

Canadian Equity Research

16 March 2017

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SPECULATIVE BUY

unchanged

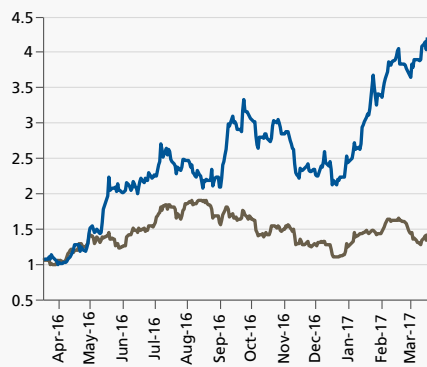
PRICE TARGET C\$5.25↑

from C\$5.00

Price (15-Mar) C\$4.21

Ticker OSK-TSX

52-Week Range (C\$):	0.99 - 4.25
Avg Daily Vol (M) :	0.8
Market Cap (C\$M):	764
Shares Out. (M) :	181.5
Dividend /Shr (C\$):	0.00
Dividend Yield (%) :	0.0
EV /oz (C\$):	73.05
Enterprise Value (C\$M):	576
Cash (C\$M):	173.3
Long-Term Debt (C\$M):	0.0
NAV /Shr (C\$):	5.33
NAV /Shr (5%) (C\$):	6.14
P/NAV (x) :	0.79
Website:	www.osisko.com



Source: FactSet

Priced as of close of business 15 March 2017

Raising Target Price

Osisko's Quevillon project coming into focus

Event: After the close yesterday, Osisko announced that it has signed a binding letter of intent with Deloitte Restructuring, acting as trustee in bankruptcy for Maudore Minerals, to acquire the Osbell gold project (also known as the Comtois project). Consideration for the acquisition is to consist of \$1.0M in cash and the issuance 100,000 shares.

In combination with the announced staking acquisition of 157,000ha on March 6, Osisko has now increased its Quevillon property package to 216,000ha. The project is located 17km northwest of the town of Lebel-sur-Quevillon, and ~110km west of Osisko's flagship Windfall project.

Discussion: The pending acquisition of the Osbell gold project has in our view added a lot of substance and color to Osisko's recently established land position within the Quevillon area. Given Osbell's historical global resource of 1.8Moz Au, this acquisition provides a center of mass from which to build out, and explore for, additional zones of mineralization on both a local and regional scale. We note that this approach mirrors that with which Osisko has implemented at its Windfall project.

Osbell's historical resource estimate, which was calculated in 2012 based on 251,000m of drilling, includes an open pit resource of 0.97Moz grading 2.25g/t, and underground resource of 0.83Moz grading 8.27g/t. Osbell is noted to be a disseminated pyrite gold deposit, with steeply dipping mineralization delineated along a 1,900m strike length and down to a depth of 1,200m. Initial non-optimized metallurgical testing (gravity + cyanidation) suggests that an average gold recovery of 93% can be achieved.

Limited drill testing has been conducted to date on the project's satellite targets, with notable intercepts such as 26.3g/t over 3.3m intersected in the Comtois NW Zone (12km NE of Osbell) and 18.40g/t Au over 1.5m within the Hudson zone (8km north of Osbell) highlighting the project's local exploration upside, within the much greater Quevillon project area.

Impact: Positive. Overall, we view this pending acquisition to be a great addition to Osisko's project portfolio. Although Osbell is yet an early stage exploration project (70% inferred resource), its delineation and further testing should also serve to contextualize the regional exploration results within the greater Quevillon project. Furthermore, we view this project as a strong complement to the Windfall project, and a second source of potential exploration momentum, as Windfall transitions towards development in 2018/2019.

Outlook: Yesterday's release notes that Osisko plans to further drill test the Osbell deposit and will look to re-evaluate the project's historical resource estimate.

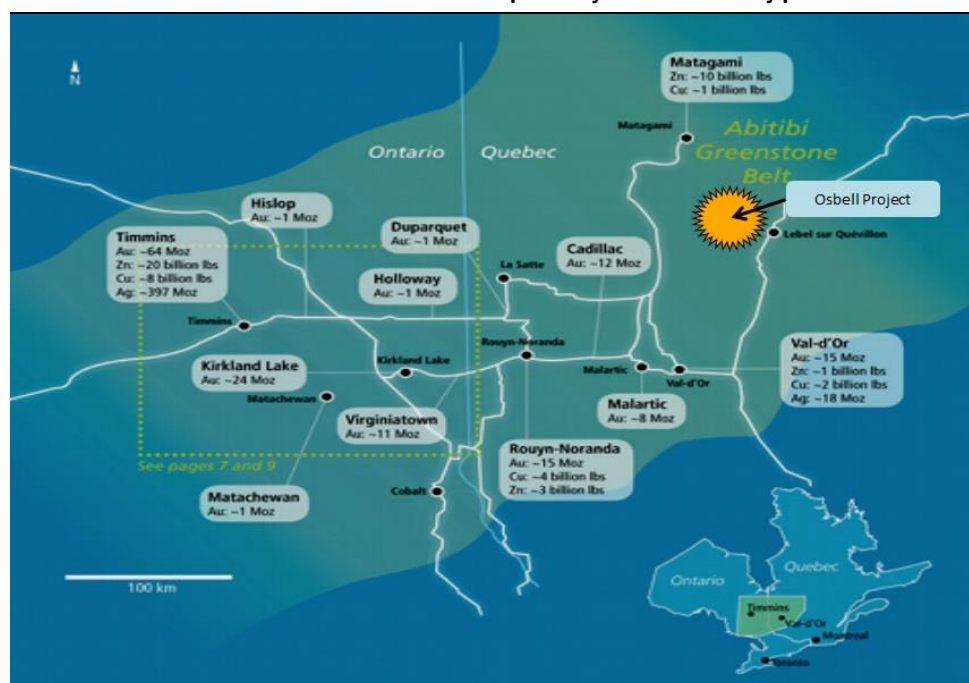
Valuation: Assuming that the acquisition meets regulatory approval, we value the Osbell deposit, and greater Quevillon project, at \$97M. This assumes a 2.0Moz in-situ resource/exploration credit, which we value at our updated CG explorer/developer comparables average of US\$37/oz (previously US\$41/oz). Overall, this increases our NAVPS to \$5.33/sh (previously \$4.98/sh) and our rounded target price to \$5.25/sh (previously 5.00/sh). We maintain our SPECULATIVE BUY rating.

Figure 1: Osbell global project resource estimate (2012 Technical Report)

Open Pit Potential - Mineral Resource > 0.5 g/t Au (within Pit Shell)							
Zone	Indicated Resource			Inferred Resource			
	Tonnes	g/t Au	Ounces	Tonnes	g/t Au	Ounces	
Osborne	8,447,900	2.0	544,251	1,977,500	3.5	222,960	
Bell				1,633,600	1.9	97,212	
Envelope				1,385,900	2.4	107,858	
Subtotal	8,447,900	2.0	544,251	4,997,000	2.7	428,030	

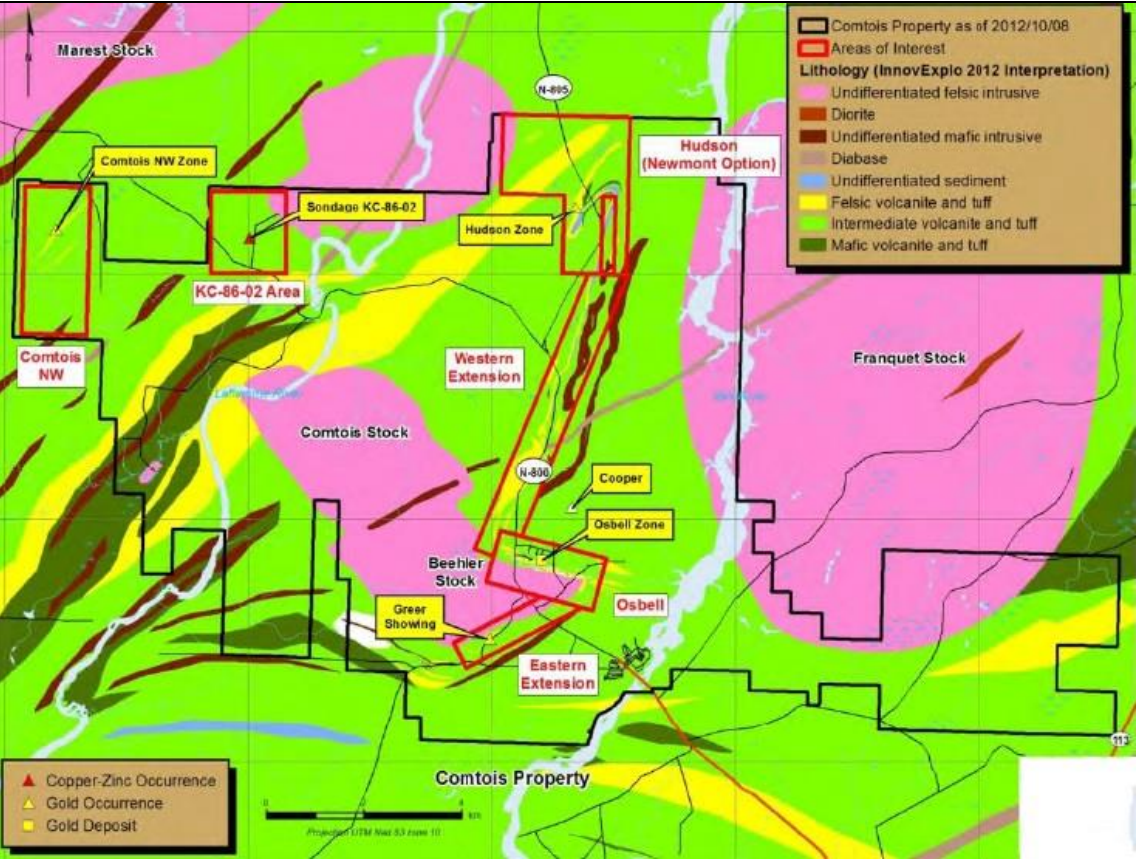
Underground Potential - Mineral Resource > 2.5 g/t Au (outside Pit Shell)							
Zone	Indicated Resource			Inferred Resource			
	Tonnes	g/t Au	Ounces	Tonnes	g/t Au	Ounces	
Osborne	16,000	4.0	2,048	2,534,600	8.3	679,476	
Bell				112,500	3.8	13,696	
Envelope				471,700	9.1	137,787	
Subtotal	16,000	4.0	2,048	3,118,800	8.3	830,959	

Source: Maudore Minerals Ltd. 2012 43-101 technical report

Figure 2: Project location map. The Osbell project benefits from established local infrastructure, which includes established road access and close proximity to the James Bay power line.

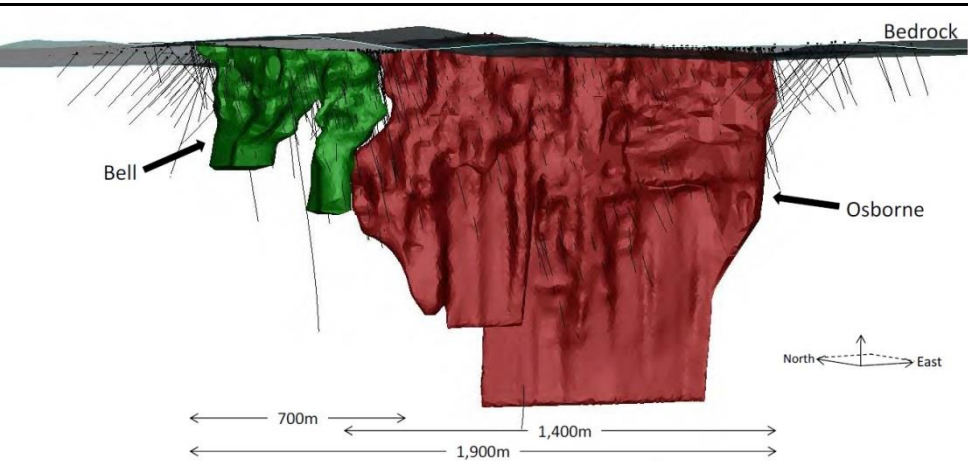
Source: Maudore Minerals Ltd. corporate presentation (August 31, 2011)

Figure 3: Local geology and location of mineral occurrences (2012 Technical Report)



Source: Maudore Minerals Ltd. corporate presentation (August 31, 2011)

Figure 4: 3D view of the interpreted Osborne and Bell zones (2012 Technical Report)



Source: Maudore Minerals Ltd. corporate presentation (August 31, 2011)

Valuation

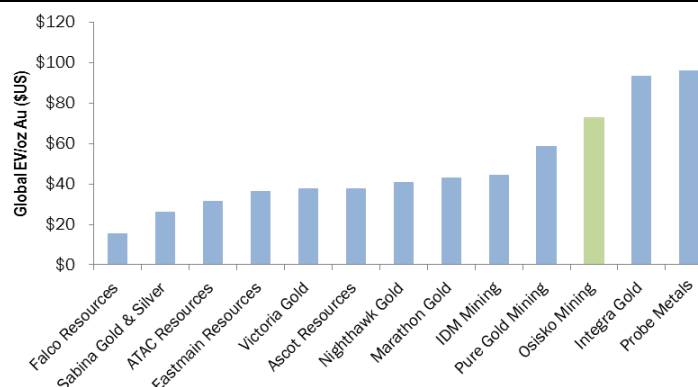
Figure 5: Osisko Mining valuation summary

	C\$M	C\$/sh
Project NAV		
Urban Barry/Windfall (@ 7%)	\$779	\$2.97
Urban Barry Regional Exploration Credit	\$24	\$0.09
Garrison	\$98	\$0.37
Marban	\$80	\$0.31
Quevillon - Osbell	\$97	\$0.37
Total Project NAV	\$1,078	\$4.11
Corporate Adjustments		
Working Capital	\$188	\$0.72
Long-term Liability	(\$6)	(\$0.02)
ITM Options & Warrants	\$62	\$0.24
Windfall Construction Equity Financing (@ 3.83/sh)	\$184	\$0.70
Q4 2016/2017/2018 Exploration/Development	(\$110)	(\$0.42)
Corporate Adjustments	\$319	\$1.22
Corporate NAV	\$1,397	\$5.33
Shares (M): O/S+ITM+Financings		262.2

Source: Canaccord Genuity Estimates

Peer Comparison

Figure 6: Osisko Mining global EV/oz peer comparables



Source: Canaccord Genuity Estimates

Key Potential Catalysts

- Results from ongoing 400,000m drill program at Windfall
- Results from ongoing 35,000m drill program at Garrison
- Windfall updated resource estimate H2/17
- Windfall feasibility study H2/18

Figure 7: Osisko Mining Inc. - Investment Summary



Source: Canaccord Genuity Estimates, company reports

Appendix: Important Disclosures

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Investment Recommendation

Date and time of first dissemination: March 16, 2017, 03:28 ET

Date and time of production: March 16, 2017, 03:28 ET

Target Price / Valuation Methodology:

Osisko Mining Inc. - OSK

Our target price is predicated on a C\$779M NPV7% valuation of Osisko's Windfall asset plus other non-operating and balance sheet items.

Risks to achieving Target Price / Valuation:

Osisko Mining Inc. - OSK

The typical risks associated with any mining investment include commodity and exchange rate risk, financing, permitting and technical (development/operating) risk. In particular, investors considering an investment in Osisko should consider the risks associated with the early stage nature of the Windfall project and associated reserve definition and engineering challenges. We highlight that although the Windfall project has sufficient exploration/development momentum, there is no guarantee that ongoing drilling will be successful in reaching the resource benchmarks set out in our valuation.

Distribution of Ratings:

Global Stock Ratings (as of 03/16/17)

Rating	Coverage Universe		IB Clients
	#	%	%
Buy	576	60.44%	38.37%
Hold	283	29.70%	16.96%
Sell	29	3.04%	13.79%
Speculative Buy	65	6.82%	72.31%
	953*	100.0%	

*Total includes stocks that are Under Review

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12-Month Recommendation History (as of date same as the **Global Stock Ratings** table)

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