735	878	752	763
Weighted average shares outstanding (000's)								
- Basic	436,695	436,502	391,538	388,153	387,279	385,777	385,427	384,307
- Diluted	436,695	436,943	392,719	390,238	389,024	390,420	389,993	394,528
Share price ($/Share)								
- High	6.06	8.32	10.09	10.62	11.71	12.97	13.55	15.86
- Low	2.98	5.56	7.14	7.15	6.25	9.89	9.18	12.50
- Close	3.48	6.03	8.00	9.74	7.00	11.58	9.84	13.27
Price of gold (average US$)	1,415	1,632	1,722	1,652	1,609	1,691	1,688	1,702
Closing exchange rate[3] (US$/Can$)	1.0512	1.0156	0.9949	0.9837	1.0191	0.9991	1.0170	1.0389

(1) Includes cash and cash equivalents, restricted cash and short-term investments.
(2) *"Cash margin per ounce"* is a non-IFRS financial performance measure with no standard definition under IFRS. *See "Non-IFRS Financial Performance Measures"* section of this MD&A for the definition of *"Cash margin per ounce".*
(3) Bank of Canada Noon Rate.
(4) Financial information in Canadian dollars and prepared in accordance with IFRS.
(5) Balances related to 2012 have been restated to reflect the impact of the adoption of IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine.* See *"Changes in Accounting Policies"* section of the MD&A.
(6) Balances related to 2011 have not been restated to reflect adoption of IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine.*

During the second quarter of 2013, Osisko took an impairment charge of $530.9 million on its Hammond Reef gold project. Commercial production at Canadian Malartic began in May 2011 and the Company recorded its first sales on the Consolidated Statement of Income in the second quarter of 2011. The Company continued to invest in 2011, 2012 and 2013 in exploration and development projects, including the expansion of the Canadian Malartic mine, the Hammond Reef gold project and the Upper Beaver and Kirkland Lake properties. In December 2012, Osisko acquired Queenston Mining Inc. for $417.5 million.

Outlook

Following the modifications and commissioning of the pre-crushing circuit and the second pebble crushing unit, it is anticipated that mill throughput should be stabilized in 2013. Gold production is estimated between 485,000 - 510,000 ounces for the year. As a result of gaining access to higher grade material in the second half of the year, it is anticipated that gold output will be higher in the second semester. Cash costs per ounce[6] are estimated between $780 and $825, a 9% to 14% reduction in costs from 2012.

Following the issuance of a new IFRS accounting pronouncement with respect to stripping costs in the production phase of a surface mine, the Company expects to capitalize stripping costs in 2013. Capitalized stripping costs are not reflected in the table below. The change in policy has no impact on cash and cash equivalents, however, cash costs per ounce[6] are expected to decrease by about $50 per ounce and capital expenditures are expected to increase by the same amount.

Recent volatility in the gold price and financial markets has led Osisko to review its rate of discretionary spending in exploration and advancing new projects. As previously announced, the Company is decreasing discretionary spending for 2013 by over $80.0 million.

The following table details the reduction in discretionary expenditures compared to the original budget:

(In millions of dollars)	Revised budget[(2)]	Original budget	Reduction
Canadian Malartic mine	80.8	98.0	17.2
Upper Beaver project	18.5	70.0	51.5
Hammond Reef	7.0	10.0	3.0
Exploration - capitalized	31.6	42.0	10.4
Capital expenditures	137.9	220.0	82.1
Exploration – expensed through income statement[(1)(3)]	9.3	8.0	(1.3)
Total	147.2	228.0	80.8

(1) Excludes write-off of projects.
(2) Excluding variation in accounts payable and accrued liabilities related to the Canadian Malartic expansion, Hammond Reef, Upper Beaver and Kirkland Lake projects.
(3) Exploration – expensed through income statement is higher in revised budget compared to original budget due to some investments in Mexico being expensed whereas for budget purposes the total investments were capitalized.

Contractual Obligations and Commitments

The following table presents information on the contractual obligations of the Company as at June 30, 2013:
(in thousands of dollars)

	Payments due by period				
	Total	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	After 5 years
	$	$	$	$	$
Operating leases	2,483	1,241	1,191	51	-
Purchase obligations	16,666	16,666	-	-	-
Obligations under finance lease	101,353	23,841	63,661	13,851	-
Long-term debt	245,764	57,475	188,289	-	-
	366,266	99,223	253,141	13,902	-

6 Non-IFRS financial performance measures have no standard definition under IFRS. See "*Non-IFRS Financial Performance Measures*" section of this MD&A.

Related Party Transactions

The compensation paid or payable to key management for employee services is presented below:
(in thousands of dollars)

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
	$	$	$	$
Salaries and short-term employee benefits	852	913	1,721	1,522
Share-based compensation	498	1,144	1,282	3,144
	1,350	2,057	3,003	4,666

There were no related-party transactions during the first and second quarters of 2013.

During the first quarter of 2012, the Company invested $3,000,000 in Braeval Mining Corporation, a mining exploration company of which officers and directors of the Osisko Mining Corporation are also shareholders and/or directors. This investment was accounted for as an investment in an associate.

Off-balance Sheet Items

The Company does not have any off-balance sheet arrangements other than operating leases for office space as well as letters of credit issued to suppliers. Those letters of credit are 100% secured by deposits (presented on the Company's consolidated balance sheet under *restricted cash*) and are issued to suppliers with respect to service contracts. The suppliers may draw on the letters of credit in the event of a default by the Company under the terms of the contracts. As at June 30, 2013, the outstanding letters of credit had a value of $2.1 million.

Outstanding Share Data

As of August 1, 2013, 437,068,524 common shares were issued and outstanding. A total of 24,016,096 common share options were outstanding to purchase common shares under the Company's share option plan and 14,517,453 common share purchase warrants were outstanding.

Risks and Uncertainties

The exploration for, development and mining of mineral deposits involve significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. For additional discussion of risk factors, please refer to the Company's Annual Information Form which is available upon request from the Company or on its profile on www.sedar.com. There have been no material changes to risks and uncertainties since the release of the Annual Information Form.

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 ("DCP") 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 IFRS, unauthorized receipts and expenditures, or the inability to provide assurance that unauthorized acquisitions or dispositions of assets can be detected. 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 have evaluated whether there were changes to the ICFR during the second quarter ended June 30, 2013 that have materially affected, or are reasonably likely to materially affect, the ICFR. No such significant changes were identified through their evaluation.

The Company's management, including the CEO and CFO, believe that any disclosure controls and procedures and internal controls over financial reporting, no matter how well designed, can have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance that the objectives of the control system are met.

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 ("CGUs"). 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.

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 $530.9 million, representing 100% of the property, plant and equipment related to the Hammond Reef gold project. As a result of the impairment charge, a deferred tax recovery of $43.1 million was recorded within income and mining tax expense.

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 of 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.

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 its notes to consolidated financial statements.

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	

(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	

(b) Adjustments to the consolidated statements of income *(continued)*:

	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	

(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		-	

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

	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		-	

	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		-	

Non-IFRS Financial Performance Measures

The Company has included certain non-IFRS measures including "*cash generated from mine operations", "cash costs per ounce", "operating cash flows per share", "cash margin per once", "adjusted net earnings"* and *"adjusted net earnings per share"* to supplement its consolidated financial statements, which are presented in accordance with IFRS.

The Company believes that these measures, together with measures determined in accordance with IFRS, provide investors with an improved ability to evaluate the underlying performance of the Company. Non-IFRS measures do not have any standardized meaning prescribed under IFRS, and therefore they may not be comparable to similar measures employed by other companies. The data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

Cash generated from mine operations

"Cash generated from mine operations" is defined as *"Revenues"* for a certain period less *"Production costs"* (excluding non–cash *"Share-based compensation"*) and *"Royalties"*. *"Cash generated from mine operations"* less *"Depreciation"* and *"Share-based compensation"* results in *"Earnings from mine operations"*. The reconciliation table can be found in page 3 of this MD&A.

Cash costs per ounce

"Cash costs per ounce" is defined as the production costs of one ounce of gold excluding non-cash costs for a certain period. *"Cash costs per ounce*" is obtained from *"Production costs*" and *"Royalties*" less non-cash *"Share-based compensation*" and *"By-product credits (silver sales)*", adjusted for *"Production inventory variation*" for the period, divided by the *"Number of ounces of gold produced*" for the period.

	Three months ended June 30, 2013	Three months ended June 30, 2012	Six months ended June 30, 2013	Six months ended June 30, 2012
Gold ounces produced	111,701	92,003	217,748	183,181
(in thousands of dollars, except per ounce)				
Production costs	90,619	89,494	172,041	159,426
Royalties	2,274	2,021	4,266	4,380
Share-based compensation	(662)	(790)	(1,261)	(1,534)
By-product credit (silver sales)	(2,219)	(1,442)	(4,446)	(3,155)
Inventory variation	(2,730)	(7,187)	1,956	(2,129)
Total cash costs for the period	87,282	82,096	172,556	156,988
Cash costs per ounce	781	892	792	857

Operating cash flows per share

"Operating cash flows per share" is defined as the *"Cash flows from operating activities"* divided by the *"Weighted average number of common shares outstanding"* for a certain period.

	Three months ended June 30, 2013	Three months ended June 30, 2012	Six months ended June 30, 2013	Six months ended June 30, 2012
Cash flows from operating activities ($000's)	55,947	68,212	118,425	151,091
Weighted average number of common shares outstanding (000's)	436,695	387,279	436,599	386,528
Operating cash flows per share	0.13	0.18	0.27	0.39

Cash margin per ounce

"Cash margin per ounce" is defined as the *"Average selling price of gold per ounce sold*" less *"Cash costs per ounce produced*" for the period.

	Three months ended June 30, 2013	Three months ended June 30, 2012	Six months ended June 30, 2013	Six months ended June 30, 2012
Average selling price of gold (per ounce sold)	1,434	1,627	1,532	1,662
Cash costs (per ounce produced)	781	892	792	857
Cash margin per ounce	653	735	740	805

Adjusted net earnings and adjusted net earnings per share

"Adjusted net earnings" is defined as *"Net earnings"* or *"Net loss"* less certain non-cash items: *"Impairment of property, plant and equipment", "Write-off of property, plant and equipment", "Share-based compensation", "Unrealized gain (loss) on investments", "Impairment on available-for-sale assets" and "Deferred income and mining tax expense (recovery)".*

"Adjusted net earnings per share" is obtained from the *"Adjusted net earnings"* divided by the *"Weighted average number of common shares outstanding"* for the period.

(in thousands of dollars, except per share amounts)	Three months ended June 30, 2013	Three months ended June 30, 2012	Six months ended June 30, 2013	Six months ended June 30, 2012
Net earnings (loss) for the period	(492,762)	18,984	(475,346)	49,579
Adjustments:				
Impairment of property, plant and equipment	530,878	-	530,878	-
Write-off of property, plant and equipment	13,050	-	15,074	617
Share-based compensation	2,225	2,708	4,021	5,339
Unrealized loss on investments	314	1,158	2,239	1,705
Impairment on available-for-sale assets	3,284	-	3,284	1,094
Deferred income and mining tax expense (recovery)				
Related to the impairment of property, plant and equipment	(43,100)	-	(43,100)	-
Other	11,201	12,784	24,466	36,721
Adjusted net earnings	25,090	35,634	61,516	95,055
Weighted average number of common shares outstanding (000's)	436,695	387,279	436,599	386,528
Adjusted net earnings per share	0.06	0.09	0.14	0.25

Caution Regarding Forward-Looking Statements

Certain statements contained in this MD&A 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 timely achievement of nameplate capacity, the timing and amount of estimated future mill throughput and production, operating, production and cash costs, currency fluctuations, the rescheduling of debt repayments, capital expenditures, expected ore grade, access to higher grade material, positive outcome of exploration activities, 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 in 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 and policies, including change in tax benefits and tax rates;
- environmental risks including increased regulatory constraints;
- the ability to deviate Québec's highway 117 to allow for the mining of the South Barnat deposit in Malartic;
- the Company's ongoing relations with its employees, its business partners and the communities and aboriginal groups related to its exploration and mining activities; and
- the obtaining of the requested precisions and amendments of its Canadian Malartic mine operating permits in a timely manner, further to discussions with the *Ministère du Développement durable, de l'Environnement, de la Faune et des Parcs*.

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. 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 Company also cautions readers not to place undue reliance on these forward looking statements. Moreover, these forward-looking statements may not be suitable for establishing strategic priorities and objectives, future strategies or actions, financial objectives and projections other than those mentioned above. The forward-looking statements contained in this MD&A 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

August 1, 2013

Corporate Information

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Marcel Côté, Vice Chair of the Board
Sean Roosen, President, CEO and Director
Staph Leavenworth Bakali, Director
John Burzynski, Vice President Corporate Development and Director
Michèle Darling, Director
Joanne Ferstman, Director
William A. MacKinnon, Director
Charles E. Page, Director
Gary Sugar, Director
Serge Vézina, Director
Anne Charland, Vice President Exploration Canada
Denis Cimon, Vice President Technical Services
Bryan A. Coates, Vice President Finance and Chief Financial Officer
André Le Bel, Vice President Legal Affairs and Corporate Secretary
Luc Lessard, Senior Vice President and Chief Operating Officer
Elif Lévesque, Vice President and Controller
Robert Mailhot, Vice President Human Resources
Ruben Wallin, Vice President Environment and Sustainable Development

Legal Counsel
Bennett Jones LLP
Lavery, de Billy LLP

Auditors
PricewaterhouseCoopers LLP

Transfer Agent
CIBC Mellon Trust Company

Exchange listings
Toronto Stock Exchange - OSK
Deutsche Börse - EWX