

CORPORATE PARTICIPANTS

Sean Roosen

Chairman & Chief Executive Officer

Sandeep Singh

President

CONFERENCE CALL PARTICIPANTS

Ralph Profiti

Eight Capital

John Tumazos

John Tumazos Very Independent Research

George Topping

Industrial Alliance

Brian MacArthur

Raymond James

PRESENTATION

Operator

Good afternoon, ladies and gentlemen, and welcome to the conference call held by Osisko Gold Royalties on the transaction announced today. After the presentation, we will conduct a 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 this call is being recorded today, October 5, 2020 at 5:00 p.m. eastern time. Today on the call we have Mr. Sean Roosen, Chair of the Board of Directors and Chief Executive Officer of Osisko Gold Royalties, and Mr. Sandeep Singh, President of Osisko Gold Royalties. 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 la transaction de Redevances aurifères Osisko Ltée. Après la présentation, nous procéderons à une séance de questions et réponses. Si vous désirez poser une question, veuillez décrocher le combiné du téléphone et appuyez sur la touche étoile suivi du numéro un. Veuillez prendre note que cet appel est enregistré, aujourd'hui le 5 octobre 2020 à 5:00 heure de l'est. Nous avons sur l'appel d'aujourd'hui M. Sean Roosen, Président du conseil d'administration et le Chef de la direction de Redevances Aurifères Osisko, et M. Sandeep Singh, Président de Redevances Aurifères

Osisko. J'aimerais maintenant céder la parole à votre hôte, M. Sean Roosen.

Sean Roosen, Chairman & Chief Executive Officer

Merci, opérateur. Aujourd'hui (inaudible) PowerPoint (inaudible)...creating a premier North American gold mining company. Welcome, everybody, and bienvenue, tout le monde, à l'appel conférence. We are using a PowerPoint presentation that you can find on our website titled *Creating a Premier North American Gold Mining Company*.

We will be making some forward-looking statements, so I'd like you to take a moment to look at the cautionary statements regarding our forward-looking statements. We will be making some forward-looking statements here.

I'm just going to give a bit of a preamble before I ask Sandeep Singh, the President, and will be appointed CEO of Osisko Gold Royalties as I take the role of Executive Chairman, to give us a description of the transaction as it stands.

As a lot of shareholders that may be on this call know, we had acquired Barkerville Gold Mines in September of last year when the gold price was about US\$1,320 per ounce. Subsequent to that we've seen the gold price rise to over US\$1,900 an ounce, or over C\$2,500 an ounce, and we felt it was time to take advantage of the moment and to reintroduce this project to Osisko Development Corporation, as well as a new project that people will know less of called San Antonio, which we believe is a spectacular heap leach opportunity in Sonora Mexico about an hour and a half out of (inaudible).

This company will also take quite a few of the technical staff that we have working on Barkerville and other projects with us into this vehicle and set the stage for what we believe is a premier new mining company in the mid-tier space with the Barkerville project being front and centre of that evolution, and I'll get more into that as we get into it.

The advantage for Osisko Gold Royalties will be the simplification of the royalty business back more towards the pure royalty model that shareholders have expressed an interest in pursuing, so hopefully we've, ah, we've accomplished a lot in terms of expectations for the marketplace and also setting the stage for something quite spectacular as the Barkerville project and San Antonio come together to create what I believe will be one of the best royalty opportunities of the this cycle with creating more than 20,000 GEOs once we're in production for Osisko Gold Royalties.

This company, Osisko Development, will be quite robust. I will be the acting CEO and Chairman. Luc Lessard, Chief Operating Officer, Chris Lodder as the President and driving the exploration, and we'll get more into the rest of the development team. And we're also joined, in his new role, Benoit Brunet will be joining us as the CFO of this new entity. We will be sharing office space with OR and continue to work hand in glove on the OR platform as we evolve what I believe is the most significant step that we've taken in the accelerator model that we engineered and pioneered since 2014.

I'll ask Sandeep now to jump in and take us through some of the details of the transaction. So, Sandeep, over to you.

Sandeep Singh, President

Yeah, thanks a lot, Sean, and thanks, everyone, for joining us on short notice for what we feel is a fairly or extremely important and value unlocking announcement for the company and, frankly, a big step forward in what we've been conveying to shareholders all year.

I'm on slide three, just really quickly, because Sean has covered a lot of the key points, but worth reemphasizing, you know, there's (inaudible) pieces to this transaction. This is a simplification of the Osisko Gold Royalties business model and the culmination of the North Spirit transaction, to be renamed Osisko Development Corp., which will be advancing the highly attractive sets of assets that Sean mentioned towards intermediate producer status; essentially, what we've been saying all year with the twist that we're doing it publicly instead of privately. And will walk through certainly some of the reasons for that. I think it's fair to say that we've heard the views on some of the complexity that people have been seeing in our name and hope that this is viewed as a huge step forward towards that separation of church and state that's been asked of us and, frankly, that we've been asking of ourselves since we acquired BGM in the fall.

If you flip forward to slide four of the transaction, there are more summary terms here in detail. I won't go through them, but they're there to be reviewed at your pleasure. And again, at a high level, we are conducting the spinout through an RTO transaction with a company called Barolo Ventures Corp. and spinning out those assets to form Osisko Development Corp. The portfolio will include, as Sean mentioned, the Cariboo camp as the flagship asset and the newly acquired San Antonio heap leach open pit in Mexico, and Sean will go through that in significant detail later on, but that adds, in our minds, quite a bit to the portfolio of assets here with near-term cash flow for relatively little CapEx. A portion of the equity

book within Osisko Royalties will also be transferred with a current value of \$116 million. That provides a buffer, if you will, a little bit, to the balance sheet of Osisko Development as well as significant optionality to some pretty interesting gold projects.

There are other early stage exploration assets that make more sense, frankly, in the Osisko Development portfolio than they do in Osisko Royalties, both in James Bay and Mexico. Again, those are promising regions that won't get immediate attention necessarily, but are available and maybe only one drill hole away from something interesting.

Sean, as he mentioned, will take on the CEO role, but we'll have a full complement of technical people move across and, frankly, the mine building team that we have within Osisko Royalties will be able to be leveraged to their fullest within Osisko Development.

Concurrent with the spinout, Osisko Development is conducting a \$100 million bought deal financing, which is live as we speak, to advance the set of assets and for general corporate purposes.

Sean touched on it, I'll just spell it out in a little bit more detail here, Osisko will be retaining a 5% NSR on Cariboo as well as a 15% stream on what will be a fully financed San Antonio project and other royalties on some of the earlier stage assets. Worth pointing out that San Antonio was acquired by us with the intent of passing it to an operating entity. As this path took priority over some of the other paths we were looking for for North Spirit, it became clear that our preferred partner was in the building. 20,000 ounces is what we expect the portfolio to generate when in production to Osisko Royalties' account with significant further upside in terms of expansion at both sets of assets.

Osisko Royalties will be the majority owner of Osisko Development in the first instance. We will own 88% of the company as \$100 million are raised. We'll look to reduce that ownership level as the company finances and advances itself, but it's worth pointing out that we are doing this because we want retained exposure to the asset base. There's a lot of value to unlock for every dollar that goes into the ground. But that being said, we realize the float of that company is not necessarily where it should be and we'll look to be opportunistic if and when we can be as some of the significant catalysts unfold.

Flipping forward to slide five, again, I think we've touched on a lot of these in terms of the rationale for both sets of companies, but I think it's important to go through it in a little bit more detail. From an Osisko Development, well, just generally, let me take a step back, I think it's worth pointing out that really we're trying to set up two distinct

companies with distinct mandates. Obviously, there's overlap in the first instances, but as both companies go down their paths I think they'll settle in quite nicely.

I don't think it's an overstatement to say that on the Osisko Development side the assets are currently in the company to lead to a North American intermediate of significance. Six million ounces of quality resources at Cariboo on a brownfield site a short flight out of Vancouver matters. It is a hugely scarce asset. That was our view when we took it in. That view has only grown in the past year and we're more convinced than ever that Cariboo is a mining camp and not just one large gold project.

In conjunction with this announcement we've also released some exploration results to catch up in terms of that news flow, you know, exploration results that we're quite bullish on, to start to fill in the gaps between the existing resources and also outline some hugely exciting new discoveries along strike. In the meantime, as Cariboo is being permitted, Osisko Development can bring on circa 100,000 ounces of combined production from Bonanza Ledge Phase II, which is a satellite of Cariboo, and the high-grade, low-CapEx production from San Antonio, initially in oxides and then in high-recovery sulphides.

Sean mentioned the team. It's essentially the team that built Canadian Malartic from first hole to Canada's largest gold mine in six years, and they will turn those talents onto the Barkerville camp and beyond. And I certainly appreciate the confidence that Sean and the board has shown in me to take up the CEO role at Osisko Royalties.

From an Osisko Royalties perspective, I think this transaction is fairly straightforward. It streamlines and simplifies the company to continue to focus on growing its royalty and stream base. We have a pretty exciting period in front of us on the OR side with a high-quality portfolio of assets that we think matter in the sector, many of which are going through some compelling positive catalysts, including expansions, extensions, new discoveries, and restarts. As well, our development weighting is starting to transition to the producer column on a lot of assets, which couldn't be happening at a better time in the gold cycle.

I mentioned the addition of 20,000 ounces to our portfolio. I think it's also worth pointing out that all the people or pretty much all the people required for both these companies are already in the building, so by putting the right people in the right places there will be a significant reduction in the G&A on the OR side as we move forward. And I also mentioned the disciplined approach we'll have to reducing ownership as and when warranted. I think the re-rate opportunity we feel is

significant here and I'll touch on that in the next couple of slides kind of at a high level, as I imagine that that's probably going to be fairly well understood.

So, if you flip ahead to slide six, worth pointing out, probably not lost on anyone on this call that the conservatism and negativity brought on post Barkerville transaction has been evident. I don't think it is asset related on either side of the equation. It was structural. And what we've been saying is we'll fix the structure. We weren't, frankly, finished structuring the transaction when we announced it. With this transaction we now are and, frankly, feel that some of that negativity has been overdone and hopefully we're going a long way today towards rectifying that.

And then just to finish that point, on slide seven you'll note the wide gap between ourselves and our peer group for what we think, on the OR side, is a pretty interesting set of assets with high growth in safe jurisdictions and a precious metal focus. So, we think we'll have to continue to drive this point home, but we think there's a huge re-rate or significant re-rate potential in front of us. It's our job to go get it. And I think this is, as I said, not to repeat myself, one big step in that direction.

So, with that, I will pass it back to Sean. I think it's important for everyone to hear more about Osisko Development, what's happened to Barkerville over the past year, hear for the first time about this asset in Mexico, which, you know, we're quite enthusiastic about.

So, Sean, I'll pass it back to you on slide eight.

Sean Roosen, Chairman & Chief Executive Officer

Thank you, Sandeep.

So, as we go on to page eight, the basic summary here on the production side is obviously Cariboo is the big story with the PEA study that we put out in September or, sorry, in August of 2019 sort of being the foundation to this and then building on that as we move up. Currently sitting at 2.9 million ounces at 4.7 grams in the measured and indicated category and another 2.5 million ounces in the inferred category, so we are getting up there, there is ongoing drilling out there, and we've had quite a bit of success.

In addition to the Cariboo side of this we have the Bonanza Ledge, which has 271,000 ounces measured and indicated and another 241,000 in inferred at that site. And then we have a million ounces sitting at San Antonio, bringing the overall resource here to north of seven million ounces within the company, but obviously, you know, we want to get to producer status at this company

as soon as possible, so the goal is to start production in January/February with the Bonanza Ledge/BC vein development that we've been working on.

We've got just under two kilometres of development in there and we're shooting about seven metres a day right now. We hope to have final stoping release from the permitting side to start processing ore at the QR mill that we own sometime in January or February. And we're hoping that that's (inaudible) 25,000 to 35,000 ounces a year in the interim.

The bigger production on Cariboo will come as we go through the permitting process at Cariboo. We've gone through the public hearing process, which was concluded in August. Quite well run and a tip of the hat to our team there with Mike McPhee(sp.), Chris Lodder, and Chris Pharness having driven that process as we went forward. We're in good stead with our friends from First Nations on this project and we hope to have some news for you on (inaudible) in the near term.

So, all those things are moving well and I think that we used the time wisely. We feel that the larger permit has now been expanded from the PE level of 4,000 tonnes a day to 4,750 tonnes a day. In addition to that, we've purchased a comminution circuit that was purchased by Hudbay in 2013 but never installed, so all the equipment is brand new, at quite an advantageous rate with our partners from JDS Mining based in Kelowna. That equipment was delivered to Quesnel or Prince George here in the new year. But we have achieved that, which simplifies, I think, the detailed engineering for this project as we move forward.

We're also going to present to you the San Antonio project, which very few people know anything about. This was previously an oxide copper producer. It went bankrupt in 2018 and we've acquired it from that bankruptcy process and we've re-thought it as a gold project, which we're quite excited about. The other two land packages that we have here are mostly exploration ground. We won't get into that too much today, but we look at those as partnering opportunities as we go forward in this. And also we will be keeping about \$116 million of equities in this company as we go forward, not the least of which will be the 19% plus that we own in Minera Alamos as well as the just under 19% ownership in Falco resources, both significant companies that we're proud to be associated with under the OR mandate and I think they'll do well under the ODV mandate as well.

So, on page nine you can see what I was talking about. So, we have 62,000 ounces coming out of Bonanza Ledge in the first two years as we go through that permitting process. We have a small mine permit there that allows us to mine about 215,000 tonnes a year to

generate those 62,000 ounces. And they'll be processed in our existing QR mill, which we last operated in 2018 when we produced 22,000 ounces from that.

The San Antonio project has about 40,000 ounces sitting on an existing pad that has about 1.3 million tonnes stacked on it. Previously it was permitted for copper extraction. We're in the process of converting that to gold extraction and hoping to have that back under irrigation sometime in the first half of next year and then on track to undertake the open pit mining and ore stacking in the full-on mine plan for that project as we go forward.

I just covered off Cariboo for the most part, but the expansion to 4,750 tonnes a day from the original 4,000 tonnes in the PEA study sets the stage for us to be at 200,000 ounces a year plus and it will also keep, hopefully, BC vein and San Antonio contributing to that. So, if all goes well, within a three-year period, three- to four-year period, we should be looking, hopefully, at a consolidated production somewhere between 250,000 and 350,000 ounces.

Page 10, I covered it a little bit in the preamble, but I am taking the role of CEO and Executive Chairman in both, ah, I'll be Executive Chairman of Osisko Gold Royalties as well as Executive Chairman and CEO for ODEV. Luc Lessard is acting as Chief Operating Officer. You'll remember Luc; he was the COO of Osisko One, currently acting CEO of Falco as well, supported by Francois Vezina, our VP Technical Services, and the entire technical group that covers most disciplines from water management, tailings, mining, milling, and ESG. Chris Lodder and Maggie Layman will continue to drive the exploration. Chris also carries the responsibility both on community relations and First Nations relations and all stakeholders as well as our political efforts in BC in terms of being part of the community and making sure that we contribute in a very positive way as we go forward. And as you can see, Benoit Brunet, who joined us from the Caisse de dépôt, will be taking on the role of CFO.

From a corporate governance standpoint, OR will still be a very significant shareholder of this, so our fiduciary responsibility through the board of OR. I'll be joining the board, obviously, as Chairman. Charlie Page will take on the role of lead director. John Burzynski, founder of Osisko One and currently CEO of Osisko Mining, OSK, and Joanne Ferstman will come across and put in place proper Osisko-style audit committee and everything that we need to have happen at ODEV, as it will be a reporting consolidated subsidiary of Osisko Royalties and we are NYSE listed, so we follow US GAAP rules. So that's an important piece of business as we get further on in the story. As we evolve and raise money and go forward, we expect to see this company take more and

more of its independence as we get closer to the production at Barkerville.

The next slide is a bit of a summary of our ESG credentials. For those of you who know us, we started the Canadian Malartic project in 2005. We had quite a challenging project here in that we had to move 250 houses and we had six institutional buildings that we either had to buy or replace. We ended up spending \$180 million to create a new suburb, move over 150 houses, create an industrial park for the town, and also build a new suburb that ended up housing more than 300 houses. We built a brand new school for 425 children, a daycare for 111, 60 long-term care facility rooms at the hospital, an amphitheater for 850 people. It's probably the nicest public amphitheater in the Abitibi at this point in time and well used by the cultural community in that area. As well as we committed to a fund (inaudible), which is a fund that's managed by the local community to support their community in the way that they see fit.

That project, I think, has been the poster child for a lot of what sustainable development is. We were the first to pay 100% of our closure bond in place and we also developed a new system called continuous closure where we didn't leave the mine reclamation to the end, that the reclamation is ongoing throughout the mining process. So we're pretty proud of our heritage on that and we look forward to bringing that to bear as we develop ODEV and we take on Cariboo, San Antonio, and hopefully continued success on the exploration as we develop this mining camp.

The next slide is really what I'm on about. On page 12, as you can see, this is a very large area in terms of what we're doing. The town of Wells is historic in that it was the largest town north of San Francisco, Barkerville and Wells, back in the 1860s and 1870s when the boom came to be and it was the reason that British Columbia was incorporated in Canada at the time and not left as an open territory for Hudson's Bay Mining. A significant amount of historic resource. Over 4.5 million ounces of historic production from this camp most recently. It shut down in about 1985. Not necessarily due to lack of ore, but due to some outside forces on the corporations that were operating there.

Prior management to us was able to consolidate this entire area and it's the first time that the entire land package has ever been consolidated, bringing this over 2,000 square kilometres of mineral rights or 2 million hectares, so one of the largest land packages in the world in terms of mineral rights. Currently sitting at total, including BC Vein, 3.2 million ounces at 4.6 grams for measured and indicated and inferred resource of 2.7. As you can see, over the 6 million ounces of total resource to date and it still is getting new discoveries all the time.

The underground mine that we've demonstrated here, you can see it on the map, it is just in the town of Wells. We mined there in 2018 and then produced 23,000 ounces from the other side of this thing, so we've driven a ramp into the BC Vein and we're going to start production there.

The QR mill was a mill that was built by Kinross back in the day. It's a very good mill. It's (inaudible) FLSmidth equipment and it's set up as a CIP. We're doing some work to allow it to do CIL as well. But this is a historic mill site, fully permitted for cyanide and for tailings, and we'll be looking to use this mill as part of the bigger project as we go forward as well.

The major advancements that we had in 2019 and 2020 while the company was, for lack of a better term, private, we had new discoveries at the Proserpine and Lowhee, Williams, KL that add ounces to the global resource. We also purchased the milling equipment that I mentioned earlier. It's a 7,500-tonne-a-day mill that we'll be adapting down to 4,750 to start with. Obviously, that leaves us lots of room for further success, assuming that exploration can come on, and we wouldn't have to do too much to upgrade this mill if the time comes and we are successful in the exploration.

We are also in the process of developing a ramp that hopefully will get us a bulk sample in 2021 from the underground and, as we said, continuing. We have a two-year mine plan right now for the Bonanza Ledge. More important, the big-picture feasibility is on track for next summer. We'll be targeting most of that measured and indicated that we showed you, convert the (inaudible) minable reserve and hopefully a little bit more. For the feasibility study, obviously, we're going to that 4,750 tonnes a day and we are integrating some other aspects of this project, most importantly two portal access, which is why we're able to go to the extra tonnage, as we're essentially going to be having two different ramp access mines on each side of the valley connected by a ramp underneath the valley as well.

The vision for the camp, again, is that we think that the exploration continues for many years to come and if we get it right we're hoping to see sort of five to ten ramp access mines up and down these two trends that you can see on the next slide, slide 14. Very early days in terms of the step out. Most of the work has been focused on that green box that you see on the existing trend and that's where the six million ounces of resource that we've identified is at present. And we have all these other deposits that are developing trend and we also have the new parallel trend, which we've discovered here in the last few years and, you know, really hats off to the technical team that did all the work.

Our structural geologist guru, Terry Harbort, currently the CEO of Talisker, Chris Lodder and Ruben Padilla led the charge, along with Maggie Layman, to really kind of crack the genetic code of this project, which had never been done before, and that's what's led us to our success. And their exploration targeting went from one in ten successful (inaudible) when we got there to eight to nine out of ten, so it's been a highly successful exercise. And again, a tip of the hat to Terry and Ruben and Chris and Maggie for having figured all this stuff out, because it really did change the way the game is working and now we're solidly of the belief system that we have an entire mining camp to develop here, which sets the stage for years and years of success.

Hopefully, this is a bit like owning Timmins, Red Lake or Kirkland Lake, or maybe Sudbury back in the day if you were back in the 1920s and 1930s. So we don't see these kind of big camps end up in a single asset company or a smaller company very often. The last time we did it was at Canadian Malartic. And then John did it again at OSK with Windfall Lake. And then we have the sister company Falco and Barkerville. So our group has been extremely fortunate in terms of developing these brownfield camps in Canada and we're just thrilled to be able to bring this project back to the market in the current market conditions.

As you can see on the bottom of this slide, we've only explored down to a depth of about 350 metres. A significant amount of potential underground. We have 40 holes underneath Cow, Valley, and Shaft zones that demonstrate that the mineralization does not stop there, but we didn't want to spend the money to drill it from surface. So we have significant upside at depth as well as along strike on this.

Some of the work that's gone on is, you know, we've executed 500 kilometres, or 500,000 metres, of core drilling since we got involved in the project; over 20,000 soil, sediment, and rock samples; and a significant amount of airborne surveying and 1,000 to 2,000 mapping has really sort of set the stage for what we believe is going to be a pretty exciting leg of the exploration story as it develops.

Some of the new discoveries, if we move on to page 16, that you can see in the yellow zone, the more rose coloured zones represent the existing resource that's in the permitting acquisition, sorry, the permitting process that we've outlined for the 4,750-tonne-a-day underground mine development, but we've had success at Lowhee, the KL Zone, Williams, and most recently Proserpine. Proserpine has come in quite nicely. You can see some of the grades that have been coming out here. It's 26 grams over 3 metres, 15 grams over 7.5 metres, 95 gram assays.

One of the things to take away from this is that when we reported the resources here, we've recorded them as vein corridors, which really equate to long hole stoping grades, because we've designated everything at least 2.2 metres wide. But if you were to look at just the quartz veins that contain the pyrite and the gold, the average grade is closer to 10.28, and the Shaft zone, for example, is just under 12 grams once you separate it out, which is a reason why we're going to be introducing the ore sorting technology in this project. For about 50% of the lower grade component we will be using an ore sorter that separates on XRF based on the fact that most of the ore is contained in the quartz veins and associated with the sulphides. It works extremely well, because the XRF picks up sulphides, and that will be, ah, we'll get into more detail on that as we get further into the space.

So, I've covered a lot of detail here. I won't get into too much more, because we do want to talk about San Antonio quite a bit. This project is somewhat new to the marketplace. It's located about an hour outside of Hermosillo in Sonora State, and what we have here is about 11,400 hectare land package. Mineralization is identified at about 5.7 kilometre (inaudible), but it was mostly drilled with the intent of looking for oxide for copper mining. So we're retooling it as a gold project and we've identified a million ounces of inferred here at 1.18 grams, of which we think that somewhere between 200,000 and 300,000 ounces is in oxide where we've seen recoveries north of 80%, so this is a pretty important piece. And we're also seeing significantly better than usual recoveries in the sulphide component in transition material here of 55% to 65% on 28-day (inaudible). So this is pretty exciting stuff.

The CapEx here is relatively low at about US\$25 million, US\$35 million to get up and starting to, ah, to get us hopefully a 50,000 to 70,000 ounce a year producer with eyes on, with some infill drilling and some optimization (inaudible), pushing this deposit as close to 100,000 ounces a year as we can get it. And there's a significant amount of exploration upside that our team is quite happy to get underway. And going on, ah, there's quite a bit of infrastructure in place here as well. As we flip to the next slide, on page 18 you can see this was a well built and well laid out copper mine. Unfortunately, the previous owner, the principle that was driving this, passed away and the company ended up in bankruptcy. But it is a very well organized site and it's a brownfield site that we feel we can go fairly quickly in terms of re-commissioning.

So I want to get on to the deal summary, because we've been on the call for a little while. Page 19, really a summary on the bottom right-hand corner. The pre-money value of the deal is C\$750 million, so about US\$580 million, new equity of \$100 million, post-money value here of \$850 million, and we think that that's very

much, in the current metrics, at the low end of a competitive project to this, and retained ownership at Osisko would stand at 88%.

From Osisko Gold Royalties standpoint, we are very much in a position to keep this equity component on the books and we make \$150 million a year in royalty revenue in a normal year with about a 91% gross margin and currently Osisko's firepower on their balance sheet is about \$510 million, so we're quite happy to stand in as shareholders as we go through this value process from the OR side.

I won't get too much into the PEA metrics, but you can have a look at those and if anybody has any (inaudible), but I think the point to take away is we're still looking at producing around US\$798 all-in sustaining cost with a significant life of mine and that'll be enhanced as we get through to the feasibility for next summer.

If you look at the PEA study, percentage of the resource model is not very high at this point in time and you get to about \$1 billion of value at \$1,600 gold on the NPV basis, which I think puts us in pretty good stead for the valuations that we proposed here, not to forget that we have \$116 million of equities on the book. So if you were to take the equities off, the cash and the project, we'll be trading around 750.

Some of the more important metrics to look at on page 22. You know, the combination of Cariboo plus the, ah, the resource at Cariboo and San Antonio put you just slightly below Sabina. In terms of the metrics and Osisko Development CapEx and our PEA study is \$306 million. Because we are increasing size, there'll be an incremental increase in the CapEx as well and we'll get that out to you as soon as we have the feasibility sort of more advanced.

The life of mine, you know, we're looking at Cariboo at 185,000 ounces in the PEA study and we'll be looking to do better than that. In addition to that 185,000 ounces that we had in the PEA, we'd have 60,000 from San Antonio, another 31,000 from Bonanza Ledge, which sets the stage for a pretty solid entry to the mid-tier gold production.

We've shown you the enterprise value net of the cash and the equity book here at \$650 puts us in pretty good company. You can see there are quite a few companies that are valued significantly higher than us. In terms of enterprise value per ounce, we come out at about \$70 an ounce at this point in time. So I think we have some room to move and that's going to be where we end up being, you know, the most positioned to sort of work on that as we take more risk off and we get closer to the final permits and we get some production going. We should be

able to re-rate fairly quickly with all those catalysts underway.

The next page, on page 24, really takes you through an enterprise value. We think this thing has the legs to get to \$1 billion once we see production come out, so that's the goal right now, is to crack that 1B mark as we get closer to production. A significant amount of meaningful cash flow and catalysts over the next 12 to 18 months as San Antonio and BC Vein get going, and Chris Lodder and Maggie continue to execute on the drill program and frame up some of these discoveries that we're following up now and hopefully get some ounces converted on that front as well.

In terms of the team, I think you know us from the past. The Osisko platform has brought quite a few successes to the table. Obviously, OSK with John and the Windfall team took Windfall from Osisko Mining Two from an \$8 million market cap in 2016 to currently sitting at \$1.4 billion. Was one of the best exploration outcomes of this cycle at Windfall Lake and tip the hat to those guys, who've done a really great job of moving that project forward. And then in terms of Falco and Talisker and the Victoria team for having moved the Eagle project in the Yukon forward where we own a 5% royalty. We think that we've been involved in a lot of big successes on the Canadian mining scene and we're looking to continue that success with this team.

And very proud of everybody that's worked on the Osisko platform and all the efforts that have been made by everybody to get us where we are today. And certainly not least is our friend Bob Wares of Osisko Metals and some of the success that he's had with the Pine Point zinc project up north. But we are a group that has invested a lot in exploration and development and we've been able to access capital through flow through for drilling in a way that none of the other groups have been able to do and all that drilling has added up to royalties for the Osisko Gold Royalties shareholder and set the table for what we believe is the next leg of the accelerator model.

So I'm going to stop there and if there are any questions for us, it'd be a great time to chime in. We feel we've got a pretty good ride so far in terms of setting up this deal in terms of being able to deliver to you a product that we believe fits the time and the space in the current equity markets.

(French)

QUESTION AND ANSWER SESSION

Operator

If you would like to ask a question, please press star followed by the number one on your telephone keypad. To withdraw your question, please press the pound key. We'll pause for just a moment to compile the Q&A roster.

Pour poser une question, appuyez sur étoile suivit du numéro un sur votre clavier téléphonique.

Your first question comes from Ralph Profiti from Eight Capital. Your line is open. Please go ahead.

Ralph Profiti, Eight Capital

Good afternoon, everyone, and thank you for taking my two questions. First of all, congratulations on the transaction. And, Sean, if I could start firstly, the decision to optimally go with 4,750 tonnes per day, is that really driven by the new mineral resources exploration? And how much trade-off studies are going to be done at increasing that through potential and how much scalability are we talking about here sort of in the medium term? And was that really behind the timing of that deal that you really felt like you had the project parameters right sized that now was the right time to do this transaction? That's my first question.

Sean Roosen, Chairman & Chief Executive Officer

Sure, I'll try and bring it home for you. The 4,750 tonnes a day is a step up from where we were at 4,000 tonnes a day. This is an underground mine, so it's not like an open pit where you can just fire up at 50,000 or, you know, in the case of Malartic, 250,000 tonnes a day of mining and feed a mill 55,000 tonnes a day. We need that underground development to accelerate. So, this is the largest underground mine that we can permit under the current conditions. We did purchase our milling equipment in a scalable way, but it will take us a couple years after we start construction to get to that 4,750 as we have to build that underground development into it. We'll see where we get to from there, but we're looking to come out with a feasibility with hopefully a little over three million ounces in mineable reserves, which does support that 4,750 and then also allows us some upside to look at things after we get up and running to see what we might do to continue on with that.

In terms of the timing question, I think that we took a lot of risk off the table over the last sort of 12, 13 months. We went through the public hearing permitting cycle and we got into the final cycle, which we felt was a pretty

good value driver. The support from the Lhtako Dene Nation has been great and we felt that we had their support on going forward with this, so that coupled with the fact that we had committed last year, through the North Spirit plan, that we would be using another vehicle than OR to develop this project. We were also able to conclude the acquisition of San Antonio in September, which set the stage for us, I think, to really drive the catalyst moment. We've got two great assets that have near-term production capability in a gold market that looks like it needs to see another good project and a good company come to bear, so we felt that this was the right time to bring this to market based on the parameters of what we're seeing in valuations in competing projects and where we've gotten to with this one.

Ralph Profiti, Eight Capital

Got it. Thanks for that clarity. Maybe I have a question for you, Sandeep, if I may. Just on your strategic initiatives post this transaction and when you think about valuation and you think about the development weighting coming down, you know, where is your attention being put towards now as you think about sort of the next few years at Osisko Gold Royalties?

Sandeep Singh, President

Thanks, Ralph. And obviously we'll continue on the path that we've been on. I think we had a lot going on, a lot going right in the company I should say, and this was a bit of an overhang for the wrong reasons. I mean obviously the asset value we believed, from the beginning, needed, as I said earlier, kind of finish the structuring, and so this was a key deliverable for this year and we think we've got the balance right and hopefully the market agrees with that. I think our larger shareholders seem to, as there's a lot of support for that financing that we're coming out with today, and overall the (inaudible) company.

Look, we have a significant amount of catalysts internally. We've said all along that we want to get value for our current asset base. This is one step towards that. You mentioned the natural progression of a larger development weighting transitioning into the producer column. I think that's significant and important and it's happening kind of with or without us. With a lot of those developing assets maturing, things that were early maybe a couple of years ago but now are maturing at, arguably, the best time in the gold cycle in a long time or maybe ever. So that's positive. The developments at Malartic underground we don't think are fully appreciated in our stock or our partner's stock for that matter and, as they

continue to advance and put more meat on the bone, we think that's helpful.

So, look, we have a lot to unlock and unpack from an internal perspective and things that we think we need to get paid for and then externally we'll continue on the path. I mean we will continue to look for value. I'll be honest, there hasn't been a lot of value in our mind to find recently and so we'll pick our spots and we'll try to be a little bit different. We don't want to be exactly the same as everybody else, Ralph. We think the hybrid model, in its purest sense, is the absolute right model. Obviously, we deviated from it by buying the asset 100%, and it was a means to an end, but heard that message loud and clear and underlined it. But the situation in the accelerator group where we're trying to put 10s and 20s to work and turn them into 100s and 200s has been wildly successful and this is just another example where even today, you know, based on the transaction value today, we're getting paid to take 20,000 ounces of GEOs, which, when in production, the going rate for that out there right now is US\$500 million, US\$600 million.

So I think that works. We need to kind of keep it a little bit simpler for everybody and for ourselves, but that's a little bit of what we'll have on the go as we move forward.

Ralph Profiti, Eight Capital

Got it. Thanks very much and congratulations again.

Sandeep Singh, President

No problem. Thank you, Ralph.

Operator

Your next question comes from John Tumazos from Independent Research. Please go ahead.

John Tumazos, John Tumazos Very Independent Research

Thank you. Good evening. I'm looking at the new resources of Cariboo and Bonanza Ledge combined and it looks like the indicated dipped from 5.6 to 4.6 and the inferred from 5.0 to 3.9. Should we interpret that as a combination of mining dilution or the 2.2 metre width, the new zones added, and a drop in the cut-off grade with the higher gold prices?

Sean Roosen, Chairman & Chief Executive Officer

Yeah, the bulk of the driver here, John, is that we did have some lower grade material that we drilled off and with a lower cut off. We incorporated that, so we saw the measured and indicated go from 2 million ounces at the PEA level up to about 2.9 million. So that million ounces that we've been able to include with the higher gold price we felt was worth it.

We also made some strides on the ore sorter technology that we think changes the economics on the low-grade cut off. And the advances there is that there is an XRF both (inaudible) and an optical sorter now over and above the XRF that allows you to make some economic decisions about the amount of sulphide that's held in the rock. It's not whether it has sulphide or no sulphide. So, based on the Steinert work and some of the other stuff that's underway, we were comfortable to lower that lower-grade cut off component down and pull these ounces in.

It cost us about \$1.50 to \$2.00 a tonne to use the ore sorter and what we did with the evolution of how we're thinking about the mine plan is we only went after those low-grade halos around the existing higher-grade components that would run between 5 and 6 grams that we had in the original PEA study. But because we've already paid for the development to go in there, we felt that because there was no more development cost, we should take those lower-grade components and upgrade them through the ore sorter.

So, the way it ends up working now, John, is we've committed to that comminution circuit that we own. On the back of that, we'll be putting a flotation circuit in Wells at the site. And about 50% of all the material from the higher-grade components that'll be running that 5 to 6 grams just directly from mine stoping and all the fines that are generated during the crushing process will represent about 50% of the (inaudible) mine, and that goes directly to floatation, produces a 28 to 32 gram concentrate.

The other 50% that we're mining from the underground will go to the ore sorter and, you know, 3-gram material is going up to 6-gram material in the ore sorter for \$1.50 a tonne to \$2 a tonne and 4-gram material is going from 4 grams to 8 grams with the ore sorter. So it's a pretty economic outcome and we don't need a lot of technology. These are relatively inexpensive units. We'll need three of them. They're about US\$1.7 million each, so not a huge amount of capital.

And what will happen at that point in time is, from our underground mining, about one quarter of all the underground mining will be rejected by the ore sorter and we'll process three quarters of the production at the flotation circuit and we'll produce about 800 tonnes of concentrate

at the Wells site and we'll take that to the QR mill that we already own and we'll reduce that concentrate, we'll take that 28 to 32 gram concentrate and we'll produce doré at the QR mill and we'll use the, ah, there'll be about 800 tonnes of tailings that will go to a dry stack there. And that also reduces our need for a tailings pond in phase one at the Wells site and allows us to use the floatation circuit tailings as paste backfill and then the ore sorter rejects will be codisposed in a waste dump for development ore and the ore sorter rejects.

So, a bit of a long-winded explanation, John, but it's the effect of the economic changes that we feel that we have enough test work to include in this decision.

John Tumazos, John Tumazos Very Independent Research

If I can ask one more, if eight-ninths of the company goes with OR worth \$750 million or \$800 million or, say, US\$550 million or US\$600 million, is it fair to apportion that as US\$400 million to Barkerville, Cariboo plus Bonanza Ledge, almost US\$100 million to the securities and almost US\$100 million to San Antonio, Guerrero, James Bay, Quebec, (inaudible), other bits and pieces?

Sean Roosen, Chairman & Chief Executive Officer

Yeah, we think—that's not a bad split, John.

John Tumazos, John Tumazos Very Independent Research

So should we conclude from this that you couldn't get a company to pay you \$600 million cash for Cariboo, Alamos Gold, Kirkland, Agnico, whomever, an Australian, a Chinese, whoever, or should we conclude that you want to keep it and think it's going to be worth more?

Sean Roosen, Chairman & Chief Executive Officer

It's definitely the latter, John. As you know, we've taken a view point that this was a mining camp, not just a mining project. And as we saw at Malartic, I mean we sold Malartic for C\$4.3 billion in total consideration, or \$3.9 at the time of the transaction back in 2014. Subsequent to that, you know, there was 8.3 million ounces of reserve. Subsequent to that there's been more. And now there's the underground, 10 million ounces. So there is a lot of value to be had in Barkerville and we've only really explored a postage stamp of the 200 square kilometres and we've already got to 6 million ounces and we haven't

even gone below 350 metres. So it's very early days to go for value.

We most assuredly could sell this project at the drop of a hat. There's really not too much else like it in the space right now where you have this much upside and this many discoveries and a consolidated land package that includes 4.5 million ounces of historic production and 150 kilometres of underground development that we have access, documented, ah, access to the data from all that work. So this is a highly valuable asset, John, and we will pursue it with prejudice to bring it to value for the OR shareholders as well as ODEV shareholders.

Sandeep Singh, President

Yeah, and I'll just reemphasize that, John, one more time. Certainly the latter, not the former. I mean what we've said all year is we weren't interested in selling out 100% of the asset or even a majority stake in the asset to the operating groups. That wasn't our focus.

We looked for minority financial partners to fund the settlement money that takes us to the next set of catalysts and the message was always we're going to own less and less of something that's more valuable, as we think every dollar put into this asset returns a multiple of it. And then as we pushed along and the markets changed, our view was this was the better mousetrap to accomplish that and to assure people that OR would not be building this within OR. That fear and pessimism kind of kept coming up no matter what we were saying consistently between Sean and I, so we think that this transaction today puts that to rest as well. So, certainly is the latter, not the former.

And I might also add, I mean the resource statement today is really just a point in time, you know. As we were coming out with transaction we needed to have 43-101 disclosure. Some of you would have heard Sean talk about, on our last quarterly financials, that there are meaningful asset milestones that are coming up at the end of this year and beginning of next and some of the ones for the end of this year pushed into early next because of COVID. So those will be situations where we manage through infill drilling or finish infill drilling to get the reserves up to where Sean mentioned earlier as well as start to add new discoveries onto the resource categories in more meaningful ways. Right now we've done—we're excited by them. They're as good as the early drilling into any of the portions of the deposit, but they haven't been drilled sufficiently to add to the books yet.

John Tumazos, John Tumazos Very Independent Research

Thank you very much.

Sandeep Singh, President

Thank you, John.

Sean Roosen, Chairman & Chief Executive Officer

Thanks, John. Give us a call if there's anything else that comes to mind.

John Tumazos, John Tumazos Very Independent Research

Sure.

Operator

Your next question comes from George Topping from Industrial Alliance. Please go ahead.

George Topping, Industrial Alliance

Sean or Sandeep, is there a minimum level of ownership that you see for Osisko Royalties in the development?

Sandeep Singh, President

Look, I think it's going to be—

Sean Roosen, Chairman & Chief Executive Officer

Go ahead, Sandeep.

Sandeep Singh, President

Yeah, I'll start, Sean.

Look, I think it's going to be fluid. There's no minimum per se. We're not just handing out shares for no reason. As I said, we see significant value in these shares and the work that's going to be done and a pretty deep set of catalysts over the next 6 to 12 and beyond months. So I think we'll let the market finance the project and move it forward. We'll get diluted that way.

Obviously, as I think I said earlier, or I hope I said earlier, the float is going to have to be matured. We don't plan on owning 88% of this, so we'll naturally come down as Sean pushes these assets forward aggressively. And then opportunistically, if we can look to promote a healthier float for the company, we will, but it will be off the back of catalysts and higher value for OR shareholders. We've taken the ride this far, taken the slings and arrows; we certainly want to benefit from the win. So, we'll find the right balance, but obviously it'll come down. How quickly it'll come down will be a virtue of how quickly it advances, but no preconceived notions today, George.

George Topping, Industrial Alliance

Right. So you could go to zero eventually if that's a possibility?

Sandeep Singh, President

Yeah, look, absolutely. What Sean and I always said, and Sean first and I echoed it since I joined, is there's a price for everything, including this. But our view is to get to the right price for the land package that Sean's going to be driving here, we need to continue and now he needs to continue to unlock that value to really show what the camp looks like. But yeah, ultimately, everything is always for sale.

George Topping, Industrial Alliance

All right. And then for you, Sean, in the Osisko Development, the equity portfolio, is your intention to be adding to that as you go forward and this be the main vehicle that holds the equity stakes?

Sean Roosen, Chairman & Chief Executive Officer

Certainly in the short term, George, our focus is going to be on achieving mining production status, so capital on hand will go primarily to making sure that we get our permit on the bigger projects, that we get BC Vein into production and we get San Antonio up and firing as well. In the meantime, we're waiting to see what happens with some of the development assets that are in the portfolio and, you know, there's a lot of good things happening at both Minera Alamos and Falco and some of the other projects. So we're not in a rush there, but I don't think we'll be adding anything significant in the near term unless it's strategic to what we already are working on.

George Topping, Industrial Alliance

Got it. Good. Okay, that'll do it for me. Thank you.

Sean Roosen, Chairman & Chief Executive Officer

Thanks very much, George.

Operator

Your last question comes from Brian MacArthur from Raymond James. Please go ahead.

Brian MacArthur, Raymond James

Good evening. Mine is sort of a bit of a follow up on that. Looking at the portfolio, there is \$27 million of other transferred. I guess I'm just curious how you decided what was going to be transferred in the portfolio from OR to Osisko Development. Did we just clean everything up so you only have mining development and, I assume, metal still left in OR and you put sort of all the gold ones in? Or how did you decide what the right amount or size was to transfer between the companies given this is partly a simplification exercise?

Sandeep Singh, President

Yeah—

Sean Roosen, Chairman & Chief Executive Officer

Yeah, I think you got it right. It was a simplification exercise. Sandeep, you go ahead.

Sandeep Singh, President

Sorry, Sean. Look, I think that's right, Brian. I mean it was a balance. You know, some of those other positions are, in and of themselves, quite small. They were used to establish earlier-stage royalties that we already have now within OR, so felt they made more sense within Osisko Development.

What we kept—sorry, I'm hearing some feedback. What we kept was, as you said, the core kind of OR brand, or Osisko-branded companies like Osisko Mining, Osisko Metals, some of the earlier names like—

Sean Roosen, Chairman & Chief Executive Officer

And Osisko Development.

Sandeep Singh, President

Yeah. Yeah, that one we'll keep. Some of the earlier names, sorry, that are just kind of setting out in life. And so I think it was a matter of finding that balance. There are names we certainly care about within this portfolio as well, but that was the general idea. Specifically with things like Osisko Mining, you know, that's a big position for us kind of technically, quote-unquote, on our balance sheet. And the Osisko Royalties shareholders have helped to nurture that along to the success that it is today, so we did those tough years and we felt we deserved, or the OR shareholders deserved the win either in terms of getting to production status or being one of the better names out there in the market. So, yeah, hopefully that answers your question a little bit, Brian, but a bit of a balancing act if you will.

Brian MacArthur, Raymond James

Sure. That makes sense. Thanks very much.

Sandeep Singh, President

No problem.

Operator

We have no further questions.

Sean Roosen, Chairman & Chief Executive Officer

Thank you very much, everybody, for giving us your time tonight. Please feel free to reach out to us. Thanks, everybody. Bye now.

Sandeep Singh, President

Thank you. Bye.

Operator

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