

## CORPORATE PARTICIPANTS

**Sean Roosen**

*Chairman & Chief Executive Officer, Osisko Gold Royalties*

**Chris Lodder**

*Chief Executive Officer, Barkerville Gold Mines*

## CONFERENCE CALL PARTICIPANTS

**Shane Nagle**

*Analyst, National Bank Financial*

**Mike Jalonen**

*Analyst, Bank of America Merrill Lynch*

**Andrew Kaip**

*Analyst, BMO Capital Markets*

**Greg Barnes**

*Analyst, TD Securities*

**Brian MacArthur**

*Analyst, Raymond James*

## PRESENTATION

### Operator

Good morning, ladies and gentlemen and welcome to the Osisko Gold Royalties conference call acquisition of Barkerville Gold Mines. After the presentation, we will conduct question-and-answer session. If you would like to ask a question, please pick up your receiver and press star followed by the number one on your telephone keypad. Please note that this call is being recorded today, September 23, 2019 at 8:30 a.m. eastern time. Today on the call we have Mr. Sean Roosen, Chair of the Board of Directors and CEO of Osisko Gold Royalties; Mr. Bryan Coates, President; Ms. Elif Lévesque, Chief Financial Officer and Vice President, Finance; and Mr. Chris Lodder, President and CEO of Barkerville Gold Mines. I would now like to turn the meeting over to our host for today's call, Mr. Sean Roosen.

Bonjour mesdames et messieurs et bienvenue à l'appel conférence de Redevances Aurifères Osisko Ltée. acquisition de Barkerville Gold Mines. Après la présentation, nous procéderons à une séance de questions et réponses. Si vous désirez poser une question, veuillez décrocher le combiné du téléphone et appuyez sur la touche étoile suivi du numéro un. Veuillez

prendre note que cet appel est enregistré, aujourd'hui le 23 Septembre 2019 à 8:30 heure de l'est. Nous avons sur l'appel d'aujourd'hui M. Sean Roosen, Président du conseil d'administration et Chef de la direction de Redevances Aurifères Osisko; M. Bryan Coates, Président; Mme Elif Lévesque, chef de la direction financière et vice-présidente aux finances; et M. Chris Lodder, Président et Chef de la direction de Barkerville Gold Mines. J'aimerais maintenant céder la parole à votre hôte, M. Sean Roosen.

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### Sean Roosen, Chairman & Chief Executive Officer, Osisko Gold Royalties

Merci beaucoup et bienvenue Messieurs Dames à l'appel conférence sur l'acquisition de Barkerville Gold Mines.

(French)

Welcome to the conference call for the acquisition of Barkerville Gold Mines by Osisko Gold Royalties. We're going to be using a PowerPoint deck that's on our website this morning that's titled *Acquisition of Barkerville Gold Mines* and I'd like everybody to review the forward-looking statement pages on this presentation as we will be making several forward-looking statements throughout the presentation and review of the press release we announced this morning.

There are two main points that I want everybody to take away today from this call. The first is the creation of North Spirit Discovery Group, which is the platform under which Barkerville will operate. This is the evolution of our Accelerator Model whereby we've been incubating projects and companies, five of them throughout the last five years since we started Osisko. The Accelerator Model is the business model that we pioneered at Osisko Gold Royalties. We're now taking it to the next step. The basic points on North Spirit will be that we will set the platform in place to operate the companies at a project level as opposed to public company level and North Spirit is designed along the model of private equity in that we hold as 100% owned by Osisko at this point in time but we will be looking for third-party money either through an LP structure or third-party private equity groups or joint ventures to provide capital at the asset level as we go forward.

So, this is the natural evolution of our Accelerator Model and it's in an effort to purify the royalty model and we see North Spirit taking on a significant role in the evolution of these assets while we separate the Accelerator Model from Osisko Gold Royalties but maintain a direct drive from North Spirit into OR by holding equity within North Spirit Group. And, at the end of the day, we expect that we will be somewhere between a 50% and a 30%

shareholder over North Spirit if everything goes according to plan and depending on how much capital we have to raise. But given the capital markets have not been very supportive of late-stage exploration and development projects, especially single-asset companies lately, we see more access to capital at a lower cost for these projects through this model and this is really the bridge to value for Osisko shareholders to access that capital at a lower cost within the Accelerator Model.

The second piece of business, of course, is the acquisition of Barkerville Gold. It's a highly accretive transaction for Osisko Gold Royalties shareholders in terms of the basis and it fits exactly where we always work. Those of you familiar with our presentations as OR, we often go through how we allocate capital with 25% of it going into early-stage exploration stories and then 75% of it going into stories that are evolving into permitting, through permitting, through construction, and into production, much like what we did with Victoria Gold, and that's really where we see the biggest value gap. Often there's a value gap in that period as it's not very exciting sometimes for public markets to be going through the permitting and construction process. So we see that as a value gap where North Spirit deploys capital is really in that value gap area of permitting and evolution of the asset.

So, as we said, we deploy 75% of our capital in that place and we feel that Barkerville presents an opportunity for us to deploy capital at much higher returns in that space and North Spirit will also benefit not only from the Barkerville technical team but also from the Osisko technical team. OR is uniquely situated to manage this business model in that we have the technical team inside the company that can run North Spirit as an independent development group and that's where we see the value for OR shareholders as we go ahead and we make Osisko Royalties are more pure royalty and streaming company and North Spirit becomes a traditional development group.

Page three is a summary of Osisko Gold Royalties. We are peer leading royalty group with over 135 royalties and streams. We have owns directly. We have 76% of our NPV by asset basis in Canada, 64% of it, sorry, directly in Canada and about 40,000 GEOs earned so far this year, gold equivalent ounces. Operating cash flow in the first half of the year was \$46.1 million, \$89.5 million for 2018. We currently pay a dividend of 1.2%. We are uniquely situated to evolve the Accelerator Model we pioneered into this model with over \$800 million of financial capability on our balance sheet. As we get further into why we would want to acquire BGM into North Spirit by using stock from our company, Osisko Gold Royalties, the easy numbers are that we're issuing 9% of our stock

to increase our underpinning NAV by 22% as we go through this.

Page four is a demonstration of how this compares to our Canadian Malartic story. Both historic production in Canadian camps with over four million ounces have produced in the Cariboo camp historically. Significant existing infrastructure. The Cariboo project has the QR mill, tailings ponds, and facilities and actually a small-scale mining permit in place and significant amount of underground infrastructure and on-site infrastructure that we can leverage from. For those that haven't reviewed the PEA study, the existing infrastructure is quite important to the value driver there in that we are not building a new mill, cyanide facility, tailings pond, or waste dump to execute a 4,000 tonne a day underground mine, so that's a pretty unique opportunity.

In terms of the exploration upside, this is a brownfield camp and we've gone back and remodelled it and Chris Lodder and his team have led the charge to unlock the value in this camp through the remodelling of the geology. It's been extremely successful with over 90% hit rate of drill holes in the last 24 months that have been drilled using the geological model. So, that's extraordinary success when it comes to geological interpretation. This is a camp that has world-class potential with more than 2,000 square kilometres of permitted area in a world-class mining district in the Cariboo. Historically this mine, this area also hosts several copper mines, Taseko's mine, Imperial's mines all within this area. Historically, this is an area that's very used to mining and logging and is very friendly towards resource sector operations. It's worth noting that Pretium in BC was permitted in under 20 months, so it's been a jurisdiction that has been issuing mine permits as well. And of course our Canadian maple leaf on the bottom and a reason why we called North Spirit Discovery Group North Spirit is we believe that the Canadian jurisdiction, as in we the north, is the best place for Osisko Royalties to invest its capital and we continue to be Canadian focused as we go forward.

A summary on page five. We're moving this project towards the PEA study goal of building 185,000 ounces a year gold mine. We are purchasing the remaining 68% of the publicly-held shares of Barkerville that we don't own. We own a little over 32% of the company as we come into this plus we have an over-riding 4% royalty, which increases the accretion to us as we acquire this as that 4% royalty does have significant value to it. The PEA study was completed a few months ago and envisions about \$310 million to build a 185,000 ounce a year mine with 11 year mine life. In the meantime, there is ongoing mining at Bonanza Ledge and phase two of Bonanza Ledge should produce around 20,000 ounces a year before permitting is completed on the larger project,

which is a 4,000 tonne a day underground mine as defined by the PEA study.

In the meantime, Chris and his team will continue on with significant amount of exploration. We believe that this is the beginning of the story. This is a camp-size play with over 67 kilometres along trend at a newly discovered parallel zone to that and we think that we're going to be here for a long time and there should be multiple opportunities for Osisko to invest through project financing as this project advances. So, one of these things is not like the other. This project is large and it is scalable, which is very important to us in that we can continue to deploy capital in a very disciplined manner as we evolve this project without having to swing for the fence on anything particularly big. And, again, this is the first asset that we've put into North Spirit, which is the replacement for the Osisko Accelerator Model, and we think it sets the table for a significant amount of accretion.

On page six we give a little bit more about what North Spirit Discovery Group is here for. We're here to do project financing, project engineering, and project management within that group. The technical team at Barkerville, Sean Masse and Maggie and Chris and the rest of the team, will continue to work to develop the exploration in the off site there with support from the Osisko engineering group in Montréal and also from the project finance group that sits within OR where we find the right set of partners to go together for the final mine finance as we get closer to that post permit. So, that group would look something like what we did, we believe, at Victoria, where we teamed up with our friends from Orion Mine Finance and Caterpillar Finance to issue a \$550 million mine finance project.

So, that is the goal of North Spirit and there will be questions about whether we're trying to be a mining company or whether we're trying to be a royalty company and the answer is North Spirit is there for two to three years for sure while we get through the permitting process, at which point in time a value fork is created in terms of where the asset is. A fully-permitted 185,000-ounce-a-year mine in Canada has significant amount of value if it's a shovel-ready project, as does a 185,000-ounce-a-year mine that's in production. So, we'll have two to three years to make that decision but we are not going mining on a large scale within North Spirit tomorrow morning. This is about working in the trough in that value gap period within the Lassonde Curve as we move forward and setting the table to be in an advantageous position to write the project financing at the appropriate time.

We think that scalable projects are few and far between. This is a camp-size play and, for those of you who know us well, we consider ourselves to be brownfield specialists in terms of going in gold mining camps trying

to find new deposits and bring those deposits to value the same way we did at Canadian Malartic where we went in and we bought the project for \$88,888. We invested \$1 billion and we sold to Yamana and Agnico for a little over \$4.1 billion, including the spinout of Osisko Gold Royalties. So, we've been there. We've made money for shareholders doing this before and we're doing nothing new here except what we've done in the past. And we've set the table for some optionality about what happens to the project in two or three years once the permit has been issued.

This is a late-stage project in that it already has a significant amount of infrastructure and a resource. The overall resource is at 4.3 million ounces. The PEA study took into consideration only 2.3 million of those ounces. So, significant upside in what's already been drilled. Barkerville is a relatively short, shallow project, so lower CapEx because of that and, again, I can't say this enough, this is a great Canadian asset, which is what we like to do, and we're particularly well suited and purpose-built to take this project through the value process.

Page seven is the transactional summary. We're to acquire the Barkerville shares not currently owned by Osisko. Total value of that would be \$338 million, of which we already own 32%. And the shareholders of Barkerville will own pro forma 9% of Osisko Gold Royalties, which has revenue cash flow, pays a dividend. So, shareholders will receive a significant amount of access to liquidity. However, their stake in OR will be worth a significant amount of money and the drive from the value of Barkerville will be reflected in that share price so they will participate in the upside of Barkerville as we move this project on and forward through the value process. Consideration right now is 0.0357 shares of Osisko per share of Barkerville with an implied price of \$0.58 per Barkerville share, representing a 44% premium on 20-day VWAPs of both companies.

Some deal protections have been put in place, the customary non-solicitation covenants and normal fiduciary outs, \$9.8 million termination fee to Osisko if a transaction is not completed. Holders of 17.9% of Barkerville shares, including the board and management, have agreed to support the transaction and enter into lock-up agreements. On other considerations, Barkerville shareholders vote is 66<sup>2</sup>/<sub>3</sub> of the majority of the minority of the votes cast by shareholders. Customary regulatory approvals and closing conditions do apply. And Osisko is to provide a \$7 million bridge loan expandable to \$13 million by mutual consent throughout the process to maintain momentum on the project in terms of the underground development of the BC Vein and the continued exploration on site. The timing of this, meeting materials will be mailed in October. Shareholders will have a

meeting in November with closing expected shortly thereafter.

The benefits of the BGM shareholders are outlined on page eight. Chris, would you like to take a walk through that? Chris Lodder, CEO of Barkerville.

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**Chris Lodder, Chief Executive Officer, Barkerville Gold Mines**

Good morning, everybody.

Yes, the benefits to the shareholders of Barkerville is 44% of 20 day VWAP. Everybody will have continued exposure to the project and be part of the shares in Osisko Gold Royalties and the new North Spirit Discovery Group. Acceleration and enhancement of development of the Cariboo project, we'll continue with that and probably speed up having to access to capital through this transaction. The certainty of funding is there with a strong balance sheet and the availability of capital, again, through Osisko Gold Royalties. We have direct exposure to the increasing gold price environment we think we're going into through Osisko's cash flows and equity value. And Osisko shares offer substantially greater trading liquidity for those people trading shares.

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**Sean Roosen, Chairman & Chief Executive Officer, Osisko Gold Royalties**

Page nine is the benefits to Osisko shareholders. I've touched on many of these points on the way through as we get to this part, but I think a summary here is that this is a significant asset that will drive value and will represent 22% of the NAV underpinning the share-holder value at Osisko Gold Royalties after closing. And also sets the table for us to have significantly higher returns than typical streams and royalties have been delivering that have been bought from third parties on the marketplace lately and also goes to our strengths and our unique toolbox to create value by working in what we call the trough, which is the period post exploration through permitting and construction into mine development.

There are several value points at which point we can do that. If you look back at the Victoria transaction, we did monetize the equity position and maintain the royalty here earlier this spring with our equity trade book with our friends at Orion Mine Finance and we maintained our royalty. We did a similar deal when we bought Arizona Mining. The equity was taken out by our friends at South32. We had a \$5 million equity investment, we netted \$34 million over and above our capital in, and we still own a 1% royalty. So, we are doing a deal that's fairly traditional for Osisko Royalties. The only difference this

time is that we've acquired a public company to execute the transaction, OR offering to acquire this public company from the BGM shareholders.

Next steps for Cariboo and the timeline to expand to production has been outlined on page 10. We've given you a bit of history here. We have significant involvement with this project since early 2016. We came into the project to try and understand it and there have been several milestones within the evolution of our relationship with Barkerville, but the most important thing has been technical work that we have finally understood the project in around 2017. We became comfortable with the geological model. We set about checking the veracity of that model and we drilled, I think subsequently, Chris, 400,000 metres?

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**Chris Lodder, Chief Executive Officer, Barkerville Gold Mines**

360,000 to the end of 2018.

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**Sean Roosen, Chairman & Chief Executive Officer, Osisko Gold Royalties**

So we've put a significant amount of drilling in to confirm the model.

We presented the resource update and the PEA study to the public market and I think that we also executed several financings throughout that period and the ongoing continued demand for capital, I think, has been the overhang on the share price. Today we're here to solve that problem in terms of being able to put this into the North Spirit Discovery Group with the financial backing of OR.

If you look at the chart here, you see that we see a permit being issued sometime in 2021 with construction after that, so at that period when the permit is issued we'll be a value point and that will be where we issue the project financing, we find a partner, or we sell the asset, depending on how the value of the market looks at that point in time. But we do have a couple of years of work to get through here to unlock that value point.

Chris, page 11. I'll let Chris take you through the Cariboo gold project overview as we go forward here.

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**Chris Lodder, Chief Executive Officer, Barkerville Gold Mines**

Yeah, so most of you know it's located in British Columbia in south central British Columbia, so we're not

up in the middle of nowhere. This is an accessible area but far enough away from any population centres in terms of tourism areas or industrial area. Mining dominates the industry there. You can (inaudible). We have a former mine there and the area that we control through the mineral rights is the whole district. We have really no neighbours there, something we always like within the group, which allows us to do efficient long-term exploration. And the biggest thing that we have here really though is the overall resource potential and the ability to grow that and that ties directly with the ability to scale the project up as we go forward.

It's a low CapEx project. Initially you're starting at 185,000 ounces a year, not including the Bonanza Ledge project. (Inaudible) mining has been initially (inaudible) underground lode mining of veins and replacement, which is now ongoing with ourselves. We know what we have on the site is about 1,000 tonnes a day (inaudible) permitted (inaudible), but really the plan we're looking at there, we can either, yeah, (inaudible)...that we're not going to be using the crushing circuit and the development there, the crushing and the (inaudible)... All our stakeholders in the area have been very supportive, first nations in the regional district, (inaudible), and (inaudible). This has been a good investment for the people in the area and that is, ah, the jobs that are created there are replacing jobs being lost (inaudible).

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**Sean Roosen, Chairman & Chief Executive Officer,  
Osisko Gold Royalties**

Thanks, Chris.

Page 12 is a summary of the PEA study. I'll just hit the highlights on it. NPV of \$402 million at \$1,325 gold. At current spot prices of \$1,500 the NPV would go to \$700 million and we would have a 20% return there. Given that our all-in acquisition cost of this project and what we've already spent on it will be around \$380 million, it's a significant bump to us. At \$1,600 gold it goes to \$800 million and at \$1,700 gold the NPV goes up to \$930 million, so significantly gearing to a higher gold price while being a low-cost operator.

Other aspects of this to consider is that we're long holing on 30-metre levels and we've had 4.5 grams and we're using an ore sorter to upgrade that material. So, the simple takeaway is between the ore sorter and the flash concentration that we're doing on site we will be trucking 20-gram material to an existing mill that's fully permitted, with tailings pond and cyanide in place.

All-in sustaining costs are just under US\$800 an ounce at \$796 and even with the CapEx, the CapEx is so low on it we put the CapEx number on here to demonstrate that.

\$912 in all-in sustaining cost plus OpEx and CapEx, so it's a remarkably low-cost mine on a brownfield mine site with only C\$310 million in terms of required capital. It will generate about \$1.54 billion of cash flow, of revenue, and an IRR of 34.6% pre tax and 28% post tax. Sorry, yeah, 28.1% on the after-tax IRR.

This project makes sense on a lot of cases. From what we're trying to do when we compare it to metrics of other opportunities in the royalty and streaming business, we feel that this is significantly superior to most of the deals that we've seen out there in the meantime. It's an asset we know well and we've been executing the technical work on this project with our technical group and Chris and the BGM team for the last three years. So, it's not an unknown to us and we're very comfortable with the work that's been done here and we feel that there's significant upside even in the resource. Once we get underground there are several mineralized zones that were excluded from the resource modelling program that we can only really claim once we get back underground. This project has elevation, so we're only using ramps to get in and we're only dealing with the first 360 metres and the deposit has mineralization well below 1,000 metres, which we haven't drilled off yet in regards of the cost associated with that and the ability that we've had to execute success in the shallower drilling.

Page 15, just a summary of where we are. We have 104 royalties in the North American continent. The significant producing royalties are Éléonore operated by Newmont and Renard operated now by the Renard Mining Group. Our cornerstone asset is Canadian Malartic. It generates about 35,000 ounces of zero-cost gold to us a year and most recently Yamana and Agnico have announced significant upside there with about 4.4 million ounces of inferred being added to that project that continues to deliver at depth. The Mantos project we have in Chile and the Eagle project, which has just poured gold last week on September 17<sup>th</sup>. We're very happy and we want to thank the Victoria team and congratulate them on a job well done. They executed the construction of that mine in the arctic and came out a month ahead of schedule and are pouring gold at this point in time and that'll be the next add of production to the Osisko family of royalties.

We also have a couple of other assets in different places. On page 16 you can see more of the details. I won't go into them on an individual basis but we are expecting 85,000 to 95,000 gold equivalent ounces for 2019 and maintain an 89% margin, which is one of the highest margins in any business that I've ever heard of. We continue to have a strong view of our asset base and more exploration has been done on our land packages in Canada in the last 24 months than we could ask for. We are still a significant shareholder of the Eagle project owned by Osisko Mining where John Burzynski and his

team are executing another 200,000 metres of drilling, a significant high-grade zone there. And we continue to be supportive of our friends at Falco Resources with 6.1 million ounces of gold equivalent reserves and a feasibility study there that's also in the permitting process. And also we continue to support other exploration and development stories such as the Osisko Metals Project, which is offering mine project in the Northwest Territories and to some extent some of our projects such as Nighthawk Resources that we've been long-term equity and supporters of in the Northwest Territories.

Page 17 goes through the impact on the Osisko NPV by geography and that we see pro forma. You know, post transaction we see that the Canadian presence goes from 76% to 81%. We see our construction-level projects and headed to production, we go from 55% to 44%. And NPV by type, you know, we'll be at 42% with 27% being direct ownership and then we have a small amount of off-take agreements but 27% of it's in streams. So we continue to see good metrics on our royalty and streaming portfolio and this project meets all the tests for that.

The summary is on page 18 but I don't want to take up too much more time on this. I think that everybody's had a chance to hear what we had to say so I'd like to get some questions in now if I could, please.

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## **QUESTION AND ANSWER SESSION**

### **Operator**

Thank you. If you would like to ask a question, please pick up your receiver and press star followed by the number one on your telephone keypad. Si vous désirez poser une question s'il vous plaît appuyez sur la touche étoile suivi du numéro un. We will pause for just a moment to compile the Q&A roster.

Your first question comes from the line of Shane Nagle from National Bank Financial. Please go ahead.

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### **Shane Nagle, Analyst, National Bank Financial**

Thanks, operator. Sean, just wondering if you could go into a bit more detail on the North Spirit, just how you see this kind of—obviously, it's in its infancy, but how, conceptually, you see this playing out over the next, say, three, four years? I mean is the intention to always kind of keep a permitting de-risking story? You've obviously got a high-quality team of mine developers in house, just wondering how kind of far you're willing to kind of take not just the Barkerville project but how many other kind of

projects or entities you feel that unit will have the capacity for.

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### **Sean Roosen, Chairman & Chief Executive Officer, Osisko Gold Royalties**

Well, I think for today, I mean obviously the business eye on Barkerville, depending on how we make out with the transaction, will set the stage for the next evolution. But we did sort of look at the way the market is working here, where access to capital for these single-asset development stories is coming from. We have a significant amount of experience through the Victoria transaction and some of the other deals that we're involved in at present as to how the capital is moving and we felt that we needed a platform to move to diversify the participants on the asset level. And we see private equity and the people that are interested in private equity having a significant amount of access to capital and we wanted to have a way for Osisko Gold Royalties shareholders to share in that value-building process and we felt that we were uniquely suited to take our Accelerator Model and to move it towards that North Spirit model.

The first two years what we see as the main value driver is getting permits on these projects and writing the project financing, which is really what royalty and streaming companies traditionally do, is they participate in project finance for both mine construction and mine expansion. There are rare cases, like we saw in 2016, where we see significant debt conversion into streams and royalties, but normally this is our normal business as a royalty company. So we felt that we had several groups that were interested in coming to work with us but they wanted to always participate at the asset level as opposed to the corporate level, so we think we've set the stage for a vehicle that bridges that gap between total private equity and allows the Osisko Royalties shareholders to get some value from the work that's being done in the Accelerator Model as we unlock these things and we go through that trough.

So, if you look at our normal marketing debt, we always show the Lasso Curve and we say that 75% of our capital allocation is in the trough, which is that period from end of exploration through PEA study, feasibility study, permitting, mine construction. So we have the ability—as I said, there's two value points for North Spirit at the end of the day: One is when the permit has been accomplished and the second is after the mine has been commissioned. We'll see what the market looks like once we achieve the permitting and we'll make a decision there.

In terms of other possible projects for North Spirit, I don't want to deal in hypotheticals today, but we'll see what the

reaction is and what the third-party participant level of capital available to us is once we've got this and we'll make the call at that point.

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**Shane Nagle, Analyst, National Bank Financial**

Just on that note then, when you look at the value that you could unlock with this private equity vehicle, does that mean you'll—in your view, are you going to see kind of an end to the traditional Accelerator Model where you just kind of take an equity stake, obviously remaining supportive to Falco and the like that's in there already, but going forward would the, I guess, preference be to commit capital into this private vehicle to unlock value? Or will we still see some of that kind of traditional Accelerator Model equity positions being taken by Osisko Royalties?

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**Sean Roosen, Chairman & Chief Executive Officer, Osisko Gold Royalties**

Yeah, I think there'll be, you know, we always set out—five years ago, you know, we pioneered this model, the Accelerator. I think that we will be participants but we're going to set the stage to access capital at the lowest cost possible for these projects.

The reality is capital markets haven't had a lot of appreciation for single-asset exploration and development stories as of late. So, we'll see what the appetite for capital is at North Spirit for further deals, but we continue to incubate roughly one company per year within the group, so we'll continue to do that and we'll pick the access to capital that's most appropriate for the situation.

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**Shane Nagle, Analyst, National Bank Financial**

That's great. Thanks, Sean.

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**Operator**

Your next question comes from the line of Mike Jalonen from Bank of America Merrill Lynch. Please go ahead.

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**Mike Jalonen, Analyst, Bank of America Merrill Lynch**

Hi, Sean. I just had two questions, I guess. I'm just thinking back in history when Franco and Nevada had Ken Snyder and they picked up the project pretty well at the same stage as Barkerville now, nurtured it along, they

were thinking of finding a joint venture partner to build the mine. They decided to go it alone and eventually got out of it with some frustration. I guess my question is, in two to three years, if you can't find a partner or sell the asset, because there are a lot of assets for sale right now and nobody's buying them, do you operate that mine at that point? Or what do you do? And I've got a second question after that one.

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**Sean Roosen, Chairman & Chief Executive Officer, Osisko Gold Royalties**

Well, Mike, you know, as my grandmother said to me once, no matter what I've got, my friends always want it. And in this case I don't think that a premium asset in Canada will go without an acquisition. We choose our projects carefully. Expandable mine camps in Canada have always had a bid, especially if they're up and operating. So, we have the ability to operate it if we have to, if that's the right answer for our shareholders to get value, but we think that the partnership along the way will (inaudible) we get to that decision. So, we'll see where we get to.

And in terms of gold price, obviously that's the backdrop to all of this, but it's two to three years of work before we have to make that decision, Mike. We see long term on the gold price, we've assumed \$1,325 in all of our assumptions, but obviously at \$1,500 it's a very coveted asset and I'm pretty sure that once we get the permit and we have a full understanding of the project and maybe more success at the exploration bit and we take some more risk off the project, we'll have some friends.

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**Mike Jalonen, Analyst, Bank of America Merrill Lynch**

Okay. Thanks for that. And just second question. I know you own 32%, that's a stopping block for anybody that wants to break this up, but I also noted the average analyst price objective, they're all buys, is \$0.95. So, would that encourage another buyer to come up and pay more? It just seems a bit of a—you're basically doing a take-under versus the market and just wondered what your view there is.

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**Sean Roosen, Chairman & Chief Executive Officer, Osisko Gold Royalties**

Well, I guess the very worst scenario, Mike, is if somebody does come over the top and resets the share price for Barkerville and the value gets day-lighted. We're market participants. We can be buyers or sellers if we

see a value. So, if there is somebody that wants to do that, they'll have to drive value. We've taken a long-term view on the asset. We've been a participant essentially since the incubation of the asset in its current format. We have a view on value and we're there to execute. Everybody else is going to have to do whatever it is they do.

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**Mike Jalonen, Analyst, Bank of America Merrill Lynch**

Okay. Thank you and good luck.

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**Sean Roosen, Chairman & Chief Executive Officer, Osisko Gold Royalties**

All right, Mike. Well, we shall prevail.

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**Operator**

Your next question comes from the line of Andrew Kaip from BMO. Please go ahead.

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**Andrew Kaip, Analyst, BMO Capital Markets**

Hi, Sean. Look, I've got two questions as well. The first one is it sounds to me like your strategy from a long-term perspective is to bring unloved development projects into your fold, nurture them, advance them, get them through key stage dating on the risk profile, and then can you talk to us about what you think is going to take place with this new strategy? Is the intention to be there to assemble project financing? It sounds like it is. Does that desire then extend to own interest in the project as it's going into construction? Where do you think the monetization opportunity is for Osisko Royalties shareholders?

And then the second, just a little clarity on how you calculated the premium would be useful as well.

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**Sean Roosen, Chairman & Chief Executive Officer, Osisko Gold Royalties**

Sure. Maybe I'll start with the second one first. We calculated the premium based on a 20-day VWAP on the share prices of BGM and of OR. We can send you that calculation if you like, but it's a pretty standard Bloomberg VWAP calculation.

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**Andrew Kaip, Analyst, BMO Capital Markets**

I get that, but the justification for 44%. It could have been a 60%. I'm just looking for some insight on how you came to that number.

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**Sean Roosen, Chairman & Chief Executive Officer, Osisko Gold Royalties**

Well, I think, you know, we have to be respectful of the marketplace in terms of what's there and we feel the Barkerville shareholders have been along with us for a while now and if we look at fundamental NAV, you know, there's still risk to be taken off the table and there's still risk of dilution at the Barkerville level with further capital required. So, there's a weighted average there and we feel that in this market a 40% premium compared to Mark Bristow's 0% premiums is a significant bump in value here. The stock, Barkerville stock has traded in the \$0.35 to \$0.45 range for a significant amount of time and there's a pending cash call required on the project at this point in time, so we're stepping in there not only to pay the premium but also to pick up the capital requirements over the next two or three years while we get this project to the next value point.

So, I don't know if that answers your question or not, but we feel that right now, you know, 40% premium in OR stock, which is highly liquid and has the ability to re-rate, essentially giving BGM shareholders just under 10% of OR allows them to have drive from the project on a go-forward basis that they wouldn't have if we sold it to a larger company and it got diluted into the asset base. So, where we see it, fundamental NAV and a reasonable premium considering the option, the other option of a market-driven financing to carry on the business at the project.

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**Andrew Kaip, Analyst, BMO Capital Markets**

Okay. Thanks.

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**Operator**

Your next question comes from the line of Greg Barnes from TD Securities. Please go ahead.

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**Greg Barnes, Analyst, TD Securities**

Thank you. Sean, I just want to be clear on North Spirit. Is this going to be a permanent feature of Osisko Gold Royalties or is this a vehicle that you intend to spinout into a separate company at some point?



**Sean Roosen, Chairman & Chief Executive Officer,  
Osisko Gold Royalties**

It is set to be spinout and an independent business that Osisko Gold Royalties will maintain an equity position in. As I said at the beginning, we kind of envision being a 30% to 50% shareholder over the next couple of years as we evolve the Accelerator Model and we see what the level of market participation is on asset-driven financings as we go through this process. As we all know, it's very hard for single-asset companies to maintain financing without significant dilution throughout this period and we feel that that's where the value gap is and that's where we feel we can earn better returns on royalties and streams by participating in that area.

And I would refer you to the Arizona Mining transaction as a model, the Victoria model where the project was shovel-ready but nobody stepped up for the project financing and ourselves and our partners at Orion put up the bulk of the money with Caterpillar doing a traditional financing of their mining fleet for \$60 million but the bulk of the partnership was Osisko Gold Royalties and Orion. And in that case we did harvest our equity and redeploy it with our friends at Orion earlier this year. So, we have had a disciplined approach to managing the equity exposure within these transactions and we added that 10,000 ounces to our royalty portfolio of zero-cost gold last year, which I believe was probably the best royalty deal from an accretion standpoint. No buyback and just a pure-play royalty. I don't think that anybody owns this kind of 10,000-ounce-a-year deal in the last 12 months within their royalty space whereas we have.

So, we continue to push hard on optimizing our model and generating significant opportunity by working harder and managing a little more complex business plans than the traditional royalty and streaming companies but to a much bigger end.

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**Greg Barnes, Analyst, TD Securities**

Okay. Thank you.

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**Operator**

Your next question comes from the line of Brian MacArthur from Raymond James. Please go ahead.

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**Brian MacArthur, Analyst, Raymond James**

Hi. Good morning, Sean. I just want to be clear too. Is the intent going forward to keep the 4% NSR in Osisko Royalties? I realize it doesn't matter now but when you spin it out is the intent to keep it or is that going to be part, you might sell that down as part of the financing with private equity as you go forward?

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**Sean Roosen, Chairman & Chief Executive Officer,  
Osisko Gold Royalties**

I think that it might increase and we'll see what the project financing looks like once we get there. But we are a royalty and streaming company and selling royalties forward is not really our business. We're here to buy them. So, our intention, to be clear and concise, is increase our royalty and streaming portfolio by being a participant through Northern Spirit to acquire assets that are in the trough; be the leader and the price setter, not the price taker on the project financing; and to do that to the benefit of the Osisko Gold Royalties shareholders at superior returns from what we're seeing in the traditional royalty and streaming market today. So we are, just to be clear, we are a royalty and streaming company with prejudice.

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**Brian MacArthur, Analyst, Raymond James**

Right. I just wanted to make sure. And the second part then, I guess, so you do have the option for the other 1% NSR for 13 million. I assume you probably exercise that then. Does that have to be exercised—there's no trigger now to do that now, it still sits on the same terms as before?

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**Sean Roosen, Chairman & Chief Executive Officer,  
Osisko Gold Royalties**

Well, assuming the conclusion of this transaction, we'll be in a situation to write whatever royalty and streaming deals appropriate to get the project financing done. I mean that's the goal of this model is to work in the trough to generate that organic opportunity where we're the price setter, not the price taker.

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**Brian MacArthur, Analyst, Raymond James**

Great. Thanks very much. Very clear.

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**Sean Roosen, Chairman & Chief Executive Officer,  
Osisko Gold Royalties**

Thank you.

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**Operator**

There are no further questions at this time. I turn the call back over to the presenters for closing remarks.

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**Sean Roosen, Chairman & Chief Executive Officer,  
Osisko Gold Royalties**

All right. Thank you, everybody, for the call. We are available. We'll probably be in Toronto tomorrow and perhaps in New York on Wednesday and available for calls at any point in time. Any clarifications required, we're more than glad to answer them, but I do want one parting message for everybody to be clear about. We are here to make shareholders money through running an accelerator company and operating a premium royalty and streaming company. That is our business. Thank you very much.

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**Operator**

Thank you. This concludes today's conference call. You may now disconnect.

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