OSISKO METALS INCORPORATED

(PREVIOUSLY BOWMORE EXPLORATION LTD.)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)

FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED
JUNE 30, 2018 AND 2017

NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of Osisko Metals Incorporated have been prepared by and are the responsibility of the Company’s management.

The Company’s independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity’s auditor.

Osisko Metals Incorporated

Consolidated Interim Statements of Financial Position

(Expressed in Canadian Dollars)

	June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
	$	$
ASSETS		
CURRENT		
Cash and cash equivalents (Note 4)	12,185,911	29,053,274
Accounts receivable	962,596	531,861
Investments (Note 5)	12,724,307	8,013,445
Prepaid expenses	470,540	16,207
	26,343,354	37,614,787
NON-CURRENT		
Property and equipment	149,819	110,264
Investments (Note 5)	85,973	86,208
Exploration and evaluation assets (Note 6)	46,977,906	5,544,448
	47,213,698	5,740,920
Total assets	**73,557,052**	**43,355,707**
LIABILITIES		
CURRENT		
Trade and other payables	2,510,002	2,099,099
Current portion of purchase price payable (Note 6)	-	2,096,875
Deferred premium on flow-through shares (Note 7)	979,351	2,106,353
	3,489,353	6,302,327
NON-CURRENT		
Long-term portion of purchase price payable (Note 6)	500,000	500,000
Total liabilities	**3,989,353**	**6,802,327**
EQUITY		
Share capital	75,244,038	43,543,921
Warrants (Note 9)	7,450,879	5,731,861
Contributed surplus	7,662,226	6,197,134
Accumulated other comprehensive loss	(56,734)	(56,499)
Deficit	(20,732,710)	(18,863,037)
Total equity	**69,567,699**	**36,553,380**
Total liabilities and equity	**73,557,052**	**43,355,707**

Commitments and contingencies (Note 15)

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

Osisko Metals Incorporated

Consolidated Statement of Loss and Comprehensive Loss

For the three-month and six-month periods ended June 30, 2018 and 2017

(Unaudited, Expressed in Canadian Dollars)

	Three-months ended June 30,		Six-months ended June 30,	
	2018	2017	2018	2017
	$	$	$	$
Expenses				
Consulting and professional fees	306,686	140,038	508,153	173,847
Employee benefits expenses	467,865	-	633,560	-
Share-based compensation (Note 10)	1,117,040	68,172	1,264,394	68,172
Advertising and convention costs	132,514	-	229,537	-
Travel expenses	160,869	-	254,314	-
Office expenses	111,749	-	161,496	-
(Gain) loss on foreign exchange	(19,266)	2,125	20,536	20,215
Registration and shareholders' information costs	36,706	13,203	60,264	24,283
Exploration expenses	37,527	1,452	47,850	1,452
Depreciation	14,711	807	23,456	885
Other operating expenses	1,819	47,279	6,755	68,318
Management fees	-	117,750	-	120,000
Financial revenues	(27,404)	-	(213,640)	-
Loss before income taxes	**(2,340,816)**	**(390,827)**	**(2,996,675)**	**(477,173)**
Other income – premium on flow through shares (Note 7)	838,561	29,424	1,127,002	36,454
Net loss for the period	**(1,502,255)**	**(361,403)**	**(1,869,673)**	**(440,719)**
Other comprehensive income that will be reclassified subsequently to profit or loss				
Unrealized (loss) gain on available-for sale investments	(17,519)	8,265	(235)	37,875
Total comprehensive loss for the period	**(1,519,774)**	**(353,138)**	**(1,869,908)**	**(402,844)**
Net loss per common share (Note 11)				
Basic and diluted	**(0.013)**	**(0.013)**	**(0.018)**	**(0.015)**
Weighted average number of common shares outstanding (Note 11)				
Basic and diluted	**115,374,136**	**28,685,756**	**101,980,957**	**29,108,850**

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

Osisko Metals Incorporated

Consolidated Statements of Changes in Equity

For the three-month and six-month periods ended June 30, 2018 and 2017

(Unaudited, Expressed in Canadian Dollars)

	Number of common shares	Share capital	Warrants	Contributed surplus	Acc. other comprehensive income	Deficit	Total
		$	$	$		$	$
Balance – January 1, 2018	**70,384,217**	**43,543,921**	**5,731,861**	**6,197,134**	**(56,499)**	**(18,863,037)**	**36,553,380**
Acquisition of mining properties (Notes 6 & 8)	44,919,313	31,618,925	1,736,619	-	-	-	33,355,544
Warrants exercised	105,965	81,192	(17,601)	-	-	-	63,591
Share-based compensation (Note 10)	-	-	-	1,465,092	-	-	1,465,092
Net loss for the period	-	-	-	-	-	(1,869,673)	(1,869,673)
Other comprehensive loss	-	-	-	-	(235)	-	(235)
Balance – June 30, 2018	**115,409,495**	**75,244,038**	**7,450,879**	**7,662,226**	**(56,734)**	**(20,732,710)**	**69,567,699**
Balance – January 1, 2017	**28,605,321**	**14,900,028**	**284,926**	**3,436,016**	**(941,085)**	**(15,987,106)**	**1,692,779**
Acquisition of mining properties (Note 6)	975,000	297,750	-	-	-	-	297,750
Warrants exercised	763,729	517,958	(59,720)	-	-	-	458,238
Share-based compensation (Note 10)	-	-	-	68,172	-	-	68,172
Cost of share issuance	-	(2,461)	-	-	-	-	(2,461)
Net loss for the period	-	-	-	-	-	(440,719)	(440,719)
Other comprehensive gain	-	-	-	-	37,785	-	37,785
Balance – June 30, 2017	**30,344,049**	**15,713,276**	**225,206**	**3,504,188**	**(903,210)**	**(16,427,824)**	**2,111,636**

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

Osisko Metals Incorporated

Consolidated Statements of Cash Flows
For the three-month and six-month periods ended June 30, 2018 and 2017
(Unaudited, Expressed in Canadian Dollars)

	Three-months ended June 30,		Six-months ended June 30,	
	2018	**2017**	**2018**	**2017**
	$	**$**	**$**	**$**
Operating activities				
Loss for the period	(1,502,255)	(361,403)	(1,869,673)	(440,719)
Adjustments for:				
Share-based compensation (Note 10)	1,117,040	68,172	1,264,394	68,172
Depreciation	14,711	807	23,456	885
Financial revenues	(27,404)	-	(213,640)	-
Other income – premium on flow through shares (Note 7)	(838,561)	(29,424)	(1,127,002)	(36,454)
Changes in non-cash working capital items (Note 14)	(1,485,886)	252,900	(474,165)	515,238
Net cash flows (used in) provided by operating activities	**(2,722,355)**	**(68,948)**	**(2,396,630)**	**107,122**
Investing activities				
Acquisitions of property and equipment	(43,592)	(19,532)	(63,011)	(19,532)
Investments in exploration and evaluation assets	(3,369,534)	(321,695)	(9,124,091)	(387,069)
Payment of current portion of purchase price payable	-	-	(850,000)	-
Net increase in investments	(4,583,749)	-	(4,497,222)	-
Net cash flows used in investing activities	**(7,996,875)**	**(341,227)**	**(14,534,324)**	**(406,602)**
Financing activities				
Proceeds from the exercise of warrants	20	458,238	63,591	458,238
Payment of share issue costs	-	(2,461)	-	(2,461)
Net cash flows provided by financing activities	**20**	**455,778**	**63,591**	**455,778**
(Decrease) increase in cash and cash equivalents	**(10,719,210)**	**45,601**	**(16,867,363)**	**156,296**
Cash and cash equivalents, beginning of period	**22,905,121**	**308,060**	**29,053,274**	**197,365**
Cash and cash equivalents, end of period	**12,185,911**	**353,661**	**12,185,911**	**353,661**

Supplemental disclosure (Note 14)

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

(Unaudited, expressed in Canadian Dollars)

1. Nature of activities and liquidity risk

Osisko Metals Incorporated ("Osisko Metals") and its subsidiaries (collectively, the "Company") specialize in exploration and evaluation of base metals properties located in Canada. The address of the Company's registered office and its principal place of business is 1100, avenue des Canadiens-de-Montréal, Suite 300, Montréal, Québec, Canada.

The Company was incorporated under the provisions of the Business Corporations Act (Alberta) on May 10, 2000 and obtained a listing as a Capital Pool Company pursuant to the policies of the TSX Venture Exchange ("TSX-V") on August 22, 2001. Since May 2017, the Company is registered under the British Columbia Business Corporation Act. In June 2017, the Company amended its name from "Bowmore Exploration Ltd" to "Osisko Metals Incorporated".

The Company's shares are listed under the symbol OM on the TSX-V and under the symbol OB5 on the Frankfurt Stock Exchange.

Until it is determined that properties contain mineral reserves or resources that can be economically mined, they are classified as exploration and evaluation properties. The recoverability of deferred exploration and evaluation expenses is dependent on the discovery of economically recoverable reserves and resources; securing and maintaining title and beneficial interest in the properties; the ability to obtain necessary financing to continue the exploration, evaluation and development of its properties; and obtaining certain government approvals or proceeds from the disposal of properties. Changes in future conditions could require material impairment of the carrying value of the deferred exploration and evaluation expenses. Although the Company has taken steps to verify title to its mining properties on which it is currently conducting exploration and evaluation work, in accordance with industry standards for the current stage of exploration and evaluation of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

Management of the Company believes that it has sufficient funds to pay its ongoing general and administrative expenses and to meet its liabilities, obligations and existing commitments for the ensuing twelve months as they fall due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period.

2. Basis of presentation

These unaudited condensed consolidated interim financial statements have been prepared on a historical cost basis except for the revaluation of certain financial instruments to fair value. In addition, these unaudited condensed consolidated interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

These unaudited condensed consolidated interim financial statements have been prepared in accordance with *International Financial Reporting Standards* ("IFRS") as issued by the *International Accounting Standards Board* ("IASB") applicable to the preparation of interim financial statements, including *International Accounting Standard* ("IAS") 34, *Interim Financial Reporting*. The unaudited condensed consolidated interim financial statements should be read in conjunction with the audited annual consolidated financial statements of the Company for the year ended December 31, 2017, which have been prepared in accordance with IFRS as issued by the IASB.

These unaudited condensed consolidated interim financial statements were approved by the Company's Board of Directors (the "Board") on August 17, 2018.

The unaudited condensed consolidated interim consolidated financial statements include the accounts of Osisko Metals and its subsidiaries. Osisko Metals controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All intercompany balances and transactions are eliminated on consolidation. Osisko Metals and its subsidiaries have a year end of December 31.

These unaudited condensed consolidated interim consolidated financial statements include the financial statements of Osisko Metals and its subsidiaries listed below:

Name of subsidiary	Activity	Country of Incorporation	Equity interest
Bowmore Exploracion de Mexico S.A. de C.V.	Mineral exploration in Mexico	Mexico	100%
Pine Point Mining Limited ("Pine Point")	Mineral exploration in Northwest Territories, Canada	Canada	100%
Bowmore O & G	Holding Company	Canada	100%

(Unaudited, expressed in Canadian Dollars)

3. Judgments, estimates and assumptions

The preparation of financial statements requires the Company's management to make judgments, estimates and assumptions on reported amounts of assets and liabilities, and reported amounts of expenses. The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may be substantially different. The critical accounting, judgments, estimates and assumptions are the same as those in our most recent audited annual financial statements.

4. Cash and cash equivalents

	June 30, 2018	December 31, 2017
	$	$
Cash	9,823,141	22,041,155
Cash equivalents	2,362,770	7,012,119
	12,185,911	29,053,274

As at June 30, 2018 and December 31, 2017, cash equivalents consist of banker's acceptances, bonds and guaranteed deposit certificates and promissory notes with an initial maturity of less than 3 months.

5. Investments

As at June 30, 2018, the Company holds short-term investments of $12,724,307 ($8,013,445 as at December 31, 2017) composed of banker's acceptances, bonds and guaranteed deposit certificates and promissory notes with an initial maturity of more than 90 days and less than 12 months.

The Company holds marketable securities in quoted mining exploration companies. These non-current investments are measured at fair value and directly attributable changes in fair value are recognized in other comprehensive income.

	June 30, 2018	December 31, 2017
	$	$
Amex Exploration Inc. 50,000 common shares	4,000	6,000
Global Resources Investment Trust. – 518,246 common shares	81,973	80,208
	85,973	86,208

During the three-month period ended June 30, 2018, the Company recorded an unrealized loss of $17,519 in other comprehensive income (an unrealized gain of $8,265 during the three-month period ended June 30, 2017) in relation to these marketable securities.

During the six-month period ended June 30, 2018, the Company recorded an unrealized loss of $235 in other comprehensive income (an unrealized gain of $37,875 during the six-month period ended June 30, 2017) in relation to these marketable securities.

(Unaudited, expressed in Canadian Dollars)

6. Exploration and evaluation assets

The Company has incurred the following costs on its exploration and evaluation assets:

Property	Balance as at January 1, 2018	Additions	Write-off	Balance as at June 30, 2018
	$	$		$
Quebec				
Silica South (a)				
Mining rights	10,016	525	-	10,541
Exploration expenses	278,278	5,604	-	283,882
	288,294	6,129	-	294,423
Urban-Barry (b)				
Mining rights	-	-	-	-
Exploration expenses	-	500,000	-	500,000
	-	500,000	-	500,000
Other Quebec properties (c)				
Mining rights	4,761	9,038	-	13,799
Exploration expenses	258,342	35,545	-	293,887
	263,103	44,583	-	307,686
New Brunswick				
Moose Brook (d)				
Mining rights	-	-	-	-
Exploration expenses	27,223	3,147	(30,370)	-
	27,223	3,147	(30,370)	-
Gilmour South (e)				
Mining rights	-	-	-	-
Exploration expenses	1,682,742	1,941,746	-	3,624,488
	1,682,742	1,941,746	-	3,624,488
Key Anacon (f)				
Mining rights	1,500,000	8,990	-	1,508,990
Exploration expenses	36,711	569,093	-	605,804
	1,536,711	578,083	-	2,114,794
Canadian Continental (g)				
Mining rights	909,040	45,000	-	954,040
Exploration expenses	-	140	-	140
	909,040	45,140	-	954,180
Mount Fronsac (h)				
Mining rights	142,500	68,764	-	211,264
Exploration expenses	413,082	1,109,857	-	1,522,939
	555,582	1,178,621	-	1,734,203
Other New Brunswick Properties (i)				
Mining rights	54,476	58,739	-	113,215
Exploration expenses	227,277	146,048	-	373,325
	281,753	204,787	-	486,540
Northwest Territories				
Pine Point (j)				
Mining rights	-	33,077,553	-	33,077,553
Exploration expenses	-	3,884,039	-	3,884,039
	-	36,961,592	-	36,961,592
Summary				
Mining rights	2,620,793	33,268,609	-	35,889,402
Exploration expenses	2,923,655	8,195,219	(30,370)	11,088,504
	5,544,448	**41,463,828**	**(30,370)**	**46,977,906**

6. **Exploration and evaluation assets *(continued)***

(a) Silica South, Quebec: This property is composed of 72 claims covering an area of 4,360 hectares.

(b) Urban-Barry, Quebec: On March 26, 2018 (the "Effective Date"), the Company concluded an option agreement (the "Agreement") with Osisko Mining Inc. ("OSK") to earn a 50% interest in the Urban-Barry Base Metals Project (the "Project"), a select package of 151 claims located within OSK's Urban-Barry claim group. Pursuant to the Agreement, the Company may earn a 50% interest in the Project by funding an aggregate of $5,000,000 in exploration expenditures overs four years, in accordance with the following schedule:

i. $500,000, before the 1st year anniversary of the Effective Date;
ii. $1,000,000, before the 2nd year anniversary of the Effective Date;
iii. $1,500,000, before the 3rd year anniversary of the Effective Date; and
iv. $2,000,000, before the 4th year anniversary of the Effective Date.

OSK shall retain a 100% interest over any fortuitous precious metals (gold-silver) discoveries on the claims covered by the Agreement and will be the Project's operator during the earn-in period.

As at June 30, 2018, the Company has completed the first payment of $500,000.

(c) Other Properties in Quebec: The other properties are composed of 927 claims covering an area of 49,736 hectares within the province of Quebec. Most of these properties are subject to a royalty with Osisko Gold Royalties Ltd (''OGR''), a related party (see Note 12), which is described in note (k).

(d) Moose Brook, New-Brunswick: In accordance with an option agreement signed on May 1, 2017 (the "Moose Brook Agreement"), the Company had the option to acquire a 100% interest in this property. On April 27, 2018, the Company terminated the Moose Brook Agreement and has written-off $30,370 of exploration expenses during the six-month period ended June 30, 2018.

(e) Gilmour South, New-Brunswick: This project is composed of 472 claim units covering an area of 10,322 hectares, is located 20km south-southeast of the Brunswick No. 12 mine and is subject to the OGR royalty (k).

In accordance with an option agreement signed on March 7, 2017, the Company may acquire a 100% interest in Gilmour South (in addition to the Flat Landing Brook and Louvicourt projects) in exchange for:

- Cash payments totaling $216,000 over a period of 5 years following the signing of this agreement. $21,000 was paid in 2017 and $30,000 was paid during the six-month period ended June 30, 2018; and
- Issuance of 190,000 common shares of the Company over a period of 5 years following the signing of this agreement. 25,000 common shares were issued in 2017 and 25,000 common shares were issued during the six-month period ended June 30, 2018.

(f) Key Anacon, New-Brunswick: This project is composed of 51 claim units covering an area of 1,114 hectares and is partially subject to the OGR royalty (k).

In accordance with a purchase and sale agreement signed on December 21, 2017, the Company acquired a 100% interest in this project in exchange for:

- Cash payments totaling $750,000, paid on February 22, 2018; and
- Issuance of common shares of the Company worth $750,000. $250,000 worth of common shares were issued on January 19, 2018 and $500,000 to be issued on the 2nd anniversary of the closing of this transaction.

(g) Canadian Continental, New-Brunswick: This project is composed of 1,163 claim units covering an area of 25,400 hectares.

In addition to existing claims owned by the Company, in accordance with a purchase and sale signed on December 27, 2017, the Company acquired additional claims in this project in exchange for:

- Cash payment of $100,000, paid on March 9, 2018; and
- Issuance of 1,000,000 common shares of the Company, issued on February 28, 2018.

6. Exploration and evaluation assets *(continued)*

(h) Mount Fronsac, New-Brunswick: This project is composed of 515 claim units covering an area of 11,255 hectares and is subject to the OGR royalty (k).

In addition to existing claims owned by the Company, the acquisition in this project is composed of the following two transactions:

i. In accordance with a purchase and sale agreement signed on November 24, 2017, the Company acquired a 100% interest in 39 claim units of this project in exchange for 150,000 common shares of the Company, which were issued on February 28, 2018.
ii. In accordance with an option agreement signed on June 28, 2017, the Company may acquire a 100% interest in 32 additional claim units of this project in exchange for:

- Cash payments totaling $300,000 over a period of 4 years following the signing of this agreement. $30,000 was paid in 2017 and $45,000 was paid during the six-month period ended June 30, 2018; and
- Issuance of 200,000 common shares of the Company over a period of 4 years following the signing of this agreement. 33,334 common shares were issued in 2017 and 33,334 common shares were issued during the six-month period ended June 30, 2018.

(i) Other properties in the Bathhurst Mining Camp (“BMC”): The other properties are composed of 683 claims covering an area of 14,925 hectares encompassing the Brunswick Belt and surrounding properties owned by the Company. These properties are subject to the OGR royalty (k).

Other agreements concluded in 2017 on these other properties:

i. In accordance with a purchase and sale agreement signed on September 11, 2017, the Company acquired a 100% interest in the property Coulee (Slam) in exchange of a $100,000 cash payment.
ii. In accordance with the purchase and sale agreement signed on December 29, 2017, the Company has acquired a 100% interest in the property Camel Back in exchange for 62,500 common shares of the Company which were issued on February 28, 2018.

(j) On February 21, 2018, the Company acquired all of the issued and outstanding common shares of Pine Point. A newly-formed corporation, Generation Mining Limited (“Spinco”) was created to hold all of the assets and liabilities of Pine Point with the exception of the Pine Point property located near Hay River in the Northwest Territories (the “Pine Point Property”). The Pine Point Property is a former leading producing property, consisting of 13 claims and 44 mining leases over an area of approximately 22,000 hectares.

The Company has an option agreement to purchase a 50% interest in a 3% net smelter return held on the Pine Point Property. An initial payment of US$75,000 was made upon signing of this agreement by Pine Point on July 26, 2017. Additional payments of US$75,000 will be made on each anniversary of this agreement until commercial production is achieved, at which point the Company can exercise this option by paying US$3,000,000, less the prepaid amounts.

(k) The acquisitions described in notes (f) and (g) are firm agreements and as at June 30, 2018, the purchase price balance payable of $500,000 was recorded as a non-current liability.

On October 12, 2017, the Company concluded an agreement with OGR whereby OGR will acquire a 1% net smelter return royalty on nearly all of the Company’s current portfolio of projects within both the BMC and Quebec for a cash consideration of $5,000,000. The acquired royalty will also apply to areas that the Company may acquire in the future that fall within a one-kilometer distance from their current property holdings. OGR may also acquire existing royalty buy-back agreements on current projects and will hold rights of first refusal on any future royalty or metal stream sale from existing or newly acquired properties by the Company.

As at June 30, 2018, the proceeds have been recorded as a reduction to the mining properties and exploration expenses up to the capitalized amounts at October 12, 2017 and the balance of $2,461,986 was recorded as a gain on the sale of royalty in the statement of loss and comprehensive loss during the year ended December 31, 2017.

(Unaudited, expressed in Canadian Dollars)

7. Deferred premium on flow-through shares

	June 30, 2018	December 31, 2017
	$	$
Balance – beginning of period	2,106,353	60,212
Deferred premium on flow-through shares issued (Note 8)	-	2,106,353
Recognition of deferred premium on flow-through shares	(1,127,002)	(60,212)
Balance – end of period	979,351	2,106,353

8. Share capital

Pine Point

(a) On February 21, 2018, the Company announced that the purchase of Pine Point received final approval from the Ontario Superior Court of Justice for the proposed arrangement pursuant to which:

(i) the Company acquired all of the issued and outstanding common shares of Pine Point; and
(ii) Spinco was been created to hold all of the assets and liabilities of Pine Point, with the exception of the Pine Point Property, all of which was completed by way of a statutory plan of arrangement. The Company holds no interest in Spinco.

(b) Under the terms of the arrangement, each former shareholder of Pine Point was entitled to receive, in exchange for each share of Pine Point held immediately prior to the effective time of the arrangement: (i) 0.2710 of a common share of the Company (“Common Share”); (ii) 0.0677 of a common share purchase warrant of the Company, with each whole warrant entitling the holder thereof to acquire one Common Share at an exercise price of $1.50 per share for a period of 12 months from the date of the arrangement; and (iii) one common share of Spinco, which shares were consolidated on a 10:1 basis under this arrangement. The Company issued 43,278,524 common shares, 10,811,885 warrants and 5,185,443 replacement warrants.

Flow-through shares:

On September 20, 2017 the Company closed a private placement of 4,211,000 common flow-through shares at a price of $1.90 per share for aggregate gross proceeds of $8,000,900 (the “Offering”). In connection with the Offering, the Company paid the underwriters a cash commission equal to 5% of the gross proceeds of the offering on eligible issuances totaling $359,047. The fair value of the 4,211,000 common shares was estimated at $5,769,000. An amount of $2,231,830 (net of issue costs of $125,477) was allocated to the deferred premium on flow-through shares (Note 7).

9. Warrants

The following table details the changes in the Company’s warrants issued to shareholders:

	Number of Warrants	Weighted Average Exercise Price
		$
Balance – January 1, 2017	2,132,778	0.51
Issued	15,781,250	1.00
Exercised	(1,113,729)	0.60
Expired	(20,834)	0.60
Balance – December 31, 2017	16,779,465	0.97
Issued	15,997,328	1.37
Exercised	(105,965)	0.60
Expired	(892,263)	0.60
Balance – June 30, 2018	31,778,565	1.19

(Unaudited, expressed in Canadian Dollars)

10. Share-based compensation

Share options

The following table summarizes information about the movement of the share options:

	Number of options	Weighted Average Exercise Price ($)
Balance – January 1, 2017	1,400,000	0.48
Granted	3,650,000	1.70
Expired	(200,000)	1.50
Balance – December 31, 2017	4,850,000	1.36
Balance – June 30, 2018	4,850,000	1.36
Options exercisable – June 30, 2018	3,149,538	1.17

Share option compensation for the three-month period ended June 30, 2018 amounted to $1,254,174 ($68,172 for the three-month period ended June 30, 2017) of which $137,134 ($ nil for the three-month period ended June 30, 2017) were capitalized to exploration and evaluation assets.

Share option compensation for the six-month period ended June 30, 2018 amounted to $1,465,092 ($68,172 for the six-month period ended June 30, 2017) of which $200,698 ($ nil for the six-month period ended June 30, 2017) were capitalized to exploration and evaluation assets.

11. Net loss per share

The calculation of basic and diluted loss per share for the three-month and six-month periods ended June 30, 2018, was based on the net loss attributable to shareholders of $1,502,255 and $1,869,673, respectively (net loss attributable to shareholders of $361,403 and $440,719 for the three-month and six-month periods ended June 30, 2017, respectively) and the weighted average number of common shares outstanding for the three-month and six-month periods ended June 30, 2018, of 115,374,136 and 101,980,957, respectively (28,685,756 and 29,108,850 common shares for the three-month and six-month periods ended June 30, 2017, respectively). As a result of the net loss for the three-month and six-month periods ended June 30, 2018 and 2017, all potentially dilutive common shares (Notes 9 and 10) are deemed to be antidilutive and thus diluted net loss per share is equal to the basic net loss per share for these periods.

12. Key management and related party transactions

Related party transactions and balances, not otherwise disclosed, are summarized below:

Key management includes directors (executive and non-executive) and officers of the Company. The compensation paid or payable to key management for employee services is presented below for the three-month and six-month periods ended June 30, 2018 and 2017:

	Three-months ended June 30,		Six-months ended June 30,	
	2018	2017	2018	2017
	$	$	$	$
Salaries and short-term employee benefits[(1)]	315,537	65,366	492,800	125,366
Share-based compensation	1,096,816	68,172	1,264,395	68,172
	1,412,353	133,538	1,757,195	195,538

(1) Including consulting and management fees.

(Unaudited, expressed in Canadian Dollars)

12. Key management and related party transactions (continued)

Other related transactions

During the three-month and six-month periods ended June 30, 2018 and 2017, the Company undertook transactions with certain officers and directors, certain companies controlled by officers and other related companies. OGR is a related party because it has a significant influence on the Company due to the number of shares held and common officers and directors.

During the three-month period ended June 30, 2018, an amount of $79,155 ($ nil for the three-month period ended June 30, 2017) was invoiced by OGR for professional services and rental of offices. During the six-month period ended June 30, 2018, an amount of $141,000 ($ nil for the six-month period ended June 30, 2017) was invoiced by OGR for professional services and rental of offices. An amount of $9,700 is included in accounts payable and accrued liabilities as at June 30, 2018 ($14,183 as at December 31, 2017).

13. Fair value of financial instruments

Financial instruments measured at fair value

The following presents financial assets and liabilities measured at fair value in the statement of financial position in accordance with the fair value hierarchy.

This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities at the reporting date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for assets or liabilities that are not based on observable data (unobservable inputs).

The fair value of the investments in shares have been estimated by reference to their quoted prices at the reporting date. Investments measured at fair value in the statement of financial position as at June 30, 2018 and December 31, 2017 are classified in level 1.

14. Supplemental disclosure – Statements of cash flows

	Three-months ended June 30,		Six-months ended June 30,	
	2018	**2017**	**2018**	**2017**
	$	**$**	**$**	**$**
Changes in non-cash working capital items:				
Receivables	(7,477)	(193,062)	(430,735)	(120,832)
Prepaid expenses	(206,143)	35,756	(454,333)	1,691
Trade and other payables	(1,272,266)	410,206	410,903	634,379
Total	(1,485,886)	252,900	(474,165)	515,238
Unrealized (loss) gain on available-for-sale investments	(17,519)	8,265	(235)	37,875

15. Commitment and contingencies

(a) The Company is partially financed through the issuance of flow-through shares, and accordingly, the Company is engaged to complete mining exploration activities. These tax rules also set deadlines for carrying out the exploration work no later than the first of the following dates:

a. Two years following the flow-through placements;
b. One year after the Company has renounced the tax deductions relating to the exploration work.

The Company received $11,495,900 following the issuance of flow-through shares for which the Company renounced tax deductions as at December 31, 2017. As at June 30, 2018, the balance remaining to be spent totals $3,700,000.

(b) The Company has commitments arising from mining property acquisitions (see Note 6).

(c) During the year ended December 31, 2017, the Company identified certain adjustments associated with indemnities payable to subscribers with respect to the issuance of flow-through shares in 2011, 2012 and 2013, following a reassessment in 2016 by the Canada Revenue Agency. These adjustments were recorded in 2017 and resulted in a provision for indemnities to be paid in relation to the issuance of flow-through shares for $580,000, which is recorded in trade and other payables as at June 30, 2018.