



OSISKO MINING CORPORATION

.....
*Unaudited Condensed Interim
Consolidated Financial Statements*

*For the three and nine months
ended
September 30, 2011*

Osisko Mining Corporation

Consolidated Balance Sheets

(Unaudited)

(tabular amounts expressed in thousands of Canadian dollars)

	Notes	September 30, 2011	December 31, 2010
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		152,759	358,493
Short-term investments		-	17,068
Restricted cash		17,159	11,176
Accounts receivable		41,235	30,731
Mining taxes receivable		-	2,058
Inventories	7	42,270	-
Other current assets		7,572	7,329
		<u>260,995</u>	<u>426,855</u>
Non-current assets			
Restricted cash		3,575	11,202
Investment in an associate		1,678	2,158
Other investments		19,259	40,851
Property, plant and equipment	8	1,715,269	1,477,818
		<u>2,000,776</u>	<u>1,958,884</u>
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		76,592	73,519
Current portion of long-term debt	9	81,094	70,405
		<u>157,686</u>	<u>143,924</u>
Non-current liabilities			
Long-term debt	9	225,690	217,481
Provisions		5,407	3,494
Deferred mining taxes		1,275	-
		<u>390,058</u>	<u>364,899</u>
Equity attributable to Osisko Mining Corporation shareholders			
Share capital		1,650,751	1,606,051
Warrants		13,166	13,166
Contributed surplus		52,530	43,390
Equity component of convertible debenture		8,005	8,005
Accumulated other comprehensive income (loss)		(6,283)	11,019
Deficit		(107,451)	(87,646)
		<u>1,610,718</u>	<u>1,593,985</u>
		<u>2,000,776</u>	<u>1,958,884</u>

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

Osisko Mining Corporation

Consolidated Statements of Income (Loss)

For the three and nine months ended September 30, 2011 and 2010

(Unaudited)

(tabular amounts expressed in thousands of Canadian dollars, except per share amounts)

	Notes	Three months ended September 30,		Nine months ended September 30,	
		2011 \$	2010 \$	2011 \$	2010 \$
Revenues		122,879	-	135,308	-
Mine operating costs					
Production costs		(74,647)	-	(84,045)	-
Royalties		(1,192)	-	(1,351)	-
Depreciation and depletion		(8,748)	-	(9,986)	-
Earnings from mine operations		38,292	-	39,926	-
General and administrative expenses		(6,577)	(10,464)	(24,563)	(20,455)
Exploration and corporate development expenses	8	(7,774)	(972)	(20,934)	(1,543)
Other gains (losses)		-	-	(485)	-
Earnings (loss) from operations		23,941	(11,436)	(6,056)	(21,998)
Interest income		454	981	1,964	2,282
Finance costs		(6,995)	-	(10,766)	-
Foreign exchange loss		(4,331)	(191)	(2,817)	(99)
Share of loss of associate		(29)	(412)	(480)	(610)
Other gains (losses)		(1,758)	898	1,326	(468)
Earnings (loss) before income and mining taxes		11,282	(10,160)	(16,829)	(20,893)
Income and mining tax expense		(1,980)	(5)	(2,976)	(11)
Earnings (loss) for the period		9,302	(10,165)	(19,805)	(20,904)
Attributable to:					
Osisko Mining Corporation		9,302	(10,230)	(19,805)	(20,904)
Non-controlling interests		-	65	-	-
		9,302	(10,165)	(19,805)	(20,904)
Earnings (loss) per share					
Basic		0.02	(0.03)	(0.05)	(0.06)
Diluted		0.02	(0.03)	(0.05)	(0.06)

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

Osisko Mining Corporation

Consolidated Statements of Comprehensive Income (Loss)

For the three and nine months ended September 30, 2011 and 2010

(Unaudited)

(tabular amounts expressed in thousands of Canadian dollars)

	Three months ended September 30,		Nine months ended September 30,	
	2011 \$	2010 \$	2011 \$	2010 \$
Earnings (loss) for the period	9,302	(10,165)	(19,805)	(20,904)
Other comprehensive income (loss):				
Changes in fair value of available-for-sale financial assets				
Unrealized gain (loss)	(11,546)	6,374	(13,961)	(37)
Income tax effect	702	-	1,022	-
Disposal of available-for-sale financial assets				
Reclassification to statement of income of realized gain	(24)	-	(5,041)	-
Income tax effect	3	-	678	-
Other comprehensive income (loss) for the period, net of taxes	(10,865)	6,374	(17,302)	(37)
Comprehensive loss for the period attributable to Osisko Mining Corporation shareholders	(1,563)	(3,791)	(37,107)	(20,941)

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

Osisko Mining Corporation

Consolidated Statements of Changes in Equity

For the nine months ended September 30, 2011 and 2010

(Unaudited)

(tabular amounts expressed in thousands of Canadian dollars)

	Number of common shares outstanding	Equity attributable to Osisko shareholders						Total
		Share capital	Warrants	Contributed surplus	Equity Component of convertible debenture	Accumulated other comprehen- sive income	Deficit	
Balance – January 1, 2011	381,760,065	1,606,051	13,166	43,390	8,005	11,019	(87,646)	1,593,985
Loss for the period	-	-	-	-	-	-	(19,805)	(19,805)
Other comprehensive loss, net of taxes	-	-	-	-	-	(17,302)	-	(17,302)
Comprehensive loss for the period	-	-	-	-	-	(17,302)	(19,805)	(37,107)
Issue of flow-through shares (note 13)	1,823,968	24,723	-	-	-	-	-	24,723
Share options:								
Share-based compensation	-	-	-	11,874	-	-	-	11,874
Fair value of options exercised	-	2,468	-	(2,468)	-	-	-	-
Proceeds from exercise of options	837,631	5,512	-	-	-	-	-	5,512
Replacement share options								
Fair value of replacement options exercised	-	266	-	(266)	-	-	-	-
Proceeds from exercise of options	42,122	278	-	-	-	-	-	278
Employee share purchase plan	108,872	1,579	-	-	-	-	-	1,579
Payment of interest	208,620	2,840	-	-	-	-	-	2,840
Property payment	503,000	7,398	-	-	-	-	-	7,398
Share issue costs	-	(364)	-	-	-	-	-	(364)
Balance – September 30, 2011	385,284,278	1,650,751	13,166	52,530	8,005	(6,283)	(107,451)	1,610,718
Balance – January 1, 2010	336,287,092	1,111,326	5,871	24,272	8,005	-	(34,132)	1,115,342
Loss for the period	-	-	-	-	-	-	(20,904)	(20,904)
Other comprehensive loss, net of taxes	-	-	-	-	-	(37)	-	(37)
Comprehensive loss for the period	-	-	-	-	-	(37)	(20,904)	(20,941)
Acquisition of Brett Resources	38,919,961	432,446	-	-	-	-	(35,688)	396,758
Share options:								
Share-based compensation	-	-	-	15,585	-	-	-	15,585
Fair value of options exercised	-	2,311	-	(2,311)	-	-	-	-
Proceeds from exercise of options	1,064,335	5,238	-	-	-	-	-	5,238
Replacement share options								
Fair value of options issued at the acquisition of Brett Resources	-	-	-	11,481	-	-	-	11,481
Fair value of replacement options exercised	-	9,669	-	(9,669)	-	-	-	-
Proceeds from exercise of options	1,689,341	6,186	-	-	-	-	-	6,186
Warrants								
Fair value of warrants exercised	-	341	(341)	-	-	-	-	-
Proceeds from exercise of warrants	1,100,000	8,206	-	-	-	-	-	8,206
Employee share purchase plan	55,651	525	-	-	-	-	-	525
Property payment	34,000	467	-	-	-	-	-	467
Payment of interest	489,120	5,149	-	-	-	-	-	5,149
Balance – September 30, 2010	379,639,500	1,581,864	5,530	39,358	8,005	(37)	(90,724)	1,543,996

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

Osisko Mining Corporation
Consolidated Statements of Cash Flows
For the nine months ended September 30, 2011 and 2010
(Unaudited)

(tabular amounts expressed in thousands of Canadian dollars)

	Notes	2011 \$	2010 \$
Operating activities			
Loss for the period		(19,805)	(20,904)
Adjustments for:			
Interest income		(1,964)	(2,282)
Share-based compensation		7,780	9,607
Depreciation		10,304	320
Finance costs		10,765	-
Write-off of property, plant and equipment		16,276	-
Unrealized foreign exchange loss (gain)		3,395	(1,084)
Share of loss of associate		480	610
Gain on sale of available-for-sale financial assets		(5,041)	-
Unrealized net loss on financial assets at fair value through profit and loss		8,515	468
Deferred gain - premium on flow-through shares		(4,282)	-
Provisions		395	-
Deferred income and mining tax expense		2,976	-
Other non-cash gain		(639)	-
		29,155	(13,265)
Change in non-cash working capital items	12	16,885	(11,988)
Net cash flows used in operating activities		46,040	(25,253)
Investing activities			
Net decrease in short-term investments		17,068	52,558
Net decrease in restricted cash		1,644	7,151
Decrease in cash collateral investments		-	3,450
Acquisition of investments		(12,283)	(24,447)
Proceeds on disposal of investments		12,038	3,891
Property, plant and equipment, net of government credits		(297,254)	(341,279)
Acquisition of assets		-	33,885
Interest received		2,169	2,139
Net cash flows used in investing activities		(276,618)	(262,652)
Financing activities			
Debt issuance costs		(635)	-
Finance lease payments		(3,823)	(9,641)
Long-term debt repayments		(2,083)	-
Issuance of common shares, net of issue expenses		38,776	19,733
Interest paid		(7,391)	-
Net cash flows generated from financing activities		24,844	10,092
Decrease in cash and cash equivalents		(205,734)	(277,813)
Cash and cash equivalents – beginning of period		358,493	673,777
Cash and cash equivalents – end of period		152,759	395,964
Interest paid, including interest expensed and capitalized		12,163	6,329
Additional information related to the statement of cash flows	12		

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

Osisko Mining Corporation

Notes to Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2011 and 2010

(Unaudited)

(tabular amounts expressed in thousands of Canadian dollars, except per share amounts)

1. Nature of activities

Osisko Mining Corporation and its subsidiaries (together "Osisko" or the "Company") are engaged in the business of acquiring, exploring, developing and operating gold properties, with interests substantially in Canada. Osisko is incorporated and domiciled in Canada. The address of its registered office is 1100, avenue des Canadiens-de-Montréal, Suite 300, Montréal, Québec.

The Company's operations, development projects and exploration activities are concentrated mostly in its wholly owned Canadian Malartic gold property in the Abitibi Gold Belt, immediately south of the Town of Malartic, Québec and on its wholly owned Hammond Reef gold property located near the town of Atikokan and approximately 170 kilometres west of the City of Thunder Bay, in Western Ontario.

The Canadian Malartic mine reached commercial production on May 19, 2011, which is defined in the gold industry as the first day of a period of 30 consecutive days of plant operation at a rate of 60% of design capacity, representing 33,000 tonnes per day for the Canadian Malartic mine. The Company is actively working to ramp up production to full capacity.

The Hammond Reef gold property is currently in the pre-feasibility phase. A preliminary assessment study was completed in November 2009, and exploration is continuing on the property.

The recoverability of the amounts shown for property, plant and equipment is dependent on future profitable production or proceeds from the disposal of properties.

2. Basis of preparation and adoption of IFRS

The accompanying consolidated financial statements have been prepared using the same accounting policies as those used in the Company's condensed interim consolidated financial statements for the three months ended March 31, 2011, except as described in note 3. The accounting policies are in accordance with *Canadian generally accepted accounting principles* as set out in Part 1 of the *Handbook of the Canadian Institute of Chartered Accountants* ("CICA Handbook"). In 2010, the CICA Handbook was revised to incorporate the *International Financial Reporting Standards* ("IFRS"), as published by the *International Accounting Standards Board*, and require publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. Accordingly, the Company commenced reporting on this basis in its condensed interim consolidated financial statements for the three months ended March 31, 2011. In these condensed interim consolidated financial statements, the term "Canadian GAAP" refers to Canadian GAAP before the adoption of IFRS.

These condensed interim consolidated financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including *International Accounting Standard* ("IAS") 34, *Interim Financial Reporting*, and IFRS 1, *First-time Adoption of International Financial Reporting Standards*. Subject to certain transition elections disclosed in note 6, the Company has consistently applied the same accounting policies in its opening IFRS balance sheet at January 1, 2010 and throughout all periods presented, as if these policies had always been in effect. Note 6 discloses the impact of the transition to IFRS on the Company's reported financial position as at September 30, 2010, on the Company's financial performance for the three months and nine months ended September 30, 2010 and on the Company's cash flows for the nine months ended September 30, 2010. The impact of the transition to IFRS on the Company's reported financial position as at January 1, 2010, March 31, 2010 and December 31, 2010, including the nature and effect of significant changes in accounting policies from those used in the Company's consolidated financial statements for the year ended December 31, 2010, is presented in the condensed interim consolidated financial statements for the three months ended March 31, 2011. The impact of the transition to IFRS on the Company's reported financial position as at June 30, 2010 is presented in the condensed interim consolidated financial statements for the three and six months ended June 30, 2011.

The policies applied in these condensed interim consolidated financial statements are based on IFRS issued as of November 11, 2011, the date the Board of Directors approved the financial statements, and effective as of December 31, 2011. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending December 31, 2011 could result in restatement of these condensed interim consolidated financial statements, including the transition adjustments recognized on change-over to IFRS and presented in the condensed interim consolidated financial statements for the three months ended March 31, 2011.

The condensed interim consolidated financial statements should be read in conjunction with the Company's IFRS condensed interim consolidated financial statements for the three months ended March 31, 2011 and the Company's Canadian GAAP annual consolidated financial statements for the year ended December 31, 2010.

Osisko Mining Corporation

Notes to Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2011 and 2010

(Unaudited)

(tabular amounts expressed in thousands of Canadian dollars, except per share amounts)

3. New accounting policy

Revenue recognition

Revenues include sales of refined gold and silver. Revenues from the sale of refined gold and silver are recognized when persuasive evidence exists that the significant risks and rewards of ownership have passed to the buyer, it is probable that economic benefits associated with the transaction will flow to the Company, the sale price can be measured reliably, the Company has no significant continuing involvement and the costs incurred or to be incurred in respect of the transaction can be measured reliably. These conditions are generally satisfied when the metal is delivered to the counterparty of the transaction.

Deferred and restricted share units

Deferred share units ("DSU") and restricted share units ("RSU") may be granted to employees, directors and officers as part of their long-term compensation package entitling them to receive payout in cash based on the Company's share price at the relevant time. A liability for DSU and RSU is measured at fair value on the grant date and is subsequently adjusted at each balance sheet date for changes in fair value according to the estimation made by management of the number of DSU and RSU that will eventually vest. The liability is recognized over the vesting period, with a corresponding charge to share-based compensation.

4. Accounting standards issued but not yet applied

IAS 1, *Presentation of Financial Statements*, ("IAS 1")

IAS 1 was amended to change the disclosure of items presented in Other comprehensive income ("OCI"), including a requirement to separate items presented in OCI into two groups based on whether or not they may be recycled to profit or loss in the future. This amendment is required to be applied for years beginning on or after July 1, 2012. The Company has not yet assessed the impact of the amendment.

IFRS 9, *International Financial Reporting Standard*, ("IFRS 9")

IFRS 9 was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39, *Financial Instruments: Recognition and Measurement*, for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments, and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely.

Requirements for financial liabilities were added in October 2010, and they largely carried forward existing requirements in IAS 39, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.

This standard is required to be applied for accounting periods beginning on or after January 1, 2013, with earlier adoption permitted. The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

IFRS 10, *Consolidated Financial Statements*, ("IFRS 10")

IFRS 10 replaces parts of IAS 27, *Consolidated and Separate Financial Statements* and all of SIC-12, *Consolidation – Special Purpose Entities*. IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The remainder of IAS 27, *Separate Financial Statements*, now contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates only when an entity prepares separate financial statements and is therefore not currently applicable in the Company's consolidated financial statements.

Osisko Mining Corporation

Notes to Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2011 and 2010

(Unaudited)

(tabular amounts expressed in thousands of Canadian dollars, except per share amounts)

4. Accounting standards issued but not yet applied (continued)

IFRS 11, Joint Arrangements, ("IFRS 11")

IFRS 11 replaces IAS 31, *Interests in Joint Ventures*, and SIC-13, *Jointly Controlled Entities – Non-monetary Contributions by Venturers*. IFRS 11 requires a single method, known as the equity method, to account for interests in jointly controlled entities which is consistent with the accounting treatment currently applied to investments in associates. IAS 28, *Investments in Associates and Joint Ventures*, was amended as a consequence of the issuance of IFRS 11. In addition to prescribing the accounting for investment in associates, it now sets out the requirements for the application of the equity method when accounting for joint ventures. The application of the equity method has not changed as a result of this amendment.

IFRS 12, Disclosure of Interest in Other Entities, ("IFRS 12")

IFRS 12 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance sheet vehicles. The standard includes disclosure requirements for entities covered under IFRS 10 and IFRS 11.

IFRS 13, Fair Value Measurement, ("IFRS 13")

IFRS 13 provides guidance on how fair value should be applied where its use is already required or permitted by other standards within IFRS, including a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS.

IFRS 10 to 13 were issued by the IASB on May 12, 2011 and are effective for annual periods beginning on or after January 1, 2013. The Company has not completed its assessment of the impact of these pronouncements on the consolidated results, financial position or cash flows of the Company.

IFRIC Interpretation 20, Stripping Costs in the Production Phase of a Surface Mine, ("IFRIC 20")

On October 19, 2011, the IFRS Interpretation Committee published IFRIC 20 that applies to all types of natural resources that are extracted using the surface mining activity process. IFRIC 20 clarifies the requirements for accounting for stripping costs in the production phase of a surface mine. It provides guidance on when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods. IFRIC 20 is effective for annual periods beginning on or after January 1, 2013 with earlier application permitted. The Company has not completed its assessment of the impact of these pronouncements on its consolidated results, financial position or cash flows.

5. Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRS requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company also makes estimates and assumptions concerning the future. The determination of estimates requires the exercise of judgment based on various assumptions and other factors such as historical experience and current and expected economic conditions. Actual results could differ from those estimates.

The more significant areas requiring the use of management estimates and assumptions are presented in the condensed interim consolidated financial statements for the three months ended March 31, 2011.

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Osisko Mining Corporation
Notes to Condensed Interim Consolidated Financial Statements
For the three and nine months ended September 30, 2011 and 2010
(Unaudited)

(tabular amounts expressed in thousands of Canadian dollars, except per share amounts)

6. Transition to IFRS

The transition exemption elected by the Company for the transition from Canadian GAAP to IFRS as well as the additional information on an IFRS basis for the year ended December 31, 2010 considered relevant to an understanding of the financial statements are summarized in note 6 of the condensed interim consolidated financial statements for the three months ended March 31, 2011.

The effect of the Company's transition from Canadian GAAP to IFRS as at September 30, 2010 and for the three and nine months then ended is presented below as follows:

- a) Reconciliation of equity and comprehensive income as previously reported under Canadian GAAP to IFRS
- b) Adjustments to the statement of cash flows

(a) *Reconciliation of equity and comprehensive income as previously reported under Canadian GAAP to IFRS*

	Note 6 (a)	September 30, 2010		
		Canadian GAAP	Adj.	IFRS
Assets				
Current assets				
Cash and cash equivalents		395,964		395,964
Short-term investments		31,506		31,506
Restricted cash		3,375		3,375
Cash collateral investments		2,002		2,002
Accounts receivable	(i)	43,585	(2,058)	41,527
Mining taxes receivable	(i)	-	2,058	2,058
Other current assets		4,187		4,187
		<u>480,619</u>	<u>-</u>	<u>480,619</u>
Non-current assets				
Restricted cash		16,368		16,368
Investment in an associate	(ii)	-	2,192	2,192
Other investments	(ii)	25,213	(2,192)	26,025
	(iii)		3,004	
Property, plant and equipment	(iv)	1,397,314	(109,864)	1,287,450
		<u>1,919,514</u>	<u>(106,860)</u>	<u>1,812,654</u>
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities		58,997		58,997
Current portion of long-term debt		36,575		36,575
		<u>95,572</u>	<u>-</u>	<u>95,572</u>
Non-current liabilities				
Long-term debt		172,709		172,709
Deferred tax liabilities	(iv)	111,294	(111,294)	-
Provisions		377		377
		<u>379,952</u>	<u>(111,294)</u>	<u>268,658</u>
Equity attributable to Osisko shareholders				
Share capital	(iv)	1,547,063	37,118	1,581,864
	(v)		(2,317)	
Warrants		5,530		5,530
Contributed surplus		39,358		39,358
Equity component of convertible debenture	(vi)	11,036	(3,031)	8,005
Accumulated other comprehensive loss		(37)		(37)
Deficit	(iii)	(63,388)	3,004	(90,724)
	(iv)		(35,688)	
	(v)		2,317	
	(vi)		3,031	
		<u>1,539,562</u>	<u>4,434</u>	<u>1,543,996</u>
		<u>1,919,514</u>	<u>(106,860)</u>	<u>1,812,654</u>

Osisko Mining Corporation
Notes to Condensed Interim Consolidated Financial Statements
For the three and nine months ended September 30, 2011 and 2010
(Unaudited)

(tabular amounts expressed in thousands of Canadian dollars, except per share amounts)

6. Transition to IFRS (continued)

(a) *Reconciliation of equity and comprehensive income as previously reported under Canadian GAAP to IFRS (continued)*

Note 6 (a)	Three months ended September 30, 2010			Nine months ended September 30, 2010		
	Cdn GAAP ⁽¹⁾	Adj.	IFRS	Cdn GAAP ⁽¹⁾	Adj.	IFRS
Expenses						
General and administrative expenses	10,464		10,464	20,455		20,455
Exploration and corporate development	972		972	1,543		1,543
Other expenses	-		-	-		-
Loss before the following items	(11,436)	-	(11,436)	(21,998)	-	(21,998)
Interest income	981		981	2,282		2,282
Foreign exchange gain (loss)	(191)		(191)	(99)		(99)
Share of equity investee loss	(412)		(412)	(610)		(610)
Other gains (losses)	(iii) (v) (36)	934	898	(432)	(985) 949	(468)
	(11,094)	934	(10,160)	(20,857)	(36)	(20,893)
Non-controlling interest	(vii) (65)	65	-	-	-	-
Loss before income taxes	(11,159)	999	(10,160)	(20,857)	(36)	(20,893)
Income tax recovery (expense)	(v) (5)		(5)	2,575	(2,586)	(11)
Loss for the period	(11,164)	999	(10,165)	(18,282)	(2,622)	(20,904)
Other comprehensive loss						
Net gain on available-for-sale financial assets, net of deferred income tax recovery of \$nil	6,374		6,374	(37)		(37)
Comprehensive loss for the period	(4,790)	999	(3,791)	(18,319)	(2,622)	(20,941)
Attributable to:						
Osisko Mining Corporation	(4,790)		(3,856)	(18,319)		(20,941)
Non-controlling interests	-		65	-		-
	(4,790)		(3,791)	(18,319)		(20,941)
Loss per share						
Basic and diluted	(0.03)		(0.03)	(0.05)		(0.06)

¹ Certain Canadian GAAP figures have been reclassified to conform to the Company's IFRS financial statement presentation (note 6 (a)(viii)).

Osisko Mining Corporation
Notes to Condensed Interim Consolidated Financial Statements
For the three and nine months ended September 30, 2011 and 2010
(Unaudited)

(tabular amounts expressed in thousands of Canadian dollars, except per share amounts)

6. Transition to IFRS (continued)

- (a) *Reconciliation of equity and comprehensive income as previously reported under Canadian GAAP to IFRS (continued)*

Explanatory notes

- (i) Under IFRS (IAS 1, *Presentation of Financial Statements*), income and mining taxes receivable or payable must be presented on a specific heading on the balance sheet while under Canadian GAAP, they were included within *accounts receivable* or *accounts payable and accrued liabilities*.
- (ii) Under IFRS (IAS 1), investments in associates must be presented on a specific heading on the balance sheet while under Canadian GAAP, all investments were presented under the same heading. As a result, the Company now presents its investment in Bowmore Exploration Limited under *investment in an associate*. Investments other than in associates are presented under *other investments*.
- (iii) Under Canadian GAAP, the warrants held by the Company in an associate were considered to form part of the investment in such associate and, accordingly, were not recorded at fair value. Under IFRS (IAS 39), these warrants are considered stand-alone derivative financial instruments and are recorded at fair value with subsequent changes recorded in the statement of income. As a result, the Company increased its other investments and decreased its deficit as at September 30, 2010 by \$3,004,000 (cumulative impact including the IFRS transition adjustment as at January 1, 2010) and adjusted its other gains or (losses) on the statement of income by \$934,000 and (\$985,000) for the three and nine months ended September 30, 2010, respectively.
- (iv) In 2010, the Company acquired 100% ownership of Brett Resources in two stages. The transaction was accounted for as an acquisition of assets under Canadian GAAP, which is consistent with IFRS requirements. However, two adjustments were required in relation to this acquisition of assets and are presented below.
- Under IFRS, the fair value of the shares issued at the transaction dates (and the cash paid) must be used to evaluate the cost of the assets acquired and no adjustments are permitted.

As a result, the following adjustments were made:

	Impact as at September 30, 2010
	\$
Increase (decrease)	
Property, plant and equipment	1,430
Share capital	37,118
Retained earnings	(35,688)

- Under Canadian GAAP, deferred taxes must be calculated in relation to acquired assets and assumed liabilities, whereas under IFRS, when the assets are not acquired in a business combination and, at the time of acquisition, neither accounting profit nor taxable profit is affected, no deferred taxes are recorded.

As a result, the following adjustments were made:

	Impact as at September 30, 2010
	\$
Increase (decrease)	
Property, plant and equipment	(111,294)
Deferred tax liabilities	(111,294)

Osisko Mining Corporation
Notes to Condensed Interim Consolidated Financial Statements
For the three and nine months ended September 30, 2011 and 2010
(Unaudited)

(tabular amounts expressed in thousands of Canadian dollars, except per share amounts)

6. Transition to IFRS (continued)

(a) *Reconciliation of equity and comprehensive income as previously reported under Canadian GAAP to IFRS (continued)*

Summary of adjustments:

	September 30, 2010
Increase (decrease)	<u>\$</u>
Property, plant and equipment	(109,864)
Deferred tax liabilities	(111,294)
Share capital	37,118
Retained earnings	(35,688)

(v) Under Canadian GAAP, when flow-through shares are issued, they are initially recorded in share capital at their issue price. On the date the expenses are renounced (by filing the prescribed forms) to the investors, a deferred tax liability is recognized as a cost of issuing the shares (a reduction in share capital). Under IFRS, flow-through shares are recognized based on the quoted price of the existing shares on the date of the issue. The difference ("premium") between the amount recognized in share capital and the amount the investors pay for the shares is recognized as a deferred gain which is reversed into earnings as eligible expenditures are made. The tax effect resulting from the renunciation is recorded as a deferred tax expense when eligible expenditures have been made.

(vi) Under Canadian GAAP, if a compound financial instrument like a convertible debenture can be settled without incurring taxes, there is no temporary difference. The component of a compound financial instrument classified as a liability will normally be different from the tax basis of the instrument. If the liability component were to be settled for its carrying amount, this would otherwise give rise to taxable or deductible amounts that would be included in the determination of taxable income. However, Canadian GAAP recognizes that settlement of the instrument in accordance with its terms, either through settlement on maturity or conversion, might not result in the incidence of tax to the issuer. Therefore, when an entity is able to settle the instrument without the incidence of tax, the tax basis of the liability component is considered to be the same as its carrying amount and there is no temporary difference.

IFRS does not contain any special exemption relating to the recognition of deferred taxes arising on compound financial instruments. Hence, a deferred tax liability is recognized with respect to any temporary difference that arises from the initial recognition of the equity component separately from the debt component. The deferred tax is charged directly to the carrying amount of the equity component. Subsequent changes in the deferred tax liability are recognized through the statement of income.

(vii) Under IFRS, the non-controlling interests' share of the net assets of subsidiaries is included in equity and their share of the comprehensive income of subsidiaries is allocated directly to equity. Under Canadian GAAP, non-controlling interests were presented as a separate item between liabilities and equity in the statement of financial position, and the non-controlling interests' share of income and other comprehensive income were deducted in calculating net income and comprehensive income of the entity. The non-controlling interests' share of net loss of \$65,000 for the nine months ended September 30, 2010 has been reversed in the statement of income.

(viii) Under IFRS, the Company has elected to present the statement of income by function to be in line with industry practice. Therefore, adjustments to the classification of expenses were made for the three and nine months ended September 30, 2010.

(b) *Adjustments to the statement of cash flows*

The transition from Canadian GAAP to IFRS had no significant impact on the statement of cash flows, except that, under IFRS, cash flows related to interest are classified in a consistent manner as operating, investing or financing activities each period. Under Canadian GAAP, cash flows related to interest received or paid were classified as operating activities.

Osisko Mining Corporation
Notes to Condensed Interim Consolidated Financial Statements
For the three and nine months ended September 30, 2011 and 2010
(Unaudited)

(tabular amounts expressed in thousands of Canadian dollars, except per share amounts)

7. Inventories

	September 30, 2011	December 31, 2010
	\$	\$
Finished products	10,232	-
Work-in-process	11,547	-
Stockpiles	4,506	-
Mine supplies	15,985	-
	42,270	-

8. Property, plant and equipment

	Exploration and evaluation	Mine development	Producing assets ⁽ⁱ⁾	Total ⁽ⁱⁱ⁾
	\$	\$	\$	\$
Balance – January 1, 2010				
Cost	88,002	418,479	-	506,481
Accumulated depreciation	-	(2,176)	-	(2,176)
Net book value	88,002	416,303	-	504,305
Year ended December 31, 2010				
Opening net book value	88,002	416,303	-	504,305
Additions, net of government credits	77,389	488,096	-	565,485
Acquisition of a subsidiary	375,221	1,408	-	376,629
Asset retirement obligations	-	3,139	-	3,139
Amortization of debt issuance cost	-	3,001	-	3,001
Interests capitalized	-	17,444	-	17,444
Share-based compensation capitalized	1,850	6,678	-	8,528
Depreciation	-	(5,855)	-	(5,855)
Depreciation capitalized	354	5,028	-	5,382
Write-off	(240)	-	-	(240)
Closing net book value	542,576	935,242	-	1,477,818
Balance – December 31, 2010				
Cost	542,576	943,636	-	1,486,212
Accumulated depreciation ⁽ⁱⁱⁱ⁾	-	(8,394)	-	(8,394)
Net book value	542,576	935,242	-	1,477,818
Nine months ended September 30, 2011				
Opening net book value	542,576	935,242	-	1,477,818
Additions, net of government credits ^(vi)	63,929	99,266	101,664	264,859
Asset retirement obligations	-	530	862	1,392
Amortization of debt issuance cost	-	3,179	-	3,179
Interests capitalized	-	8,260	-	8,260
Share-based compensation capitalized	1,468	1,467	835	3,770
Depreciation	(791)	(3,055)	(17,636)	(21,482)
Depreciation capitalized	825	2,894	-	3,719
Transfers to stockpile inventories	-	(8,342)	-	(8,342)
Transfers to current assets	-	(1,509)	-	(1,509)
Transfers between categories ^(iv)	(115,071)	(1,037,447)	1,152,518	-
Disposition	(119)	-	-	(119)
Write-off ^(v)	(15,791)	(485)	-	(16,276)
Closing net book value	477,026	-	1,238,243	1,715,269
Balance – September 30, 2011				
Cost	478,546	-	1,266,599	1,745,145
Accumulated depreciation	(1,520)	-	(28,356)	(29,876)
Net book value	477,026	-	1,238,243	1,715,269

Osisko Mining Corporation
Notes to Condensed Interim Consolidated Financial Statements
For the three and nine months ended September 30, 2011 and 2010
(Unaudited)

(tabular amounts expressed in thousands of Canadian dollars, except per share amounts)

8. Property, plant and equipment *(continued)*

- i) Including equipment under finance lease having net book values of \$87,198,000 and \$78,888,000 as at September 30, 2011 and December 31, 2010, respectively.
- ii) All property, plant and equipment are located in Canada.
- iii) Accumulated depreciation includes an amount of \$363,000 related to the acquisition of Brett Resources Inc.
- iv) Effective May 19, 2011, the Company determined that commercial production has been achieved at the Canadian Malartic mine and ore processing mill complex. Therefore, assets have been transferred from exploration and evaluation and mine development to producing assets.
- v) The Company terminated its participation in the Duparquet Mining Camp Project, the Golboro Project and three other grassroots projects and has written-off the costs capitalized in relation to these projects.
- vi) In August 2011, the Company purchased back a 1% royalty interest from Géoconseils Jack Stock Limitée in consideration for the issuance of 460,000 common shares of Osisko. This royalty was encumbering a portion of the Canadian Malartic and Barnat deposits and is part of a 2.5% gross metal royalty interest that was granted as a result of the acquisition of certain claims of the Canadian Malartic property in March 2006. Following this purchase, 60% of the recoverable gold ounces at the Canadian Malartic mine will be subject to a 1.5% net smelter or gross metal royalty.

9. Long-term debt

	Nine months ended September 30, 2011	Year ended December 31, 2010
	\$	\$
Balance – January 1	287,886	180,069
New debt – loans	-	75,000
Transaction costs – loans	(18)	(8,582)
New debt – obligations under finance lease ⁽ⁱ⁾	14,505	50,565
Transaction costs – obligations under finance lease ⁽ⁱ⁾	(617)	-
Repayment of debt – loans	(2,083)	-
Repayment of debt – obligations under finance lease	(3,823)	(11,098)
Accretion expense – convertible debenture	1,491	1,805
Amortization of transaction costs	6,046	3,001
Foreign exchange revaluation impact	3,397	(2,874)
Balance – end of period	306,784	287,886

- i) In August 2011, the Company entered into a new finance lease agreement for additional mining equipment. The agreement contains similar terms to the previous finance lease agreements.

Summary of the long-term debt is as follows:

	September 30, 2011	December 31, 2010
	\$	\$
Loans	167,917	170,000
Convertible debenture	67,247	65,756
Obligations under finance lease	81,193	67,069
Long-term debt	316,357	302,825
Debt issuance costs	(9,573)	(14,939)
Long-term debt, net of issuance costs	306,784	287,886
Current portion	81,094	70,405
Non-current portion	225,690	217,481
	306,784	287,886

Osisko Mining Corporation
Notes to Condensed Interim Consolidated Financial Statements
For the three and nine months ended September 30, 2011 and 2010
(Unaudited)

(tabular amounts expressed in thousands of Canadian dollars, except per share amounts)

9. Long-term debt (continued)

Repayment schedule of the long-term debt is as follows:

	Loans	Convertible debenture	Obligations under finance lease	Total
	\$	\$	\$	\$
2011 (3 months)	1,250	-	4,718	5,968
2012	65,000	-	18,736	83,736
2013	65,000	-	19,472	84,472
2014	35,000	75,000	17,912	127,912
2015	1,667	-	23,021	24,688
2016	-	-	4,276	4,276
	167,917	75,000	88,135	331,052
Less: imputed interest	-	-	(6,942)	(6,942)
	167,917	75,000	81,193	324,110

10. Share-based compensation

Share options

	Nine months ended September 30, 2011		Year ended December 31, 2010	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Balance – January 1	13,471,728	7.77	9,619,500	5.30
Granted	2,642,300	13.73	5,585,000	11.15
Replacement options issued ⁽ⁱ⁾	-	-	1,971,118	3.81
Exercised	(837,631)	6.58	(1,820,502)	5.01
Replacement options exercised	(42,122)	6.59	(1,830,054)	3.64
Forfeited	(70,000)	10.65	(53,334)	5.70
Balance – end of period	15,164,275	8.87	13,471,728	7.77
Options exercisable – closing balance	9,836,972	7.27	7,677,558	5.80

(i) In 2010, the Company acquired Brett Resources Inc. and issued Osisko replacement share options in exchange for Brett share options outstanding at the transaction date.

Deferred and restricted share units

Under the Company's Deferred Share Unit Plan and Restricted Share Unit Plan, DSU and RSU can be granted to directors, officers and employees as part of their long-term compensation package, entitling them to receive payout in cash. The value of the payout is determined by multiplying the number of DSU and RSU vested at the payout date by the closing price of the Company's shares on the day prior to the payout date.

During the three months ended September 30, 2011, 83,700 DSU were granted to directors, vesting at the grant date and payable at the end of the employment period of each director. In addition, 429,900 RSU were granted to officers and employees, vesting and payable three years after the grant date. As of September 30, 2011, the share-based compensation expense related to the DSU and RSU plans for the 2011 grants totaled \$1,371,000, of which \$72,000 were capitalized to property, plant and equipment.

Osisko Mining Corporation
Notes to Condensed Interim Consolidated Financial Statements
For the three and nine months ended September 30, 2011 and 2010
(Unaudited)

(tabular amounts expressed in thousands of Canadian dollars, except per share amounts)

11. Compensation of key management

Key management includes directors (executive and non-executive) and senior executives. The compensation paid or payable to key management for employee services is presented below:

	Three months ended September 30		Nine months ended September 30	
	2011	2010	2011	2010
	\$	\$	\$	\$
Salaries and short-term employee benefits	891	663	7,635	2,090
Share-based compensation	2,866	5,929	7,468	8,058
	3,757	6,592	15,103	10,148

12. Cash flow information

	Nine months ended September 30	
	2011	2010
	\$	\$
Changes in non-cash working capital items		
Increase in accounts receivable	(8,771)	(422)
Increase in inventories	(28,517)	-
Decrease (increase) in other current assets	1,266	(1,418)
Increase (decrease) in accounts payable and accrued liabilities	52,907	(10,148)
	16,885	(11,988)
Non-cash transactions		
Share-based compensation allocated to property, plant and equipment or inventories	3,770	5,978
Equipment under finance lease acquired	14,505	36,515
Properties paid by issuance of shares	7,398	-
Depreciation allocated to property, plant and equipment	3,719	3,383
Amortization of debt issuance costs allocated to property, plant and equipment	3,179	2,211
Interest expense allocated to property, plant and equipment	8,260	-
Shares issued for payment of interest on long-term debt	2,840	5,149
Accrued refundable tax credits	1,938	7,448

Osisko Mining Corporation
Notes to Condensed Interim Consolidated Financial Statements
For the three and nine months ended September 30, 2011 and 2010
(Unaudited)

(tabular amounts expressed in thousands of Canadian dollars, except per share amounts)

13. Flow-through shares

During the nine months ended September 30, 2011, the Company closed two non-brokered private placements with funds, certain accredited investors, employees and officers. In the second quarter of 2011, the Company issued 934,915 flow-through shares at a price of \$17.50 per share for gross proceeds of \$16,361,000. In September 2011, the Company issued 889,053 flow-through shares at a price of \$18.00 per share for gross proceeds of \$16,003,000.

The employees and officers have subscribed to the flow-through shares under the same terms and conditions set forth for all subscribers for a total of 106,323 shares.

14. Subsequent event

In October 2011, the Company deposited an amount of \$22,100,000 with the Québec Government, representing 50% of the financial guarantee of \$44,200,000 required to cover the entire future cost of rehabilitating the Canadian Malartic mine site. The balance of the guarantee will be remitted in two subsequent payments of \$11,050,000 each, to be made on or around September 1, 2012 and September 1, 2013.